City of Westminster

Finance, Smart City and City Management Policy and Scrutiny Committee

Date:	29th March 2022
Report of:	Councillor Paul Swaddle OBE
Cabinet Member Portfolio	Cabinet Member for Finance and Smart City
Report Author and Contact Details:	Maria Burton, Portfolio Advisor (mburton@westminster.gov.uk)

1. City for All Vision and Strategy 2022 – Finance and Smart City Priorities

1.1 City for All is the Council's vision for Westminster that will improve people's lives for the better and help businesses thrive. A refreshed programme was launched in March 2022.

1.2 Through the Smart City programme, we want to deliver:

- World-class online services for residents and businesses to interact with council services anytime, anywhere.
- Cutting-edge technology and data to reduce our carbon footprint and encourage environmentally friendly behaviours.
- Improve digital connectivity to support businesses to thrive and residents to improve their lives.

2. Thriving Economy

Westminster Reveals

2.1 Westminster Reveals, the Council's overarching destination marketing campaign won a prestigious National Campaign for the Arts/Local Government Association 'Hearts for the Arts' award for 'Best Arts Project'.

2.2 A procurement exercise is underway to appoint a destination marketing agency to continue the success of the last year. Having an agency on board to promote the campaign last year proved to be hugely successful and resulted in significant coverage for key council-led campaigns and the wider range of cultural activity taking place in Westminster. The successful agency will be responsible for further developing the Westminster Reveals brand and maximising coverage for headline activities.

2.3 The council's Inside Out festival – one of the highlights of the Westminster Reveals campaign - will be returning for a second year with plans underway for a month of activity throughout August. Discussions are already underway with our cultural partners and other stakeholders to build on the success of last year's inaugural event which featured over 30 collaborations. This will be discussed further at the first of the quarterly calls that we have lined up with cultural partners later this month.

2.4 Our hugely popular West End LIVE will be returning to Trafalgar Square on the 25/26 June and we are working with the Society of London Theatre to build on the success of 2021.

2.5 The Lakwena artwork above Temple Station is being extended until late summer after which it will be replaced by a new installation as we further develop 'The Artist's Garden' in partnership with the CoLAB.

2.6 All of these activities will be hugely important to the recovery of the city by attracting footfall, creating experiences and boosting the local economy through increased dwell time, increased visitor spend and employment opportunities.

Property Investment

2.7 The strategic acquisition of 215 Vauxhall Bridge Road which adjoins the councils existing ownerships at Queen Mother Sports Centre and 231 Vauxhall Bridge Road has been approved by the Cabinet Member subject to referral to Policy & Scrutiny Committee on 29th March.

2.8 A Cabinet Member report referring to the proposed headlease restructure at 90-104 Berwick Street, has been submitted. This will significantly improve the Council's income receipts from the investment as well as the Capital value. It will also enable interest in the vacant retail units to be unlocked by partnering with Shaftsbury Soho Ltd.

2.9 Heads of Terms have been agreed, subject to satisfactory due diligence, to acquire a mixed-use block on the corner of Church Street and Edgware Road which immediately neighbours the Council's proposed regeneration of Site C Church Street.

3. Cleaner and Greener

Re:Fit Programme

3.1 As at the end of February 2022 we continue to make substantial progress across all the decarbonisation workstreams.

3.2 Energy conservation measures for management systems, lighting, thermal insulation, and draught proofing are nearing completion with installation works for solar PV and Air Source Heat Pumps progressing well and on programme. In the past few weeks alone, solar PV has been installed at 7 sites including Moberly and Queen Mother Sports Centres, Victoria Library, Westminster Mortuary, Dementia Care Centre, Queen Elizabeth II Jubilee and College Park Schools.

Seymour Centre

3.3 The recent community consultation questionnaire has provided valuable information to steer the provision of facilities at the new enhanced Seymour Centre. The analysis has shown that an enhanced sports hall and new fitness studios would attract a diverse range of new users. There is support for dual purpose studios and meeting rooms and affordable mixed-use spaces. There is also support for a family hub and community resource which is in line with our emerging library offer.

3.4 The intention is for new spaces to be designed flexibly alongside the incorporation of Marylebone Library. This proposition received support from Planners during pre-application discussions in December 2021 and February 2022 and has been reported back to residents at two public meetings in January and February 2022 which attracted over 200 participants.

4. Smart City

Westminster Innovation Challenge

4.1 The first Westminster Innovation Challenge is approaching the final assessment stage.

4.2 The challenge was launched to ask the public, staff, schools, universities, and community groups to submit ideas that could improve the everyday experiences of people living, working and visiting Westminster. We received 219 individual ideas and each idea was categorised and reviewed by the project team and members of the council's digital inclusion department. 52 ideas were selected to be scored by a shortlisting panel comprising 4 industry technology partners and council stakeholders. Ideas that met a minimum scoring threshold were discussed in two moderation sessions before a final shortlist of 9 ideas was agreed.

4.3 These 9 ideas are now under consideration by the final panel, which includes the Cabinet Member, Chief Executive of the Council, Head of Digital and Innovation and key council innovation partners. Once a winner(s) has been decided the ideas will be scoped with partners with a view to prototyping delivery.

4.4 Many positive ideas were submitted throughout the process, and there are a number that may not be selected as winners but will be passed on to relevant council departments to consider for implementation. We also plan to offer dedicated workshops to all applicants, allowing them to learn more about the community-based crowd-funding platform Spacehive, and how it could help support and empower them to make any ideas they have a reality, either now or in the future.

Digital Street Markets

4.5 Wi-Fi networks have now been deployed to 6 street markets in Westminster (Berwick Street, Rupert Street, Church Street, Maida Hill, Strutton Ground, Tachbrook).

4.6 *"The Wi-Fi is a great addition to the market and is helping lots of us to get online and change the way we take payments post Covid. It is also a free service which saves us using our own data allowances"*

4.7 At the end of last year, the Council hosted our first two-week digital skills course with over 90 businesses attending the training. This was the first of nine two-week courses that will be run by the end of 2022/23.

4.8 Feedback from this first event has been very positive:

"I feel you made the perfect choice in funding such a great team of mentors, that have the ability to influence growth and business nourishment for people whom act now starting to do business."

"Being able to start a business with clear ideas not getting stuck in the business plan but move into action, networking and all the ideas of starting a business with things in my reach that are free has been so valuable to know. Creating a website - wow, never done it and never thought I could do it, learning about motivation and self-confidence crowned it all."

4.9 The second two-week course started on the 7 March 2022. 60 businesses have signed up to attend the training which is being run virtually. The training focuses on key digital skills for businesses.

4.10 Future events include:

- 9th to 20th May 2022
- 20th June to 1st June 2022
- 1st to 12th August 2022
- 19th to 30th September 2022
- 31st October to 11th November 2022
- 23rd January to 3rd February 2023
- 6th March to 17th March 2023.

Digital Ambassadors

4.11 Sessions are now running weekly in Maida Vale, Church Street, and St John's Wood libraries. In the first 12 months of the project, we have had 115 individual attend over 54 sessions. Of those who attended, over 50% attended more than one session. The team are working to scale up the programme after the first successful year.

CleanTech

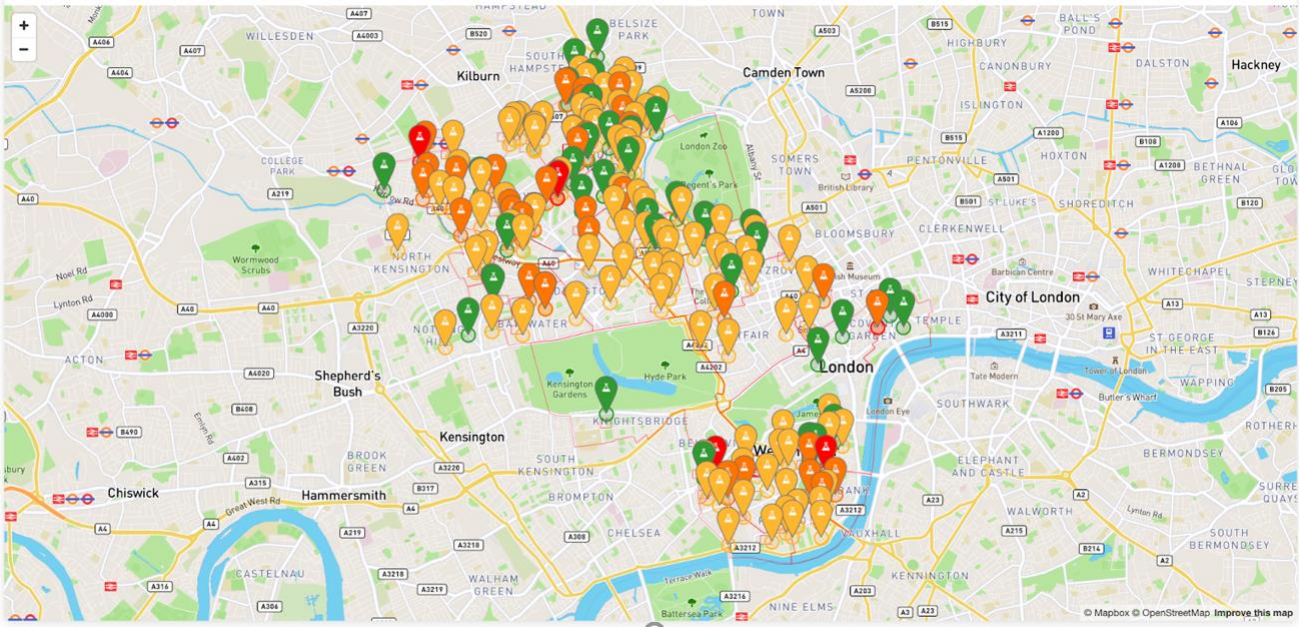
4.12 **Reduction of harmful emissions:** Scheme to audit the baseline carbon emissions of SMEs and providing information on how they can reduce their emissions through, for example, the uptake of CleanTech strategies. The scheme will support 1,000 businesses over two years and would anticipate it to identify £2m of financial savings in the SMEs that participate and save over 50,000 whole life tonnes of carbon.

4.13 **Raise awareness and inform opportunity for behaviour change:** Pilot project installing air quality sensors outside school drop off and pick up areas, to share data about air pollution trends throughout the school and encourage use of more sustainable travel modes e.g. walking, bus, to try and reduce air pollution peaks and drop off and pick up time.

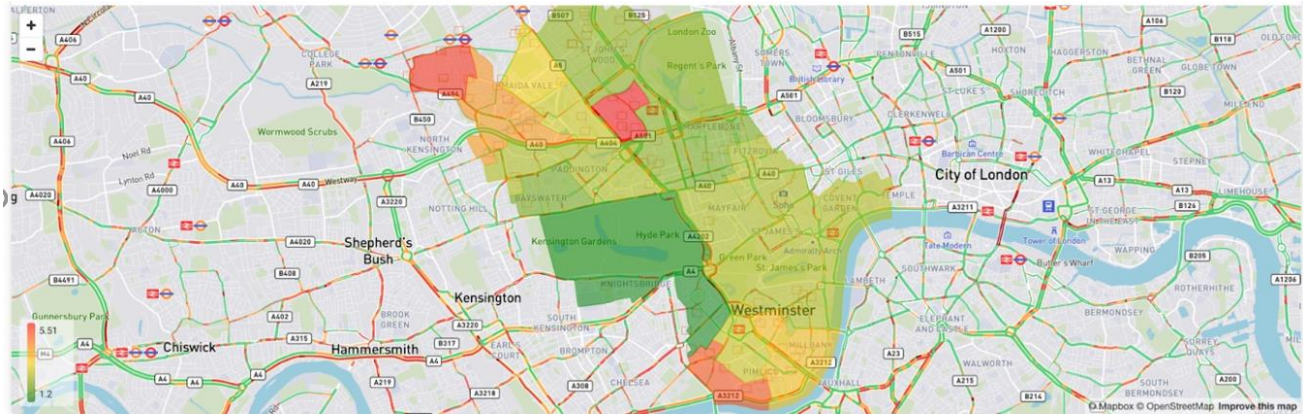
4.14 **Sharing of quality environmental data to empower communities:** Mapping of all air quality data collected across the city into one place and displaying in a user friendly way which helps inform decision making, such as reducing impact or exposure. A prototype dashboard has been created and exploring across the organisation how it could be used to help inform residents and influence behaviour.

Example screen shots of the prototype dashboard are shown below:

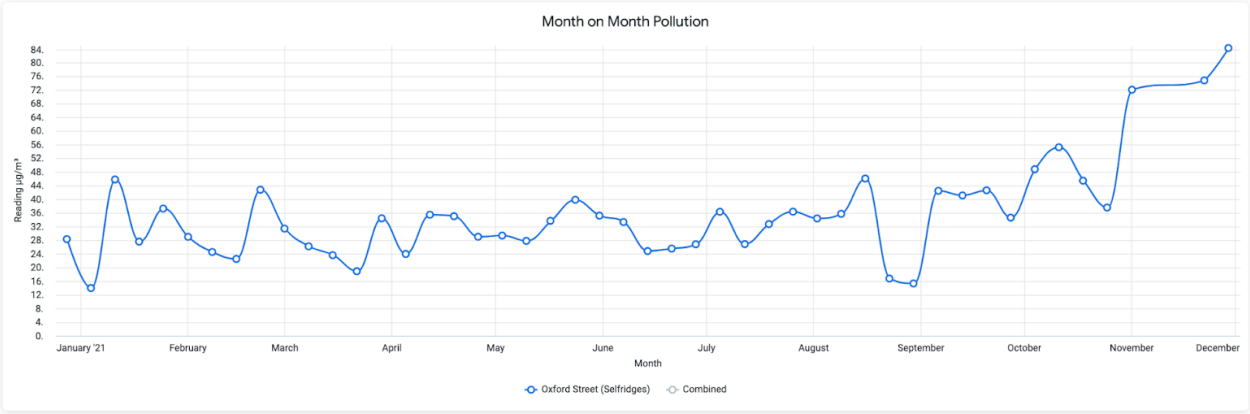
Air Quality monitoring locations:



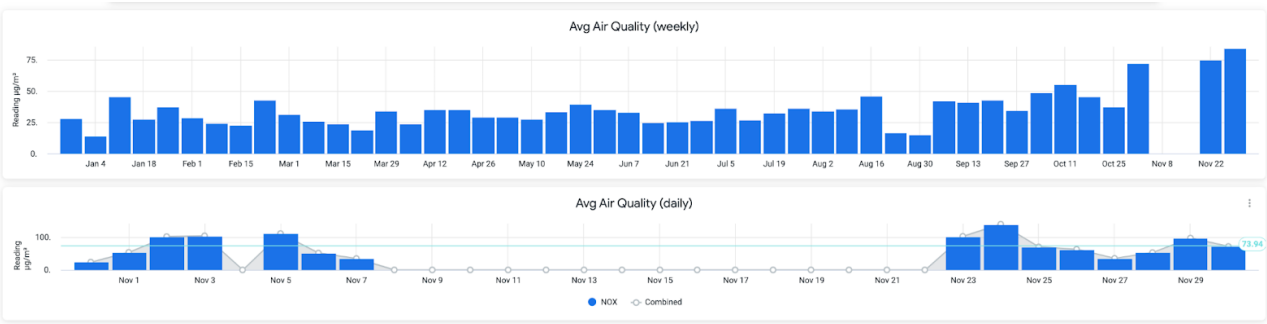
Asthma prevelance by ward:



Example graph of data from the Oxford Street (Selfridges) monitoring location:



Example graphs of weekly and daily average Nitrogen Dioxide levels:



5. ADDITIONAL PORTFOLIO UPDATES

Budget 2022/23

5.1 Westminster City Council has confirmed its budget for 2022/23. At a meeting on Tuesday 2 March, Full Council agreed to freeze the general element of its Council Tax for the next financial year (2022/23), with a 1% Adult Social Care precept increase that is ringfenced to fund the council's adult social care services for residents.

5.2 Recognising the inflationary pressures that residents are under in the aftermath of COVID-19 and the increase in the cost of living, the Band D Council Tax will result in an annual increase of £4.64 or an equivalent weekly amount of 9p per week.

5.3 In addition, the Council has maintained a 100% Council Tax Support scheme for 2022/23 that largely mirrors the previous national Council Tax Benefit scheme. This means that Westminster Council has not reduced the level of Council Tax Support provided to our residents since the abolition of the Council Tax Benefit scheme.

Fig 1: Map of London boroughs' Council Tax Band D rates. Westminster City Council is the lowest Band D in London and the UK

Budget Monitor - outturn forecast as at December 2021

All papers relating to the budget can be found here.

5.4 At the end of December 2021 (Period 9) the following variances have been identified compared to the budget approved in March 2021:

- Revenue: General Fund - £3.4 million overspend (1.88% of net controllable budget)
- Revenue: Housing Revenue Account (HRA) - £3.1 million underspend

	FY Budget (£m)	FY Forecast (£m)	FY Variance (£m)
NET BUDGET (General Fund)	**182.759**	**186.189**	**3.43**
NET BUDGET (HRA)	**0.855**	**(2.209)**	**(3.064)**

- Capital: General Fund – £10.6 million net underspend against a total net budget of £189m
- Capital HRA - £5.4 million underspend against a total budget of £165m

5.5 The General Fund revenue variances are due to several under and overspends across all directorates. Primarily the overspend is a result of reduced income in comparison to budget. The four income streams with the highest variances are:

Major Income Streams with Losses	Full Year Budget £m	Full Year Forecast £m	Full Year Shortfall Variance £m
Parking	84.770	83.670	1.100
Commercial Waste	13.720	13.220	0.500
Licensing	3.050	2.548	0.502
Planning	7.142	4.642	2.500

5.6 Period 6 to Period 9 Changes - Headlines

- The forecast variance has improved by £1.170m since period 6. The main movement is the £2.550m reprofiling of Collaborative Savings (previously reported as a risk) offset by a £1.9m underspend on concessionary fares that follows from reduced transport usage across London. Working from home continues to have a significant impact on footfall. Concessionary fares costs are modelled as being £1.9m cheaper from three years from 2022/23 which has been offered as a savings in the July 2021 MTFP update.

- Furthermore, there has been an improved variance of £0.100m in Adult Social Care, £0.600m in Finance and Resources, £0.200m in Children's Services and £0.100m in Innovation and Change compared to period 6.

- There has also been an adverse variance of £0.400m in Growth, Planning and Housing and £0.380m in Environment and City Management

5.7 The HRA is forecasting an underspend of £3.1 million. Salaries are the main contributor to this underspend due to vacant posts pending a restructure.

5.8 The General Fund and HRA capital programmes are forecasting a net variance compared to budget of £10.6 million (5.6% of total budget) and £5.4 million (3.3% of total budget), respectively. This is an improvement compared with the same period in 2020/21 which demonstrates that projects are progressing as we emerge from the pandemic.

5.9 Council Tax and Business Rates are the Council's largest income sources, and the Council has a responsibility to collect on behalf of the GLA and government. It collects and recognises in its account the following:

- Gross Council Tax (including GLA share): £111m
- Gross Business Rates (Including GLA & Central Government share): £2.3bn

5.10 However, the Council only retains £182m of this income (Council Tax £62m and Business Rates £120.5m) for its own use. If there is a reduced business rates income as witnessed through Covid the maximum the Council can lose is £6.8m, reducing the recognised income from £120.5m to £113.7m.

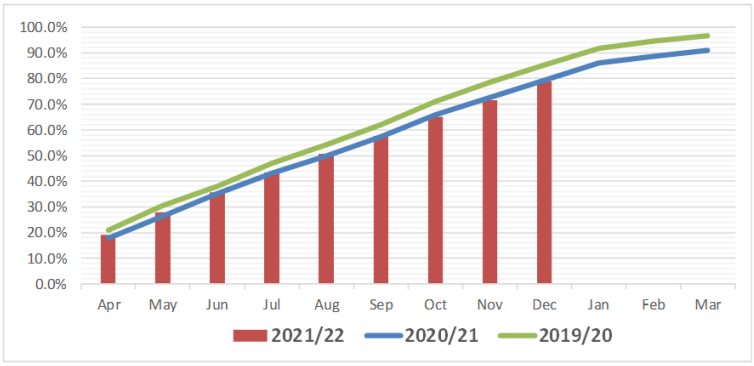
5.11 Also, it should be noted that the collection figures in this section are based on gross income and collection rates for December 2021.

	December 2021 Collection Rate	December 2020 Collection Rate	December 2019 Collection Rate	Difference
Business Rates	**74.5%**	**74.9%**	**84.8%**	**-0.4%**
Council Tax	**78.7%**	**79.4%**	**85.4%**	**-0.7%**

COUNCIL TAX — **Revenues Dashboard - December 2021**

Current Year Bills - Collection Rates

	2019/20	2020/21	2021/22
Apr	20.9%	17.9%	19.0%
May	30.5%	26.4%	27.8%
Jun	38.1%	35.3%	35.6%
Jul	47.0%	43.3%	43.3%
Aug	54.4%	50.0%	50.6%
Sep	62.1%	57.3%	57.6%
Oct	71.1%	66.0%	65.1%
Nov	78.5%	72.6%	71.6%
Dec	85.4%	79.4%	78.7%
Jan	91.9%	86.1%	
Feb	94.5%	88.7%	
Mar	96.7%	91.1%	

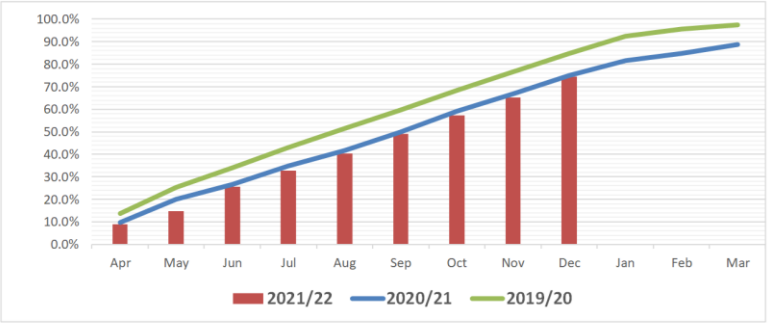


Collectable Balance	£115.9m	Amount Collected	£91.2m	Balance Owing	£24.7m	21.3%

BUSINESS RATES — **Revenues Dashboard -December 2021**

Current Year Bills - Collection Rates

	2019/20	2020/21	2021/22
Apr	13.6%	9.7%	9.0%
May	25.4%	19.9%	14.6%
Jun	34.1%	26.7%	25.5%
Jul	42.9%	34.7%	32.7%
Aug	51.5%	41.8%	40.5%
Sep	59.6%	49.8%	49.2%
Oct	68.3%	59.1%	57.3%
Nov	76.5%	66.7%	65.3%
Dec	84.8%	74.9%	74.5%
Jan	92.5%	81.6%	
Feb	95.5%	84.8%	
Mar	97.6%	88.8%	



Collectable Balance	£1,726m	Amount Collected	£1,285m	Balance Owing	£440m	25.5%

5.12 The tables above show that there are improvements in collection rates for business rates and council tax compared to previous months.

5.13 Business rates collection has shown positive signs of improvement, not at the level seen in 2020/21, however major improvements have been recorded compared to the first 3 months of this financial year where there was an adverse difference in rates compared to last year of 6.7%, whereas it is only -0.4% as at period 9.

5.14 Council Tax recovery has surpassed the rates reported last year, especially in the first 3 months. As at period 9 we are reporting a reduction of 0.7% compared to collection rate last year.

Cabinet Member Decisions

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

- Ebury Bridge Estate Renewal -Phase 2 Appointments;
- Rating Advisory Panel 26/10/2021;
- Disposal of Intermediate Rent Homes at Parsons North to Westminster Builds;
- Contact Centre Operating Model Review;
- Ebury Phase 1 Project Manager, Employers Agent, Quantity Surveyor Appointment;
- NNDR Hardship scheme for 2021/22 applications;
- 300 Harrow Road (Warwick Hall) Final Business Case;
- Lisson Arches Full Business Case;
- 300 Harrow Road Appropriation of Land for Planning Purposes;
- Convenience Store Lease Renewal;
- Rating Advisory Panel 07/12/2021;
- Household Support Fund;
- Rehousing Policy for Residents of Huguenot House;
- Award of Royal Mail Postal Discount Contract;
- Luxborough Street Development, London, W1U - Appropriation for Planning Purposes;
- Additional Restrictions Grant (ARG) Scheme, Tranche 3 Part 2;
- Council Tax, NNDR, Housing Benefit Overpayments, Former Client Rent Arrears and Sundry Irrecoverable Debt, Quarter 1 2021/22;
- Appointment of Contractor for the Coroner's Court Project;
- Ratings Advisory Panel 25/01/2022;
- Additional Restrictions Grant, Tranche 4 (Proposals to support Businesses impacted by the omicron variant);
- Sustainable Heating System (AAC Sites);
- Purchase of properties for Accommodation of Former Rough Sleepers; and
- Huguenot House Soft Market Testing (note of recommendations)

5.16 **Key Performance Indicators**

- By the end of 2021 95% of Council housing stock was connected to full fibre.
- As at February 2022 Council Tax collection rate to date is 88.3% which is 0.4% lower than the same month last year.
- The Business Rates collection rate for September 2021 is 87.4%, which is 2.6% higher than the same month last year.