



City of Westminster

# Agenda

## Budget Scrutiny Task Group

**Membership**

Cllrs Fisher (Chair), Hassan, Piddock, Robathan, Rowley, Swaddle and Williams

**Date / Time**

**18:30, Thursday 27 November 2023**

**Location**

Room 18:06-08, 18<sup>th</sup> Floor, 64 Victoria Street, London, SW1E 6QP

**Contact**

Clare O'Keefe, [cokeefe@westminster.gov.uk](mailto:cokeefe@westminster.gov.uk)

<b>Item 1</b>	<b>Welcome</b>
<b>Item 2</b>	Declarations of Interest
<b>Item 3</b>	Medium Term Financial Plan (p 3-10) <i>Overview</i> <i>Current Revenue Budget Position</i> <i>Capital Programme</i>
<b>Item 4</b>	Innovation and Change (p 11-26)
<b>Item 5</b>	Regeneration, Economy and Planning (p 27-38)
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# Budget Scrutiny Task Group

**Innovation and Change  
Regeneration, Economy and Planning  
Finance and Resources**

27 November 2023

# Agenda

## Medium Term Financial Plan

- Overview
- Current Revenue Budget Position
- Capital Programme

## **Budget, key issues, initiatives, pressures and investments for:**

- Innovation and Change
- Regeneration, Economy and Planning
- Finance and Resources

# Background – General Fund revenue budget

- The overall MTFP position reported here reflects the currently proposed savings, pressures and investments put forward for consideration by Scrutiny. These are covered in more detail within the service specific presentations.
- New savings options totalling £24m have been identified over the three-year period, with £9.5m in 24/25. Investment proposals of £6.8m in 24/25 are also included.
- The most significant pressure for the Council is the increasing cost of temporary accommodation. This is projected to increase by £24.4m in 24/25 (£18.2m since July) and a further £3.7m in 25/26.
- Projected additional interest earnings of £15.2m in 24/25 will help to partially offset the TA pressure in the short term but not over the longer term given that interest rates are expected to reduce.
- The current budget position does not include outcomes from the Autumn Statement or the Local Government Finance Settlement due to be announced in December.

# Timelines

Key timelines for the review and agreement of the budget position are set out below.

	Date
Budget Scrutiny Task Group Sessions	November 21 <sup>st</sup> , 23 <sup>rd</sup> and 27 <sup>th</sup>
Autumn Statement	November 22 <sup>nd</sup>
Local Government Finance Settlement announcement	December (Date TBC)
Budget Scrutiny Task Group Review	January 25 <sup>th</sup>
Cabinet	February 19 <sup>th</sup>
Council	March 6 <sup>th</sup>

# Alignment to Fairer Westminster

The Council's strategy, delivery plan and financial planning are all aligned to ensure that the Council is able to achieve its Fairer Westminster outcomes (and corporate priorities) in a sustainable way.

- **The Fairer Westminster Strategy** (published Oct 2022) is the Council's 4-year vision for improving outcomes for its residents, local businesses and visitor experience.
- **The Fairer Westminster Delivery Plan** outlines the key actions that the Council is taking each year to work towards achieving its Fairer Westminster outcomes. Work is underway to update the 2023/24 Delivery Plan (published Mar 2023) for 2024/25 to ensure that the Council's work remains focused on delivering on the things that matter.
- **Medium-Term Financial Planning** (for 2024/25 to – 2026/27) will ensure that the Council can allocate its resources in a way that supports the achievement of Fairer Westminster actions set out in the Fairer Westminster Delivery Plan.

# Alignment to Fairer Westminster

## How it works in practice:

- All **proposals for new investments** (new spend) are scrutinised to ensure they are aligned to (and will further) the Council's strategic priorities.
- **Savings proposals** are carefully reviewed to make sure that they do not have any negative impact on the Council's ability to achieve its strategic priorities.
- **The financial planning timeline is synchronized with delivery plan development to** ensure that it is framed around the Council's priorities and that the delivery plan is realistic and achievable within the Council's budget and resources.

## What we are looking for:

- **The medium-term financial plan** will act as the financial framework to support the delivery of Fairer Westminster.
- **The 2024/25 Fairer Westminster delivery plan** contains initiatives that are costed in detail and can be delivered within the Council's budget envelope.



# MTFP Budget Gap to 2026/27

The budget position has been updated since the position reported to Cabinet in July. The table below summarises those changes. The budget gap has reduced by £3.6m from £48.4m to £44.8m.

	24/25 over 23/24	25/26 over 24/25	26/27 over 25/26	TOTAL
	£m	£m	£m	£m
<b>JULY GAP</b>	<b>6.1</b>	<b>25.0</b>	<b>17.3</b>	<b>48.4</b>
<u>Corporate Changes</u>				
TA pressures	18.2	3.7		21.9
Interest earnings	(15.2)	6.0	2.0	(7.2)
<u>New MTFP proposals</u>				
Savings	(9.5)	(8.7)	(5.7)	(24.0)
Other Pressures	4.0	0.7	(0.8)	3.9
Investments	6.8	(2.8)	(1.0)	3.0
Reserve Funding	(4.0)	2.5	1.5	0
Grant Funding	(1.2)			(1.2)
<b>UPDATED BUDGET GAP</b>	<b>5.1</b>	<b>26.3</b>	<b>13.3</b>	<b>44.8</b>

*Note: the above does not take into account any decision on the level of council tax*

# Capital Programme

Capital Review Group (CRG) considered the new £62m net capital bids (gross expenditure £89m)

Themes for new projects were categorised as follows:

- Supporting Fairer Westminster Priorities (£16.4m)
- Health & Safety (£2.5m)
- Maintaining our assets (£10.9m)
- Income generation (£2m)
- Compliance / Contractual obligations (£28m)

CRG assessed each proposal on the following bases:

- Strategic alignment
- Value for money
- Capacity to deliver on profile
- External funding opportunities

Amended new schemes totalling £57m net expenditure are proposed following CRG review which are highlighted within the service budget presentations

# Budget Task Group

**Innovation & Change** |

Pedro Wrobel, Executive Director

# Executive Summary

## Innovation & Change

- In 2023/24 Innovation & Change had a gross controllable expenditure budget of £21.360m and a gross income budget of £6.854m (net controllable budget £14.506m)
- The projected outturn variance for 2022/23 as at P6 is an underspend of £0.474m
- The overall proposed savings up to 2026/27 are £0.958m with growth required of £0.070m, and Fairer Westminster Investment of £0.451m

The directorate has the following changes to its budget for 2024/25:

### Savings

- £0.369m of new savings
- £0.567m of existing savings (approved in 2022/23)

### Pressures

- £0.070m of pressures
- £1.551m of Fairer Westminster Investment (of which £0.100m approved in 2022/23)

# 2024/25 Key budget issues

## Innovation & Change

- **Economic conditions:** The current economic downturn may have negative impacts on leisure, advertising and commercial revenues.
- **Government funding and policy risks:** Further policy and funding risks may arise as Government develops its agenda.
- **Pressure on communities resource** – The current investment was calculated as at September 2022, and there has been further demand on the service area since, to meet the administrations Fairer Westminster ambitions.

# 2023/24 Budget

## Innovation & Change

<b>Service Area &amp; Portfolio</b>	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net Budget £m</b>
City Promotions, Events and Filming	1.481	-2.269	-0.788
Communications	2.602	-0.191	2.411
Cross River Partnership	1.235	-1.213	0.022
Operations & Executive Director	0.270	-	0.270
Policy and Projects	1.331	- 0.221	1.110
Strategy and Intelligence	2.618	-	2.618
Lord Mayor's Office	0.430	-	0.430
Communities (including Sports Leisure & Active Communities)	11.393	-2.960	8.434
<b>TOTAL INNOVATION &amp; CHANGE</b>	<b>21.360</b>	<b>- 6.854</b>	<b>14.506</b>

# Savings Proposals

## 2024/25 to 2026/27 (1 of 2)

**Strategy & Intelligence - Insourcing - £0.090m:** Insourcing - Business cases £0.075m; research £0.015m

- Westminster currently outsources work in two key areas, which S&I could partially take over: drafting the economic case for business cases for large capital projects (where we typically hire economic consultants), and; delivering primary research, including: research design, sampling, survey drafting, running focus groups and other forms of fieldwork, insights analysis and reporting
- Looking at the historic spend across these areas, and S&I capacity, we estimate that we can deliver work to the value of £75k on business cases, and £15k on primary research per year. We will work with finance colleagues to capture these savings accordingly.

**Strategy & Intelligence – review of staffing funding - £0.089m:** Review staff budgets, including funding available (substitute funding from CIL admin fee)

- We will deliver a total of £0.089m savings from staffing costs.

**City Promotions, Events & Filming – Income - £0.135m:** Additional income from events & filming; advertising opportunities

- The service considers that there are opportunities to generate additional income from existing revenue streams that include third party commercial events, filming, advertising and promotional activities that take place throughout the borough. This includes investing in the service to enable it to be able to maximise the current levels of demand from third party organisers seeking to host activities in Westminster.

# Savings Proposals

## 2023/24 to 2026/27 (2 of 2)

**Communications – Service Review - £0.245m:** Review of Creative Services, publications & strategic communications

**Communities – leisure centre income opportunities - £0.170m:** Sports Leisure and Active Communities (SLAC) - leisure centre income. This is indicative income to be generated via our Leisure contract. The calculation has been based on prudent and conservative figures incorporating seasonal trends.

**Communities – review of funding of staff - £0.109m –** staff savings.

**Policy – service efficiencies - £0.120m:** service efficiencies.



# Savings Proposals

## 2024/25 to 2026/27 Summary

Saving Title	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	TOTAL £m
Strategy & Intelligence - insourcing	0.090	-	-	0.090
Strategy & Intelligence - review of staff funding	0.069	-	0.020	0.089
City Promotions, Events & Filming (CPEF) - Income	0.045	0.045	0.045	0.135
Communications - service review	0.045	0.065	0.135	0.245
Communities - leisure centre income opportunities	-	-	0.170	0.170
Communities - review of staff funding	-	0.109	-	0.109
Policy – service efficiencies	0.120	-	-	0.120
<b>TOTAL</b>	<b>0.369</b>	<b>0.219</b>	<b>0.370</b>	<b>0.958</b>

# Fairer Westminster Investments

## 2024/25 to 2026/27

### **Communities: £0.183m (ongoing)**

Two additional posts required for Project/Programme support within leisure with a focus on upcoming large contracts coming to an end, and a review of Sayers Croft, as well as to support major programmes across the Council.

### **Communities – additional resource requirement: £0.268m (ongoing)**

When the Communities team was set up, some posts were funded from reserves, as we did not know what the appropriate resource was. Given growing demands of the team, this investment flags the need to baseline that reserve funding.

### **Cost of Living Support -£1m in 24/25 (one off)**

The Cost of Living programme represents the Council's continued response to the additional pressures facing households most directly affected by the Cost of Living crisis. It continues to be used to increase capacity in food and advice services, as well as support for families and older people.

# Pressures

**2024/25 to 2026/27**

**Sports Leisure & Active Communities – Contract saving risk - £0.070m**

Combining Continental contracts with Housing no longer achievable as on further investigation this would have been a risk to the HRA and Service Charge Statement requirements

# Pressures and Investments

## 2024/25 to 2026/27 Summary

<b>PRESSURES</b> Service Area	<b>2024/25</b> over <b>2023/24</b>	<b>2025/26</b> over <b>2024/25</b>	<b>2026/27</b> over <b>2025/26</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Sports, Leisure & Active Communities (SLAC) - contract saving risk	0.070	-	-	0.070
<b>Total</b>	<b>0.070</b>	<b>-</b>	<b>-</b>	<b>0.070</b>

<b>INVESTMENTS</b> Service Area	<b>2024/25</b> over <b>2023/24</b>	<b>2025/26</b> over <b>2024/25</b>	<b>2026/27</b> over <b>2025/26</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Leisure (inc key contracts and capital support) and programme support for wider Communities dept	0.183	-	-	0.183
Review of posts funded by Reserves and need for continuing long term	0.268	-	-	0.268
Cost of Living Support	1.000	(1.000)		0.000
<b>Total</b>	<b>1.451</b>	<b>(1.000)</b>	<b>0</b>	<b>0.451</b>

# 2024/25 Budget

## Innovation & Change

Service Area	Expenditure £m	Income £m	Net £m
City Promotions, Events and Filming	1.481	-2.539	-1.058
Communications	2.532	-0.191	2.341
Cross River Partnership	1.235	-1.213	0.022
Operations & Executive Director	0.270	-	0.270
Policy and Projects	1.261	-0.221	1.040
Strategy and Intelligence	2.359	-	2.359
Lord Mayor's Office	0.430	-	0.430
Communities (including Sports Leisure & Active Communities)	12.914	-3.127	9.787
<b>TOTAL INNOVATION &amp; CHANGE</b>	<b>22.482</b>	<b>-7.291</b>	<b>15.191</b>

# Consultations

## 2024/25 Proposals

- Reg 19 consultation for City Plan

# Capital

# Key Projects over the Next 5 years

## New Schemes

New projects for Innovation and Change from 2024/25 have a gross budget of £6.022m (£5.128m net). Some of the key projects over this period are highlighted below:

### **Outdoor Media Phase 2 - £1.300m**

The design, build and installation of up to five mid-size digital advertising structures that would, subject to planning permission and other statutory consents, be installed on several vehicular routes throughout the city - primarily within St James's Ward. The structures would measure approximately 5.5m in height and 1.8m in width, with the screens measuring 3m in height and 1.5m in width. The structures would be licensed to media owners for a commercial fee.

### **Paddington Recreation Ground Schemes - £0.759m**

Various projects across Paddington Recreation Ground to include: Padel Courts; allotments/urban farming project; Village Green Health and Safety renewal; update of toilet and changing rooms; crickets nets

### **Golden Square playground and greening project - £0.400m (Parks & Greening)**

A new play area designed by for and by the community. Greening of Golden Square to remove, soften the current hard surface and assist to reduce the heat basin effect of the concrete surface. There is currently a lack of play facilities for families living in the Soho/West End area. The nearest play areas are at Victoria Embankment Gardens (20 min walk) and Drury Lane (21 min walk).

### **Soho Square replacement paths - £0.400m (Parks & Greening)**

Replacement of Paths in Soho Square. The paths are deemed to be beyond economical repair, they are requiring constant revenue funding to maintain them to a basic Health and Safety standards. The existing path network requires removal and replacement with an agreed and suitable durable material.

### **Paddington Street Playground - £0.360m (Parks & Greening)**

Refurbishment of the current playground in Paddington Street Gardens. To install inclusive and accessible play equipment for all children to play and enjoy. The project meets the ambitions within the Fairer Communities strand within the Fairer Westminster strategy by ensuring that all children and families within the local area will have the use of a much more accessible and inclusive playground than is currently available. The project is supported by the local Ward Councillors, the local church and the Harley Street BID



# Capital Programme – 2024/25 – 2028/29

## New Schemes

5 year Programme 2024/25 –  
2028/29 (External funding - £nil)

Project grouping	TOTAL EXPENDITURE £m
Active Westminster	0.408
Parks and Greening	2.040
Cemeteries	0.200
Paddington Recreation Ground	0.759
Outdoor Media Phase 2	1.300
<b>TOTAL</b>	<b>4.707</b>

2024/25 Capital Programme –  
New Schemes (external funding -  
£nil)

Project grouping	2024/25 £m
Active Westminster	0.409
Parks and Greening	0.775
Cemeteries	0.100
Paddington Recreation Ground	0.545
Outdoor Media Phase 2	1.300
<b>TOTAL</b>	<b>3.128</b>

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# Budget Scrutiny Task Group

## Regeneration, Economy & Planning (REP)

Cllrs Geoff Barraclough and Matt Noble – Cabinet Members  
Debbie Jackson – Executive Director

# Executive Summary

## Regeneration, Economy & Planning (REP)

- The gross controllable expenditure budget for REP in 2023/24 is £25.054m, with a gross controllable income budget of £20.667m (net controllable budget of **£4.387m**).
- At Q2, GPH is projecting a £2.200m budget pressure. The primary driver of this is a reduction in fee income for Planning (largely driven by reduced activity for Major developments).
- The directorate was allocated a savings target of £1.230m to balance the Council's overall budget gap. Whilst this represents a significant proportion of what is a relatively small net budget (due to much of the service being funded from external sources) a set of pragmatic budget proposals, across all REP service areas, have been prepared to meet this target.

# Future Outlook

- **Town Planning and Building Control** – key challenge for Building Control is an anticipated uplift in demand in relation to the Building Safety Act. The regulator is expected to allocate work to LA BC functions on a “first refusal” basis for an initial period - creating income opportunities but also a need to scale up operations and enhance inspectors' certification requirements. 'Planning Horizons' programme currently underway to consider how the Town Planning service can best meet future demands.
- **Development & Regen** – the focus remains on the delivery of new build homes across the programme, with a number of key schemes entering critical periods of delivery (including Ebury & Church St). The over-arching programme objective continues to be maximising delivery of truly affordable homes.
- **Economy** – the service is focused on delivering the Fairer Economy Plan, which includes flagship initiatives such as the High Streets Programme, Meanwhile On Oxford Street, the Education Employment & Skills Board and the Evening & Night Time Plan. The service is being reviewed to increase its alignment to the strategic priorities and outcomes laid out in the plan.

# 2023/24 Budget

## REP – Revenue

Service Area	Expenditure (£m)	Income (£m)	Net Exp (£m)
GPH Director	0.588		<b>0.588</b>
Development & Regen	0.737	(0.060)	<b>0.677</b>
Place Shaping	0.533	(0.050)	<b>0.482</b>
Town Planning	8.100	(7.430)	<b>0.670</b>
Economy	5.217	(3.324)	<b>1.893</b>
WAES	9.881	(9.803)	<b>0.077</b>
<b>TOTAL</b>	<b>25.054</b>	<b>(20.667)</b>	<b>4.387</b>

# Savings Proposals

**2024/25 to 2026/27**

## **REP Saving 1: Uplifts to Planning fees set by Central Govt (£0.380m)**

The government announced that the new fee structure would come into force from 6<sup>th</sup> December 2023 (and this includes provision for annual indexation from April 2025 onwards). Based on the current level of demand in Westminster for the fees covered by this policy, this represents an uplift of £380k per annum.

## **REP Saving 2: Digital/Automation opportunities in Planning (£0.300m)**

The application of AI will be explored as part of a medium-term project to maximise the use of digital solutions within the Planning function. This will focus on Planning tasks that have the greatest potential for automation in order to maximise efficiency.

## **REP Saving 3: Market storage at Tachbrook St (£0.100m)**

A business case was approved to convert an under-utilised underground car park on Tachbrook St. This includes increased income generating opportunities for market storage and parking. Increased income is likely to be generated across the GF and HRA (this figure only covers the GF element).

# Savings Proposals

**2024/25 to 2026/27**

## **REP Saving 4: Review of capitalisation for Place Shaping team (£0.200m)**

Capitalisation of staff costs for the Place Shaping team has consistently grown over the last 3 years (due to a more active capital programme). It was 35% in 2020/21 but increased to 86% in 2022/23. There is opportunity to re-balance the revenue accordingly (especially with a strong pipeline of capital schemes).

## **REP Saving 5: Economy service reconfiguration (£0.400m)**

The Economy & Skills service has grown organically (linked to external funding arrangements) and needs to be reviewed to better focus on the Fairer Economy Plan objectives and outcomes, and ensure targeted use of available external funding.

## **REP Saving 6: Review of Regen & Development structure (£0.080m)**

Following the restructure of the Regen & Development team in 2022/23 (which delivered a £100k saving) there is an opportunity to further review the budget requirements as part of an assessment of the revised structure once it has been in operation for a sufficient length of time.



# Pressures (1)

## 2024/25 to 2026/27

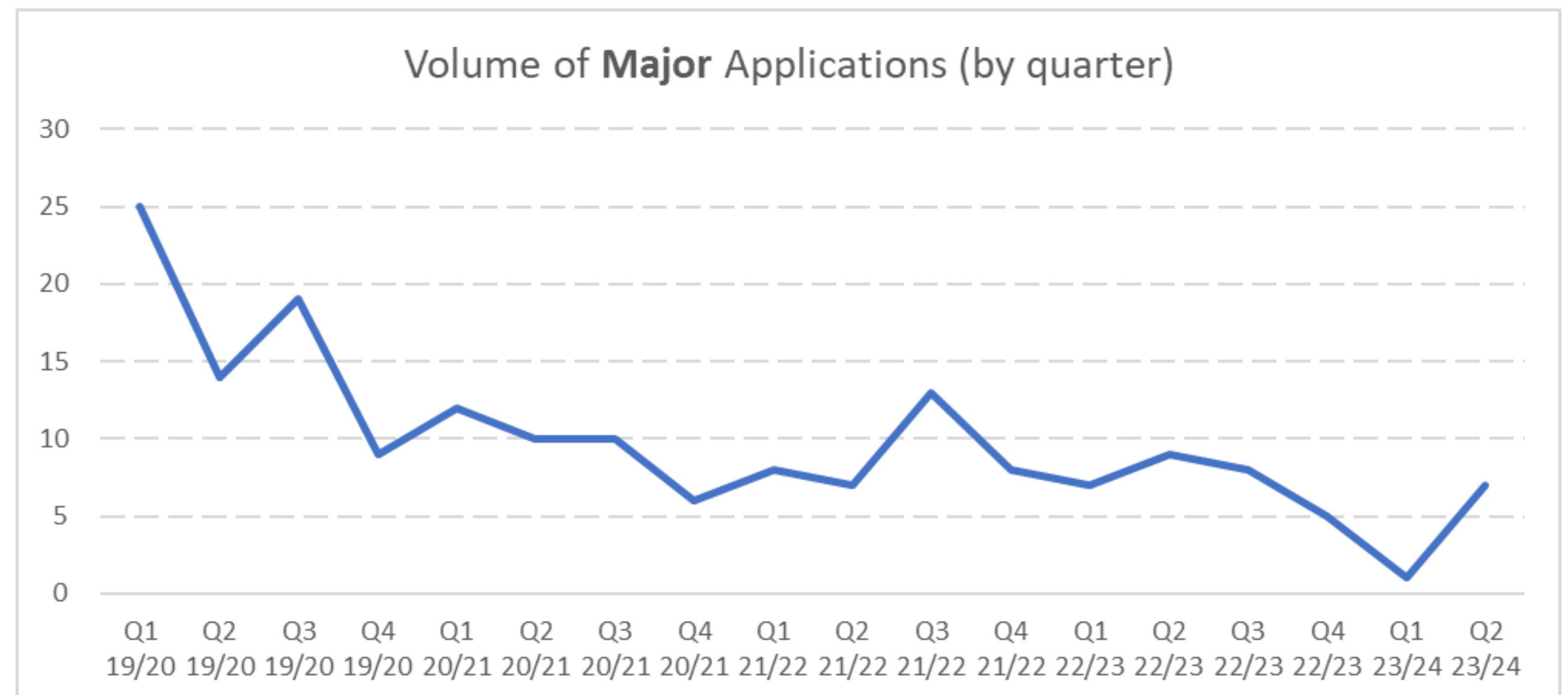
### REP Revenue Pressure 1: Planning fee income shortfall (£1.600m)

A reduced volume of planning applications, particularly for Major developments (which generate the most revenue), is driving an on-going budget pressure of £1.6m. This has been the case for several successive financial years now. The government is set to increase centrally set fees (see Savings slides), but this will only reduce the income shortfall by an estimated £380k (leaving a structural budget pressure £1.22m).

#### Demand Volumes

The chart on the right shows the trend in Westminster in relation to the volume of applications received for Major developments each quarter (since 2019/20).

These represent a high proportion of the overall income base for Planning. The current budget is still broadly based on the levels of demand experienced in the past.



# Investments

## 2024/25 to 2026/27

The following planned investments are proposed within REP (and are on-going requirements).

### **REP Revenue Investment 1: Management of Place Shaping assets (£0.054m)**

Some elements of the Place Shaping capital programme are assets that require on-going management and maintenance. Whilst these were considered as part of the investment appraisals, the revenue elements have yet to be built into the Council's budget. This includes deliverables at Maida Hill Market, Queen's Park Canalside and the Green Spine Phase 2. The management of the assets is likely to sit elsewhere in the Council (which will be confirmed) but the required investment is reflected here for the purposes of the MTFP.

# Savings, Pressures and Investments

## 2024/25 to 2026/27 Summary

<b>Savings</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Uplifts to centrally set Planning fees	0.380			0.380
Digital/Automation opportunities in Planning			0.300	0.300
Market storage at Tachbrook St		0.100		0.100
Review of Place Shaping capitalisation	0.200			0.200
Economy service reconfiguration		0.400		0.400
Regen & Dev: Post restructure adjustment			0.080	0.080
<b>Total</b>	<b>0.580</b>	<b>0.500</b>	<b>0.380</b>	<b>1.460</b>

<b>Pressures</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>TOTAL £m</b>
Income shortfall on Planning fees	1.600	0.000	0.000	1.600
<b>Total</b>	<b>1.600</b>	<b>0.000</b>	<b>0.000</b>	<b>1.600</b>

<b>Investments</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Management of Place Shaping assets	0.014	0.040	0.000	0.054
<b>Total</b>	<b>0.014</b>	<b>0.040</b>	<b>0.000</b>	<b>0.054</b>

# 2024/25 Budget

## REP – Revenue

Service Areas	Net Exp (£m)
GPH Director	0.588
Development & Regen	0.677
Place Shaping	0.296
Town Planning	1.890
Economy	1.893
WAES	0.077
<b>TOTAL</b>	<b>5.421</b>

# New Capital Scheme Proposal

## REP – GF Capital

Scheme	Description	Expenditure £'000	Income £'000	Net
Acquisition of West End Gate Block H Units	The Council have an opportunity to acquire 45 affordable homes at 14-17 Paddington Green. Berkeley Homes S106 requires them to give the Council right of first refusal on the affordable homes on the next phase of West End Gate, known as 14 – 17 Paddington Green. Regardless of whether the Council choose to purchase the homes or not, they will retain full nomination rights. The proposed scheme includes 18 additional social units and 27 intermediate units to be transferred to Westminster Builds.	13,500	(£13,500)	£0

# Consultations

## 2024/25 Proposals

- No consultations required (due to the nature of the proposals)

# Budget Task Group

**Finance & Resources** |

Gerald Almeroth, Executive Director

# Executive Summary

## Finance & Resources

- In 2023/24 Finance & Resources (excluding Corporate Items) had a gross controllable expenditure budget of £86.489m and a gross income budget of £79.983m (net controllable budget £10.506m)
- The projected outturn variance for 2023/24 as at P6 is an underspend of £23.337m (largely due to increased investment income from interest earnings on cash balances)
- The overall proposed savings up to 2026/27 are £6.696m, and Fairer Westminster Investment of £0.250m
- The Directorate has the following proposed changes to its budget for 2024/25:

### Reductions

- £1.390m of new savings
- £2.500m of existing savings (approved in 2022/23 and before)

### Additions

- £0.250m of Fairer Westminster Investment



# Executive Summary

## Other Corporate Directorates

- In 2023/24 Other Corporate Directorates had a gross controllable expenditure budget of £13.416m and a gross income budget of £3.669m (net controllable budget £9.747m). This includes Procurement which will be moved across to Housing and Commercial Partnerships.
- The overall proposed savings up to 2026/27 are £0.168m with pressures of £0.350m
- The Directorate has the following proposed changes to its budget for 2024/25:

### Reductions

- £0.168m of new savings
- £0.060m of existing savings (approved in 2022/23 and before)

### Additions

- £0.185m of pressures

# 2023/24 Key Issues

## Finance & Resources

- National Audit Issues

Nationally there have been significant delays in the completion of audit work and issuing of audit opinions across the government sector. This has been the case for a number of years and it requires a national response to resolve. Only 1% of local government bodies had received audit opinions in time to publish their 2022/23 accounts by the 30 September 2023 deadline. The backlog of multiple years of unsigned accounts across English authorities further impacts external auditors' workforce capacity which has a knock-on effect on following year audit planning. The government and Financial Reporting Council are both testing proposals to clear the backlog and get audits back on track.

- Decarbonisation Programme

Decarbonising the operational and commercial estate through the retrofitting programme requires the commitment of significant levels of capital investment. Retrofitting works alone will not get the Councils estate to net zero, typically retrofitting will reduce baseline carbon footprint by circa 45%, the rest of the journey to net zero is dependent on the decarbonisation of the grid and or the purchase of REGOs (Renewable Energy Guarantees of Origins) and/or GoOs (Guarantee of Origin) certificates and carbon offsets. The use of REGOs and carbon offsets does not in itself cause any new zero carbon generation to be produced. Also, the decarbonisation of the commercial estate has unique challenges around access and potential business interruption claims.

- Digital & Innovation

In order to effectively deliver our digital agenda across the organisation, which includes enabling the delivery of savings, it will be key to make sure we are resourced with the right skills and capacity in order to meet demands and ensure that benefits are realised. The service are actively engaging with business areas to prioritise demand, and reviewing their own structure to identify gaps/opportunities, and utilise external capacity and experience to deliver on key objectives and projects where possible.

# 2023/24 Budget

## Finance & Resources

<b>Finance &amp; Resources - Services</b>			
	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net £m</b>
Finance	13.078	-1.406	11.673
Digital & Innovation	16.379	-3.603	12.775
Corporate Property	35.538	-33.351	2.187
Revenues & Benefits	12.729	-10.572	2.157
Tresury & Pensions	8.765	-27.052	-18.286
<b>TOTAL</b>	<b>86.489</b>	<b>-75.983</b>	<b>10.506</b>
Corporate Items	75.163	-36.477	38.687
<b>TOTAL with Corporate Items</b>	<b>161.652</b>	<b>-112.460</b>	<b>49.193</b>
<b>Other Corporate Directorates</b>			
	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net £m</b>
Corporate PMO	1.301	-	1.301
Democracy, Law & People	8.921	-3.447	5.474
Chief Executive's Office	0.529	0.000	0.529
Procurement (to be moved to Housing and Commercial Partnerships)	2.665	-0.222	2.443
<b>TOTAL</b>	<b>13.416</b>	<b>-3.669</b>	<b>9.747</b>

# Savings Proposals

## 2024/25 to 2026/27 (1 of 4)

### Finance - Capital Financing Review – £3.000m

- The Council must make an annual charge to its General Fund revenue budgets to repay debt incurred in respect of capital expenditure financed by borrowing. This is called the Minimum Revenue Provision (MRP). This calculation is broadly a function of net expenditure and asset life. The Council's capital financing budget in 2025/26 will be approximately £36m against a total borrowing requirement of £1.5bn. An independent review is expected to identify savings from the capital programme debt repayment and reduce this down to £33m. The adjusted policy must be ratified by Full Council.

### Finance - Bad Debt Provision - £1.200m

- Corporate bad debt provision increased during Covid to account for any potential loss of sundry debt (not including Council Tax or Housing Benefit debt). A review of this provision post Covid allows a prudent reduction of £600k per annum over two years.

### Finance - Enterprise Resource Planning (IBC) system efficiency savings - £0.050m

- Westminster HR/Finance system is hosted by Hampshire County Council's Integrated Business Centre (IBC). The IBC hosts several other public sector bodies across England. Some efficiency savings are expected as the IBC upgrades the platform to a more modern system. User experience will remain the same but IT technology is expected to achieve some efficiency savings.

### Finance - Staffing efficiencies - £0.100m

- From replacement of agency staff in vacant positions with permanent staff

# Savings Proposals

## 2024/25 to 2026/27 (2 of 4)

### Corporate Property – Asset consolidation - £0.800m

- Assessing operational buildings for being fit-for-the-future including low carbon and accessibility – moving and consolidating some unsuitable facilities. Working collaboratively with services to identify buildings which are not fit for purpose for the current use and could be used in a different way to deliver an enhanced offer for communities.

### Corporate Property – Printing and Postage Review - £0.100m

- Improved electronic mail, post processes, consolidation and streamlining of the printing contracts. Savings achieved by removing the franking machines, digitising Councillors mails and removing courier deliveries, switch to electric vans, & consolidate of mail and print teams

### Corporate Property – Invest to Save Barnard & Florey - £0.086m

- Acquisition of two supportive living flats, capital investment and saving on revenue contract (ongoing) with the NHS. If the acquisition of the NHS head leases are completed before 31/3/2024 the savings will be minimum £0.086m per annum in saved lease rent. The rent will increase in September 2024 by RPI capped at 4% if this does not happen.

### Corporate Property – Energy Savings - £0.114m

- Saving from lowered energy bills due to the capital investment in decarbonisation measures including insulation, BMS configuration, draft proofing, air source heat pumps (ASHP) and solar renewable energy generation etc. These works are also making a significant contribution to the Council achieving its target to be net zero by 2030.

# Savings Proposals

## 2024/25 to 2026/27 (3 of 4)

### **Tri-borough Treasury and Pensions - staff reorganisation and deletion of one post - £0.046m**

- The Treasury post was made redundant, and the work absorbed by the Tri-Borough Treasury team

### **Digital & Innovation - Service Efficiencies - £0.800m**

- Digital and Innovation have been regularly reviewing our structure since we introduced the new service, and during July - September undertook a consultation in relation to the reorganisation of our Product function. This resulted in the reduction of senior roles and Business Analyst roles, while retaining our core Product Management roles and aligning them with the Delivery profession. This reorganisation will result in £200k of savings towards the 24/25 target of £230k. The remaining £30k will be delivered through the removal of one of the vacancies within the service.
- As the service has previously delivered a 25% reduction in non-staff expenditure over the past four years, future years savings will also need to be identified within our staffing budget. We will continue to review our structure, and demand for skills within our service, and use this to inform decisions around future savings

### **Revenue & Benefits – Contract review - £0.400m**

- This relates to a negotiated additional contract saving relating to the Revenues & Benefits contract, in respect of the utilisation of the extension option within the existing contract. The extension and associated saving has been approved by the Cabinet Member

# Savings Proposals

## 2024/25 to 2026/27 (4 of 4)

### Other Corporate Directorates

#### **Governance & Councillor Liaison (GCL) – Pay efficiencies - £0.076m**

- Reduction in staff budget which is made possible by efficiencies identified without any reduction in FTE, as well as additional income attached to posts funded separate to the General Fund. Specifically the dedicated support provided to the housing service on management of FOIs, SARs and other information management has been reviewed resulting in an increase recharge to the HRA.

#### **GCL – Subscription Review - £0.015m**

- Review the Council's corporate subscriptions and rationalise these by focusing on those bodies which offer the most value to the organisation.

#### **Corporate Programme Management Office – business partner model review - £0.077m**

- Review of CPMO Business Partner Model, reduction of 1FTE

# Savings Proposals

## 2024/25 to 2026/27 Summary

Saving Title - Finance & Resources	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
Finance - Capital Financing Review		3.000		3.000
Finance - Bad Debt Provision	0.600	0.600		1.200
Finance - Enterprise Resource Planning System efficiency savings			0.050	0.050
Finance Staffing efficiencies		0.100		0.100
Property - asset consolidation		0.250	0.550	0.800
Property - printing and postage review		0.100		0.100
Property - Invest to Save in Barnard & Florey		0.086		0.086
Property - energy savings	0.114			0.114
Treasury & Pensions	0.046			0.046
Digital & Innovation (D&I)	0.230	0.280	0.290	0.800
Revenue & Benefits contract review	0.400			0.400
<b>TOTAL</b>	<b>1.390</b>	<b>4.416</b>	<b>0.890</b>	<b>6.696</b>

Saving Title – Other	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
Governance & Councillor Liaison (GCL) - Review of Pay Budgets	0.076	-	-	0.076
GCL - subscription review	0.015	-	-	0.015
CPMO – Business Partner Model review	0.077	-	-	0.077
<b>TOTAL</b>	<b>0.168</b>	<b>-</b>	<b>-</b>	<b>0.168</b>



# Fairer Westminster Investments

## 2024/25 to 2026/27

### Revenues and Benefits -Section 13A Council Tax Hardship relief - increased demand for support - £0.250m

- The Council adopted an “Ethical Council Tax Recovery” process during 2022/23. An element of the process is the increased award of Council Tax allowances to those residents who are particularly vulnerable / unable to make payment of their Council Tax. The current funding allocation is likely to be insufficient to meet the expected demand in 2023/24 and is therefore a pressure which will need to be addressed

INVESTMENTS Service Area	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
Revenues and Benefits -Section 13A Council Tax Hardship relief - increased demand for support	0.250	-	-	0.250
<b>Total</b>	<b>0.250</b>	<b>-</b>	<b>-</b>	<b>0.250</b>

# Pressures

## 2024/25 to 2026/27

### Democracy, Law & People – (Land Charges) reduction of income from Land Charges - £0.250m

- Land charges - transfer of local land charges data to HM Land and Registry including fee collection. Maintenance of the data will still be a Council responsibility. This Statutory service income is moving away from WCC, however has WCC will still incur the costs of collection, there is no associated cost saving. With effect from December 2024.

### Procurement – new e-tendering and contract management system which requires annual licensing in advance - £0.100m (To be included in Housing and Commercial Partnerships at a later stage)

- The new system will offer significantly more functionality, particularly in terms of contract management and pipeline development. This new functionality will allow us to better manage our contracts including more detailed monitoring of our social value commitments. Whereas currently we have a tendering system, the solution we want offers a full an end-to-end solution which provides us with a full audit trail throughout the commissioning cycle, from project initiation to contract management

<b>PRESSURES Service Area</b>	<b>2024/25 over 2023/24 £m</b>	<b>2025/26 over 2024/25 £m</b>	<b>2026/27 over 2025/26 £m</b>	<b>Total £m</b>
Legal - Reduction of income from Land Charges	0.085	0.165	-	0.250
Procurement – annual licensing for new e-tendering and contract management system	0.100	-	-	0.100
<b>Total</b>	<b>0.185</b>	<b>0.165</b>	<b>-</b>	<b>0.350</b>

# 2024/25 Budget

## Finance & Resources

Finance & Resources - Service	Expenditure £m	Income £m	NET £m
Finance	12.178	-1.406	10.773
Digital & Innovation	15.349	-3.603	11.745
Corporate Property	34.424	-33.751	0.673
Revenues & Benefits	12.579	-10.572	2.007
Tresury & Pensions	8.719	-27.052	-18.332
<b>TOTAL</b>	<b>83.249</b>	<b>-76.383</b>	<b>6.866</b>

Other Corporate Directorates	Expenditure £m	Income £m	NET £m
Corporate PMO	1.224	-	1.224
Democracy, Law & People	8.770	- 3.362	5.408
Chief Executive's Office	0.529	-	0.529
Procurement	2.765	-0.222	2.543
<b>TOTAL</b>	<b>13.288</b>	<b>-3.584</b>	<b>9.704</b>

# Consultations

## 2024/25 Proposals

- The Corporate Property capital team will be conducting consultation on any proposals around asset consolidation as and when they arise.
- The Corporate Property capital team will be conducting consultation in connection with the new proposed projects outlined on slide 14.

# Finance & Resources Capital

# Key Projects over the Next 5 years

## New Schemes

### **Droop Street - £6.100m**

- The proposal is to consolidate Community Access Westminster (CAW) services, currently sited at two locations, Lisson Grove and Droop Street, onto one site at Droop Street subject to planning consent. The new space will meet and or exceed current standards and be fit for purpose. The project will ensure that the building is 'future proofed'.

### **MEES Compliance / Net Zero (Investment Estate) - £28.000m**

- The Minimum Energy Efficiency Standards (MEES), is a set of regulations introduced by the UK government in 2018, aims to improve the energy efficiency of commercial and domestic buildings in the UK, helping the country meet its net-zero carbon targets by 2050. It has targeted compliance timelines with penalties for non-compliance. It is expected that this will improve rental values over time.

### **Mortuary - £1.058m**

- Compliance upgrades at Westminster Public Mortuary including replacement of equipment, mechanical and electrical upgrades and roof replacement

### **Waste Depots - £2.000m**

- Refurbishment and installation of charging infrastructure at two sites for use as waste fleet depots. 61 Harwood Avenue, to be used as a relocation site for the street cleaning depot at Lisson Grove subject to planning consent and Site F, Mandela Way SE1 5SS to be used to house 50% of the WCC waste collection fleet on relocation from the Veolia Alperton depot. These projects support the decarbonisation of the waste fleet.

# Capital Programme 2024/25 onwards

## New Schemes

Project	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2029/30 £m	Future Years £m	TOTAL £m	External Funding £m	Net £m
Droop Street	1.830	3.050	1.220	-	-	-	6.100	-	6.100
MEES Compliance / Net Zero (Investment Estate)	2.000	2.000	2.000	2.000	2.000	18.000	28.000	-	28.000
Mortuary	1.058	-	-	-	-	-	1.058	-	1.058
Waste Depots	2.000	-	-	-	-	-	2.000	-	2.000
	<b>6.888</b>	<b>5.050</b>	<b>3.220</b>	<b>2.000</b>	<b>2.000</b>	<b>18.000</b>	<b>37.158</b>		<b>37.158</b>

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