



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Thursday 25 January, 2024**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

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

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Councillor Liza Begum (Cabinet Member for Housing Services), Luke Chiverton (Financial Consultant - Housing Revenue Account), Councillor David Boothroyd (Cabinet Member for Finance and Council Reform), Lyndsey Gamble (Head of Strategic Finance), Debbie Jackson (Executive Director of Regeneration, Economy and Planning), Anthony Jones (Head of Housing Sustainability), Frances Martin (Executive Director of Climate, Environment and Public Protection), Councillor Matt Noble (Cabinet Member for Climate Action, Regeneration and Renters), Clare O'Keefe (Lead Policy and Scrutiny Advisor), Vis Sathasivam (Bi-Borough Director of Social Care), Annabel Saunders (Director of Children's Operations and Programmes), Sarah Warman (Strategic Director for Housing and Commercial Partnerships), Mark Wiltshire (Director of Public Protection and Licensing).

1 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG) meeting. The BSTG understood that the purpose of the meeting was to consider an update on the draft Budget position following the local government settlement and to wrap up issues or items that the BSTG views as of significance.
- 1.2 The BSTG noted that activity in this round of scrutiny included a briefing on the Medium-Term Financial Plan (MTFP) in September, a training session in November, followed by three BSTG sessions.
- 1.3 The Chair stated that the new process has strengthened scrutiny of the draft Budget and that feedback on the process to date would be welcomed. The BSTG noted the importance of minutes and the value of receiving these in a timely manner.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 FINANCIAL PLANNING 2024/25

3.1 Gerald Almeroth (Executive Director of Finance and Resources) provided an overview of the Financial Planning 2024/25 item to the BSTG. The BSTG was informed that Temporary Accommodation (TA) remains the most significant pressure on the draft Budget, and this pressure is increasing. The BSTG noted that officers are reviewing whether there is a need to readjust the assumptions relating to TA due to increasing pressures since the calculations were undertaken.

3.2 The BSTG noted that in terms of the autumn statement, the economic context appears to lack productivity and whilst the inflation rate has reduced it has some way to go still; this means it is likely that interest and bank rates will stay higher for longer. The BSTG understood that changes to the draft Budget since November includes the national and London living wage increasing, which will affect contract costs. The local government settlement also meant in overall terms that the Council will receive around £2.4m more than what was thought.

3.3 The BSTG was updated on further changes to the draft Budget since November, including the forecast budget gap which identifies a £3.267m gap for 2024/25 and the drivers for this. The BSTG noted that the Dedicated Schools Grant reflected the continuing pressures on schools where inflation and falling school rolls has had a significant impact in Westminster and the grants do not cover the costs. The BSTG understood the major risks in the draft Budget and noted the inclusion of the additional investment proposal in CCTV.

3.4 Members queried:

- The budgetary process: the rationale behind choices to not include decisions in the draft Budget for 2024/25, instead drawing down from reserves and including those decisions in the revenue Budget in future years.
- Inclusion of long-term plans in the draft Budget: the absence of some long-term plans in the draft Budget proposals that were presented to the BSTG in November, including CCTV and the Household Support Fund.
- Application of reserves: concerns that there is a pattern of items which have been pushed to the future where scrutiny of this is limited as the full data is not included in the papers. Sustainable use of reserves is important and Budget planning should reflect this.
- Ear-marked reserves: the total ear-marked reserves and the application of these, that which is from the General Fund, and where these have been applied in the draft Budget.
- Falling school rolls: the 14 schools currently in deficit and the point at which the Council intervenes, the context that is taken into account when

intervention happens, the management of this, the modelling to determine inflows and outflows, how primary falling rolls filters to secondary schools and whether the Council pays the deficit for academies.

- TA: the confidence in the assumption that the number of households in TA is predicted to reach 3,650 by the end of 2024/25, especially considering the uncertainty and levels of demand current faced at present in comparison to a few years ago.
- Service pressures: the pressures reflected in the forecast budgets under corporate provisions and the significant drop from £28.357m to £7.365m and then £2.230m in 2024/25 and beyond.

ACTIONS

- 3.5 That the BSTG will receive a list of all earmarked reserves that are no longer earmarked and what these funds are being used for now. The BSTG will also receive information relating to earmarked reserves (such as for the recent proposal on CCTV Investment) and where this would have been reflected in the Draft budget in November.
- 3.6 That the BSTG will receive information on whether the Council or academy pays the deficit for academies.

4. PROPOSED CAPITAL PROGRAMME 2024/25

4.1 Councillor David Boothroyd (Cabinet Member for Finance and Council Reform) gave a summary of the Proposed Capital Programme 2024/25 to the BSTG. The BSTG was informed that the Capital Programme is extremely ambitious and challenging for officers to deliver. The BSTG noted that there are many risks which are fundamental to many of the programmes, and new schemes have been subject to increased inspection by the Capital Review Group. The BSTG was assured that all schemes in the Capital Programme will be constantly monitored to ensure budgets and timelines are adhered to as much as possible. The BSTG noted that the Capital Programme is balanced in terms of the limits available.

4.2 Members queried:

- Risks: slippage in budgets and delays should be noted as a risk to the draft Budget. The Capital Programme is a large and ambitious programme of work with significant spending and borrowing requirements where projects must run to budget and to timetable.

RECOMMENDATION

4.3 That the relevant Policy and Scrutiny Committee(s) should consider the Capital Programme in more detail.

5. HOUSING REVENUE ACCOUNT 2024/25

5.1 Councillor Liza Begum (Cabinet Member for Housing Services) provided an overview of the Housing Revenue Account (HRA) to the BSTG alongside

Sarah Warman (Strategic Director for Housing and Commercial Partnerships). The BSTG was informed that the maximum allowable rent uplift has been proposed for 2024/25 to balance the HRA budget and that the rent support fund will be extended and targeted to households that need it. The BSTG noted budget pressures to support key priorities include: inspections, enhancing the frontline service offer, the Housing Improvement Programme, investment in existing stock, investment in the Pimlico District Heating Undertaking, and TA.

5.3 Members queried:

- HRA reserves: how the 'current position' is defined, and whether there is movement within this.
- PDHU borrowing outlook: where the costs associated with the PHDU plans can be found in the MTFP, and why aspects fall within the HRA.
- Impacts of the PDHU funding strategy: the service charges applied to non-tenants, whether the distinction of charges have been decided in detail, the percentage of leaseholders that would be recharged from the HRA, and assurance that the best deal possible can be achieved.
- HRA forecasts: the importance of including increased numbers of dwellings in the HRA.
- Rent uplift: the net effect of increasing to the maximum allowable rent uplift and providing the extended 12-month rent support.
- Update on rent support: the undertaking of this in the current financial year, if any funds had been left over and what has been done with it if so.

ACTIONS

- 5.4 That the BSTG will be provided a breakdown of movements within the HRA reserves and where the drawdown of these reserves is.
- 5.5 That the paper relating to the PDHU for the Climate Action, Environment and Highways Policy and Scrutiny Committee meeting on 29 February 2024 will be shared with the BSTG.
- 5.6 That the BSTG will receive clarification on the costs associated with the HRA forecasts, including the costs associated with numbers of dwellings.
- 5.7 That the BSTG will receive the net figure relating to the effect of increasing to the maximum allowable rent uplift and providing the extended 12 month rent support.
- 5.8 That the BSTG will receive information relating to the left-over rent support funds.

RECOMMENDATION

- 5.9 That the Council will ensure lessons are learned from the installation of heat source pumps in Westminster as some larger-scale installations are not

performing as well as they should. The Council should ensure collaborative working is undertaken to avoid further issues.

ANY OTHER BUSINESS

The Chair of the BSTG noted that it has been a different budget scrutiny process this year which, despite the improvements, has meant some teething problems and if Members or officers had any feedback then they are welcome to provide this.

The meeting ended at 19.43.

CHAIR: _____

DATE _____