



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Tuesday 17th January, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher (Chair), David Harvey, Alan Mendoza, Angela Piddock, Paul Swaddle and Aziz Toki.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Mark Banks (Head of Waste and Cleansing), Claire Barrett (Director of Corporate Property), Joginder Chana (SFM City Management and Communities), Luke Chiverton (Financial Consultant – HRA), Adam Coates (SFM Growth Planning and Housing), Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health), Lyndsey Gamble (SFM Strategic Projects and Commercial Lead), James Green (Director of Development), Claudia Hemsley (Head of I.P.D), Bethany Llewellyn (FM Corporate Finance), Debbie Jackson (Executive Director of Growth, Planning and Housing), Georgina Nash (SFM Commercial), Sarah Newman (Executive Director of Children’s Services), Manisha Patel (Director ASC Gov Ops Oxford St), Phil Robson (Head of Operations), Jonathan Rowing (Head of Parking), Rikin Tailor (SFM Head of Corporate Finance), Ryan Whitaker (FM City Management and Communities Highways), Kim Wreford (SFM Corporate Services), and Clare O’Keefe (Lead Policy and Scrutiny Advisor).

1 WELCOME

1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG).

1.2 The Chair noted that there had been no apologies given.

2 DECLARATIONS OF INTEREST

2.1 Councillor Piddock declared an interest in respect of Item 3.2.G as she is a school Governor at Westminster Academy and Queen’s Park Foundation.

3 2023/2024 CAPITAL BUDGET

3.1 Capital Budget Overview 2023/24 and Financial Summary

3.1.1 The Chair stated that in order to allow maximum time for questions, once the session moves on to Item 3.2, the BSTG will not receive individual

presentations by Directorates and will instead go straight into questions as all BSTG Members had read the papers thoroughly.

3.1.2 Gerald Almeroth (Executive Director Finance and Resources) presented the Capital Budget Overview 2023/24 and the Financial Summary for the General Fund and Housing Revenue Account (HRA).

3.1.3 The BSTG Members understood how the capital strategy aligned with the Fairer

Westminster objectives, which includes maximising the amount of truly affordable homes and active travel schemes for instance. Members were advised that alongside the delivery of policy objectives, the Capital Budget allows for the continuation of asset maintenance. The BSTG noted that whilst the Capital Budget focuses on the next five years, the long-term view of a further ten years is also taken into consideration.

3.1.4 Jake Bacchus (Director of Finance) provided an overview of key funding streams, including the Affordable Housing Fund, Community Infrastructure Levy (CIL) and Section 106 (S106).

3.1.5 Members queried:

- Capital receipts and the proportion of this which relates to sales and material impacts.
- The level of sensitivity which has been predicted for, and the assumptions on, the sales of residential properties.
- Whether the assumptions made on CIL and S106 by looking at past activity as a guide are prudent enough, or whether assumptions need to change because of market movement between the years.
- The income produced from S106 compared to that produced from CIL.
- The increased borrowing alongside the 'smoothing fund' and it being a function of when spend happens and capital receipts come in.
- The reduction of borrowing requirement in future years due to sizable increase in external funding and use of CIL in schemes.
- The lack of expenditure noted in the Capital Budget for the Adults and Deputy Chief Executive Directorate in year 2026/27 and onwards.

3.2 EXECUTIVE LEADERSHIP TEAM SUMMARIES

3.2.A Adult Social Care, Public Health and Deputy Chief Executive 2023/24 Capital Budget

BSTG Members noted from the written report the Adult Social Care, Public Health and Deputy Chief Executive 2023/24 Capital Budget, with a five-year plan totalling £120.119m. Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health) responded to queries.

Members queried:

- The Oxford Street Programme (OSP) and the absence of reference to external funding in the Capital Budget.

- The changes made to the OSP between administrations, the schemes within the OSP scope, and the financing of the altered Programme.
- Factors that would be deemed too much of a risk to keep the OSP going, and the stages of this.
- The results of the de-scoping exercise for the OSP and whether potential savings in the Programme would come through to the Budget.
- The ambitions for borrowing in regard to the OSP.
- Challenge that there is no investment in new technology presented in the Adult Social Care and Public Health Capital Budget that would see improvement in services and deferment of revenue costs in the future.

3.2.B Growth, Planning and Housing HRA 2023/24 Capital Budget

BSTG Members noted from the written report the Growth, Planning and Housing 2023/24 Capital Budget for the Housing Revenue Account (HRA). The HRA five-year Capital Budget covers two main areas of expenditure: Housing Planned Maintenance (£304.55m), and Development and Regeneration (£461.35m). Debbie Jackson (Executive Director of Growth, Planning and Housing) responded to queries.

Members queried:

- The assumptions made in the HRA Capital Budget, the effect of inflation on these and how contingencies are built in.
- The gathering of intelligence regarding: materials, contingencies, understanding supply lines and restrictions, reviewing programmes, risks, innovations, and impact on the public.
- The profile of the Major Repairs Allowance and the asset planning process resulting in the fluctuation of figures over the next five years.
- The Pimlico District Heating Unit (PDHU) being not simply a heating unit but a network and other priorities being pushed ahead of this despite the issue growing each year.
- There being no allocation, or placeholder, in the Capital Budget for PDHU regeneration in the next five years or future years which was viewed irregular considering the OSP has an allocation despite being a fledgling project.
- The scale of the funding required for the PDHU overhaul.
- The timeline for the PDHU and where it fits in with the five-year or fifteen-year plan. Despite being outside the purview of this Capital Budget, the benefits the programme would deliver are important.
- The Planned Maintenance programme, the profile of associated costs and the drivers of the profile.
- The allowance for major repairs and the profile major repairs follows.
- Relations with contractors on major works and regeneration projects and engagement with residents on these projects.
- The funding inputs into the HRA account and the key products of the next five years.
- The reasons behind the assumptions made for Planned Preventative Maintenance and the major repairs allowances.

ACTIONS

1. The BSTG will receive a written response to the question of why there is no provision for PDHU in the Capital Budget.
2. The BSTG will be provided reasons behind the Planned Preventative Maintenance and major repairs allowances.

3.2.C Growth, Planning and Housing GF 2023/24 Capital Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Growth, Planning and Housing General Fund Capital Budget, with a five-year plan totalling £656.5m.

Members queried:

- The Strand Aldwych improvements and obtaining funds from private sector partners.
- Whether the uplift of £85m will go towards the Temporary Accommodation policy of buying homes in-borough or very close to the borough, and potentially buy less given the cost of homes in Westminster, or whether the costs allocated to Temporary Accommodation will rise to achieve the policy.
- The projected unit costs for Temporary Accommodation both in-borough and out-of-borough and the benchmark of the scheme becoming unaffordable.
- The significant acquisitions in the North of the borough and if the costs were already in the regeneration programme pipeline, and whether the Climate Action, Housing and Regeneration Policy and Scrutiny Committee would be considering any of the regeneration projects in the future.

ACTIONS

1. The BSTG will receive a written response regarding the allocations for in-borough and out-of-borough Temporary Accommodation.

3.2.D Growth, Planning and Housing Westminster Builds 2023/24 Capital Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Westminster Builds 2023/24 Capital Budget, with a five-year plan totalling £215.075m.

Members queried:

- The process of charges for Westminster Builds.
- How Westminster Builds is scrutinised, especially as this was requested at last year's BSTG.
- The delivery plan for Ebury phases 2 and 3 and ensuring that what is planned works for both the Council and Westminster Builds.
- The prices between units and developments of Ebury sites 2 and 3 and analysis that has been undertaken across the programme to deliver homes and comparisons to other areas.

ACTIONS

1. The BSTG will be provided an explanation of the figures assigned against Westminster Build's Ebury sites 2 and 3 as the table had incorrect descriptors.
2. Westminster Builds should be considered in more detail by the relevant Policy and Scrutiny Committees.

3.2.E Finance and Resources 2023/2024 Capital Budget

Gerald Almeroth (Executive Director Finance and Resources) presented the Finance and Resources 2023/24 Capital Budget, with a five-year plan totalling £389.607m.

Members queried:

- Reasons behind the costs for the Seymour Leisure Centre increasing from the original budget.
- The use of Huguenot House and whether costs associated around these plans are still based on a scheme of complete demolition and rebuild, or whether a different scheme is being considered.
- Whether the spend on digital innovation and infrastructure is enough, the outcomes this funding will produce and benchmarks against other local authorities.
- The drivers behind the Coroners Court Extension, the contributions from other boroughs and funds from external sources.
- The sizable amount of borrowing to fund the capital programme over the next five years and the reasons behind this.
- The amount of borrowing required and the returns expected to justify the burden of the borrowing levels.
- The composition of the costs under 'Property – Other' and how the five-year forecast has been formed.

ACTION

1. The BSTG will receive a written response regarding the five-year forecast of the 'Property – Other' figures.

3.2.F Environment and City Management 2023/24 Capital Budget

Phil Robson (Head of Operations) presented the Environment and City Management 2022/23 Capital Budget, with a five-year plan totalling £296.778m.

Members queried:

- The Regent Street scheme and the proposal to move this from a temporary scheme to permanent and whether the costings will remain the same as presented in the Budget.
- The prospect of funding from the Crown Estate contributing to the Regent Street scheme.
- The benefits and clear effect of the Planned Preventative Maintenance work.

- Whether funding can be sourced from other avenues for Security Schemes.
- Electric vehicle charging infrastructure and the appropriate size and scope of this, including a range of providers who manage the charging points which maintains competition.
- Projections regarding the waste fleet and innovation in its infrastructure beyond the next five years, especially asset positions.
- Highways Planned Preventative Maintenance and amount of contracts, including frequency of those going out to tender and corporate investment in this procurement.
- Public convenience renovation and the roll out; whether this will be in response to pressure and demand, including the proportion of funding allocated to areas outside of the West End and St James' wards.

ACTIONS

1. The BSTG will receive information on Highways Planned Preventative Maintenance and corporate investment in procurement.
2. Procurement and Highways Planned Preventative Maintenance will be raised as an option for the Member Training Programme.

3.2.G Children's Services 2023/24 Capital Budget

BSTG Members noted from the written report the Children's and Family Services 2023/24 Capital Budget, with a five-year plan totalling £15.021m. Sarah Newman (Executive Director of Children's Services) responded to queries.

Members queried:

- The allocation of funding from the Department of Education and the factors that feed into the amount allocated.
- The majority of the Capital Budget being spent on school buildings and ensuring places for children with Special Education Needs.
- The contribution to the Budget from Dioceses.
- The absence of projected expenditure and how uncertainties are built into a three-year forecast through population trends, consultations and trials of schemes.
- The likelihood of projects being unrealistic in terms of demographics, the relationships that are being built, communications around projects and whether funding is being repurposed to accommodate for changing demographics.

3.2.H Innovation and Change 2023/24 Capital Budget

The BSTG noted that the Innovation and Change 2023/24 Capital Budget, has a five-year plan totalling £17.003m. Pedro Wrobel (Executive Director of Innovation and Change) was not in attendance, but questions were answered by Gerald Almeroth (Executive Director Finance and Resources) on his behalf.

Members queried:

- The source of the funding for Community Hubs and the necessity of a breakdown of the £10m allocated to this.

- The Paddington Recreation Works programme, and the need to improve green spaces in the South, despite Paddington Recreation being classed under leisure rather than parks.
- Active Westminster and what this comprises of.

ACTIONS

1. The BSTG will be provided with a breakdown of the funding allocated to Community Hubs.
2. The BSTG will receive an overview of Active Westminster.

The meeting ended at 20:32.