



City of Westminster

Agenda

Budget Scrutiny Task Group

Membership

Cllrs Fisher (Chair), Hassan, Piddock, Mitchell, Robathan, Swaddle and Williams

Date / Time

18:30, Thursday 25 January 2024

Location

Rooms 18:01-03, 18th Floor, 64 Victoria Street, London, SW1E 6QP

Contact

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Item 2	Declarations of Interest
Item 3	Financial Planning 2024/25 (p 3-12) <i>Background – General Fund Revenue Budget</i> <i>Autumn Statement 2023</i> <i>Local Government Finance Settlement</i> <i>Changes since November Scrutiny</i> <i>Forecast Budget Gap</i> <i>Dedicated Schools Grant</i> <i>Budget Risks</i> <i>CCTV Investment Proposal</i>
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Financial Planning

Budget 2024/25

Budget Scrutiny Task Group 25 January 2024

Overview

- Background -General Fund Revenue Budget
- Autumn Statement 2023
- Local Government Finance Settlement
- Changes since November Scrutiny
- Forecast Budget Gap
- Dedicated Schools Grant
- Budget Risks
- CCTV Investment Proposal

Background – General Fund revenue budget

- This budget position is updated following November's Autumn Statement and the Provisional Local Government Settlement announced in late December
- Savings, pressures and investments reflect the outcome of November's Budget Scrutiny Task Group meetings
- Temporary Accommodation remains the most significant pressure in the MTFP. This is projected to increase by £24.4m in 2024/25 (a further £18.2m since July) and a further £3.7m in 2025/26 – there is a risk this may increase further
- Following the Autumn Statement, the Office of Budget Responsibility updated its medium-term economic forecast. The budget position has been updated using their November 2023 updated forecasts
- The Provisional Settlement was £2.4m higher than estimated following continuation of New Homes Bonus

Autumn Statement 2023

- The key highlights from the Autumn Statement are:
 - National insurance rate cut from 12% to 10% - no impact on employer NICs
 - Benefits to increase by 6.7%
 - National living wage (and London living wage) increases by 10% - this impacts contract inflation budgets
 - Income tax and NI thresholds frozen
 - Local Housing Allowance unfrozen – housing benefits remain capped for Councils
- Economic Context:
 - Inflation reduced to 3.9% in November 2023, but increased to 4.0% in December, still double BoE's 2% target. November OBR data forecasts a slower return to 2% target compared to March 2023 forecasts
 - Bank rates are therefore expected to remain elevated for longer
 - GDP growth expected to be 0.7% for 2024/25, underpinned by risk of economic stagnation

Local Government Finance Settlement

- The provisional settlement was broadly in line with expectations following the Autumn Statement in November and remains a single-year settlement. The key changes from November estimates are a higher SFA by £0.9m (as a result of CPI indexation being higher), additional funding for social care of £1.9m, reduction in services grant of £2.9m (to fund SFA / social care grant) and a continuation of new homes bonus and a higher allocation for Westminster based on an increase in affordable homes being delivered in the City.

Funding Stream	November forecast 2024/25 £'m	2024/25 PLGFS £'m	Change from November forecast £'m
Settlement Funding Assessment (SFA)			
Revenue Support Grant	(36.791)	(37.183)	(0.392)
Baseline Funding	(98.921)	(99.473)	(0.552)
SFA sub-total	(135.712)	(136.656)	(0.944)
Grants			
Social Care Grant	(31.215)	(32.004)	(0.789)
Market Sustainability and Improvement Fund*	(4.659)	(5.789)	(1.130)
Improved Better Care Fund	(17.600)	(17.600)	-
Discharge Grant	(4.124)	(4.124)	-
Services Grant	(3.510)	(0.575)	2.935
New Homes Bonus	-	(2.441)	(2.441)
Grants sub-total	(61.108)	(62.533)	(1.425)
SFA plus Grants TOTAL	(196.820)	(199.189)	(2.369)

*workforce grant rolled into MSIF from 2024/25

Changes since November Scrutiny

	2024/25 over 2023/24	2025/26 over 2024/25	2026/27 over 2025/26	Total
	£m	£m	£m	£m
Forecast Budget Gap as at Nov 2023 (Scrutiny)	5.161	26.338	13.317	44.816
Changes & Variations				
Contract Inflation and LLW Increases	1.600	-	-	1.600
ASC LLW & Contract Inflation	2.380	-	-	2.380
Additional interest income	(3.000)	3.000	-	0.000
Revised forecast concessionary fares	(0.915)	0.119	2.205	1.409
Changes to Investments*	0.324	0.702	(0.426)	0.600
Reprofiled & Changes to Savings	(0.699)	0.610	(0.500)	(0.589)
Funding Changes				
Grant funding changes	(2.369)	(0.049)	0.791	(1.627)
Changes to investment funding	0.876	(0.252)	0.576	1.200
WCC share of Council Tax Deficit	1.572	(1.572)	0	0
Application of Reserves to Fund CT Deficit	(1.572)	1.572		0
Changes to council taxbase	0.010	-	-	0.010
Additional Council Tax empty property relief	(0.101)	-	-	(0.101)
Revised Budget Gap	3.267	30.468	15.963	49.698
Movement in Gap since November 2023	(1.894)	4.130	(2.646)	4.882

*CCTV investment proposal

Forecast Budget Gap

Key Budget Movements	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
Funding:				
Core Funding and Grants	(17.193)	0.283	(2.788)	(19.698)
Estimated Loss from Fair Funding Review and Census Impact	0.000	9.000	9.000	18.000
Council Tax Base Changes (inc. Empty Property)	(0.741)	(0.656)	(0.663)	(2.060)
WCC Share of Council Tax Deficit	1.572	(1.572)	0	0.000
Corporate Provisions:				
Capital Financing	3.000	3.000	3.000	9.000
Inflation: Pay	4.204	3.038	3.099	10.341
Inflation: Non-pay incl. LLW	12.096	5.208	5.208	22.513
Service Pressures	28.357	7.365	2.230	37.952
Interest Earnings	(15.200)	13.000	6.000	3.800
Concessionary Fares	0.556	2.443	2.205	5.204
Fees & Charges	0.000	(2.000)	(2.000)	(4.000)
Application of Reserve Funding	(1.572)	1.072	0.500	0.000
Approved Savings:				
Net Savings	(20.136)	(11.745)	(9.845)	(41.726)
Fairer Westminster investments:				
Investments	7.472	(2.010)	(1.639)	3.823
Application of Reserve Funding	0.852	4.043	1.654	6.549
Budget Gap	3.267	30.468	15.963	49.698

Note: the above does not take into account any decision on the level of council tax. Every 1% increase in CT raises an additional £656k. Regulations allow an increase of up to 4.99% (incl.2% for the Adults Social Care precept)

Dedicated Schools Grant (DSG)

- Provisional 24/25 DSG allocation has increased by £5.045m or 2.7%
- Overall the schools block has reduced by 0.39% to £129.279m as a result of pupil numbers reducing by 512.5 to 16,745 and the increase in per pupil funding of 2.7%. Once the Teachers Pay Additional Grant is taken account of the increase is 3.5% per pupil.
- Early years funding increase of £3m or 24.7% includes funding for new entitlements for working families receiving benefits.
- Schools with falling rolls continue to be in a challenging budget position and the number and size of schools in a deficit position is increasing. Schools in deficit are required to set a deficit recovery plan over 3 years and of the 14 schools currently in deficit, 6 are still working on their deficit recovery plans.

Budget Risks

The budget presents a balanced position for 2024/25, however, there are key risks that remain, and these are set out below

- Temporary Accommodation (TA) growth has been built into the MTFP based on several critical assumptions (see below). If these materialise differently, there is a risk that the allocated growth is not sufficient to contain the budget pressure.
 - **Demand** – households in TA to reach 3,650 by the end of 2024/25
 - **Supply** – WCC acquisition programme to support 50% of all new TA demand
 - **Supply** – no material increase in the use of corporate hotel accommodation (versus September 2023 levels)
- Government has yet to make any announcements on Household Support Fund. The 2024/25 budget assumes spend reduces as HSF reduces, i.e. no net impact of baselining spending into core budgets. HSF is currently funding c£2m for support to free school meal eligible pupils during holiday periods.
- Inflation forecasts have been updated to reflect OBR's November expectations. The return to 2% CPI is now expected to take longer than their March position. The Council's budget continues to be exposed to higher inflationary pressures
- Savings are achieved when planned and in full
- Falling school rolls have left 14 schools in deficit. Those schools are required to produce a deficit reduction plan. However, any school that closes with a deficit must be covered by the General Fund.

CCTV Investment Proposal

- Introduction of CCTV as a tool to assist with our response to ASB, noise & waste issues in the borough
- Proposed CCTV investment within the Communities, Children & Public Protection portfolio includes provision of CCTV across all wards but with a focus on known hot spots & areas to be determined according to activity
- Proposed shared services agreement with another local authority to monitor on a 24/7 basis, 100 mobile CCTV cameras.
- Proposed contract, subject to procurement processes, to purchase, deploy, redeploy, manage and maintain 100 mobile CCTV cameras.
- Recruitment of CCTV manager to coordinate the development and delivery of this service and the co-ordination of existing council CCTV assets, and to produce and implement the WCC CCTV policy / strategy; ensuring compliance and the effective delivery of outcomes.
- Capital cost of approximately £500k to be funded from existing CCTV capital scheme within ECPP
- £600k revenue budget included in 24/25 covering the following Monitoring Shared Services agreement (£500k) and WCC Client costs (£100k)
- Additional revenue budget to be funded by reserves in 24/25 and included in base budget thereafter

Budget Scrutiny Task Group

Proposed Capital Programme 2024/25

25 January 2024

Work completed to date

The final General Fund capital programme summary has been assessed after the following processes:

- New capital projects taken through November Budget Scrutiny Task Group meetings. A total of £57m is now included in the capital programme
- Review of impact of any strategic changes of existing projects
- A review of CIL & S106 balances & future projected sums to identify any additional resources available to support the programme

The capital programme is presented in the context of strategic direction and affordability of repayment of any borrowing requirement in the MTFP

New Capital Expenditure

- New capital expenditure was reviewed in detail as part of the October CRG meeting and as part of the Scrutiny budget review sessions in November.
- Total requirement reduced from £62m to £57m as part of that process
- Summary of proposed new expenditure by theme is shown below.
 - ✓ Supporting Fairer Westminster Priorities (£12.8m)
 - ✓ Health & Safety (£2.5m)
 - ✓ Maintaining our assets (£11.4m)
 - ✓ Income generation (£2m)
 - ✓ Compliance / Contractual obligations (£28m)
- Details on new projects can be found in the appendix .

Summary General Fund Capital Programme

The table below summarises the movements between the general fund capital budget approved in March 2023 and the latest proposed position.

	Gross Expenditure	External Funding	Net Expenditure	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000
Budget approved March 2023	2,740,348	(442,691)	2,297,657	(920,108)	1,377,549
Adjustment 2022/23	(197,338)	115,435	(81,903)	58,137	(23,766)
Changes to Existing Projects	3,437	(104,136)	(100,699)	103,463	2,764
New Budget Requests (Fairer Westminster)	83,406	(13,393)	70,013	(13,500)	56,513
Total Increase in Budget	86,843	(117,529)	(30,686)	89,963	59,277
Draft Budget March 2024	2,629,853	(444,785)	2,185,068	(772,008)	1,413,060

Summary General Fund Capital Programme

The revenue costs of the updated capital programme maintain the MTFP assumption of a £3m p.a. increase over the 15-year programme horizon.

	Forecast 2023/24 £000	Five Year Plan					Future to 2037/38 £000	Total £000
		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2027/28 £000		
Expenditure	254,247	414,327	370,070	481,362	266,777	154,424	688,646	2,629,853
External Funding	(41,972)	(58,653)	(65,404)	(72,572)	(26,400)	(15,420)	(7,540)	(287,961)
Capital Receipts	(11,845)	(51,378)	(20,658)	(14,277)	(294,630)	(77,257)	(301,963)	(772,008)
s106 and CIL Funding	(9,835)	(39,917)	(45,725)	(11,447)	-	(9,950)	(39,950)	(156,824)
Borrowing Requirement	190,595	264,379	238,283	383,066	(54,253)	51,797	339,193	1,413,060
Revenue Impacts:								
Capital Financing Cost	28,320	29,622	32,023	49,132	65,280	69,889	624,500	898,767
Financed By:								
Commercial Income	(1,592)	(854)	(5,083)	(12,269)	(12,491)	(14,514)	(160,877)	(207,680)
Net Revenue Position	26,728	28,768	26,940	36,863	52,789	55,375	463,623	691,087
Sinking Fund Adjusted Balance	(6,028)	(5,068)	(240)	(7,163)	(20,515)	(20,464)	(19,262)	(78,740)
MTFP Budget Assumptions	20,700	23,700	26,700	29,700	32,274	34,912	444,361	612,347

Appendix 1

Changes to Existing Projects & Programmes

ELT	Scheme Name	Change in Expenditure Budget £m	Change in Funding Budget £m	Change in Capital Receipts £m	Net Budget Change £m	Narrative
Housing & Commercial Partnerships	Temporary Accommodation Major Works	16.342	0.000	0.000	16.342	This is a bid for a £1.2m budget per year rolling programme to fund Major works on the TA Acquisitions Programme to maintain standards in line with Fairer Westminster Priorities regarding Housing.
Environment, Climate & Public Protection	Central London Cycle Grid in Westminster	11.780	(3.739)	0.000	8.041	Rolling programme budget requested across a further 4 years.
Environment, Climate & Public Protection	Flooding - Reducing impact of Surface Water flooding	2.800	0.000	0.000	2.800	Annual £700k rolling programme budget from 25/26 for 4 years.
Environment, Climate & Public Protection	Highways Buildouts For Trees	1.750	0.000	0.000	1.750	Budget increased to ensure a £475k rolling budget from 25/26 to 28/29

ELT	Scheme Name	Change in Expenditure Budget £m	Change in Funding Budget £m	Change in Capital Receipts £m	Net Budget Change £m	Narrative
Environment, Climate & Public Protection	Planned Preventative Maintenance - Highways	8.024	0.000	0.000	8.024	Rolling Programme - additional year added to the programme
Finance and Resources	Landlord Responsibilities	5.000	0.000	0.000	5.000	Rolling Programme - additional year added to the programme
Finance and Resources	Carbon Management Programme	5.643	(1.920)	0.000	3.723	Rolling Programme - additional year added to the programme
Environment, Climate & Public Protection	Planned Preventative Maintenance - Lighting	3.000	0.000	0.000	3.000	Rolling Programme - additional year added to the programme

ELT	Scheme Name	Change in Expenditure Budget £m	Change in Funding Budget £m	Change in Capital Receipts £m	Net Budget Change £m	Narrative
Finance and Resources	Improvements Vacant Investment Properties	5.706	(3.283)	0.000	2.423	Rolling programme plus inclusion of planned works at Emmanuel House. Also requested £374k as additional budget, as not all funding achieved
Finance and Resources	Capitalised Salary Costs	1.055	0.000	0.000	1.055	Rolling Programme - additional year added to the programme
Environment, Climate & Public Protection	Drainage Infrastructure	1.200	0.000	0.000	1.200	Rolling Programme - additional year added to the programme
Environment, Climate & Public Protection	Local Safety And Traffic Management Schemes	1.000	0.000	0.000	1.000	Rolling Programme - additional year added to the programme

ELT	Scheme Name	Change in Expenditure Budget £m	Change in Funding Budget £m	Change in Capital Receipts £m	Net Budget Change £m	Narrative
Regeneration, Economy and Planning	Westminster Housing Investment Limited Loan	30.206	0.000	(22.481)	7.725	Additional acquisitions programmed at West End Gate Block H, as well as cost increases on development schemes being reflected in the company Business Plan.
Finance and Resources	Digital Schemes	5.395	0.000	0.000	5.395	The digital schemes have been reviewed and restructured. There is a £9.890m budget increase which is offset by an underspend of £4.494m in the current year (23/24) giving a net £5.395m increase.
Regeneration, Economy and Planning	Harrow Road Place Shaping	1.939	0.000	0.000	1.939	£900k of secured Good Growth Funding was not historically included in expenditure budget. Additional £944k is to deliver the November 2022 Cabinet member approval ambition review. £95k is due to a funding shortfall.

ELT	Scheme Name	Change in Expenditure Budget £m	Change in Funding Budget £m	Change in Capital Receipts £m	Net Budget Change £m	Narrative
Environment, Climate & Public Protection	HVM Covent Garden	1.200	0.300	0.000	1.500	There is a joint responsibility for public protection of an area between the Council and the freeholder. The developer has proposed a revised scheme with higher cost estimates than previously budgeted for. The £1.5m increase in scheme cost will be met by the Council as its contribution to the scheme.
Regeneration, Economy and Planning	Enterprise	0.000	1.189	0.000	1.189	Funding of £1.289m will not materialise. £100k of additional GLA funding for the CEZ scheme throughout 24/25
Finance and Resources	Community Facing Facilities	(2.000)	0.000	0.000	(2.000)	The programme of works can be incorporated within Landlord Responsibilities.
Regeneration, Economy and Planning	WEP - Strand Aldwych	(1.391)	0.000	0.000	(1.391)	Potential underspend of £1.391m after final account reconciliation.
Environment, Climate & Public Protection	Victoria Street Red Route	(1.300)	0.297	0.000	(1.003)	The scheme has been aborted.

Strategic Changes to Existing Schemes

ELT	Scheme Name	Strategic Changes to Existing Schemes
Finance & Resources	Huguenot House	Refreshed vision for scheme and change to the delivery route from self-delivery to a partnership approach. (£19.6m reduction in net borrowing)
Adults & Deputy Chief Executive	Oxford Street Programme	Assuming external contributions to some elements of the scheme and resizing the scheme if these are not secured. (£26.8m reduction in net borrowing)
Regeneration, Economy and Planning	291 Harrow Road	Uplift in affordable housing provision from 35% to 50% (subject to CRG review of business case) resulting in a reduction in the capital receipts from the scheme. Scheme costs have also been refreshed. (£34.5m increase in net borrowing)
Regeneration, Economy and Planning	Lisson Grove Programme	Uplift in affordable housing provision from 35% to 50% (subject to CRG review of business case) resulting in a reduction in the capital receipts from the scheme. (£28.7m increase in net borrowing)

Appendix 2

New schemes taken through November BSTG

Children's Services

Scheme Name	Project Description
Looked After Children Placements Provider Portal	To implement a Provider Portal within the existing case management system, allowing providers of placements and support for Looked After Children and Care Leavers to request, view and query payments.
Registration Services Booking System cont.	The project will provide a new digital booking and e commerce system for the Registration Service, offering an exceptional customer experience, increasing revenue and generating service efficiencies.
Special School Provision	Securing local specialist provision for autistic children and young people subject to an Education Health and Care Plan through adequate resource planning, avoiding costly transport out of borough.

Environment, Climate & Public Protection

Scheme Name	Project Description
40 Eastbourne Terrace	Proposal of additional cycle parking, new street tree and widened footway
Knightsbridge Green	Part-pedestrianisation of the Green with enhanced public realm with parking changes, proposed benches, etc.
Opera Quarter	Large scale public realm scheme funded by Shaftesbury, including public realm improvements in the form of footway widening in Catherine St, Tavistock St and Wellington St (Covent Garden).
London School of Economics (LSE) St Clement's Lane	Medium sized public realm scheme funded by LSE, including pedestrianisation of St Clement's Lane (Covent Garden). Works include high spec material and proposed planters.
Bond Street Station Western Ticket Hall	Developer scheme funded by TfL Crossrail, renewal of footway and carriageway surfaces in high quality materials, upgraded Street lighting infrastructure, shared use surface in reclaimed granite setts to St Anselm's Place.

Environment, Climate & Public Protection

Scheme Name	Project Description
North Audley Street Highways and Public Realm Improvements	Developer scheme funded by Grosvenor, scheme looks to provide widened York Stone Paving footways, resurfaced carriageway, Street lighting improvements, new surface water drainage infrastructure, introduction of SuDS, and kerbside control amendments.
Eccleston Street	Developer (Grosvenor Estate) funded scheme. Proposal is to build on the existing temporary Alfresco Scheme at Eccleston Street that had enabled outside dining during the pandemic.
Elizabeth Street	Developer (Grosvenor Estate) funded scheme. Alfresco Scheme at Eccleston Street that had enabled outside dining during the pandemic.
South Molton Street	Proposal to plant additional trees within the footway along South Molton Street
Bayswater Road, Junction Improvements	Improvements to the junctions of Queensway and Bayswater Road and Inverness Terrace and Bayswater Road. Improved pedestrian crossing facilities and cycling infrastructure as well as resurfacing of the footway and carriageway.
Automatic Public Conveniences and Urinals	Replace existing public conveniences that are at the end of their life span and replace with new units fitting of Westminster.

Environment, Climate & Public Protection

Scheme Name	Project Description
Piccadilly Underpass Fan Replacement - Phase 2	Replacement of the existing fans that are end of life (installed in the 1960s) with new modern equivalents. Any new fans will perform a fire control function as well as pollution control making the tunnel safer in the event of a fire.
Charlotte Street	Improved public realm and associated active travel benefits, including increased number of pedestrian crossings and tactile paving. To complement scheme on the Camden side of street.
Kilburn Lane Traffic Management	One-way working leading to reduced rat-running, and improved cycle links through Ilbert Street
London Lorry Control Scheme - Signs audit and replacement	Audit, design, implementation and asset recording of the substantial stock of WCC London Lorry Control Scheme signs across key strategic routes. Replacement of signs where inaccurate or end of life.
Cycle Loan Restart	To procure a supplier to purchase bikes then loan or lease these out to residents and commuters
Flood Risk Alleviation	Installation of various sustainable urban drainage initiatives to slow down the flow of surface water and reduce flood risk.

Finance & Resources

Scheme Name	Project Description
Droop Street	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. 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)	Undertake whole building audits of assets to assess range of energy conservation measures and costs to upgrade to EPC B rating and align with NZC goals In order to reduce the carbon emissions across the estate, high level feasibility assessments will need to be undertaken to determine what energy conservation measures can be retrofitted within these buildings, to facilitate the delivery of meeting the 2040 Net Zero target.
Mortuary	Refurbishment of Westminster Public Mortuary including replacement of equipment, M&E upgrades, general refurbishment works and roof replacement.
Waste Depots	Refurbishment and installation of charging infrastructure at 2 sites for use as waste fleet depots. 61 Harwood Avenue, London NW1 6PA to be used as a relocation site for the street cleaning depot at Lisson Grove and Site F, Mandela Way, London, SE1 5SS to be used to house 50% of the WCC waste collection fleet on relocation from the Veolia Alperton depot.
New eProcurement system	Implementation of new eProcurement, Contract Management and Supplier Relationship Management system for WCC

Innovation & Change

Scheme Name	Project Description
Outdoor Media Phase 2	The design, build and installation of up to five mid-size digital advertising structures that would, subject to planning permission and other statutory consents, be installed on several vehicular routes throughout the city - primarily within St James's Ward. The structures would measure approximately 5.5m in height and 1.8m in width, with the screens measuring 3m in height and 1.5m in width. The structures would be licensed to media owners for a commercial fee.
Paddington Street Gardens Playground	Refurbishment of the current playground in Paddington Street Gardens. To install inclusive and accessible play equipment for all children to play and enjoy. The project is supported by the local Ward Councillors, the local church and the Harley Street BID
Golden Square playground and greening project	A new play area designed by for and by the community. Greening of Golden Square to remove, soften the current hard surface and assist to reduce the heat basin effect of the concrete surface. There is currently a lack of play facilities for families living in the Soho/West End area. The nearest play areas are at Victoria Embankment Gardens (20 min walk) and Drury Lane (21 min walk).
Soho Square replacement paths	Replacement of Paths in Soho Square. The paths are deemed to be beyond economical repair, they are requiring constant revenue funding to maintain them to a basic Health and Safety standards. The existing path network requires removal and replacement with an agreed and suitable durable material.
All Stars Boxing Club – Community Mentoring and Sports	All stars have an active membership base, all drawn from the local communities in which it sits. In addition to the club base, it has an active user profile of approx. 1000 members with approx. 350 individuals attending each week. They have 16 coaches and 6 mentors who mentor at the gym and schools in the community to work with on mentoring.

Innovation & Change

Scheme Name	Project Description
Forest Schools or self-guided in Parks	The scheme has two themes, 1) to establish new forest school areas at Queens Park, Westbourne Green, St John's Wood Church Grounds, St Mary's Yard and Milbank. 2) to establish a set of self-guided areas for forest schools by developing new parks infrastructure and digital channels for signposting
Hanover Square Drainage to main lawn	The recently completed landscaping of Hanover Sqr has been a great success. Unfortunately, the central lawn has been subject to flooding. This is culminating in flooding of the area, water sitting on the surface causing slipping, foul smell and is considered a health and safety issue
Electric Maintenance Vehicle- Sayers Croft	To replace a scrapped diesel Sayers Croft estate vehicle with an electric alternative, capable of navigating the small access roads but large enough to carry laundry loads, groups packed lunch orders, maintenance equipment and tools across the estate, with an enclosed canopy to protect goods in all weathers. Must also be fitted with sound emitters and lights to safeguard children and other site users.
Intelligent, smart signage in Parks	Pilot scheme for Installation of smart signage. The smart signs would provide the narrative and history of the park but also allow the user to use a touch screen for information about other facilities, projects and activities offered by Westminster e.g. sport centres, nearest playground, contact details of other departments, etc.

Innovation & Change

Scheme Name	Project Description
Parks Fountains	Parks fountains have for many years received little of no funding to maintain and improve their pump rooms, switchgear or electrical components. Their ponds/features are showing signs of neglect with several external features turned off due to lack of funding.
Playground replacement	Commencement of the Renewal of Parks playgrounds. Currently all Parks play areas have been installed for a period of 10 years or more. It is planned to undertake a program of replacement equipment with a view to modernise and install inclusive play areas accessible and inclusive for all children and their communities
Queen's Park Gardens MUGA	One of the project goals is to encourage the community to have a sporty and healthy lifestyle, through a new refreshing approach that combines sports, art and people Sport in our world is one of the authentic tools for bringing hearts together and creating communities. The pitches will become a symbol of accepting difference and creating a sense of belonging for every child who goes out to the court.
SGL2	The SGL2 project is requesting £1m of Defra Air Quality grant funding to deliver initiatives associated with: Smarter Freight Hub Inter-Changes; Greener Road Freight; Greener Rail Freight; Greener Water Freight; Policy-influencing to support Sustainable Logistics; Sustainable Logistics supporting the re-design of High Streets; Communications to raise awareness; and Monitoring to capture benefits. These will be delivered across the 23 Project Partners, which include Local Authorities, Business Improvement Districts and Strategic Organisations.

Innovation & Change

Scheme Name	Project Description
St Georges Square Dog Park	The surface of the dog exercise area at St Georges Park continues to underperform and is identified as a Health and Safety issue, due to intensive use by dogs damaging the grassed area and exposing the earth beneath. The sub structure of the grass consists of debris and sand-remnants of the old Victorian waste handling area and glass factory works, and the high level of dog usage is also unearthing glass shards. This contributes to making the area very unstable, prone to severe damage and possible damage to dog's paws from the glass. The plan is to excavate and dispose of existing subsoil, topsoil and turf and replace with new material.
Wilberforce Multi Use Games Areas	An implementation of a MUGA at the Wilberforce School with a CUA (Community Use Agreement) to be used by the school and local community.
Cemeteries Path, Burial Chamber and Mausoleum	Installation of Burial paths, Mausoleum and Burial chambers in Hanwell, East Finchley and Mill Hill cemeteries. Faculties have been secured resulting in the release of earth burials in cemeteries that had could no longer offer the service. Cemeteries now contribute a profit to the City Council. Funding is required to maintain the contribution.
Paddington Recreation Ground Projects	Various projects across Paddington Recreation Ground to include: Padel Courts; allotments/urban farming project; Village Green Health and Safety renewal; update of toilet and changing rooms; crickets nets

Regeneration, Economy & Planning

ELT	Scheme Name	Project Description
Regeneration, Economy and Planning	West End Gate - General Fund Development	The Council have an opportunity to acquire 45 affordable homes at 14-17 Paddington Green Berkeley Homes S106 requires them to give the Council right of first refusal on the affordable homes on the next phase of West End Gate, known as 14 – 17 Paddington Green. Regardless of whether the Council choose to purchase the homes or not, they will retain full nomination rights.

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Budget Scrutiny Task Group

Housing Revenue Account (HRA)

Cllr Liza Begum – Cabinet Member
Sarah Warman – Strategic Director

Executive Summary

Housing Revenue Account (HRA)

- The HRA is a statutory ring-fenced account with strict rules for ensuring that expenditure incurred for the management of the Council's social housing stock is entirely offset against the income generated by the portfolio (i.e. rents).
- The HRA is required to balance expected income against planned expenditure over the long-term, including the necessary provisions to support all capital expenditure. This is set out in the HRA 30-Year Business Plan.
- Gross income was budgeted at **£125.621m** in 2023/24.
- At Q2, the HRA was projecting to drawdown £1.895m from earmarked reserves to achieve a balanced outturn for 2023/24. This is driven by initial one-off investment needed to meet the requirements of the Building Safety Act.

Headline Adjustments

Revised HRA Business Plan

- **Rent Uplift** – the maximum allowable rent uplift is proposed for 2024/25 (7.7%, equivalent to CPI+1%) in order to balance the HRA budget. The rent support fund will also be extended by a further 12 months (£1.050m).
- **Revenue Pressures** – the revised business plan includes £2.5m+ of budget pressures to support statutory annual health & safety requirements (under the Building Safety Act) and investment in front-line staff (incl. estate offices).
- **Repairs & Maintenance** – the revised business plan safeguards the increased budget allocations made for repairs & maintenance (which have increased by more than 30% since 2021/22).
- **Housing Improvement Programme** – a total of £4.550m has been earmarked to invest in the transformation of the housing service over the next 18-months.
- **Capital Investment** – the capital allowance for the Major Works programme has been increased to £40m per annum to meet the requirements set out in the asset management plan and ensure there is adequate provision for improving the condition of existing council stock.
- **PDHU** – a capital allocation for the PDHU replacement has been included in the business plan for the first time. This covers the internal works to blocks and dwellings (which are considered to fall on the HRA).

HRA Revenue Budget Growths

HRA revenue growth has been divided into two categories: (1) recurring items that need to be built into the annual budget baseline; (2) one-off items that will be funded from earmarked reserves in the short-term.

		Annually Recurring Items (£m)	One-Off Items (£m)	
			2024/25	2025/26
Assets, Major Works & Repairs	H&S Inspection Regime (incl. Building Safety Act requirements)	1.927	1.600	-
Housing Management	Increased front-line housing staff (incl. estate offices)	0.597	-	-
	Rent Support Fund	-	1.050	-
Housing Improvement Programme	Short-Term Improvement Investment	-	2.517	0.458
TOTAL		2.524	5.167	0.458

HRA Revenue Budget Summary

2024/25 to 2028/29

	1	2	3	4	5
	2024.25	2025.26	2026.27	2027.28	2028.29
Dwelling Rents	(93,348)	(98,137)	(101,560)	(104,245)	(108,280)
Non-Dwelling Rents	(881)	(898)	(916)	(935)	(953)
Commercial Rents	(7,800)	(7,878)	(7,957)	(8,116)	(8,278)
Service Charges	(23,613)	(24,145)	(24,677)	(25,229)	(25,805)
Heating & Hot Water	(6,753)	(6,888)	(7,026)	(7,167)	(7,310)
HRA Investment & Other Income	(2,446)	(2,495)	(2,545)	(2,596)	(2,648)
TOTAL INCOME	(134,841)	(140,441)	(144,681)	(148,287)	(153,274)
Staff	25,854	26,359	26,874	27,399	27,935
Housing Improvement Programme	2,437	458	0	0	0
Repairs & Maintenance	27,999	28,840	29,521	30,263	31,092
Housing Management Services	11,486	10,002	10,202	10,406	10,927
Estate Services	11,086	11,308	11,534	11,765	12,000
Heating & Hot Water	6,753	6,888	7,026	7,167	7,310
Rents, Rates and Commercial Charges	679	692	706	720	735
Regeneration	2,575	2,627	2,679	2,733	2,788
TMO Allowances	1,683	1,716	1,751	1,786	1,821
Support Costs	11,094	11,316	11,542	11,773	12,008
Movement on Bad Debt Provision (BDP)	0	0	0	0	0
Depreciation	21,638	22,442	23,114	23,504	24,275
Capital Financing Costs	9,031	9,527	10,404	12,468	15,208
TOTAL INCOME	132,315	132,176	135,353	139,984	146,099
Revenue Contribution to Fund Capital	6,642	8,723	9,328	8,303	7,175
Drawdown from Reserves	(4,117)	(458)	0	0	0
HRA TOTAL	0	0	0	0	0

HRA Reserves

The current position for HRA reserves is as follows:

Commitment	General Reserve (£m)	Earmarked Reserves (£m)
HRA Balance	19.577	
Rent Support Fund		2.060
Housing Improvement Plan		4.550
H&S Compliancy		1.600
TOTAL	19.577	8.210

HRA – Capital Additions

West End Gate – Block H Buybacks

Acquisition of 18 homes at the development block H by Berkeley Homes. These homes consist of 2 and 3bed units at a cost of **£3.672m**. The average unit cost of £204k can be supported by the additional rent generated.

291 Harrow Road

The scheme is being delivered through the General fund, however HRA aims to maximise the buy back of the affordable homes for social rent.

Heat Metering Project

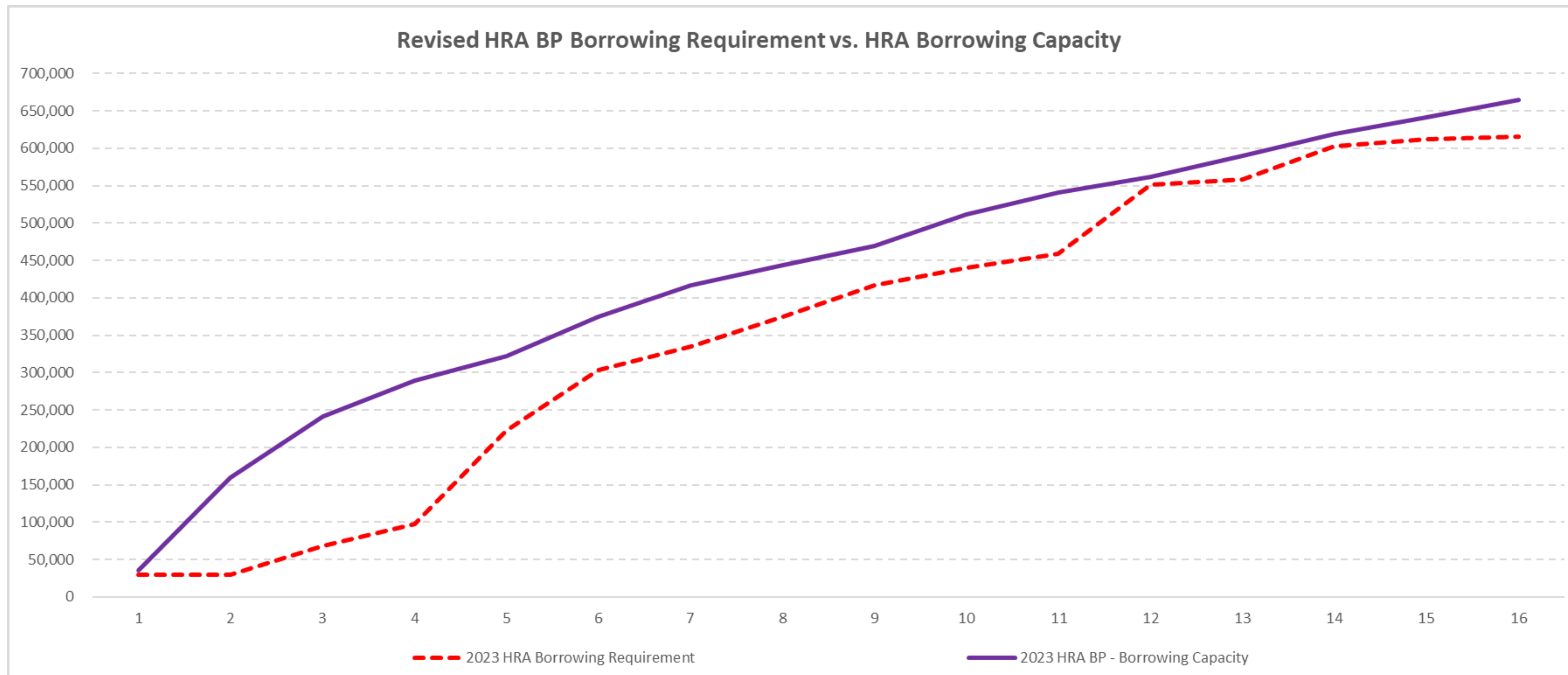
This is the installation of meters into properties attached to Westminster heating networks across the city. This is now a statutory requirement for authorities that levy energy charges. The total cost of installation is **£10.1m**.

PDHU Replacement

A funding allocation of **£70m** has been made in the HRA to cover the share of the PDHU replacement project that might fall onto the Council as landlord. A full budget will be set once the options appraisal has been completed.

HRA Borrowing Outlook

The borrowing peak in the revised plan is higher than the 2022 version of the business plan (mainly due to the inclusion of the PDHU project). However, it remains affordable within the parameters of what the HRA can service (and debt levels reduce over the second half of the business plan).

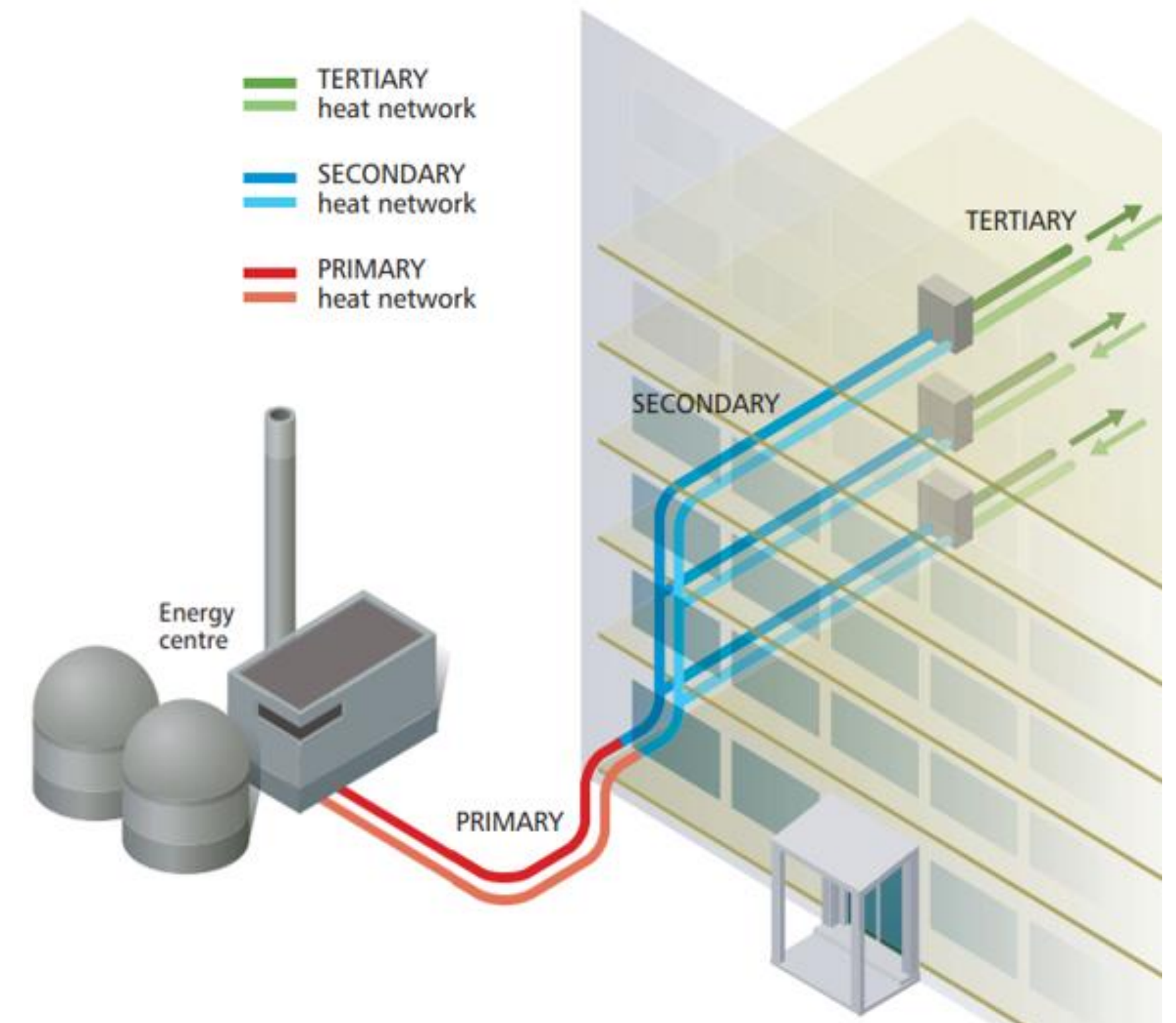


PDHU – Project Overview

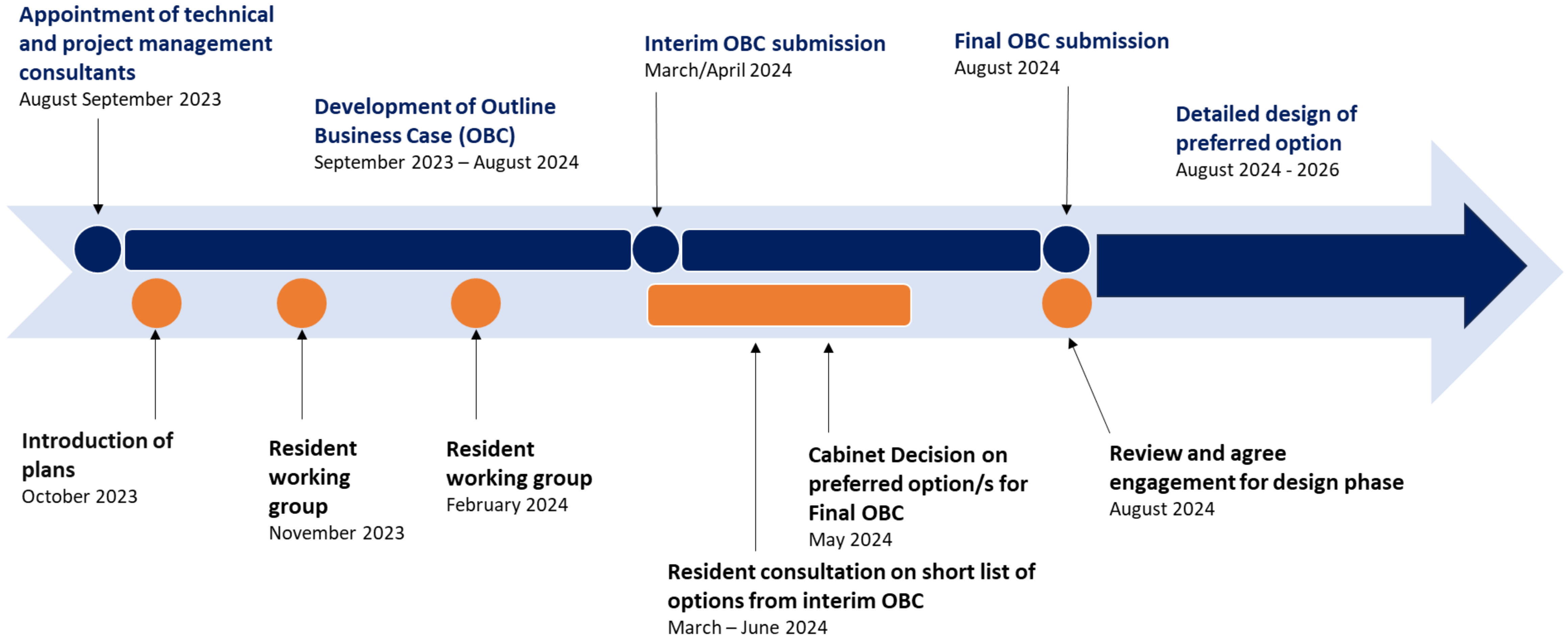
- PDHU is a strategically important asset for WCC – supplying heat to 3,300 homes and 50 commercial buildings
- Operating the network accounts for 39% of WCC’s annual carbon emissions, reducing these are vital in achieving the Councils net zero 2030 target
- The existing PDHU pipework is 50 - 60 years old. Maintenance costs are increasing and WCC spend £1.97m per annum maintaining and repairing the network, with a further £1.7m on in flat repairs related to leaks
- Opportunity to modernise the network, improve energy control and enhance resident experience
- The existing network is not compliant with forthcoming legislation (Energy Act 2013) and Government plans to regulate Heat Networks

An Outline Business Case (OBC) is being developed to compare options for the future network, with consideration to:

- **Value for Money** – capital cost, operational cost and carbon emissions
- **Resident Impact** – residents connected to PDHU are being engaged through a working group and wider communication
- **Architectural Impact** – including planning
- **Efficiency and Controllability** – with an aim to improve both



PDHU – Project Timeline



PDHU Funding Strategy (1)

The 2023/24 capital strategy includes an allocation of funds to enable the delivery of the project required to renew the energy supply currently provided by the Pimlico District Heating Undertaking (PDHU). The Strategic Outline Case was approved in January 2023 and identified a need to replace the existing infrastructure due to its age and condition, and the risk that this presents in terms of network failure.

A funding allocation has been made on the basis of the following:

1. A detailed options analysis is underway to identify the recommended approach and take this forward with more detailed cost information as part of an **Outline Business Case** (due in 2024)
2. The funding earmarked in the capital strategy (specifically the HRA Business Plan) does not prejudice the assessment of the 9 live options and serves to ensure that an **adequate funding provision** has been made for all potential outcomes in lieu of detailed costings at this stage
3. **Value for money** remains the most significant consideration within the options appraisal, specifically the estimated annual cost for all network users
4. “Do Nothing” has already been discounted as a viable operational plan and it is therefore considered prudent to ensure that an early funding provision is made
5. **External funding** opportunities will be maximized wherever possible

PDHU Funding Strategy (2)

The proposed funding strategy is as follows:

