



City of Westminster

Agenda

Budget Scrutiny Task Group

Membership

Cllrs Fisher (Chair), Harvey, Mitchell, Pitt Ford, Hassan, Piddock and Williams

Date / Time

18:30, Thursday 23 November 2023

Location

Room 18:06-08, 18th Floor, 64 Victoria Street, London, SW1E 6QP

Contact

Clare O'Keefe, cokeefe@westminster.gov.uk

Item 1	Welcome
Item 2	Declarations of Interest
Item 3	Medium Term Financial Plan (p 3-10) <i>Overview</i> <i>Current Revenue Budget Position</i> <i>Capital Programme</i>
Item 4	Environment, Climate and Public Protection (p 11-26)
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Budget Scrutiny Task Group

**Environment, Climate & Public Protection
Housing General Fund**

23 November 2023

Agenda

Medium Term Financial Plan

- Overview
- Current Revenue Budget Position
- Capital Programme

Budget, key issues, initiatives, pressures and investments for:

- Environment, Climate & Public Protection
- Housing General Fund

Background – General Fund revenue budget

- The overall MTFP position reported here reflects the currently proposed savings, pressures and investments put forward for consideration by Scrutiny. These are covered in more detail within the service specific presentations.
- New savings options totalling £24m have been identified over the three-year period, with £9.5m in 24/25. Investment proposals of £6.8m in 24/25 are also included.
- The most significant pressure for the Council is the increasing cost of temporary accommodation. This is projected to increase by £24.4m in 24/25 (£18.2m since July) and a further £3.7m in 25/26.
- Projected additional interest earnings of £15.2m in 24/25 will help to partially offset the TA pressure in the short term but not over the longer term given that interest rates are expected to reduce.
- The current budget position does not include outcomes from the Autumn Statement or the Local Government Finance Settlement due to be announced in December.

Timelines

Key timelines for the review and agreement of the budget position are set out below.

	Date
Budget Scrutiny Task Group Sessions	November 21 st , 23 rd and 27 th
Autumn Statement	November 22 nd
Local Government Finance Settlement announcement	December (Date TBC)
Budget Scrutiny Task Group Review	January 25 th
Cabinet	February 19 th
Council	March 6 th

Alignment to Fairer Westminster

The Council's strategy, delivery plan and financial planning are all aligned to ensure that the Council is able to achieve its Fairer Westminster outcomes (and corporate priorities) in a sustainable way.

- **The Fairer Westminster Strategy** (published Oct 2022) is the Council's 4-year vision for improving outcomes for its residents, local businesses and visitor experience.
- **The Fairer Westminster Delivery Plan** outlines the key actions that the Council is taking each year to work towards achieving its Fairer Westminster outcomes. Work is underway to update the 2023/24 Delivery Plan (published Mar 2023) for 2024/25 to ensure that the Council's work remains focused on delivering on the things that matter.
- **Medium-Term Financial Planning** (for 2024/25 to – 2026/27) will ensure that the Council can allocate its resources in a way that supports the achievement of Fairer Westminster actions set out in the Fairer Westminster Delivery Plan.

Alignment to Fairer Westminster

How it works in practice:

- All **proposals for new investments** (new spend) are scrutinised to ensure they are aligned to (and will further) the Council's strategic priorities.
- **Savings proposals** are carefully reviewed to make sure that they do not have any negative impact on the Council's ability to achieve its strategic priorities.
- **The financial planning timeline is synchronized with delivery plan development to** ensure that it is framed around the Council's priorities and that the delivery plan is realistic and achievable within the Council's budget and resources.

What we are looking for:

- **The medium-term financial plan** will act as the financial framework to support the delivery of Fairer Westminster.
- **The 2024/25 Fairer Westminster delivery plan** contains initiatives that are costed in detail and can be delivered within the Council's budget envelope.

MTFP Budget Gap to 2026/27

The budget position has been updated since the position reported to Cabinet in July. The table below summarises those changes. The budget gap has reduced by £3.6m from £48.4m to £44.8m.

	24/25 over 23/24	25/26 over 24/25	26/27 over 25/26	TOTAL
	£m	£m	£m	£m
JULY GAP	6.1	25.0	17.3	48.4
<u>Corporate Changes</u>				
TA pressures	18.2	3.7		21.9
Interest earnings	(15.2)	6.0	2.0	(7.2)
<u>New MTFP proposals</u>				
Savings	(9.5)	(8.7)	(5.7)	(24.0)
Other Pressures	4.0	0.7	(0.8)	3.9
Investments	6.8	(2.8)	(1.0)	3.0
Reserve Funding	(4.0)	2.5	1.5	0
Grant Funding	(1.2)			(1.2)
UPDATED BUDGET GAP	5.1	26.3	13.3	44.8

Note: the above does not take into account any decision on the level of council tax

Capital Programme

Capital Review Group (CRG) considered the new £62m net capital bids (gross expenditure £89m)

Themes for new projects were categorised as follows:

- Supporting Fairer Westminster Priorities (£16.4m)
- Health & Safety (£2.5m)
- Maintaining our assets (£10.9m)
- Income generation (£2m)
- Compliance / Contractual obligations (£28m)

CRG assessed each proposal on the following bases:

- Strategic alignment
- Value for money
- Capacity to deliver on profile
- External funding opportunities

Amended new schemes totalling £57m net expenditure are proposed following CRG review which are highlighted within the service budget presentations

Budget Task Group

Environment, Climate & Public Protection

Frances Martin, Executive Director of Environment, Climate & Public Protection

November 2023

Executive Summary

Environment, Climate & Public Protection (ECPP)

- In 2023/24 Environment, Climate & Public Protection had a gross controllable expenditure budget of **£132.693m** and a gross income budget of **£135.988m** (net budgeted contribution to General Fund of £3.295m).
- The projected outturn position for 2023/24 is a net contribution to general fund of **£3.455m** as at **Period 6** (Quarter 2 position), which is a projected underspend of **£0.160m** against the budget.
- The 2023/24 forecast includes net pressures/risks of **£1.6m** which mainly relate to projected income shortfalls in the current year (2023/24).
- In the context of ECPP's role in delivering a number of key strategic outcomes for the city's communities, the directorate has identified new savings proposals totalling **£7.755m** over the period of 2024/25 – 2026/27.
- New Capital Bids total **£21.521m** of which **£7.211m** are fully funded. The additional funding from WCC Capital resources is **£14.310m**.

ECPP Revenue 23/24 Budget Breakdown

The table shows the ECPP service area breakdown for 2023/24 net income budget of £3.3m.

In addition, an estimated £1.9m will be drawn from the Climate Emergency Reserve to support the Climate Team's expenditure.

Service Area	Gross Exp (£m)	Income (£m)	Net Exp (£m)
ECPP Directorate & Service Improvement	£1.008	£0.000	£1.008
Highways Infrastructure & Public Realm	£14.458	(£14.083)	£0.375
Parking	£28.207	(£93.068)	(£64.861)
Public Protection & Licensing	£19.984	(£10.095)	£9.889
Waste & Cleansing	£69.036	(£18.742)	£50.294
Total	£132.693	(£135.988)	(£3.295)

Budget shown by Spend and Income Type

The table shows the main areas of expenditure and income across the ECPP budget.

The main cost areas are employee costs, and the cost of contracts supporting these services.

The most significant area of income is Fees and Charges, primarily in Parking but also Commercial Waste, Roads Management and Licensing.

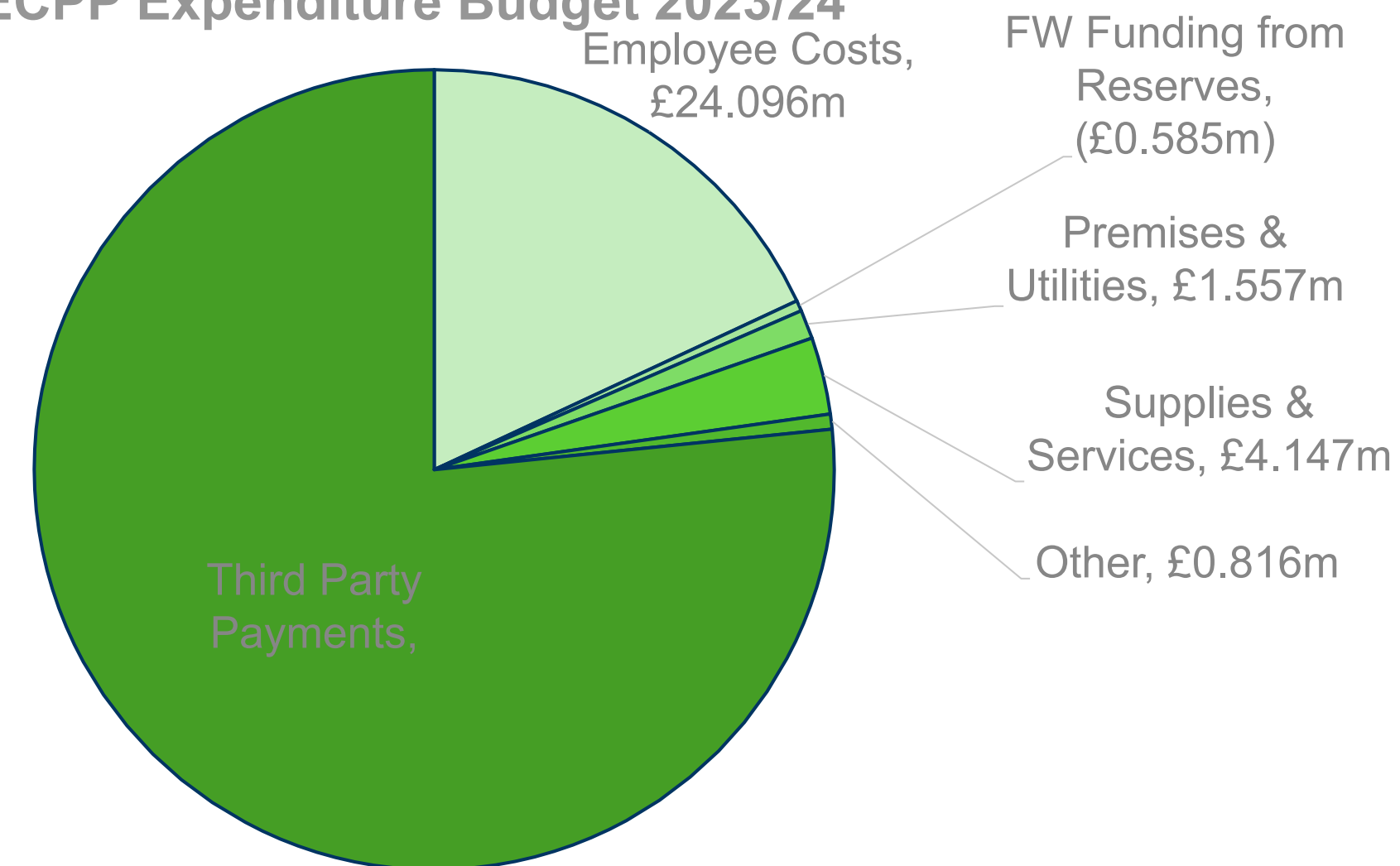
Spend Categories (£m)	
Employee Costs	£24.096m Staffing Salary Costs
FW Reserve Funding	(£0.585m) Fairer Westminster Investments funding from Reserves
Premises and Utilities Expenditure	£1.557m Primarily Electricity and Gas for Street Lighting
Supplies and Services	£4.147m Supplies of commercial waste bags, caddy & liner replacements, legal costs, printing, and programmes including School Travel Plans,
Third Party Payments	£102.662m Contract Payments
Other	£0.816m Recharges from Directorates and other expenditure
Total Spend	£132.693m
Income Sources	
Fees and Charges	(£108.524m) 67% Parking, 17% Waste, 10% Roads Mgt, 6% Licensing
Fines and Penalty Charges	(£20.544m) Parking, Fixed Penalty Notices
Non-Specific Grant Income	(£2.346m) TFL, and other specific grants
Recharges	(£1.694m) Public Health Grant
Other Income	(£2.880m) Contract based income, and recharges to other services
Total Income	(£135.988m)
Net Budget	(£3.295m)

ECPP Revenue – 2023/24 Budgets

- In 2023/24, ECPP is budgeted to make a net contribution of **£3.3m**.
- The expenditure budget of **£132.7m** is driven largely by Contracts (**69%**), Employee costs (**18%**), and the Concessionary Fares payment (**8%**). The expenditure budget includes reserve-funded commitments of **£0.6m** for Fairer Westminster priorities.
- The income budget of **£136m** is primarily Fees & Charges (**80%**) and Fines & Penalty Charges (**15%**).

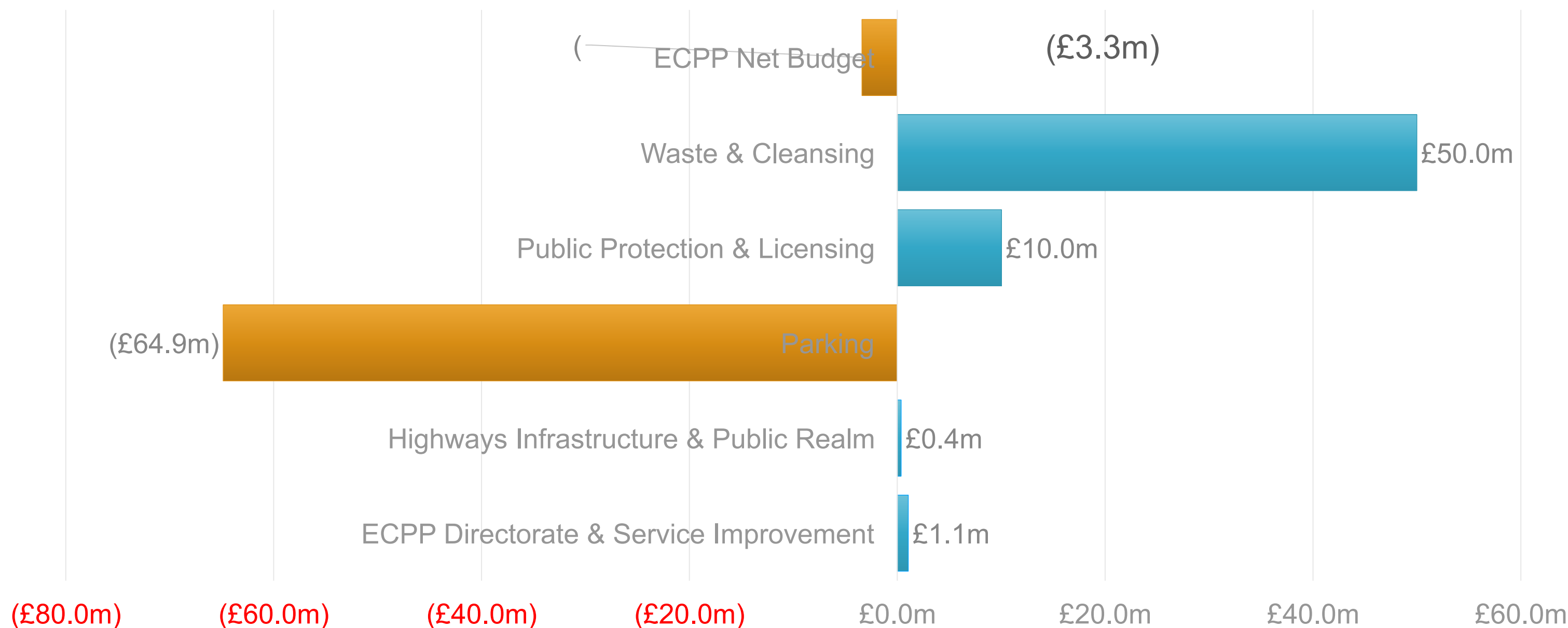
Subjective Budgets

ECPP Expenditure Budget 2023/24

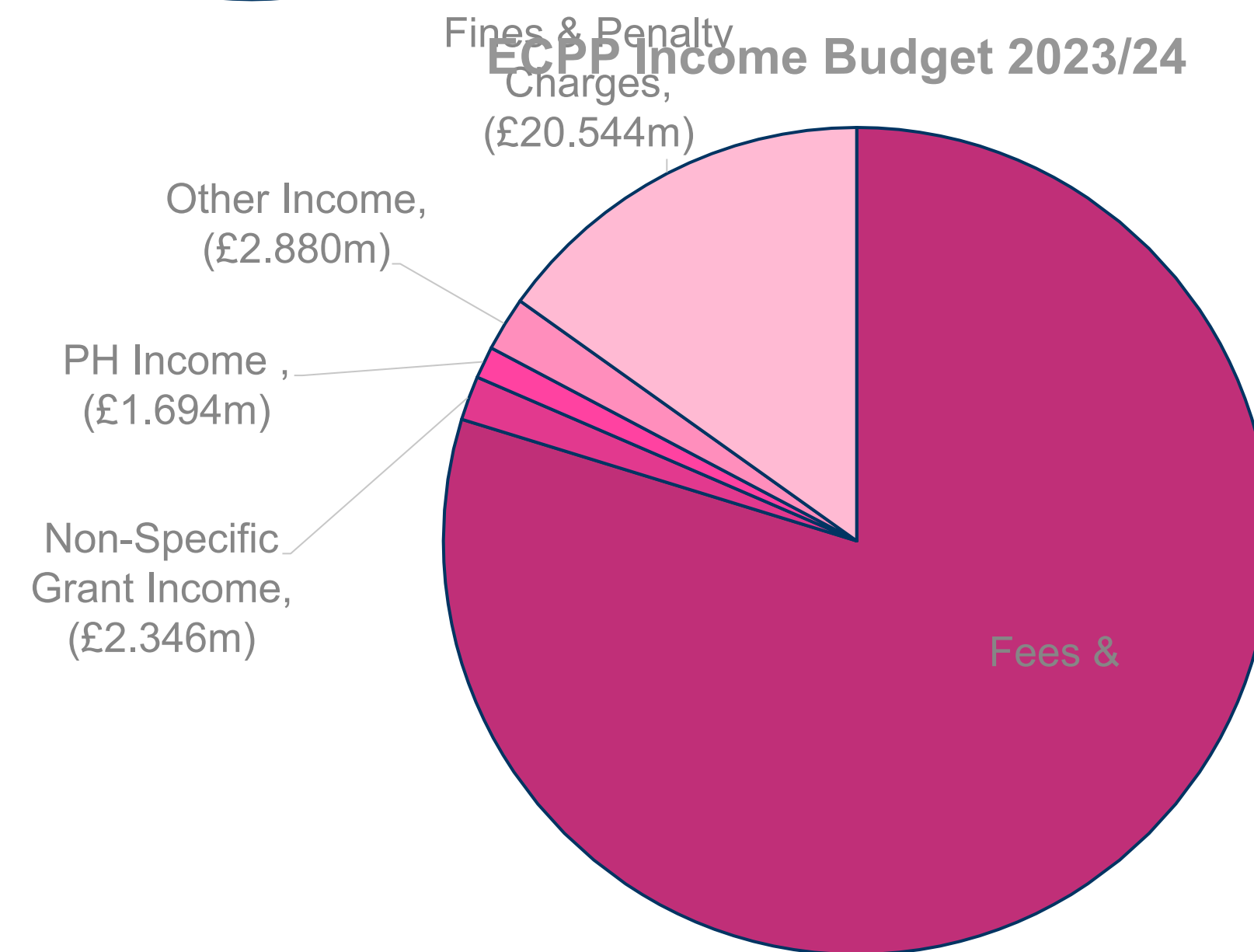


Directorate Budgets

2023/24 Net Budget per ECPP Directorate



ECPP Income Budget 2023/24



Environment, Climate & Public Protection - Key Issues

- Economic uncertainty and the potential adverse financial impact arising from the cost-of-living crisis and economic pressures (inflation, interest rates, post Covid pandemic impacts etc.) will continue to impact on demand for services, cost pressures and commercial income.
- The re-let and extension of major contracts within the Directorate will impact on long term costs due to inflationary increases.
- Climate change, air quality and the wider environmental agenda will impact on traditional sources of council income e.g. extension of Ultra Low Emission Zone. In addition, a modal shift in transportation will continue to impact upon parking income.
- An increasing demand for services arising from a variety of internal and external sources e.g. anti-social behaviour, Fairer Westminster Priorities etc. will lead to an increase in costs.
- Finally, the integration of Housing into the existing department presents an opportunity to be explored.

Savings Proposals (1)

2024/25 to 2026/27

Outcome objective	Proposal	Amount (£m)
Climate emergency, emissions reductions and improvements in air quality	<p>Waste and recycling collection – Electric Waste Fleet</p> <p>Following the successful launch of the Landmann Way Electric Depot in July 2023, the second phase of the fleet project is planned to replace the remaining 40 diesel trucks with electric trucks (50% of total fleet). Once completed the council will have a 100% electric waste and recycling fleet. The project will take approximately 24 months to complete and will reduce current and future waste contract costs by reducing fuel and maintenance costs and removing the requirement for the contractor to purchase or hire vehicles to deliver the service. This project will not only eliminate CO₂ emissions supporting the Councils Net Zero objectives but will also reduce existing running costs.</p>	1.000
Climate emergency / air quality – reducing emissions reductions and pollution from vehicles and incentivising the use of cleaner vehicles / active travel	<p>Parking Charges Policy Review – Pay to Park and Resident Parking Environmental Charging Strategy</p> <p>This initiative looks to introduce alternative tiered charging structures based on a vehicles' emissions. The objective is to improve air quality and reduce vehicle emissions by encouraging use & ownership of less polluting/discouraging more polluting vehicles.</p>	2.900
Balancing emissions reductions through energy efficiency and ensuring streets remain safe	<p>Energy Efficient Adaptive Lighting</p> <p>It is proposed to lower street lighting output levels, while still meeting the national standards, dependent on road classification, user types/numbers and local conditions. This action was agreed in June 2020 by the Cabinet Member in the Lighting Master Plan. The saving is made possible by LED lighting programme and the remote control of lighting levels across the City and will result in lower energy and carbon consumption.</p>	0.125

Savings Proposals (2)

2024/25 to 2026/27

Outcome objective	Proposal	Amount (£m)
Improved operational delivery	<p>Street Cleansing Efficiency Option 1 This proposal targets a reduction in the provision of weekend street sweepers according to seasonal requirements in the quieter winter months.</p>	0.110
	<p>Street Cleansing Efficiency Option 2 The proposal looks to reduce the provision of additional street sweepers to cover seasonal requirements in the summer months.</p>	0.170
	<p>Footway/Carriageway – Contract Efficiencies This proposal is for a £100K reduction in the lump sum from the Reactive Footway and Carriageway Maintenance budget with no impact on service delivery. The level of service for footway and carriageway reactive maintenance will be maintained and will have no impact upon our Fairer Westminster manifesto commitments.</p>	0.100
	<p>Drainage & Lighting – Contract Efficiencies This proposal looks to make efficiencies in both our drainage and lighting contracts. In respect of drainage, the use of silt analysis records has enabled a rebalancing of routine drainage works, with the number of annual cleanses being based on need rather than a systematic bi-annual cleanse. For lighting, the investment in LED lighting and new control systems has meant that the number of reactive jobs has declined and with it the budget requirement.</p>	0.160

Savings Proposals (3)

2024/25 to 2026/27

Outcome objective	Proposal	Amount (£m)
Improved operational delivery	<p>Asset Management and Programme Coordination Service Efficiencies</p> <p>Asset management arrangements have been improved and condition inspections/surveys automated at a lower cost than previous manual processes. The proposal is to reduce the Asset Management and Programme Coordination budgets with no impact on service delivery.</p>	0.100
	<p>Trees Contract Efficiencies</p> <p>The trees service has important targets to reach in the coming years to support climate resilience and biodiversity net gain deliverables and both capital and revenue positions have been strengthened in the last three years to support that effort. However, a review of the services' budget position enables the budget reduction proposed without impacting the planting or ongoing maintenance programme. As a result, no change in service delivery will result from the revenue budget reduction proposed for 2025/26.</p>	0.070
	<p>Reactive and Routine Service checks - Revised focus on high risk revenue areas</p> <p>The Highways Service regularly checks their contractor in terms of scope, quality and value for money. This proposal aims to target audit resource on the larger and higher value schemes. Checks on the smaller scale and value works will remain but at a lesser frequency than previously. No change is proposed to those areas of the service where service risk is highest which includes elements of the lighting and drainage services.</p>	0.040

Savings Proposals (4)

2024/25 to 2026/27

Income Proposals	Amount (m)
Commercial Waste Income This proposal assumes the ongoing increase in commercial waste income following recovery from the pandemic due to the increase in sales as well as the expansion of market share. This proposal assumes an additional £1.0m income offset by circa £0.440m additional disposal costs.	0.560
Traffic Sensitive Streets (TSS) Cabinet Member approval was given in March 2023 for kerbside permission charges (bay suspensions, yellow line dispensations and special permissions) to be revamped on the basis of Traffic Sensitive Streets (TSS) status. TSS is a formal highways definition & currently applies to 854 (c.43%) of Westminster's streets where parking restrictions are enforced by the Council. The proposal involves a complete overhaul of the kerbside permissions charging regime, from one based on activity & parking zone to one based primarily on location, dependent upon whether the location booked is classed as a TSS or not, with higher charges applying on TSS.	0.600
Third party lamp column attachment licence income The Lighting Service supports the installation of third party assets on the columns (e.g. developer traffic count sensors and other sensors). It is proposed to licence this increase activity and yield an income to recover the officer time in relation to the coordination and asset condition check activity. Other local authorities already levy a charge for a lamp column attachment licence.	0.020
Fees and Charges increases in 2024-25 The proposal covers the potential impact of fees and charges increases across all areas within the Directorate following a review in 2023-24. The review takes account of inflationary pressures and other demand factors giving rise to the increases.	1.800

Savings Proposals - Summary

Ref	Saving Title	2024/25 over 2023/24 £m	2025/26 over 2024-25 £m	2026/27 over 2025-25 £m	Total £m
1	Street Cleansing Efficiency Option 1 - Targeted reduction in the provision of weekend street sweepers according to seasonal requirements (Quieter Winter months)	0.110			0.110
2	Street Cleansing Efficiency Option 2 - Targeted reduction in the provision of additional street sweepers to cover seasonal requirements (Summer months)	0.170			0.170
3	Electrification of the second set of Waste and Recycling vehicles			1.000	1.000
4	Improved income for Commercial Waste due to increased activity in line with covid recovery (net of additional disposal costs)	0.280	0.280		0.560
5	Traffic Sensitive Streets - Designation of streets for Parking Suspension Charges	0.500	0.100		0.600
6	Parking Charges Policy Review - Pay-to-Park and Resident Parking Environmental Charging Strategy	2.900			2.900
7	Footway/Carriageway – Contract Efficiencies	0.100			0.100
8	Drainage & Lighting – Contract Efficiencies	0.160			0.160
9	Asset Management and Programme Coordination Service Efficiencies		0.100		0.100
10	Energy savings from Adaptive Lighting system		0.125		0.125
11	Trees - Contract efficiencies.	0.070			0.070
12	Reactive and Routine Service checks -Revised focus on high risk revenue areas.		0.040		0.040
13	Third party lamp column attachment licence income		0.020		0.020
14	Fees & Charges Review	1.800			1.800
	Total	6.090	0.665	1.000	7.755

Investments - 2024/25 to 2026/27

Information on key pressures and investments are provided below:

Enhancement of the Waste and Cleansing Team (£0.785m) – Following a review of the service, additional staffing is required to enable the team to take forward a number of projects in support of the development of a clear strategy for Waste and Cleansing ahead of the procurement of a new contract. This includes the acquisition, planning and redevelopment of land to operate the service from, a programme of engagement and behavioural change insights to underpin our approach to recycling, a full review of collections in the West End and delivery of a new cleansing strategy. The bid will also enable the Council to fully resource the Public Conveniences Service.

Residential EHO Provision (£0.650m One Off) – Funding is required to provide additional resource and capacity to align the service offer with the Fairer Westminster Strategy, and specifically to deliver (a) proposals for the improved regulation of the Private Rented Sector Housing (including the options for licensing); (b) pilot a proactive approach to working with vulnerable tenants who seek intervention of the Council, thereby protecting their rights with their landlords; (c) pilot additional capacity to work with tenants of Registered Social Landlords who otherwise are being denied access to regulatory support; (d) to provide a dedicated resource for the enforcement of empty properties. The work will align with a review of the PRS strategies and work programmes and allow time to prepare a new operational model which, if licensing is appropriate, will provide an additional sustainable funding source for these work activities.

Declaring of Ecological Emergency and recommendations from Climate Assembly (£0.150m) – The Councils adoption of an Ecological Emergency will require the following activities. The establishment of a one off provision for data collection and baselining our position, identifying and delivering ecological projects with an estimate of some ongoing costs for co-ordinating across other council services including specialist advice and support where necessary. This will require £0.450m in 2024-25 and 2025-26 (funded by reserves) then £0.150m ongoing (funded by base budget) from 2026-27.

Investments

Service Area	2024/25 over 2023/24 £m	2025/26 over 2024-25 £m	2026/27 over 2025-25 £m	Total £m
Enhancement of the Waste and Cleansing team	0.785			0.785
Residential EHO Provision	0.450	0.200	(0.650)	0.000
Declaring of Ecological Emergency and recommendations from Climate Assembly	0.450		(0.300)	0.150
Total	1.685	0.200	(0.950)	0.935

Pressures - 2024/25 to 2026/27

Information on key pressures affecting the Department are provided below:

Decline in recycling rebate income due to economic changes impacting on material prices (£0.360m): Due to economic changes in the market of the sale of recycling materials, there has been a downward trend in the material prices resulting in less income for the Council.

Rephasing of HMO income budget increase (£0.270m): HMO licensing increased fees and charges by 48% in 2022-23. This led to an increase in income budget in of £270k. The license however, spans over 5 years, with most being taken in the first year of the programme. As a result, Westminster will not see the reality of the 48% increase until current licenses need renewing from 2026-27 onwards. Therefore, rephasing of the income budget increase is required to take effect in the 2026-27 budget planning process.

Street Trading Income reduction (£0.100m): Isolated pitches have reduced post Covid with a decline in activity between financial year 2019 to 2022 of 8.3%. This has led to the income target becoming untenable with an estimated under achievement of £100k pa.

Massage, Special Treatments and Sex Shops reduction in vendor sites post covid (£0.100m): There has been a general decline in Massage & Special Treatment shops as a result of Covid. Sex shops and entertainment venues have also declined as a result of Covid along with the general shift towards more digital vendor sales leading to less demand for physical store/venue presence. This has resulted in reductions in Licensing income.

Additional funding for relet of Highways Contract (£0.500m One off): Funding is required for the re-procurement of the Highways contract.

Pressures

Service Area	2024/25 over 2023/24 £m	2025/26 over 2024-25 £m	2026/27 over 2025-25 £m	Total £m
Fall in recycling rebate income due to economic changes impacting material prices	0.360			0.360
Rephasing of HMO income budget increase	0.270		(0.270)	0.000
Street trading - post covid reduction in stalls	0.100			0.100
Massage, Special Treatments and Sex Shops Licensing income reduction	0.100			0.100
Additional funding for relet of Highways Contract		0.500	(0.500)	0.000
Total	0.830	0.500	(0.770)	0.560

Capital Programme

New Capital Schemes Proposed – Westminster Funded

New Capital Bids total £21.521m of which £7.211m are fully funded. The additional funding required from WCC Capital resources is £14.310m.

Scheme Name	Gross Expenditure £000's	Gross Income £000's	Net Expenditure Funded from WCC Capital resources £000's	Scheme Description
Piccadilly Underpass - Replacement of Ventilation Fans (Phase 2)	8,800	-	8,800	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	225	-	225	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	300	-	300	One-way working leading to reduced rat-running, and improved cycle links through Ilbert Street
London Lorry Control Scheme - Signs audit and replacement	90	-	90	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	95	-	95	To procure a supplier to purchase bikes then loan or lease these out to residents and commuters
Automatic Public Conveniences and Urinals	1,800	-	1,800	Replace existing public conveniences that are at the end of their life span and replace with new units fitting of Westminster.
Flood Risk Reduction Initiatives	3,000	-	3,000	installation of various sustainable urban drainage initiatives to slow down the flow of surface water and reduce flood risk.
Total	14,310		14,310	

Capital Programme

New Capital Schemes Proposed – Fully Funded

Scheme Name	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Scheme Description
40 Eastbourne Terrace	720	(720)	-	Proposal of additional cycle parking, new street tree and widened footway
Knightsbridge Green	850	(850)	-	Part-pedestrianisation of the Green with enhanced public realm with parking changes, proposed benches, etc.
Opera Quarter	720	(720)	-	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	715	(715)	-	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 - Schedule 7 obligated Highways and Public Realm Improvements	902	(902)	-	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.
North Audley Street Highways and Public Realm Improvements	1,100	(1,100)	-	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	765	(765)	-	Proposal is to build on the existing temporary Alfresco Scheme at Eccleston Street that had enabled outside dining during the pandemic.
Elizabeth Street	89	(89)	-	Proposal is to build on the existing temporary Alfresco Scheme at Elizabeth Street that had enabled outside dining during the pandemic.
South Molton Street	350	(350)	-	Proposal to plant additional trees within the footway along South Molton Street
Bayswater Rd Junction Improvements	1,000	(1,000)	-	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.
Total	7,211	(7,211)	-	

Budget Scrutiny Task Group

Housing General Fund

Cllr Liza Begum – Cabinet Member
Sarah Warman – Executive Director

Executive Summary

Housing GF

- Housing GF gross controllable expenditure budget for 2023/24 is £94.877m, with a gross controllable income budget of £67.785m (net controllable budget of **£27.093m**).
- At Q2, GPH is projecting a £17.531m budget pressure. The primary driver of this is a significant increase in both the demand for and the cost of temporary accommodation.
- The 2024/25 budget proposals for Housing have taken a pragmatic view of the pressures faced by the Council, particularly in this area.

2023/24 Budget

Housing GF – Revenue

Housing GF	Expenditure (£m)	Income (£m)	Net Exp (£m)
Housing Operations	1.591	0.000	1.591
Homelessness	7.403	(3.282)	4.121
Rough Sleeping	13.864	(7.830)	6.034
Supporting People	5.532	(0.856)	4.676
Temporary Accommodation	66.405	(55.577)	10.828
Affordable & Private Sector	0.084	(0.241)	(0.157)
TOTAL	94.877	(67.785)	27.093

Future Outlook

Housing GF

- The most significant pressure facing the Housing service, and probably the Local Government sector as a whole, is the increasing net cost of managing temporary accommodation (TA).
- This is driven by 4 critical factors:
 1. **Demand** – the number of households in TA has risen by 15% since the start of 2022/23 (and this increase is projected to be 33% by the end of 2024/25)
 2. **Inflation** – rent inflation is driving up the average weekly cost of PSR supply
 3. **Supply Shortages** – the availability of suitable TA supply is increasingly limited (with many landlords exiting the market). This drives a need to use expensive nightly paid accommodation
 4. **Income** – recoverable rent for TA remains tied to 2011 LHA rates

Savings Proposals

2024/25 to 2026/27

The Council is not proposing any savings for the Homelessness service as part of this MTFP round.

The rationale for this is as follows:

- Housing is an essential component of the Fairer Westminster strategy and, given current pressures, it is not seen as the right time to seek reductions
- The significant pressure on TA requires budget growth. As a result, only the commissioned services element of the budget could be considered for savings (£10.1m or 40% of the net budget) and these are also experiencing high demand
- Many of these contracts have been renewed on a short-term basis while a revised commissioning strategy is developed (with existing savings from previous MTFP rounds already tagged to this exercise)

Pressures (1)

2024/25 to 2026/27

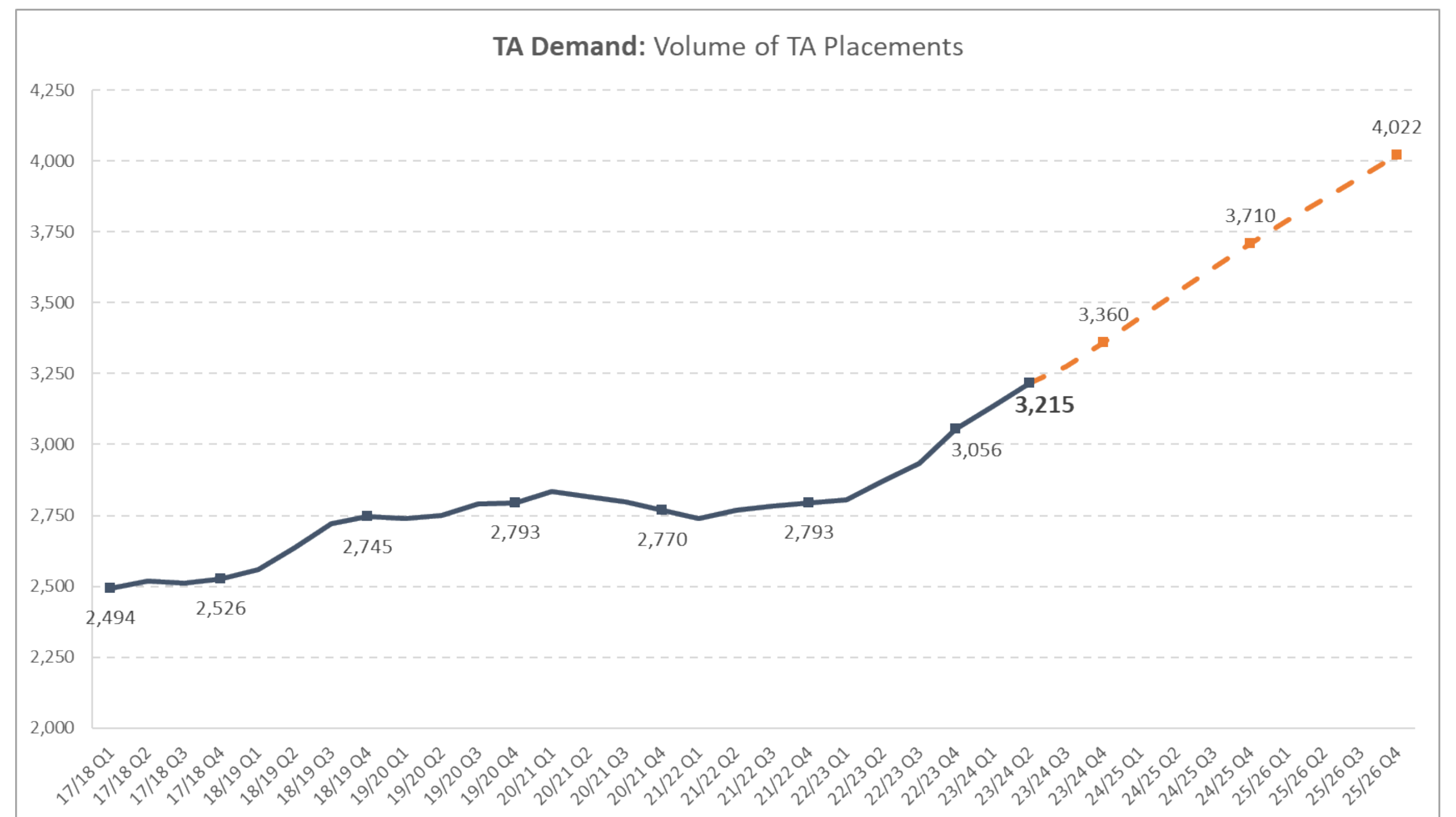
Housing GF Revenue Pressure 1: Temporary Accommodation (£28.1m)

The net cost of Temporary Accommodation (TA) is placing considerable pressure on authorities across the Local Government sector, particularly for metropolitan councils. The key drivers were described in the “Future Outlook” section, with more specific details of the challenges for WCC articulated below.

(i) Demand

At the end of Q2 in 2023/24, WCC had a duty to cover the net cost of 3,215 TA placements. This represents a 15% increase on the 2,793 placements at the beginning of 2022/23.

Demand is being closely monitored on a weekly basis, but a continuation of the existing trajectory would result in an increase to more than 4,000 placements by the end of 2025/26. This would represent a 44% increase across 4 years.



Pressures (2)

2024/25 to 2026/27

(ii) TA Supply

The table below shows the key trends that are having an adverse impact on the cost of sourcing appropriate TA supply for WCC.

There are 2 factors at play:

- A lack of alternative supply is driving up the use of nightly paid accommodation to meet demand (despite an increase in the volume of WCC-owned accommodation)
- A combination of general rent inflation (across leased supply) and the increased use of more expensive nightly paid accommodation is causing an increase in the average weekly net cost of a unit of TA supply

WCC Supply Breakdown	2021/22 %	2022/23 %	2023/24 %
Nightly Booked	18%	20%	25%
Leased	73%	70%	62%
WCC Owned	10%	10%	13%
Average Weekly Cost per Unit (£)	£64.99	£106.32	£208.05

Pressures (3)

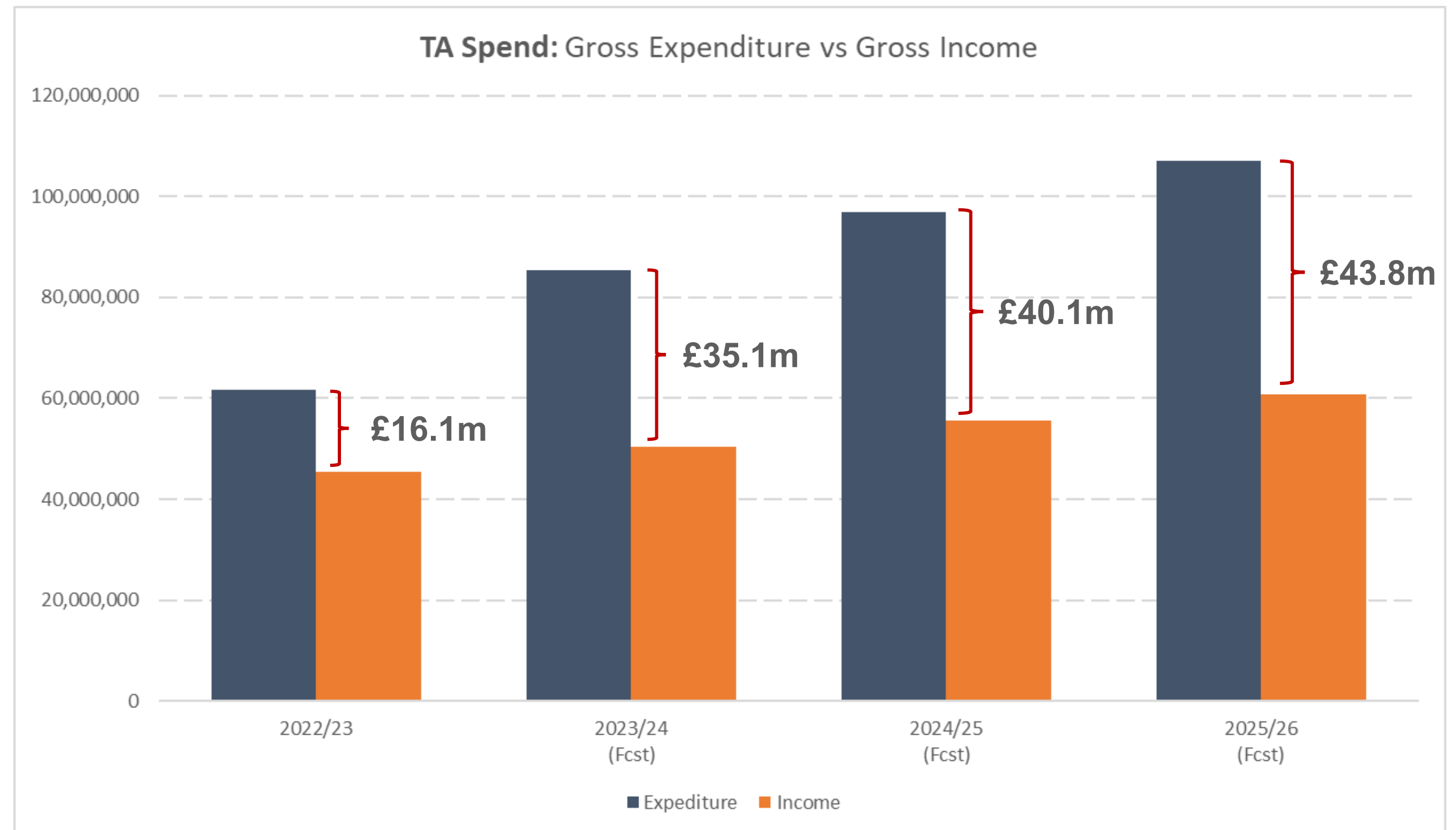
2024/25 to 2026/27

(iii) WCC Budget Impact

The impact of the pressures outlined on the net cost of TA for WCC is summarised on the right. The table then shows what pressure this places on the General Fund budget over the next 2 years (and the rationale for the proposed growth).

This projection includes an expectation that a number of initiatives can be used to reduce the cost of TA:

- Prevention measures
- Acceleration of WCC acquisition
- Options for procuring new supply
- Options to develop new supply



	Net TA Spend	Grants	Full-Year Forecast	2023/24 Budget	Projected Variance
2023/24	£35.1m	(£6.8m)	£28.3m	£10.8m	£17.5m
2024/25	£40.1m	(£4.9m)	£35.2m	£10.8m	£24.4m
2025/26	£43.8m	(£4.9m)	£38.9m	£10.8m	£28.1m

Investments

2024/25 to 2026/27

The following planned investments will be funded as one-offs from reserves.

Housing GF Revenue Investment 1: HSS Contract (£0.850m)

To effectively manage the increased volume of homelessness demand being managed by the customer facing elements of the HSS contract, a short-term investment of £850k is proposed to boost capacity up to the contract expiry date. This would not only improve the quality of advice offered but offer greater potential for identification of prevention opportunities (that will ultimately reduce pressure on TA spend).

Housing GF Revenue Investment 2: TA Acquisition Team (£0.252m)

In 2023/24 the Council allocated an additional £85m of capital budget to support increased acquisition of properties to be used as TA. This investment is needed to boost the staff capacity of the acquisitions team to enable accelerated delivery of this programme. Whilst most of the staff time is capitalised, there is a need for increased revenue budget to cover costs that cannot be funded in this way.

Housing GF Revenue Investment 3: Housing Improvement Programme (£0.500m)

A substantial programme of work has been underway across the Housing service. Whilst the focus has been on the HRA to date, this will expand to cover Homelessness (with a number of initiatives already identified, including the commissioning strategy, TA stock condition, etc).

Pressures and Investments

2024/25 to 2026/27 Summary

Pressures	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	TOTAL £m
Temporary Accommodation	24.400	3.700	0.000	28.100
Total	24.400	3.700	0.000	28.100

Investments (one-off injections of funding)	2024/25 over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
HSS Contract	0.850	(0.850)	0.000	0.000
TA Acquisition Team	0.126	0.000	(0.126)	0.000
Housing Improvement Programme	0.500	(0.500)	0.000	0.000
Total	1.476	(1.350)	(0.126)	0.000

2024/25 Budget

Housing GF – Revenue

Housing GF	Net Exp (£m)
Housing Operations	1.591
Homelessness	4.121
Rough Sleeping	6.034
Supporting People	4.676
Temporary Accommodation	35.228
Affordable & Private Sector	(0.157)
TOTAL	51.493

Consultations

2024/25 Proposals

- No consultations required (as no budget reductions are being proposed)