

# Budget Task Group

## Revenue Session 1

Date: 19 January 2023

# Agenda

## **Medium Term Financial Plan**

- Overview
- Local Government Settlement
- Fairer Westminster

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

- Adult Social Care and Public Health
- Children's Services
- Growth Planning and Housing (general fund)
- Growth Planning and Housing (HRA)

# Overview of 2022/23 (1)

- The 2022/23 financial year has been challenging for the both the Council and for Local Government as a sector. The exit from the response to the pandemic has been replaced with inflationary pressures that are at a 40-year high; the war in Ukraine and the “Cost of Living Crisis”
- At the March 2022 budget setting period, inflation (CPI) was at 5.4%. Since then, inflation has peaked at 11.1% and has remained in double figures. This has led to cost pressures on pay and contract costs adding a further £9.8m above the corporate budget provision. This has been partly mitigated by increased interest earnings
- In a bid to reduce inflation, the Bank of England has raised interest rates from 0.75% at the beginning of 2022/23 to its current position of 3.5%. How quickly inflation reduces as a result of this action remains to be seen. Additional interest earnings of £16m has mitigated pressures on Temporary Accommodation and reduced Planning income as well as partly mitigating the inflation pressures outlined above. A net overspend of £5m is predicted this year
- Many commercial income streams have begun to recover since the exit from the pandemic. However, parking income is still below pre-pandemic budgets by c£2m while planning income has not recovered, mainly driven from a continued fall in activity from major applications. The Covid income compensation scheme stopped in March 2022 so the Council absorbs 100% of its losses which is reflected in the forecast outturn

# Overview of 2022/23 (1)

- The “cost of living crisis” is a national issue and is expected to persist well into the 2023/24 financial year
- It is estimated that 31,000 households in Westminster are especially impacted as they spend a greater share of their income on fuel and food
- The Council announced a Cost of Living Crisis emergency and has mobilised £10m (funding from a mix of Household Support Grant and Council resources) with a further £1m proposed for 2023/24. This resource is targeted to the most vulnerable residents across Westminster
- Further Government support was provided at the beginning of the year in the form of a £150 council tax rebate for households in bands A to D. The Council has distributed this rebate to over 56,000 households

# Background to 2023/24 (1)

- The 2023/24 proposed budget continues to reflect the impact of inflation on pay and contract costs. Inflation projections from the Office of Budget Responsibility has been used to reflect the expected provision. The 2023/24 provision also includes the additional cost “catch-up” outlined in 2022/23 forecast
- As a mitigation to the inflationary pressures, additional interest earnings are also included for 2023/24
- The Autumn Statement announced a two-year funding plan to cover 2023/24 and 2024/25. A key aspect of the Autumn Statement was the announcement to postpone Adult Social Care reform to 2025 (delayed from Oct 2023) plus a reversal of the Health and Social Care levy that added 1.25 percentage point increase on National Insurance contributions
- Funding originally earmarked towards 2023 ASC reform was repurposed towards general social care support and to support Integrated Care Boards with hospital discharge

# Background to 2023/24 (2)

- Upon the two year Autumn Statement announcement, the government followed up with a one-year provisional in late-December. Key aspects are:
  - An increase in Westminster's **Core Spending Power** (CSP) of 10.12% on 2022/23, higher than the 9.2% England average. The CSP increase includes the ability for authorities to raise Council Tax by up to 5% (3% for the general element and 2% for the Adult Social Care precept)
  - **Settlement Funding Assessment** will increase by 5% across England, a below current inflationary increase. Westminster will receive an additional c£7m more than 2022/23
  - An additional £14m in **social care related grants** to meet the on-going pressures and market conditions as well as supporting hospital discharges
  - The Autumn Statement confirmed that the £1bn Household Support Fund will continue for a further 12 months from April 2023
  - In 2023/24 an additional Cost of Living Payment of £900 will be provided to households on means-tested benefits, of £300 to pensioner households, and of £150 to individuals on disability benefits

# Background to 2023/24 (3)

- **Services Grant** will reduce by 44% in 2023-24 to £464m. This equates to a £2.7m permanent loss of funding for Westminster
- The **Lower Tier Services Grant** will be discontinued. Westminster will lose £1.7m on a permanent basis
- **New Homes Bonus** will reduce to zero and will be a £2m in 2023/24
- Tariffs/top-ups will be adjusted to ensure the **2023 Revaluation** will not impact on boroughs' retained business rates
- Neither fundamental reform to needs assessments nor the business rates reset will be implemented before 2025/26
- In 2023/24 £185m will be allocated to Westminster through the **Dedicated Schools Grant (DSG)** and supplementary funding. This is a 3.8% increase and an additional £6.8m. Westminster will receive £41.6m from the High Needs Block and total increase of 10.4%, with 12.7m allocated to Early Years. The increase in DSG remains significantly below current inflation and schools will continue to face financial challenges, especially given the teachers' pay award is more than the increase.

# Fairer Westminster

The MTFP supports the Fairer Westminster priorities within its financial and business planning framework as the Councils' new overall corporate strategy and policy objectives. In budget planning this includes investments for:

- Universal Free School Meals
- school uniform support grant
- Improving Mental Health
- Youth sector investment
- Climate action investment
- Responsible procurement strategy.



# 2022/23 Budget

The table below summarises the budget as approved by Full Council in March 2022:

Executive Directorate	Gross Budget (£m)	Income Budget (£m)	Net Budget (£m)
Adult Social Care	103.623	(52.493)	51.130
Public Health	32.341	(33.369)	(1.029)
Growth, Planning & Housing	271.839	(251.692)	20.147
Finance and Resources	131.849	(75.188)	56.661
Environment and City Management	131.477	(129.755)	1.722
Children's Services	157.106	(118.030)	39.076
Innovation and Change	17.843	(4.953)	12.890
Other Corporate Directorates	4.859	(0.594)	4.265
<b>TOTAL</b>	<b>850.937</b>	<b>(666.074)</b>	<b>184.862</b>
Settlement Funding Assessment			(121.567)
Council Tax			(63.295)
<b>TOTAL</b>			<b>(184.862)</b>

# MTFP Budget Gap to 2026/27

- The table below summarises the budget gap to 2026/27

Changes Since July 2022	2023/24	2024/25	2025/26	2026/27	Total
	£m'	£m'	£m'	£m'	£m'
Budget Gap - July 2022	10.886	15.881	17.27	17.262	<b>61.299</b>
<b>Service Specific Items:</b>					
New Savings	(15.253)	(5.995)	(3.635)	(3.615)	<b>(28.498)</b>
New Pressures	19.097	1.185	0.000	0.000	<b>20.282</b>
Fairer Westminster (FW) Investments	6.664	1.423	0.100	0.000	<b>8.187</b>
Cost of Living Support	1.000	(1.000)	0.000	0.000	<b>0.000</b>
Changes to Existing Savings	(1.146)	0.000	0.000	0.000	<b>(1.146)</b>
Subtotal	<b>10.362</b>	<b>(4.387)</b>	<b>(3.535)</b>	<b>(3.615)</b>	<b>(1.175)</b>
<b>Funding:</b>					
Changes since the provisional LG settlement - December 2022	(14.620)	(12.093)	3.685	0.179	<b>(22.849)</b>
<b>Corporate:</b>					
Corporate Changes – inflation, interest earnings,	0.302	6.908	8.542	4.448	<b>20.200</b>
<b>Budget Gap Before Use of reserves</b>	<b>6.930</b>	<b>6.309</b>	<b>25.962</b>	<b>18.274</b>	<b>57.475</b>
Use of Reserves to fund FW investments	(5.664)	4.241	1.323	0.100	<b>0.000</b>
<b>Budget Gap</b>	<b>1.266</b>	<b>10.550</b>	<b>27.285</b>	<b>18.374</b>	<b>57.475</b>

Final decision on the 23/24 budget gap will consider Scrutiny comments and will be a balance of council tax increase and use of reserves.

# Budget Task Group

## Children's Services

Sarah Newman, Executive Director

# Executive Summary

## Children's Services

- In 2022/23 Children's Services had a gross controllable expenditure budget of £160.286m and a gross income budget of £120.654m (net controllable budget £39.632m)
- The net controllable budget for these services was £44.206m in 2019-20.
- The projected outturn variance for 2022/23 as at P8 is an overspend of £1.834m
- The directorate has the following changes to its budget for 2023/24:

### Reductions

- £2.000m new savings (slide 6)
- £1.043m previously approved savings (prior to reprofiling adjustments)

### Additions

- £1.440m new pressures and investments (slide 8)

# Future Outlook

## Children's Services

- Increasing demand for services to support children with Special Educational Needs and Disabilities (SEND)
- Supporting schools to remain sustainable and provide quality learning
- Working with partners to ensure safeguarding arrangements are robust
- Increasing emotional wellbeing and mental health issues due to the pandemic
- Funding pressures associated with Former Unaccompanied Asylum Seeking Children (UASC) Care Leavers
- Increasing numbers of looked after children
- Reducing youth crime, serious youth violence, and addressing contextual safeguarding

*These issues are likely to be ongoing in 2023/24*

# 2022/23 Budget

## Children's Services

Service Area	Expenditure £m	Income £m	Net £m
Education	53.167	(45.376)	7.791
Family Services	38.132	(13.942)	24.190
Registrars	1.693	(2.707)	(1.014)
Operations & Programmes	4.881	(1.655)	3.226
Libraries & Archives	6.676	(1.242)	5.434
School Funding	55.737	(55.732)	0.005
<b>Total</b>	<b>160.286</b>	<b>(120.654)</b>	<b>39.632</b>

# Efficiency and Financing Proposals (1)

**2023/24 to 2025/26**

## **Children's Revenue Saving 1: Joint Funding Programme (£0.650m)**

The programme will continue to secure income from health partners for individual packages of care for children and young people (CYP) with the most complex needs. For 3 years there have been strengthened arrangements between partners resulting in equitable funding splits between Special Education Needs, Social Care and Health. The partnership has implemented a funding profile guide that standardises funding splits. This alleviates the need for case-by-case discussions and prevents disproportionate financial accountability between agencies.

## **Children's Revenue Saving 2: Commissioning processes and quality assurance of placements and accommodation (£0.100m)**

Together with those from Bi-borough's Independent Reviewing Officer (IRO) service and Placements team, this work will explore opportunities better connect processes used when we commission, and quality assure our placements and accommodation for children and young people (CYP).

## **Children's Revenue Saving 3: Optimisation of Housing Benefit/Universal Credit for Care Leavers (£0.210m)**

Improve WCC processes around accessing Housing Benefit for Care Leavers (CLs) in Semi-Independent Living (SIL) placements.

# Efficiency and Financing Proposals (2)

**2023/24 to 2025/26**

## **Children's Revenue Saving 4: Review Youth Offending Service (£0.075m)**

The proposal is to achieve the 23/24 and 24/25 saving of £75k through staffing efficiencies across administration, education and training.

## **Children's Revenue Saving 5: Staffing Savings (£0.875m)**

Staff savings will be identified from across; Libraries, Education, Operations and Programmes and Family Services. Savings in 23/24 will be achieved by removing posts without affecting the operational delivery.

## **Children's Revenue Saving 6: Action for Change contract (£0.090m)**

The proposal here is for a budget reduction on the basis of sustaining ongoing investment from Public Health. This will have no impact on capacity, which will be retained.



# Efficiency and Financing Proposals

## 2023/24 to 2025/26 Summary

Ref	Savings Title	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
2.1	Joint Funding Programme	0.650	-	-	<b>0.650</b>
2.2	Commissioning processes and quality assurance of placements and accommodation	0.100	-	-	<b>0.100</b>
2.3	Optimisation of Housing Benefit/Universal Credit for Care Leavers	0.210	-	-	<b>0.210</b>
2.4	Review Youth Offending Service	0.025	0.050	-	<b>0.075</b>
2.5	Staffing Savings	0.200	0.675	-	<b>0.875</b>
2.6	Action for Change contract	0.090	-	-	<b>0.090</b>
	<b>Total</b>	<b>1.275</b>	<b>0.725</b>	<b>-</b>	<b>2.000</b>

# Pressures and Investments (1)

**2023/24 to 2025/26**

## **Children's Revenue Pressure 1: Education - Short Breaks Pressures: Staffing (£0.080m)**

Staffing pressures arising largely from increasing demand for provision at the Tresham Centre, particularly during holiday periods. Pressures are further exacerbated by the utilisation of numerous sites for Short Breaks provision due to Tresham Centre building issues, and the ongoing impact of this on staffing needs. Plans to enable services to be delivered from a single location are being explored with Corporate Property.

## **Children's Revenue Pressure 2: Education – Short Breaks Pressures: Care Packages (£0.600m)**

Budget growth to meet additional demand for care packages arising from increasing numbers of families accessing Short Breaks provision.

## **Children's Revenue Pressure 3: Education – SEN Transport Pressures (£0.310m)**

Budget growth to meet increasing demand arising from the cost of new starters joining the service annually each September - the net impact of which is greater than savings associated with those leaving at the end of the academic year.

## **GPH GF Revenue Pressure 4: Libraries – Income (£0.450m)**

The removal of unachievable additional income generation for the libraries and archives service.

# Pressures and Investments

## 2023/24 Summary

Service Area	Expenditure £m	Income £m	Net £m
Education - Short Breaks Pressures: Staffing	0.080	-	0.080
Education - Short Breaks Pressures: Care Packages	0.600	-	0.600
Education – SEN Transport	0.310	-	0.310
Libraries	-	0.450	0.450
<b>Total</b>	<b>0.990</b>	<b>0.450</b>	<b>1.440</b>

# 2023/24 Budget

## Children's Services

Service Area	Expenditure £m	Income £m	Net £m
Education	53.912	(45.376)	8.536
Family Services	37.519	(14.592)	22.927
Registrars	1.693	(2.807)	(1.114)
Operations & Programmes	4.781	(1.655)	3.126
Libraries & Archives	6.676	(0.792)	5.884
School Funding	55.737	(55.732)	0.005
<b>Total</b>	<b>160.318</b>	<b>(120.954)</b>	<b>39.364</b>

# Consultations

## 2023/24 Proposals

- There are no public consultations planned on any 2023/24 to 2024/25 proposals

# Budget Task Group

## **Growth, Planning & Housing (GPH): Housing Revenue Account**

Debbie Jackson, Executive Director

# Executive Summary

## Housing Revenue Account (HRA)

- HRA expenditure is limited by available income (generated from rents and service charges)
- 2022/23 income is projected to be **£116.9m**
- The key challenges in 2022/23 have been caused by inflation running much higher than projected in the HRA business plan. This has largely impacted repairs and maintenance expenditure
- Higher inflation on other aspects of the housing operation have resulted in higher service charges
- The HRA revenue budget also has to make sufficient provision to cover the interest cost of borrowing required to fund the capital programme

Housing Revenue Account - 2022/23	P6 Budget	P6 Forecast	Variance
	£m	£m	£m
Dwelling Rents	(78.557)	(78.604)	(0.047)
Non-Dwelling Rents	(0.819)	(0.817)	0.003
Commercial Rents	(7.700)	(7.700)	0.000
Service Charges	(19.566)	(20.849)	(1.283)
Heating and Hot Water (inc. PDHU) - Income	(6.557)	(6.557)	0.000
Other Income	(2.078)	(2.344)	(0.266)
<b>TOTAL INCOME</b>	<b>(115.276)</b>	<b>(116.869)</b>	<b>(1.593)</b>
Repairs and Maintenance	20.584	25.269	4.685
Supervision and Management	29.589	27.075	(2.513)
Estate Services	9.212	9.831	0.619
Heating and Hot Water (inc. PDHU) - Expenditure	6.557	6.557	0.000
Rent, Rates and Commercial Charges	0.572	0.563	(0.009)
TMO Allowances	1.505	1.505	0.000
Regeneration	0.340	0.560	0.220
Support Costs	11.271	11.271	0.000
Mvmt on Bad Debt Provision (BDP)	0.500	1.091	0.591
Depreciation	22.254	20.254	(2.000)
Capital Financing Costs	12.894	12.894	0.000
<b>TOTAL EXPENDITURE</b>	<b>115.276</b>	<b>116.869</b>	<b>1.593</b>
<b>HRA TOTAL</b>	<b>0.000</b>	<b>(0.000)</b>	<b>(0.000)</b>

# Future Outlook

## Housing Revenue Account (HRA)

- The key factor in setting a sustainable medium-term business plan for the HRA is the impact of the rent cap imposed by government in Dec 2022
- This limits the rent uplift for 2023/24 to a maximum of 7%
- This effectively means a below inflation rent increase where the HRA business plan had previously assumed CPI+1% (in line with the national rent policy set to 2024/25)
- This creates a **£3.109m** shortfall for the HRA revenue budget in 2023/24 (with further implications over the life of the HRA BP in terms of future borrowing capacity). The proposals in this pack are designed to close this funding gap

Budget Element	Impact (£m)
Rent Uplift (@ 7%)	(5.600)
Stock Increases	(1.074)
Other Income	(0.182)
Cost Inflation	6.784
Additional Interest Cost	2.561
New Requirements	0.620
<b>Initial (Surplus) / Shortfall</b>	<b>3.109</b>



# Efficiency and Financing Proposals (1)

**2023/24 to 2025/26**

## **HRA Saving 1: Adjust Major Repairs Allowance (£2.000m)**

There is a statutory requirement for the HRA to make a revenue contribution to fund the capital works needed to maintain existing housing stock. This must be at least equivalent to annual depreciation. The current budgeted contribution is higher than depreciation and can therefore be reduced (and replaced with borrowing for minimal additional interest cost).

## **HRA Saving 2: Reduce staff incentives budget (£0.215m)**

The number of Housing staff that remain on CityWest Homes terms & conditions has reduced following the recent restructure of the service. The budget required to support the annual incentives scheme for staff on CWH contracts can therefore be reduced accordingly.

## **HRA Saving 3: Review of HRA recharges (£0.500m)**

The HRA makes a contribution to the cost of a number of services provided via the General Fund. These are a combination of direct services and indirect overheads. The basis for many of these charges are historic and a review has been undertaken to ensure that these remain accurate and appropriate.

# Efficiency and Financing Proposals (2)

**2023/24 to 2025/26**

## **HRA Saving 4: Apply vacancy factor to HRA staff budgets (£0.394m)**

HRA staff budgets are currently set based on 100% capacity. This is an unrealistic expectation given the impact of staff turnover and churn in any given period. A vacancy factor of 2% is therefore proposed to ensure budgets are more accurate.

## **HRA Saving 5: Review HRA commercial assets (£0.200m)**

The HRA has a number of commercial assets with potential for enhanced income generation. With an appropriate level of capital investment, these could be developed to boost HRA turnover.

## **HRA Saving 6: Reduce external legal spend (£0.135m)**

This is an invest-to-save proposal designed to create an in-house team that co-ordinates certain legal activities (i.e. disrepair cases) to reduce reliance on expensive external legal support. This is also expected to improve service quality and responsiveness.

# Efficiency and Financing Proposals (3)

**2023/24 to 2025/26**

## **HRA Saving 7: Review of fees & charges for amenities (£0.025m)**

Fees and charges for the non-dwelling aspects of the HRA will be reviewed to ensure that they are operating at full cost recovery and are being maximised to their full potential (i.e. ensuring that all available assets are fully operational). This will cover garages, sheds and parking.

## **HRA Saving 8: Alternative delivery mechanisms (£0.250m)**

A number of landlord services have been identified as having potential for alternative delivery structures that could improve both cost efficiency and service quality. This includes gas/electrical compliance testing, drainage activity and works to mitigate mould. Options to be considered for these types of services might include in-house opportunities or alternative procurement structures.

# Efficiency and Financing Proposals

## 2023/24 Summary

Ref	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
4b.1	Adjust Major Repairs Allowance	2.000				2.000
4b.2	Reduce staff incentives budget	0.215				0.215
4b.3	Review of HRA recharges	0.500				0.500
4b.4	Apply vacancy factor to HRA staff budgets	0.394				0.394
4b.5	Review HRA commercial assets		0.200			0.200
4b.6	Reduce external legal spend		0.135			0.135
4b.7	Review of fees & charges for amenities		0.015	0.010		0.025
4b.8	Alternative delivery mechanisms		0.250			0.250
	<b>Total</b>	<b>3.109</b>	<b>0.600</b>	<b>0.010</b>	<b>-</b>	<b>3.719</b>

# Pressures and Investments (1)

**2023/24 to 2025/26**

## **HRA Pressure 1: Additional 2022/23 repairs inflation (£2.000m)**

Inflation on the HRA repairs service is currently running much higher than the allowances that were made in the HRA Business Plan for 2022/23. The full inflation estimate is £3.5m, with only £1.5m included as an inflation contingency for Repairs. The £2m difference will roll forward as a pressure into future years.

## **HRA Pressure 2: Increased Health & Safety requirements (£0.680m)**

The Building Safety Acts place an increased requirement on landlords for H&S inspections (covering safety inspections, risk assessments, and building surveys). Revenue growth is required to deliver these new duties, with £600k estimated for inspections and £320k for additional H&S staff. It is estimated that £240k qualifies to be recharged to leaseholders (based on 40% of the stock) – reducing the overall impact to £680k.

## **HRA Investment 1: Undertake targeted stock condition surveys (£0.600m)**

A one-off investment to fund an immediate review of the condition of homes across the elements of the HRA estate that are identified as having the greatest need. The funding will support an accelerated number of surveys (to supplement the annual BAU programme) and also provide funding to cover the cost of required works. This will be funded from the HRA reserve.

# Pressures and Investments (2)

**2023/24 to 2025/26**

## **HRA Investment 2: Expand the number of local housing officers (£0.550m)**

This will fund an additional 8 Housing Officers (4 in the North Team and 4 in the South Team) to improve the presence and availability of Council staff to support tenants and leaseholders across the HRA estate. This injection of capacity will initially be run as an 18-month pilot (funded from the HRA reserve) to assess the impact on service outcomes.

## **HRA Investment 3: Create new estate offices (£0.100m)**

An allowance has been made in the HRA business plan to support the delivery a new set of estate-based offices to improve resident access to Housing officers. It is anticipated that these will be provided in available spaces in existing assets (likely shared with other parties). The volume and nature of the offices will depend on available spaces and will therefore be confirmed as the initiative is developed further.

# Pressures and Investments

## 2023/24 to 2025/26 Summary

Ref	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
14.6	Repairs service inflation	2.000				2.000
14.7	Increased Health & Safety requirements	0.620	0.060			0.680
FW4.1	Undertake targeted stock condition surveys <i>(not added to HRA base budget as funded from HRA reserve)</i>	0.600				0.600
FW4.2	Expand number of local housing officers <i>(not added to HRA base budget as funded from HRA reserve)</i>	0.360	0.190			0.550
FW4.3	Create new estate offices/contact points	0.100				0.100
	<b>Total</b>	<b>3.680</b>	<b>0.250</b>			<b>3.930</b>

# Proposed 2023/24 Budget

## Housing Revenue Account (HRA)

Housing Revenue Account	2022/23 Budget	Rent Uplifts	Cost Inflation	Interest Adj.	MTFP Growth	MTFP Savings	2023/24 Budget
	£m	£m	£m	£m	£m	£m	£m
Dwelling Rents	(78.557)	(6.674)					(85.231)
Non-Dwelling Rents	(0.819)	(0.082)					(0.901)
Commercial Rents	(7.700)	(0.101)					(7.800)
Service Charges	(19.566)		(3.107)				(22.672)
Heating and Hot Water (inc. PDHU) - Income	(6.557)		(0.655)				(7.212)
Other Income	(2.078)						(2.078)
<b>TOTAL INCOME</b>	<b>(115.276)</b>	<b>(6.857)</b>	<b>(3.762)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(125.894)</b>
Supervision and Management	29.589		1.733		0.620	(0.609)	31.333
Repairs and Maintenance	20.584		4.021		2.000		26.605
Estate Services	9.212		1.852				11.063
Heating and Hot Water (inc. PDHU) - Expenditure	6.557		0.656				7.212
Rent, Rates and Commercial Charges	0.572		0.057				0.629
TMO Allowances	1.505		0.151				1.656
Regeneration	0.340		0.027				0.367
Support Costs	11.271		0.000			(0.500)	10.771
Mvmt on Bad Debt Provision (BDP)	0.500		0.050				0.550
Depreciation	22.254					(2.000)	20.254
Capital Financing Costs	10.694			2.041			12.734
<b>TOTAL EXPENDITURE</b>	<b>113.076</b>	<b>0.000</b>	<b>8.547</b>	<b>2.041</b>	<b>2.620</b>	<b>(3.109)</b>	<b>123.174</b>
Revenue Contribution to Capital (RCCO)	2.200			0.520			2.720
<b>HRA TOTAL</b>	<b>0.000</b>	<b>(6.857)</b>	<b>4.785</b>	<b>2.561</b>	<b>2.620</b>	<b>(3.109)</b>	<b>(0.000)</b>
<i>Interest Cover Ratio (ICR)</i>	<i>1.21</i>						<i>1.21</i>

Budget Element	Impact (£m)
Rent Uplift (@ 7%)	(5.600)
Stock Increases	(1.074)
Other Income	(0.182)
Cost Inflation	6.784
Additional Interest Cost	2.561
New Requirements	0.620
<b>Initial (Surplus) / Shortfall</b>	<b>3.109</b>
MTFP Savings	(3.109)
<b>Final (Surplus) / Shortfall</b>	<b>0.000</b>



# Consultations

## 2023/24 Proposals

- No planned consultations for 2023/24 proposals

# Budget Task Group

**Growth, Planning & Housing (GPH):  
General Fund (GF)**

Debbie Jackson, Executive Director

# Executive Summary

## Growth, Planning & Housing – GF Revenue

- GPH gross controllable expenditure budget for 2022/23 is £268.417m, with a gross controllable income budget of £248.821m (net £19.596m).
- At Q2, GPH is projecting a £9.116m budget pressure. There are two main drivers of this, a significant increase in the cost of temporary accommodation (£5.816m), and a reduction in the level of income from Planning Fees (£3.300m).
- The 23/24 budget proposals have taken a realistic view on the pressures faced by the Council, particularly in these areas.

# Future Outlook

## Growth, Planning & Housing – GF Revenue

- The most significant individual pressure faced within GPH, and probably the Council (and sector) as a whole, is the increasing net cost of managing temporary accommodation (TA). Income levels continue to be effectively capped at a historic level, whilst market forces have seen a sharp increase in the cost of leasing property. This has been particularly acute this financial year.
- Demand for TA is also expected to increase as the impacts of various social issues hit. Both of these issues are recognised within the MTFP budget proposals.
- MTFP proposals also recognise that Planning Fees income budgets that were increased pre-pandemic need to be realigned to reflect the reduced level of activity seen since Covid struck.

# 2022/23 Budget

## Growth, Planning & Housing – GF Revenue

Service Area	Expenditure £m	Income £m	Net Budget £m
Development and Regeneration	0.919	-0.060	0.859
Economy & Regeneration	0.753	0.000	0.753
Growth, Planning and Housing Directorate	0.535	0.013	0.548
Housing Operations	249.045	-231.145	17.900
Place Shaping	0.696	-0.050	0.646
Planning	7.658	-8.845	-1.187
Westminster Adult Education Services	8.811	-8.734	0.077
<b>Total</b>	<b>268.416</b>	<b>-248.820</b>	<b>19.596</b>

# Efficiency and Financing Proposals (1)

**2023/24 to 2025/26**

## **GPH GF Revenue Saving 1: Housing Needs paralegal saving (£0.050m)**

The plan is to develop the in-house paralegal team that will be established to deal with disrepair cases. They will then focus on homelessness cases, some of which can cost as much as £0.5m. Through delivering some of the more administrative work on these cases in-house, some savings are anticipated.

## **GPH GF Revenue Saving 2: Strengthen homeless prevention in the private rented sector (£0.100m)**

Legislative changes should allow earlier identification of higher risk households through the use of in-house intelligence on Council Tax arrears, which will allow earlier intervention and result in preventative action taking place.

## **GPH GF Revenue Saving 3: Homelessness and Rough Sleeping Initiative service re-design and re-commissioning (£0.250m)**

The MTFP already includes an assumption of a future saving through re-commissioning, however, it is felt that opportunities exist to re-design these services to go alongside the re-commissioning, in order to maximise efficiencies for the Council.

# Efficiency and Financing Proposals (2)

**2023/24 to 2025/26**

## **GPH GF Revenue Saving 4: Reduce storage support (£0.075m)**

This proposal would further reduce the level of support for clients (for storage of their possessions and household goods) who have been displaced as a result of homelessness. There are risks attached to this in terms of the impact on those vulnerable clients, plus the associated adverse publicity.

## **GPH GF Revenue Saving 5: Homelessness contract re-design (£0.600m)**

The end of the current contract for administering and delivering the homelessness service provides an opportunity to generate efficiencies through an increased and improved digital offer including an expansion of self-service options.

## **GPH GF Revenue Saving 6: Increased accommodation charges paid by WAES to the Council for Lisson Grove (£0.140m)**

The current charges to the Adult Education Service for use of Lisson Grove site will be increased, resulting in higher income for the Council. This will be managed within WAES existing budgets.

# Efficiency and Financing Proposals

**2023/24 to 2025/26**

## **GPH GF Revenue Saving 7: Increase Planning Fees (£0.680m)**

Increase fees by greater than inflation levels, at 25% for 23/24, and 10% per annum beyond that period.

## **GPH GF Revenue Saving 8: Increased volume for Planning Resource Agreements (PRAs) (£0.060m)**

This recognises the increase in client-base for PRAs.

## **GPH GF Revenue Saving 9: Increase PRA Fees (£0.060m)**

This recognises the extra income generated by a 10% increase in the fees charged for PRAs.

## **GPH GF Revenue Saving 10: Review Planning Service (£0.200m)**

Review the structure of the Planning Directorate, including links to Integrated Support Unit.

## **GPH GF Revenue Saving 11: Merging of Regen & Development (£0.100m)**

Rationalisation of the team structures to ensure better alignment to programme delivery requirements.



# Efficiency and Financing Proposals

## 2023/24 to 2025/26 Summary

Ref	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
4a.1	Housing Needs - Pre-Action Paralegal Team	-	-	0.050	-	<b>0.050</b>
4a.2	Strengthen Homelessness Prevention in the private rented sector	-	0.050	0.050	-	<b>0.100</b>
4a.3	Homelessness/Rough Sleeping Initiative & Service Recommissioning	-	-	0.250	-	<b>0.250</b>
4a.4	Reduce storage support	-	0.075	-	-	<b>0.075</b>
4a.5	Homelessness contract re-design	-	-	-	0.600	<b>0.600</b>
4a.9	Increase accommodation recharge to WAES	-	0.140	-	-	<b>0.140</b>
4a.11	Increase in discretionary planning fees (above inflation)	0.270	0.125	0.135	0.150	<b>0.680</b>
4a.12	Increase in volume of Planning Resource Agreements (PRAs)	0.060	-	-	-	<b>0.060</b>
4a.13	Increase to Planning Resource Agreement (PRA) fees	0.060	-	-	-	<b>0.060</b>
4a.14	Review of Planning Service	-	0.200	-	-	<b>0.200</b>
4a.17	Merging of Development & Regeneration teams	-	-	0.100	-	<b>0.100</b>
	<b>Total</b>	<b>0.390</b>	<b>0.590</b>	<b>0.585</b>	<b>0.750</b>	<b>2.315</b>

# Pressures and Investments (1)

**2023/24 to 2025/26**

## **GPH GF Revenue Pressure 1: Temporary Accommodation (TA) pressures (£9.717m)**

This recognises the significant cost pressure being experienced across the sector, but most acutely in central London. Market forces have resulted in significant increases (>21%) in lease costs being paid to landlords for TA, whilst the rents the Council can charge have remained static. Local Housing Allowance rates have been frozen again.

Unit costs have increased sharply in 2022/23, increasing by £34 per week from the 2021/22 weekly average. By contrast, last year's increase was £9 per week.

On top of market cost pressures, an increase in demand is anticipated with a further 180 households requiring temporary accommodation. This is driven by a number of factors including Ukrainian refugees, cost of living crisis and supply issues.

Action is being taken to mitigate some of these pressures, for example through the enhanced acquisition programme for Westminster-owned TA, however, there remain risks attached to this linked to the availability of appropriate supply of units.

Homelessness prevention grant will increase by 1% to £7m for 2023/24 and 2024/25 each. This grant is also used for rough sleeping and will therefore not keep pace with the pressures arising from increased demand and unit cost pressure.

# Pressures and Investments (2)

**2023/24 to 2025/26**

## **GPH GF Revenue Pressure 2: Planning Fee income (£2.000m)**

This pressure recognises the continuing loss of Planning Income since the pandemic. The pressure arise primarily from the reduction in “major” planning applications. Major applications are the significant income generating activity, has fallen by over 60% since before Covid-19

## **GPH GF Revenue Investment 1: Set up Design Review Panel (£0.060m)**

This is currently in progress, requiring an extra officer to manage this on an on-going basis. Ultimately the intention is that fees will cover the costs associated with this, but this income won't materialise until after year 1.

# Pressures and Investments

## 2023/24 to 2025/26 Summary

Pressures Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Temporary Accommodation pressure	7.517	1.200	0.000	0.000	<b>8.717</b>
Planning Income	2.000	0.000	0.000	0.000	<b>2.000</b>
<b>Total</b>	<b>9.517</b>	<b>1.200</b>	<b>0.000</b>	<b>0.000</b>	<b>10.717</b>

Fairer Westminster	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Setup a Design Review Panel	0.060	0.000	0.000	0.000	<b>0.060</b>
<b>Total</b>	<b>0.060</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.060</b>

# 2023/24 Budget

## Growth, Planning & Housing

Service Area	Expenditure £m	Income £m	Net Budget £m
Development and Regeneration	0.884	(0.060)	0.824
Economy & Regeneration	0.753	0.000	0.753
Growth, Planning and Housing Directorate	0.548	0.000	0.548
Housing Operations	256.487	(231.145)	25.342
Place Shaping	0.696	(0.050)	0.646
Planning	7.153	(7.510)	(0.357)
Westminster Adult Education Services	8.811	(8.734)	0.077
<b>Total</b>	<b>275.318</b>	<b>(247.485)</b>	<b>27.833</b>

# Consultations

## 2023/24 Proposals

- No planned consultations for 23/24 proposals

# Budget Task Group

## Adult Social Care & Public Health

Bernie Flaherty, Executive Director

# Executive Summary

## Adult Social Care

- In 2022/23, Adult Social Care had a gross controllable expenditure budget of £104.075m and a gross income budget of £53.505m (net controllable budget £50.570m).
- The projected outturn variance for 2022/23 as at period 8 is an underspend of £0.100m.
- Efficiencies savings of £1.980m are planned to be delivered in 2023/24. Of this, saving commitments already agreed are £1.180m and £0.800m are new savings.
- ASC demographic pressures identified are £0.980m for 2023/24.



# Key Issues

- Changes in national policy and the impact this is having/will have locally includes:



## National Policy

- Adult Social Care Reforms (postponed);**
  - Introduction of a **£86,000 lifetime cap** on personal care costs.
  - Fair Cost of Care (FCOC)** policy, to determine local cost of providing care and delivery of a market sustainability plan.
  - Changes to **Upper Capital Limits (UCL)**, increasing the point at which a person is eligible for council means-tested support.
- Regulation and inspection of ASC** – new roles for the CQC to assess how local authorities are meeting their ASC duties. Introduced through The Health and Care Act 2022, it covers both Integrated Care Systems and local government ASC services.
- Integrated Care System formation** and the ambition for better integration across primary care, community health, ASC, acute, mental health, public health and housing services.
- Discharge pressures** – National funding for discharge to assess ended on 31/3/22. Government is making funding available to address discharge pressures. Nationally, government is making available a further £200m for short term care placements.



## Local Impact

- Long-term impact the localised cost of providing care will bring to local care markets.
- FCOC is separate to existing inflationary pressures.
- Increase pressure as a result of implementation of ASC Reforms.
- Increase in staffing estimated at 25% nationally.
- Identified areas for improvement may require resourcing.
- Associated risks of poor inspection include; reputational risk, recruitment/retention of staff, loss of confidence in local ASC services, step in powers for Secretary of State.
- No direct representation from WCC on the Integrated Care Board will impact on ability to help mitigate risk of cost shunting to ASC.
- Funding of £2m confirmed to offset increased discharge cost pressures for financial year 22-23.
- Implications of government announcement to fund short term care placements up to the end of March 2023.
- Care costs for supporting discharge have increased with increased need and packages.
- Increased activity also due to elective recovery, increased use of NHS and higher need on discharge.
- Local trusts remain under pressure with significant demands on A&E and preadmission wards.

# 2022/23 Budget

## Adult Social Care

- The key controllable service area budgets for 2022/23 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.365	(1.925)	0.440
Commissioning and Service Delivery	6.502	(4.504)	1.998
Information and Early Intervention	1.772	(1.792)	(0.020)
Costs of assessment and care management	12.674	(4.695)	7.979
Learning Disability Support	24.456	(7.921)	16.535
Mental Health Support	10.411	(6.734)	3.677
Physical Support	37.751	(22.332)	15.419
Sensory Support	0.045	(0.013)	0.032
Social Support	1.323	(1.765)	(0.442)
Support with Memory and Cognition	6.776	(1.824)	4.952
<b>TOTAL BUDGET 2022/23</b>	<b>104.075</b>	<b>(53.505)</b>	<b>50.570</b>

Service area descriptions are based on CIPFA categorisations

# Efficiency and Financing Proposals

## 2023/24 to 2025/26

- **Prevention initiatives - £1.590m:** Continuation of prevention initiatives over the next 4 years. The approach of offering equipment, and technology, direct payments and supporting residents placed outside of Westminster to return if they choose to.
- **Brokerage and Voids - £0.310m:** Enhanced brokerage and void efficiency. Quicker turnaround of voids in all accommodation-based services with block contracts. Automation of transactional brokerage functions for commissioned services.
- **Digital Account - £0.250m:** Use of the digital account to diversify spend beyond 'hours of care' to more outcome specific activities. Increase uptake of Direct Payments and use of the digital solutions.
- **Income CHC - £0.150m:** Continue to advocate for the fair application of NHS Continuing Healthcare (CHC) criteria to all client groups. Ensuring those entitled to CHC funded care by the NHS receive it.
- **LD – contract efficiency - £0.050m:** Explore ways to generate efficiency within LD spend through contract efficiency and moving people into alternative accommodations. Consideration for alternative accommodation for clients and reduce the placement spend.

# Efficiency and Financing Proposals

## 2023/24 to 2026/27 Summary

Ref	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
1.1	Prevention initiatives	0.100	0.300	0.500	0.690	1.590
1.2	Brokerage and Voids	0.250	0.060	-	-	0.310
1.3	Digital Account	0.250	-	-	-	0.250
1.4	Income CHC	0.150	-	-	-	0.150
1.5	LD – contract efficiency	0.050	-	-	-	0.050
	<b>Total</b>	<b>0.800</b>	<b>0.360</b>	<b>0.500</b>	<b>0.690</b>	<b>2.350</b>

# Pressures

## 2023/24 pressures identified total £0.980m, details below:

- **LD Transitions - £0.180m** : Additional cost impact from LD clients transitioning from Children services to ASC.
- **Acute Pressures - £0.480m**: Cost pressure from clients requiring greater care that are discharged from hospital than prior to COVID-19.
- **Transport contract cost increase - £0.120m**: A transport contract with a provider came to an end due to the provider giving notice. A direct award was made in an urgency to a new provider to ensure the front line service is not impacted. The direct award resulted in increased costs.
- **MH complexity - £0.200m**: An increase in added complexity in MH clients in particular severe mental health complications. The number of assessments continues to increase year on year. There is currently an increase of 2.8% compared to prior year. On average 61% of residents assessed are ending up in secured psychiatry hospitals.

# Summary savings and pressures

## 2023/24 to 2025/26 Summary

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	TOTAL £'000
New Savings	(800)	(610)	(1,100)	(1,340)	(3,850)
Existing Savings	(1,180)	(1,000)	-	-	(2,180)
<b>TOTAL</b>	<b>(1,980)</b>	<b>(1,610)</b>	<b>(1,100)</b>	<b>(1,340)</b>	<b>(6,030)</b>
Pressures	980	-	-	-	980
<b>NET TOTAL</b>	<b>(1,000)</b>	<b>(1,610)</b>	<b>(1,100)</b>	<b>(1,340)</b>	<b>(5,050)</b>

# 2023/24 Budget

## Adult Social Care

- The key controllable service area budgets for 2023/24 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.365	(1.925)	0.440
Commissioning and Service Delivery	5.792	(4.504)	1.288
Information and Early Intervention	1.772	(1.792)	(0.020)
Costs of assessment and care management	12.674	(4.845)	7.829
Learning Disability Support	24.528	(7.921)	16.607
Mental Health Support	10.480	(6.734)	3.746
Physical Support	37.460	(22.332)	15.128
Sensory Support	0.045	(0.013)	0.032
Social Support	1.323	(1.765)	(0.442)
Support with Memory and Cognition	6.787	(1.824)	4.963
<b>TOTAL BUDGET 2023/24</b>	<b>103.226</b>	<b>(53.655)</b>	<b>49.570</b>

Service area descriptions are based on CIPFA categorisations

# Investment

## The 2023/24 investment proposed is £0.650m, details below:

- **Improving Mental Health Wellbeing- £0.500m**

This funding will cover 6 staff and other operational expenditure. The project will commence in the Autumn of 2023 and will initially run as a pilot for 12 months. The service will be based in a Westminster location (e.g. out-of-hours use of Droop Street or Lisson Grove Hub) and will target people with mental health needs. The activities will focus on rebuilding their self-confidence, integrating them back to community life and supporting them in realising their personal goals. The preventative approach adopted by the Centre will potentially delay or reduce the need for more intensive health and social care support in the long run.

### **Enablement for Learning Disability and Autism £0.150m**

The funding will cover 3 staff and is expected to commence in second quarter of 2023. The service will be provided in-house or commissioned from the voluntary and community sector. The aim is to empower learning disabled and autistic people to live independently and healthily by providing a community approach for early intervention via support in a floating capacity. There is a greater need now due to the growing demand for specialist learning disability and autism services.



# Consultations

## 2023/24 Proposals

- No formal consultations for 23/24 proposals are planned

# Budget Task Group

## Public Health

Bernie Flaherty, Executive Director

# Executive Summary

## Public Health

- In 2022/23 Public Health budget was fully-funded by grant income of £33.323m of which, we are required to transfer £0.789m to the ICB for the Dietetics services retained by the NHS.
- An announcement is expected in February 2023 regarding grant funding levels for 2023/24. For budget setting purposes, a prudent approach is taken and no growth is reflected.
- Last year's announcement increased Public Health grant by £0.911m which is now reflected in the budgets.

# 2022/23 Key Issue

## Public Health

- Support the council's strategic vision and continuation to address the disproportionate impact of the pandemic on our communities.
- Implications on health outcomes from cost of living crisis.
- Public Health grant values in future years.
- Improve the health of the population and reduce inequality

# 2022/23 Budget

## Public Health

- The key controllable service area budgets for 2022/23 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Grant		(33,323)	(33,323)
Dietetics funding return to NHS	0.789		0.789
Commissioned services	17.431		17.431
PH Health Outcomes	13.784		13.784
Salaries and Overheads	2.415		2.415
Transfers to/(from) reserves		(1.096)	(1.096)
<b>TOTAL BUDGET 2022/23</b>	<b>34.419</b>	<b>(34.419)</b>	<b>-</b>

# 2023/24 Budget

## Public Health

- The key controllable service area budgets for 2023/24 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Grant		(33.323)	(33.323)
Dietetics funding return to NHS	0.789		0.789
Commissioned services	17.431		17.431
PH Health Outcomes	14.068		14.068
Salaries and Overheads	2.415		2.415
Transfers to/(from) reserves		(1.380)	(1.380)
<b>TOTAL BUDGET 2023/24</b>	<b>34.703</b>	<b>34.703</b>	<b>-</b>

# Consultations

## 2023/24 Proposals

- No planned consultations for 23/24 proposals