

# Budget Task Group

## Revenue Session 2

Date: 23 January 2023

# Agenda

## **Medium Term Financial Plan**

- Overview
- Local Government Settlement
- Fairer Westminster

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

- Finance and Resources (including People Services)
- Innovation and Change
- Environment and City Management

# Overview of 2022/23 (1)

- The 2022/23 financial year has been challenging for the both the Council and for Local Government as a sector. The exit from the response to the pandemic has been replaced with inflationary pressures that are at a 40-year high; the war in Ukraine and the “Cost of Living Crisis”
- At the March 2022 budget setting period, inflation (CPI) was at 5.4%. Since then, inflation has peaked at 11.1% and has remained in double figures. This has led to cost pressures on pay and contract costs adding a further £9.8m above the corporate budget provision. This has been partly mitigated by increased interest earnings
- In a bid to reduce inflation, the Bank of England has raised interest rates from 0.75% at the beginning of 2022/23 to its current position of 3.5%. How quickly inflation reduces as a result of this action remains to be seen. Additional interest earnings of £16m has mitigated pressures on Temporary Accommodation and reduced Planning income as well as partly mitigating the inflation pressures outlined above. A net overspend of £5m is predicted this year
- Many commercial income streams have begun to recover since the exit from the pandemic. However, parking income is still below pre-pandemic budgets by c£2m while planning income has not recovered, mainly driven from a continued fall in activity from major applications. The Covid income compensation scheme stopped in March 2022 so the Council absorbs 100% of its losses which is reflected in the forecast outturn

# Overview of 2022/23 (1)

- The “cost of living crisis” is a national issue and is expected to persist well into the 2023/24 financial year
- It is estimated that 31,000 households in Westminster are especially impacted as they spend a greater share of their income on fuel and food
- The Council announced a Cost of Living Crisis emergency and has mobilised £10m (funding from a mix of Household Support Grant and Council resources) with a further £1m proposed for 2023/24. This resource is targeted to the most vulnerable residents across Westminster
- Further Government support was provided at the beginning of the year in the form of a £150 council tax rebate for households in bands A to D. The Council has distributed this rebate to over 56,000 households

# Background to 2023/24 (1)

- The 2023/24 proposed budget continues to reflect the impact of inflation on pay and contract costs. Inflation projections from the Office of Budget Responsibility has been used to reflect the expected provision. The 2023/24 provision also includes the additional cost “catch-up” outlined in 2022/23 forecast
- As a mitigation to the inflationary pressures, additional interest earnings are also included for 2023/24
- The Autumn Statement announced a two-year funding plan to cover 2023/24 and 2024/25. A key aspect of the Autumn Statement was the announcement to postpone Adult Social Care reform to 2025 (delayed from Oct 2023) plus a reversal of the Health and Social Care levy that added 1.25 percentage point increase on National Insurance contributions
- Funding originally earmarked towards 2023 ASC reform was repurposed towards general social care support and to support Integrated Care Boards with hospital discharge

# Background to 2023/24 (2)

- Upon the two year Autumn Statement announcement, the government followed up with a one-year provisional in late-December. Key aspects are:
  - An increase in Westminster's **Core Spending Power** (CSP) of 10.12% on 2022/23, higher than the 9.2% England average. The CSP increase includes the ability for authorities to raise Council Tax by up to 5% (3% for the general element and 2% for the Adult Social Care precept)
  - **Settlement Funding Assessment** will increase by 5% across England, a below current inflationary increase. Westminster will receive an additional c£7m more than 2022/23
  - An additional £14m in **social care related grants** to meet the on-going pressures and market conditions as well as supporting hospital discharges
  - The Autumn Statement confirmed that the £1bn Household Support Fund will continue for a further 12 months from April 2023
  - In 2023/24 an additional Cost of Living Payment of £900 will be provided to households on means-tested benefits, of £300 to pensioner households, and of £150 to individuals on disability benefits

# Background to 2023/24 (3)

- **Services Grant** will reduce by 44% in 2023-24 to £464m. This equates to a £2.7m permanent loss of funding for Westminster
- The **Lower Tier Services Grant** will be discontinued. Westminster will lose £1.7m on a permanent basis
- **New Homes Bonus** will reduce to zero and will be a £2m in 2023/24
- Tariffs/top-ups will be adjusted to ensure the **2023 Revaluation** will not impact on boroughs' retained business rates
- Neither fundamental reform to needs assessments nor the business rates reset will be implemented before 2025/26
- In 2023/24 £185m will be allocated to Westminster through the **Dedicated Schools Grant (DSG)** and supplementary funding. This is a 3.8% increase and an additional £6.8m. Westminster will receive £41.6m from the High Needs Block and total increase of 10.4%, with 12.7m allocated to Early Years. The increase in DSG remains significantly below current inflation and schools will continue to face financial challenges, especially given the teachers' pay award is more than the increase.

# Fairer Westminster

The MTFP supports the Fairer Westminster priorities within its financial and business planning framework as the Councils' new overall corporate strategy and policy objectives. In budget planning this includes investments for:

- Universal Free School Meals
- School uniform support grant
- Improving Mental Health
- Youth sector investment
- Climate action investment
- Responsible procurement strategy.



# 2022/23 Budget

The table below summarises the budget as approved by Full Council in March 2022:

Executive Directorate	Gross Budget (£m)	Income Budget (£m)	Net Budget (£m)
Adult Social Care	103.623	(52.493)	51.130
Public Health	32.341	(33.369)	(1.029)
Growth, Planning & Housing	271.839	(251.692)	20.147
Finance and Resources	131.849	(75.188)	56.661
Environment and City Management	131.477	(129.755)	1.722
Children's Services	157.106	(118.030)	39.076
Innovation and Change	17.843	(4.953)	12.890
Other Corporate Directorates	4.859	(0.594)	4.265
<b>TOTAL</b>	<b>850.937</b>	<b>(666.074)</b>	<b>184.862</b>
Settlement Funding Assesment			(121.567)
Council Tax			(63.295)
<b>TOTAL</b>			<b>(184.862)</b>

# MTFP Budget Gap to 2026/27

- The table below summarises the budget gap to 2026/27

Changes Since July 2022	2023/24	2024/25	2025/26	2026/27	Total
	£m'	£m'	£m'	£m'	£m'
Budget Gap - July 2022	10.886	15.881	17.27	17.262	<b>61.299</b>
<b>Service Specific Items:</b>					
New Savings	(15.253)	(5.995)	(3.635)	(3.615)	<b>(28.498)</b>
New Pressures	19.097	1.185	0.000	0.000	<b>20.282</b>
Fairer Westminster (FW) Investments	6.664	1.423	0.100	0.000	<b>8.187</b>
Cost of Living Support	1.000	(1.000)	0.000	0.000	<b>0.000</b>
Changes to Existing Savings	(1.146)	0.000	0.000	0.000	<b>(1.146)</b>
<b>Subtotal</b>	<b>10.362</b>	<b>(4.387)</b>	<b>(3.535)</b>	<b>(3.615)</b>	<b>(1.175)</b>
<b>Funding:</b>					
Changes since the provisional LG settlement - December 2022	(14.620)	(12.093)	3.685	0.179	<b>(22.849)</b>
<b>Corporate:</b>					
Corporate Changes – inflation, interest earnings,	0.302	6.908	8.542	4.448	<b>20.200</b>
<b>Budget Gap Before Use of reserves</b>	<b>6.930</b>	<b>6.309</b>	<b>25.962</b>	<b>18.274</b>	<b>57.475</b>
Use of Reserves to fund FW investments	(5.664)	4.241	1.323	0.100	<b>0.000</b>
<b>Budget Gap</b>	<b>1.266</b>	<b>10.550</b>	<b>27.285</b>	<b>18.374</b>	<b>57.475</b>

Final decision on the 23/24 budget gap will consider Scrutiny comments and will be a balance of council tax increase and use of reserves.

# Budget Task Group

## Finance & Resources

## People Services

Gerald Almeroth, Executive Director

Lee Witham, Director of People Services

# Executive Summary

## Finance & Resources

- In 2022/23 Finance & Resources (excluding Corporate Items) had a gross controllable expenditure budget of £86.543m and a gross income budget of £53.808m (net controllable budget £32.735m)
- The projected outturn variance for 2022/23 as at P6 is an underspend of £15.663m (largely due to increased treasury management investment income)
- The overall proposed savings up to 2026/27 are £6.493m (inclusive of £0.200m for People Services) with cost pressures of £0.810m, and Fairer Westminster investment of £0.884m (0.584m relating to People Services)
- The directorate has the following changes to its budget for 2023/24:

### Savings

- £2.283m of new savings (include fees and charges increase)
- £2.045m of existing savings (approved in 2021/22)

### Investments

- £0.925m of pressures
- £0.884m of Fairer Westminster Investment

# 2022/23 Key Issue

## Finance & Resources

### Inflation

- Westminster Council wide budget held for non-staff contract inflation is 3% (£6.800m) with the height of inflation for 2022/23 achieving CPI 11.1% and RPI 14.2% this has created a pressure. The latest contract inflation tracker 2022/23 shows a requirement of approx. £12.714m, of which £2.395m relates to Finance & Resources the largest being those associated to: Utilities – Gas/Electric, Bouygues - Facilities Management, Capita – Revenue and Benefits service. Where possible these increases are being negotiated downwards but this is expected to be mitigated with use of the General Reserve fund in Corporate Items for 2022/23, going forward this will require secured budget.

### Cost of Living crisis

- As well as impact on individuals, it will make some businesses unviable in 2023 and beyond, which may affect income from commercial property and also possible collection of business rates
- Rising costs of energy – seen increases of 51.9% for gas and 48.5% for electricity in 2022/23. Currently higher increases expected in 2023/24 with an estimate of 110.3% for gas and 70.6% for electricity. The Council forward purchases energy, and currently 45% of gas and 56% of electricity has been purchased.
- The construction market has been significantly affected by rising costs, and labour shortages which has fuelled increasing costs. and also supply
- The Executive Director of F&R is a joint sponsor of Cost of Living Board which oversees activities to address the crisis which includes a £2m Cost of Living Fund (investment from the council's own resources). Members of the F&R Team are key contributors to the response and part of the Cost of Living Working Group which leads on the delivery and development of projects. Projects they are leading on include the distribution of national funding i.e. the Household Support Fund (£1.9m over six months) which includes direct help to c2,700 households and a Hardship Fund (£255k). They also deliver the Council Tax Hardship Fund (£200k). Government has recently announced two new energy support schemes to help households that did not benefit from national help like the £400 reduction in energy bills, where local authorities are expected to play a role in delivery (guidance is pending).

# 2022/23 Budget

## Finance & Resources

Service Area	Expenditure £m	Income £m	Net Budget £m
Digital and Innovation	15.695	(3.532)	12.163
Finance	8.714	(1.343)	7.371
People Services	4.200	(0.678)	3.522
Managed Services	3.074	0.000	3.074
Tri-Borough Treasury and Pensions	5.283	(2.615)	2.668
Property Investments and Estates	34.159	(31.851)	2.308
Procurement Services	1.854	(0.212)	1.642
Insurance	1.285	0.000	1.285
Executive Director of F&R	0.267	(0.021)	0.246
Revenues and Benefits	11.047	(11.028)	0.020
Legal	0.967	(2.529)	(1.562)
<b>Sub-total Finance &amp; Resources</b>	<b>86.543</b>	<b>(53.808)</b>	<b>32.735</b>
With Corporate Items	60.722	(29.552)	31.171
<b>TOTAL FINANCE &amp; RESOURCES</b>	<b>147.265</b>	<b>(83.359)</b>	<b>63.682</b>

# Efficiency and Financing Proposals (1)

**2023/24 to 2026/27**

**Finance - £0.200m - savings on insurance premiums** - available from the annual premiums that we pay into the insurance reserve for excess limits and self-insurance. This arises from good claims management and handling and improved risk strategies in general fund services. This is saving from 25/26 is in addition to a similar sum in each of the next two years.

**Finance - £0.350m - Finance departmental efficiencies** – savings to be delivered through improved reporting and control efficiencies

**Treasury & Pensions - £0.150m - Increased income from provision of service to Bexley** - fixed income agreed from Bexley for Treasury & Pension services

**Legal - £0.060m: Review of external legal fees** – the Director Law is reviewing the overall process and control of commissioning external lawyers and is predicting a saving across capital, HRA and general fund spending (GF shown here).

**Digital & Innovation - £0.100m - Review of IT contracts & Licensing** – Initial focus on rationalising Microsoft licensing, followed by all other license-based IT contracts

**Digital & Innovation - £0.100m – Review of telephony and mobile provision** – following dis-aggregation from the bi-borough service a review of the telephony and mobile provision for council officers will be conducted and is expected to yield further savings as technology has developed further in the last couple of years.

# Efficiency and Financing Proposals (2)

2023/24 to 2026/27

**Corporate Property - £0.600m – Commercial Property acquisitions** – additional rental income reflecting acquisition of property (Vauxhall Bridge Road) in 2022

**Corporate Property - £1.000m – Investment Property 2% growth target** – continued effective management of the Council's investment portfolio to ensure consistent income growth through rent reviews, lease renewals and asset management initiatives extending the additional income over the last two years of the MTFP

**Procurement - £0.100m – Procurement service review** – review of procurement staffing levels

**Corporate Property - £0.820m – Carbon Reduction across Operational Property** – reduction in carbon footprint and resulting energy savings from operational property portfolio, the initial £420k saving secured from the £13m of grant funded improvements completed in 2022. This doesn't take into account inflation on prices.

**Digital & Innovation - £2.000m – Smart City and Digital Programme efficiency savings** – the new Digital & Innovation Service is a function that will enable savings and efficiencies to be delivered across the organisation. Savings are likely to be across the council, but shown in Finance & Resources until the Programme of works is more clearly defined

**Corporate Property - £0.683m - Reduced City Hall rental uplift** – Negotiation of rent review for City Hall resulted in a lower increase than budgeted for

**Legal - £0.130m – Land charges fees & charges review** – uplift from fees and charges review



# Efficiency and Financing Proposals

## 2023/24 to 2026/27 Summary – Finance & Resources

Saving Reference	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
5.2	Further Insurance savings	-	-	0.200	-	0.200
5.3	Finance Departmental Efficiencies	-	0.150	0.200	-	0.350
5.6	Increased income from provision of service to Bexley	0.150	-	-	-	0.150
5.7	Review of external legal fees (including Barristers)	-	0.060	-	-	0.060
5.8	Review of IT contracts & licensing	-	0.100	-	-	0.100
5.9	Review of telephony & mobile provision	-	0.100	-	-	0.100
5.11	Commercial property acquisitions	0.600	-	-	-	0.600
5.12	Investment Property 2% growth target	-	-	0.500	0.500	1.000
5.13	Procurement Service Review	0.100	-	-	-	0.100
5.15	Carbon Reduction	0.420	0.200	0.100	0.100	0.820
5.16	Smart City and Digital Programme - efficiency savings	-	0.500	0.700	0.800	2.000
5.18	City Hall Rent Review	0.683	-	-	-	0.683
5.19	Fees & Charges Review	0.130	-	-	-	0.130
	<b>TOTAL</b>	<b>2.083</b>	<b>1.110</b>	<b>1.700</b>	<b>1.400</b>	<b>6.293</b>

# Efficiency and Financing Proposals (3)

2023/24 to 2026/27

**People Services - £0.040m – Occupational Health review** – to review the Occupational Health function to ensure it is providing best in class at appropriate cost

**People Services - £0.035m – Share Executive Assistant** – shared Executive Assistant with fellow Executive Director of Innovation & Change

**People Services - £0.075m – Review of Westminster Way Budget** – Deletion of Programme Management post in collaboration with CPMO

**People Services - £0.050m – Bi-Borough staff saving** – There is currently a Bi-Borough Schools lead and with the current number of schools we support in WCC, but using the current band 4 and moving them to the HR Business Partner team will ensure the service continues to be delivered in a streamline, effective manner

# Efficiency and Financing Proposals

2023/24 to 2026/27 Summary – People Services

Saving Reference	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
7.1	People Service - Occupational Health Review	0.040	-	-	-	0.040
7.2	People Services - Shared Executive Assistant	0.035	-	-	-	0.035
7.3	Reduction of Westminster Way Budget	0.075	-	-	-	0.075
7.4	People Services - Bi-Borough staff saving	0.050	-	-	-	0.050
	<b>TOTAL</b>	<b>0.200</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.200</b>

# Pressures

**2023/24 to 2026/27**

**Digital & Innovation – Bi-Borough review saving no longer achievable - £0.500m**

The saving expected from the disaggregation of the Bi-Borough IT service, this is now no longer achievable

**Digital & Innovation – Digital Contract reprofiling - £0.365m from 2023/24 to 2024/25 – no net impact**

Ontix small cell concession on WCC street furniture – reprofiling of income

**Finance – External Audit Fee - £0.220m**

External Audit fee increase of 150%. This has arisen from the national re-procurement led by Public Sector Audit Appointments (PSAA) – the national body that is responsible for appointing external auditors and setting fees

**Corporate Property – Landmann Way lease cost - £0.090m**

Changes to the lease to extend the length, remove break clauses and secure slightly more land so that the site can be viable for works for the electric charging of the new electric waste fleet

# Pressures

## 2023/24 to 2026/27 Summary

Service Area	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Digital & Innovation – Bi-Borough saving unachievable	0.250	0.250	-	-	0.500
Digital & Innovation – Digital contract reprofiling	0.365	(0.365)	-	-	-
Finance – External Audit fee	0.220	-	-	-	0.220
Corporate Property – Landmann Way lease cost	0.090	-	-	-	0.090
<b>Total</b>	<b>0.925</b>	<b>(0.115)</b>	<b>-</b>	<b>-</b>	<b>0.810</b>

# Fairer Westminster Investments

**2023/24 to 2026/27**

## **Procurement – Responsible Procurement and SME (Small and Medium-sized Enterprise) focus - £0.300m**

There is significant opportunity to use the councils £500m third party spend to deliver the Fairer Westminster priorities and ensure maximum value and benefit is delivered. The investment will extend the function of the Procurement service in order to:

1. Establish Westminster as a national leader on ethical and sustainable procurement
2. Increase the number of local, SME and minority led businesses and organisations in our supply chain,
3. Retain a higher proportion of the Councils spend in Westminster – the ‘Westminster pound’,
4. Improve our purchasing of under £0.100m spend – delivering improved VfM & savings from the £33m spend
5. Extend the ambitions of the refreshed Responsible Procurement and Commissioning Strategy inc. Modern Slavery, Ethical Employment and Fairer Tax.

The investment would be used to establish a small Buying Team who lead on the sourcing of goods & services between £0.010m - £0.100m (excluding social care) efficiently and from the local market wherever possible and an additional post to support the implementation of the Responsible Procurement Strategy.

## **People Services – Tech Lions 2.0 apprenticeship campaign - £0.584m**

As part of the Council’s commitment to support residents in employment opportunities and develop fulfilling careers we are looking to recruit a cohort of 20 apprentices aged 16-24 as part of our Tech Lions 2.0 apprenticeship campaign. With a focus on maximising resident appointment, this initiative will bring young talent into the organisation and help them develop as future digital leaders.

# 2023/24 Budget

## Finance & Resources

Service Area	Expenditure £m	Income £m	Net Budget £m
Executive Director of F&R	0.267	(0.021)	0.246
Digital and Innovation	15.025	(3.167)	11.858
Finance	8.784	(1.343)	7.441
People Services	4.584	(0.678)	3.906
Managed Services	3.074	0.000	3.074
Tri-Borough Treasury and Pensions	5.283	(2.765)	2.518
Property Investments and Estates	33.354	(32.951)	0.403
Procurement Services	1.371	(0.212)	1.159
Insurance	1.285	0.000	1.285
Revenues and Benefits	11.047	(11.028)	0.020
Legal	0.967	(2.659)	(1.692)
<b>Sub-total Finance &amp; Resources</b>	<b>85.039</b>	<b>(54.823)</b>	<b>30.216</b>
With Corporate Items	60.722	(29.552)	31.171
<b>TOTAL FINANCE &amp; RESOURCES</b>	<b>145.761</b>	<b>(84.374)</b>	<b>61.387</b>

# Consultations

## 2023/24 Proposals

There are no planned consultations in 2023/24



# Budget Task Group

## Innovation & Change

Pedro Wrobel, Executive Director

# Executive Summary

## Innovation & Change

- In 2022/23 Innovation & Change had a gross controllable expenditure budget of £23.489m and a gross income budget of £6.519m (net controllable budget £16.970m)
- The projected outturn variance for 2022/23 as at P6 is an underspend of £0.315m
- The overall proposed savings up to 2026/27 are £1.445m with growth required of £0.500m, and Fairer Westminster Investment of £0.872m (of which £0.200m is a one-off investment in 2025/26)
- The directorate has the following changes to its budget for 2023/24:

### Savings

- £0.575m of new savings (include fees and charges increase)
- £0.230m of existing savings (approved in 2021/22)

### Pressures

- £0.400m of pressures
- £0.672m of Fairer Westminster Investment

# 2023/24 Key budget issues

## Innovation & Change

**Economic conditions:** The current economic downturn may have negative impacts on advertising and commercial revenues.

**Government funding and policy risks:** Further policy and funding risks may arise as Government develops its agenda.

**Pressure on Communities resource** – The current investment was calculated as at September 2022, and there has been further demand on the service area since, to meet the administrations Fairer Westminster ambitions.

# 2022/23 Budget

## Innovation & Change

Service Area & Portfolio	Expenditure £m	Income £m	Net Budget £m
City Promotions, Events and Filming	1.354	(1.906)	(0.552)
Communications	2.602	(0.491)	2.111
Corporate PMO	1.242	0.000	1.242
Governance and Councillor Liaison	3.731	(0.003)	3.728
Cross River Partnership	0.866	(0.866)	0.000
Operations & Executive Director	0.862	-	0.862
Policy and Projects	1.170	(0.221)	0.949
Strategy and Intelligence	1.907	-	1.907
Lord Mayor's Office	0.415	-	0.415
Sports Leisure & Active Communities	6.017	(2.577)	3.440
Communities	3.323	(0.455)	2.868
<b>TOTAL INNOVATION &amp; CHANGE</b>	<b>23.489</b>	<b>(6.519)</b>	<b>16.970</b>

# Efficiency and Financing Proposals (1)

**2023/24 to 2026/27**

**Outdoor Media - Advertising Screens - £0.370m:** proposed expansion of the Council's large format digital advertising screens to four new locations on Council owned land (£0.320m), and generation of a share of revenue from TfL owned bus shelters on Council land (£0.050m)

**Increased use of parks and open spaces for events - £0.150m:** To maximise income by increasing commercial event activity in a small number of Council-owned parks and open spaces.

**Ward budgets – remove two - £0.092m:** removal of two unused ward budgets now wards have reduced from 20 to 18

**Non-pay review - £0.020m:** review of non-pay budgets to include marginal reductions in printing and catering

**Review of Communications spend - £0.120m:** review of Communications spend, removing efficiencies

**Neighbourhood Keepers Grant Removal - £0.075m:** Removal of Neighbourhood Keepers Grant

# Efficiency and Financing Proposals (2)

**2023/24 to 2026/27**

**Parks not locked and staggering parks locking times - £0.075m:** can be achieved through a combination of not locking a selected number of parks, and staggering the closing time of another selected number of parks, this will reduce the number of park attendants required. Parks will be selected based on geographical area, based on data analysis to minimise security and ASB issues.

**Cemeteries income - £0.050m:** Cemeteries income has exceeded budget, and this is now being adjusted to reflect latest trends. This will continue to be closely monitored.

**Minimum income guarantee - £0.400m:** As part of the re-negotiation of the leisure contract the Council are entering into a profit share arrangement with SLM from February 2023 to June 2026. As part of these negotiations SLM have confirmed that they will guarantee the Council income.

**Fees & Charges Review - £0.093m:** Increase in fees for Council services including supporting filming, and leisure.

# Efficiency and Financing Proposals

2023/24 to 2026/27 Summary

Saving Reference	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
6.1	Outdoor Media - advertising screens	-	0.050	0.160	0.160	0.370
6.2	Increased use of Parks & Open spaces for events	0.050	0.100	-	-	0.150
6.3	Ward Budgets - remove two	0.092	-	-	-	0.092
6.4	Governance & Councillor Liaison - non-pay review	0.020	-	-	-	0.020
6.5	Review of Communications spend	0.120	-	-	-	0.120
6.6	Neighbourhood Keepers Grant removal	0.075	-	-	-	0.075
6.7	Parks not locked and staggering park locking times	0.075	-	-	-	0.075
6.8	Cemeteries income	0.050	-	-	-	0.050
6.9	Minimum Income Guarantee	-	0.167	0.233	-	0.400
6.10	Fees & Charges Review	0.093	-	-	-	0.093
	<b>TOTAL</b>	<b>0.575</b>	<b>0.317</b>	<b>0.393</b>	<b>0.160</b>	<b>1.445</b>

# Pressures

**2023/24 to 2026/27**

## **Communications – WestCo Contribution: £0.300m**

The Innovation & Change budget includes as assumption that WestCo will pay £0.300m per annum to WCC. This payment is dependent on sufficient net profit being generated by the company to distribute to the Council.

## **Communities – Westminster Advice Service Partnership Contract**

The Westminster Advice Service Partnership contract is up for re-tender with a new contract to start in September 2023. For the last five years the value of the contract has been £0.990m annually. The annual value will be increased to £1.200m. There has been a year on year increase in demand over the last five years. Advice services maximise a resident's access to benefits and debt advice and minimise harm to the individuals, as well as helping to reduce rent arrears and increasing debt.



# Pressures and Investments

## 2023/24 to 2026/27 Summary

Service Area	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Communications – WestCo contribution	0.300	-	-	-	0.300
Communities – Westminster Advice Service Partnership Contract	0.100	0.100	-	-	0.200
<b>Total</b>	<b>0.400</b>	<b>0.100</b>	<b>-</b>	<b>-</b>	<b>0.500</b>

# Fairer Westminster Investments

**2023/24 to 2026/27**

## **City Plan: £0.200m (2025/26)**

Fairer Westminster commits us to undertake a partial review of the City Plan to deliver on our ambitions for housing and the environment. As part of this we will also need to produce a range of new supplementary planning documents.

Staffing costs will be met within existing budgets, but these changes also require a significant amount of commissioned work (including evidence base and viability assessment) to make sure our policies can be found sound at examination.

We do not have budget for this work and therefore a one-off investment is required in 2025/26 to meet this pressure.

## **Communities – additional resource requirement: £0.672m (2023/24)**

The Communities department is a new department and was formed using existing roles from Church Street Social Regeneration Team, Community Development team and Westminster Connects. The department has retained all of the work the officers were doing in their former roles and has also been tasked with delivering a substantial new remit in addition. Therefore, even with some realignment of existing roles, the existing roles are insufficient to carry out the requirements of the new department. Since the inception of the new department, work has been underway to define the role of the department and the demand for services from across the organisation. This review has identified the need for wider support from Communities to improve consultation and engagement across WCC. The change in administration has also led to an increased focus on communities. This investment helps to meet that demand.

# 2023/24 Budget

## Innovation & Change

Service Area & Portfolio	Expenditure £m	Income £m	Net Budget £m
City Promotions, Events and Filming	1.354	(2.256)	(0.902)
Communications	2.482	(0.191)	2.291
Corporate PMO	1.242	0.000	1.242
Governance and Councillor Liaison	3.619	(0.003)	3.616
Cross River Partnership	0.866	(0.866)	0.000
Operations & Executive Director	0.862	0.000	0.862
Policy and Projects	1.170	(0.221)	0.949
Strategy and Intelligence	1.907	0.000	1.907
Lord Mayor's Office	0.415	0.000	0.415
Sports Leisure & Active Communities	5.942	(2.650)	3.292
Communities	4.020	(0.455)	3.565
<b>TOTAL INNOVATION &amp; CHANGE</b>	<b>23.879</b>	<b>(6.642)</b>	<b>17.237</b>

# Consultations

## 2023/24 Proposals

- No Planned Consultations

# Budget Task Group

## Environment & City Management

Amy Jones, Director of Environment

# Executive Summary

## Environment & City Management

- In 2022/23 Environment & City Management had a gross controllable expenditure budget of £125.423m and a gross income budget of £128.201m (net budgeted contribution to General Fund of £2.778m).
- The projected outturn for 2022/23 is a net contribution to general fund of £2.082m as at Period 6 (Quarter 2 position), which is an overspend/income shortfall of £0.696m against the budget.
- The 2022/23 forecast includes net pressures/risks of £6.0m which mainly relate to inflationary impacts in the current year (2022/23).
- In the context of ECM's role in delivering a number of key strategic outcomes for the city's communities, the directorate has identified new saving proposals totalling £13.290m over the period of 2023/24 – 2025/26.

# 2022/23 Budget

## Environment & City Management

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

Service Area	Expenditure £m	Income £m	Net Budget £m
Directorate Central Teams	1.012	0.000	1.012
City Highways	41.890	(103.079)	(61.189)
Public Protection & Licensing	18.087	(10.080)	8.007
Environment	64.434	(15.042)	49.392
<b>Total Budget 2022/23</b>	<b>125.423</b>	<b>(128.201)</b>	<b>(2.778)</b>

# Strategic Context

## Outcomes for Westminster

- ECM has a core role to play in delivering benefits for Westminster's communities.
- Underpinning our savings and investment proposals is a focus on ensuring we are able to incentivise and protect the achievement of a number of important strategic outcome objectives, including:
  - Active, healthy and sustainable lives, including through travel and transport
  - Growing a vibrant, green economy
  - Putting the environment at the heart of what we do
  - Ensuring our neighbourhoods are clean and safe
- We are also seeking to manage economic risks outside of our control including avoiding over-reliance on income streams and taking into account rising inflationary pressures.



# 2022/23 Key Issues

## Environment & City Management

Economic uncertainty and potential adverse financial impact arising from the cost of living crisis and economic pressures (Inflationary pressures, interest rates, post Covid pandemic impacts) will continue to impact on demand for services, cost pressures and commercial income.

Re-let or extension of major contracts within the Directorate which may impact on costs due to inflationary increases

Climate change, air quality and the wider environmental agenda impacting on traditional sources of council income e.g. extension of Ultra Low Emission Zone and other actions to drive a modal shift which will continue to impact parking income

# Efficiency and Financing Proposals (1)

2023/24 to 2025/26

Outcome objective	Proposal	Amount (£m)
Climate emergency, emissions reductions and improvements in air quality	<p><b>Waste and recycling collection – Electric Waste Fleet</b></p> <p>Replacement of the current diesel powered waste large trucks (40 trucks, half of current fleet) with fully electric waste trucks by Summer 2023. This project will not only eliminate 2800 tonnes of CO2 emissions per year and support the Fairer Environment and Net Zero climate emergency objective but also save on running costs.</p>	1.200
	<p><b>Waste and recycling collection – Electric Street Cleansing Service</b></p> <p>Replacement of current diesel powered street cleansing specialist vehicles with full electric vehicles. This project will not only eliminate 1000 tonnes of CO2 emissions per year and support the Fairer Environment and Net Zero climate emergency objective but also save but also save on running costs.</p>	0.760
Balancing emissions reductions through energy efficiency and ensuring streets remain safe	<p><b>Energy Efficient Adaptive Lighting</b></p> <p>It is proposed to lower street lighting output levels, while 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>	0.200

# Efficiency and Financing Proposals (2)

2023/24 to 2025/26

Outcome objective	Proposal	Amount (£m)
Climate emergency / air quality – reducing emissions reductions and pollution from vehicles and incentivising the use of cleaner vehicles / active travel	<b>Parking Fee Structure Review</b>  This review looks to introduce alternative tiered charging structures based on vehicles' emissions for these schemes, identifiable upon payment/application via a DVLA look-up. The objective is to improve air quality and reduce vehicle emissions by encouraging use & ownership of less polluting/discouraging more polluting vehicles.	3.250
Improved operational delivery	<b>Code of Construction Practice and Other Efficiencies</b>  The proposal is to improve operational delivery and compliance through the lifecycle of developments within the city and realign Highways Inspectorate resources and recovery of additional Code of Construction practice income (COCP) and take the opportunity to deliver other operational efficiencies within the service.	0.250
Improved road safety for walking and cycling, and enhanced traffic flow	<b>Road Safety Initiatives</b>  To support the council's objectives to make Westminster safer for walking and cycling. This option is the installation of additional cameras to increase road safety and smooth traffic flow. This supports the safer streets programme and supports the transition to active and public transport.	0.500

# Efficiency and Financing Proposals (3)

2023/24 to 2025/26

Income Proposals	Amount (m)
<p data-bbox="122 388 596 422"><b>Commercial Waste Income</b></p> <p data-bbox="122 476 2114 602">The proposal assumes an ongoing increase in commercial waste income following recovery from the pandemic and through increased sales targets as well as the expansion of market share. Assumes additional £2m income offset by circa £0.5m additional disposal costs.</p>	1.550
<p data-bbox="122 685 535 719"><b>Optional SMS Charging</b></p> <p data-bbox="122 731 2094 853">This relates to the introduction of an optional 20p SMS charge for users of the pay to park service last year. In view of current activity levels seen since the introduction of the scheme, this proposal recognises the additional potential income this may generate from 2023-24.</p>	0.350
<p data-bbox="122 916 810 951"><b>Fees and Charges increases in 2023-24</b></p> <p data-bbox="122 1005 2094 1088">The potential impact of the fees and charges increases across all areas within the directorate following a review in 2022-23. The review takes account of inflationary pressures and other demand factors giving rise to the increases.</p>	5.230

# Efficiency and Financing Proposals

## 2023/24 to 2025/26 Summary of Proposals

Ref	Saving Title	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
	Commercial Waste income	1.550				<b>1.550</b>
	Waste and recycling : Electric Waste Fleet	0.300	0.900			<b>1.200</b>
	Waste and recycling collection : Electric Street Cleansing Service	0.570	0.190			<b>0.760</b>
	Energy Efficient Adaptive Lighting	0.200				<b>0.200</b>
	Code of construction practice and other Efficiencies	0.100	0.150			<b>0.250</b>
	Parking Fee Structure Review	1.630	1.620			<b>3.250</b>
	Optional SMS Charging	0.350				<b>0.350</b>
	Road Safety Initiatives		0.250	0.250		<b>0.500</b>
	Fees & Charges Review	5.230				<b>5.230</b>
	<b>Total</b>	<b>9.930</b>	<b>3.110</b>	<b>0.250</b>	<b>0</b>	<b>13.290</b>

# Pressures and Investments

## 2023/24 to 2025/26

Information on key pressures and investments are provided below:

**Paid for Parking Income declines (£2.000m):** Paid for Parking has seen declining activity since prior to the pandemic, reflecting wider trends in reducing vehicle movements in the City. This, combined with a shift towards lower-emission vehicles which pay lower fees, has had a significant impact on Paid for Parking income.

**Residents Permits (£0.400m):** Resident Permit numbers were dropping prior to the pandemic, and as with Paid For Parking the income was further impacted by a shift towards vehicles attracting low emission concessions. During the lockdowns more permits were issued with more people staying at home with their cars in the City, however this proved to be a short term change and permit numbers have returned to trend.

**Car Clubs Income (£0.280m):** Continuing declines in activity and income and current market conditions will not support a return to the total number of permits on issue in 2019 so there will be an ongoing revenue pressure.

**Climate Emergency Action Plan (£1.500m):** The reserve funding will be depleted in 2024/25. This replaces the reserve with sustained funding for an enhanced Climate Emergency Team as well as delivery of the Climate Action Emergency Plan beyond 2024-25.

**Tables & Chairs – change in legislation (£0.600m):** Legislative changes introduced under the Business and Planning Act 2020 created a new Pavement licensing regime during the pandemic. The Pavement licences are capped at £100 and also do not require premises to apply for planning permission. Licences under the act continue to be available until September 2023. The new Levelling and Regeneration bill if passed into law will result in lower fees than were previously set by Westminster, under the City of Westminster Act 1999.

# Pressures and Investments

2023/24 to 2025/26

Information on key pressures and investments are provided below:

**Future City Management Public Protection & Licensing (£2.300m)** – Realignment of Transformation savings following member Fairer Westminster priorities and commitments.

**Fairer Westminster Investments (£0.620m)** – Investments to deliver a number of Fairer Westminster priorities and commitments across all services within the directorate.

# Pressures and Investments

## Summary of pressures and investments

Service Area	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Paid for Parking	2.000				2.000
Residents Permits	0.400				0.400
Car Clubs	0.280				0.280
Climate Emergency Action Plan		1.300	0.200		1.500
Tables & Chairs - Change in legislation	0.600				0.600
Future City Management - realignment of Transformation savings	2.300				2.300
Other Fairer Westminster Investments	0.885	-0.030		-0.235	0.620
<b>Total</b>	<b>6.465</b>	<b>1.270</b>	<b>0.200</b>	<b>-0.235</b>	<b>7.700</b>



# 2023/24 Budget

## Environment & City Management

Service Area	Expenditure £m	Income £m	Net Budget £m
Directorate Central Teams	1.012	0.000	1.012
City Highways	41.130	(106.963)	(65.833)
Public Protection & Licensing	19.232	(9.751)	9.481
Environment	64.274	(18.142)	46.132
<b>Total Budget 2022/23</b>	<b>125.648</b>	<b>(134.856)</b>	<b>(9.208)</b>

Note: Excluding 2022-23 Inflationary increases

# Consultations

## 2023/24 Proposals

The following Proposals will require consultation:

### **Parking Fee Structure Review**

- Pay-to-Park TMO change consultations June-July 2023
- Pay to Park Comms July 2023
- Pay to Park Go Live August 2023
- Resident engagement through Autumn/winter 2023
- Res Parking TMO change consultations Jan-Feb 2024
- Res Parking Go-Live March 2024

### **Road Safety Initiatives**

- Ongoing iterative review of sites based on various safety matrices and ability to improve via enforcement. Consultation with Ward Members prior to any installation of a camera.