



City of Westminster

Council Agenda

Title: **Council Meeting**

Meeting Date: **Wednesday 25th January, 2017**

Time: **7.00 pm**

Venue: **Porchester Hall, Porchester Road, Bayswater, London, W2 5DU Bayswater, London, W2 5DU**

Members: **All Councillors are hereby summoned to attend the Meeting for the transaction of the business set out.**



Admission to the public gallery is available from 6.30pm.

Please telephone if you are attending the meeting in a wheelchair or have difficulty walking up steps. There is wheelchair access by a side entrance.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Mick Steward, Head of Committee and Governance Services.

**Email: msteward@westminster.gov.uk Tel: 020 7641 3134
Corporate Website: www.westminster.gov.uk**

1. APPOINTMENT OF RELIEF CHAIRMAN

To appoint a relief Chairman.

2. MINUTES

To sign the Minutes of the Meeting of the Council meeting held on 9 November 2016.

3. LORD MAYOR'S COMMUNICATIONS

- (a) The Lord Mayor to report that on Sunday 16th October he attended the London Mayors' Association Annual Civic Service at Westminster Abbey followed by a reception in Westminster School.
- (b) The Lord Mayor to report that on Tuesday 18 October he attended a reception to meet the 2016 UK Olympians at the Canadian High Commission followed by the 'Heroes Return' celebration of the great achievements of Team GB and Paralympic GB at Trafalgar Square with the Mayor of London.
- (c) The Lord Mayor to report that on Sunday 23rd October he attended the Annual Trafalgar Day Parade and Wreath Laying Ceremony at Trafalgar Square followed by a reception at Wellington Barracks.
- (d) The Lord Mayor to report that on Monday 31st October he attended the Westminster Carer Awards.
- (e) The Lord Mayor to report that on Tuesday 1 November he attended the Ceremonial Arrival of the President of the Republic of Colombia at Horse Guards Parade on the occasion of the State Visit followed by the State Banquet hosted by HM The Queen and the Reception and Banquet hosted by The City of London Corporation on 2 November.
- (f) The Lord Mayor to report that on Sunday 6th November he attended the City of Westminster Tea Dance for Older Residents in Westminster at Grosvenor House.
- (g) The Lord Mayor to report that on Sunday 12th November he and other members of the Council attended the Annual Service of Remembrance at Westminster Abbey. He also attended the Paddington Service of Remembrance at the Lancaster Gate War Memorial later that day.

(Pages 1 - 6)

- (h) The Lord Mayor to report that on Tuesday 15th November he departed for a Civic Visit to Oslo for the annual cutting down ceremony of the Oslo Christmas Tree to London.
- (i) The Lord Mayor to report that on Thursday 24th November he hosted the first of his Receptions for Ward Councillors and their nominated Residents.
- (j) The Lord Mayor to report that on Monday 28th November he attended the Memorial Service for Major Gerald Cavendish Grosvenor, 6th Duke of Westminster KG, CB, CVO, OBE, TD, CD, DL.
- (k) The Lord Mayor to report that on Thursday 1st December he hosted a reception prior to officiating at the Lighting-Up Ceremony of the Oslo Christmas Tree in Trafalgar Square.
- (l) The Lord Mayor to report that on Friday 2nd December he attended the ActiveWestminster Annual Awards Ceremony at Lord's Cricket Ground.
- (m) The Lord Mayor to report that on Thursday 8th December he attended the Unveiling Ceremony of the War Memorial Sculpture dedicated to Westminster City Council Staff who fell in the Great War (1914-1918) at Kingsgate Walk.
- (n) The Lord Mayor to report that on Thursday 8th December he attended HM The Queen's Evening Reception for the Diplomatic Corps at Buckingham Palace.
- (o) The Lord Mayor to report that during December he attended a number of Ward and Community based Christmas/festive lights switch-on ceremonies.
- (p) The Lord Mayor to report that on Sunday 1st January he attended the New Year's Day Parade – at which Westminster won first place in the borough challenge.
- (q) The Lord Mayor to report that on Wednesday 11th January he attended a Reception at City Hall for the Volunteers who work in Westminster's Libraries and the Archives Centre.
- (r) The Lord Mayor to report that on Thursday 12th January he attended the London Government Dinner at Mansion House.

4. DECLARATIONS OF INTEREST

5. ELECTION OF LEADER OF COUNCIL

- (a) To elect a new Leader of the Council. The appointment to be effective from the arising of the meeting.
- (b) To consider a Vote of Thanks to the outgoing Leader of the Council.

6. PETITIONS, IF ANY

7. QUESTIONS

Members other than Cabinet Members are invited to ask questions, if selected by the Lord Mayor, of the Leader or any members of the Cabinet or Committee Chairmen.

(Pages 7 - 8)

8. COUNCILLOR ISSUES

- (a) Councillor Peter Cuthbertson – Crime Prevention in Westminster
- (b) Councillor David Boothroyd – Secular Democracy

9. STATEMENT ON URGENT MATTERS

10. NOTIFICATION OF CABINET MEMBERS, THEIR TERMS OF REFERENCE AND DEPUTY CABINET MEMBERS

To note the report of the Chief Executive (To follow).

11. FUTURE POLICY PLAN

To consider items chosen for debate from the attached Future Policy Plan.

(Pages 9 - 14)

12. CABINET REPORT/COMMITTEE REPORT

To receive, consider and debate, if chosen, the following reports which contain a recommendation to the Council for decision.

(Pages 15 - 48)

Cabinet/Committee

Date

Cabinet (Council Tax Base and Treasury Management)

12 December 2016

General Purposes (Constitutional Issues) 18 January (to follow)

13. NOTICE OF MOTION

(a) Health & Social Care in Westminster and the NWL STP

To be moved by Councillor Barrie Taylor and seconded by Councillor Adam Hug:

This Council notes the current critical state of health and social care services for Westminster residents and the respective Authorities plans to deal with 'Winter Pressures' and proposals aimed at tackling:

- Accident and Emergency / Mental Health waiting times / admissions and home discharges
- The £35m social care deficit identified in the NW London STP

This council believes there is a clear need for improved government investment in NHS and Adult Social care funding in Westminster. For its part, Westminster Council resolves to assist the process by focusing on issues within its own remit :

- Take steps to lobby government to provide extra funding in the upcoming budget, in order to tackle the immense shortfall in social care - as identified by the STP
- Introduce a dedicated year-on-year increase in Adult Social Care spend for Westminster residents, using the government's Social Care Precept rules and ask Officers to include funding proposals in the budget report to Cabinet (20.2.17).
- Dedicate CIL and Section 106 funds, particularly from health and social care development sites, to help develop the infrastructure for health and social care integration in Westminster and officers report thereon to the relevant Cabinet Member.
- Press the government to provide Imperial Trust with up front capital at this stage - to be realised by future sales of NHS property locally (e.g. Samaritan Hospital)
- Promote the development of Health and Wellbeing Centres, the retention of local GP practices and NHS plans to improve levels of GPs primary care services
- Support Tri-borough partners Hammersmith and Fulham in their concerns about downgrading of A&E provision in West London.

- In conjunction with the NHS & local Care Agencies, introduce & publish an Annual Winter Pressures each September to explain actions to overcome yearly pressures
- Review consultation procedures for Westminster only residents to submit views and opinions on all NHS and Social care plans
- In view of the arbitrary midyear cuts to Public Health budgets, to ensure Public Health proposals are open to public accountability in Westminster.

**Westminster City Hall
64 Victoria Street
London SW1
13 January 2017**

Chief Executive

Public Document Pack Agenda Item 2

CITY OF WESTMINSTER

MINUTES OF PROCEEDINGS

At the Meeting of the Council of the City of Westminster held at 7.00 pm on Wednesday 9th November, 2016 at Porchester Hall, Porchester Road, Bayswater, London W2 5DU.

PRESENT

The Lord Mayor, Councillor Steve Summers

COUNCILLORS

Heather Acton
Ian Adams
Nickie Aiken
Julia Alexander
Barbara Arzymanow
Daniel Astaire
Richard Beddoe
Rita Begum
David Boothroyd
Iain Bott
Susie Burbridge
Ruth Bush
Melvyn Caplan
Danny Chalkley
Paul Church
Brian Connell
Baroness Philippa Coultie
Antonia Cox
Thomas Crockett
Peter Cuthbertson
Robert Davis, MBE, DL
Tony Devenish
Paul Dimoldenberg
Nick Evans
Christabel Flight
Jean Paul Floru
Peter Freeman
Murad Gassarly

Jonathan Glanz
Barbara Grahame
Angela Harvey
David Harvey
Richard Holloway
Adam Hug
Louise Hyams
Aicha Less
Patricia McAllister
Guthrie McKie
Tim Mitchell
Adnan Mohammed
Gotz Mohindra
Jan Prendergast
Papya Qureshi
Suhail Rahuja
Robert Rigby
Rachael Robathan
Glenys Roberts
Tim Roca
Ian Rowley
Karen Scarborough
Shamim Talukder
Barrie Taylor
Cameron Thomson
Judith Warner
Jacqui Wilkinson
Jason Williams

1 APPOINTMENT OF RELIEF CHAIRMAN

Motion moved by the Lord Mayor and seconded by Councillor Tim Mitchell that Councillor Angela Harvey be elected as Relief Chairman.

Motion put, and on a show of hands, declared **CARRIED**.

2 MINUTES

The Minutes of the proceedings at the Annual Council meeting held on Wednesday 13 July 2016 were, with the assent of the Members present, signed by the Lord Mayor as a true record of the proceedings.

3 LORD MAYOR'S COMMUNICATIONS

- 3.1 The Lord Mayor, on behalf of the Council, congratulated the Leader on being made a Life Peer.
- 3.2 The Lord Mayor welcomed the Youth MP, Hamza Taouzzle to the meeting. Hamza then addressed the meeting.

4 DECLARATIONS OF INTEREST

- 4.1 There were none.

5 PETITIONS AND DEPUTATIONS (IF ANY)

- 5.1 There were none.

6 QUESTIONS

- 6.1 The questions, supplementary questions and replies are included in the recording on the Council's website.

7 COUNCILLOR ISSUES

(a) Animal Welfare in Westminster

Councillor Jacqui Wilkinson spoke and Councillor Nickie Aiken replied.

(b) Young Carers

Councillor Ruth Bush spoke and Councillor Danny Chalkley replied.

8 STATEMENT ON URGENT MATTERS

There were no urgent matters.

9 FUTURE POLICY PLAN/NOTICE OF MOTION

- 9.1 The meeting debated the items chosen for debate from the Future Policy Plan by the Majority Party – Health and Wellbeing Strategy and the Sustainability and Transformation Plan. The debate will be referred to the relevant Executive Director for consideration when next reporting on the subject.

10. NOTICE OF MOTION

The Majority Party had selected for debate the Notice of Motion – Housing, Regeneration which was moved by Councillor Daniel Astaire and seconded by Councillor Susie Burbridge.

Councillor Tim Roca moved and it was seconded by Councillor Aicha Less that the Notice of Motion be amended, as follows:

To be added at end of Notice of Motion:

“The Council will work in consultation with residents and ensure that such regeneration proposals are supported by a ballot of those residents affected.

The Council will ensure that regeneration includes significant new social and genuinely affordable housing for rent, in addition to replacing existing homes, so that low and middle income families have access to good quality housing and so the Council can reduce the number of residents living in overcrowded and temporary accommodation. The Council should explore innovative options for the provision of new private homes in the regeneration areas, such as building for private rent, to ensure much needed homes are not left empty and that these properties contribute to an active community.

All models will be looked at including low cost rental opportunities that allow low income families to access good quality housing for those living in overcrowded and temporary accommodation.

The Council will speed up regeneration projects in view of the significant delays already experienced in Church Street and Ebury Bridge, whilst being mindful of genuine consultation with residents as stated above”.

After debate, to which Councillor Daniel Astaire replied, the Lord Mayor put the amendment moved by Councillor Roca and seconded by Councillor Less to the vote and on a show of hands declared the amendment **LOST**.

The Lord Mayor then put the original motion to the vote and on a show of hands declared the motion **ADOPTED**.

RESOLVED:

That this Council notes the estate regeneration undertaken. In the context of the national housing shortage, this Council recognises the opportunity created by this

regeneration work and the potential for future regeneration projects within our estates and property holdings.

The Council will continue to look for ways to maximise what can be delivered in these areas, look at further regeneration opportunities as well as encouraging the private sector to deliver more intermediate housing proposals to help the local workforce.

This Council is committed to taking a proactive approach to regeneration and is open to further, credible private sector funding for regeneration. The projects which the Council has delivered and is delivering at the moment demonstrate the authority's commitment to quality housing regeneration schemes to deliver market housing and affordable housing, including intermediate housing, in areas of real need across the City.

11. NOTICE OF MOTION - LIBRARIES

The Minority Party had selected for debate the Notice of Motion – Libraries as set out on the Agenda. The Notice of Motion was moved by Councillor Adam Hug and seconded by Councillor Paul Dimoldenberg.

Councillor David Harvey moved and it was seconded by Councillor Richard Holloway that the Notice of Motion – Libraries be amended, as follows:

Delete first paragraph. Amend first sentence in first sentence of second paragraph as follows:

The Council believes that our librarians (add: and all of our library staff) form an essential part of the library service, their expertise, dedication and passion for reading and learning help make Westminster's libraries a hugely valued part of our community, (add: backed up by the support of excellent volunteers).

Delete remaining paragraphs and add:

This Council is proud that Westminster has probably the finest library services in London, with first class professional staff, supported by terrific community volunteers and with the highest funding per resident of any council in the country. The Council will continue to employ an excellent team with the right skills, knowledge and experience to deliver a high quality service. Reflecting the Council's commitment to the service, it notes that no one is far from one of our 12 libraries. Working with the constraints of the financial climate, this Council, unlike so many others, has no plans either to close libraries or to cut the current long opening hours residents want. This Council knows libraries provide an essential service and bring communities together and will provide fine future services.

After debate, to which Councillor Adam Hug replied, the Lord Mayor put the amendment moved by Councillor David Harvey and seconded by Councillor Richard Holloway to the vote and on a show of hands declared the Motion **CARRIED**.

The Lord Mayor put the Motion, as amended, to the vote on a show of hands and declared the amended Motion **ADOPTED**.

Resolved:

The Council believes that our librarians and all of our library staff form an essential part of the library service, their expertise, dedication and passion for reading and learning help make Westminster's libraries a hugely valued part of our community backed up by the support of excellent volunteers.

This Council is proud that Westminster has probably the finest library services in London, with first class professional staff, supported by terrific community volunteers and with the highest funding per resident of any council in the country. The Council will continue to employ an excellent team with the right skills, knowledge and experience to deliver a high quality service. Reflecting the Council's commitment to the service, it notes that no one is far from one of our 12 libraries. Working with the constraints of the financial climate, this Council, unlike so many others, has no plans either to close libraries or to cut the current long opening hours residents want. This Council knows libraries provide an essential service and bring communities together and will provide fine future services.

10 CABINET MEMBER/COMMITTEE REPORT

Pension Fund Committee: The Council noted the Annual Report.

Report of the Cabinet Member for Built Environment: Adoption of the Special Policy Areas and Policies Map Revision to the Westminster City Plan:

Resolved: That the recommendations be adopted.

Report of the General Purposes Committee: Updates to Standing Orders:

Resolved: That the recommendations be adopted.

Report of the General Purposes Committee: Programme of full Council Meetings 2017-2018

Resolved: That the recommendations be adopted.

13. The meeting ended at 9.55pm

CHAIRMAN: _____

DATE: _____

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CITY OF WESTMINSTER

COUNCIL MEETING – 25 JANUARY 2017

AGENDA ITEM 7 – ORDER OF QUESTIONS (STANDING ORDER 9(A))

There are 45 minutes for questions

1. Councillor Adam Hug
2. Councillor Adam Hug
3. Councillor Adam Hug
4. Councillor Jan Prendergast
5. Councillor Louise Hyams
6. Councillor Ruth Bush
7. Councillor Peter Freeman
8. Councillor Paul Church
9. Councillor Rita Begum
10. Councillor Brian Connell
11. Councillor Barbara Grahame
12. Councillor Lindsey Hall
13. Councillor Gotz Mohindra
14. Councillor Cameron Thomson
15. Councillor Angela Harvey
16. Councillor Barrie Taylor
17. Councillor Andrew Smith
18. Councillor Papyia Qureshi
19. Councillor Guthrie McKie
20. Councillor Ian Rowley
21. Councillor Tony Devenish
22. Councillor Antonia Cox
23. Councillor Jason Williams
24. Councillor J P Floru
25. Councillor Jonathan Glanz
26. Councillor Julia Alexander
27. Councillor Aziz Toki
28. Councillor Peter Cuthbertson
29. Councillor Richard Beddoe
30. Councillor Paul Dimoldenberg
31. Councillor Aicha Less
32. Councillor David Boothroyd
33. Councillor Patricia McAllister
34. Councillor Glenys Roberts
35. Councillor Thomas Crockett
36. Councillor Judith Warner
37. Councillor Robert Rigby
38. Councillor Susie Burbridge
39. Councillor Barbara Arzymanow

40. Councillor Tim Roca
41. Councillor Christabel Flight
42. Councillor Suhail Rahuja
43. Councillor Richard Holloway
44. Councillor Jacqui Wilkinson
45. Councillor Nick Evans
46. Councillor Ian Adams
47. Councillor Iain Bott
48. Councillor Murad Gassanly
49. Councillor Karen Scarborough
50. Councillor Adnan Mohammed
51. Councillor Shamim Talukder

Charlie Parker
Chief Executive
13 January 2017

Agenda Item 11

City of Westminster

Council Meeting – Agenda Item 11

Wednesday 25 January 2017

Future Policy Plan

No.	Subject	Cabinet Member Portfolio	Lead Officer
1	Addressing dementia	Adults & Public Health	Liz Bruce
2	Adult Education	Housing, Regeneration, Business and Economic Development	Ed Watson
3	Affordable business space	Built Environment Housing, Regeneration, Business and Economic Development	Ed Watson
4	Affordable childcare	Children & Young People	Clare Chamberlain
5	Affordable Housing	Housing, Regeneration, Business and Economic Development Built Environment	Ed Watson
6	Air Quality	Sustainability & Parking	Julia Corkey
7	Alternative Education	Children & Young People	Clare Chamberlain
8	Anti-social behaviour	Public Protection	Stuart Love
9	Apprenticeships	Housing, Regeneration, Business and Economic Development	Ed Watson
10	Assets of Community Value	Built Environment	Julia Corkey
11	Benefits administration	Finance and Corporate Services	Steve Mair
12	BIDS	Housing, Regeneration, Business and Economic Development	Julia Corkey Ed Watson Stuart Love
13	Business Rates	Leader of the Council Finance and Corporate Services Housing, Regeneration, Business and Economic Development	Charlie Parker Steve Mair Ed Watson
14	Businesses in Westminster	Housing, Regeneration, Business and Economic Development Built Environment	Ed Watson
15	Capital Programme	Finance and Corporate Services	Steve Mair
16	Care Act	Adults & Public Health	Liz Bruce
17	CCTV	Public Protection	Stuart Love

No.	Subject	Cabinet Member Portfolio	Lead Officer
18	Child poverty	Children & Young People Housing, Regeneration, Business and Economic Development Adults & Public Health	Clare Chamberlain Liz Bruce
19	Child Protection	Children & Young People	Clare Chamberlain
20	Childhood Obesity	Children & Young People Adults & Public Health	Clare Chamberlain Liz Bruce
21	City for All	Leader of the Council	Julia Corkey Charlie Parker
22	City Inspectors	Public Protection	Stuart Love
23	CityWest Homes	Housing, Regeneration, Business and Economic Development	Ed Watson
24	Clinical Commissioning Groups	Adults & Public Health	Liz Bruce
25	Commercial Opportunities	Finance and Corporate Services	Julia Corkey
26	Community Cohesion	Public Protection	Julia Corkey
27	Community Engagement	Sports and Leisure	Julia Corkey
28	Community Infrastructure Levy	Built Environment	Julia Corkey Ed Watson
29	Corporate Parenting	Children & Young People	Clare Chamberlain
30	Corporate Services	Finance and Corporate Services	Charlie Parker
31	Council Budget & Financial Management	Finance and Corporate Services	Charlie Parker Steve Mair
32	Council Management	Leader of the Council	Charlie Parker
33	Council Tax	Finance and Corporate Services	Charlie Parker Steve Mair
34	Counter-terrorism	Public Protection	Stuart Love
35	Crossrail 1 and 2	Built Environment	Ed Watson
36	Customer Services	City Management and Customer Services	Julia Corkey
37	Cycling	Sustainability & Parking	Julia Corkey Ed Watson
38	Debt Management	Finance and Corporate Services	Steve Mair

No.	Subject	Cabinet Member Portfolio	Lead Officer
39	Devolution	Leader of the Council	Charlie Parker
40	Encouraging social enterprise	Housing, Regeneration, Business and Economic Development Built Environment	Ed Watson
41	Equalities	Leader of the Council	Julia Corkey
42	Family Recovery / Troubled Families	Children & Young People	Clare Chamberlain
43	Fire Station Reforms	Public Protection	Stuart Love
44	Fostering and Adoption	Children & Young People	Clare Chamberlain
45	Education	Children & Young People	Clare Chamberlain
46	Freedom Pass	Adults & Public Health	Liz Bruce
47	Gangs & Youth Violence	Public Protection	Stuart Love
48	GP Quality & Performance	Adults & Public Health	Liz Bruce
49	Green Spaces & Parks	Sports and Leisure	Stuart Love
50	Greener City Action Plan	Sustainability and Parking Built Environment	Julia Corkey Ed Watson
51	Growth and Economic Development	Housing, Regeneration, Business and Economic Development Built Environment	Ed Watson
52	Public Health	Adults & Public Health	Liz Bruce
53	Healthwatch Westminster	Adults & Public Health	Liz Bruce
54	High Speed 2	Built Environment	Ed Watson
55	Home Meals Services	Adults & Public Health	Liz Bruce
56	Homelessness / Rough Sleeping	Adults & Public Health Housing, Regeneration, Business and Economic Development	Liz Bruce Ed Watson
57	Housing Revenue Account	Housing, Regeneration, Business and Economic Development	Ed Watson
No.	Housing Strategy & Housing Renewal	Housing, Regeneration, Business and Economic Development	Ed Watson
58	Health & Wellbeing Strategy and the Sustainability and Transformation Plan (STP)	Adults & Public Health	Charlie Parker Liz Bruce
59	Digital Strategy	Finance and Corporate Services City Management and Customer Services	Steve Mair Julia Corkey

No.	Subject	Cabinet Member Portfolio	Lead Officer
60	Information Technology Strategy	Finance and Corporate Services	John Quinn
61	Legal Services	Finance and Corporate Services	John Quinn
62	Libraries	Sports and Leisure	Stuart Love
63	Licensing	Public Protection and Licensing	Stuart Love
64	Local Government Finance	Finance and Corporate Services	Steve Mair
65	London Plan	Built Environment	Julia Corkey
66	Managed Services Programme	Finance and Corporate Services	Charlie Parker
67	Protests & demonstrations	City Management and Customer Services	Stuart Love
68	Managing the public realm	Built Environment City Management and Customer Services	Ed Watson Stuart Love
69	Utility Companies	City Management and Customer Services	Stuart Love
70	Mayor of London & London Governance	Leader of the Council	Charlie Parker
71	Military Covenant	Adults & Public Health	Julia Corkey
72	Natural Environment	Sustainability & Parking	Stuart Love Ed Watson Julia Corkey
73	Neighbourhood Forums	Built Environment	Julia Corkey
74	Ward budgets	Sports and Leisure	Julia Corkey
75	Overcrowding (Housing)	Housing, Regeneration, Business and Economic Development	Ed Watson
76	Parenting	Children & Young People Adults & Public Health	Clare Chamberlain Liz Bruce
77	Parking services and enforcement	Sustainability and Parking	Stuart Love
78	Pedicabs	City Management and Customer Services Public Protection	Stuart Love Ed Watson
79	Development Planning services	Built Environment	Ed Watson
80	Policing	Public Protection	Stuart Love
81	Policy and Scrutiny	Leader of the Council	Julia Corkey
82	Preventing Re-offending	Public Protection	Stuart Love
83	Procurement	Finance and Corporate Services	John Quinn

No.	Subject	Cabinet Member Portfolio	Lead Officer
84	Corporate Property	Finance and Corporate Services	Steve Mair
85	Property Tenancy Agreements	Housing, Regeneration, Business and Economic Development	Ed Watson
86	Public Conveniences	City Management and Customer Services	Stuart Love
87	Public Service Reform	Leader of the Council	Charlie Parker
88	Queens Park Community Council	Sports and Leisure	Charlie Parker Julia Corkey
89	Royal Parks	City Management and Customer Services	Stuart Love Ed Watson
90	School Meals	Children & Young People	Clare Chamberlain
91	School Nursing	Adults & Public Health	Liz Bruce
92	Sexual Health	Adults & Public Health	Liz Bruce
93	Special Events	Public Protection City Management and Customer Services Built Environment	Julia Corkey
94	Special Needs Provision	Children & Young People	Clare Chamberlain
95	Specialist Housing Strategy	Adults & Public Health Housing, Regeneration, Business and Economic Development	Liz Bruce Ed Watson
96	Sports & leisure services	Sports and Leisure	Stuart Love
97	Staffing	Finance and Corporate Services	Charlie Parker
98	Street entertainment	City Management and Customer Services Public Protection	Stuart Love Ed Watson
99	Street Management	City Management and Customer Services	Stuart Love
100	Substance misuse	Adults & Public Health Public Protection	Liz Bruce Stuart Love
101	Support for small businesses	Housing, Regeneration, Business and Economic Development Built Environment	Ed Watson
102	Supporting carers	Children & Young People Adults & Public Health	Clare Chamberlain Liz Bruce
103	The City Plan	Built Environment	Julia Corkey
104	Transport for London	City Management and Customer Services Built Environment	Ed Watson

No.	Subject	Cabinet Member Portfolio	Lead Officer
105	Tri-borough	Leader of the Council	Charlie Parker
106	Violence Against Women & Girls	Public Protection Children & Young People	Stuart Love Clare Chamberlain
107	Voluntary sector and community support	Sports and Leisure	Julia Corkey
108	Walking Strategy	Sustainability & Parking	Julia Corkey
109	Waste and recycling	City Management and Customer Services	Stuart Love
110	Welfare Reform & Universal Credit	Housing, Regeneration, Business and Economic Development	Julia Corkey
111	West End Partnership	Leader of the Council	Charlie Parker
112	Worklessness	Housing, Regeneration, Business and Economic Development	Ed Watson
113	World War I Centenary Commemorations	Adults & Public Health	Julia Corkey

REPORT OF THE CABINET MEETING HELD ON 12 DECEMBER 2016

Present: Councillor Baroness Philippa Coultie (Chairman), Heather Acton, Nickie Aiken, Daniel Astaire, Melvyn Caplan, Danny Chalkley, Tim Mitchel, David Harvey and Rachael Robathan

1. COUNCIL TAX DISCOUNTS (INCLUDING COUNCIL TAX LOCAL REDUCTION SCHEME) AND COUNCIL TAX BASE REPORT

- (a) The Local Government 2003 provides local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also makes provision for a local authority to set its own “local” Council Tax discount categories.
- (b) The Local Government Finance Act 2012, with effect from 2013/14, removed several Council Tax exemptions and replaced them with local determined discounts. The Act also enables local authorities to remove the previous statutory minimum 10% discount for second homes and to set a local long term empty premium. We are recommending that the Council Tax discount for empty and second homes remains at 0% and that an Empty Property Premium is not implemented, which is the same as 2016/17.
- (c) The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the previous Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also referred to as Council Tax Support scheme), which is effectively a new type of Council Tax discount. We also agreed that the current Council Tax Reduction scheme should continue in its current form in 2017/18. The scheme effectively mirrors the previous Council Tax Benefit scheme and will not result in the Government’s 10% benefit funding cut being passed onto the borough’s working age claimants. We are recommending that as previously introduced the Council agree a Council Tax Reduction Scheme for 2017/18 based on the Council Tax Reduction Schemes (Default Scheme) Regulations. We are also recommending again that War Disabled pensions, War Widows pensions and Armed Forces Compensation Scheme payments are disregarded in full when calculating a claimant’s income.
- (d) The Council Tax Base is calculated in accordance with a nationally prescribed formula and represents the equivalent number of Band D properties within the area. The formula takes account of the number of properties in each band, the number of discounts given for single occupiers, empty dwellings, second homes and other eligible criteria, the prescribed proportions to convert numbers to Band D equivalents and the estimated collection rate. The relevant regulations were changed for 2013/14 so that the tax base calculation includes a deduction for the equivalent number of Band D properties relating to the Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London Authority (GLA) and the levying bodies. As in the past, these notifications must be made by 31 January.

- (e) The calculations as detailed in Appendices 1 and 2 of the report were considered which confirm a figure of 126,975.59 equivalent Band D properties for the whole city, 3,346.26 Band D equivalent properties for Queens Park and 94.16 Band D equivalent properties for Montpelier Square. The tax base calculation is based on the assumption that the recommendations in the report in relation to the level of Council Tax discounts and in relation to the Council Tax Resolution Scheme are adopted.
- (f) The parish of Queen's Park was created on 1 April 2014 under the Council's Reorganisation of Community Governance Order 2013. The Queen's Park Community Council was elected on 22 May and consequently became a new precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992. The calculations in Appendix 1 and 2 of the report considered by us confirm a tax base for Queen's Park Parish Council of 3,346.26 Band D equivalent properties.
- (g) The full report we considered is attached as Appendix A.

We recommend:

1. That the Council approve for the financial year 2017/18:
 - (i) that the Council Tax discount for second homes remains at 0%.
 - (ii) that the Council tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions remains at 0%.
 - (iii) that a long term empty property premium is not introduced.
 - (iv) that no new "local" discounts be introduced at this stage.
 - (v) that the Head of Revenues & Benefits determines any individual local discount applications from vulnerable Council Taxpayers received during the course of the 2017/18 financial year.
2. That the Council approve the same Council Tax Reduction Scheme for 2017/18 as operated successfully since 2013/2014 which is based on the Default Scheme Regulations and that War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation Scheme payments are disregarded in full when calculating a claimant's income.
3. That the Council resolve that the Council Tax Base for 2017/18 for the whole city is 126,975.59 equivalent Band D properties, for Montpelier Square alone 94.16 equivalent Band D properties and for Queen's Park 3,346.26 equivalent Band D properties.

4. That the Council resolve that the figures set out in Recommendation 3 above for the Council Tax Base for 2017/18 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992.

2. TREASURY MANAGEMENT STRATEGY – MID YEAR REVIEW 2016-2017

- (a) We have received a report which presents the Council's half year treasury report in accordance with the Council's Treasury Management practices. As required, we are reporting this to the full Council.
- (b) The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the Treasury Management operation ensures this cash flow is adequately planned, with surplus monies being invested in low risk counter parties, providing adequate liquidity initially before considering optimising investment return.
- (c) The Treasury Management service also funds the Council's capital plans. These provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives. There are two aspects of treasury performance – debt management and cash investment. Debt management relates to the City Council's borrowing and investments of surplus cash balances.
- (d) The Council complied with all elements of the Treasury Management Strategy Statement (TMSS) except for placing two tranches of investments with the National Bank of Abu Dhabi (NBAD) and Qatar National Bank (QNB) and exceeding the counter party limit with Lloyds Bank because of overnight balances. Action has been taken to rectify the position at no loss to the Council and new management arrangements have been put in place. The investments with NBAD and QNB met the Council's required counterparty credit rating, the banks are included on the list of approved counterparties issued by the Council's Treasury Adviser, Capita, have high credit ratings which would more than meet the ratings required in the current TMSS and exceed most UK banks. They were not though included in the permitted country of domicile for banks.
- (e) There are various areas in which the TMSS can be widened to increase the opportunities available while still investing in traditional financial instruments and retaining the emphasis on security and liquidity.

Those recommended to be added, subject to due diligence, are:

Green Energy Bonds
Building Societies
Local Government Association
Other Loans

(f) The full report considered by the Cabinet is attached as Appendix B.

We recommend that:

- (i) the Annual Treasury Management Strategy 2016-2017 Mid Year Review, is approved, noting where the TMSS has been exceeded and the action taken to rectify this;
- (ii) the new opportunities, as set out in the report attached as Appendix B, be added to the TMSS for investment purposes.

Baroness Philippa Coultie, Leader of the Council

Local Government Act 1972 (Background Papers)

None



City of Westminster

Cabinet Report

Date:	12 December 2016
Classification:	General Release
Title:	Council Tax Discounts (including Council Tax Local Reduction Scheme) and Council Tax Base report
Report of:	City Treasurer
Cabinet Member Portfolio:	Cabinet Member for Finance and Corporate Services
Wards Affected:	All
Policy Context:	Statutory duty to set and collect Council Tax
Key Decision:	Yes
Financial Summary:	<p>The report proposes that:</p> <ul style="list-style-type: none"> • the Council Tax discount for second homes remains at 0% • the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remains at 0%. • a Long Term Empty Property Premium is not introduced. • no categories of “local” discounts will be introduced at this stage. • the Head of Revenues and Benefits is authorised to determine any individual local discount requests in 2017/18 under Section 13A(1)(c) of the Local Government Finance Act 1992. • the Council Tax Base is set at 126,975.59 equivalent Band D properties for 2017/18 for the whole City, 94.16 equivalent band D properties for Montpellier Square and 3,346.26 equivalent band D properties for Queen’s Park. • The existing Council Tax Local Reduction Scheme is retained for 2017/18.

1. Summary

- 1.1 The Local Government Act 2003 provided local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also made provision for a local authority to set its own “local” Council Tax discount categories. The Local Government Finance Act 2012 which came into effect in April 2013 removed several Council Tax empty property exemptions and replaced them with local determined discounts. The Act also enabled local authorities to remove the minimum 10% discount for second homes and to set a local Long Term Empty Property Premium.
- 1.2 This report recommends retaining the same level of Council Tax discounts in 2017/18 as were set in 2016/17.
- 1.3 The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also known as a local Council Tax Support Scheme), which is effectively now a type of Council Tax discount. The recommended scheme for 2017/18 is a continuation of the scheme that was originally set by the Council in 2013/14.
- 1.4 The Council Tax Base is calculated in accordance with a nationally prescribed formula and represents the equivalent number of Band D properties within the area. The formula takes account of the number of properties in each band, the number of discounts given for single occupiers, empty dwellings, second homes and other eligible criteria, the prescribed proportions to convert numbers to Band D equivalents, and the estimated collection rate. The relevant regulations were changed from 1 April 2013, to enable the taxbase calculation to include a deduction for the equivalent number of Band D properties relating to the local authority’s Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London Authority (GLA) and the levying bodies. As in the past, these notifications must be made by 31 January.
- 1.5 The calculations as detailed in Appendices 1 and 2 confirm a figure of 126,975.59 equivalent Band D properties for the whole City, 94.16 Band D equivalent properties for Montpelier Square and 3,346.26 Band D equivalent properties for Queens Park. The Queen’s Park Community Council was created on 1st April 2014 under the Council’s Reorganisation of Community Governance Order 2013. The Queen’s Park Community Council is a precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992.
- 1.6 The taxbase calculation is based on the assumption that the recommendations in the report in relation to the level of Council Tax discounts and the Council Tax Reduction Scheme are adopted.

2. Recommendations

- 2.1 That the Cabinet recommend that the Council approve the following recommendations for the financial year 2017/18:-
- (i) that the Council Tax discount for second homes remains at 0%
 - (ii) the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remain at 0%.
 - (iii) that a Long Term Empty Property Premium is not introduced
 - (iv) that no new categories of “local” discounts be introduced at this stage
 - (v) that the Head of Revenues & Benefits be delegated authority to determine any individual local discount applications from vulnerable Council Taxpayers received during the course of the 2017/18 financial year under section 13A(1)(c) of the Local Government Finance Act 1992.
- 2.2 That the Cabinet recommend that the Council approve the same Council Tax Reduction Scheme for 2017/18 which has operated successfully since 2013/14. The scheme is based on the Default Scheme Regulations but with War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments disregarded in full when calculating a claimant’s income.
- 2.3 That the Cabinet recommended to the Council to resolve that the Council Tax Base for 2016/17 for the Whole City is 126,975.59 equivalent Band D properties, for Montpelier Square alone 94.16 equivalent Band D properties and for Queen’s Park 3,346.26 equivalent Band D properties.
- 2.4 That the Cabinet recommended to the Council to resolve that the figures set out in paragraph 2.3 above for the Council Tax Base for 2017/18 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992.

3. COUNCIL TAX DISCOUNTS

3.1 LEGISLATION

- 3.1.1 The Local Government Act 2003 provided local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also made provision for a local authority to set its own “local” Council Tax discount categories.
- 3.1.2 The Local Government Finance Act 2012 which came into effect in April 2013 removed several Council Tax empty property exemptions and replaced them with local determined discounts. The Act also enabled local authorities to remove the minimum 10% discount for second homes and to set a Long Term Empty Property Premium.

3.1.3 The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also referred to as a local Council Tax Support Scheme), which is effectively now a type of Council Tax discount.

3.2 SECOND HOMES

3.2.1 A second home in Council Tax terminology is a furnished property which is not one's sole/main residence.

3.2.2 The original Council Tax legislation prescribed that all local authorities had to give a discount of 50% for "second home" properties. However, the Local Government Act 2003 provided local authorities with the discretion to change the level of discount to less than 50%, but set a minimum discount level of 10%. The Local Government Finance Act 2012 subsequently allowed the minimum discount to be reduced to 0%.

3.2.3 The relevant regulations include exclusions to the local authority discretion in relation to second home properties. The main exclusion being that local authorities are not able to amend the level of discount for the second homes of people who are liable for Council Tax on this, or another property, where either property is provided by an employer (tied accommodation). This means that the Council must continue to give a 50% discount for second homes meeting this criteria. A local authority also cannot amend the 50% level of the second home discount for any dwelling that consists of a pitch occupied by a caravan, or a mooring occupied by a boat.

3.2.4 For each financial year since 2013/14 the City Council has previously decided that the second home discount should be set at 0%. It is recommended that the City Council retains the same 0% discount in 2017/18, as a decision to set a higher level of discount would reduce the Council's income.

3.3 EMPTY PROPERTIES

3.3.1 Prior to 1 April 2013, all Council Tax empty properties fell under one of the following three categories:-

- Class A Exemption

If the property was empty and subject to major repair works / structural alterations it was exempt from Council Tax for 12 months.

- Class C Exemption

An exemption from Council Tax was granted for the first 6 months after a property became empty.

- Long-Term Empty Property Discount

This was a locally determined Council Tax discount for the period after a Class A or Class C Exemption had expired. The Council had set a 0% discount level which meant that the owners paid the full Council Tax charge.

- 3.3.2 The Local Government Finance Act 2012 amended the relevant legislation so that the statutory exemptions referred to above (Class A and Class C) were replaced by locally determined discounts from 1 April 2013.
- 3.3.3 Since the 2013/14 financial year the City Council has determined that a 0% discount should be set for
- a) The empty property discount which replaced the Class A exemption
 - b) The empty property discount that replaced the Class C exemption
 - c) The empty long-term property discount
- 3.3.4 It is recommended that the City Council retains the same 0% discount for each of the three categories of empty property discount referred to in 3.3.3. The recommendation being based on the fact that any increase in the level of discount will reduce the Council's income.
- 3.4 LONG TERM EMPTY PROPERTY PREMIUM**
- 3.4.1 The Local Government Finance Act 2012 allows local authorities to set a Long-Term Empty Property Premium for properties that have been empty for at least 2 years. The premium can be set at up to 150% of the standard Council Tax for the relevant Council Tax band.
- 3.4.2 A Long-Term Empty Property Premium has not previously been implemented by the City Council and it is not proposed to implement a premium in 2017/18 for the 250 properties in the borough which meet the relevant legislative criteria.
- 3.4.3 The City Council considers that the introduction of a Premium would not have any tangible effect on the number of empty properties in the borough. This is because Westminster Council contains some of the most expensive real estate in the country and has the lowest Council Tax. Therefore, an annual additional charge of 50% would be unlikely to influence how an owner of a long-term empty property utilised their property.
- 3.4.4 The City Council is aware that some local authorities who have implemented the Premium have reported a reduction in the number of long-term properties in their area. However, the City Council believes that these reductions are likely to be related to owners simply not reporting empty properties and the fact that the premium is very easy to avoid, rather than a genuine reduction in the number of empty properties.
- 3.4.5 In the current financial climate the Council must consider the additional source of income that the Long Term Empty Property Premium could provide. Westminster's low level of Council Tax means that the level of additional income from the introduction of a Premium will be limited. It has been estimated that the introduction of a premium in Westminster, would generate approximately £50,000 in additional income for the City Council. This figure could however reduce if the Council had to deploy additional resources to

administer the premium (i.e. to deal with additional correspondence, legal challenges and increased recovery action).

- 3.4.6 In addition to the above, the City Council has an objective of being a low tax authority, we must therefore be satisfied that there are real tangible benefits from the imposition of any additional charges on our residents. It is recognised that Council Tax is a tax rather than a payment for services, however, there is clearly a level of unfairness in increasing the Council Tax for owners of empty properties when the owners consume a very low level of Council services. The Council also believes that there needs to be clear justification for any form of intervention in the property market.

3.5 LOCAL COUNCIL TAX DISCOUNTS

- 3.5.1 Section 13A (I) (c) of the Local Government Act 2003 allows a local authority the discretion to create its own “local” Council Tax discounts for local situations which are not already covered by the national statutory discounts. The guidance gives the example of a local discount for properties affected by flooding.
- 3.5.2 Local discounts granted under Section 13A (I) (c) have to be fully funded by the local authority.
- 3.5.3 The Council did not receive any submissions relating to categories of “local” discounts for the 2013/14, 2014/15, 2015/16 financial years and to date, has not received any submissions for the 2016/2017 financial year. It is therefore a recommendation of this report that no categories of “local” discounts are introduced at this stage.
- 3.5.4 Section 3.6 of this report relates to the Council’s localised Council Tax Reduction scheme. Prior to 1 April 2013 vulnerable claimants could ask for extra assistance over and above their Council Tax Benefit entitlement through Discretionary Housing Payments (DHPs). From 1 April 2013, DHPs are no longer available under the legislation to assist with Council Tax. It was determined for each financial year since 2013/14 that the Head of Revenues & Benefits would be authorised to determine any individual applications from vulnerable claimants for additional assistance under the Local Discount provisions. To date in 2016/17 there have been no successful applications. It is recommended that the delegation to the Head of Revenues and Benefits to determine individual applications is retained for 2017/18.

3.6 COUNCIL TAX REDUCTION SCHEME

- 3.6.1 The Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a new locally determined Council Tax Reduction Scheme (also known as a local Council Tax Support scheme) from April 2013. This is effectively now a Council Tax discount.
- 3.6.2 Each local authority is required to annually set a local Council Tax Reduction scheme for working age claimants. The government continues to operate a statutory national scheme for pensioners, which provides them with the same

level of Council Tax Support as they received under the previous Council Tax Benefit scheme.

- 3.6.3 The local Council Tax Reduction scheme was initially funded through a specific central government grant set at 90% of each local authority's Council Tax Benefit expenditure. The government funding since 2014/15 has been rolled into the government's overall RSG settlement.
- 3.6.4 Since 2013/14, the City Council has agreed a Council Tax Reduction scheme which mirrored the previous Council Tax Benefit scheme, i.e. the City Council absorbed the government's 10% funding cut and did not pass the cut on to the borough's working age claimants. Technically this means that the Council Tax Reduction Schemes (Default Scheme) Regulations are mirrored within the City Council's local scheme, with the addition that War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments are disregarded in full when calculating a claimant's income.
- 3.6.5 It is recommended that the Council should retain the same Council Tax Reduction Scheme in 2017/18.
- 3.6.6 The Council has in previous years conducted two consultations on the Council's website in relation to the Council Tax Reduction scheme. The results were limited, but the vast majority of responses were positive.
- 3.6.7 There is no statutory requirement to consult residents where there is no change to a Council's existing scheme. The Council has however consulted with the GLA and has discussed the continuation of the current scheme with local advice agencies. In both cases the Council received no negative feedback.

4. COUNCIL TAXBASE

4.1 BACKGROUND

4.1.1 The Council is required for Council Tax purposes to notify the preceptors and levying bodies of the Council Tax Base.

4.1.2 The position is that:-

- a) the Council has to notify the preceptors and levying bodies of the Council Tax Base by 31 January each year,
- b) the appropriate figure must be calculated using the Valuation List and Council Tax records as at 30 November.

4.2 THE CALCULATION OF THE TAXBASE

4.2.1 The calculation of the Council Tax Base is by way of a statutory prescribed formula, which is set out at Appendix 1. The legislation changes relating to the new Council Tax Reduction Scheme resulted in a change to the formula for 2013/14 onwards (The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012). The change being that an estimate of the

number of Band D equivalents relating to the Council Tax Reduction scheme has to be deducted. This amendment means that local authority taxbases from 2013/14 onwards are significantly lower than in previous years. However, the reduction was initially compensated for by a new Council Tax Support grant, which the government calculated based on 90% of the Council's previous Council Tax Benefit expenditure. The grant has subsequently been rolled into the government's overall RSG funding.

- 4.2.2 Appendix 2 shows details of the distribution of properties by Band, and the calculated equivalent Band D properties (known as the "relevant amount") within each Band after applying the formula.
- 4.2.3 To calculate the Council Tax Base the "relevant amount" figures for each Band have been aggregated and then adjusted to take account of the estimated collection rate and Ministry of Defence properties. The collection rate used in the calculation remains at the existing level of 96%.
- 4.2.4 The Council Tax Base is, for the whole of the City for 2017/18, 126975.59 equivalent Band D properties, for Montpelier Square 94.16 equivalent Band D properties and for Queens Park is 3346.26 equivalent Band D properties.
- 4.2.5 The Tax Base calculation is based on the assumption that the recommendations in this report in relation to the level of Council Tax discounts (including the Council Tax Reduction Scheme) are approved.

5 FINANCIAL IMPLICATIONS

- 5.1 The 2017/18 tax base shows a growth of 1.4% when compared with the 2016/17 tax base. The growth being due to an overall increase in the total number of properties and a reduction in Council Tax allowances and the element of the calculation relating to the Council's Council Tax Reduction (Council Tax Support) scheme. The growth will deliver around £705,000 in additional Council Tax income in 2017/18 which has been built into the medium term financial planning assumptions.
- 5.2 The Council's decision in 2013/14 to implement a Council Tax Reduction Scheme which mirrored the previous Council Tax Benefit Scheme, effectively meant that the Council had to absorb the government's 10% cut in funding for the Council Reduction Scheme arrangements. However, the increased Council Tax income derived from the Council Tax discount changes implemented in 2013/14 more than covered the shortfall. This remains the case in 2017/18.
- 5.3 The Business Rate Retention scheme introduced within the Local Government Finance Act 2012 replaced the previous Formula Grant scheme from 1 April 2013. The Retention scheme Funding Baseline is not scheduled to be recalculated until the next scheme Reset in 2020. This effectively means that changes in the Council's Tax Base will have no direct effect on the Council's grant funding position until at least 2020.

- 5.4 On 1st October 2013 the Council made the City of Westminster (Reorganisation of Community Governance) Order 2013. This created a new parish of Queens Park from 1st April 2014. The Queen's Park Community Council was elected on 22nd May 2014 and became a precepting authority. The Queens Park taxbase of 3,346.26 equivalent Band D properties will result in an overall Council Tax income for the Community Council in 2017/18 (based on the existing precept level) of around £148,600, assuming that there is no change in their Band D amount. This compares with a figure of £145,150 in 2016/17.

6. LEGAL IMPLICATIONS

- 6.1 The legal implications are outlined in the body of the report. There have been no relevant changes in legislation since last year's report.

The legal implications have been verified by Rhian Davies, Chief Solicitor.

7 WARD MEMBERS COMMENT

- 7.1 As this report relates to all wards, no ward member consultation was required.
- 7.2 The ward members for Queens Park were originally consulted as part of the City of Westminster (Reorganisation of Community Governance) Order 2013.

8 OUTSTANDING ISSUES

- 8.1 There are no outstanding issues.

9. REASONS FOR DECISION

- 9.1 The taxbase decision is sought in order that the Council complies with the requirements of the Local Government Finance Act 1992.
- 9.2 The retention of the same levels of Council Tax discount, for empty properties and second homes will continue to deliver additional Council Tax income for the Council without disadvantaging any vulnerable members of the community.
- 9.3 The recommendation not to create any categories of local discounts at this stage is based on the fact that to date no submissions have been received. The recommendation to allow the Head of Revenues and Benefits to continue to determine any individual local discount claims will enable assistance to be given to individual vulnerable Council Taxpayers if required, especially as there is no longer the ability for taxpayers to claim Discretionary Housing Payments (DHP) in relation to their Council Tax liability.
- 9.4 The Council's proposed Council Tax Reduction Scheme will ensure that the government's 10% funding cut is not passed on to the borough's working age claimants.

9.5 The recommendation to not introduce the Long Term Empty Property Premium is proposed on the basis that

- the owners of empty properties consume low levels of Council services
- the introduction of a Premium in Westminster will not influence how an owner of a long term empty property utilises his property.
- the level of potential additional income is relatively small and could be offset by additional administration costs.

10. BACKGROUND PAPERS

10.1 There are no additional background papers.

IF YOU HAVE ANY QUESTIONS ABOUT THIS REPORT PLEASE CONTACT PHIL BLACK, CONTRACTS PERFORMANCE MANAGER, ON EXTENSION 2678 OR BY E-MAIL pblack@westminster.gov.uk OR MARTIN HINCKLEY HEAD OF REVENUES & BENEFITS, ON EXTENSION 2611 OR BY E-MAIL mhinckley@westminster.gov.uk

Appendix 1 - Taxbase Formula

Appendix 2 - Taxbase Calculations for 2017/18

APPENDIX 1.

Formula for calculating the Council Tax Base.

For 2017 / 2018 the “relevant amount” for each band is to be calculated in accordance with the formula:

$$((H - Q + E + J) - Z) \times F / G$$

where :

H is the number of chargeable dwellings on the list on the relevant day, (30 November 2016) less an estimate of the number which are exempt.

For these purposes the authority is to take account of any alterations to the list which were shown as having effect on that day, or of any alterations which, though not shown on the list, the authority has been informed of by the listing officer and had effect on that day. The authority is also to take account of the effect of the regulations under section 13 of the 1992 Act (“disabled reductions”), treating a dwelling as being in the band in respect of which the reduced amount is calculated.

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day based on the relevant discount percentage (s).

E is an adjustment to reflect any Council Tax Premium for long term empty properties.

J is an adjustment (positive or negative) in respect of changes in the number of chargeable dwellings or discounts or premiums during the period from the relevant day (i.e. 30 November 2016) to 31 March 2018 calculated as the difference between:

- (i) an estimate of the number of full year equivalent chargeable dwellings not on the list on the relevant day (30 November 2016) but which will be listed in that band for the whole or part of the year, plus
- (ii) an estimate of discounts which are estimated to be applicable on the relevant day, but which will not be applicable for the whole or part of the year, expressed as a full year equivalent number, based on the relevant discount percentage (s).
- (iii) an estimate of the aggregate of the number of chargeable dwellings which are on the list on the relevant day, but which will not be during the year, or part of the year, and the number which are not exempt on the relevant day, but which will be during the year or part of the year, plus
- (iv) the authority’s estimate of the number of discounts, other than those in the formula above, to which Council Tax dwellings calculated for item (H) in the formula above, will be subject for the whole or part year (based on the relevant discount percentage (s)).

Z is the total amount that the authority estimates will be applied pursuant to the authority's council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in that band.

F is the amount of Council Tax payable in respect of dwellings situated in the same billing authority's area (or the same part of such an area) and listed in different valuation bands in the following proportions :-

5 : 6 : 7 : 8 : 9 : 11 : 13 : 15 : 18

where 5 is for band A (Disabled), 6 is for band A, 7 is for band B etc.

G is the number applicable to band D (i.e. 9).

Full Year Equivalent.

Where an authority estimates that discounts / exemptions etc. will apply for only part of the year, or that the dwelling will only be banded for part of the year, the full year equivalent must be calculated for the purposes of the above formula. This will be the number of days for which the dwelling is banded / exempt etc. divided by the number of days in the year.

Appeals.

For the purpose of calculating the Tax Base an authority may estimate the number of appeals against banding that may have an effect on the number of properties within each band.

Council Tax Base.

In order to calculate the Council Tax Base, the "relevant amount" for each band is aggregated and the sum multiplied by the Council's estimated collection rate. An adjustment is made to this figure in respect of MOD property in the area.

MOD Adjustment.

This adjustment is an amount, estimated to be equivalent to the number of Band D dwellings, in respect of where a contribution in lieu of Council Tax is to be made by the Ministry of Defence for Class O (exempt) dwellings.

APPENDIX 2.

TAXBASE FOR THE WHOLE CITY.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR THE WHOLE CITY.		EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$	
1			
BAND A :	1730	BAND A :	966.50
BAND B :	6817	BAND B :	4266.50
BAND C :	15932	BAND C :	12124.67
2 BAND D :	22691	BAND D :	19816.25
BAND E :	22702	BAND E :	24371.11
BAND F :	17425	BAND F :	22250.94
BAND G :	22480	BAND G :	33761.25
BAND H :	15250	BAND H :	28657.50
Total :	125027	Total :	

Less Z - $(9,645,942.39/668.81) = 131792.18$
X Collection Rate (96%) = 126,520.49
Plus MOD Adjustment +455.10

3 TAXBASE = 126,975.59

APPENDIX 2.

TAXBASE FOR THE WHOLE CITY LESS MONTPELIER SQUARE.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR THE WHOLE CITY.	EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$
4 BAND A : 1730	BAND A : 966.50
BAND B : 6817	BAND B : 4266.50
BAND C : 15932	BAND C : 12124.67
5 BAND D : 22690	BAND D : 19815.25
BAND E : 22702	BAND E : 24371.11
BAND F : 17425	BAND F : 22250.94
BAND G : 22477	BAND G : 33756.67
BAND H : 15202	BAND H : 28565.00
Total : 124975	Total : 146,116.64

Less Z - (9645942.39/668.81) = 131694.09
X Collection Rate (96%) = 126426.33
Plus MOD Adjustment + 455.10

6 TAXBASE = 126,881.43

APPENDIX 2.

TAXBASE FOR MONTPELIER SQUARE ONLY.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.14 FOR THE WHOLE CITY.			EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$		
7	BAND A :	0	BAND A :	0	
	BAND B :	0	BAND B :	0	
	BAND C :	0	BAND C :	0	
8	BAND D :	1	BAND D :	1.00	
	BAND E :	0	BAND E :	0	
	BAND F :	0	BAND F :	0	
	BAND G :	3	BAND G :	4.58	
	BAND H :	48	BAND H :	92.50	
	Total :	52	Total :	98.08	

Less Z = - 0
Plus MOD Adjustment = + 0
X Collection Rate (96%) = 94.16

9 TAXBASE = 94.16

APPENDIX 2.

TAXBASE FOR QUEENS PARK PARISH.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR QUEENS PARK PARISH.	EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$
10 BAND A : 60	BAND A : 31.00
BAND B : 263	BAND B : 174.81
BAND C : 804	BAND C : 611.11
11 BAND D : 1935	BAND D : 1704.75
BAND E : 1884	BAND E : 2090.00
BAND F : 212	BAND F : 285.64
BAND G : 26	BAND G : 36.67
BAND H : 3	BAND H : 6.00
Total : 5187	Total : 4939.97

Less Z $-(1037208.25/713.21) = 3485.69$
X Collection Rate (96%) = 3346.26
Plus MOD Adjustment + 0

12 TAXBASE = 3,346.26



City of Westminster

Cabinet

Decision Maker:	Cabinet
Date:	12 December 2016
Classification:	General Release
Title:	Treasury Management Strategy Mid-Year Review 2016-17
Wards Affected:	All
Policy Context:	Better City Better Lives Priority
Cabinet Member	Cabinet Member for Finance and Corporate Services
Financial Summary:	This report forms part of the monitoring of the treasury function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. It reviews the implementation of the strategy to date and allows for any changes to be made depending on market conditions.
Report of:	Steven Mair, City Treasurer

EXECUTIVE SUMMARY

- 1.1. This report presents the Council's Half Year Treasury Report for 2016/17 in accordance with the Council's Treasury Management practices. It is a regulatory requirement for this Half Year report to be presented to Cabinet and Full Council.
- 1.2. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 1.3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term

loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

- 1.4. Accordingly, treasury management is defined by the CIPFA Code of Practice as 'The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.5. There are two aspects of treasury performance – debt management and cash investments. Debt management relates to the City Council's borrowing and investments of surplus cash balances.
- 1.6. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
 - A review of the Council's investment portfolio for 2016/17 to include the treasury position as at 30 September 2016.
 - A review of the Council's borrowing strategy for 2016/17.
 - An economic update for the first part of the 2016/17 financial year.
 - A review of compliance with Treasury and Prudential Limits for the first six months of 2016/17.
- 1.7. The Council complied with all elements of the Treasury Management Strategy Statement (TMSS) except for placing two tranches of investments with the National Bank of Abu Dhabi (NBAD) and Qatar National Bank (QNB) and exceeding the counter party limit with Lloyds Bank because of overnight balances. Action has been taken to rectify the position at no loss to the Council and new management arrangements have been put in place. The investments with NBAD and QNB met the Council's required counterparty credit rating, the banks are included on the list of approved counterparties issued by the Council's treasury advisor, Capita, have high credit ratings which would more than meet the ratings required in the current TMSS and exceed most UK banks. They were not though included in the permitted country of domicile for banks
- 1.8. There are various areas in which the TMSS can be widened to increase the opportunities available while still investing in traditional financial instruments and retaining the emphasis on security and liquidity.

Those recommended to be added, subject to due diligence, are:

- Green Energy Bonds
- Building Societies
- Local Government Association
- Other Loans

2. RECOMMENDATIONS

Cabinet is asked to recommend that:

- a) Council approve the Annual Treasury Strategy 2016-17 Mid-Year Review, noting where the TMSS has been exceeded and the action taken to rectify this
- b) Council approve that the new opportunities are added to the TMSS for investment purposes

3. TREASURY POSITION AS AT 30 SEPTEMBER 2016

- 3.1. The borrowing amounts outstanding and cash investment for the 30th September 2016 period are as follows;

	30 September 2016 £m	31 March 2016 £m
Total Borrowing	251.3	251.5
Total Cash Balances	(911.1)	(629.3)
Net Surplus	(659.8)	(377.8)

- 3.2. The above table shows that during the first six months of the year, net cash inflows of £281.8m have been received. This significant movement reflects the expected pattern of the Authority's cash position and largely relates to the timing of grants, Council Tax and NNDR received.
- 3.3. The authority is in a significant cash positive position and as such, the peaks and troughs of cash movements are reflected in changes to the investment balance.

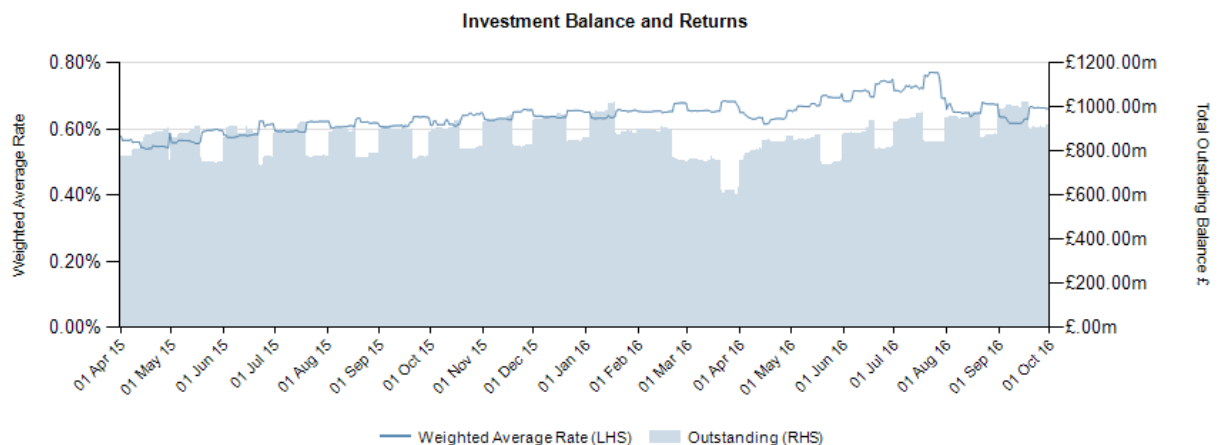
Investments

- 3.4. The Annual Treasury Management Strategy for 2016-17 was approved by the Council on 2 March 2016. The Council's Annual Investment Strategy, which forms part of this document, sets out the Council's policy for giving priority to the security and liquidity of its investments, rather than yield. The Council's agreed policy objective is the prudent investment of treasury balances.
- 3.5. The Council's investment priorities are to achieve optimum returns on investments subject to a very high level of security of capital and a level of liquidity in its investments appropriate to the Council's projected need for funds over time.
- 3.6. The table below provides a breakdown of investments, together with comparisons for the last financial year end.

	30 September 2016	31 March 2016
	£m	£m
Money Market Funds	132.2	79.9
Call Accounts	-	6.0
Notice Accounts	49.2	78.9
Term Deposits	237.0	44.0
Tradable Securities	455.8	388.8
Enhanced Cash Funds	36.9	31.7
Total	911.1	629.3

3.7. Liquid balances are managed through Money Market Funds which offer same day liquidity. Cash has been invested in alternative and less liquid instruments, particularly term deposits and tradable securities. The average level of funds available for investment in the first six month of 2016-17 was £882.6m

3.8. The shaded area in the chart below shows the daily investment balance from April 2015 to September 2016. The line shows the weighted average return of the investment portfolio, which has fluctuated throughout the period but remained relatively stable increasing by 0.01%



3.9 The 2016/17 investment strategy was complied with in the first half-year of 2016/17 except for two tranches of investments placed between May and July 2016 with the National Bank of Abu Dhabi (NBAD) and Qatar National Bank (QNB) totalling £59.8m and exceeding the counterparty limit on the Lloyds bank account since August 2016 because of overnight balances.

3.10 Whilst the investments with NBAD and QNB met the Council's required counterparty credit rating and are included on the list of approved counterparties issued by the Council's treasury advisor, Capita, they were not included in the permitted country of domicile for banks. Nonetheless both banks have high credit ratings which more than meet the ratings required in the current TMSS and exceed most UK banks.

- 3.11 Since the matters above came to light £49.8m of the investments with NBAD and QNB have been sold at a gain of £0.1m to the Council. The remaining £10m investment is fixed until May 2017 when it will be sold at a further gain of £0.1m. Overnight limits with Lloyds will be managed by not re-investing maturing funds with this bank. A fixed term deposit will mature on the 13th January 2017, at which point the Council will not exceed limits on a daily basis.
- 3.12 Treasury management practices have also been reviewed and improved to prevent recurrence of the above matters
- 3.13 **Appendix 1** provides a full list of the Council's limits and exposures as at 30th September 2016.

New Treasury Opportunities

- 3.14 An update to the Annual Investment Strategy for 2016-17 has been presented to the Council's senior management and the Housing, Finance and Corporate Services Policy and Scrutiny Committee detailing ways in which the return from the Council's short-term cash portfolio can be enhanced while maintaining security and liquidity. This is due to be reviewed by Cabinet and Full Council.
- 3.15 The opportunities presented include; Green Energy Bonds, Building Societies, Local Government Association and Other Bonds.

3.16 Green Energy Bonds

Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.

- 3.17 The following limitations will apply when investing in green energy bonds;
- Maximum duration of 10 years
 - Maximum investment of £20 million per bond representing less than 25% of the aggregate project investment. Maximum of £50 million in Green Energy Bonds.

3.18 Building Societies

Building Societies are mainly smaller institutions than high street banks that focus on retail customers. Investment types that refer to rated UK banks have been extended to building societies. This will enable building societies with credit ratings of A- to be utilised, including the largest society, Nationwide. A limit of £10m per counterparty and £50m in total for building societies is proposed.

3.19 Local Government Association

The Local Government Association (LGA) approached Westminster City Council to act as an intermediary to enable the LGA to effectively borrow from the soon to be operational Municipal Bond Agency (MBA). The LGA is unable to borrow directly, as it is not a local authority, and is thus seeking to use three local authorities to borrow from the MBA and lend on. The borrowing will be secured on properties owned by the LGA and is to be used to refurbish the properties. A limit of £20m is proposed. If agreed the return on this borrowing will be 0.5% above the rate that the Council will be charged by the MBA. The amount would be secured via a separate agreement with the LGA against Layden House, 76-86 Turnmill Street, London, EC1M 5LG as the first Legal Mortgage against the property

3.20 Other Loans

The Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of Services to Westminster Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. A limit of £50 million for this type of investment is proposed. The operator of Westminster's leisure centres is seeking to borrow £1.25 million to finance a refurbishment of the leisure centres and this would be the first call on this type of investment opportunity

Borrowing

- 3.21 The Council's capital financing requirement (CFR) for 2016-17 was agreed at £612.35. The CFR denotes the Council's underlying need to borrow for capital purposes. The outstanding debt as at 30th September was £251.3m.
- 3.22 Where the CFR exceeds borrowing the Council may choose to cover the difference by borrowing either from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.
- 3.23 As anticipated in the Strategy for 2016/17, to date the Council has undertaken no new borrowing due to the high level of cash holdings. It is anticipated that no borrowing will be undertaken during the financial year; however officers are monitoring market conditions and although it remains highly unlikely, may choose to borrow at current low rates if a requirement is identified for either the General Fund or Housing Revenue Account (HRA).
- 3.24 The table overleaf shows the details around the Council's external borrowing as at 30th September 2016, split between the General Fund and HRA.

	30 th September 2016		31 st March 2016	
	Balance (£m)	Average Rate	Balance (£m)	Average Rate
HRA External Borrowing	226.0	4.9%	226.0	4.9%
General Fund External Borrowing	25.3	4.1%	25.5	4.1%
Total Borrowing	251.3	4.8%	251.5	4.8%

3.25 There has been little activity during the first half of 2016-17. A reduction in General Fund External Borrowing of £0.2m has occurred as a result of the early repayment of a mortgage annuity loan as well as small repayments of principal on other General Fund annuity loans.

3.26 As part of the Strategy the Council sets a number of prudential limits for borrowing;

- The Capital Financing Requirement which is the underlying need to borrow for capital purposes.
- The Authorised Limit which is the expected maximum borrowing need with some headroom for unexpected movements; and
- The Operational Boundary which is the expected normal upper requirement of the capital programme were it to be funded by borrowing.

3.27 The limits set for 2016-17 as shown in the tables below and are still considered to be appropriate and no changes are proposed at this time.

4 THE ECONOMY AND INTEREST RATES

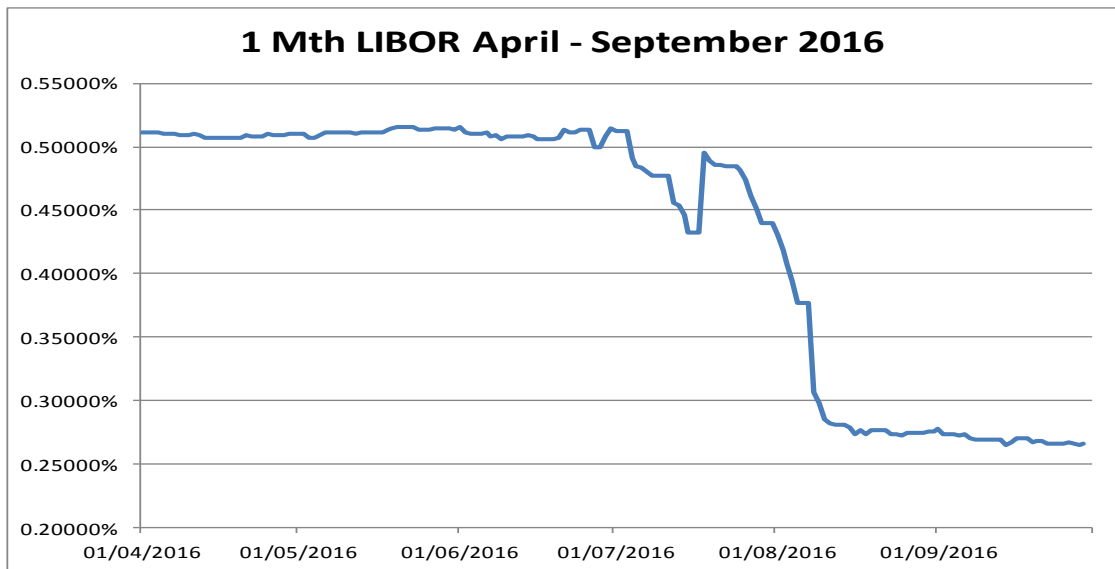
4.1 UK Gross Domestic Product (GDP) rose in the first quarter of the financial year, showing a 2.2% year on year increase. Following the referendum vote to leave the European Union, the Organisation for Economic Cooperation and Development (OECD) reduced its forecast for growth in 2017 to 1%. However, the Office for National Statistics suggested the result had not had a major effect on the UK economy so far.

4.2 Consumer Price Inflation (CPI) is running at 0.6% year on year. However the forecast is that inflation will rise over the next few years, rising above the Monetary Policy Committee's (MPC) 2% target in 2018. This is mainly due to the recent fall in the value of Sterling following the referendum result.

4.3 Bank Rate remained at 0.5% until the August meeting of the MPC when the committee voted to cut Bank Rate to 0.25% and increase quantitative easing by £60 billion. This was in response to the immediate aftermath of the

referendum result. The Governor of the Bank of England also indicated further measures would be taken if required.

- 4.4 Long term interest rates have also fallen with 20 to 30 year Public Works Loan Board rates lower by around 70 basis points.
- 4.5 The chart below shows movements in the 1 month London Interbank Offer Rate during the first half of the financial year:



UK data releases over the last few weeks were little different from that forecasted. They showed that many sectors of the economy have exceeded their performance expectations following the UK's decision to leave the European Union in June.

5 COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 5.1 During the financial year to September 2016, the Council has operated within the Prudential Indicators set out in the Annual Treasury Strategy and in compliance with the Council's Treasury Management Practices. The table below sets out the limits on borrowing required under the Prudential Code (namely the authorised limit and the operational boundary) and approved by Council in the TMSS on 2 March 2016. The actual level of Council borrowing was well within both limits during the first half of 2015/16 reaching a maximum level of £251.5m as shown in the table below:

External debt indicator	Approved Limit (£m)	Maximum Borrowing in the period to date (£m)	Days exceeded
Authorised limit	612	251.5	None
Operational boundary	270	251.5	None

- 5.2 The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined, the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
- 5.3 The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place. As a result of the significant level of cash balances, it is deemed unlikely that any new borrowing will be required in the foreseeable future.
- 5.4 The maturity structure of borrowing shows the proportion of loans maturing in each time period. The purpose of this indicator is to highlight any potential refinancing risk that the authority may be facing if any one particular period had a disproportionate level of maturing loans
- 5.5 The table below shows the maturity structure as at 30th September 2016 was within the limits set and does not highlight any significant issues.

Maturity structure of borrowing	Upper Limit (%)	Lower Limit (%)	Actual as at 30 September 2016 (%)
Under 12 months	40	0	0
12 months and within 24 months	35	0	12
24 months and within 5 years	35	0	8
5 years and within 10 years	50	0	11
10 years and above	100	35	69

- 5.6 The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The limits for 2016/17 were set sufficiently wide as to permit all loans to be at fixed rates and all investments to be at variable rates. If the portfolios were managed on this basis, it would expose the Council to the risk of interest rates being low for an extended period of time.

Upper limits on Interest Rate Exposure	Approved maximum limit	Actual as at 30 September 2016 (£m)
Fixed Rate Debt	258	251
Variable Rate Debt	0	0

- 5.7 The final treasury management prudential indicator relates to containing investment risk by setting a maximum amount which can be invested for more than 364 days. As referred to earlier in this report, the short duration of the portfolio demonstrates that the current position is within the approved limits.

	Approved maximum limit (£m)	Actual as at 30 September 2016 (£m)
Limit on investments for periods over 364 days	200	24.9

6 BACKGROUND AND FINANCIAL AND LEGAL IMPLICATIONS

- 6.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.
- 6.2 The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Annual Investment Strategy must have regard to guidance issued by CLG and must be agreed by the full Council.

7 BACKGROUND PAPERS

Full Council Report

Treasury Management – Annual Strategy for 2016/17, including Prudential Indicators and Statutory Borrowing Determinations – 2nd March 2016.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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Appendix 1 – Limits and exposures as at 30th September 2016

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)
UK Government (Gilts/ T-Bills/ Repos)	Unlimited	Unlimited	Treasury Bills	19.9
			Gilt	24.9
European Agencies	£200m	5 years	European Investment Bank	45.8
			Kunta (Municipal Finance Ltd)	8.8
			KBN (Kommunalbanken)	10.0
			FMS Wertmanagement	5.2
Network Rail	Unlimited	Oct 2052	Network Rail Infrastructure PLC	10.0
UK Local Authorities	£50m per local authority; £100m in aggregate	3 years	Leeds City Council	10.0
Money Market Funds	£70m per fund. £300m in total	Three day notice	Aberdeen Sterling Fund Flexible Income F130 Fund	70.0
			Deutsche Managed Sterling Platinum	15.0
			Federated Prime Rate Sterling Liquidity 3	47.2
Enhanced Cash Funds	£25m per fund. £75m in total	Up to seven day notice	Deutsche Sterling Ultra Short Fixed Income Fund	5.0
			Federated Prime Rate Cash Plus	15.2
			Payden & Rygel Sterling Reserve	16.6
UK Banks (AA-/ Aa3/ AA-)	£75m	5 years	HSBC Bank Plc	49.2
UK Banks (A-/ A3/ A-)	£50m	3 years	Barclays Bank Plc	50.0
			Lloyds Bank	50.0
			Santander UK Plc	20.0
			Standard Chartered	40.0
			Sumitomo Mitsui Banking Corporation	20.0
UK Bank (BBB+)			The Royal Bank of Scotland Plc	14.0
Non-UK Banks (AA-/ Aa2/ AA-)	£50m	5 years	Canadian Imperial Bank of Commerce	30.0

			Commonwealth Bank of Australia	48.0
			National Australia Bank	10.0
			National Bank of Abu Dhabi	10.0
			Nordea Bank AB	10.0
			Qatar National Bank	26.8
			Toronto Dominion Bank	50.0
			Svenska Handelsbanken AB	50.0
Non-UK Banks (A/ A2/ A)	£35m	3 years	Credit Industriel et Commercial	30.0
			Helaba	35.0
			ING Bank NV	20.0
			UBS AG	30.0
			Skandinaviska Enskilda Banken AB	14.2

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