



City of Westminster

Budget and Performance Task Group

Members Present: Councillor Tim Mitchell (Chairman); and Councillors Antonia Cox, Paul Dimoldenberg, Peter Freeman and Adnan Mohammed.

Officers Present: Julia Corkey (Director of Policy, Performance and Communications), Steve Mair (City Treasurer), Stephen Muldoon (Lead Business Partner, Finance Team), Leith Penny (Executive Director of City Management), Rebecka Steven (Policy and Scrutiny Officer), Jane West (Tri Borough Executive Director of Finance and Corporate Services).

Date/Time: Monday 2 February 2015, 7 – 9pm

Location: Committee Room 1A, 17th Floor, City Hall

1. Appointment of Chairman

The Policy and Scrutiny Officer welcomed all present to the meeting and asked for nominations for the position of Chairman.

Councillor Mohammed nominated Councillor Mitchell. No further nominations were received; Councillor Mitchell assumed the Chair.

2. Terms of Reference

Members noted that the Westminster Scrutiny Commission had, in July 2007, agreed 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.”

It was proposed that these Terms of Reference be adopted.

Members noted that the Cabinet *must take into account* and *give due regard* to 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.

The Task Group agreed:

1. to approve the Terms of Reference.
2. to request that the draft minutes from this meeting be presented to Thursday’s meeting for noting.

3. Budget Overview – Steve Mair

The City Treasurer provided an overview of the 2015/16 budget and the work undertaken by officers in its preparation.

Mr Mair 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 explained that his team was working on bringing together the revenue and capital budgets so these are not dealt with in isolation.

Questions

AC - To what extent are we insulated from falling electoral roles? Is the funding settlement all set in stone and not able to be changed? SM – The settlement figures are unlikely to change in any material way for 2015/16 and the proportion of funding provided by way of government support is falling.

PF – In relation to the Education Services Grant, was the 20% fall expected? SM – No, it was a surprise, but colleagues have found ways to mitigate against this and will be in a position to expand on this at Thursday's meeting.

AM – In relation to Public Health funding, where does the funding go; is there a breakdown? SM – This will be discussed and expanded upon on Thursday. The grant requires the funds to be spent on Public Health outcomes but is not ringfenced in the traditional sense. TM – How are "outcomes" measured? SM – The Council is measured on Public Health outcomes; more details can be provided by colleagues on Thursday.

PD – If there had been 2% Council Tax rise every year for past 6 years – where would we be in terms of the base budget for this year and what would this have cost the average Band D Council Tax payer? SM – The Finance Team will calculate and pass the information to the Task Group.

AC – In relation to the level of reserves held, is there an accepted norm? SM – There used to be; Audit Commission had guide of 5%, but the Council is adopting a risk based approach, putting a judgment against it. Officers will bring forward a number for the final budget report. The Audit Committee regularly scrutinises level of council reserves. TM – There has also been a rise in earmarked reserves.

The Task Group agreed:

1. to note that the City Treasurer undertook to advise members as to the position that the council's base budget would have been, should the Council have taken the decision to raise Council Tax at 2% each year for the past six years.
2. to thank the City Treasurer for his presentation.

4. City Treasurer – Steve Mair

The City Treasurer advised that his service was planning to deliver £4.6m savings and drive up the quality of service benchmarked against both public and private sectors.

His team would deliver a balanced budget this year and next year, and strive to continually improve the budget process, and are 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.

Questions

AM – In relation to the £3.5m NNDR and Insurance – what does this comprise? SM – Growth in organic value of business

rates from properties, colleagues improving rates of collection and also targets in reducing length of time claims are open on insurance claims.

PF – What does the debt figure comprise of? SM – Sundry debt, libraries, registrar, consultancies, car parking incomes, rental incomes, among others.

TM – Business Rates now 2 or 3 years into the new Business Rates regime , appeals are a problem? SM – As of 31 March 2015, the ability to appeal may change, and there may consequently be an increase in appeals up to this date but there may be a reduction thereafter.

TM – In relation to parking income, do you see a further reduction in provisions? SM – A number of initiatives are being undertaken to improve collection in this area. The Council will need to consider write off at some stage. PD – In relation to tribunals, I have heard that WCC are not turning up to represent appeals? LP – This can happen due to administration or because we do not know that they are happening, but this is not common practice. Officers do not attend every case where a WCC ticket is being appealed as this would be too significant a resource to commit. It is performance judged now and we are now above average for local authorities in terms of appeals won.

AM - Is enough being done to ensure the infrastructure is in place to deliver these savings? SM – The quality assurance process in place; quality is as paramount as is cost reduction. The finance restructure is about standard setting, not cutting costs at the risk of quality. The aim is to create the highest quality and cost effective service.

PD – Some people are tempted not to pay bills on time, are we committed to paying bills as per government guidelines within 30 days? SM – yes the Council is committed to this.

The Task Group agreed:

1. to thank the City Treasurer for his presentation.

5. Policy, Performance and Communications – Julia Corkey

The Director of Policy, Performance and Communications provided a synopsis of her Directorate and its services and ambitions.

She provided a breakdown of key controllable service area budgets for 2014/15 and savings for 2015/16, explained that the budget proposals were principally around income and efficiencies, and highlighted that the service was raising around 25% of its savings from income.

Questions

AC – Where are the outdoor media sites? JC – Piccadilly Underpass and Bishops Bridge roundabout.

TM – What will the contract be? JC – Regarding the Piccadilly underpass, probably 5 years. The estimates are conservative and officers have to take account of cost of redesign of underpass. Bishops Bridge contract will be by way of auction and probably 5 – 10 year contract with a break clause.

PD – Is there a requirement for separate city policy and corporate policy teams? JC – These teams have been merged as part of the ongoing restructure. PD – Why do we have two policy heads of service? JC – There is a complex policy framework at WCC and we are the largest planning and licensing authority in UK so assured that we need someone at band 5 level to lead on this.

The Task Group agreed:

1. to thank the Director for her presentation.

5. Corporate and Commercial Services – Jane West

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 in relation to the procurement project, officers were still in discussions on this project. In relation to revenue and benefits, officers were currently negotiating with the incumbent supplier on a contract extension. In relation to agency staff, the Executive Director continued that it was difficult to attribute these savings, as agency staff were held across the entire council, not just in HR.

Questions

PD – The cost of temporary staff has increased from £15m – £18m, is the £0.5m from the figure of £15m or £18m? JW – The base budget will change over time. Temporary staff numbers are increasing just now as extensive reorganisation is underway across the council, so there is a business requirement for agency staff to fill vacancies meantime; this is very complex and needs unraveling. This will not be the only saving due to reduction in agency staff, and officers have to ensure that there is no double counting (e.g. reorganisation costs will fall within each Service area (e.g. Finance) rather than this budget). This will be a more significant number. PD – We do not want to pay over the odds for temporary staff, it is always better to have permanent staff. SM - Total staff spend may be down by up to £7m from 2014/15. There will always be a requirement for some temporary staff and consultants to deliver niche contracts.

PD – The level of savings seem small, are we getting to point that Tri Borough has achieved what it can and going forward savings will be smaller? JW – We hope to deliver further savings. In terms of Corporate Services, we have still not launched the legal, ICT or procurement projects. As services are brought together, the management teams will share practice and a second wave of savings (as per adult services) should materialize. It will be harder after this “second wave”. Corporate Services will continue to look for savings going forward. ICT has been delivered £1m in savings have been assured.

TM – In relation to income associated with revenue and benefits, whose budget does it fall under? What are trade accounts for legal and democratic? SM - Fraud service was withdrawn from us. JW – revenue and benefits in terms of over payment of benefits will feed into SMs work on debt reduction. In relation to legal and democratic trade and accounts, they earn some income through selling services externally.

AC – In relation to the switch of fraud service from local authorities to DWP, there was a big disincentive for us to investigate fraud services as we had to keep paying meantime and could not reclaim from DWP, has this changed? SM – no this has not changed and the Council still has a fiduciary duty to tackle fraud.

AM – Is it possible to purchase insurance to cover costs of fraudulent benefit claims? SM – For employee fraud yes but unlikely to secure good deals in insurance market for fraud. Policies seem to be structured to only pay out what we would pay for the policy.

The Task Group agreed:

to thank the Executive Director for her presentation.

6. City Management and Communities – Leith Penny

The Executive Director for City Management and Communities drew members’ attention to key issues set out on page 27 of the agenda. He highlighted the waste disposal contract 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.

Dr Penny expanded proposals on page 29 as follows:

Transformation and commercial opportunity £1.4m - 3 main components – saving on highways budgets were a mix of capitalisation and £210k saving from contracts, neither likely to have significant customer impact. £660k saving from the running of CCTV: WCC 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 the Council must use this time to secure external funding. There would be discussions with MOPAC and stakeholders (including BIDs) – others should be contributing to upkeep and operation of system. Other savings within built environment area are generally small adjustments. So nothing in the £1.4m with significant customer impact.

Area based working – had two main components. It brings together street management and premises management units to create a single Public Protection and Licensing function. There will be management savings and savings in administrative staff and there will be a new more broadly based frontline enforcement officer. HR impact - Total directorate reduction of 80 staff although 30 posts not currently permanent staff, and 24 have applied for voluntary redundancy; so we believe the number of staff being made compulsory redundant will be around ¼ of the total figure. Officers performing an area warden function will remain although will look at needs of business and individuals so cannot say that the same people will remain in each ward. New roles will have a broader range – more capable staff who would be trained to deliver in their new roles.

Discretionary services reduction – review of charges levied on utilities for digging up roads as this has not been looked at for a number of years – think £0.5m could be generated. In relation to grounds maintenance, we have more Green Flags than any other Borough. It is proposed that frontline staff reduce from 80 to 68. This is a flagship service and officers will keep a close eye on standards. Premises management unit – savings are proposed for a number of non-statutory services. We have successfully bid for public health funding or some services which deliver public health outcomes, and will 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 is a net figure in which contract savings will be set against a reduced income from penalties. No rise in parking charges is assumed. Last tariff increase in inner zones was in 2009, outer zones was 2011.

Sport and leisure – proposals envisage fine tuning of sports programme with health outcomes to secure funding from Public Health. Continuing to develop customer offers at sports centres and ring centres towards cost neutrality.

Freedom Passes – Current spend is £15m of which £12m is mandatory, with £3m discretionary for those who would not meet criteria for a disabled person's freedom pass. The proposal is **not** to change eligibility criteria. Some features of the administration of the scheme merit closer investigation – there are more passes than eligible people in some wards; and no independent health assessments are undertaken – just a signature from doctor is required. RBKC insist on an Occupational Health assessment as does Westminster for disabled parking badge applicants. We issue twice as many discretionary passes as RBKC and this number may suggest that if we introduced a more rigorous process to ensure only those genuinely eligible received passes, savings might materialise.

Questions

PD – Have you considered raising parking charges? Rents go up each year without fail – parking charges should be same.

LP – increases need to be justified on policy grounds. If parking places are always full, parking is probably too cheap.

Parking charges are meant to manage the balance between supply and demand. We are in the process of commissioning a survey of parking occupancy over next 3 months, and once results are in we will have objective evidence of current supply

and demand. If areas of under occupancy we may reduce prices and if there is over-occupancy that could lead to increases. PD – If we increase parking charges by 2% what this would generate for the council? LP – Can provide those numbers although there is not any intention of imposing an across the board increase independently of the occupancy survey results.

TM – Given the richness of data which will be available, do you foresee in future there will be a variance in charging dependent on time of day? LP – This would be technically feasible. Have experimented with variable tariffs in car parks but this has never been a proposal for on street parking. If bay sensors work then we may not need to employ consultants to do work which would mean we could review more frequently at less cost.

PD – In relation to discretionary Freedom Passes, why would people qualify? LP – You are eligible for a discretionary pass if you suffer epilepsy, lower rate of DLA or have mental health issues. But no independent assessment, just GP or social worker certification. All we are suggesting is that we implement independent assessment to bring in line with applying for disability parking badge. PD – Those who have had a pass and have it taken away will not be happy. LP – Yes but there may also be cards still in use by people who do not qualify, e.g. where the original holder has died or moved away and someone else is using the card. Separate piece of work to match datasets – addresses cards are assigned to and assess whether that person is still at that address and still in borough? The card will no longer be valid if not. Also some may be attached to second homes which they should not be.

AC – In relation to Freedom Passes, if new procedures brought in this would have to be done very sensitively, particularly for those with mental health issues. LP – Absolutely. TM – And working with community groups. LP – Strongly suspects that the majority of people will clearly be entitled to passes and a smaller number clearly not, but there will be some difficult cases in between. PD – A good place to start with those who have moved and second homes.

TM – What is the Hemmings risk, has this not been paid? LP – The decision on Hemmings is being appealed and the outcome of that may have further implications in other areas of enforcement and our assumptions on future levels of income.

TM – In relation to the waste contract, is there scope to reduce indexation figure? LP – Three years ago WCC negotiated a reduction in indexation on contract but cannot do this every year. Because of way contract is run there is transparency around the contract margin which gives assurance that contract remains viable but is not making excessive profits, and so foster a collaborative way of working.

The Task Group agreed:

1. to note that the Executive Director undertook to advise members of the potential of income which would be created if WCC were to increase parking charges by 2%.
2. to thank the Executive Director for his presentation.

General Questions

PD – Redundancies being made, how are redundancy payments being financed? SM – The Council's approach is to ensure a minimum individual pay back of no more than three years. The aim is to secure as an average of one year. The Council has a small fund set aside for redundancies. The current estimated figure is £700k, this may change.

Closing remarks

The Chairman thanked officers and members for attending this evening's meeting and for their thorough preparation and input.

END OF MEETING