



City of Westminster

# Budget & Performance Task Group Growth, Planning and Housing

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## ***Executive Summary –***

### **Housing General Fund 2014-15 net budget £27m 2015-16 net budget £24.9m**

High private sector housing costs and levels of homelessness, flowing from welfare reform, lead to £3m cost pressure in Temporary Accommodation; mitigation includes £1.9m savings from Rough Sleeping and Supported Housing and £1.4m Major Projects net fee income.

### **Development Planning 2014-15 net budget £2.1m 2015-16 net budget £1.4m**

Continuing high workload and an ever changing legislative background, the main focus for 2015/16 will be the delivery of the services transformation project aimed at moving the service from a paper to an electronic operating model.

### **Property 2015/16 2014-15 net budget (£1.0m) 2015-16 net budget (£2.2)m**

Long term focus on increasing net revenue from the investment portfolio and reducing the cost of the operational portfolio 2015/16 pressures of £2.5m; mitigation through £2.8m of additional income and savings of £0.6m generated largely from the TFM contract.

### **Economy & Infrastructure 2014-15 net budget £1.1m 2015-16 net budget £0.9m**

Aligning the City Enterprise Fund with new strategic aims for enterprise, growth (e.g. West End Partnership). Achieving new funding from the LEP, TFL and Government to support new employment and enterprise activities: Delivery of the West End Partnership Business Plan.



## 2015/16 Key Issues - Housing

### Temporary Accommodation (TA) Strategy Delivery 2014-15 Net Budget £9.9m

- High numbers of households presenting as homeless continue (c.600 2014/15) whilst we are required to meet our statutory obligations to provide 'suitable' accommodation. TA portfolio now at c. 2400 properties
- Direct purchase scheme (150 units by August '15), reducing lease costs and moving to longer term deals and increasing numbers of properties outside Westminster and London, will reduce **TA pressure to £3m, in 2015/16** (£4.4m 2014/15, £5.6m 2013/14.)

### Service Area Savings

- Decommissioning supported housing services where the service is being provided from premises no longer fit for purpose, competitive procurement and negotiating savings against contracts where services can be provided more efficiently: **£1.9m saving in 2015/16**
- Deliver additional major projects income of **£1.4m** and City West Homes commercial activity **£0.2m**.

### Risks

- High private sector rental costs continue, leading to continuing high levels of homelessness and loss of TA properties leased from the private sector
- Loss of Discretionary Housing Payment funding reduces capacity to prevent homelessness.
- Impact of Benefit Caps on 3000+ private sector tenants claiming Local Housing Allowance limits their ability to keep tenancies, leading to increased homelessness approaches to the Council with fewer alternative affordable properties available across London.



## ***2015/16 Key Issues – Development Planning***

### **General Election and further Planning Reform**

- Planning reform is inevitable, regardless of the outcome of the general election. This will take time and resource to supplement and we must continue to respond positively to the changing environment.

### **Continuing High Pressure of Planning Workload**

- The number of planning applications received continues to be in excess of 12,500 / annum, the revised City Plan will start to appear from 2015 onwards and the new Community Infrastructure Levy (CIL) will be due for adoption September 2015.

### **Affordable Housing Credits**

- Recent changes to current planning legislation will mean a rapid decline in the amount of affordable housing credits being generated by the Planning system. Impact on affordable housing delivery.



## **2015/16 Key Issues – Property**

### **Overview**

- Significant pressures and risks underline marginal net revenue improvement to £1.2m net income target for 2015/16.
- In the medium term CP have identified 5 new key development projects in 14/15 which could generate an additional c£8m of new revenue on delivery. Resourcing delivery of these projects will be key to ensuring that revenue is realised as early as possible.
- Reducing the cost of the operational portfolio aims to achieve savings of c. £5m. It is anticipated that £3m could be earned from the refurbishment of City Hall. CP have commissioned a Corporate Real Estate study aimed at formulating a CRE strategy and identifying the additional savings.

### **Service Area Pressures, Savings & Mitigation**

- Pressures of £2.5m in year. The key items are increase in staff costs, loss in rents from disposals. Financing changes; increasing repair and maintenance spend.
- Net savings of £0.6m are supported by MRP repayments for Cavendish Square and 291 Harrow Road but countered by loss of revenue following the proposed sale of 196a Piccadilly (£0.4m) and reduced revenue at Leicester Square car park (£0.2m) pending redevelopment.
- Mitigation of £2.8m is supported largely from the TFM contract which delivers a saving of £1.7m from framework discounts and the Fixed Price Contract.

### **Strategy**

- 5 new key development projects in 14/15 which could generate an additional c£8m of new revenue on delivery pre-financing. Resourcing delivery of these projects will be key to ensuring that revenue is realised as early as possible.
- Reducing the cost of the operational portfolio aims to achieve savings of c £5m pa in the long term. It is anticipated that £3m could be earned from the refurbishment of City Hall. CP have commissioned a Corporate Real Estate study aimed at formulating a CRE strategy and identifying the additional savings.



## ***2015/16 Key Issues – Economy & Infrastructure***

### **Funding**

- From the new economic development and growth strategy prioritising key projects for delivery, securing external funding commitments (LEP), GLA, TFL and DWP) and aligning this with existing funding such as Civic Enterprise Fund and S106 Funds.

### **Delivery**

- Securing a delivery plan and programme for the West End Partnership with the support of key funders (TFL) and private sector.

### **Collaborative**

- Achieving greater link between employment, business and infrastructure and other service delivery; Health, Children's, Housing etc.



## ***Growth Planning and Housing Budget***

- The key controllable service area budgets for 2014/15 are broken down as follows:

<b>Service Area</b>	<b>Expenditure £M</b>	<b>Income £M</b>	<b>Net Budget £M</b>
Development Planning	9.6	(7.5)	2.1
Property and Estates	26.8	(27.7)	(1.0)
Economic development	0.4	(0.2)	0.2
Strategic Transport and Infrastructure	1.0	(0.1)	0.9
Housing Benefit*	238.8	(237.6)	1.2
Operational Housing	60.3	(34.5)	25.8
<b>TOTAL BUDGET 2014/15</b>			<b>29.3</b>

\* Note the housing Benefit Budget is mandatory and non-controllable



## 2015/16 Savings

<b><i>Key Initiatives</i></b>	<b>£M</b>
Major Projects Income Generation	(1.4)
Revised Organisational Design	(1.1)
Built Environment Transformation	(0.4)
Development Planning Transformation	(0.3)
Increase In CWH Commercial Activity	(0.2)
Corporate Property Investment Strategy	(0.6)
<b>Total</b>	<b>(4.0)</b>





## ***2015/16 Estimated Pressures and Mitigation***

<b><i>Estimated Pressures</i></b>	<b>£M</b>
Temporary Accommodation Pressures	3.0
Impact Dudley House	0.6
Moxon Street Disposal	0.6
Reduction In Alternative Sources Of Funding	0.3
Other	1.0
<b>Total</b>	<b>5.5</b>

### ***Mitigations***

Corporate Property	(2.8)
Housing	(3.0)
<b>Total</b>	<b>(5.8)</b>

