

Budget Scrutiny Task Group

Regeneration, Economy and Planning

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Executive Summary

Regeneration, Economy and Planning

- In 2024/25, Regeneration, Economy and Planning had a gross controllable expenditure budget of £27.9m and a gross income budget of £23.2m (net controllable budget £4.7m).
- Efficiency savings of £1.317m are proposed in 2025/26. Of this, saving commitments already agreed are £0.735m and £0.582m are new savings.
- Investments totalling £1.4m are proposed in 2025/26.
- Pressures identified total £0.105m for 2025/26.

Operating Context

- **Affordable Homes Programme 2021-2026.** In 2021, the Mayor secured £4bn from Government to deliver affordable homes in London under the new Homes for Londoners: Affordable Homes Programme 2021-2026.
- **Labour's Planning and Infrastructure Bill** was introduced in 2024 with the aim of accelerating the development of infrastructure and the construction of 1.5 million homes (IBB Law, 2024)
- **London remains the most productive region of the UK.** Many of these being in central London and the West End, where during the period 2019-2022 Westminster saw a growth of 8% compared to the London average of 5% (ONS Dataset, 2024)
- **The impact of the Pandemic on productivity growth in London is still unclear.** Despite the reduced growth in productivity in Westminster and London, it is still too early to understand how the pandemic and changed ways of working have impacted growth (WCC, 2024)
- **The West End remains essential to economy of Westminster.** With footfall 38% more than the second most popular area on weekends, it remains a key pillar to Westminster (and London's) economy, accounting for 23% and 26% of London's Accommodation and Food Services and Arts and Recreation (State of the Economy, 2024)
- **Reductions in planning applications have resulted in less funding** coming from CIL and s106 for social housing, large infrastructure and road developments.
- **WAES is losing additional income streams at the end of 2023/24.** Multiply, Bootcamps and Mayor Academy funding ceases at the end of this financial year leading to a reduction in overall offer for funding.
- **London Mayor** announced in September 2024 plans to pedestrianise Oxford St in a bid to bring back shoppers. **The pedestrianisation of Oxford St and surrounding Oxford Circus area is expected to cost £150m.**

2024/25 Budget

Regeneration, Economy and Planning

- The key controllable service area budgets for 2024/25 are broken down in the table below.

Service Area	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
Culture and Place Shaping	2.563	-3.408	-0.845
Development and Regeneration	0.992	-0.019	0.972
Economy & Skills	4.078	-2.154	1.924
REP Directorate	0.924	0.000	0.924
Town Planning and Building Control	8.706	-7.211	1.495
WAES	10.612	-10.358	0.254
	27.874	-23.151	4.724

Savings Proposals

2025/26 to 2027/28 Summary

Ref	Saving Title	2025/26 Over 2024/25 £m	2026/27 over 2025/26 £m	2027/28 over 2026/27 £m	Total £m
1	Social Value Fund	20	20	35	75
2	BID Cost Recovery	40	0	0	40
3	WAES Revenue Budget	254	0	0	254
4	Heritage Costs	0	50	0	50
5	Leveraging CIL/S106 Administration Fees	200	0	0	200
6	Admin charge for Building Safety Levy	0	50	0	50
7	Uplift on fees and charges (possible 10% uplift)	0	0	160	160
8	Advertising on Council Regeneration Hoarding	0	100	0	100
9	Culture and Place Shaping activity	50	0	0	50
10	Reduction on Budget for General Expenses	18	0	0	18
11	Reduction of Staffing Costs	0	0	45	45
Saving Total		582	220	240	1042

New Savings Proposals (1 of 2)

2025/26 to 2027/28

- 1) Social Value Fund - £0.075m:** Contribution for suppliers to be made at contract to support a Social Value Service - connecting suppliers with community orgs, events, impact assessment, relationship support to help deliver commitments and access to the Community Investment Platform.
- 2) BID Cost Recovery- £0.040m:** Westminster has the highest number of the Business Improvement Districts (BIDs) in the country, with 18 established and a further 5 in the pipeline. The administration of the BIDs, including partnership working and stakeholder management, costs an estimated £530k a year – with only £300k being recovered. This proposal seeks to recover a small proportion of associated costs from the BIDs in the form of an annual partnership payment.
- 3) WAES Revenue Budget- £0.254m:** As the Westminster Adult Education Service is a grant funded service, the GF budget provided to the service is no longer required.
- 4) Heritage Costs - £0.050m:** This is to levy a fee for the service of creating Heritage Partnership Agreements and equivalent tools, simplifying the planning/listed building consent regime.
- 5) Leveraging CIL/S106 Administration Fees - £0.200m:** This saving seeks to apply CIL/S106 Administration Fees. The fees are underutilised with back-office costs and staff related costs proposed to be replaced from this source of funds as opposed to current General Fund source.

New Savings Proposals (2 of 2)

2025/26 to 2027/28

- 6) Admin Charge for Building Safety Levy - £0.050m:** Building Safety levy carries a set admin fee, likely to be 5%, scope of levy and guidance though final design and scope is awaited from central government
- 7) Uplift on Fees and Charges (possible 10% uplift) - £0.160m:** Fees for discretionary services for example pre application, Planning performance agreements, Planning Resourcing Agreements
- 8) Advertising on Council Regeneration Hoardings - £0.100m:** This savings seeks to gain income from advertising on our on own live Regeneration Hoarding
- 9) Culture and Place Shaping Activity - £0.050m:** This savings seeks to gain income from advertising on our on own live Regeneration Hoarding
- 10) Reduction on Budget for General Expenses - £0.018m:** Opportunity to review priorities including staff events, training away days etc
- 11) Reduction of Staffing Costs- £0.045m:** Opportunity to review Directorate priorities balanced with workload of staff

Investment (1 of 2)

The 2025/26 investment proposed is £1.4m, details below:

- **Culture and Place Shaping £0.200m**

Initial funding to support the development of the new Culture and Place Shaping Department in the form of staffing and resource - including 1 x Programme Manager and additional cultural resource as required.

- **High Street Business Support £0.100m**

To fund economic development, particularly business support interventions across High Street programme areas such as Paddington, Bayswater & Queensway and Pimlico.

- **Non-Capitalised Costs – Culture and Place Shaping £0.095m**

Project costs that cannot be capitalised - relating to: Great Western Rd; Harrow Rd East; S&C Parades; Half Penny Steps; Westway Canalside Public Art.

- **Entrepreneurial Skills Investment in Pimlico £0.050m**

Funding for an intervention that improves the skills of young people, with particular consideration to entrepreneurial skills, such as the extension of Digital Dash and Entrepreneurial Courses to Pimlico.

Investment (2 of 2)

- **North Paddington Streets Programme £0.328m**

North Paddington high streets have been struggling for decades. This has been compounded by the effects of the pandemic, the rise of e-commerce eroding sales to local shops, and the Cost-of-Living Crisis putting further pressure on high street businesses and residents. The proposed high street programme will deliver the transformational change needed and is integral to the Council's Fairer Westminster and Fairer Economy objectives.

- **Retrofit Taskforce £0.032m**

Extending work of the Retrofit Task Force by funding a permanent post.

- **North Paddington Programme – ongoing delivery £0.423m**

There is a need for additional resource within the Programme, including a Director, as well as additional ongoing operational costs for Programme delivery costs. These operational costs will reduce as the Programme comes to an end, but the staff are required longer term

- **Lisson Grove/Church Street £0.200m**

Budget to support premises and programming costs for Health and Wellbeing programme in Lisson Grove and Church Street.

General ongoing pressures

2025/26 pressures identified total £0.105m, details below:

- **GLA Audit Costs – Development and Regeneration - £0.045m**

The pressure reflects the unbudgeted cost of the required audit, that accompanies our use of GLA grants

- **Building Control Services - £0.060m**

Pressure to meet increased demand brought on by the Building Safety Act (BSA). The BSA has resulted in new statutory duties for local authorities, new workstreams, a new licensing regime and a new regulator. The service needs to bring in additional resource in the form of staff to meet demand and remain compliant.

Summary savings and pressures

2025/26 to 2027/28 Summary

	2025/26 £m	2026/27 £m	2027/28 £m	TOTAL £'000
New Savings	582	220	240	1,042
Existing Savings	735	530	0	1,265
TOTAL	1,317	750	240	2,307
Pressures	105	(60)	0	45
NET TOTAL	1,212	810	240	2,262

Consultations

2025/26 Proposals

- No formal consultations for 25/26 proposals are planned