



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Tuesday 21 January, 2025**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

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

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Councillor David Boothroyd (Cabinet Member for Finance and Council Reform), Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health), Lyndsey Gamble (Head of Corporate Finance), Debbie Jackson (Executive Director of Regeneration, Economy and Planning), Sarah Newman (Bi-Borough Executive Director of Children's Services), Clare O'Keefe (Lead Policy and Scrutiny Advisor), Rikin Tailor (Director of Finance), Sarah Warman (Strategic Director of Housing and Commercial Partnerships) and Mark Wiltshire (Director of Public Protection and Licensing).

1 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG) meeting and stated that the purpose of the meeting is to scrutinise the overall financial plan for 2025/26 after the announcement of the provisional Local Government Finance Settlements.
- 1.2 The BSTG noted that Councillor Jason Williams had given his apologies due to a clash with another committee meeting.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 FINANCIAL PLANNING 2025/26

- 3.1 Gerald Almeroth (Executive Director of Finance and Resources) introduced the Financial Planning 2025/26 report to the BSTG and provided a detailed overview which included reference to the provisional Local Government

Finance Settlements, increased investment in service areas, additional pressures as well as General Fund revenue, national and Westminster-specific context.

3.2 BSTG Members queried:

- Additional Homelessness Prevention Grant: the new, onerous, condition that 49 percent of all Homelessness Prevention Grant funding be spent on prevention, how this is conditioned, how the Council should look at lawful but effective uses of the Grant, what 'prevention' includes, the total of the Grant received by the Council and the large sum to now be spent on prevention, how the condition incorrectly implies that all instances of homelessness are preventable and how the City has significant spent relating to Temporary Accommodation (TA) so the condition may not be helpful to Westminster and its local context.
- Employers National Insurance (NI) uplift contingency: how the additional contingency budget of £1.55m was estimated, how contract pressures will become clearer further down the line and how analysis of service contract spend and risk exposure has been undertaken.
- NI contingency into core spending: as the NI uplift is a known entity now, this should be migrated into the Council's core costs and therefore included in the Medium-Term Financial Plan (MTFP) in the next financial year.
- NI contingency in Capital Programme: how individual projects hold contingencies, as well as the £80m contingency across the whole Capital Programme, and how the Capital Programme is regularly reviewed and estimates revised so NI increases will generally be picked up on an ad hoc basis.
- NI uplift and impact: how the NI uplift is negatively impacting on organisations, such as non-profit groups, and if the capacity of local organisations is lessened, then the demand on Council services will increase due to displacement of the demand. How this has been taken into account and the difficulty of catering to all eventualities.
- Budget gap risks: the continued uncertainty due to the proposed funding reform from 2026/27 onwards and whether the consultation paper recently published as part of the provisional Local Government Finance Settlements indicates the direction of travel, how the principles set out the way in which the Government wish to consider the way funds are allocated, the timeline, working assumptions and ballpark figures.
- Council tax: whether council tax will increase in Westminster to fill the budget gap, the alternatives to funding the budget gap through reserves and reducing spending and how a decision has not yet been made.
- Inflation and interest rates: what a 0.1 percent change in inflation would mean for the Council's finances.
- Reserves and settlement amounts: how the Council's reserve levels are high, and a prudent approach is taken due to the level of risk it is exposed to, the impact this might have on funding settlements in future years and if the Government could take reserve levels into account in future years.

ACTION

- 3.3 That the BSTG is updated at appropriate intervals regarding the Government's proposed funding reform.

INFORMATION REQUESTS

- 3.4 That the BSTG will receive further information relating to the Extended Producer Responsibility (£4.7m) and additional Homelessness Prevention Grant (£6.4m) and how these fit into the overall level of funding the Council receives.
- 3.5 That the BSTG will receive information relating to what a 0.1 percent change in inflation would mean for the Council's finances.

RISKS

- 3.6 The BSTG noted the risk presented by the new condition of the Homelessness Prevention Grant and how this places undue pressure on Council services when considering the high level of financial risk Temporary Accommodation poses to the Council and how the new condition is not necessarily fit for purpose in Westminster which has unique challenges.
- 3.7 The BSTG noted the proposed funding reform from 2026/27 onwards could render a significant risk to the Council.

RECOMMENDATION

- 3.8 The BSTG recommended that the impact of the employers National Insurance uplift is included in the next financial year's Medium-Term Financial Plan.

4. HOUSING REVENUE ACCOUNT BUSINESS PLAN 2025/26

- 4.1 Gerald Almeroth (Executive Director of Finance and Resources) introduced the Housing Revenue Account (HRA) Business Plan 2025/26 report to the BSTG.
- 4.2 BSTG Members queried:
- NI uplift and HRA Capital projects: how this is a long-term tale of continuing pressures, how each contract will be negotiated when appropriate and how the pressures should not be included in the Budget as contingencies.
 - Increased repairs and maintenance: how the revised HRA business plan includes an increase in repairs and maintenance spend and when this was decided.
 - Pimlico District Heating Undertaking: clarity on the Capital allocation included in the HRA business plan.
 - Rent increases: how the HRA business plan results in additional borrowing of £110m and servicing this debt requires the HRA to commit to the maximum rent increases for the medium-term, whether impact modelling has been undertaken to determine the impact of this on residents, how there is a

formula for target rents which is taken into account and how rent support has been provided for which is likely to be continued in the medium term.

The meeting ended at 19.35.