



City of Westminster

Agenda

Budget Task Group

Cllrs Gotz Mohindra (Chairman), David Boothroyd, Iain Bott, Jim Glen, Adam Hug and Mark Shearer

Date / Time	18:30, Tuesday 25 th January 2021
Location	This will be a virtual meeting
Contact	Artemis Kassi akassi@westminster.gov.uk

Item 1	WELCOME AND APOLOGIES	Cllr Gotz Mohindra
Item 2	DECLARATIONS OF INTEREST	Cllr Gotz Mohindra
Item 3	MEDIUM -TERM FINANCIAL PLAN	Gerald Almeroth
3.1	Overview of 2021/2022 year (p 3)	Gerald Almeroth
3.2	Background to 2022/2023 (pp 4 - 6)	Gerald Almeroth
3.3	Beyond 2022/2023 (p 7)	Gerald Almeroth
3.4	City for All Strategic Priorities (p 8)	Gerald Almeroth
3.5	Medium-Term Budget Gap to 2024/2025 (p 9)	Gerald Almeroth
Item 4	BUDGET, KEY ISSUES, PROPOSED INITIATIVES and PRESSURES FOR:	
4.1	Adult Social Care and Public Health (pp 10-19)	Bernie Flaherty
4.2	Public Health (pp 20-26)	Bernie Flaherty
4.3	Children's Services (pp 27-36)	Sarah Newman
4.4	Growth, Planning and Housing (GF) (pp 37-46)	Debbie Jackson
4.5	Growth, Planning and Housing (HRA) (pp 47-58)	Debbie Jackson

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Budget Task Group

First Revenue Session

25 January 2022



Agenda

- **Medium-Term Financial Plan**
 - Overview of 2021/22 year
 - Background to 2022/23
 - Beyond 2022/23
 - City for All Strategic Priorities
 - Medium-Term budget gap to 2024/25
- **Budget, key issues, proposed initiatives and pressures for:**
 - Adult Social Care
 - Public Health
 - Children's Services
 - Growth, Planning and Housing (General Fund)
 - Growth, Planning and Housing (Housing Revenue Account)



Overview of 2021/22

- The 2021/22 financial year continues to be financially challenging for the Council. The impact of the Covid-19 pandemic on Council budgets remains; the gross budget variance for 2021/22 stands at £7m. This includes the £20m reduction in income budgets for 2021/22. Therefore, in comparison to pre-pandemic budgets the variance is c£27m.
- The primary reason for this variance is from continued reduction in income from sales, fees and charges. Reduced activity as a result of the pandemic still impacts key income streams, in particular, from planning fees, commercial waste, parking charges and outdoor advertising
- The government scheme put in place in 2020/21 to compensate the council for these income losses stopped in June 2021 so the Council must now absorb 100% of those losses. The compensation scheme for Council Tax and Business Rates losses also stopped at the end of 2020/21 and any losses will impact the MTFP in the future.
- General Covid grant of £10m is included in the budget, but the additional SFC compensation up to June 2021 of £2m means that the net impact on the Council's General Fund is estimated to be c£5m
- This may be reduced further as we review risk and contingency provisions towards the year end and any final balance will be drawn down from the Council's general reserve at the end of the year. The general reserve is £59m at 1 April 2021



Background to 2022/23 (1)

- The 2022/23 proposed budget continues to reflect the impact of the pandemic on economic activity levels in Westminster and cost pressures arising from this
- In addition, macro-economic challenges have presented themselves – both in terms of increasing inflation and potential of interest rate rises. This means that more corporate provision will be needed to cover these cost increases
- In October 2021, the government announced a three-year Spending Review followed by a one-year Local Government settlement in December 2021. This confirmed the delay to implementation of the Fair Funding Review which is now expected to take place by 2023
- A key aspect of the Spending Review was the government’s approach to Adult Social Care reform. Funding via grants and National Insurance increases would be backloaded over three years to improve the wider social care system and support improvements to the social care workforce. Years 2 and 3 have not been allocated to individual authorities as yet
- Government has continued to provide reliefs and grants to support businesses affected most by the economic issues, with new announcements recently in response to the Omicron variant impact



Background to 2022/23 (2)

Upon the three-year Spending Review 2021 announcement, the government followed up with a one-year provisional local government settlement in December. Key aspects are:

- An increase in Westminster's Core Spending Power (CSP) of 6.3%, slightly lower than the national average increase of 6.88%. The CSP increase includes the ability for authorities to raise Council Tax by up to 3% (1% for the Adult Social Care precept and 2% for the general element)
- A new £822m Services Grant for 2022/23. This grant is intended to fund immediate pressures in the sector (inflation) as well as the 1.25% increase in employer National Insurance contributions. The settlement makes it clear that government intends this to be a one-off grant but that it will consult on options for distributing under the Fair Funding Review regime. Westminster's allocation is £6.2m.
- To support social care reform commitment, £162m grant for Market Sustainability and Fair Cost of Care Fund was announced. This is designed to prepare authorities for wider market reform and pay providers a fair cost of care. There is a risk for local authorities as it is not clear that the cost of the reforms will be matched by the level of funding, although the significant charging reform changes and further funding is for the following two years. Westminster's 2022/23 allocation is £0.9m.
- An additional £636m social care grant for use across either Children's and Adults services, bringing total national funding to £2.3bn. Westminster will receive £4.2m of the £636m.



Background to 2022/23 (3)

Continued...

- Revenue Support Grant increased by 3.1% or £72m. Westminster's allocation has increased by 3% or £0.930m.
- Improved Better Care Fund increased by £63m bringing the national total to £2.1bn. Westminster's allocation is a £0.5m increase on last year.
- New Homes Bonus (NHB) reduced by £68m. Westminster's allocation of NHB has reduced by £4.2m, in line with July MTFP expectations, to £2.250m
- No papers were published relating to the Fair Funding Review or the Business Rates Reset. It would appear the government intend to make further announcements in the new year, before then consulting on any potential changes.
- Specific grant allocations in respect of Public Health and Independent Living Fund have yet to be announced.
- Dedicated Schools Grant 2022/23 allocation is £174.5m, a £3.7m (2.2%) increase on 2021/22. The focus will be on ensuring medium-term sustainability on the High Needs Block, which is a national issue.



Beyond 2022/23

There remain wide scale changes to the local government funding landscape that are expected to impact the MTFP in future years:

- **Fair Funding Review** – it was postponed due to Covid-19 but remains fundamental to DLUHC’s policy and is expected to go live in April 2023. Current assumptions for the Council are that this is a c£9m p.a. core funding loss
- **Income assumptions** – The updated MTFP reflects a slower return of key commercial income levels than estimated last year due to various levels of restrictions during 2021/22. Current assumptions reflect activity reported in the monthly finance monitor and OBR economic forecasts
- **Business rates** is assumed to return to its baseline level after being in safety net in 2022/23 (due to the impact from the pandemic). Government is currently reviewing business rates funding which may impact future core funding levels
- **Inflation** – currently 5.1% November CPI but expected to rise further over the next few months. Additional corporate provision is made in 2023/24 reducing back to 2% in 2024/25. This will be reviewed again for the July MTFP Cabinet refresh



City for All

- The budget setting process has maintained a focus on our City for All priorities. The following aspects are included:
 - Investment in a new cross-cutting Communities function to support the Council's Vibrant Communities priorities
 - Continued investment into the Council's delivery of its 2030 and 2040 net zero targets
 - Digital and Innovation investment to create an inclusive Smart City for All, using innovation, technology, and partnerships to deliver quality services and world-leading experiences for our residents, businesses and visitors



Medium-Term gap to 2024/25

- The Medium-Term financial position to 2024/25 is outlined following the provisional settlement and reviews of savings and pressures/investments

Change Since July 2021	2022/23 £'m	2023/24 £'m	2024/25 £'m	Total £'m
Budget Gap - July 2021	10.933	20.066	20.284	51.283
Service Specific Items:				
New Savings	(7.282)	(2.150)	(3.485)	(12.917)
New Pressures & Investments	5.789	(0.250)	0.000	5.539
Changes to Existing Savings	7.597	(1.418)	(0.430)	5.749
Sub Total: Service Changes	6.104	(3.818)	(3.915)	(1.629)
Funding:				
Delay to Fair Funding Review	(9.098)	0.000	0.000	(9.098)
Changes since the provisional LG settlement - December 2021	(14.934)	0.573	(0.005)	(14.366)
Corporate Items:				
Corporate Changes	8.642	(2.518)	(0.699)	5.425
Budget Gap	1.647	14.303	15.665	31.615

- Prior to any decision on council tax, there is a budget gap of £1.647m in 2022/23 and £31.6m over the medium-term



Budget Task Group

Adult Social Care

Bernie Flaherty, Executive Director



Executive Summary

Adult Social Care

- In 2021/22 Adult Social Care had a gross controllable expenditure budget of £104.053 m and a gross income budget of £52.493m (net controllable budget £51.560m)
- The projected outturn variance for 2021/22 as at period 8 is an underspend of £0.200m.
- The main change to budgets for 2022/23 is the £2.645m of efficiencies savings that are planned to be delivered.
- Demographic growth of £1.073m is calculated for 2022/23, this will be held centrally



2021/22 Key Issues

Health integration

- Increased pressures of new Discharge to Assess NHS regulation
- NHS ICS cost pressures.

Staff resilience

- Impact on Adult Social Care and Public Health staff who've provided 24/7 services throughout the pandemic.
- Pressure to continue to manage increasing demand and increasing case complexity.

Health inequalities

- COVID-19 has highlighted and exacerbated already known health inequalities in Westminster, e.g. diabetes, hypertension, mental health. These are compounded by socio-economic determinants i.e. education, employment and housing, etc.

COVID-19/Flu/Winter pressures

- Ongoing challenges regarding uptake of vaccinations.
- Staff resilience and absences.
- Maintaining response alongside BAU.
- Unknown impact of long-term impact from COVID, including physical and mental health.

Market fragility

- Local providers may exit the market.
- Evidence shows that staff are leaving the sector and future recruitment difficulties, loss of workforce due to better rates of pay in other sectors, guaranteed hours of work.
- Vaccination instructions re deployment – especially when mandated vaccination extended to NHS, Homecare and wider sector from April 2022.

Future of ASC/ASC Reform

- People at the Heart of Care – Adults Social Care Reform White Paper released 1st December 2021.
- High number of unknowns and further detailed technical guidance still outstanding.
- Impact scenario planning taking place. We anticipate costs associated with implementation across social care, finance and wider system.

Adult Social Care Budget 2021/22

The key controllable service area budgets for 2021/22 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.365	(1.925)	0.440
Commissioning and Service Delivery	7.755	(4.504)	3.251
Information and Early Intervention	1.772	(1.792)	(0.020)
Costs of assessment and care management process	12.674	(4.695)	7.979
Learning Disability Support	24.945	(7.670)	17.275
Mental Health Support	10.188	(6.734)	3.454
Physical Support	35.604	(20.764)	14.840
Sensory Support	0.045	(0.013)	0.032
Social Support	1.635	(2.072)	(0.437)
Support with Memory and Cognition	7.070	(2.324)	4.746
TOTAL BUDGET 2021/22	104.053	(52.493)	51.560

Service area descriptions are based on CIPFA categorisations

Efficiency and Financing Proposals

2022/23 to 2024/25 (1)

Information on key saving initiatives are provided below:

Promoting Independence (£1.750m): ASC will accelerate our work to support people to live more independently and have better choice and control over their care solutions. There is clear evidence that this leads to better outcomes for service users but also lower costs for the Council. Each service user has different needs and requires different support, but there will be a focus on three main projects, Direct Payments, Digital Technology and Equipment for older people and WCC is home.

Carlton Dene development (£0.500m): Carlton Dene was closed following the opening of Beachcroft in September 2020. The development will be converted to 65 extra care units allowing residents to live more independently with support. This will reduce the dependence on long-term care.

Review of Contracts (£0.200m): Review of ASC contracts to extract further efficiency without reducing service quality. This will be done through an assessment of contracts that are due for renewal, engagement with potential bidders to embed initiatives that release efficiency.



Efficiency and Financing Proposals

2022/23 to 2024/25 (2)

Information on key saving initiatives are provided below:

Mental Health - Review of management costs paid to Central North West London (CNWL) (£0.100m): Our Mental Health service is a joint, multi-disciplinary offer in partnership CNWL. A reciprocal arrangement has been agreed to allow staff from both organisations to co-locate and cross-charge the estate costs.

Staffing Review (£0.500m): This initiative will be delivered through reductions in senior management a restructure of commissioning to deliver effectiveness and reduction in used of agency staff.



Efficiency and Financing Proposals

2022/23 to 2024/25 Summary

Saving Ref.	Saving Title	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
1	Promoting independence	0.750	0.500	0.500	1.750
2	Carlton Dene Development	-	-	0.500	0.500
3	Review of contracts	0.200	-	-	0.200
4	Mental Health - Review of management costs paid to CNWL*	0.100	-	-	0.100
5	Staffing Review	0.500	-	-	0.500
	Total	1.550	0.500	1.000	3.050
	Existing savings approved last year	1.195	0.680	-	1.875
	Grand total	2.745	1.180	1.000	4.925

* CNWL = Central North West London. The income is achieved by ASC but will be invoiced by Corporate Property on behalf of WCC

Demographic Growth

2022/23 to 2024/25

Pressure	Description	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
ASC demand growth *	Demographic Growth	1.073	-	-	1.073

** The growth for this pressure will be held centrally*



Adult Social Care Budget 2022/23

The key controllable service area budgets for 2022/23 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.365	(1.925)	0.440
Commissioning and Service Delivery	6.802	(4.504)	2.298
Information and Early Intervention	1.772	(1.792)	(0.020)
Costs of assessment and care management process	12.674	(4.695)	7.979
Learning Disability Support	24.220	(7.670)	16.550
Mental Health Support	10.043	(6.734)	3.309
Physical Support	34.981	(20.764)	14.217
Sensory Support	0.045	(0.013)	0.032
Social Support	1.635	(2.072)	(0.437)
Support with Memory and Cognition	6.871	(2.324)	4.547
TOTAL BUDGET 2022/23	101.408	(52.493)	48.915

Service area descriptions are based on CIPFA categorisations

Consultations

2022/23 Proposals

There are no public consultations planned on any 2021/22 to 2023/24 proposals



Budget Task Group

Public Health

Bernie Flaherty, Executive Director



Executive Summary

Public Health

- In 2021/22, the Public Health budget was fully-funded by grant income of £31.993m of which, we are required to transfer £0.789m to the CCG for the Dietetics services retained by the NHS.
- The 2022/23 budget assumes receipt of £32.412m of ring-fenced grant.
- An announcement is expected in March 2022 regarding grant funding levels for 2022/23. For budget setting purposes, a prudent approach is taken and no growth is reflected.



2021/22 Key Issues

Public Health

- The Public Health team has been leading in the Council's response to the Covid-19 pandemic, supporting vulnerable residents, contact tracing, and vaccination roll-out.
- The 2021 the Director of Public Health's Annual Report focused on the disproportionate impact of the pandemic on our communities and there is a commitment to fund cross-council initiatives from reserves. This will be one-off funding; work has been undertaken to capture all initiatives and subject to approval the commitments are anticipated to be in excess of £3m.
- Additional grants have been received for Rough Sleeping, Adult Obesity, Community Asymptomatic Testing and Drug and Alcohol Treatment.
- Implemented a new Community Health Worker programme pilot in Churchill Gardens to engage with and reach our most vulnerable residents.



Public Health Budget 2021/22

The key controllable service area budgets for 2021/22 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Grant	-	(31.993)	(31.993)
Dietetics funding return to NHS	0.789	-	0.789
Commissioned services	17.988	-	17.988
PH Internal Health Outcomes	10.505	-	10.505
Salaries and Overheads	2.406	-	2.406
Transfers to/(from) reserves	0.305	-	0.305
TOTAL BUDGET 2021/22	31.993	(31.993)	-



Efficiency and Financing Proposals

2022/23 to 2024/25

Detail	2022/23 £m
Reduction in Commissioned Service Expenditure	0.507
Increased Public Health Grant Income	0.419
TOTAL	0.926

Procurement and commissioning savings (£0.507m) There is no savings target allocated to Public Health, however, recently some services were recommissioned more efficiently but on a like for like basis, this resulted in a gross savings. The services are Health Visiting, School Nursing & Sexual Health.

Public Health Grant Income (£0.419m): Although the budget is for a standstill grant position, the 2021/22 grant was in excess of budget, therefore the increase is to reflect this.



Public Health Budget 2022/23

The key controllable service area budgets for 2022/23 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Grant	-	(32.412)	(32.412)
Dietetics funding return to NHS	0.789	-	0.789
Commissioned services	17.481	-	17.481
PH Internal Health Outcomes	10.505	-	10.505
Salaries and Overheads	2.406	-	2.406
Transfers to/(from) reserves	1.231	-	1.231
TOTAL BUDGET 2022/23	32.412	(32.412)	-



Consultations

2022/23 Proposals

- There are no public consultations planned for any 2022/23 to 2024/25 proposals



Budget Task Group

Children's Services

Sarah Newman, Bi-Borough Executive Director



Executive Summary

Children's Services

- In 2021/22 Children's Services had a gross controllable expenditure budget of £156.473m and a gross income budget of £117.480m (net controllable budget £38.993m)
- The projected outturn variance for 2021/22 as at P8 is an overspend of £1.782m
- The directorate has the following changes to its budget for 2022/23:

Reductions

- £0.658m new savings
- £1.275m previously approved savings (prior to reprofiling adjustments)

Additions

- £1.370m new pressures and investments
- £0.647m reprofiled/unachievable savings previously approved by Council



2021/22 Key Issues

Children's Services

- Increasing demand for services to support children with SEND
- Supporting schools to remain open and provide quality learning
- Ensuring support to children can be delivered in accordance with Covid restrictions
- Facilitating the delivery of new government schemes established to support children in households experiencing hardship, e.g. Covid Winter Grant, Holiday Activity and Food Programme (HAF), Household Support Fund
- Working with partners to ensure safeguarding arrangements are robust
- Increasing emotional wellbeing and mental health issues due to the pandemic
- Funding pressures associated with Former UASC Care Leavers
- Reducing youth crime, serious youth violence, and addressing contextual safeguarding

These issues are likely to be ongoing in 2022/23



Children's Services

2021/22 Budgets

Service Ara	Expenditure £m	Income £m	Net £m
Education	51.937	(44.906)	7.031
Family Services	35.756	(11.700)	24.056
Registrars	1.665	(2.252)	(0.587)
Operations & Programmes	4.802	(1.655)	3.147
Libraries & Archives	6.576	(1.235)	5.341
School Funding	55.737	(55.732)	0.005
Total	156.473	(117.480)	38.993

Efficiency and Financing Proposals

2022/23 to 2024/25

Registrars – Increased Income (£0.349m)

Increased income from ceremonies, based on rising demand for services and a fee uplift strategy.

Education - Delivering Transport Differently (£0.250m)

Review of Home to School travel options focusing on maximising pupil independence and alternative travel options for short distance, low needs pupils.

Education - Delivering Short Breaks Differently (£0.134m)

A range of options for Short Breaks service delivery, including a review of the universal (core) and targeted preventative service offer - and the scoping of a proposal to deliver overnight accommodation locally or 'in-house' for children with complex care needs for whom finding suitable packages can be difficult and costly.

Family Services - Rationalisation of Non-Essential Spend (£0.025m)

Reduction of non-essential social care-related purchase/pre-paid card spend. Saving being delivered by reviewing and changing buying behaviour, and improving how services are purchased.

Placements and Accommodation Transformation (£0.450m)

Strategic work to ensure best value is obtained from shared services, Looked after Children (LAC) placements and Care Leaver accommodation commissioned from providers. Work also involves ensuring appropriate funding is secured from partners.

Efficiency and Financing Proposals

2022/23 to 2024/25 Summary

Ref	Savings Title	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
26	Registrars Income	(0.149)	(0.100)	(0.100)	(0.349)
27	Delivering Transport Differently	(0.100)	(0.150)	-	(0.250)
28	Delivering Short Breaks Differently	(0.034)	(0.025)	(0.075)	(0.134)
29	Rationalisation of Non-Essential Spend	(0.025)	-	-	(0.025)
30	Placements and Accommodation Transformation	(0.350)	(0.050)	(0.050)	(0.450)
	Total	(0.658)	(0.325)	(0.225)	(1.208)

Pressures and Investments

2022/23 to 2024/25

Family Services – Workforce Investment (£0.450m)

Investment in Staffing to maintain Looked After Children (LAC) numbers at a low level. Costs have historically been mitigated by underspends, however this position is no longer viable due to increasing pressures on children and families arising from the pandemic and growing demands placed on already limited resources.

Education – SEN Transport Pressures (£0.380m)

Budget growth to meet increasing demand arising from the cost of new starters joining the service annually each September - the net impact of which is greater than savings associated with those leaving at the end of the academic year. A view of pressures beyond 2022/23 will be taken in light of trends emerging in the new-year once further data is available.

Education – Short Breaks Pressures: Staffing (£0.410m)

Staffing pressures arising largely from increasing demand for provision at the Tresham Centre, particularly during holiday periods. Pressures are further exacerbated by the utilisation of numerous sites for Short Breaks provision due to Tresham Centre building issues, and the ongoing impact of this on staffing needs. Plans to enable services to be delivered from a single location are being explored with Corporate Property.

Education – Short Breaks Pressures: Care Packages (£0.130m)

Budget growth to meet additional demand for care packages arising from increasing numbers of families accessing Short Breaks provision. Pressures beyond 2022/23 will be measurable once building issues are resolved.



Pressures and Investments

2022/23 to 2024/25 Summary

Service Area	Expenditure £m	Income £m	Net £m
Family Services - Workforce Investment	0.450	-	0.450
Education - SEN Transport Pressures	0.380	-	0.380
Education - Short Breaks Pressures: Staffing	0.410	-	0.410
Education - Short Breaks Pressures: Care Packages	0.130	-	0.130
Total	1.370	-	1.370



Children's Services

2022/23 Budgets

Service Area	Expenditure £m	Income £m	Net £m
Education	52.690	(45.023)	7.667
Family Services	35.667	(11.733)	23.934
Registrars	1.516	(2.252)	(0.736)
Operations & Programmes	4.777	(1.655)	3.122
Libraries & Archives	6.770	(1.685)	5.085
School Funding	55.737	(55.732)	0.005
Total	157.157	(118.080)	39.076



Consultations

2022/23 Proposals

- There are no public consultations planned for any 2022/23 to 2024/25 proposals



Budget Task Group

Growth, Planning and Housing – General Fund

Debbie Jackson, Executive Director



Executive Summary

GPH – General Fund budgets

- In 2021/22, GPH was allocated a gross controllable expenditure budget of £274.269m and a gross income budget of £251.158m (net £23.111m).
- The projected outturn for 2021/22 as at P8 is an overspend of £2.545m (with a further £1.308m of risk items identified). Corporately held provisions for contractual inflation have now covered £0.628m of this risk. This would result in a total potential variance of £3.225m.
- The Directorate has the following changes to its budget proposed for 2022/23:

Reductions

- £0.775m of new savings
- £2.734m of savings previously approved by Council

Additions

- £0.545m of reprofiled savings previously approved by Council

Resulting in a proposed net budget of £20.147m for 2022/23.

2021/22 Key Issues

GPH General Fund

Risks/Pressures

- Significantly reduced income in Place Shaping & Town Planning. This is expected to slowly recover during 2022 and beyond as the economy continues to recover
- On-going demand for over 2,600 units of accommodation for homeless households
- Westminster Employment Service – s106 funding for this service has been flagged as a risk due to the lack of activity on major developments in the City. Alternative corporate funding opportunities are anticipated to ensure the continued delivery of this service.



GPH 2021/22

2021/22 Budgets

Service Area	Expenditure £m	Income £m	Net £m
Housing Operations: Temporary Accommodation	253.742	(233.910)	19.832
Growth Planning and Housing	1.622	(0.047)	1.575
Economy and Regeneration	1.304	-	1.304
Place Shaping and Town Planning	8.814	(8.345)	0.469
Westminster Adult Education Services	8.787	(8.856)	(0.069)
	274.269	(251.158)	23.111

Efficiency and Financing Proposals

2022/23 to 2024/25

Information on key saving initiatives are provided below:

PMO Capitalisation (£0.150m):

There is further scope to capitalise certain costs of the PMO team in Development against some of the regeneration schemes planned in the Council's capital programme, based on analysis of the roles and activity being undertaken.

Rough Sleeping & Supported Housing (£0.500m):

The production of a Commissioning Strategy and Asset Plan covering Rough Sleeping and Supported Housing provision across the service of Housing Needs, Support & Safety. The work will commence in 2022/23 and will be co-produced with several providers.

Planning Resource Agreements (£0.100m):

Section 60 of the Enterprise and Regulatory Reform Act 2013 allows LPAs to enter into Heritage Partnership Agreements (HPAs) for which a fee can be charged for specified works of alteration or extension to a listed building or buildings.



Efficiency and Financing Proposals

2022/23 to 2024/25

Information on key saving initiatives are provided below:

Reduction in Church Street Regeneration revenue budgets (£0.160m):

We propose to reduce the overall revenue budgets allocated to Church St Regen project by £200k over the period (£160k within GPH, and £40k within I&C).

Housing Needs Restructure (£0.075m):

A full review of the Housing Needs service has been undertaken, an element of which includes an increased recharge to the HRA.

Revision of Homelessness Prevention Grant use (£0.500m):

Several elements of current GF funded activity will be funded by the Homelessness Prevention Grant. Based on current projections, the Homelessness Prevention Grant reserve will be £9.7m at the end of 2021/22 rising to £12.5m at the end of 2024/25. This assumes we will continue to receive the same level of grant funding of £6.8m per annum.



Efficiency and Financing Proposals

2022/23 to 2024/25 Summary

Saving Ref.	Saving Title	2022/23 £m	2023/24 £m	2024/25 £m
1	PMO Capitalisation	(0.150)		
2	Rough Sleeping & Supported Housing			(0.500)
3	Planning Resource Agreements		(0.025)	(0.075)
4	Reduction in Church Street revenue budgets	(0.125)	(0.035)	
5	Housing Needs restructure		(0.075)	
6	Revision of Homelessness Prevention Grant use	(0.500)		
	TOTAL	(0.775)	(0.135)	(0.575)

Pressure and Investments

2022/23 to 2024/25

No new pressures have been identified within GPH General Fund Revenue budgets during this process.

GPH 2022/23

2022/23 Budgets

Service Area	Expenditure £m	Income £m	Net £m
Housing Operations: Temporary Accommodation	252.018	(233.944)	18.074
Growth Planning and Housing	1.222	(0.047)	1.175
Economy and Regeneration	1.179	-	1.179
Place Shaping and Town Planning	8.633	(8.845)	(0.212)
Westminster Adult Education Services	8.787	(8.856)	(0.069)
	271.839	(251.692)	20.147

Consultations

2022/23 Proposals

There are no consultations planned on any of the 2022/23 proposals.



Budget Task Group

Growth Planning and Housing – HRA Revenue

Debbie Jackson, Executive Director



Executive Summary

Housing Revenue Account (HRA)

- In 2021/22, the HRA was allocated a gross controllable expenditure budget of £110.557m and a gross income budget of £109.702m (net contribution from HRA balances of £0.855m)
- The projected outturn for 2021/22 as at P8 is a surplus of £2.209m (with £0.625m of risk items identified). This represents a total variance of £3.064m, with the £0.855m planned drawdown from reserves no longer required.
- The proposed HRA budget provision for 2022/23 is a gross controllable expenditure budget of £112.780m and a gross income budget of £114.980m. The balance of £2.200m will be used as a revenue contribution to capital in order to manage HRA debt levels.



2021/22 Key Issues

HRA

Risks/Pressures

- Reduced Commercial income (commercial property, estate halls, etc.)
- Increased material costs and shortages in labour markets, leading to increased R&M contract prices
- Requirement for increased bad debt provision to cover arrears (mostly in relation to commercial income)
- One-off redundancy costs linked to service redesign

In-Year Underspends

- Salaries underspend driven by vacancies being held while the service redesign exercise was completed



Wider HRA Risks/Issues

- **Inflation** is currently running at a 10-year high. This is a particular concern for the HRA in relation to repairs and maintenance costs (both capital and revenue) and costing estimates on its development programme (capital).
- The complex and close relationship between capital and revenue means that the impact of inflation could result in the need for **increased borrowing** while also reducing the capacity of the HRA revenue budget to **service new debt**.
- Skills and staff shortages within the built environment sector are also expected to squeeze contractor capacity which may hinder capital delivery. This could delay anticipated rents from new units or reduce stock condition (and potentially increase demand on the responsive repairs budget).
- Inflation on estate services contracts and, particularly, energy costs could result in **increases to leaseholder service charges**.
- A challenging macro-economic environment could represent a **risk to income collection** as household incomes are squeezed.
- If external funding for Climate Works is not as readily available as hoped (50% of total cost), the revenue budget will have to cover **increased borrowing**.



2021/22 HRA Budget

Current Revenue Budget

	2021/22
	£000
Dwelling Rents	(75,396)
Commercial Rent	(8,456)
Garages, Sheds & Car Parks Income	(904)
Service Charges	(16,367)
Heating and Water (including PDHU)	(6,359)
HRA Investment & Other Income	(2,220)
TOTAL INCOME	(109,702)
Repairs and Maintenance	20,420
Supervision & Management	29,610
Estate Services	7,999
Heating and Water (including PDHU)	6,359
Rent, Rates and Commercial Charges	580
TMO Allowances	1,505
Support Costs	10,178
Movement on BDP	505
Depreciation	23,754
Capital Financing Costs	9,237
Regeneration Feasibility	410
TOTAL EXPENDITURE	110,557
HRA Net(Surplus)/Deficit position	855
Contribution to /(from) HRA Balances	(855)
HRA Budget	0



Efficiency and Financing Proposals

2022/23 to 2024/25

Information on key saving initiatives are provided below:

- Reduction in Neighbourhood Keepers grant (£0.150m)
- Savings released from re-basing of HRA budgets as part of a line-by-line review of all budgets that were transferred to WCC from CityWest Homes (£2.200m)
- Inflation-linked increases to income streams (net increase of £3.207m), including the maximum allowable rent uplift of CPI + 1% (i.e. 4.1%)



Efficiency and Financing Proposals

2022/23 to 2024/25 Summary

Saving Ref.	Saving Title	2022/23 £m	2023/24 £m	2024/25 £m
1	Reduction in Neighbourhood Keepers Grant	(0.150)	-	-
2	Detailed Budget Review	(2.200)	-	-
3	2022/23 Rent Uplift	(3.207)	(2.845)	(2.720)
	TOTAL	(5.557)	(2.845)	(2.720)

Pressure and Investments

2022/23

Information on key pressures/investments are provided below:

- Mitigation of one-off pressure in relation to sluggish recovery of commercial rents (£0.500m)
- Increased Housing Need recharge to cover additional HRA duties being provided within this service (£0.243m)
- General inflation-linked increases to expenditure across the HRA revenue budget to match current inflation projections for 2022/23 (£1.974m)
- Increased interest costs to service the borrowing requirement of £50.262m for the HRA in 2022/23 (£1.457m)
- Increased estate energy costs not recoverable and reduced investment and other income (£0.527m)



Pressures and Investments

2022/23 Summary

Service Area	Expenditure £m	Income £m	Net £m
Commercial Income	-	0.756	0.756
Increased Housing Need Recharge	0.243	-	0.243
General Inflation (across all HRA service areas)	1.974	-	1.974
Increased Interest Costs	1.457	-	1.457
Energy costs and reduced other income	0.223	0.049	0.272
TOTAL	3.897	0.805	4.702



2022/23 HRA Budget

Proposed Revenue Budget

	2022/23
	£000
Dwelling Rents	(79,400)
Commercial Rent	(7,700)
Garages, Sheds & Car Parks Income	(908)
Service Charges	(18,245)
Heating and Water (including PDHU)	(6,557)
HRA Investment & Other Income	(2,171)
TOTAL INCOME	(114,980)
Repairs and Maintenance	21,221
Supervision & Management	28,637
Estate Services	9,297
Heating and Water (including PDHU)	6,557
Rent, Rates and Commercial Charges	598
TMO Allowances	1,552
Support Costs	11,121
Movement on BDP	500
Depreciation	22,254
Capital Financing Costs	10,694
Regeneration Feasibility	350
TOTAL EXPENDITURE	112,780
HRA Net(Surplus)/Deficit position	(2,200)
Revenue Contribution to Capital	2,200
HRA Budget	0



2022/23 HRA Reserve

The intention is for the HRA reserves position to be held at £17m over the first 5 years of the 30-year business plan in order to mitigate what is anticipated to be a period of economic volatility. This will be as follows for 2022/23:

	2022/23
	£000
Opening Balance	17,301
Contribution to/(from) HRA Balances	(215)
Closing Balance	17,086

A reserve balance of £17m represents c.19% of HRA turnover in 2022/23, reducing to c.16% by 2026/27. From Year 6, the HRA business plan adopts a minimum reserve balance of 10% (which remains consistent with the wider sector).



Consultations

2022/23 Proposals

There are no consultations planned on any of the 2022/23 proposals.

