



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Monday 27 November, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Fisher (Chair), Hassan, Piddock, Robathan, Rowley, Swaddle and Williams.

Also Present: Stella Albani (Director of Economy and Skills), Deirdra Armsby (Director of Town Planning and Building Control), Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Councillor Geoff Barraclough (Cabinet Member for Planning and Economic Development), Jessica Barnett (Councillor and Governance Support Officer), Luke Chiverton (Financial Consultant – HRA), Councillor David Boothroyd (Cabinet Member for Finance and Council Reform), Lyndsey Gamble (Head of Strategic Finance), Councillor Adam Hug (Leader of the Council), Debbie Jackson (Executive Director of Regeneration, Economy and Planning), Councillor Matt Noble (Cabinet Member for Climate Action, Regeneration and Renters), Mickey O’Connell (SFM Commercial and Corporate Finance), Clare O’Keefe (Lead Policy and Scrutiny Advisor), Kim Wreford (SFM Corporate Services) and Pedro Wrobel (Executive Director of Innovation and Change).

1 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG) meeting.
- 1.2 The Chair gave an overview of the changes made to the BSTG process including the attendance of Cabinet Members for which the Chair gave thanks for their engagement with the new process as their attendance had not been standard practice in the past.
- 1.3 The BSTG noted that no apologies were received.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MEDIUM-TERM FINANCIAL PLAN

- 3.1 Gerald Almeroth (Executive Director of Finance and Resources) introduced the Medium-Term Financial Plan (MTFP) report to the BSTG and provided an overview of the 2024/25 draft Budget, including the current Revenue Budget position and the Capital Programme.
- 3.2 The BSTG was informed that the two most significant pressures facing the Council are the increasing cost of temporary accommodation (TA) and additional interest rates. The BSTG noted that the current increase in interest rates 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 BSTG also noted that increases in Council Tax could bring in around £3.3m of income.
- 3.3 The BSTG understood that the current draft Budget position does not include outcomes from the Autumn Statement or the Local Government Finance Settlement due to be announced in December.

4. Innovation and Change 2024/25 draft Budget

- 4.1 Pedro Wrobel (Executive Director of Innovation and Change) presented the Innovation and Change 2024/25 draft Budget, alongside Councillor Adam Hug (Leader of the Council).
- 4.2 The BSTG was informed that the draft Budget proposals built on savings already committed to by the directorate and further opportunities have been identified and expect to present further savings in the next budget. The BSTG was informed that investment of £1.451m includes £1m for support of Cost-of-Living in 2024/25. The BSTG noted that the investment figure in the executive summary includes an extra £100k which was agreed as part of last year's Budget to support the partial revision of the City Plan. The BSTG also noted that work to improve efficiencies, find opportunities for income and further savings is ongoing. The Leader gave his thanks to the team for helping coordinate on Cost-of-Living support.
- 4.3 Members queried:
 - When a more detailed breakdown of the £1m Cost-of-Living Crisis support may be seen, and if this funding would continue beyond 2024/25 or be structured like the support provided in 2022/23 and 2023/24.
 - The underspend of £450,000 in 2023/24 and if this had highlighted potential areas for savings this year.
 - The identification of potential sites for the five media screens proposed in St. James's ward and whether those ward Councillors, and other relevant key stakeholders, had been consulted.
 - A long-term business plan for the City Promotions, Events and Filming budget; growth in the team is not ambitious enough as income is substantially below inflation and more could be achieved in terms of revenue.
 - The deficiency of information regarding the communications team.

- The cost of disbursing Cost-of-Living grants, including clarity around staffing and administrative costs.
- Whether the Strategy and Intelligence team insourcing required recruitment or whether expertise would be kept in-house with adequate training.
- Other areas where outsourcing could be brought in-house.
- Whether there is a ready market for City Promotions, Events and Filming that the Council is tapping into or if new opportunities need to actively be sought.
- Spending remaining on track for Capital projects, what is being done to ensure this and how is monitoring undertaken.
- Sports, Leisure and Active Communities, it's alignment with the Fairer Westminster strategy, and determining value for money and effectiveness within the Communities resource.
- Policy service efficiencies and how this is defined.
- Ensuring that leisure facilities are competitive, whether the Council is undertaking a review of this and whether facilities are used by residents.
- The key funding risks in respect of government funding and policy risks as the government develops its agenda.

ACTIONS

- 4.4 That a short summary of the Communities Priorities Programme miscommunication on administration costs would be provided to Members.
- 4.5 That more information on the City Promotions, Events and Filming proposals will be provided, including a long-term business plan, if there is one. This could be a larger source of revenue for the Council but some of the plans were noted as slightly unambitious.
- 4.6 That more information will be provided on the disbursement of grants.

5. Regeneration, Economy and Planning 2024/25 draft Budget

- 5.1 Councillor Geoff Barraclough (Cabinet Member for Planning and Economic Development) presented the Regeneration, Economy and Planning 2024/25 draft Budget, supported by Debbie Jackson (Executive Director of Regeneration, Economy and Planning).
- 5.2 The BSTG was informed that there is a deficit in the planning function as the volume of Major planning applications has fallen significantly. The first drop was seen after Brexit, with further drops during the COVID-19 pandemic and after the mini Budget last year when interest rates rose. The BSTG was informed that this drop in income is being addressed in two ways; discretionary fees charged to major developers were increased by 20% last year and will increase by 10% this year, central government have announced that they will be increasing basic household planning application fees, and in the Autumn statement it was announced that government will consult on councils being able to re-coup the entirety of Major application expense. The BSTG noted there is a need for the department to become more efficient and they will be running a Planning Horizons programme looking at workflow, software and AI.

5.3 Members queried:

- The saving of £300,000 and if this involves a reduction in staff.
- The income figure proposed for the development of the Tachbrook Street car park, the size of the saving, the use of the space and whether there will still be parking available to residents and visitors.
- Whether the Westminster Property Association was still fund planning officers within the department and to what amount.
- The 27 intermediate units proposed for West End Gate, their use, the analysis and rationale, what discount to the market rent will be given, and over what time period will that be paid back.
- The predicted impact of the place-shaping assets investments and whether these are in alignment with the Fairer Westminster Strategy.
- A breakdown of the £28m for the minimum energy efficiency standard net zero investment.
- AI and technology improvements, investment phases and revenue gain timelines.
- Modelling and benchmarking undertaken to identify comparison to other local authorities and their rate of Major planning applications to see whether the fall in applications was solely a result of external factors, and the importance of updates on planning fees.
- Whether government funding received for projects such as the school zone had an impact on the Council's funding of these projects.
- The capitalisation of staff costs, particularly regarding the place-shaping team.
- The saving of £400,000 and where this had come from in the economy service reconfiguration.
- The reasons for the £1.6m income shortfall on Major planning applications fees being foregrounded in 2024/25 with no losses being included in 2025/26 and 2026/27 and if it is an accounting principle.
- Recognising that the fall in planning applications is one of the major risks for the Planning and Economic Development portfolio and how this is being monitored.
- Whether if the market were to pick up again, the pressure for demolition is higher in Westminster than any other borough.
- The work that has been undertaken relating to digitisation and automation.

ACTIONS

- 5.4 That more information will be provided on the Acquisition of West End Gate Block H Units Capital proposal, including what the units will be used for, discounts and the repayment time period.
- 5.5 That information on planning fees will be shared when appropriate.
- 5.6 That regulations regarding capitalisation of staff costs will be shared.

RECOMMENDATION

- 5.7 That the relevant P&S Cttee should scrutinise digitisation and automation.

6. Finance and Resources 2024/25 draft Budget

6.1 Councillor David Boothroyd (Cabinet Member for Finance and Council Reform) presented the Finance and Resources 2024/25 draft Budget, supported by Gerald Almeroth (Executive Director of Finance and Resources)

6.2 The BSTG noted that 98.4 percent of the savings committed to in the last Budget have either been achieved or are on track. The BTSG was informed that savings options have been found within Corporate Property and Digital and Innovation which allow those teams to operate with greater activity at lower cost in line with the Fairer Westminster priorities. The BTSG noted that de-carbonisation is on track to reach the 2030 net zero target. The BTSG noted that the Council will undergo a capital financing review in 2025/26, and during the COVID-19 pandemic corporate bad debt provision increased to account for any potential loss of debt and this level of provision is no longer required so there is a reduction of £600k per annum over two years.

6.3 Members queried:

- The Minimum Energy Efficiency Standards and net zero figures and where they derive.
- Decisions around bad debt provision, Grant Thornton's role and whether they look at the Council's future provision for bad debt or only take a historic view, the Council's position regarding bad debt and factors contributing towards this.
- Tracking deliverability and progress of efficiencies and whether a RAG system could be used.
- Printing and deliveries; whether committee papers under 100 pages could only be sent digitally and not sent hard copy to help the Council be more in line with green targets.
- Whether the Digital and Innovation cost savings were cost savings, efficiencies gains or a reduction of other costs. There is a absence of digital investment in the budget to contribute toward the savings needed in future years.
- The AI strategy across the Council and if this could be developed to help with efficiencies; more aspiration and urgency is needed in this area.
- Investment in the waste depot at 61 Harewood Avenue, and the suspected works underway without planning permission in place.
- Corporate Property undertaking a review of buildings that had been deemed not fit for purpose for their current use as they could be adapted to enhance the use for the community.
- A breakdown of the Section 13a Council Tax Support Hardship relief figure, how that pressure is being measured and whether there is a safety net if more people than expected fall into that vulnerability bracket.
- The forecast being built in overall for the next two years to cope with the uncertainty around interest rates and what the estimate was based on.
- Whether the Council has changed its policy or added any new policies for lending to other councils, or whether it is under review.

- The £100k staffing efficiencies and if this means all posts would be converted to permanent staff, and the number of agency staff currently employed across the Council and in what areas.

ACTIONS

- 6.4 That information regarding interest earnings, which are at the centre of forecasts, be shared with the BSTG.
- 6.5 That information regarding agency staff across the Council be shared with the BSTG.

The meeting ended at 20:51

CHAIR: _____

DATE _____