

Budget Task Group

Finance & Resources |

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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

Finance & Resources - Services	Expenditure £m	Income £m	Net £m
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
TOTAL	86.489	-75.983	10.506
Corporate Items	75.163	-36.477	38.687
TOTAL with Corporate Items	161.652	-112.460	49.193
Other Corporate Directorates	Expenditure £m	Income £m	Net £m
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
TOTAL	13.416	-3.669	9.747

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
TOTAL	1.390	4.416	0.890	6.696

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
TOTAL	0.168	-	-	0.168

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	2025/26 over 2024/25	2026/27 over 2025/26	Total
	£m	£m	£m	£m
Revenues and Benefits -Section 13A Council Tax Hardship relief - increased demand for support	0.250	-	-	0.250
Total	0.250	-	-	0.250

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

PRESSURES Service Area	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
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
Total	0.185	0.165	-	0.350

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
TOTAL	83.249	-76.383	6.866

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
TOTAL	13.288	-3.584	9.704

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
	6.888	5.050	3.220	2.000	2.000	18.000	37.158		37.158