



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held at 7pm on **Monday 30th October, 2017**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

Members Present: Councillors Nickie Aiken (Chairman), Heather Acton, Daniel Astaire, Danny Chalkley, David Harvey, Richard Holloway, Tim Mitchell and Rachael Robathan

Also Present: Councillors Richard Beddoe and Brian Connell

Apologies for Absence: Councillor Robert Davis, MBE, DL

1 WELCOME

1.1 The Leader welcomed everyone to the meeting.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES - 10 JULY 2017

3.1 The Leader, with the consent of the Members present, signed the minutes of the meeting held on 10 July 2017 as a true and correct record of the proceedings.

13 ORDER OF BUSINESS

The Leader brought forward Item 11 – Shared Legal Services Alternative Business Structure Proposal as the next item of business.

11 SHARED LEGAL SERVICES ALTERNATIVE BUSINESS STRUCTURE PROPOSAL (SEE REPORT OF THE DIRECTOR OF CORPORATE SERVICES)

11.1 John Quinn, Director of Corporate Services, introduced the report. He explained the reasons for the proposals and how these delivered the best fit for staff, brought more work in-house and delivered the necessary budget

savings. He added that some issues like access to pension fund remained to be finally resolved but these would be before the decision was finally implemented.

- 11.2 Chris Smith (UNISON Branch Secretary) addressed the meeting. He reported that progress had been made on the issue of outstanding loans which were now not required to be repaid at the commencement of the proposed ABS. He explained that some staff who had been with the City Council for 30 years wished to remain part of the Council family and were concerned at the imposition of being transferred to the private sector.
- 11.3 The Leader responded by thanking Chris for his continued personal contribution and advice and confirmed that despite this technical change she regarded the legal team as very much part of the Westminster family and would continue to do so.
- 11.4 Councillor Mitchell spoke about the value of the Legal team which was highly regarded and valued. He also stressed that they would continue to be regarded as part of the Council. He was aware that some issues remained to be resolved and that work continued on these.
- 11.5 Councillor Astaire referred to a similar arrangement which had been established by Warwickshire County Council. He welcomed the proposal to bring work to the in-house team which was highly regarded and, in some cases, world class. He sought assurances that continued professional development would form part of the ABS and that knowledge sharing would form part of the requirement of the service.
- 11.6 Tasnim Shawkat, Director of Law, confirmed that training and development work form a key part of the new arrangements to build on existing skills and attract new ones. It was, she added, noteworthy some work from CityWest Homes had already been brought in-house from external solicitors.

Resolved:

1. That the report and the business case for the Shared Legal Services to join LGSS Law Ltd as the London branch be noted;
2. That Westminster City Council joins LGSS Law Ltd as a shareholder and transfer staff to LGSS Law Ltd under TUPE regulations;
3. That the Bi-borough Director of Corporate Services and the City Treasurer, be delegated authority following consultation with the Cabinet Member for Finance, Property and Corporate Services, to approve and enter into the agreements and take such other steps necessary to implement the decision recommended at paragraph 2.2 of the report and set out in 2 above;
4. That the Chief Executive be given delegated authority to vary the S113 agreement in respect of Legal Services as necessary to reflect changes

following the merger with LGSS Law Ltd and to serve notice to terminate the S113 agreement, if necessary.

Reasons for Decision

A decision was required as the proposal has significant financial implications in that it results in significant savings for the councils.

4 2018-2019 BUDGET PROPOSALS (SEE REPORT OF THE CITY TREASURER)

- 4.1 Steve Mair, City Treasurer, introduced the report. He explained that detailed proposals were being submitted earlier than in previous years in order to allow for longer implementation and therefore achieve full year effect of savings.
- 4.2 Councillor Brian Connell, Chairman of the Budget Scrutiny Task Group, addressed the meeting. He drew attention to the notes of the Task Group's meetings included in the report. He confirmed that the Task Group had undertaken detailed work and had found the budget to be robust. The Equality Impact Assessments are important to take into account and he urged the Cabinet to ensure that they did so and that these were satisfactorily completed. The Task Group had paid particular focus on the Adult Social Care budget and he encouraged the Adult Social Care P&S Committee to also pay particular attention to this given its size. He thanked the Members and Officers who had given a significant amount of time to the scrutiny process.
- 4.3 Councillor Heather Acton advised that a "Healthier London" should be added to the consultations being undertaken by the Mayor of London.
- 4.4 The Leader thanked the Task Group and officers for all of their detailed work and referred to the larger than expected projected underspend at period 6 which was forecast to continue with year end. Therefore, she proposed that this be earmarked for "My Westminster" community initiatives and projects during 2017-2018 and that a report be submitted to the Cabinet Member for Finance, Property and Corporate Services to approve the associated governance processes.

Resolved:

That Cabinet approve the following:

- (i) That budget proposals for the 2018/19 budget where relevant external consultations have been completed and as reviewed by the Budget and Performance Task Group as detailed in Annex A of the report.
- (ii) That in principle, the budget proposals for the 2018/19 budget where relevant external consultations have not been completed as separately listed in Section 16 is approved. Such proposals will be further considered, by Full Council on 7 March 2018, once all consultations and EIAs have been completed;

- (iii) That the views of the Budget and Performance Task Group set out in Annex A of the report were considered as required;
- (iv) That the draft estimated cash limited budgets for each service with overall net expenditure for 2018/19 of £168.163m (as set out in Schedules 1 to 6 of the report) be noted. These figures are draft and based on 2017/18 Period 6 budgets which may change before final budget setting is completed in March 2018;
- (v) That the Equality Impact Assessments included in Annex B of the report be received and noted to inform the consideration and approval of this report.
- (vi) That the Cabinet receives a further report in February 2018 which will finalise the budget for 2018/19.
- (vii) That the projected period 6 underspend be earmarked for “My Westminster” community initiatives and projects in 2017-2018 and the Cabinet Member for Finance, Property and Corporate Services approve, via a formal report, the related governance processes.

Reasons for Decision

The presentation of this Budget Proposals report offers an early opportunity to note and approve budget changes for the 2018/19 financial year. All proposals have been assessed for whether they require consultations and equality impact assessments, whether these have been completed or not and, where they have not been completed, timescales for completion. Completed EIAs it was noted were available to all members at Annex B of the report, on the website and in the Members Room.

5 2016-2017 ANNUAL ACCOUNTS AND OUTTURN (SEE REPORT OF THE CITY TREASURER)

- 5.1 Steve Mair, City Treasurer, confirmed that once again the accounts had been closed and audited in record time. The Leader thanked him and his team for all the work undertaken in achieving this.

Resolved:

That the 2016-2017 Annual Accounts which were formally signed off at the 17 July 2017 Audit and Performance Committee be noted.

Reason for Decision

The report was for Cabinet to note the formal sign-off of the 2016-2017 accounts and outturn by Audit and Performance Committee in July 2017.

6 CAPITAL STRATEGY 2018-2019 TO 2022-2023, FORECAST POSITION FOR 2017-2018 AND FUTURE YEARS FORECASTS SUMMARISED UP TO 2031-2032 (SEE REPORT OF THE CITY TREASURER)

- 6.1 Steve Mair, City Treasurer, introduced the report which was now in its second year. Councillor Tim Mitchell explained that the programme was kept under review by the Capital Review Group on a regular basis.

Recommendations

That the Council be recommended:

1. To approve the capital strategy as set out in the report.
2. To approve the capital expenditure for the General Fund as set out in Appendix A of the report for 2018-2019 to 2022-2023 and future years to 2031-2032.
3. To approve the capital expenditure forecasts for the General Fund as set out in Appendix A of the report for 2017-2018.
4. To note the expenditure forecast for 2017-2018 for the HRA as set out in Appendix B of the report.
5. To note the capital expenditure for the HRA for 2018-2019 to 2022-2023 as in accordance with the 30 year HRA Business Plan and as included in Appendix B of the report.
6. To note the financial implications of the HRA capital programme including the references to the debt cap and the level of reserves as detailed in paragraph 12.33 of the report.
7. To approve that in the event that any additional expenditure is required by a capital scheme over and above this approved programme the revenue consequences of this will be financed by revenue savings or income generation from relevant service areas.
8. To approve that all development and investment projects follow the previously approved business case governance process as set out in paragraphs 6.7 to 6.15 of the report.
9. To approve that no financing sources unless stipulated in regulations or necessary arrangements are ring fenced.
10. To approve that contingency in respect of major projects is held corporately with bids for access to those contingencies to be reviewed by the Capital Review Group (CRG) and thereafter approved by the relevant Cabinet Member and City Treasurer in the event they are required to fund capital project costs, as detailed in paragraphs 10.43 to 10.44 of the report. These total £651.505m from 2017-2018 to 2031-2032 but include a sum of £450m

which is an allowance for general capital expenditure (eg highways improvements) in future years beyond 2021-2022.

11. As approved last year, the Council plans to use capital receipts in 2017-2018 to fund the revenue costs of three eligible proposals – the refurbishment of Westminster City Hall (£9m), the Digital Transformation Programme (£2.8m) and a contribution to the pension fund deficit (£10m) under the DCLG Guidance on the Flexible Use of Capital Receipts if considered beneficial to the Council's finances by the City Treasurer at year end. Further use of flexible capital receipts to fund the above are also included in the capital programme for these schemes in 2018-2019 (the last year to which the Flexible Capital Receipts scheme is available).
12. To approve that the financing of the capital programme as set out in paragraphs 12.1 to 12.21 of the report.
13. To approve that financing of the capital programme be delegated to the City Treasurer at the year end to provide sufficient flexibility to allow for the most effective use of Council resources.

Reason for Decision

The Council is required to set a balanced budget and the capital strategy and subsequent capital programme form part of this process, along with the governance process to monitor and manage the programme.

7 TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2018-2019 TO 2022-2023 (SEE REPORT OF THE CITY TREASURER)

Steve Mair, City Treasurer, explained that this was an annual report as required by financial regulations.

Resolved:

That:

- (i) The Treasury Management Statement set out in sections 5 to 7 of the report be approved.
- (ii) The prudential indicators set out in section 8 of the report be approved.
- (iii) The overall borrowing strategy and borrowing limits for 2018-2019 to 2022-2023 as detailed in section 6 of the report be approved.
- (iv) Investment strategy and approved investments set out in Appendix 1 of the report be approved.
- (v) The Minimum Revenue Provision policy set out in Appendix 2 of the report be approved.

Reasons for Decision

To comply with the Local Government Act 2003, other regulations and guidance and to ensure that the Council's borrowing and investment plans are prudent, affordable and sustainable and comply with statutory requirements.

8 TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2017-2018 (SEE REPORT OF THE CITY TREASURER)

Steve Mair, City Treasurer, advised that it was a regulatory requirement to report at mid-year. The reasons for the adjustments proposed were explained.

Resolved:

- (i) That the Annual Treasury Strategy 2017-2018 Mid-Year Review, noting the cases of non-compliance and the action taken to rectify this be approved.
- (ii) That the increase to the maximum loan period for the LGA loan from 12 to 15 years be approved.
- (iii) That the reduced credit rating limit for investments in Supra-national banks and European agencies from AA+/Aa1/AA+ to AA/Aa/AA be approved.
- (iv) That the increase to the aggregate limit for lending to local authorities from £100m to £200m be approved.
- (v) That the limit on lending to individual local authorities from £50m to £100m subject to lending criteria be amended.
- (vi) That the increase to the limit for collateralised deposits from £60m to £100m be approved.
- (vii) That the minimum working capital balance from £150m to £nil to make better use of the Council's cash resources be reduced.

That the changes set out in (i) to (vii) above be recommended to Council for endorsement.

Reason for Decision

The Treasury Management mid-year review report is part of the Treasury Management statutory process.

9 INTEGRATED INVESTMENT FRAMEWORK (SEE REPORT OF THE CITY TREASURER)

Steve Mair, City Treasurer, introduced the report. He advised that, for the first time, all of the investments were being brought together into a single framework in order to obtain better value for money.

Resolved:

That the Council be recommended to:

1. Approve and implement the Integrated Investment Framework set out in this report (to be reviewed on an annual basis).
2. Approve that the target for the overall return on Council investments should aspire to match inflation.
3. Approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments.
4. Adopt the asset allocation percentages set out in the Framework and work towards achieving these.
5. Approve that the overarching objective of this Framework is to achieve an overall return on Council investments aspiring to match inflation or to reduce costs and liabilities at an equivalent rate whilst maintaining adequate cash balances for operational purposes and not exposing the capital value of investments to unnecessary risk.
6. Approve that investments in out-of-borough property developments should be considered individually and should outweigh the benefits of investing in-borough (which can have a number of non-commercial benefits eg place making) and in a diversified property fund. Individual decisions will be subject to Cabinet Member approval.
7. Approve that the property and alternative asset allocation should focus on in-borough, with out-of-borough options being explored as and when they arise and subject to Cabinet Member approval.
8. Approve the establishment of an Investment Executive, comprising the membership set out in paragraph 5.1 of the report to implement, monitor and report on the investment strategy. The Investment Executive will meet half yearly supplemented with ad hoc calls and meetings in times of change.

Reason for Decision

To bring together various investments into a single strategy.

10 HOUSING INVESTMENT STRATEGY AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2018-2019 (SEE REPORT OF THE CITY TREASURER)

- 10.1 Barbara Brownlee, Executive Director, Growth, Planning and Housing advised that the report set out particularly ambitious plans over the next 5 years.
- 10.2 Councillor Rachael Robathan stressed how hugely important the programme was. It was vital that it was managed carefully. The programme had taken into account emerging City Plan policy which would lead to less S.106 monies

for affordable housing. The emerging policy would, however, require more affordable housing provision on site and therefore overall an increase in affordable housing would be achieved.

It was noted that table 2.3 of the report had been amended in the version which had been issued with the papers for the Council meeting – 8 November 2017.

Resolved:

That the indicative HRA capital programme budgets for 2018-2019 to 2022-2023 set out in Appendix B of the report be noted.

To note the proposed allocations from the Council's Affordable Housing Fund to new supply programmes.

Reasons for Decision

The plans outlined in the report will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods within its management, whilst also delivering wider benefits to the City's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which the city is faced; and ensure the HRA remains sustainable and viable over the long term. Further modelling of a proposal to set up a wholly owned company to enable housing delivery, which may involve delivery of some of the schemes in this plan, together with a reference in the recent Prime Minister's Party Conference speech to an additional £2bn to be invested in affordable housing mean that the plan will continue to be assessed in the coming months.

12 ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

The Meeting ended at 7.53pm.

CHAIRMAN: _____

DATE _____