

Budget Scrutiny Task Group

Regeneration, Economy & Planning (REP)

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Executive Summary

Regeneration, Economy & Planning (REP)

- The gross controllable expenditure budget for REP in 2023/24 is £25.054m, with a gross controllable income budget of £20.667m (net controllable budget of **£4.387m**).
- At Q2, GPH is projecting a £2.200m budget pressure. The primary driver of this is a reduction in fee income for Planning (largely driven by reduced activity for Major developments).
- The directorate was allocated a savings target of £1.230m to balance the Council's overall budget gap. Whilst this represents a significant proportion of what is a relatively small net budget (due to much of the service being funded from external sources) a set of pragmatic budget proposals, across all REP service areas, have been prepared to meet this target.

Future Outlook

- **Town Planning and Building Control** – key challenge for Building Control is an anticipated uplift in demand in relation to the Building Safety Act. The regulator is expected to allocate work to LA BC functions on a “first refusal” basis for an initial period - creating income opportunities but also a need to scale up operations and enhance inspectors' certification requirements. 'Planning Horizons' programme currently underway to consider how the Town Planning service can best meet future demands.
- **Development & Regen** – the focus remains on the delivery of new build homes across the programme, with a number of key schemes entering critical periods of delivery (including Ebury & Church St). The over-arching programme objective continues to be maximising delivery of truly affordable homes.
- **Economy** – the service is focused on delivering the Fairer Economy Plan, which includes flagship initiatives such as the High Streets Programme, Meanwhile On Oxford Street, the Education Employment & Skills Board and the Evening & Night Time Plan. The service is being reviewed to increase its alignment to the strategic priorities and outcomes laid out in the plan.

2023/24 Budget

REP – Revenue

Service Area	Expenditure (£m)	Income (£m)	Net Exp (£m)
GPH Director	0.588		0.588
Development & Regen	0.737	(0.060)	0.677
Place Shaping	0.533	(0.050)	0.482
Town Planning	8.100	(7.430)	0.670
Economy	5.217	(3.324)	1.893
WAES	9.881	(9.803)	0.077
TOTAL	25.054	(20.667)	4.387

Savings Proposals

2024/25 to 2026/27

REP Saving 1: Uplifts to Planning fees set by Central Govt (£0.380m)

The government announced that the new fee structure would come into force from 6th December 2023 (and this includes provision for annual indexation from April 2025 onwards). Based on the current level of demand in Westminster for the fees covered by this policy, this represents an uplift of £380k per annum.

REP Saving 2: Digital/Automation opportunities in Planning (£0.300m)

The application of AI will be explored as part of a medium-term project to maximise the use of digital solutions within the Planning function. This will focus on Planning tasks that have the greatest potential for automation in order to maximise efficiency.

REP Saving 3: Market storage at Tachbrook St (£0.100m)

A business case was approved to convert an under-utilised underground car park on Tachbrook St. This includes increased income generating opportunities for market storage and parking. Increased income is likely to be generated across the GF and HRA (this figure only covers the GF element).

Savings Proposals

2024/25 to 2026/27

REP Saving 4: Review of capitalisation for Place Shaping team (£0.200m)

Capitalisation of staff costs for the Place Shaping team has consistently grown over the last 3 years (due to a more active capital programme). It was 35% in 2020/21 but increased to 86% in 2022/23. There is opportunity to re-balance the revenue accordingly (especially with a strong pipeline of capital schemes).

REP Saving 5: Economy service reconfiguration (£0.400m)

The Economy & Skills service has grown organically (linked to external funding arrangements) and needs to be reviewed to better focus on the Fairer Economy Plan objectives and outcomes, and ensure targeted use of available external funding.

REP Saving 6: Review of Regen & Development structure (£0.080m)

Following the restructure of the Regen & Development team in 2022/23 (which delivered a £100k saving) there is an opportunity to further review the budget requirements as part of an assessment of the revised structure once it has been in operation for a sufficient length of time.

Pressures (1)

2024/25 to 2026/27

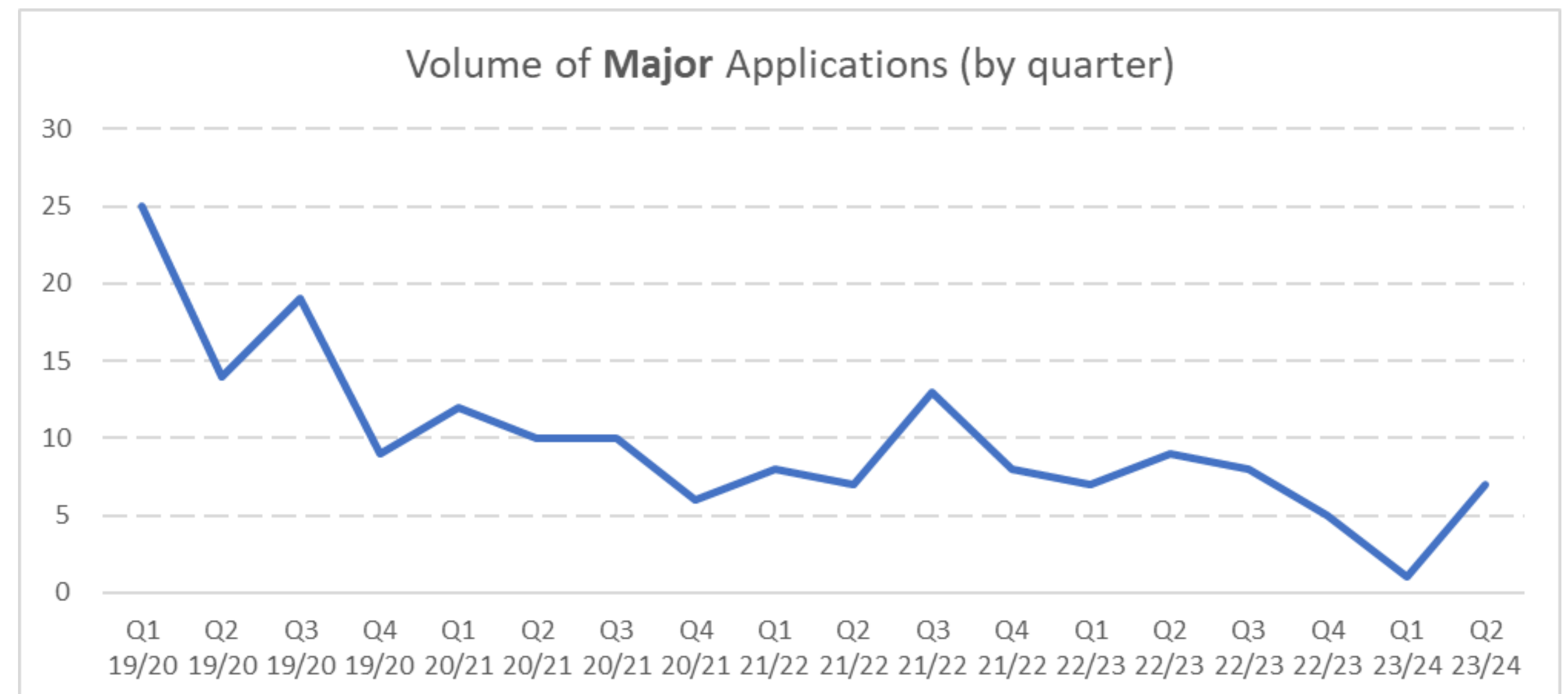
REP Revenue Pressure 1: Planning fee income shortfall (£1.600m)

A reduced volume of planning applications, particularly for Major developments (which generate the most revenue), is driving an on-going budget pressure of £1.6m. This has been the case for several successive financial years now. The government is set to increase centrally set fees (see Savings slides), but this will only reduce the income shortfall by an estimated £380k (leaving a structural budget pressure £1.22m).

Demand Volumes

The chart on the right shows the trend in Westminster in relation to the volume of applications received for Major developments each quarter (since 2019/20).

These represent a high proportion of the overall income base for Planning. The current budget is still broadly based on the levels of demand experienced in the past.



Investments

2024/25 to 2026/27

The following planned investments are proposed within REP (and are on-going requirements).

REP Revenue Investment 1: Management of Place Shaping assets (£0.054m)

Some elements of the Place Shaping capital programme are assets that require on-going management and maintenance. Whilst these were considered as part of the investment appraisals, the revenue elements have yet to be built into the Council's budget. This includes deliverables at Maida Hill Market, Queen's Park Canalside and the Green Spine Phase 2. The management of the assets is likely to sit elsewhere in the Council (which will be confirmed) but the required investment is reflected here for the purposes of the MTFP.

Savings, Pressures and Investments

2024/25 to 2026/27 Summary

Savings	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Uplifts to centrally set Planning fees	0.380			0.380
Digital/Automation opportunities in Planning			0.300	0.300
Market storage at Tachbrook St		0.100		0.100
Review of Place Shaping capitalisation	0.200			0.200
Economy service reconfiguration		0.400		0.400
Regen & Dev: Post restructure adjustment			0.080	0.080
Total	0.580	0.500	0.380	1.460

Pressures	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
Income shortfall on Planning fees	1.600	0.000	0.000	1.600
Total	1.600	0.000	0.000	1.600

Investments	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Management of Place Shaping assets	0.014	0.040	0.000	0.054
Total	0.014	0.040	0.000	0.054

2024/25 Budget

REP – Revenue

Service Areas	Net Exp (£m)
GPH Director	0.588
Development & Regen	0.677
Place Shaping	0.296
Town Planning	1.890
Economy	1.893
WAES	0.077
TOTAL	5.421

New Capital Scheme Proposal

REP – GF Capital

Scheme	Description	Expenditure £'000	Income £'000	Net
Acquisition of West End Gate Block H Units	The Council have an opportunity to acquire 45 affordable homes at 14-17 Paddington Green. Berkeley Homes S106 requires them to give the Council right of first refusal on the affordable homes on the next phase of West End Gate, known as 14 – 17 Paddington Green. Regardless of whether the Council choose to purchase the homes or not, they will retain full nomination rights. The proposed scheme includes 18 additional social units and 27 intermediate units to be transferred to Westminster Builds.	13,500	(£13,500)	£0

Consultations

2024/25 Proposals

- No consultations required (due to the nature of the proposals)