



City of Westminster

Finance, Smart City and City Management Policy and Scrutiny Committee

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Cabinet Member Portfolio	Cabinet Member for Finance and Smart City
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CITY FOR ALL VISION AND STRATEGY (2021 – 2022) – FINANCE AND SMART CITY PRIORITIES

Thriving Economy

Inside Out

The inaugural Inside Out Festival has flourished as part of the Council's wider Westminster Reveals campaign. Working alongside cultural partners, the Council has curated a series of activities over the summer months that have attracted footfall back into central London as well as providing new opportunities for residents and visitors to engage with some of our cultural institutions and venues in a new way.

A key highlight for the Council was West End LIVE, which saw over 54,000 people descend on Trafalgar Square over the event weekend to see the biggest line up to date. Feedback from the shows has been hugely positive both in terms of how the event was operated and in terms of interest/ticket sales. The Inside Out festival is due to conclude on 31 October 2021.

Financial Support for Businesses (COVID-19)

In total, we have distributed £215m in mandatory grants to some 8,500 businesses. The mandatory grant schemes have all now closed.

Westminster has allocated 100% Expanded Retail Relief totalling just under £1 billion in rates liabilities for our eligible businesses in the 2020/21 financial year. The Council has also applied the new levels of Expanded Retail relief for the 2021/22 financial year (100% for the period between 1 April 2021 to 30 June 2021, and then 66% for the period between 1 July 2021 to 31 March 2022).

We made 492 Discretionary Grant Fund awards of £10,000 from our allocation of £4.92m for the first round of discretionary grants from Central Government.

Through the second round of discretionary funding (ARG) we have approved and made 888 grant awards to businesses and supported 10 Business Improvement Districts with their Q1 operating costs. This includes 45 eligible businesses receiving mandatory grants paid through ARG who missed the previous deadlines. Total spend thus far totals £9.9m.

The City Council's original allocation for ARG was £7.5m. Following the successful exhaustion of this first funding envelope by the 31 July 2021 deadline, we secured a further £9.1m in additional discretionary funding.

We have until 31 March 2022 to spend this additional funding and have just commenced the next phase of the scheme, which will offer direct grant funding to businesses impacted by the 4-week extension of the Government's roadmap to reopening.

Vibrant Communities

On 6 September 2021, a survey was launched within the community to seek input from local residents to help shape the future proposals for Seymour Leisure Centre. This survey was promoted across the Council's owned channels including the website, social media and our resident and business newsletters. The survey is now due to close on 17 October 2021 following a short extension due to the low level of responses received. Following the findings from the survey, the next step will be to procure a professional team with the intention to commence Pre-Application Planning consultation before Christmas. The new space will be designed flexibly for the community and incorporate the relocated Marylebone Library.

Smart City

The council set an exciting and distinctive Smart City for All vision this Spring, outlining four priority themes to guide delivery:

- **Empowering People** (focused on enabling and empowering using digital);
- **Clean Tech City** (leveraging tech to enhance our environment and resilience, whilst driving net zero and behaviour change);
- **Innovative Ecosystem** (nurturing a culture of innovation and collaboration);
- **Extraordinary Experiences** (employing emerging solutions to showcase local culture and talent for an incredible visitor destination).

Connectivity

The signatories of the Citywide Wayleave are continuing to deploy full-fibre broadband to WCC housing stock, as at the end of July 2021 90% had been connected.

The tariffs offered by suppliers are as follows:

Community Fibre	G. Network
50Mbps = £20pm 300Mbps = £25pm (double speed offer) 800Mbps = £35pm (double speed offer) 1Gbps = £49pm 3Gbps = £99pm	150Mbps = £24pm 300Mbps = £30pm 600Mbps = £38pm 900Mbps = £50pm
Hyperoptic	
50Mbps = £25pm 150Mbps = £35pm 500Mbps = £50pm 1Gbps = £60pm	

The providers are also developing affordable packages for those on benefits. Hyperoptic has a basic 50Mbps package for £15pm and Community Fibre have a 10Mbps package for £10pm. During the pandemic all providers also provided a free service to properties they serve where families were struggling with home schooling.

Applications to the Connect Westminster Business voucher scheme are now closed and it's due to end at the end of 2021. So far 917 vouchers have been allocated to businesses to connect them to a gigabit-capable service. The residential voucher scheme is due to launch in October, and the Open Market Review (OMR) is currently being analysed by Point Topic. Berwick Street and Maida Hill markets have been connected under Digital Street Markets, with the other street markets set to be connected by the end of October.

Westminster Innovation Challenge

The Westminster Innovation Challenge is due to be launched by the end of October, focused on empowering our public and amplifying the ideas of our residents, visitors, and businesses online, with an emphasis on engaging our hard-to-reach groups offline. This is a cross-council effort with support from our community partners, Google, Microsoft, and innovation experts to aimed to support the delivery of our City for All objectives. Its ambition is to draw inspiration and innovation from our public and ensure their experience and participation is at the heart of the Smart programme.

Tech Lions Apprenticeship Programme

In September, we launched our innovative flagship initiative in building world class talent and breaking down barriers to entry for our young residents. The initiative is designed at building key future skill capabilities for our young people to enter leading employment spaces. The programme is delivered in partnership with Microsoft, Fujitsu, Unilever and Multiverse and will train the apprentices in the three fastest growing areas: Software Engineering, Data Analytics, and Digital Marketing. During the programme, the apprentices will have the opportunity to secure placements or work experience days with our big technology partners and experience the best of work. The new apprentices will join Westminster in October.

ADDITIONAL PORTFOLIO UPDATES

Period Four Budget Monitor Forecast

The Council forecasts at period four a gross variance of £5.6m against the budget (£4.4m in period three) before taking into account the Government's sales, fees and charges (**SFC**) compensation scheme. This SFC scheme was put in place to compensate local authorities for up to 75% of sales, fees and charges income during the pandemic. This scheme was in place for quarter 1 of 2021/22 but has now been discontinued by central

government (as of 30 June 2021). After considering the compensation up to Q1, the net overspend reduces from £5.6m to £3.3m.

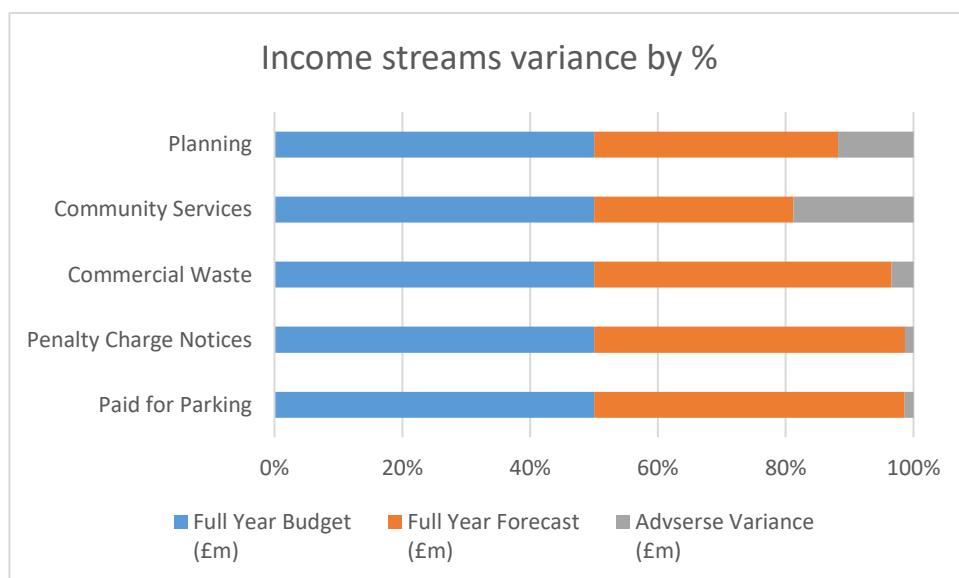
Income continues to play a major factor in the overall forecast pressures. Despite making adjustments to income activity when the budget was set (adjustments that were based on Office for Budget Responsibility assumptions on economic performance), there are still pressures across our major income streams.

The major income streams are projecting adverse variances, with paid for parking, penalty charge notices, commercial waste, community services and planning all forecasting at lower than pre-Covid levels.

The period 4 forecast variance across the major income streams is outlined in the table below:

	Full Year Budget (£m)	Full Year Forecast (£m)	Adverse Variance (£m)
Paid for Parking	40.346	39.246	1.100
Penalty Charge Notices	19.012	18.512	0.500
Commercial Waste	13.720	12.770	0.950
Community Services	1.374	0.858	0.516
Planning	7.086	5.411	1.675
TOTAL	81.538	76.797	4.741

Variances can also be seen as a percentage of the total budget in the graph below:



It should be noted that while the in-year variance across these streams is £4.741m for 2021/22, the true variance against pre-pandemic levels is greater as £20m of income loss was forecast for the current year and is built into the budget. This year's MTFP continues to review income activity against the wider economy.

Disaggregation Of Bi-Borough IT Shared Services

As part of the review of Bi-Borough Shared Services, PwC have recently completed their review into the Shared IT Service.

The review undertaken recognised both councils' commitment to delivering significant change agendas over the next three years. It found that the current model is unable to deliver to strategic ambitions, deliver transformational capability and provide value for money in performance:

- IT's role across both councils is narrow and is focused mainly on infrastructure, networks and existing application software. It has a limited role with regard to business applications strategy, enabling transformation and supporting in public-facing delivery, with duplication of activity, applications and resource in other directorates;
- Effective programme and project prioritisation is not in place and services find it hard to understand where and how their technology requirements are considered and factored into a plan and roadmap;

- Multiple approaches to resourcing are in evidence and are contributing to cost and complexity. The same resource is called upon for both 'run' and 'change' activities.

The PwC review assessed three options for change to address the issues identified by the review and concluded that disaggregation offers the clearest route to support changing and differing strategic ambitions.

The Council does not get the maximum value for its investment in IT. Every year the Council currently spends approximately £12.7m of revenue operating the IT service and applications with an additional £4.6m of capital investment in 2021/22. For this level of investment, the council should be getting sector-leading IT capabilities.

The recommendation to disaggregate was made and agreed at Cabinet on 20 September 2021.

Cabinet Member Decisions

Since the last report, as Cabinet Member for Finance and Smart City the following decisions have been made:

- Infill Development Programme
- Transfer of School Land
- Additional Restrictions Grant (ARG) – Tranche 3 proposal
- 10 Orange Street lease Renewal
- Ebury Bridge Estate (Phase 1) Final Business Case
- Huguenot House - Delivery Route
- Rating Advisory Panel
- Reverend Dr John Clifford Green Plaque
- Westminster Community Homes- funding requirements for revised development programme
- Balmoral Castle & Darwin House project development proposals
- Virtual Discretionary Housing Payment Review
- Rating Advisory Panel
- Intermediate Rent Homes at Farm Street

Key Performance Indicators - quarter 1 (April 2021 – June 2021)

- Percentage of Council Tax collected - 35.8%
- Percentage of Business Rates collected – 25.52%
- Incident attracting fines under the new GDPR legislation – 0