



City of Westminster Cabinet Report

Date:	23rd February 2015
Status:	For General Release
Title:	2015/16 to 2017/18 Budget and Council Tax Report
Wards Affected:	All
Financial Summary:	This report sets out the Council's financial framework for the 2015/16 to 2017/18 financial years
The Report of:	Steven Mair, City Treasurer

1 Executive Summary

- 1.1 Since 2010, the Local Government funding regime from Central Government has changed significantly and Westminster City Council has faced substantial financial challenges as a result. The Council has risen to these challenges and successfully delivered a series of transformation, investment and savings programmes to deliver a balanced budget to stay within the reducing levels of funding experienced by the Council.
- 1.2 In order to meet these funding challenges in 2015/16, the Council has had to meet a total savings requirement of £36m which encompasses its original estimates of circa £33m increased by £3m to finance the net additional impact of service pressures and inflation. The proposals identified through the medium term financial planning process are set out in Schedule 5 to this report. The Council will set a balanced budget for 2015/16
- 1.3 This savings challenge arose from the December 2014 Provisional Local Government Finance Settlement (LGFS) which indicated a further reduction in our Settlement Funding Assessment (Revenue Support Grant and National Non-Domestic Rates) of £25.2m for 2015/16. This was subsequently revised in the final settlement decision in February 2015, when it was advised that this would be improved by £465k, to a reduction of £24.7m. This broadly aligned with our planning assumptions and modelling which were based upon the indicative figures announced as part of the two year announcement in the previous year.

- 1.4 Among the other changes announced, the New Homes Bonus will increase by £2.2m, which was factored into our projections. However, a top-slice is applied to the New Homes Bonus, which indicatively for 2015/16 will be £3.0m. This is for the Council's share of the London wide LEP Growth Fund. A significant increase in funding came in the form of the Better Care Fund – where we will see an increase from £9.0m to £18.2m – an increase of £9.2m. This additional money however comes with the burden of additional expenditure to be managed. There were other cuts announced of £0.3m on New Burdens Funding and Council Tax Support / Housing Benefit Admin Subsidy, and £0.8m on Local Welfare Provision grant funding.
- 1.5 In addition to the above funding pressures the government has recently announced a reduction in the Council's funding for Discretionary Housing Payments (DHP) from £4.8M to £2.6M. Whilst it was anticipated that the level of government funding would reduce over time the severity of the reduction in 2015/16 was not anticipated. The impact, need and funding implications of this is being assessed and it is planned to part fund the gap from one off balances in 2015/16 to the value of £1.1m.
- 1.6 In addition to these funding changes the Council will continue to face pressures arising through commercial, legislative, demographic and operational pressures, offset by mitigating actions by service areas. There are also contractual and inflationary pressures
- 1.7 In 2015/16 Westminster will be eligible for a Council Tax Freeze grant equivalent to a 1% rise in Council Tax, yielding a further £0.5m which is already included in our planning assumptions, subject to approval of a zero percent Council Tax increase. The last increase was implemented in 2007/08, thus 2015/16 will be the eighth consecutive year that Westminster has frozen its Council Tax.
- 1.8 The Council is dealing with a large number of complex legislative, policy and financial initiatives which will present new operational challenges to adapt to, as well as delivering financial benefits and new ways of working. These are set out in Section 11 of the report
- 1.9 The Council forecast for its current year budget has been improving over recent months and currently indicates a closing position slightly adverse to the budget. Our best estimate for the remainder of the year, taking into consideration all known risks and opportunities will be for this position to continue to improve, with the year-end closing position finishing better than budgeted. This will assist the Council in meeting any necessary one off financial consequences of the continued transformation programme and the financial risks it carries.
- 1.10 Westminster adopts a very robust, comprehensive and active approach to budget management, with a focus on strategic (corporate) and operational (service areas) risks. The Council tracks and monitors performance monthly and throughout the financial year and any risks are reported through routine management reporting along with the progress being made against the savings targeted for the year.

- 1.11 A balanced budget will be set for 2015/16, a major organisational transformation exercise is concluding, a significant transformation programme has been delivered and further savings of this nature are planned, risks have been mitigated and reserves strengthened. Taking these together the Council is well placed to deliver its future financial challenges. On this basis the Council's 2015/16 budget is considered to be robust.
- 1.12 This Cabinet Report also sets out the direction of travel for 2016/17 and 2017/18. Given the challenges facing Local Government over recent years, the funding reduction announced in the recent Local Government Settlement and the continued need for the national deficit to be reduced, the Council is targeting savings of £100m over the next three years to 2017/18. The requirement for 2015/16 has been achieved, and detailed work has commenced for 2016/17. Efforts will continue to identify further opportunities to bridge the full estimated £100m for the period to 2017/18
- 1.13 The Council's consistent, but evolving, core offer is a direct response to our residents' wishes and lies at the heart of everything we do: Clean streets, excellent services, low tax, working with residents, investing in the city, helping those that need it most, generating opportunities for employment and making it easier to do business with us. Our priority remains to give people, families and businesses the confidence and opportunities to thrive in our dynamic, creative and world leading city. We also aim to strengthen connections amongst residents, businesses and visitors as everyone plays their part in, and benefits from, the city's success.
- 1.14 The Council also launched new values and behaviours for the organisation. These values and behaviours underpin how the Council delivers services to its communities, how it operates as an organisation and how it works together. They have been carefully defined to illustrate what is needed to enable Westminster to move forward in the difficult times ahead and are summarised below:
- Productive – we show initiative, drive and determination and help others to be productive and make informed decisions
 - Ambitious – we constantly challenge, create new solutions and work as a team
 - Collaborative – we work with partners and show local leadership, we treat everyone with courtesy and fairness and challenge one another respectfully
 - Enterprising – we constantly seek better VfM and to reduce cost, we seek to generate growth and take managed risks to achieve the best outcomes
- 1.15 Throughout the process of setting the budget the Council has been very mindful of the impact of service changes or reductions on residents and the Equalities Impact Assessments are included in **Annex D**.

2 **Recommendations**

2.1 That the Council be recommended to approve the following:

- the 2015/16 budget, as set out in this report, and recommend to the Council the Tax levels as set out in the Council Tax resolution at **Annex B**;
- the capital expenditure programme as set out in **Schedule 11** for the period to 2016/17 with years 2017/18 to 2019/20 only proceeding where projects costs can be afforded including the cost of financing
- that capital financing costs be paid for from service budgets from 2017/18
- the estimated level and use of Earmarked Reserves in **Schedule 6**, as at the budget monitoring position for month 10, 2014/15;
- that the local element for Band D properties be confirmed at the same level as 2014/15 (**i.e. £377.74**) in 2015/16, and that Westminster accordingly take advantage of the 1% (£0.5m) Council Tax Freeze grant for 2015/16;
- that the Council Tax for the City of Westminster, excluding the Montpelier Square area and Queen's Park Community Council, for the year ending 31 March 2016, be as specified in the Council Tax Resolution in **Annex B** and as summarised in Schedule 6 of **Annex B**. That the Precepts and Special Expenses be as also specified in Annex B for properties in the Montpelier Square and Queens Park Community Council areas as summarised in paragraph 6 of **Annex B**. That the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the final announcement of the Greater London Authority precept;
- that the views of the Budget and Performance Task Group set out in **Annex A** be noted, considered and incorporated into the Cabinet's report to Council in accordance with the Budget and Policy Framework Procedure Rules in the Constitution;
- that the cash limited budgets for each service with overall net expenditure for 2015/16 of £194,808k be approved;
- that the members of EMT be responsible for managing their respective budgets including ensuring the implementation of savings;
- that the City Treasurer be required to submit regular reports as necessary on the implementation of the savings proposals and on the realisation of pressures and mitigations as part of the regular budget monitoring reports;
- that the City Treasurer be delegated responsibility for any technical adjustments required to be made to the budget;

- that the cost of inflation be issued to service budgets if and when it materialises, to the limits as contained within schedule 5 under Corporate Pressures;
- use of £1.1m one off reserves to part fund the gap in DHP funding
- that the views of consultees and consultation approach, as set out in section 19, be considered by Council;
- that the Equality Impact Statement as part of his report, Annex D, be received and noted

2.2 That the Cabinet recommend that this report be submitted to the Extraordinary meeting of the Council on 4th March and Council be recommended to receive a speech by the Leader of the Council on Council priorities and financial aims.

3. Reasons for Decision

3.1 The preparation of the budget is the final stage of the annual business planning cycle leading to the approval of the Council Tax for the forthcoming financial year. There is a statutory requirement to set a balanced budget and submit budget returns to the Department of Communities and Local Government (CLG). Approval of the revenue estimates constitutes authority for incurring of expenditure in accordance with approved policies.

4. **Achievements from 2014/15: Delivering Better City Better Lives**

4.1 In working within Better City Better Lives, the corporate plan for 2014/15, the Council has delivered on a number of key issues which are summarised below:

- We have achieved our **highest ever levels of satisfaction** with how the council runs the City (87%)
- **Excellent levels of satisfaction with our services:** 90% of residents are satisfied with street cleansing, and 83% feel safe in their local area after dark. 76% think the council offers good value for money overall (up 5% in one year) and 71% agree that the council is efficient and well run
- **Excellent results** in terms of **people's satisfaction with their local area:** 94% of Westminster residents are satisfied with their area as a place to live
- In partnership with Central London boroughs we have agreed a ground breaking **£11m employment pilot** with Government to support nearly 4,000 long-term unemployed residents with health conditions, potentially leading to a wider transformation of local services for those with complex needs
- The City Council began its **Universal Support pilot** in October (one of just 11 pilots nationally). Working in partnership with the Department for Work and Pensions we are working to resolve the issues at the root of people's barriers to employment
- Working with the Sir Simon Milton Foundation, University of Westminster and world-leading transport and construction partners, such as Network Rail, Transport for London, BT Fleet, Land Securities and Crossrail we finalised plans for the **City's first University Technical College** which will teach, train and inspire the inventors and engineers of tomorrow by providing state-of-the-art machinery and facilities for 550 students a year
- We have been successful in **Focus on Practice bid** worth £4m to transform social care practice for young people
- We launched our **Digital Champions scheme**, which uses volunteer champions to help residents who have no or poor IT skills to learn how to do things like set up an online bank account and manage their finances online
- Our **Community Champions scheme** is 50 strong and growing in Queens Park and Church Street areas. The Champions help their communities to live healthier lives, and over the past year 2,000 residents have been engaged in Community Champion activities

- We have led the **West End Partnership** into its next phase of work to ensure that the West End remains a place where people love to visit, live, work and do business, developing a vision to be launched in 2015; beginning work on a joint implementation plan to identify key projects and schemes and coordinate investment and delivery across partners; and working together to plan for opportunities and challenges including transport post-Crossrail
- The council has put a **new customer contract** in place with a shift away from face-to-face/telephone contact to online. Calls to the centre have seen a 25% reduction since the start of the year. This has been supported by a new responsive council website that gives us a platform to drive channel shift. Services with additional web functionality, such as within Registrars and Planning, have seen larger reductions in calls in certain areas of their service. The earlier shift away from One Stop Shops to Your One Stop Express terminals in libraries and other council locations is a step many councils have not managed to achieve yet
- **Westco has developed into a substantial commercial business** that brings revenue into the council. Supported by the Commercial Opportunities Review Board the business model has the opportunity to grow and trade more of the very best of what Westminster City Council has delivered
- Successful roll out of **new bay sensor technology and the free ParkRight app**, to help people park in Westminster. With infra-red sensors installed in 3,000 bays across London's West End, customers can see in real time where there's available space to park. We're the first local authority in the country to implement this type of system
- The City of Westminster has **more neighbourhood forums proposed** than any other council in the country and the first new community council in London in over a generation
- We have driven the creation of **two new enterprise hubs** in the north of the city - one at Maida Hill Place, which provides facilities for people who are looking to start up food businesses in Westminster, and Venture 382 in the heart of the Church Street regeneration area. The Council has also secured planning permission for a further, 13,000 sq ft enterprise space as part of the Lisson Arches development. Construction of the building will begin in 2015
- Our **Help Enterprise project** aims to assist residents in temporary accommodation to become self-employed. In its first 9 months the project has worked with 76 residents, with 13 starting a business as a result so far
- Together with partners the City Council has **co-founded Soho Create** - a major new festival that champions, celebrates and showcases Soho's creativity. The inaugural SohoCreate festival on 4-6 June 2014 was a huge

- success, with 800 people attending to engage with 62 leading creative industry speakers in 5 venues over 28 sessions.
- We **commemorated the centenary of the outbreak of WW1** with a series of community events, including the unveiling of the first Victoria Cross memorials and a memorial service for the medal's first ever Jewish recipient
 - We are progressing well with our plans to build a **new University Technical College (UTC)** for 14-18 year olds in Pimlico, which will support students into engineering and construction opportunities. With our partners including the Sir Simon Milton Foundation, the University of Westminster and Network Rail, we have completed the demolition of the old building and have progressed plans for a high quality UTC with input from employers and the local community
 - Through our **successful FACES programme** we have supported 68 Westminster residents into work. As a particular highlight, we have achieved 44% job starts among those who were brought into the programme via its connection into the Integrated Gangs Unit
 - We have **jointly-agreed a Better Care Fund** plan to integrate health and social care for the benefit of residents supported by a pooled budget between the local authority and health partners
 - As part of this Better Care Fund plan, we have developed a **single, coordinated Community Independence Service** across the tri-borough area, which will ensure more people can be cared for at home rather than spending time in hospital. This will see a further £1.1m investment in 2015/16
 - In July, the **Little Venice Sports Centre won the “Leisure Centre of the Year Streamline 2014”** at the UKactive and Matrix National Flame awards
 - In its second year the **Westminster Mile** event (founded in 2013 by Westminster City Council in partnership with London Marathon) officially became the largest one mile event in the world, with 5,800 registrants
 - **Westminster's Sports Development team awarded the top rating of 'Excellent'** rating by the UK's leading accreditor for Sport and Leisure, Quest. The only sports development team in London to gain this prestigious award
 - By the end of the year we'll have **supported over 1,000 people** across Westminster to get **involved in volunteering** through our volunteer brokerage service, and inspired thousands more to get involved with their communities championing community action across the city
 - The Council closed, audited and published its **2013/14 accounts on the 30 June 2014 making it the second fastest local government body in the country** and only the second body to achieve a close by June. Reducing the

time spent on this process by three months and thus generating a wide range of financial management improvements

5. **Financial Strategy**

- 5.1 In the June 2010 emergency budget and the October 2010 Comprehensive Spending Review the Government announced significant reductions in the funding for Local Authorities. This brought in financial funding reductions which have not been experienced for many decades before and which have continued in subsequent years.
- 5.2 The Spending Review in 2013 confirmed that the Government's initial 4 year deficit reduction plan would continue for a further 3 years to 2017/18 and that the scale of reductions in overall Government spending would be similar to those seen from 2010. Since then it has been considered that in reality reductions in funding will continue to 2020.
- 5.3 The 2014/15 Start Up Funding Assessment, now referred to as Settlement Funding Assessment (SFA), was announced in the Local Government Finance Settlement in January 2013. Subsequently an additional 1% reduction for 2014/15 was announced in the Government's Budget 2013 and later confirmed in the Spending Review.
- 5.4 The Provisional 2015/16 Finance Settlement was announced on Thursday 18th of December, as adjusted by the final settlement and brought with it the following changes/issues for 2015/16:
 - The most significant element of the Settlement announcement is our **Settlement Funding Assessment** which falls from £176.78m to £152.07m, a drop of £24.7m.
 - **New Homes Bonus** increases by £2.24m and is granted to compensate for the additional costs the Council is expected to incur as a result of having a higher number of residential properties to provide services for.
 - A cut of £310k in Council Tax **New Burdens Funding and Council Tax Support** / Housing Benefit Admin Subsidy is also shown.
 - **Local Welfare Provision** grant funding had been notionally identified as being related to this activity within RSG at the point of the provisional Financial Settlement, however in reality this represented a funding cut of circa £800k. It was initially envisaged that this will be financed from reserves in 2015/16. However an announcement from the government on 4 February 2015 indicates that the Council will receive additional funding in 2015/16 of £465,000 as part of the final Settlement. There has not been an announcement in relation to future funding, however it should be possible to utilise the earmarked reserve to at least partially fund 2016/17.

- A significant increase in funding relates to the **Better Care Fund** (originally heralded as part of the 2013 Spending Review) where we see an increase from £8.97m to £18.20m – an increase of £9.23m. This is not additional funding, rather it is a transfer of (largely) NHS resources into pooled budgets. Alongside the additional resources comes the need to continue to undertake the activities previously carried out by the NHS.
 - **Public Health funding** is as expected at £31.2m.
 - Not specifically mentioned in the Settlement is another announcement relating to **Education Services Grant (ESG)** which is indicated to fall by around 20% from £1.5m to £1.2m. This grant is intended to pay for centrally provided education services.
 - Data released on the **NHB allocations** for 2015/16 indicates that our top-slice will be £2.97m for the London LEP Growth Fund.
 - **Council tax freeze grant** will continue in 2015/16 at 1% and the referendum limit remains at 2%.
 - CLG state that overall “**spending power**” of any local authority will not decline by more than 6.4%. The **change for Westminster is quoted as 5.3%** as per the table below. Adjusting for NHB and BCF, the reduction is 9.75%.
 - The Settlement is **only a one year model** – in line with last year’s CSR.
 - The Settlement was subject to a period for **consultation**. The closing date for responses to the consultation was the 15th of January and the final settlement was received on the 4th February 2015.
- 5.5 The Council derived an overall Budget gap for the Council in 2014/15 of £21.4m and as can be seen below has managed its budget very closely to the impact of that sum. For the years over the medium-term 2015/16 to 2017/18 budget savings of £100m are estimated.
- 5.6 The Council has benefitted by c£10.1m from Council Tax Freeze grants over the last four years, which will rise to £14.1m once the freeze grant for 2015/16 is incorporated. In 2014/15 a Freeze grant of £0.5m was awarded which represented only a 1% incentive. These grants have been paid to compensate the Council for a loss of income as a result of zero percent increases to Council Tax. In 2015/16 Westminster will be eligible for further Freeze grant equivalent to a 1% rise in Council Tax, yielding a further £0.5m which is included in our planning assumptions. This funding was originally announced as a “one-off”

payment in 2011/12 but has continued to be paid over the last three years and will continue into 2015/16.

- 5.7 For 2015/16, the threshold beyond which a referendum is required is a 2% increase in the tax amount. Any increase above this threshold would require a referendum to be held to allow residents to choose whether they wished to pay this higher Council Tax amount or not (a rejection would require us to implement an alternative lower budget). The costs of holding the referendum would have to be met from Council's resources. With such a low Council Tax to begin with, the gain from implementing a 1.99% increase offers £0.5m advantage over adopting the freeze grant. In prior years, changes in levies (in our case from the Environment Agency, Lee Valley Regional Park, and London Pensions Fund Authority) were excluded from the determination of whether a referendum should be held. These will be included in the 2015/16 determination.
- 5.8 Westminster has chosen to keep the Band D Council Tax amount at the same level of £377.74 since 2007/08 – 2015/2016 will be the eighth consecutive year that Westminster's Council's Tax has been frozen.
- 5.9 The Council's financial strategy is to:
- Balance recurrent expenditure with estimated income in order that the Council has a sustainable financial position, is able to deliver on its key objectives and successfully operate in a radically changed financial environment
 - Maintain an appropriate level of reserves to protect the Council against future budgetary impacts and the continuing financial pressures which the Council faces
 - Risk manage its budget estimates to ensure that they are robust and in year to ensure that the budgets agreed are managed and delivered as required
 - Operate to the highest standards of financial management in all areas in order that the Council's finances are robustly secured, value for money is obtained, all professional standards are properly maintained, step change improvements in finance are brought about at pace and rigorous review and quality assurance of all financial matters is undertaken
 - Investigate funding opportunities that are appropriate for the Council
 - Plan over a medium term of 10 years in order that the Council is fully informed as to future scenarios and can prepare appropriate action

- Challenge and improve all financial management practices seeking to by way of example minimise cost, maximise working capital opportunities, proactively manage its balance sheet, operate rigorous financial modelling and budget management, ensure financial advice is of the highest quality and bring about step changes improvement in its accounts.

- 5.10 In order to address this serious financial position, the Council has embarked on a significant programme of change and transformation. This programme has been immensely successful in delivering benefits of £100m over the four year period (2011/12 to 2014/15). The Council is continuing the change programme into the next three year cycle, 2015/16 to 2017/18 to meet budget challenges
- 5.11 The Council will deliver a balanced budget for 2015/16, as it has done in previous years, despite the considerable reductions that have already been addressed over the last four years. The Council's finances have been on a strengthening trajectory in recent months and continue to be so as the year-end approaches. As part of year-end planning it is intended to strengthen Earmarked Reserves in line with the Reserves policy and also in line with Council policy, any further reductions in specific grants will be matched by reductions in associated expenditure.

6. Financial Performance – Revenue 2014/15

- 6.1 As at January 2015 (Period 10) the Council is showing a moderate favourable variance to budget and over recent months has seen positive momentum in reducing what was previously an adverse variance. Our expectation for the remainder of the year will be for this position to continue to improve.
- 6.2 Most Service areas are forecasting an outturn position better than budget, however the Housing Service has faced some financial challenges throughout the year. Homeless numbers remain high and securing suitable accommodation within the central government set temporary accommodation subsidy level remains challenging. These challenges have been, and continue to be, monitored and reviewed monthly through challenge sessions between senior officers in Service areas and Corporate Finance with mitigating actions being explored and implemented. As was the case in the prior year, the Council is also currently undertaking year-end/closure planning.
- 6.3 Sound financial management is fundamental to this financial position and within Finance a number of first stage transformational changes have been instigated. These include a fundamental review of the service structure and cost base including a rigorous recruitment process, much more comprehensive budget development, the framework for a far reaching integrated MTP including all aspects of financial planning, a drive down on debtors and a focus on cash, the development of a suite of financial operating standards and a training, development and resource programme for all finance staff.

7. Revenue Budget 2015/16

- 7.1 The proposals in this report will set a balanced budget for 2015/16. Pending the outcome in the last quarter of the 2014/15 financial year, it is proposed to maintain/strengthen earmarked reserves to provide financial resilience against anticipated future funding reductions, and the continued implementation of significant change/investment programmes and procurements.
- 7.2 The 2015/16 reductions were provisionally confirmed in the Local Government Finance Settlement in December 2014, subsequently revised in the final settlement decision announced in February 2015. Prior to this the Council had made a number of working assumptions in order to plan for this and derive our “Best Estimate” of the medium-term budget gap.
- 7.3 On the basis of the above, an overall Budget gap for the Council was derived for each of the years over the medium-term 2015/16 to 2017/18 and has been refined within the overall total as the work has progressed. This is summarised overleaf for the current year:

Table 1 – Medium Term Planning Projections

	2015/16 £m
Government Funding Reduction	25.0
GLA/LEP New Homes Bonus	-
Pay and Contract Inflation	6.0
Employer Pension Costs	1.0
NI/MRP	1.5
Budget Gap	33.5

- 7.4 Clearly future years are more difficult to estimate due to the absence of more than one year's financial settlement but it is reasonable assumption that savings of a similar magnitude will be needed in the following two years and possibly though to 2020. It should be noted that these estimates also require that services absorb their own pressures by finding compensating savings.
- 7.5 The above analysis forms the starting point of the Medium Term Planning requirement. This has been kept under continuous review and after adjusting for the final settlement, inflation, pressures net of mitigations and various grant, funding and one-off adjustments this resulted in a final overall savings requirement of circa £36m.
- 7.6 Thus final savings to this value were sought and are summarised in schedule 5 to this report.
- 7.7 It is estimated that the financing of the budget gap can be summarised as:
- Back office £6.1m
 - Income £8.8m
 - Efficiencies £18.8m
 - Service Rationalisation £0.8m
 - Other £1.7m
 - **TOTAL £36.2m**

8. 2015/16 Risks and Budget Robustness

- 8.1 The Council has had the challenge of bridging in excess of c£100m of reductions in funding from Central Government from 2011/12 through to 2014/15. Despite this Westminster has managed to set balanced budgets, deliver comprehensive programmes of change and transformation, successfully undertake significant procurements and increase the Council's reserves year-on-year to provide financial resilience against ongoing anticipated funding reductions and manage risks with no increases to Council Tax.
- 8.2 Key factors in ensuring the robustness of estimates include the challenge process to establish the budget options, essential project management for the proposals, monitoring and reporting arrangements and the utilisation of key, skilled finance staff in drawing up detailed estimates and monitoring proposals going forward.
- 8.3 There are a number of factors which are making the management of the Authority's budget much more challenging from April 2015 than it has been in the past. These include:
- the cumulative impact of the previous periods unprecedented reductions in government funding over a sustained period, pressures on raising other income, rising costs and growing demand for many services are all challenging Councils' financial management and resilience
 - the financial climate which is more volatile with the Council carrying more risk than has ever been the case, and core funding is assumed to reduce for the foreseeable future.
- 8.4 These current and future financial challenges pose significant, and increasing, risks and require robust financial and budget management along with appropriate earmarked reserves to strengthen resilience against future uncertainty.
- 8.5 In light of the above the preparation of the estimates has been based on the following base assumptions. The council's base revenue funding is through a number of different sources including Central Government support and is based on the following:
- revenue support grant estimates are calculated based upon the current Local Government Settlement and the over arching working assumptions for later years are based on prudent assumptions on the whole of public sector, expert local government commentators' advice and local experience and knowledge

- Council Tax base – the tax base for 2015/16 will grow by 0.9%, as approved by Full Council in January, to 121,891. For future years the assumption is that the base will grow at a similar rate to 2015/16
- Council Tax increases have been assumed at a 0% increase for 2015/16. It is assumed that for 2015/16 central government will compensate via the Council Tax Freeze Grant at 1% and that the Council will take advantage of the freeze grant
- it is anticipated that the Council's financial position with regard to the Business Rate Retention scheme will improve in 2015/16. The Council's Medium Term Plan includes an estimated improvement of £3M in 2015/16. This is primarily due to the level of appeals provision already made and the continuation of underlying physical growth. However the Retention scheme is an extremely complex calculation, with many variable factors. Officers are currently working on the compilation of the 2015/16 NNDR1 return to central government, which should enable our current estimate to be validated
- un ring fenced and non-specific grants are based on the allocations that have been advised via the current settlement and for later years are based on assumptions on the whole of public sector, expert local government commentators' advice and local experience and knowledge.

8.6 Key revenue expenditure assumptions are as follows:

- Directorates will not overspend against their approved allocations and will identify mitigating savings to offset any emerging in year pressures
- budget options presented and approved by Council will be integrated into the base budget and be achieved via a range of approaches, owned by the appropriate budget manager.

8.7 Other major areas that impact on the budget and the assumptions are outlined below:

- the Collection Fund is assumed to achieve a surplus of £440k in 2015/16 and a balanced position in all future years

- general balances and reserves are managed on a risk based approach
- the Housing Revenue Account continues to operate within the self financing regime and remains both sustainable and viable funding the Council's ambitious regeneration agenda. There is currently unutilised headroom of approximately £40m, this will be addressed in the business planning process 2016/17
- the Dedicated Schools Grant (DSG) provides funding for schools and other pupil related services and is a ring-fenced specific grant. This is the third year of operation within the 3 blocks; Schools, High Needs Pupils and Early Years. For the purposes of the MTP it is assumed that all eligible expenditure will be met from this grant and any surplus or deficit from schools will be met from their own school balances.

8.8 In order to secure a balanced budget year on year it is essential that the base estimates are built on by:

- all budget changes agreed by the Council being actioned to deliver the estimated savings, or alternatives found to the same net value, by the relevant responsible officers
- monthly monitoring of all budgets and reporting on an exceptions basis through the City Treasurer to EMT, the Cabinet Member for Finance, and EMT and Cabinet action being taken to address future forecast budget shortfalls in advance of the forthcoming financial years. In respect of this the Council's recent and ongoing preparation for a two year budget is an example of enhanced good practice

9. Medium-Term Financial Outlook 2015/16 to 2017/18

- 9.1 Over the past four years the Council has experienced significant financial challenges. Since the announcement of the Comprehensive Spending Review in October 2010, the Council has had to deliver £100m of savings as a result of reductions in government funding, inflationary impacts and other demographic/cost pressures.
- 9.2 Based on the Autumn Statement 2014, the “Best Estimate” for the Medium-Term is that the council will continue to face further real reductions from government funding consistent with the past four years.
- 9.3 The Local Government Finance Settlement of February 2015 confirmed this with the reductions in 2015/16.
- 9.4 In addition to these funding cuts, there will be inflationary and other pressures. Based on forecasts by the Bank of England and the Office for Budget Responsibility it is estimated that the General Fund collectively faces inflationary pressures of c£6m per annum over the medium-term.
- 9.5 The 2015/16 reductions were confirmed in the Local Government Finance Settlement in December 2014. Prior to that the Council had made a number of working assumptions in order to plan for this and derive its best estimate of the medium-term budget gap.
- 9.6 On the basis of the above and the impact of service pressures and mitigations , the Council derived an overall Budget gap for the Council in 2015/16 of £36m and as has been demonstrated has refined and managed its budget proposals to the impact of that sum.
- 9.7 The Financial Settlement did not provide any information on the position for 2016/17 and beyond. Indications based on the last four financial years since the CSR (2010) was announced are that the same level of reductions will continue through to 2020, i.e. it is expected that the financial challenges will continue to the end of the decade.

10. Capital Programme to 2019/20

Background and Strategy

- 10.1 The Council is committed to the achieving best value in providing essential services to the community. Capital proposals are considered within the Council's overall medium to long term priorities in delivering this, with the preparation of the five year programme an integral part of the Council's financial planning framework.
- 10.2 The Council's Capital Programme is set out over a five year period from 2015/16 to 2019/20. The proposed Capital Programme reflects the ongoing schemes from the 2010/11 to 2014/15 programme, issues arising from priorities set in the 2014/15 Medium Term Planning and changes in the future financial environment. The programme includes some significant projects which have been rolled forward from 2014/15 due to changes in their scope and scale, e.g. City Hall and Marylebone Library. The predicted net expenditure for the period is £305.94m.
- 10.3 In recent years the Capital Programme policy has been for net expenditure to be financed from capital receipts with internal borrowing funding any "timing" differences. The receipts are normally from the sale of assets that are surplus to requirements as determined by the Asset Management Strategy. The latest forecasts show capital receipts falling and are predicted to be £88.2m for the period 2015/16 to 2019/20. No receipts are forecast after 2017/18. With the predicted shortfall of £9.66m in 2014/15, the Council faces a potential funding gap of £227.40m to 2020 which will be met by:
- Reducing the level of capital expenditure
 - Borrowing to fund the shortfall
 - Identifying other sources / consequential revenue cost reductions.
- 10.4 The Capital Programme is overseen by the Capital Review Group (CRG), chaired by the Cabinet Member for Finance, Corporate and Customer Services. Its role is to monitor and provide input to the strategic direction of the Capital Programme. On a quarterly basis it reviews the full five year programme, both expenditure and receipts, with recommendations being included in future planning. In December 2014 it recommended the net programme for 2014/15, 2015/16 to 2016/17 and noted the net expenditure requirements for 2017/18 to 2019/20. The 2014/15 figures have since been updated to reflect the latest known position.
- 10.5 Its recommendation was that, given the significant reduction in financing for the programme, projects from 2017/18 will only proceed on an affordability basis with Service Areas being charged in full for any borrowing costs. This will include any costs for ongoing projects that may have commenced before 2017/18 and the incremental costs of schemes initially financed in 2016/17 or

earlier. On current estimates the revenue cost to fund the gap will be c£17.7m per annum by 2020.

- 10.6 To support the maintenance and upgrading of the Council's assets and mitigate the impact on the General Fund, the Council seeks to utilise external funding opportunities and resources. This may include bidding for new funding streams e.g. from Transport for London, aligning Council funds with third parties e.g. West End Partnership and utilising Section 106 and the proposed Community Infrastructure Levy monies. Any final decision on undertaking such projects will take account of both the financial and non-financial resources of the Council at the time the decision is required.
- 10.7 It is envisaged that, in the future, the use and availability of such funding will have a significant impact on the direction of the Capital Programme.
- 10.8 In addition to the General Fund Capital Programme the Council has capital funding requirements for the Housing Revenue Account (HRA) – (Section 10.33), Self financing projects (Section 10.32) and Temporary accommodation (Section - 10.35)

Current Position

- 10.9 The Council is recommended to set the Capital Programme for the period 2015/16 to 2019/20, a five year time frame. CRG has recommended approval of the programme for the period to 2016/17 with years 2017/18 to 2019/20 only proceeding where affordable and services have the ability to fund the financing costs. The programme has been prepared on the basis of the external funding known at this time. As outlined in Section 10.7, it is likely that the gross expenditure will increase as new funding becomes available. Cabinet Members and Council will be updated as necessary.
- 10.10 The programme from 2015/16 to 2019/20 is made up of the following:
 - schemes that have been delayed from the previous five year time frame to 2014/15
 - rolling programmes for ongoing maintenance and development
 - new projects

Update on the 2014/15 capital programme

- 10.11 The original 2014/15 net capital budget presented at the Council meeting in February 2014 was £57.54m. In December CRG approved a revised projected outturn of £65.34m, an increase of £7.81m. The change was primarily due the acquisition of Cavendish Square Gardens and Underground Car Park for

£17.82m which is partly offset by delays on the development of the new Marylebone Library for £9.69m. As at Period 10 the projected outturn is £61.19m.

10.12 As at Period 10 the net expenditure was £51.21m representing 84% of the forecast outturn. The 2015/16 figure has been updated to include £16.3m already identified as slippage. This will be updated to include any further slippage from 2014/15 once the final outturn is known.

10.13 The overall capital programme forecast outturn is £118.45m with external funding of £57.26m. Subject to the conditions of funding, any delayed schemes may be moved into future years at net nil cost to the Council.

10.14 Major schemes that have rolled forward from the 2014/15 programme include Marylebone Library (£12.65m, estimate under review) and City Hall (£32m), which will bring with it significant revenue benefits.

Table 2 - Current projected outturn by Directorate (£m)

Directorate	Gross outturn	External Funding	Net outturn	Original budget
Adult Services	1.48	0.73	0.75	0.93
Children's Services	20.26	17.22	3.04	4.71
Corporate & Commercial Services				
ICT	3.65	-	3.65	3.00
Corporate	6.95	0.00	6.95	
City Treasurer	(5.0)	0.0	(5.0)	5.00
Growth, Planning & Housing				
Housing	31.11	19.54	11.57	1.14
Built Environment	30.79	19.76	11.03	14.12
Property	24.54	0.01	24.53	11.42
City Management & Communities	-		-	
Sports and Leisure	0.61	0.00	0.61	0.85
Libraries	0.84	0.00	0.84	11.70
City Management (inc parking)	3.23	0.00	3.23	4.65
Total	118.45	57.26	61.19	57.52

Capital programme 2015/16 to 2019/20

10.15 The net expenditure requirement from the General Fund for 2019/20 is £305.94m. Capital receipts for the period to 2019/20 are predicted at £88.2m leaving a shortfall of £217.74m to be funded from borrowing (this increases to £227.40m when the shortfall from 2014/15 is included).

- 10.16 The Capital Programme for the period 2015/16 to 2019/20 is given in Table 3 and shows the net expenditure of £305.94m by Service Area. A detailed schedule showing project by Cabinet Member is in Annex C.
- 10.17 The major rolling programmes are within Built Environment (Footways and Carriageways, Lighting and Bridges and Structures) and Property (Facilities Management and Landlord Responsibilities).
- 10.18 Significant new projects over the next five years include the development at Dudley House (£60m), the University Technical College at Ebury Bridge (£15m) and Affordable Housing (£32m).

Table 3 – Net capital expenditure programme: Summary by Service Area (£m)

Directorate	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
Adult Services	0.35	0.17	-	-	-	0.51
Children's Services	1.98	1.85	0.25	0.25	0.25	4.58
Corporate & Commercial Services						
ICT	1.28	1.08	2.13	1.00	1.18	6.65
City Treasurer	15.18	5.18	5.73	5.75	5.75	37.58
Growth, Planning & Housing						
Housing	7.17	2.69	6.30	0.52	0.52	17.19
Built Environment	17.82	14.40	14.02	16.31	15.76	78.31
Property	35.37	17.35	72.08	8.35	-	133.16
City Management & Communities						
Sports and Leisure	1.85	1.27	0.89	0.64	0.80	5.43
Libraries	5.71	8.12	0.32	1.00	0.50	15.65
City Management (inc parking)	4.12	0.89	0.51	0.19	1.19	6.89
Total	90.82	52.98	102.22	34.00	25.93	305.94

- 10.19 Within the overall gross expenditure programme (£417.75m gross & £305.94m net), there are 19 major projects (both Council and externally funded) which total £319.69m (77%) and these are shown overleaf.

10.20 The main projects within the 2015/16 to 2019/20 year Capital Programme are:

Table 4 – List of major projects 2015/16 – 2019/20

	Gross FY15/16 - 19/20	Funding FY 15/16- 19/20	Net FY 15/16- 19/20
Growth Planning and Housing			
Property Strategy - Expenditure			
Dudley House	60.00	0.00	60.00
Lisson Health	9.34	0.00	9.34
City Hall Improvement	31.08	0.00	31.08
Total Property Strategy	100.42	0.00	100.42
Property Operational			
Landlord's Responsibilities	15.00	0.00	15.00
Forward Maintenance Plan	3.80	0.00	3.80
Total Property Operational	18.80	0.00	18.80
Public Realm & Highways			
Carriageway Maintenance	13.69	0.00	13.69
Footway Programme	10.31	0.00	10.31
Lighting Improvements	8.36	0.00	8.36
Bridges and Structures	6.44	(0.38)	6.07
Fudned Area based, developer and security schemes	16.81	(15.51)	1.30
Queensway & Westbourne Grove	5.35	(2.95)	2.40
Total Public Realm and Highways	60.94	(18.83)	42.11
Housing			
Westminster Community Homes	3.20	(3.20)	-
291 Harrow Road	24.45	(12.55)	11.90
Affordable Housing	32.00	(32.00)	-
Disabled Facilities Grant	4.80	(3.21)	1.59
Total Housing	64.45	(50.96)	13.49
Children's Services			
Children's Services			
University Technical College - Ebury Bridge	15.00	(15.00)	
Wilberforce & King Solomon Academies	10.25	(7.05)	3.20
Total Children's Services	25.25	(22.05)	3.20
City Management & Communities			
Libraries			
Marylebone Library	12.26	0.00	12.26
Total Libraries	12.26	0.00	12.26
City Treasurer			
Contingency	37.58	0.00	37.58
Total Selected projects	319.69	(91.84)	227.84

10.21 Growth Planning and Housing

Property Strategy projects intend to generate improved performance from the Council's commercial property assets and includes some strategic new acquisitions to support existing asset clusters as well as developing current assets to create new income generating investment stock. This includes £60m for Dudley House (which will generate £4.1m p.a. in rental income) and £31.08m for the rolled forward plans for the City Hall improvements.

10.22 The £15m for potential Property expenditure is to maintain the operational condition of the Council assets such as libraries, depots, retail units etc. This will mitigate expenditure on revenue maintenance costs and maintain revenue income streams.

10.23 The majority of the £60.94m within Built Environment is to support the objective in delivering a well-managed and high quality streetscape and maintain the rolling programme on the infrastructure. The two specific Public Realm schemes are jointly funded by the Council and a third party.

10.24 The Housing and Libraries expenditure is linked to the broader regeneration programmes and the replacement of the library that was within Council House.

10.25 Children's Services

The plans for Wilberforce and King Solomon are still in the early stages of development and link the broader capital plans for the academies.

10.26 Contingency

In 2013/14 CRG created a Corporate Risk Contingency to deal with any emerging risks within the programme. This reflects that there are other projects at feasibility stage, e.g. Specialist Housing Strategy for Older People (SHSOP), that are not included within the figures in the report but which may require either interim or full funding within the next five years.

Capital requirements for 2015/16

10.27 The net expenditure requirement from the General Fund for 2015/16 is £90.82m. Capital receipts for the year are predicted at £87.7m giving an in-year deficit of £3.12m.

10.28 The gross capital programme for 2015/16 is £178.66m with £87.84m in external funding. As shown in Table 5 nearly 67% of the expenditure relates to projects within Growth, Planning and Housing. Of this 49% will be funded from external financing within Housing and Built Environment. The main sources of financing are:

- Education Funding Agency £12m
- Department for Education £10.77m

- Section 106 funding for education purposes £6.4m
- Affordable Housing £36.08m.
- Third Parties such as Landowners £13.77m
- Transport For London £8.01m

Table 5 – Capital Programme for 2015/16 only (£m)

Directorate	Gross FY 15/16	Funding FY 15/16	Net FY 15/16
Adult Services	0.51	(0.17)	0.35
Children's Services	31.15	(29.17)	1.98
Corporate & Commercial Services			
ICT	1.28	0.00	1.28
City Treasurer	15.18	0.00	15.18
Growth, Planning & Housing			
Housing	43.89	(36.73)	7.17
Built Environment	39.60	(21.78)	17.82
Property	35.37	0.00	35.37
City Management & Communities			
Sports and Leisure	1.85	0.00	1.85
Libraries	5.71	0.00	5.71
City Management (inc parking)	4.12	0.00	4.12
Total	178.66	(87.84)	90.82

Revenue consequences of the capital programme

10.29 Based on the current estimates the Capital Programme will require £227.40m by 2020 resulting in an annual charge to revenue of c£17.7m p.a. if this were borrowed in full. Table 6 shows the funding gap by year.

Table 6 - Annual and cumulative funding gap

£M	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
CRG (Dec) projected expenditure (net)	61.19	90.82	52.98	102.22	34.00	25.93	367.13
Capital Receipts	(51.53)	(87.70)	(0.50)	0.00	0.00	0.00	(139.73)
Annual Net Funding Surplus / (Gap)	(9.66)	(3.12)	(52.48)	(102.22)	(34.00)	(25.93)	(227.40)
Cumulative Net Funding Surplus / (Gap)	(9.66)	(12.78)	(65.25)	(167.47)	(201.47)	(227.40)	

10.30 Funding the gap from borrowing will incur debt service charges and impact the medium term projections adversely. Currently debt service costs are estimated at 6.75% and reflect the Minimum Revenue Provision and Interest costs. Within the current programme any borrowing costs are funded centrally and this will continue until 2016/17. However from 2017/18 the revenue costs of associated borrowing schemes will be financed by revenue savings from relevant service areas.

Self-financing

10.31 A small portion of the Council's cash balances has been set aside to fund certain schemes via an internal loan. Such schemes have to meet strict criteria including generating additional cash to the Council and are classed as self financing. Past projects have included Park Lane Car Park, 40 Wellington Road. The funds are managed by Finance and capped at £50m.

Housing Revenue Account (HRA) Capital for 2015/16 to 2019/20

10.32 The expenditure requirement from the Housing Revenue Account (HRA) for the period 2015/16 to 2019/20 is £334.33m (shown in Table 7). This will be funded from £173.61m of HRA resources and £152.23m from Capital receipts, leaving a shortfall of £8.5m to be funded from borrowing.

Table 7 - HRA Expenditure and funding by year for the period 2015/16 to 2019/20

Directorate	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
Capital Programme	46.50	46.50	45.55	43.95	41.55	224.05
Regeneration Schemes	35.07	34.39	11.75	8.25	-	89.46
Other	8.26	5.96	3.00	3.60	-	20.82
Total Expenditure	89.83	86.85	60.30	55.80	41.55	334.33
Capital receipts	(39.77)	(55.95)	(33.23)	(23.29)	0.00	(152.23)
HRA Reserves	(47.76)	(24.70)	(27.08)	(32.52)	(41.55)	(173.61)
Total Funding	(87.53)	(80.65)	(60.30)	(55.80)	(41.55)	(325.83)
Annual Net Funding Surplus / (Gap)	(2.30)	(6.20)	(0.00)	(0.00)	0.00	(8.50)
Cumulative Net Funding Surplus / (Gap)	(2.30)	(8.50)	(8.50)	(8.50)	(8.50)	

10.33 The expenditure over the five year period is required to deliver the plans of the approved HRA Investment Strategy. The programme of investment in existing stock will bring all stock up to the City West Homes standard by 2017. The Housing Renewal Programme will deliver over 800 new mixed-tenure homes along with wider benefits to the city's poorest neighbourhoods. The main elements of the expenditure programme are:

- £224.05m on works to existing stock including major repairs;
- £89.46m on housing estate renewal such as Ebury Bridge and Lisson Arches and;
- £20.82m on new housing supply schemes including Edgware Road development.

10.34 To support the supply of permanent Temporary Accommodation and help address the pressures around homelessness £30m is required to fund the purchase of 150 properties to provide suitable affordable housing. For 2014/15 £7.71m is included in the projected outturn and the project will be funded by borrowing by the General Fund.

11. Key Legislative and Policy Initiatives

11.1 There are a number of financial uncertainties which could have material impacts on the Council's activities with potentially significant financial consequences, these are being kept under review and are summarised below

a) The Anti-Social Behaviour, Crime and Policing Act

The Anti-Social Behaviour, Crime and Policing Act 2014 was enacted on the 14th March 2014 and contains new powers which affect the City Council. The new Act replaces pre-existing 19 anti-social behaviour powers with 9 consolidated powers, introduces absolute grounds for possession for landlords and gives repeat victims of ASB the opportunity to trigger a review of their case as well as a greater say in punishments for offenders.

Many of the changes, such as the replacement of ASBOs with Civil Injunctions and Criminal Behaviour Orders, are more simplification and changes to process than a fundamental break with the past and therefore there should be no ongoing revenue costs associated. Instead there have been increased one-off costs absorbed during 2014/15 for training staff in the application of new powers. Other changes, such as the community trigger and community remedy, are being implemented in a manner which limits the financial implications associated with the new legislation. The new powers are being integrated into core business and complement existing processes to manage anti-social behaviour which go beyond punitive measures and seek more consensual outcomes to neighbourhood disputes.

b) Licensing fee cost recovery

The Police Reform and Social Responsibility Act 2011 amended the Licensing Act 2003 to introduce a power for the Home Secretary to prescribe in regulations that in future fee levels should be set by individual licensing authorities to enable them to recover their licensing costs. The current nationally set fee structure was designed in 2005 to enable licensing authorities to cover the costs of administering an effective licensing function.

As a result of a nationally set-structure, which has not been adjusted since its introduction, it has previously been estimated that Westminster's shortfall between fees recovered and costs of administering the largest scale licensing operation in the country is between £2m-£3m per annum. During early 2014, the Home Office consulted on important aspects of the regulations which will govern locally set fees. In its response, the Council expressed concern that the consultation did not go far enough in recognising the fundamental issues faced by an authority such as Westminster. The government has yet to publish its response to the consultation

c) **Deregulation Bill**

Housing and Right to buy

The Bill removes the statutory requirement for local authorities to publish a housing strategy. The City Council is however updating its housing strategy in 2015 as this is considered good practice and is a framework, within which, to review and update existing housing policies. A range of new policies are being considered and the cost implications are being assessed.

The Bill reduces the qualifying period in social housing for right-to-buy from 5 to 3 years. The actual date this will come into effect is not yet known. This is in addition to raising the maximum discount to £100k which has already come into effect. During 2013/14 there were 271 applications and 60 completions and at October 2014 there were 167 applications and 27 completions.

Increases in applications and completions are difficult to quantify. Based on the number of enquiries from tenants about the impending change in qualifying period, it is expected that there will be an early and significant increase in the number of applications, but that the majority of these will be speculative and most people will not be able to raise the finance to buy.

Short-term lets

Clause 34 of the Deregulation Bill seeks to repeal the Greater London Powers Act 1973 regarding the management of short term lettings of properties in London. This would effectively allow home or property owners to let out their property for short periods (less than 90 days) as often as they could with no prior notification procedure or the need to obtain planning permission.

Clause 34 on its own only provides the Secretary of State with regulation-making powers; it does not stipulate the way in which the deregulation would work in practice. That detail will be included in the regulations that follow. It is not known therefore what the impact is likely to be, if any in budgetary terms for the Council, but nonetheless, this legislation does present a latent risk to the Westminster area and as such work is ongoing to influence government officials and politicians to rethink their position on this clause.

d) Licensing

The Deregulation Bill has a number of potential impacts for Westminster's licensing service. Key changes are:

- Introduction of Community & Ancillary Sellers notices (CANs) – These will operate in addition to the existing process of Temporary Event Notices. It is proposed that CANs will offer a simplified process for granting permission to community groups and small businesses who would like to provide small amounts of alcohol as part of a wider service. There would be some workload and potential cost implications for the council in setting up new procedures to deliver the regime. The consultation for CANs is currently open and work is underway to develop the Westminster response.
- Increase in Temporary Event Notices (TENs) – The Bill indicates that the current limit of 12 notices per calendar year will increase to 15. TENs by their nature have costs associated to them, as the fee to applicants is currently too low to cover our costs, so any increase in the volume of TENs processed will amplify this effect.
- Personal Licences – The Bill aims to remove the need for personal licence holders to renew their licences. This actually benefits the City Council as the Licensing Act 2003 came in to force in 2005, so a large number of personal licences - which have a 10 year life span - were issued at that time, and would consequently be due for renewal later next year. The Government currently proposes to bring forward, as part of the Deregulation Bill, some amendments to allow a much shorter renewal process. If such changes come into force as planned, early next year the very considerable workload of renewing a large volume of personal licences in the traditional way would be short circuited.
- Licensing of Late Night Refreshment – The Bill introduces additional provisions for the Licensing Authority to exempt designated premises, areas and times from this requirement. Deciding if and how we may wish to implement these provisions may carry some additional costs and would need to be a full Licensing Committee decision.

e) Growth Deal

Following the headline negotiation of London's Growth Deal announced in July, further negotiations with Government have been ongoing across a range of areas, prominently employment and skills. Whilst engaging with London Councils and the GLA / LEP on a wider range of issues, the key element of Westminster's involvement to date has been working with partners in Central London Forward to lead the development of a pilot programme for long-term unemployed residents.

The pilot, which will be run as a randomised control trial with participants being randomly referred by Jobcentre Plus, aims to work with nearly 4,000 individuals across central London over 5 years and will use a 'case worker' model to provide intensive support to residents, integrated with relevant local services. This is being funded by £11m from London's European Social Fund allocation, with no match required from participating local authorities as part of a strictly one-off agreement with DWP.

Further to this, and in the context of the increased prominence of the debate on decentralisation of power to cities and regions in the wake of the Scottish referendum, cities including London have been considering approaches to seeking further freedoms and flexibilities to drive growth and reform public services.

The further deal announced for Greater Manchester in early November, and the further deals with Northern cities being negotiated, are key milestones for these discussions. The CLF pilot forms an important platform for further work on devolution to London being discussed between groups of boroughs, London Councils, the GLA and the London Enterprise Panel (LEP), building on the Growth Deal agreed in summer 2014. Westminster is taking a leading role in these discussions, including through the Leader's devolution and public service reform lead role on the London Councils Executive.

Further ambitions around boroughs' role in shaping provision for employment, skills and complex dependency in London are currently being refined with a view to putting forward an approach to Government, jointly with the Mayor of London.

In the longer term it is hoped that this work will lead to the devolution of significant responsibilities and accompanying budgets to London, requiring joint working between groups of boroughs and between boroughs and the Mayor.

f) The Care Act

The Care Act 2014 will implement the following key changes to the current care and support system, by April 2015:

- Implementation of eligibility framework & a single set of criteria for Carers
- All service users will be in receipt of a personal budget (includes a review of the appropriateness of the resource allocation system)
- Assessment processes in line with Care Act requirements (includes Carers Assessments, assessment of self-funders, and prevention duty)
- Implementation of new safeguarding duties
- Market shaping responsibilities embedded (including Market Position Statement and protocols regarding duty around provider failure)
- Managing transition from children and young people services to adults services which includes a right to an “adults” assessment prior to the 18th Birthday. This right also extends to carers of children and young people.
- Information and advice provision (across operations and commissioned services) and provision of preventative services
- Provision of an advocacy service and Deferred Payment Agreements; which will allow people to defer paying for the cost of their residential care until after their death, so that people do not have to sell their home in their lifetime to pay for residential care.

From April 2016, it will:

- Introduce a financial cap on the costs that people have to pay to meet their eligible needs (from April 2016). This cap will be set at £72,000. Local Authorities have a duty to carry out a needs assessment in order to determine an adult’s care and support needs.
- Ensure people in care homes remain responsible for their living costs if they can afford to pay them. A personal contribution to living costs of around £12,000 a year will be introduced from (April 2016). This will not count towards the cap. We are expecting an increase in the number of assessments required to be undertaken locally from April 2015. These additional assessments will comprise of carers’ assessments and assessments of self-funders aged 65 years and over.

There will also be additional financial pressures facing Westminster prior to 2016/17 as a result of delivering the changes required by the Act. These additional pressures include resourcing increased challenges and complaints, increased demand for information and advice, managing Care Accounts and additional demands upon front line and back office staff.

g) The Better Care Fund

The Better Care Fund is a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities which will support the aim of providing people with the right care, in the right place, at the right time, including expansion of care in community settings. This will build on the Out of Hospital strategies of our local Clinical Commissioning Groups and our local authority plans expressed locally through the Community Budget and Pioneer programmes.

The borough's Better Care Fund plan will invest £0.8m in Community Independence Services in 2015/16 and a further £0.7m to help the Council meet its new duties under the Care Act: a total of £1.5m.

The Community Independence Service is designed to help people who are very unwell, and at risk of a spell in hospital, to have treatment at home. It will also help people leave hospital as soon as they are well enough and have good quality care at home while they get better. We expect that new investment in Community Independence Services will help around 700 - 800 residents in 2015/16.

The Better Care Fund Plan was developed within the existing Whole Systems partnership between the local authority and the NHS, with service providers and with service user and carer representatives including HealthWatch, and reflects the shared aspirations for integrated care. Westminster City Council, Kensington and Chelsea and Hammersmith and Fulham Councils alongside our three Clinical Commissioning Groups developed a strong Better Care Fund Plan which was approved without any conditions. This included a very sound financial agreement for the local authority which includes investment in front-line adult care services next year.

h) Public Health Commissioning (0 – 5 years old)

In October 2015, public health commissioned services for children aged 0 – 5 years (mainly consisting of the health visiting service and the family nurse partnerships) will transfer from NHS England (NHSE) to the local authority. Westminster City Council will receive an increase in the ring-fenced public health grant reflecting the cost of these new responsibilities.

The exact level of this increase and the size of the liabilities from the current contract for these commissioned services are in the process of being determined between NHS England, the current provider (Central London Community Healthcare) and the council.

At the time of writing, for Westminster City Council there is a potential shortfall between the proposed additional grant monies and the liabilities to be inherited from this transfer. It is estimated that this shortfall amounts to around £700,000 per annum. In 2015/16 this would represent an overall deficit of £350,000. The council is continuing to work with CLCH and NHSE to resolve this difference.

Following this transfer of additional public health responsibilities, we anticipate that there will be an increase in the commissioning and contract management support required to undertake these new responsibilities effectively. We are clarifying whether additional funding will be received from NHS England to cover this increased cost.

i) Children and Families Act 2014

The requirements of the Children and Families Act, which came into effect from 1 September 2014, represent some of the most significant changes to the way that services are delivered for young people with special educational needs (SEN) in the past 30 years. There are also reforms within the Act that aim to address delays in the adoption system and reduce the length of time it takes to complete care proceedings within the Family Justice system.

The significant SEN changes aim to improve cooperation between all the services that support children and their families. 'Statements' of SEN have been replaced with a new jointly assessed 'Education, Health and Care plan', which is available for an extended age range (from birth to 25). Local authorities are required to publish a 'Local Offer' outlining the provision that is available for young people with SEN and disabilities, and are required to offer families the option of a 'personal budget' with which to purchase services.

The extended age range presents a financial risk as there is the potential for an increased number of young people with statutory plans that need to be met via local provision. There will also be pressure on capacity of current teams during the three year transition period as young people with statements are transferred to Education, Health and Care plans.

Children's Services are leading on the implementation of the legislation and the management of risk, working closely with representatives from both Children's and Adult Social Care, Health, the third sector and local parents' groups. The full implementation of the reforms and transition into 'business as usual' is likely to take three years.

j) Annual Pension Update

In the actuarial triennial valuation as at 31 March 2013, the employer's contribution to be made by Westminster has been set for the three years to 31 March 2016. The employer's contribution is a combination of payment for future service obligations, and payment for deficit reduction. In 2014/15, these payments were 20.6% of payroll for those staff in the fund and in 2015/16 this will rise to 22.6%.

The funding level (for the fund as a whole) calculated in the actuarial review was 74%. The Council chose to take a more risk averse approach and so the deficit recovery period has been reduced to 25 years from 30 years. The Council is therefore increasing its contributions in a stepped manner over the five years to 18/19.

The Government generally, and CLG in particular, are consulting on changes to public sector pension schemes. Proposals have included a form of collective purchasing combination and a merger of Local Government Pension Scheme (LGPS) schemes. It is not known at this stage what might result from these discussions, nor the timing of any implementation were the necessary regulatory issues dealt with.

A new LGPS came into force from April 2014 (LGPS 2014) whereby the pension is now based on a CARE (Career Average Revalued Earnings) approach. The employee contribution rates were also increased for those earning more than approximately £45,000.

12. Reserves Policy

- 12.1 In the last two Council Tax Reports the Council indicated the level of General Reserves, reviewed and agreed by the Audit and Performance Committee, would ideally be in the range of £30m-£40m reflecting the risks associated with the substantial ongoing change programme and volatility of costs and income of the Council – being just over 1% of our combined total General Fund gross expenditure and income. We continue to make progress towards achieving this target.
- 12.2 We plan to continue to adopt this strategy. The 2014/15 budget anticipated a £2m use of Reserves with Closing Reserves falling to £33m at year-end. At the current time of writing, the latest forecast and assessment of risks and opportunities indicates that the Council will achieve budget. Any improvement of the financial position will mean that there will not need to be as much dependency upon General Fund Reserves, leading to a closing position possibly at £35m. The final level is dependent on how the financial picture emerges in the final months of the year.
- 12.3 In 2015/16 and over the medium-term we will continue to monitor risks closely and report them regularly throughout the year. We will maintain our focus on the emerging landscape for business rates, successfully delivering the major change programmes planned and progressing further rationalisations which will deliver the financial savings required over the next 2-3 years.
- 12.4 In addition to General Reserves, Earmarked Reserves as set out in the Council's accounts were brought forward at the beginning of 2014/15. A number of earmarked reserves will be used or created both by the end of 2014/15 and in the course of 2015/16 which will be set aside for specific purposes such as are detailed in **Schedule 6**. Clearly this is an estimate at this point in time and may change as the accounts are closed for 2014/15, they are also subject to change as we determine if Reserves need to be augmented for significant transformation and change programmes over the remainder of the financial year. On this basis reserves are considered to be adequate at this point in time

13. Cash and Financing

- 13.1 The Treasury Management Strategy is presented for approval at the 23rd February Cabinet meeting on the same agenda as this report. It sets out the Council's position on the management of cash and borrowings.
- 13.2 It provides routine updates on the financing position and seeks the continued use of investment options that have been used in the current financial year, within a conservative risk structure. With the implementation of HRA Self-financing under the Localism Act, the borrowing and cash elements of the HRA and General Fund are managed on a notionally separate basis.
- 13.3 Cash balances are expected to remain high over the next two to three years (taking into account Capital receipts and expenditure and movements in working capital balances) declining towards the end of that time with the funding

of the expected capital programme. Given the prevailing low level of interest rates, Officers are keeping under review whether there is opportunity to borrow now, and also considering voluntary early repayment of current external borrowing with a higher interest rate as a way of making more efficient use of funds in the longer term.

- 13.4 As a result, there may be further external borrowing in 2015/16 to fund either specific projects or the capital programme more generally. Depending on the timing of project implementation, there may be a need for the HRA to borrow amounts under £10m (in total) over the next three years.

14. Council Tax

- 14.1 The standard Band D Council Tax amount for 2014/15 was the lowest in the country at £377.74 (£676.74 including the GLA precept). The recommendation to keep the Council Tax at this amount will mean that 2015/16 will be the eighth consecutive year that Westminster's Council Tax has been frozen, with the GLA precept being proposed to drop by £4.00.
- 14.2 The tax base (the number of Band D equivalent properties) was formally agreed by Full Council on the 21st January 2015 at 121,890.83 equivalent properties. Therefore, based on the recommended proposal to freeze the Council Tax at £377.74, the total amount collectable for Council Tax in 2014/15 would be £46.04m. This would represent an increase in Council Tax receipts of £426k over the equivalent figure for 2014/15 and is the result of organic growth in the number and composition of properties eligible for Council Tax within Westminster.
- 14.3 For the second time, the Queen's Park Community Council will levy its own precept. The determined tax base for the area is 3,156.38 Band D equivalent properties and expects to raise £140k having set the same Band D amount of £44.40 as was set in 2014/15. This additional Band D amount will be levied on all relevant properties within the Queen's Park boundary and will be charged in addition to the Westminster and GLA basic amount.
- 14.4 The Montpelier Square Garden Committee (as mentioned in paragraph 2.1) also collect their charges from local residents via a Special Expense levied as part of the Council Tax demand. They wish to maintain the total charge at £32,500 in 2015/16. The tax base for this area has however changed from the estimated 94.56 properties in 2014/15 to 94.16 in 2015/16 (as agreed by Full Council in January 2015). Accordingly, the average Band D amount increases slightly to reflect the tax base reduction, rising from £343.70 to £345.16.
- 14.5 The Mayor has published his intentions to reduce his equivalent Band D amount for 2015/16 from £299.00 to £295.00 – the Assembly meets to consider these proposals on 23rd February.

14.6 The Table below summarises the total expected amounts collectable from residents of Westminster and the composition of charges for individual residents at the Band D equivalent level.

Table 8 – Band D composition

	Queen's Park	Montpelier Square	Rest of Westminster
Band D Amounts:			
Westminster City Council	£377.74	£377.74	£377.74
Queen's Park Community Council	£44.40		
Montpelier Square Garden Committee		£345.16	
	£422.14	£722.90	£377.74
Greater London Authority	£295.00	£295.00	£295.00
Total Band D Equivalent Amount	717.14	1017.9	672.74
Taxbase:	3,156.4	94.2	118,640.3
Total Collectable			
Westminster City Council	£1,192,291	£35,568	£44,815,183
Queen's Park Community Council	£140,143		
Montpelier Square Garden Committee		£32,500	
	£1,332,434	£68,068	£44,815,183
Greater London Authority	£931,132	£27,777	£34,998,886
	£2,263,566	£95,845	£79,814,069

14.7 **Schedule 9** of this report sets out the expenditure by portfolio on which the above Council Tax receipts are spent.

15 Schools

Dedicated Schools Grant (DSG)

- 15.1 Schools are funded primarily via the ring-fenced DSG and thus Council Tax income is not used to fund schools-related expenditure.
- 15.2 The DSG consists of three separate blocks of funding: the Schools' Block, High Needs' Block and Early Years' Block. Although each of the separate blocks are not separately ring-fenced, the DSG overall continues to be ring-fenced. The DfE published the findings of the "Fairer Funding for Schools Consultation" in the summer of 2014. The outcome of the consultation is that Westminster will receive additional DSG funding of £3m (subject to confirmed pupil numbers) in 2015/16.
- 15.3 The Council is able to retain an amount of DSG to pay for the education of pupils who are the responsibility of Westminster but who are not in Westminster schools. The Council does not contribute any of its own resources to fund schools, but it is required to fund the management and administration of education services from its own Council Tax/Formula Grant resources.

Pupil Premium

- 15.4 Pupil Premium for primary schools (per year) will be £1,320 per FSM6 pupil (£20 increase on 2014/15), and for secondary schools will be £935 per FSM6 pupil (unchanged) in 2015/16 (FSM6 refers to a child that has been entitled to a free school meal at any point in the past six years).
- 15.5 There is also a Pupil Premium for looked after children and service children (children of parents who are in the armed forces).
- 15.6 It is for schools to decide how the Pupil Premium should be spent, however the DfE intends that schools will be held accountable for the impact of its use.
- 15.7 From 2015/16 Pupil Premium is being introduced for 3 and 4 year old children at a rate of £300 per annum per eligible child.

Academies/"Free Schools"

- 15.8 Westminster schools that convert to Academy status or newly established "Free Schools" obtain their funding directly from the Education Funding Agency. They will receive a budget share equivalent to what they would have had if they were a Westminster school (funded in most cases by an adjustment to the DSG paid to the Council).

16 Housing Revenue Account (HRA)

- 16.1 The HRA is a statutory ring-fenced Landlord Account within the Council's overall General Fund, established under the 1989 Local Government and Housing Act.
- 16.2 It accounts for the management and maintenance of 12,150 units of social housing and 9,100 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking account of HRA Reserves.
- 16.3 In 2012 the HRA moved from a national subsidy system of financing to one of self-financing. In order to facilitate this the Council was required to buy out of the subsidy system through taking on £68m of extra borrowing within the HRA, but in return gets to keep all future rental income.
- 16.4 The Council's Arm's Length Management Organisation, CityWest Homes Ltd (CWH), undertakes the housing management function on behalf of the Council and has responsibility for the long-term investment needs of the stock estimated at £1.38bn.
- 16.5 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. This mechanism limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The presumption underlying self-financing has now changed and is that for the next ten years social rents will increase by CPI+1%. Self-financing presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact on cash flow of forward funding the Council's Regeneration programme. In addition other risks identified include the impact of the Right to Buy, interest rate risk, and the impact of welfare reform on future changes to housing benefit collection/payment.
- 16.6 There are significant positive benefits of self-financing including the ability to adopt a more strategic planning horizon, to engage in more commercially focused active asset management approaches, and the ability to make significant improvements in the procurement process. The Council is actively exploring the flexibilities and freedoms that these changes present to benefit the Council as a whole and to grow the HRA.
- 16.7 Self-financing enables a longer-term approach to business planning than implied by a medium-term financial planning horizon of 3-5 years. The Self-financing HRA is underpinned by a 30 year business model that factors in assumptions about the level of future revenue expenditure and income and the required level of housing investment. Current modelling indicates that the HRA is financially viable and able to fund a programme of Capital investment of £334m over the next five years. It also has a degree of additional headroom and capacity following changes to the plan in 2014-15, that would if applied enable it to cash flow and finance an additional investment of £85m. The Council and CWH are currently undertaking further work in order to assess how

to apply this and is likely to be included in the following years HRA investment plan. The development of an ongoing active asset management strategy will also help to underpin the future operation of the HRA and enhance the viability of the account as well as help to develop headroom to reconfigure the stock and to undertake an initially limited programme of building new homes.

- 16.8 The HRA budget for 2014/2015 and 2015/2016 is summarised in **Schedule 12** and the proposed HRA Capital Programme in **Schedule 11**.
- 16.9 The Housing Investment Strategy and HRA Business Plan was previously presented to Cabinet on 15th December 2014 to approve the five year (2015-16 to 2019-20) Capital budget for the HRA.

17 Levies and Special Charges

- 17.1 A number of organisations have statutory powers to generate income by raising charges by means of a levy on Westminster City Council – these are: The London Pensions Fund Authority (LPFA); The Environment Agency; and the Lee Valley Regional Park Authority.
- 17.2 At present only two of these three bodies have issued their finalised levy demands and thus we are unable to provide final figures at this stage. We expect to receive this figure close to the deadline for formal despatch of the Cabinet report (indeed in previous years we have had to provide an update to Full Council as the information has been received following the Cabinet meeting).
- 17.3 In addition to bodies having the power to charge a levy against the City Council, the Montpelier Square Garden Committee have, and exercise, a right to raise income for the upkeep of the residents' garden by a Special Expense – chargeable to the local residents who have use of the facility. They have proposed to maintain the overall amount collectable at the 2014/15 amount of £32,500. Further details of this can be found in **Section 14** of this report.

18 Greater London Authority (GLA) Precept

- 18.1 The Mayor of London has published his Draft Budget which will be considered by the Assembly on 23rd February 2015. As part of that budget he has proposed a reduction in the 2014/15 Band D precept from £299.00 down to £295.00 for 2015/16 – representing a 1.3% reduction.
- 18.2 The total amount expected to be raised by the GLA from Westminster residents is therefore expected to be £35.96m – the reduction in the Band D amount saving residents a total of £488k.
- 18.3 The GLA Budget and Band D equivalent amount is not expected to materially change from the proposal – however any changes will be verbally notified to Cabinet on the night of the meeting.

19 Consultation with the Community and Stakeholders

- 19.1 Section 65 of the Local Government Act 1992 places a duty on the Council to consult each year with representatives of the local business community on its budget proposals.
- 19.2 Details of the Council's budget proposals have been published on the Council's website via the Budget Scrutiny meeting papers (see Section 20 and Annex A for further detail), and 13 separate representative business bodies written to, inviting them to comment on the budget proposals for 2015/16.
- 19.3 The majority of proposed savings throughout the council are based on plans that will not affect service users and residents. Therefore there has not been a need for consultation in every department in this financial year. Where it is required, the Council has met its statutory requirements on consultation and undertaken extensive engagement.

19.4 Budget consultation by Cabinet Member Portfolio

19.4.1. Built Environment

Built Environment savings proposals arise from internal efficiency plans and therefore do not need to be consulted on externally. The newly created Efficiency Board which will commence April 2015 will consult internally with officers, members and contractors.

19.4.2. Adults and Public Health

The proposals are mainly to improve a service, and will therefore not adversely affect service users, it was therefore decided that consultation was not required.

The Adult Social Care transformation operations alignment and customer journey proposals are being redesigned and any consultations that are required will take place in the next financial year.

19.4.3. Housing, Regeneration, Business and Economic Development

13 representative businesses bodies were asked to provide their comments on the proposed 2015/16 budget via email.

The council received two substantive responses which asserted a generally supportive stance towards the Council's financial position. The responses also raised suggestions concerning funding arrangements between the Council and business improvement districts. The responses have been noted by the Finance department and reviewed by the Business and Economic Development department. No amendment to any of the savings proposals is deemed necessary.

19.4.4. Children and Young People

The Children's Services department have undertaken extensive consultation and engagement due to the nature of their proposals affecting service users.

Changes to Children's Centres required statutory consultation, which the department undertook. The department also engaged service providers and key stakeholders on youth provision and the play service. Consultation and engagement activities included public consultation meetings, focus groups, engagement events and surveys. The consultation web pages also received a substantial number of visits.

Key points and key themes of feedback from the consultation are being presented to Cabinet in a separate report on 23rd February 2015 and are therefore not set out here.

19.4.5. City Management

The proposals do not have a customer impact, and there is no statutory duty to consult, therefore consultation is not required.

19.4.6. Sustainability and Parking

The medium term planning proposal for the Parking transformation programme is a full year effect of changes already implemented. Therefore, consultation is not required.

19.4.7. Public Protection

Informal engagement with stakeholders has taken place where necessary, namely the CCTV proposals. However, majority of proposals do not affect customers, therefore consultation is not required.

19.4.8. Sport, Leisure and Open Spaces

The proposals have a mixture of consultation requirements; sports and leisure breakeven model proposals were consulted on in 2012. Informal engagement through discussions with key stakeholders that are affected by the parks and cemeteries proposals has taken place recently; removal of budget under spend in voluntary and community based services and changes to accounting proposals in the capitalisation of library books do not affect users and therefore do not require consultation.

20 The Scrutiny Process

20.1 The Westminster Scrutiny Commission agreed in July 2007 to set up a Budget and Performance Task Group as a standing group, with the following terms of reference:

20.2 "To consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the cabinet and/or Cabinet Members."

20.3 These terms of reference were agreed by the current Budget and Performance Task Group at their first meeting on 2nd February 2015.

- 20.4 Cabinet must *take into account* and *give due regard* of any views and recommendations from the Budget and Performance Task Group in drawing up firm budget proposals for submission to the Council, and the report to Council must reflect those comments (and those of other Task Groups and Committees, if any) and the Cabinet's response.
- 20.5 The first meeting of the Budget and Performance Task Group on Monday 2nd February 2015 appointed Councillor Tim Mitchell as Chairman, confirmed the group's membership and agreed its programme of work and corresponding timetable. A second Task Group meeting took place on Thursday 5th February. There were presentations from senior Council officers at both meetings on the key issues and changes arising in the 2015/16 budget, and questions raised by the members of the Budget and Performance Task Group were addressed.
- 20.6 The minutes of both meetings are presented in **Annex A** to this report. **Annex A** also highlights a number of risks associated with the Council's budget for 2015/16 and makes a number of recommendations.

21 Legal implications

- 21.1 The function of calculating the City Council's budget requirement and the City Council's element of the Council Tax, and the function of setting the Council Tax, are the responsibility of the full Council. The function of preparing estimates and calculations for submission to the full Council is the responsibility of the Cabinet.
- 21.2 In coming to decisions in relation to the Revenue budget and the Council Tax, the Council and its Officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget and Council Tax. The amount of the budget requirement must be sufficient to meet the City Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.
- 21.3 The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.
- 21.4 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the report of the City Treasurer on these issues when making decisions about its budget calculations. Attention is drawn to the report as set out in Sections 7, 8, 9, 10, and 12 above respectively and in particular paragraphs 1.10 and 12.4, where it is stated that the estimates are sufficiently robust for the purposes of the

calculations and that the proposed financial balances and reserves over the medium term are adequate, particularly in reference to risks and budget robustness as set out in **Section 8**.

- 21.5 Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required the Council cannot rule out the possibility that they may change their minds on the proposal as a result of the responses to a consultation, and further reports to Cabinet or cabinet member (as appropriate) may be required.
- 21.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in **Section 23**. In developing final set of proposals for consideration officers have had regard to how the equality duty can be fulfilled in relation to the proposals overall. However further detailed equality impact assessments may be required for specific proposals as identified by each directorate prior to final decisions being made.
- 21.7 Section 106, Local Government Finance Act 1992, applies to Members where:
- they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
 - any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.
- 21.8 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

22. Human Resource Comments

- 22.1 The Council commenced formal consultation for the restructure of the Finance function on 10th September 2014. This was a 30 day process. There were 60 posts in scope and 56 posts were deleted with 51 posts being created, a reduction of 5 substantive posts. This gave a total for the new Finance structure of 55 posts. There were 8 staff made redundant, this along with the planned departure of agency contractors gives a budgeted savings total of £1,100k.
- 22.2. The Council also reorganised its three single borough departments and held a formal consultation meeting with the Trades Unions on Friday 14th November 2014. This marked the commencement of the formal 30 day consultation with

the unions and staff on the nature of the proposed redundancies, how compulsory redundancies might be reduced or avoided and how we might mitigate the impact upon staff. This consultation period formally closed on 13th December 2014. At that point, the Council reflected on the feedback and published the final structure before the end of the calendar year.

- 22.3. The Consultation papers for City Management, Strategy and Communications and Housing, Property and Regeneration set out the rationale, savings, headcount reductions, new structures and new departmental titles.
- 22.4. City Management has been renamed as City Management and Communities. The new structure will deliver £2,714k full year savings with a reduction of 81.7 substantive posts. 307.3 posts have been deleted and 225.6 posts created.
- 22.5. Strategy and Communications has been renamed as Policy, Performance and Communications. The new structure will deliver £770k full year savings with a reduction of 17 posts. 88 posts have been deleted and 71 posts created.
- 22.6. Housing, Property and Regeneration and Built Environment has been renamed as Growth, Planning and Housing. The new structure will deliver £1,050k full year savings with a reduction of 20 substantive posts. 73 posts have been deleted from the previous structure and 53 posts created.
- 22.7. The overall savings for the Council are £5,634k for 2015/16 and there will be a reduction of 123.7 substantive posts. It is anticipated that 85 staff will be made redundant as a result of the deletion of the posts.
- 22.8. In accordance with statutory requirements, an HR1 form was issued in order to inform the Department of Business, Innovation and Skills (BIS) of up to 85 potential redundancies.
- 22.9. As part of the consultation process, a Voluntary Redundancy Scheme was opened with the intention of seeking to avoid compulsory dismissals. The Scheme was open to staff affected by the restructuring proposals between 17th November and 5th December 2014. The requests were considered by a panel in the week commencing 8th December with considerations around skills sets of applicants and cost, before decisions were communicated in the following week. 32 staff have been accepted for voluntary redundancy. They are included in the 85 staff estimated for redundancy.
- 22.10. In addition, mitigation against redundancies included removing vacant posts and releasing temporary agency workers. In order to expedite the process, an assimilation exercise was carried out prior to Christmas and the outcomes communicated to staff.

22.11. The selection process, following consultation, was carried out in January and February 2015, and the new structure will be implemented on 1st April 2015.

23. Equalities Implications

- 23.1 Under the Equalities Act 2010 the Council has a legal duty to pay “due regard” to the need to eliminate discrimination and promote equality with regard to the protected characteristics of age, disability, gender reassignment, marriage/ civil partnership, pregnancy/ maternity, race, religion or belief and sexual orientation.
- 23.2 The equality duties do not prevent the Council from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions nor do they stop the Council from making decisions which may affect one group more than another. The law requires that the duty to pay “due regard” be demonstrated in the decision making process.
- 23.3 An initial screen of budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. A summary of the initial screening process is included as **Annex D**. Where it has been identified that a proposal may have an adverse impact on people who share a protected characteristic, an assessment of the impact has been undertaken to ensure that “due regard” is paid to the equality duties as required by statute.

Schedules

- 1 2014/15 Budget Re-Basing
- 2 Sources of Income
- 3 Expenditure Requirements
- 4 Net Budget Requirement (by Cabinet Member and EMT)
- 5 Details of Budget Changes
- 6 Movement in Reserves
- 7 Levies, Special Expenses and Precepts
- 8 Localised Business Rates, Settlement Funding Assessment & Council Tax
- 9 Uses of Council Tax Income
- 10 Subjective Budget Analysis
- 11 Capital Expenditure Plans
- 12 Housing Revenue Account

Annexes

- A Budget and Performance Task Group Meeting Notes
- B Council Tax Resolution
- C Capital Expenditure
- D Equalities Impact Assessment

Background Papers

Budget and Council Tax Report 2014/15 24th February 2014

Council Meeting and Agenda of 5th March 2014

Report to Cabinet Treasury Management Statement 24th February 2014

Report to Audit and Performance Committee on 4th February 2015

If you have any queries about this report or wish to inspect any of the background papers, please contact: Steven Mair on 0207 641 2904 or at smair@westminster.gov.uk.

2014/15 BUDGET RE-BASING

Schedule 1

Since the 2014/15 Budget was approved in March 2014, a number of Cabinet and EMT portfolio changes have occurred, as well as the release of Corporate Provisions (inflation, risk etc) to change individual budget totals as follows:

<u>Cabinet Portfolios - Feb 2014</u>	(£,000's)	<u>Cabinet Portfolios - Feb 2015</u>	(£,000's)
Leader / Finance, Customer Services & Property	46,091	Leader of the Council	7,108
Deputy Leader / Built Environment	4,586	Deputy Leader - Built Environment	4,632
Children & Young People	39,861	Finance, Corporate & Customer Services	36,632
Business & Housing	19,245	Children and Young People	40,380
City Management, Transport & Environment	54,003	Housing, Regeneration, Business & Economic Development	18,755
Community	10,741	Public Protection	13,395
Adults & Public Health	85,465	Sustainability and Parking	(55,230)
Community Protection, Premises & Parking	(44,481)	City Management	46,880
Corporate Financing		Adults & Public Health	88,743
Corporate Income		Sport, Leisure and Open Spaces	14,217
Net Cost of Service Provision	215,511	Net Cost of Service Provision	215,511
(Use) / Contrib to General Reserves	(2,090)	(Use) / Contrib to General Reserves	(2,090)
NET BUDGET REQUIREMENT	213,421	NET BUDGET REQUIREMENT	213,421
Funded By:		Funded By:	
Council Tax	(45,650)	Council Tax	(45,650)
Business Rates (Net of Tariff)	(71,488)	Business Rates (Net of Tariff)	(71,488)
Revenue Support Grant	(96,283)	Revenue Support Grant	(96,283)
	0		0
<u>Strategic Executive Board Feb 2014</u>	(£,000's)	<u>Executive Management Team Feb 2015</u>	(£,000's)
SEB & Strategic Support	8,502	Chief Executive	1,297
Finance & Operations	41,928	City Treasurer	13,928
Adults Services	81,094	Director of Policy, Performance and Communications	7,472
Public Health	(1,217)	Executive Director of Adult Services	80,834
Childrens Services	39,911	Executive Director of Childrens Services	40,380
Housing	26,797	Executive Director of City Management and Communities	16,596
Corporate Property	(916)	Executive Director of Corporate & Commercial Services	25,706
Libraries	6,845	Executive Director of Growth, Housing and Planning	29,298
Sports & Leisure	891		
Built Environment	16,013	Net Cost of Service Provision	215,511
City Management	51,138	(Use) / Contrib to General Reserves	(2,090)
Parking	(55,475)	NET BUDGET REQUIREMENT	213,421
Net Cost of Service Provision	215,511		
(Use) / Contrib to General Reserves	(2,090)	Funded By:	
NET BUDGET REQUIREMENT	213,421	Council Tax	(45,650)
Funded By:		Business Rates (Net of Tariff)	(71,488)
Council Tax	(45,650)	Revenue Support Grant	(96,283)
Business Rates (Net of Tariff)	(71,488)		0
Revenue Support Grant	(96,283)		0
	0		0

A presentational change is made for 2015/16 to ensure the "Net Budget Requirement" line is brought into line with common accepted usage throughout local government. 14/15 comparators are also adjusted.

GROSS INCOME**Schedule 2**

For more detailed information about the changes please refer to Schedule 5

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<u>Cabinet Member Portfolios</u>			
Leader of the Council	(2,006)	(750)	(2,756)
Deputy Leader - Built Environment	(8,965)	(285)	(9,250)
Finance, Corporate & Customer Services	(65,106)	1,353	(63,753)
Children and Young People	(102,188)	(2,480)	(104,668)
Housing, Regeneration, Business & Economic Development	(276,517)	(389)	(276,907)
Public Protection	(6,814)	942	(5,872)
Sustainability and Parking	(76,709)	1,575	(75,134)
City Management	(18,120)	(2,125)	(20,245)
Adults & Public Health	(66,062)	(2,400)	(68,462)
Sport , Leisure and Open Spaces	(7,017)	(334)	(7,351)
Net Cost of Service Provision	(629,505)	(4,894)	(634,399)
(Use) / Contrib to General Reserves	(2,090)	2,090	0
NET BUDGET REQUIREMENT	(631,595)	(2,804)	(634,399)
Council Tax	(45,650)	(425)	(46,075)
Business Rates Income (Gross)	(524,388)	(2,956)	(527,344)
Revenue Support Grant	(96,283)	24,706	(71,577)
	(1,297,916)	18,521	(1,279,395)

Executive Management Team Portfolios

Chief Executive	(55)	(695)	(750)
City Treasurer	(21,658)	2,523	(19,135)
Director of Policy, Performance and Communications	(4,297)	(180)	(4,477)
Executive Director of Adult Services	(66,036)	(2,400)	(68,436)
Executive Director of Childrens Services	(102,188)	(2,480)	(104,668)
Executive Director of City Management and Communities	(111,812)	(1,517)	(113,330)
Executive Director of Corporate & Commercial Services	(15,972)	216	(15,755)
Executive Director of Growth, Housing and Planning	(307,488)	(360)	(307,848)
Net Cost of Service Provision	(629,505)	(4,894)	(634,399)
(Use) / Contrib to General Reserves	(2,090)	2,090	0
NET BUDGET REQUIREMENT	(631,595)	(2,804)	(634,399)
Council Tax	(45,650)	(425)	(46,075)
Business Rates Income (Gross)	(524,388)	(2,956)	(527,344)
Revenue Support Grant	(96,283)	24,706	(71,577)
	(1,297,916)	18,521	(1,279,395)

Expenditure (See Schedule 3)

1,297,916	(18,521)	1,279,395
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GROSS EXPENDITURE

Schedule 3

For more detailed information about the changes please refer to Schedule 5

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<u>Cabinet Member Portfolios</u>			
Leader of the Council	9,114	(464)	8,650
Deputy Leader - Built Environment	13,597	(613)	12,984
Finance, Corporate & Customer Services	101,738	(8,033)	93,705
Children and Young People	142,568	(647)	141,921
Housing, Regeneration, Business & Economic Development	295,272	945	296,217
Public Protection	20,211	(1,761)	18,449
Sustainability and Parking	21,479	(2,992)	18,488
City Management	64,998	626	65,624
Adults & Public Health	154,804	(4,463)	150,341
Sport , Leisure and Open Spaces	21,233	(1,118)	20,115
Net Cost of Service Provision	845,016	(18,521)	826,495
(Use) / Contrib to General Reserves			0
NET BUDGET REQUIREMENT	845,016	(18,521)	826,495
Council Tax			0
Business Rates Expenditure (Tariff)	452,900		452,900
Revenue Support Grant			0
	1,297,916	(18,521)	1,279,395
<u>Executive Management Team Portfolios</u>			
Chief Executive	1,352	(968)	384
City Treasurer	35,585	1,255	36,840
Director of Policy, Performance and Communications	11,769	559	12,328
Executive Director of Adult Services	146,869	(16,618)	130,251
Executive Director of Childrens Services	142,568	(647)	141,921
Executive Director of City Management and Communities	128,409	9,949	138,358
Executive Director of Corporate & Commercial Services	41,678	(9,913)	31,765
Executive Director of Growth, Housing and Planning	336,785	(2,137)	334,648
Net Cost of Service Provision	845,016	(18,521)	826,495
(Use) / Contrib to General Reserves			0
NET BUDGET REQUIREMENT	845,016	(18,521)	826,495
Council Tax			0
Business Rates Expenditure (Tariff)	452,900		452,900
Revenue Support Grant			0
	1,297,916	(18,521)	1,279,395
<i>Income (See Schedule 2)</i>	(1,297,916)	18,521	(1,279,395)

NET EXPENDITURE**Schedule 4**

The Net changes to the Council's General Fund Revenue Budget can be summarised as follows:

	(£,000's)	(£,000's)
Total Savings Identified	(36,162)	
Less Non-Service Related Savings:		
Council Tax Base	425	
NNDR	2,956	(32,781)
Operational Changes Offsetting Savings:		
Pressures		7,888
Mitigations		(5,731)
Inflation & Other Adjustments		7,209
Changes to Net Cost of Service Provision		(23,415)

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<u>Cabinet Member Portfolios</u>			
Leader of the Council	7,108	(1,214)	5,894
Deputy Leader - Built Environment	4,632	(898)	3,734
Finance, Corporate & Customer Services	36,632	(6,680)	29,951
Children and Young People	40,380	(3,127)	37,253
Housing, Regeneration, Business & Economic Development	18,755	556	19,310
Public Protection	13,396	(819)	12,577
Sustainability and Parking	(55,230)	(1,417)	(56,647)
City Management	46,880	(1,499)	45,380
Adults & Public Health	88,743	(6,863)	81,880
Sport , Leisure and Open Spaces	14,217	(1,452)	12,764
Net Cost of Service Provision	215,511	(23,415)	192,096
(Use) / Contrib to General Reserves	(2,090)	2,090	0
NET BUDGET REQUIREMENT	213,421	(21,325)	192,096
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates Expenditure (Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	0	0	0

Executive Management Team Portfolios

Chief Executive	1,297	(1,663)	(366)
City Treasurer	13,928	3,777	17,705
Director of Policy, Performance and Communications	7,472	379	7,852
Executive Director of Adult Services	80,834	(19,018)	61,815
Executive Director of Childrens Services	40,380	(3,127)	37,253
Executive Director of City Management and Communities	16,596	8,431	25,028
Executive Director of Corporate & Commercial Services	25,706	(9,697)	16,009
Executive Director of Growth, Housing and Planning	29,298	(2,498)	26,800
Net Cost of Service Provision	215,511	(23,415)	192,096
(Use) / Contrib to General Reserves	(2,090)	2,090	0
NET BUDGET REQUIREMENT	213,421	(21,325)	192,096
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates Expenditure (Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	0	0	0

DETAILS OF BUDGET CHANGES**Schedule 5**Change
(£,000's)**LEADER / FINANCE, CUSTOMER AND CORPORATE SERVICES**

Customer Programme - Digitisation & Channel Shift	(4,696)
Corporate Services - Tri-Borough Service Rationalisation	(1,854)
Release of Ear-Marked Reserves to offset specific expenditure	(1,700)
Corporate Revised Organisational Design	(1,120)
City Treasurers - Reorganisation & Restructure	(1,144)
New IT Contracts	(1,000)
Outdoor Media - Phase I Commercial Income	(770)
Increased Net Income from Commercial Property Investment Portfolio	(568)
Policy, Performance & Communications Re-Organisation	(750)
Closed Circuit TV Operating Efficiencies	(440)
Other Miscellaneous Adjustments	296
Total Savings	(13,746)
Changes to Commercial Property Income and Spend Budgets	1,683
Local Welfare Payments - now part of RSG Settlement	465
Adjustment of Previous Year's Base Budget	476
Reduced Opportunities to Capitalise Expenditure	337
Reduced Opportunities to Offset Costs	130
Additional Cost of Individual Electoral Registration	100
Total Pressures	3,191
Savings from Improved Interest Rate / Balances & MRP Adjustments	(1,400)
Corporate Property - Facilities Contract Efficiencies	(1,725)
Reduction in Transport Charges	(490)
Recovery of HRA Share of Overheads	(242)
Reduction in Other Property Operating Costs	(327)
Net Change in Housing/New Homes Bonus (Growth & Top Slice)	26
Total Mitigations	(4,158)
Housing Benefit / Council Tax Admin Grant Reduction	216
TeleCare Contract Cost Reduction (Now in Adults Portfolio)	(215)
Individual Electoral Registration Costs Mitigated	(100)
Traded Services Income	(40)
Total Other	(139)
Transfers Between Cabinet Portfolios	(291)
Total Transfers	(291)
Contract & Pay Inflation	6,687
Welfare Burdens Benefit Grant Reduction	708
Adoption Reform Grant Reduction	445
ESG Reduction	244
Collection Fund Surplus Reduction	115
Other Adjustments to Miscellaneous Grants	173
Total Corporate Pressures	8,372
2015/16 Council Tax Freeze Grant	(497)
Adjustment to New Homes Bonus from Previous Estimated Figure	(274)
s31 Grant for 2015/16 NNDR Capping at 2%	(353)
Total Corporate Savings	(1,124)
Total - Leader / Finance, Customer And Corporate Services	(7,895)

DEPUTY LEADER - BUILT ENVIRONMENT

Built Environment / City Management / Planning Transformation	(868)
Usage of s106/CIL Funding	200

Other Miscellaneous Adjustments	(260)
Total Savings	(928)
Loss of Lord Lieutenancy Income	55
Total Mitigations	55
Lord Lieutenancy Cost Savings	(25)
Total Other	(25)
Total - Deputy Leader - Built Environment	(898)

CHILDREN AND YOUNG PEOPLE

Early Help Savings	(871)
Demand Management (including Focus on Practice/Early Help)	(673)
Public Health and Other Funding Source Opportunities	(750)
Commissioning/Procurement Savings	(534)
Other Education Savings	(70)
Total Savings	(2,898)
Placement pressures - demand and complex needs	600
Legislative changes causing additional pressures	350
Total Pressures	950
Management action to manage demand and unit costs	(950)
Total Mitigations	(950)
Transfers Between Cabinet Portfolios	(230)
	(230)
Total - Children And Young People	(3,128)

HOUSING, REGENERATION, BUSINESS & ECONOMIC DEVELOPMENT

City West Homes - Increase in Commercial Activities	(240)
Major Projects Team - Income Generation & Full Recharging	(1,350)
Built Environment Transformation - Alternative Sources of Funding	(160)
Area Based Working / City Management Transformation	(176)
Other Miscellaneous Adjustments	67
Total Savings	(1,859)
Licensing Income - Isolated Pitches Income	175
Total Pressures	175
Temporary Accommodation / Supporting People Cost Pressures	2,500
Savings from Review of Housing Staffing	(130)
Total Mitigations	2,370
Transfers Between Cabinet Portfolios	(130)
Total Transfers	(130)
Total - Housing, Regeneration, Business & Economic Development	556

PUBLIC PROTECTION

Area Based Working / City Management Transformation	(1,217)
Area Management	(100)
Review of Discretionary Service Provision in City Management	(403)
CCTV Efficiencies	(193)
Commercial Income Opportunities	(30)
Other Miscellaneous Adjustments	92
Total Savings	(1,851)

Licensing Income Pressures	1,032
Total Pressures	1,032
Total - Public Protection	(819)
<u>SUSTAINABILITY AND PARKING</u>	
Parking Transformation Programme	(1,316)
Freedom Passes	(1,000)
Other Miscellaneous Adjustments	(125)
Total Savings	(2,441)
Freedom Pass Cost Increase	441
Total Pressures	441
Transfers Between Cabinet Portfolios	583
Total Transfers	583
Total - Sustainability And Parking	(1,417)
<u>CITY MANAGEMENT</u>	
Built Environment Transformation	(735)
Area Based Working / City Management Transformation	(294)
Area Management	(150)
Road Management - Fee Income	(500)
Other Miscellaneous Adjustments	(70)
Total Savings	(1,749)
Waste Tonnage Band Price Increase	350
Prior Year Waste Contract Inflation Pressures	1,400
Total Pressures	1,750
Increased Commercial Waste Management Income	(500)
Street Works Income (Activity Levels)	(1,000)
Total Mitigations	(1,500)
Total - City Management	(1,499)
<u>ADULTS & PUBLIC HEALTH</u>	
Better Care Fund Efficiencies	(2,200)
Adult Social Care Transformation & Contract Savings	(2,494)
High Cost, High Needs Packages Review	(579)
Working with Public Health Services	(486)
Total Savings	(5,759)
Pressures from Children Transiting to Adult Social Care	230
Total Pressures	230
Rough Sleeping	(1,396)
Public Health Employee Inflation	(64)
Total Mitigations	(1,460)
Cost of Telcare Contract Costs (transferred from Corporate Services Portfolio)	126
Total Other	126
Total - Adults & Public Health	(6,863)
<u>SPORT, LEISURE AND OPEN SPACES</u>	
Parks and Cemeteries Efficiencies	(240)
Sport & Leisure - Break-Even Model	(208)

Voluntary and Community Based Services - Services Review	(162)
Capitalisation of Library Books	(600)
Promoting Public Health outcomes through Sports & Leisure activities	(340)
Total Savings	(1,550)
Libraries - Declining Income due to shift in Customer Need	120
Other Miscellaneous Adjustments	(1)
Total Pressures	119
Miscellaneous mitigations across Sport, Leisure & Open Spaces	(88)
Total Mitigations	(88)
Transfers Between Cabinet Portfolios	67
Total Transfers	67
Total - Sport, Leisure And Open Spaces	(1,452)
<u>(USE) / CONTRIB TO GENERAL RESERVES</u>	
Eliminate use of General Reserves	2,090
Total Corporate Pressures	2,090
Total - (Use) / Contrib To General Reserves	2,090
<u>REVENUE SUPPORT GRANT</u>	
Increase in Council Tax Income - Organic Growth in Taxbase	(425)
NNDR Increase (Net of Loss of Safety Net Payment)	(2,956)
Total Savings	(850)
Reduction to Revenue Support Grant	24,706
Total Corporate Pressures	24,706
Total - Revenue Support Grant	21,325

MOVEMENT IN RESERVES**Schedule 6**

	Anticipated Closing Reserves 2014/15 (£,000's)	2015/16 Budgeted Change (£,000's)	Anticipated Closing Reserves 2015/16 (£,000's)
<u>Movement in General Reserves</u>			
Budgeted Reserves at Start of 2014/15	35,000		
Budgeted Use of Reserves in 2014/15	<u>(2,090)</u>		
	32,910		
2013/14 Improvement in General Reserves	<u>2,385</u>		
Actual Closing Reserves 2014/15	35,295		
Forecast Change to Reserves in 2014/15	740		
	36,035		36,035
Budget Change in Reserves 2015/16		0	0
	36,035	0	36,035
<u>Movement in Earmarked Reserves</u>			
Adult Services	345	(138)	207
Built Environment	1,965	(750)	1,215
Childrens Services	2,690	300	2,990
City Management	2,572	(1,024)	1,548
City Treasurer	14,402	(3,050)	11,352
Parking	1,132	0	1,132
Chief Executive	2,438	(667)	1,771
Corporate	<u>49,192</u>	<u>10,804</u>	<u>59,996</u>
	74,737	5,475	80,212
<u>Movement in Ring-Fenced Reserves</u>			
Adult Education - Unspent LSC Funding	451	(127)	324
Schools Reserves	903	(300)	603
Quinton Kynaston Endowment	0	0	0
Dedicated Schools Grant	3,773	0	3,773
Endowments & Other Funds	<u>710</u>	<u>0</u>	<u>710</u>
	5,838	(427)	5,411
Grand Total	80,575	5,048	85,623

Levies

The Council is required to raise levies from its taxpayers on behalf of a number of other bodies. The following levies have so far been notified to us:

	Budget 2014/15 (£,000's)	Change (£,000's)	Budget 2015/16 (£,000's)
London Pension Fund Authority	2,031	(43)	1,988
Lee Valley Regional Park Authority *	380	(0)	380
Environment Agency	278	1	279
	2,689	(42)	2,647

** Note, at the time of despatch, final details of the 2015/16 levy for this body has yet to be received. An update will be provided on the night of the meeting if further information becomes available.*

Special Items

The Montpelier Square Garden Committee raise a charge on local properties (only within there immediate area) for the maintenance of the garden area. The charge, which is added to the Council Tax for those properties, is set out below:

	Budget 2014/15 (£'s)	Change (£'s)	Budget 2015/16 (£'s)
Special Item	32,500	0	32,500
	32,500	0	32,500

Due to a marginal change in the number of average Band D properties in the Montpelier Square area (moving from 94.56 to 94.16 equivalent properties), the Band D charge for the Garden Square element also changes slightly from £343.70 to £345.16

DCLG include this Special Item in their calculation of the average Council Tax for the whole of Westminster, which in turn is used to determine eligibility for the Council Tax Freeze Grant. With no change to the Special Item this year, the Council's own Council Tax will not have to be adjusted to retain eligibility for the Freeze Grant

Queen's Park Community Council

The Queen's Park Community Council was formally established from April 2014, and is the first new Parish Council to be created in London for nearly eighty years

	Budget 2014/15 (£'s)	Change (£'s)	Budget 2015/16 (£'s)
Budget Requirement	136,897	3,246	140,143
	136,897	3,246	140,143

At the 14th of January Full Council Meeting of the Community Council it was resolved the retain the Band D average charge for the area at £44.40 for 2015/16. Because of a modest rise in the taxbase of the area, an additional £3,246 is expected to be raised overthe 2014/15 Budget Requirement

LEVIES, SPECIAL EXPENSES AND PRECEPTS**Schedule 7**Precept - Greater London Authority

The Greater London Authority raise a precept to be charged on the same Council Tax bill as Westminster's own Council Tax charge. The provisional budget proposals* for the GLA are as set out below, and, if approved, will result in their average Band D equivalent charge falling from £299.00 to £295.00 across most of London (the City of London with its own policing responsibilities has a lower precept)

	Gross Spend (£,000's)	Gross Income & Reserves (£,000's)	Council Tax Requirement (£,000's)
GLA Mayor	749,721	(684,373)	65,348
GLA Assembly	7,610	(4,995)	2,615
Mayor's Office For Policing and Crime	3,159,766	(2,595,600)	564,166
London Fire and Emergency Planning Auth	423,652	(285,462)	138,190
Transport for London	7,066,100	(7,060,100)	6,000
LLDC	37,300	(37,300)	0
	11,444,149	(10,667,830)	776,319

	2014/15 Avg Band D (£'s)	2015/16 Avg Band D (£'s)
<i>Determination of Band D Concil Tax Charge</i>		
GLA Mayor	24.31	24.79
GLA Assembly	0.97	0.99
Mayor's Office For Policing and Crime	218.88	214.52
London Fire and Emergency Planning Auth	52.51	52.42
Transport for London	2.33	2.28
LLDC	0.00	0.00
	299.00	295.00

* The Mayor's Provisional Budget, as set out above, was published on the 20th of January 2015. It will be considered in its final form by the Assembly on the 23rd of February. Should any of the budget proposals change following that meeting, a verbal update will be provided to Cabinet at the meeting itself.

**LOCALISED BUSINESS RATES, SETTLEMENT FUNDING ASSESSMENT
AND COUNCIL TAX**

Schedule 8

Localised Business Rates

	2014/15 Budget (£,000's)	2014/15 Forecast (£,000's)	2015/16 Budget (£,000's)
Net Business Rate Yield (after Allowances)	1,795,193	1,733,614	1,836,166
Less Change in Provision for Appeals	(51,173)	9,874	(29,682)
	1,744,020	1,743,488	1,806,484
50% DCLG Share	872,010	872,010	903,242
20% Greater London Authority Share	348,804	348,804	361,297
30% Westminster City Council Share	523,206	523,206	541,945
	1,744,020	1,744,020	1,806,484
Collection Fund Surplus / Deficit	0	(532)	0

Settlement Funding Assessment

CLG Assumed Westminster Share of NNDR	533,402	533,402	543,595
Less NNDR Tariff	(452,908)	(452,908)	(461,562)
Net Assumed Locally Retained (After Tariff)	80,495	80,495	82,033
Revenue Support Grant	96,283	96,283	70,039
Settlement Funding Assessment	176,777	176,777	152,071
Safety Net / (Levy) Payment	4,159	4,319	0

Council Tax

<u>Band D Equivalent Properties</u>	2014/15 No.	Change No.	2015/16 No.
Montpelier Square Garden Committee	94.6	(0.4)	94.2
Queen's Park Community Council	3,083.3	73.1	3,156.4
Remainder of Westminster City Council	117,584.6	1,055.7	118,640.3
Whole of Westminster	120,762.5	1,128.4	121,890.8
Proposed Band D Amount	£377.74	£377.74	£377.74
	£45,617k	£426k	£46,043k

<u>Band D Amounts and Totals</u>	Montpelier Square Garden Committee	Queen's Park Community Council	Westminster City Council
2014/15 Band D Amount	£343.70	£44.40	£377.74
2015/16 Band D Amount	£345.16	£44.40	£377.74
2014/15 Total Charge Raised	£32,500	£136,897	£45,616,812
2015/16 Total Charge Raised	£32,500	£140,143	£46,043,042
Change in Total Charge Raised	£0	£3,246	£426,230

Total Band D Charge for Area:

Montpelier Square	£345.16		
Queen's Park Community Council		£44.40	
Westminster City Council	£377.74	£377.74	£377.74
Greater London Authority	£295.00	£295.00	£295.00
Total 15/16 Band D Charge for Area	£1,017.90	£717.14	£672.74
<i>Equivalent 14/15 Band D Charge for Area</i>	<i>£1,020.44</i>	<i>£721.14</i>	<i>£676.74</i>

USES OF THE COUNCIL TAX**Schedule 9**

	2014/15 Band D Amount (£'s)	Change to Band D Amount (£'s)	2015/16 Band D Amount (£'s)
<u>Cabinet Member Portfolios</u>			
Leader of the Council	58.82	(10.50)	48.32
Deputy Leader - Built Environment	38.33	(7.72)	30.61
Finance, Corporate & Customer Services	303.12	(57.57)	245.55
Children and Young People	334.13	(28.72)	305.41
Housing, Regeneration, Business & Economic Development	155.19	3.12	158.31
Public Protection	110.85	(7.74)	103.11
Sustainability and Parking	(457.02)	(7.39)	(464.41)
City Management	387.92	(15.88)	372.04
Adults & Public Health	734.33	(63.05)	671.28
Sport , Leisure and Open Spaces	117.64	(12.99)	104.65
Net Cost of Service Provision	1,783.31	(208.44)	1,574.87
(Use) / Contrib to General Reserves	(17.29)	17.29	0.00
NET BUDGET REQUIREMENT	1,766.01	(191.14)	1,574.87
Funded By:			
Council Tax	(377.74)	0.00	(377.74)
Business Rates Income (Gross)	(591.55)	(18.77)	(610.32)
Revenue Support Grant	(796.72)	209.91	(586.81)
	0.00	0.00	0.00

Executive Management Team Portfolios

Chief Executive	10.73	(13.73)	(3.00)
Corporate Items	29.48	48.72	78.21
City Treasurer	85.77	(18.82)	66.94
Director of Policy, Performance and Communications	61.83	2.54	64.37
Executive Director of Adult Services	668.88	(162.10)	506.78
Executive Director of Childrens Services	334.13	(28.72)	305.41
Executive Director of City Management and Communities	137.33	67.86	205.19
Executive Director of Corporate & Commercial Services	212.71	(81.46)	131.25
Executive Director of Growth, Housing and Planning	242.43	(22.71)	219.72
Net Cost of Service Provision	1,783.30	(208.43)	1,574.87
(Use) / Contrib to General Reserves	(17.29)	17.29	0.00
NET BUDGET REQUIREMENT	1,766.01	(191.14)	1,574.87
Funded By:			
Council Tax	(377.74)	0.00	(377.74)
Business Rates Income (Gross)	(591.55)	(18.77)	(610.32)
Revenue Support Grant	(796.72)	209.91	(586.81)
	0.00	0.00	0.00

SUBJECTIVE BUDGET ANALYSIS

Schedule 10

	2014/15 Budget (£,000's)	Change (£,000's)	2015/16 Budget (£,000's)
Employee Costs	172,792	(3,947)	168,845
Premises Costs	50,959	1,205	52,163
Transport Costs	4,367	(129)	4,237
Supplies and Services	80,680	2,430	83,110
Contracted Costs	257,693	(14,501)	243,192
Transfer Payments	272,197	(1,723)	270,474
Traded Services	(4,639)	(1,855)	(6,493)
Debt Charges	10,997		10,997
Gross Expenditure	845,047	(18,521)	826,526
Grant Income	(420,486)	(754)	(421,241)
Interest & Customer Receipts	(209,050)	(4,140)	(213,190)
Gross Income	(629,536)	(4,894)	(634,430)
Net Cost of Service Provision	215,511	(23,415)	192,096
(Use) / Contribution to General Reserves	(2,090)	2,090	0
NET BUDGET REQUIREMENT	213,421	(21,325)	192,096
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates (Net of Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	(0)	0	0

See Schedule 12 for a separate subjective analysis of the HRA Revenue Budgets

Capital Expenditure Plans

Schedule 1

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total 2015/16 to 2019/20
	<i>Forecast £m</i>	<i>Budget £m</i>	<i>Budget £m</i>	<i>Budget £m</i>	<i>Budget £m</i>	<i>Budget £m</i>	<i>£m</i>
General Fund							
Adult Services	0.75	0.35	0.17	-	-	-	0.51
Growth, Planning & Housing	47.13	60.36	34.44	92.41	25.18	16.27	228.65
City Management & Communities	4.67	11.68	10.28	1.72	1.82	2.48	27.97
Children's Services	3.04	1.98	1.85	0.25	0.25	0.25	4.58
Corporate & Commercial Services	10.60	1.28	1.08	2.13	1.00	1.18	6.65
City Treasurer	(5.00)	15.18	5.18	5.73	5.75	5.75	37.58
Total	61.19	90.82	52.98	102.22	34.00	25.93	305.94

Funded by:

Capital Receipts	(51.53)	(87.70)	(0.50)	-	-	-	(88.20)
(Internal) borrowing	(9.66)	(3.12)	(52.48)	(102.22)	(34.00)	(25.93)	(217.74)
	(61.19)	(90.82)	(52.98)	(102.22)	(34.00)	(25.93)	(305.94)

HRA Fund
Capital Programme

Catch up Works	-	2.50	2.50	2.50	2.50	-	10.00
Future Major Repairs	23.70	39.00	37.77	36.82	34.22	34.33	182.14
Estate Works	1.00	1.00	2.00	2.00	2.00	2.00	9.00
Related Assets	-	-	0.23	0.23	0.23	0.23	0.91
Disabled Adaptations	1.15	1.20	1.20	1.20	1.20	1.20	6.00
Exceptional Extensive	3.20	2.80	2.80	2.80	2.80	2.80	14.00
Environmental Improvements	-	-	-	-	1.00	1.00	2.00
Total	29.05	46.50	46.50	45.55	43.95	41.55	224.05

Regeneration Schemes

Lisson Arches	1.10	9.74	8.59	4.57	-	-	22.90
Penn & Lilestone	0.06	0.32	0.40	0.39	2.70	-	3.80
Cosway	0.10	-	-	-	-	-	-
Luton St	0.30	6.05	-	-	-	-	6.05
Tollgate Gardens	3.98	1.23	8.08	-	-	-	9.31
Ebury Bridge	8.78	17.09	17.22	5.40	5.55	-	45.26
Parsons North	0.10	0.64	0.10	1.40	-	-	2.14
Total	14.42	35.07	34.39	11.75	8.25	-	89.47

Other

Non Delegated	27.01	2.50	-	-	-	-	2.50
Ashridge	-	3.56	3.56	-	-	-	7.12
Edware Road Development	-	2.20	2.40	3.00	3.60	-	11.20
Total	41.43	43.33	40.35	14.75	11.85	-	110.29

Total Expenditure	70.48	89.83	86.85	60.30	55.80	41.55	334.34
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Funded by:

Major Repairs Allowance (MRA)	(17.24)	(17.24)	(17.24)	(17.24)	(17.24)	(17.24)	(86.20)
Lessee Contributions	(6.15)	(7.28)	(7.46)	(7.65)	(7.84)	(8.03)	(38.26)
Capital Receipts	(11.63)	(39.77)	(55.95)	(33.23)	(23.29)	0.00	(152.23)
New Borrowing	0.00	(2.30)	(6.20)	0.00	0.00	0.00	(8.50)
HRA Reserves	(35.46)	(23.24)	0.00	(2.19)	(7.44)	(16.28)	(49.15)
	(70.48)	(89.83)	(86.85)	(60.30)	(55.80)	(41.55)	(334.34)

HOUSING REVENUE ACCOUNT - REVENUE BUDGET**Schedule 12**

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
Income			
Business Income			
Rent income - dwellings	(75,525)	(2,538)	(78,063)
Rent income - sheds & garages	(1,120)	(11)	(1,131)
Tenant service charges	(2,805)	28	(2,777)
Lessee income	(9,522)	95	(9,427)
Total Business Income	(88,972)	(2,426)	(91,398)
Other Income			
Corporate Property Income	(7,976)	(252)	(8,228)
Heating & hot water charges	(3,165)	798	(2,367)
Pimlico District Heating Undertaking charges	(3,179)	(177)	(3,356)
Collection allowances	(908)	(37)	(945)
Costs recovered on sale of dwellings	(27)	(144)	(171)
Miscellaneous	(607)	191	(416)
Total Other Income	(15,862)	379	(15,483)
Total Income	(104,834)	(2,047)	(106,881)
Expenditure			
Total Management Costs	29,840	622	30,462
Total Special Services	10,000	(400)	9,600
Total Repairs	19,641	(116)	19,525
Total directly managed costs	59,481	106	59,587
Total Council overheads and non-delegated budgets	8,646	(151)	8,495
Other miscellaneous expenditure/income			
Major works lessees income	(9,442)	629	(8,813)
Capital financing costs	13,731		13,731
Depreciation, Deferred Charges & Impairment	22,046	(601)	21,445
Reversals through the Statement of Mvmt on HRA Balance	(9,046)	4,840	(4,206)
Provision for bad debts	1,700	(629)	1,071
Central Contingency	945	(345)	600
Total other miscellaneous expenditure	19,934	3,894	23,828
Total Expenditure	88,061	3,849	91,910
Net deficit / (surplus) for year	(16,773)	1,802	(14,971)
RCCO funded from HRA	40,295	(17,052)	23,243
RCCO funded from Leaseholders major works contributions	9,558	(2,276)	7,282
Interest on balances	(285)	34	(251)
Draw down of HRA reserves	(32,796)	17,493	(15,303)
Net deficit / (surplus)	0	0	0
HRA balance bought forward			64,347
Net deficit / (surplus)			(15,303)
HRA balance carried forward			49,044

Budget and Performance Task Group – Report on 2015/16 Budget Scrutiny

1. Executive Summary - *The Scrutiny Process*

The Westminster Scrutiny Commission agreed in July 2007 to set up a Budget and Performance Task Group as a standing group, with the following Terms of Reference:

“to consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the cabinet and/or cabinet members.”

These Terms of Reference were agreed by the current Budget and Performance Task Group at its first meeting on 2 February 2015.

Cabinet must *take into account* and *give due regard* of any views and recommendations from the Budget and Performance Task Group in drawing up firm budget proposals for submission to the Council, and the report to Council must reflect those comments (and those of other Task Groups and Committees, if any) and the Cabinet’s response.

2. Key Matters for Members’ Consideration - *Summary of Response*

2.1 Overall Budget

The overall 2015/16 draft budget appears robust, and officers provided assurances on a number of points to members across all Directorates, including that there had been no double counting in terms of the Public Health budget, that the 20% decrease in the Education Services Budget would be mitigated against, in terms of the level of reserves held by the Council, in relation to the financing of redundancy payments, and around the deliverability of a number of projects.

2.3 Risks Highlighted

Finance

The uncertainty around forthcoming changes to Business Rates appeals, and that this may cause a short term rise in appeals until the point that the changes are implemented, at which point officers project a fall in appeals.

Corporate and Commercial Services

Negotiations were underway with tri borough colleagues on the legal services project, and until this are resolved, the Council faces a degree of uncertainty.

City Management and Communities

The Hemmings decision is being appealed and the outcome of that may have further implications in other areas of enforcement and assumptions on future levels of income.

Growth, Planning and Housing

The levels of private sector rents remains the same , leading to continuing high levels of homelessness and loss of temporary accommodation properties available to be leased from the private sector.

The reduction of the Discretionary Housing Payment funding reduces capacity to prevent homelessness.

The impact of benefits caps on 3,000+ private sector tenants claiming Local Housing Allowance limits their ability to keep tenancies, leading to increased homelessness approaches to the Council, with fewer alternative affordable properties available across London.

In terms of the investment portfolio, there would be a short term loss of rent when the Council is in the process of redeveloping properties.

3. First Budget and Performance Task Group Meeting – Monday 2 February 2015

The first meeting of the Budget and Performance Task Group on Monday 2 February 2015 appointed Councillor Tim Mitchell as Chairman, confirmed the group's membership and agreed its programme of work and corresponding timetable.

The City Treasurer provided a summary of the **finance settlement** which he explained was largely as anticipated, and continued that it was his view that the Council should be planning for this type of austerity to continue until around 2020. He advised that his team was working on bringing together the revenue and capital budgets so these are not dealt with in isolation.

Concerns were raised in relation to the 20% fall in the Education Services Grant, which had not been anticipated, but the City Treasurer advised that officers were working to mitigate against this reduction in funding.

After examining the overarching budget context, the **City Treasurer** presented Members with the planned budget for the Finance service, and advised that it

was planning to deliver £4.6m savings and drive up the quality of service benchmarked against both public and private sectors. The team would deliver a balanced budget this year and next year, and strive to continually improve the budget process, and officers were looking to accelerate the annual accounts process again this year. He concluded that in terms of his team, it was not solely about delivering accounts, but about driving ambition and transformation, and providing a service of excellence.

The Director of **Policy, Performance and Communications** provided a synopsis of the Directorate and its services and ambitions. She provided a breakdown of key controllable service area budgets for 2014/15 and savings for 2015/16, explaining that the budget change was principally around income and efficiencies, and highlighted that the service was raising around 25% of its budget from income.

The Tri-Borough Executive Director of **Finance and Corporate Services** explained that the majority of savings as presented were coming from Tri Borough projects. She advised that the legal services project was on track as per the business plan, and with officers in discussions with tri-borough colleagues on this project. In relation to revenue and benefits, officers were currently negotiating with the incumbent supplier on a contract extension. Regarding agency staff, Ms West stated that it was difficult to attribute these savings, as agency staff were held across the entire Council, not just in HR.

The Executive Director for **City Management and Communities** drew members' attention to key issues section and highlighted the waste disposal contact re-let as a risk, and stated that this could be a challenge for officers going forward, as the cost could be significantly higher than current costs.

The Executive Director provided further information in relation to a number of projects outlined in the papers:

Transformation and Commercial Opportunity (£1.4m) There were three main components to this: (1) saving on highways budgets were a mix of capitalisation, (2) £210k saving from contracts, neither was likely to have a significant customer impact, and (3) £660k saving from the running of CCTV: Westminster City Council was in the process of commissioning a new CCTV system. Earmarked funds had been identified to run the system for the next two years, and officers would use this time to attempt to secure external funding as others should be contributing to upkeep and operation of system. There would be discussions with MOPAC and stakeholders (including BIDs). Other savings within built environment area were generally small adjustments. In conclusion, The Executive Director reinforced that in his opinion, nothing in the overall £1.4m would have significant customer impact.

Area Based Working – There were two main components. It brought together street management and premises management units to create a single Public Protection and Licensing function. There would be management savings and savings in administrative staff and there would be new, more broadly based, frontline enforcement officers. In terms of the HR impact, the Executive Director advised that the total directorate reduction would be in the region of 80 staff, although 30 posts were not currently permanent staff, and 24 had applied for voluntary redundancy; so he believed that the number of staff being made compulsorily redundant would be around a quarter of the total figure. Officers performing an ‘area warden’ function would remain although officers would look at needs of business and individuals so he could not say that the same people will remain in each ward. The new roles would have a broader range, with more capable staff who would be trained to deliver in these new roles.

Discretionary Services Reduction – there would be a review of charges levied on utilities for digging up roads as this had not been looked at for a number of years, officers believed that £0.5m could be generated. In relation to grounds maintenance, Westminster City Council has more Green Flags than any other Borough. It was proposed that frontline staff reduce from 80 to 68. It was recognised that this was a flagship service and officers would keep a close eye on standards. In relation to premises management unit, savings were proposed for a number of non-statutory services. Officers had successfully bid for Public Health funding or some services which deliver Public Health outcomes, and would also be more selective in prioritising work on planning and licensing consultations, and noise monitoring on construction sites etc. to save £150k.

Parking Transformation Programme – the saving of £1.3m was a net figure in which contract savings would be set against a reduced income from penalties. No rise in parking charges is assumed. Further to a question, the Executive Director advised that the last tariff increase in inner zones was in 2009, and outer zones was 2011.

Sport and Leisure – these proposals envisaged fine tuning of the sports programme with health outcomes to secure funding from Public Health. Officers were continuing to develop customer offers at sports centres and ring centres towards cost neutrality.

Freedom Passes – The current spend is £15m, of which £12m was mandatory, with £3m discretionary for those who would not meet criteria for a disabled person’s Freedom Pass. The proposal was not to change eligibility criteria. Some features of the administration of the scheme merit closer investigation, for example, there were more passes than eligible people in some wards; and no independent health assessments are undertaken, just a signature from a doctor.

The Royal Borough of Kensington and Chelsea (RBKC) insist on an Occupational Health assessment as does Westminster City Council for disabled parking badge applicants. The Council issues twice as many discretionary passes as RBKC and this number may suggest that if the Council introduces a more rigorous process to ensure only those genuinely eligible received passes, savings could materialise.

Members underlined the importance of any work undertaken on assessing members of the public for Freedom Passes having to be done very sensitively, particularly for those who may have mental health conditions, perhaps involving community groups.

Members queried as to how redundancy payments were being financed and the City Treasurer advised that the Council's approach was to ensure a maximum individual pay back of no more than three years; the aim was to secure as an average one year. There was a small fund set aside for redundancies and the current estimated figure is £700k, although this may change.

4. Second Budget and Performance Task Group

The second Task Group meeting took place on Thursday 5 February 2015.

The Tri Borough Director of Finance and Resources, **Adult Social Care** and Health provided a synopsis of the challenges facing the Adult Social Care Team, and advised that officers were looking to continually improve services with less funding. She outlined the approach the Directorate were taking going forward as alignment, "upstream" prevention, integration and personalisation of services, with a priority being to do as much as possible to streamline and use technology whilst protecting vulnerable citizens. She noted that although there was a reduction in the budget of £20m, around £15m of it was attributed to the transfer of the Freedom Pass budget to City Management and Communities.

In relation to the "Operations Integration/ Customer Journey" project, the Director advised that officers were working with NHS colleagues to make a wrap-around service possible for when patients are still at home, and trying to achieve a seamless service between the local authority and NHS. There are currently the same information systems in use across the three boroughs and officers were looking to share information with the NHS, where possible. Ms Wigley advised that the department was launching a mobile application for staff which officers believed could save £0.5 m this year. It was noted that this was at design stage and new ways of working may result in changes to the way staff work. There were also legislative changes to consider (i.e. phase 1 of The Care Act), which would result in the Council having to manage the increase in what it is required to

do at the same time as implementing the customer journey project; it would be very important to maintain then redesign staffing.

Members queried as to whether there would be any one off costs associated with the implementation of this project, and were advised that there would be, and that any costs would be shared between the three boroughs.

The Tri Borough Director of Finance, Adults Social Care advised that the **Public Health Service** was projecting a balanced budget for 2014/15, and that the draft budget for 2015/16 comprised a ring fenced Department of Health grant of £31.2 million which was expected to be fully allocated; and additional funds of £2.1m were expected from October 2015 to cover additional services for 0-5 year olds healthy child programme. It was noted that £1.2m would be returned as dietetics services would not be provided by the local authority.

The Director advised that the team were undertaking a rolling programme of contract reviews for the services it provides, with the aim of delivering efficiencies, improving health and delivering value for money and improving inequalities. Members raised concerns about the future of Public Health funding.

In relation to **Children's Services**, the Tri Borough Director for Commissioning and the Tri Borough Director of Finance and Resources, Children's Services explained that the vision of the department was to keep children safe, keep them from harm, improve their life opportunities and deliver a high quality education. Members were advised that the flagship project for the team was "Focus and Practice", where the focus would be on longer more intensive time with families in trouble to prevent expensive on-going costs over future years, or to take early action to keep children safe from harm.

The Task Group was advised that the net budget excluding schools was £40m and of this £25m was allocated to family services (including, for example, child protection services, social work, looked after children).

Officers highlighted that there may be opportunities to substitute funds, for example where officers can demonstrate improving Public Health outcomes for children, particularly for those under the age of five.

Members asked a number of questions around the children's centres, youth services and play services, and the demand management of taking children into care.

Councillor Dimoldenberg asked that it be reflected in the record that he did not support the children's centre, youth services, and play services proposals and could see no merit in this proposal being pursued.

In relation to the **Housing General Fund**, the Supporting People and Homelessness Strategy Manager advised that the Council was still experiencing high numbers presenting as homeless – around 600 this year – and the Council was required to meet its statutory obligation to provide suitable housing. Challenge to find housing to meet needs in terms of cost and size. The Council had maintained the number of properties in Westminster but also increasing those outwith the Borough.

A number of risks were highlighted and noted –

- high private sector rental costs continue, leading to continuing high levels of homelessness and loss temporary accommodation properties leased from the private sector.
- the reduction of Discretionary Housing Payment funding reduces capacity to prevent homelessness.
- the impact of benefits caps on 3,000+ private sector tenants claiming Local Housing Allowance limits their ability to keep tenancies, leading to increased homelessness approaches to the Council, with fewer alternative affordable properties available across London.

In respect of the **Planning** portfolio, the Head of Strategic Projects advised that he expected planning applications to fall but this has not been the case, it continued to be in the region of 12,500 – 13,000 per annum.

Referring to the proposal on Development Planning Transformation (£0.3m), officers explained that the team was moving from paper to an electronic process; e-forms for online reporting etc. and staff will be able to interact faster and quicker.

Regarding the proposed saving against Built Environment Transformation, it was noted that this was a change relating to the trees budget; currently the Council was spending £160k per annum on tree planting and maintenance and the proposal was to capitalise an element of this.

In speaking to the **Growth** portfolio, the Executive Director for Growth, Planning and Housing advised that the Council now had a medium term plan for its investment portfolio. Whilst rents and rates were both increasing, officers were mitigating this through an increase in rents. The Executive Director continued that the Council was reducing its property footprint and growing income by using property efficiently and effectively. As an example, City Hall would contribute £3m per annum going forward. It was noted that in redeveloping properties, there

would be a loss of rent in short terms and that officers were working to mitigate against this.

The FM contact (which was let on a tri borough basis) would see cost reductions on the tender price year on year.

The Executive Director concluded that the five key development projects in 2014/15 would contribute an additional £8m in revenue on delivery of pre financing.

5. Recommendations

- 5.1 That this Task Group be provided with the **Capital Programme** papers in future years, to enable scrutiny to take place in a meaningful and timely manner.
- 5.2 To note that there may be one off costs associated with the **Operations Integration / Customer Journey** proposal ” (Adult Social Care Services) and to request that officers **scope these costs** at the earliest opportunity to enable members to understand the financial implications.
- 5.3 In relation to Public Health, to note that there was a risk that **the funding formula could be reconsidered** at a future date, and to therefore recommend that officers be instructed to **collate robust data** to enable the strongest possible case to be made for funding, should this situation arise.
- 5.4 In relation to the proposal discussed on 2 February on **Freedom Passes** (City Management and Communities), to note officers’ proposals in regards to implementing an independent assessment, and to request that should this be implemented, that it be done so with the **upmost sensitivity and concern** for those in particular who may have mental health conditions.

Council Tax Resolution

That the Council be recommended to resolve as follows:

1. It be noted that on the 21st of January 2015, the Council calculated the Council Tax Base 2015/16
 - a) For the whole Council area as **121,890.83** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”); and
 - b) For dwellings in the Montpelier Square area as **94.16**
 - c) For dwellings in the Queen’s Park Community Council area as **3,156.38**
2. Calculate that the Council Tax Requirement for the Council’s own purposes for 2015/16 (excluding Special Expenses) is **£46,043,042**
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
 - a) **£1,233,319,049** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it
 - b) **£1,279,394,591** being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act
 - c) **£46,075,542** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (*Item R in the formula in Section 31B of the Act*)
 - d) **£378.01** being the amount at 3(c) above (Item R) all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the Basic Amount of its Council Tax for the year (including Special Amounts)
 - e) **£32,500** being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act

f) **£377.74** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of the Council Tax for the year for those dwellings in those parts of the area to which no special item relates.

4. To note that the Greater London Authority have issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:

Band	Greater London Authority
A	£196.67
B	£229.44
C	£262.22
D	£295.00
E	£360.56
F	£426.11
G	£491.67
H	£590.00

5. To note that the Queen's Park Community Council have issued a precept to the Council in accordance with Section 41 of the Local Government Finance Act 1992 for each category of dwellings in the relevant part of the Council's area as indicated in the table below

Band	Queen's Park Community Council
A	£29.60
B	£34.53
C	£39.47
D	£44.40
E	£54.27
F	£64.13
G	£74.00
H	£88.80

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each category of dwellings:

Westminster Council Requirement & Special Items

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£481.94	£281.43	£251.83
B	£562.26	£328.33	£293.80
C	£642.58	£375.24	£335.77
D	£722.90	£422.14	£377.74
E	£883.54	£515.95	£461.68
F	£1,044.18	£609.75	£545.62
G	£1,204.84	£703.57	£629.57
H	£1,445.80	£844.28	£755.48

Westminster Council Requirement, Special Items and Precepts

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£678.61	£478.10	£448.50
B	£791.70	£557.77	£523.24
C	£904.80	£637.46	£597.99
D	£1,017.90	£717.14	£672.74
E	£1,244.10	£876.51	£822.24
F	£1,470.29	£1,035.86	£971.73
G	£1,696.51	£1,195.24	£1,121.24
H	£2,035.80	£1,434.28	£1,345.48

7. That the City Treasurer be authorised to collect (and disperse from the relevant accounts) the Council Tax and the National Non-Domestic Rate and that whenever the office of the City Treasurer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised postholder be authorised to act as beforesaid in his stead.
8. That notice of amounts of Council Tax be published.

9. That the Council does not adopt a special instalment scheme for Council tenants.
10. That the Council offers as standard the following patterns for Council Tax and National Non-Domestic Rate: payment by 1, 2, 4, 10 or 12 instalments and that delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.
11. That the Council does not offer payment discounts to Council Taxpayers
12. That the Council resolve to charge owners for Council Tax in all classes of chargeable dwellings prescribed for the purposes of Section 8 of the Act.

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****All**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Adults & Public Health - Cllr Robathan	513	(165)	348	165		165			
Housing, Regeneration, Business and Economic Development - Cllr Astaire	45,168	(36,726)	8,442	18,876	(13,124)	5,752	74,411	(642)	73,769
Children and Young People - Cllr Chalkley	31,148	(29,168)	1,980	7,383	(5,533)	1,850	250		250
City Management, Transport and Infrastructure - Cllr Beddoe	13,468	(2,000)	11,468	11,531	(75)	11,456	10,453	(75)	10,378
Deputy Leader and Built Env. - Cllr Davis	27,169	(19,782)	7,387	5,760	(2,090)	3,670	5,070	(1,000)	4,070
Public Protection - Cllr Aiken	1,716		1,716						
Sports, Leisure and Open Spaces - Cllr Summers	8,127		8,127	9,545		9,545	1,290		1,290
Sustainability And Parking - Cllr Acton	805		805						
Finance, Corporate and Customer Services - Cllr Caplan	50,542		50,542	20,537		20,537	12,466		12,466
Total expenditure and external funding	178,656	(87,841)	90,815	73,797	(20,822)	52,975	103,940	(1,717)	102,223
Net expenditure funded by:									
Capital receipts			(87,700)			(500)			
Borrowing			(3,115)			(52,475)			(102,223)
Total funding for net expenditure			(90,815)			(52,975)			(102,223)

*Receipts are shown in Service Areas for illustrative purposes only.

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Adults & Public Health - Cllr Robathan**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Beachcroft & Carlton Dene Development	348		348	165		165			
117 Alderney St	165	(165)							
Total expenditure and external funding	513	(165)	348	165		165			
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(348)			(165)			
Total funding for net expenditure			(348)			(165)			

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Housing, Regeneration, Business and Economic Development - Cllr Astaire**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
AHF - Westminster Community Homes	(3,200)	3,200							
291 Harrow Road	(12,967)	8,967	(4,000)	(5,700)	3,582	(2,118)	(5,784)		(5,784)
AHF - Residential Landlords	(23,100)	23,100		(8,900)	8,900				
Disabled Facilities Grant	(959)	642	(317)	(959)	642	(317)	(959)	642	(317)
Housing Renovation Grants	(200)		(200)	(200)		(200)	(200)		(200)
Tresham House development	(2,600)		(2,600)						
Emmanuel House Major Works	(50)		(50)	(50)		(50)			
Older Persons Housing	(817)	817							
Depot Works - Page Street	(50)		(50)						
Lisson Arches	(1,225)		(1,225)	(1,200)		(1,200)			
Lisson Health				(1,867)		(1,867)	(7,468)		(7,468)
Dudley House							(60,000)		(60,000)
Total expenditure and external funding	(45,168)	36,726	(8,442)	(18,876)	13,124	(5,752)	(74,411)	642	(73,769)
<u>Net expenditure funded by:</u>									
Capital receipts			1,500			500			
Borrowing			6,942			5,252			73,769
Total funding for net expenditure			8,442			5,752			73,769

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Children and Young People - Cllr Chalkley**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
King Solomon	2,000	(2,000)		2,250	(2,250)				
Wilberforce School	3,000	(1,400)	1,600	3,000	(1,400)	1,600			
UTC Ebury Bridge	15,000	(15,000)							
Christ Church Bentinck	2,781	(2,781)		133	(133)				
Queen's Park Boundary Wall	100	(100)							
Queen's Park Reception	550	(550)							
Robinsfield New Reception	606	(606)							
Essendine Safeguarding & Refurbishment	942	(942)							
Paddington Green Safeguarding	545	(545)							
Minor Works Projects 14/15	60	(60)							
St Georges School	1,000	(1,000)		1,000	(1,000)				
Pimlico Academy	1,000	(1,000)		750	(750)				
2YO Capital Programme	280	(280)							
Quintin Kynaston	2,979	(2,904)	75						
6 Crompton St	55		55						
Children's Centres Works	250		250	250		250	250		250
Total expenditure and external funding	31,148	(29,168)	1,980	7,383	(5,533)	1,850	250		250
<u>Net expenditure funded by:</u>									
Capital receipts			(3,200)						
Borrowing			1,220			(1,850)			(250)
Total funding for net expenditure			(1,980)			(1,850)			(250)

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****City Management - Cllr Beddoe**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Aged Expired Equipment CY	220		220	230		230	230		230
Cherished Column Replacement CY	85		85	90		90	90		90
Lighting Improvements CY	1,475		1,475	1,650		1,650	1,650		1,650
Load Testing CY	60		60	65		65	65		65
Reg Sign Replacement CY	65		65	279		279	288		288
Structural Critical Column CY	180		180	190		190	180		180
Minor Projects - Public Lighting	75		75						
Smart Signs	200		200						
Protective Paint Coating To Lights	284		284	297		297	310		310
Planned Preventative Maintenance	585		585	690	(75)	615	690	(75)	615
Waterloo Bridge	1,125		1,125	1,000		1,000	900		900
Victoria Embankment Sturgeon Repairs	350		350	300		300			
Tunnel Improvements And Road Underpass	470		470	385		385			
Replacement Street Nameplates CY	85		85	90		90	80		80
Anti Skid Surfacing CY	145		145	155		155	155		155
VFM footway strengthening	220		220						
Gully Reconstruction CY	200		200	240		240	250		250
Damaged Paving Prog CY	200		200	300		300	300		300
Footway Prog Maint CY	1,675		1,675	2,140		2,140	2,140		2,140
Minor Projects - Carriageway	150		150						
Carriageway Prog Maint CY	2,585		2,585	2,700		2,700	2,700		2,700
Cycling Grid	2,000	(2,000)							
Mobile working for Wardens	250		250						
Recycling Containers & Sacks	169		169	100		100	100		100
SELCHP Plant Improvements	615		615	630		630	325		325
Total expenditure and external funding	13,468	(2,000)	11,468	11,531	(75)	11,456	10,453	(75)	10,378
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(11,468)			(11,456)			(10,378)
Total funding for net expenditure			(11,468)			(11,456)			(10,378)

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Deputy Leader and Built Env. - Cllr Davis**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
P2W Haymarket	300		300						
Marylebone High Street	750		750						
Oxford/Regent Street/Bond Street	350		350	450		450	450		450
West End Corridors & Neighbourhoods Schemes LIP	1,264	(1,264)							
Covent Garden And Side Streets Area Improvements	400		400	450		450	450		450
Berwick Street SNS	1,100		1,100						
Westbourne / Paddington Projects	400		400	450		450	450		450
Queensway / Westbourne Grove	1,200		1,200	1,950	(1,950)		1,000	(1,000)	
Civic Street Development	300	(300)							
Victoria Public Realm	400		400	450		450	450		450
River Thames Area Projects	400		400	500		500	500		500
Baker Street Gyratory	2,000	(2,000)							
Bond Street Streetscape	300	(300)							
Parliamentary Estate	5,000	(5,000)							
Wellington St	300	(300)							
Upper St Martin Lane	370	(370)							
Harrow Road Roundabout	215	(215)							
Langham Place/Regent Street	318	(318)							
Harrow Road W/B To Bourne Terrace	285	(285)							
Harrow Road-Portnall Rd To Chippenham Rd	170	(170)							
Buckingham Palace Road	50	(50)							
Grosvenor Hill Public Realm	1,736	(1,736)							
Other Developer	1,764	(1,764)							

Annex C

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Capital schemes									
Security	3,000	(3,000)							
Harrow Rd Gyrotory Taxi Rank	700	(700)							
Newport Place	100	(100)							
Cathedral Piazza	674		674						
Leicester Square Redesign	323		323						
Leicester Square Ticket Office	300		300						
Cambridge Circus Improvements	800	(800)							
Future Major Projects				400		400	400		400
Crossrail Public Realm							500		500
Local Safety Schemes	300	(200)	100	100		100	100		100
Traffic Management - Named	325		325	500		500	400		400
Vulnerable Traffic Management & Safety Schemes	300	(300)							
Local Bus Challenge Lip 15/16	100	(100)							
Transport & Street Lp 15/16	100	(100)							
BSA Lip 15/16	100	(100)							
Traffic Signals Lip 15/16	100	(100)							
Legible London 2015/16	70	(70)							
Electric Vehicle CY	140	(140)		140	(140)				
Street Trees - New Planting	215		215	170		170	170		170
Parks Landscaping	150		150	200		200	200		200
Total expenditure and external funding	27,169	(19,782)	7,387	5,760	(2,090)	3,670	5,070	(1,000)	4,070
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(7,387)			(3,670)			(4,070)
Total funding for net expenditure			(7,387)			(3,670)			(4,070)

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Public Protection - Cllr Aiken**

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Capital schemes									
CCTV - Crime & Disorder Estate	1,716		1,716						
Total expenditure and external funding	1,716		1,716						
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(1,716)			-			-
Total funding for net expenditure			(1,716)			-			-

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member****Sports, Leisure and Open Spaces - Cllr Summers**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Synthetic Sports Pitch							150		150
Changing Room Refurbishment							150		150
Sports Centre Condition Survey	50		50	150		150	250		250
Moberly Sports Centre Redev	900		900	500		500			
Tiling All Sites Improve Ch Rm	10		10	10		10	15		15
Queen Mother Sports Centre - M&E	50		50						
CCTV Upgrades Leisure Centres	10		10	10		10	15		15
Paddington Recreation Ground (PRG) - Paths etc	25		25	25		25	25		25
Sayers Croft - Refurbishments	75		75	75		75	75		75
Paddington Recreation Ground (PRG) - Horticulture	20		20	20		20	20		20
Health And Wellbeing Signage In Parks	25		25	25		25			
PRG - New Spectator And Ancillary Facilities	30		30	35		35			
Westbourne Green Skate Park & Multi Use Games Areas	35		35	30		30			
Multi Use Games Areas And Outdoor Fitness Facilities	35		35	35		35	35		35
School Sports Facilities.	50		50	50		50			
Junior Fitness Facility Development In Sports Centres	60		60	75		75			
Major Projects Feasibility & Investigative Works	150		150	150		150			
PRG- Replacement Of Children's Playground							150		150
The Porchester Centre	325		325	75		75			
Marylebone Library	4,860		4,860	7,400		7,400			
Libraires - rolling decoration programme	150		150	470		470	320		320
Pimlico Library	100		100						
Libraries Minor Works	250		250	200		200			
Library ICT - Self Service	100		100	50		50			
Victoria - Nova Development	250		250						

Annex C

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Capital schemes									
Playgrounds - Minor Wks	50		50	50		50	50		50
Memorial Safety In Cemeteries	127		127	35		35	35		35
Hanwell Cemetery Walls	190		190						
Hanwell Cemetery Pathways	55		55						
St Mary's Churchyard Boundary Wall	70								
St Johns Gdn Horseferry Rd Wal	75		75	75		75			
Total expenditure and external funding	8,127		8,127	9,545		9,545	1,290		1,290
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(8,127)			(9,545)			(1,290)
Total funding for net expenditure			(8,127)			(9,545)			(1,290)

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Sustainability And Parking - Cllr Acton**

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Capital schemes									
CCTV Technology	805		805						
Total expenditure and external funding	805		805						
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(805)			-			-
Total funding for net expenditure			(805)			-			-

Capital Programme 2015/16 to 2017/18 (£000s)**Cabinet Member:****Finance, Corporate and Customer Services - Cllr Caplan**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Networks	350		350	350		350	250		250
End User Computing				100		100	1,600		1,600
Departmental IT	175		175	75		75	75		75
Datacentre Refresh	450		450	450		450	100		100
Security							50		50
Software Licensing	50		50	50		50			
Capitalisation	100		100						
BI Tri borough capital	100		100						
SOE Apps Packaging	50		50	50		50	50		50
City Hall Improvement	22,500		22,500	8,580		8,580			
Council House - Ceremonial space	170		170	875		875			
Landlord Responsibilities	3,000		3,000	3,000		3,000	3,000		3,000
F Gas replacement	48		48						
Project support - Property	396		396	406		406	406		406
Coroner's Court	1,286		1,286	426		426			
Energy monitoring upgrade	130		130	50		50	50		50
Facilities Management Programme (FMP)	1,000		1,000	700		700	700		700
Landlord Works - Soho	30		30						
Landlord Works - Regency - roof	140		140						
Landlord Works -Mayfair Library	485		485	100		100	460		460
Landlord Works - Pimlico	100		100						
Landlord Works - Lisson Grove	80		80						
Depot Works - Newport Place				150		150			
Lisson Grove Improvements	1,196		1,196						
Cosway Decant	500		500						
Asset disposal costs	120		120						

Annex C

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Capital schemes									
Disposal Farm Street	363		363						
Disposal 196a Piccadilly	150		150						
Disposal Moxon Street	600		600						
Regeneration projects	1,100		1,100						
Mandela Way depot improvements	398		398						
Legacy compliance works	300		300						
Contingency	15,175		15,175	5,175		5,175	5,725		5,725
Total expenditure and external funding	50,542		50,542	20,537		20,537	12,466		12,466
<u>Net expenditure funded by:</u>									
Capital receipts			(83,000)			-			-
Borrowing			32,458			(20,537)			(12,466)
Total funding for net expenditure			(50,542)			(20,537)			(12,466)

Annex D

Equalities Impact Assessments (EIAs)

The Council has a duty to ensure that all policy decisions are considered to assess whether they have any equality impacts. All budget changes set out in this report have been screened to ensure that equality impacts have been considered where appropriate. A summary of the screening exercise is set out below.

Cabinet Portfolio	Proposed Budget Change	Potential Impact and explanation of how due regard to the Council's Equality Duty was given as part of the decision making process
Corporate		
	Business Intelligence for enhanced decision making across Tri-Borough	The setting of a BI service of itself will not cause any direct impact to groups or individuals. The ability of the BI service to enable better decision making will potentially have direct impacts, but these will vary entirely from project to project.
	Outdoor Media	No equalities impact.
	Policy, Performance & Communications restructure	As part of this restructure, neither the policies nor any of the services to the public are being changed and although the changes that are being made are staff related, there are none specifically aimed at any particular equality groups.
	Customer Digital Transformation	The impact of the CDT is positive for all customer groups and the council will not be removing any service options or channels. On that basis there are no equality impacts that need to be evaluated and therefore a full EIA is not required.
	Corporate Services - Tri-Borough Service Rationalisation	This is an efficiency saving. The project is not believed to have a detrimental effect on any particular equality groups.
	Customer Programme	No equalities impact.
	Commercial Property Investment Strategy	No equalities impact.
	Revised Organisational Design	No equalities impact.
	NNDR Increase	No equalities impact.
	City Treasurers reorganisation and restructure	No equalities impact.
	Transition to new IT	No equalities impact.

	contracts	
Built Environment		
	Built Environment Transformation	No negative impact on groups or communities.
	Development Planning Transformation & Combining Building Control across Tri-Borough	EIA considered. Impact on the back office processes associated with processing planning applications.
	City Management - Process efficiencies & commercial operations in Special Events	No equalities impact.
	Use of S106/Community Infrastructure Levy	No equalities impact.
Adults & Public Health		
	Commissioning and contract savings, including work with Public Health and Children's services	There is no plan to negatively impact any group, however as operational changes may be extensive, an EIA following the design stage will provide an opportunity to review and ensure that these changes will not have any disproportionate impact on any group or community.
	Mental Health Placements	Changes to care packages will be based on the outcome of a care plan review and will be mutually agreed with the customer. However a further review will be conducted once the proposal design is confirmed, at which point a decision will be taken as to whether an EIA is required.
	Further ASC Transformation - Operations Alignment	No equalities impact.
	High Cost, High Needs Packages Review	No equalities impact.
	Better Care Fund	No equalities impact.
	Savings from hospital discharge	No equalities impact.
	Working with Public Health Services	No equalities impact.
	Tri-Borough Client Affairs service	No equalities impact. Already implemented in 2014/15.
	Increase in Social Care to Benefit Health funding	No equalities impact
Housing, Regeneration, Business & Economic Development		

	City West Homes - increase in Commercial Activities	There is no unlawful discrimination, there is a commitment to improving the range and quality of service provision and the impact will be on improving the efficiency of services and decommissioning of those that are not strategically relevant and provided out of properties that are no longer fit for propose. The Council has a strong track record of reducing levels of resources in this area whilst maintaining and improving service outcomes and delivering housing pathways for the vulnerable.
	Major Projects - Income generation	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Built Environment Transformation - Alternative Sources of Funding	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Recharge all project management fees	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
City Management		
	Built Environment Transformation - Alternative Service Delivery Models	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Built Environment Transformation - Service Level Changes	This project will involve a reorganisation and structural change involving the loss of jobs. At this point in time this project does not disproportionately impact any of the equality groups. As the project progresses the need for a full EIA will be kept under review.
	Built Environment	No equalities impact.

	Transformation - Alternative Sources of Funding	
	Area Based Working / City Management Transformation	This project will involve a reorganisation and structural change involving the loss of jobs. At this point this project does not disproportionately impact any of the equality groups. As the project progresses the need for a full EIA will be kept under review.
	Area Management	No equalities impact.
	Road Management fee income	No equalities impact.
Public Protection		
	Commercial Income Opportunities	No equalities impact.
	Review of Discretionary Service Provision in City Management	No equalities impact.
	Closed Circuit Television Efficiencies	No equalities impact.
Sports, Leisure & Open Spaces		
	Parks and Cemeteries	No equalities impact.
	Sports & Leisure breakeven model	No equalities impact.
	Voluntary and Community Based Services - Services Review	No equalities impact.
	Capitalisation of Library Books	No equalities impact.
	Promoting Public Health outcomes through Sports & Leisure activities	No equalities impact.
Children & Young People		
	Commissioning contracts (specialist services)	There is unlikely to be an adverse impact on any protected characteristic within the community as commissioning and service activity will continue to be delivered and efficiencies identified to mitigate the staffing reduction. The staffing reduction may affect more women than men, reflecting the workforce profile within the directorate. The proposals will be subject to staff consultation to inform the design of future staffing and implementation arrangements

	Commissioning team	There is unlikely to be an adverse impact on any protected characteristic within the community as commissioning and service activity will continue to be delivered and efficiencies identified to mitigate the staffing reduction. The staffing reduction may affect more women than men, reflecting the workforce profile within the directorate. The proposals will be subject to staff consultation to inform the design of future staffing and implementation arrangements.
	Demand Management (including Focus on Practice / Early Help)	This relates to substitution funding, so no immediate impact on services or staffing.
	Early Help savings	The proposals regarding the savings initiatives for Children's Centres and Youth Provision are considered to have either positive or no equalities impact, while the proposal for Play Provision is deemed to have no equalities impact.
	Education	It is not considered that there will be any significant equalities implication. In many instances, the funding for the service is to continue and the saving is a result of a proportion of this funding coming from an alternative source (DSG). Where there is staff reorganisation, a full EIA will accompany any consultation proposals.
	Focus on Practice	Substitution funding, no immediate impact on services or staffing.
	Opportunities to substitute funding	No equalities impact identified.
	Other family services savings	Potential positive impact for children and families through promoting better education and employment prospects.
Sustainability & Parking		
	Parking Transformation Programme	No equalities impact.
	Freedom Passes Reimbursements & Savings	No equalities impact expected – this relates to the timely switching off of Freedom Passes where recipients are no longer eligible. Proposals are under development, and a full EIA will be undertaken when this has been completed.