



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held at 7pm on **Monday 20th February, 2017**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Nickie Aiken (Chairman), Danny Chalkley, Antonia Cox, Robert Davis, MBE, DL, David Harvey, Tim Mitchell and Rachael Robathan

Also Present: Councillors Richard Beddoe, David Boothroyd and Angela Harvey

Apologies for Absence: Councillor Daniel Astaire

1 WELCOME

The Leader welcomed everyone to the meeting.

2 DECLARATIONS OF INTEREST

There were no declarations.

3 MINUTES

3.1 The Leader, with the consent of the Members present, signed the Minutes of the meeting held on 12 December 2016 as a true and correct record of the proceedings.

4 2017/18 BUDGET AND COUNCIL TAX REPORT AND MEDIUM TERM PLAN (SEE REPORT OF THE CITY TREASURER)

4.1 The City Treasurer introduced the report. He drew attention to the savings requirements needed to ensure a balanced budget. He confirmed that these and the other proposals in the report would enable this. He reminded Members that a multi-year settlement had been offered and accepted and this had allowed for better longer term planning. The detailed report flagged a

number of issues which the Cabinet and then the Council needed to carefully consider in approving the budget.

Mr Mair added that confirmation of the final grant settlement was due on Wednesday 22 February and any impact, which was not expected, would be reported in a supplementary report to Council. He added that any changes in the outstanding precepts would also be included in the supplementary report.

- 4.2 Councillor Brian Connell, Chairman of the Budget Scrutiny Task Group, gave a summary of the Task Group's findings which has been included in full in the report. The Task Group had challenged the robustness of the budget and looked at the EIAs in each case. Areas for double counting had also been tested. Income streams had also been examined as part of the Task Group's work. Councillor Connell also referred to the capital programme and endorsed the proposals for greater monitoring.
- 4.3 Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services, stressed the uncertainties involved. He confirmed that greater scrutiny would be carried out of the capital programme. Councillor Mitchell moved that the Council's element of the Council Tax be increased by 1.9%. He thanked the officers for producing a robust budget report and for all the associated work.

Resolved:

1. That approval be given to the Council meeting on 1 March 2017 being recommended to approve the following:
 - (i) The 2017-2018 budget, as set out at Appendix A to the Cabinet report and the Council the tax levels as set out in the Council Tax resolution at Annex B of the report.
 - (ii) The local element of Council tax being increased by 2% in respect of the Adult Social Care Precept as permitted by Government and anticipated in their Core Spending Power assumptions.
 - (iii) The general rise in Council Tax and the Adult Social Care precept the local element for Band D properties be confirmed for 2017-2018 as £408.12 (subject to consideration of adopting any change to the standard Band D amount).
 - (iv) The Council Tax for the City of Westminster, excluding the Montpelier Square area and Queen's Park Community Council for the year ending 1 March 2018, be as specified in the Council Tax Resolution in Annex B of the report (as may be amended). That the Precepts and Special Expenses be as also specified in Annex B for properties in the Montpelier Square and Queen's Park Community Council areas as summarised in paragraph 6 of Annex B of the report. That the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the final announcement of the Greater London Authority precept.

- (v) The views of the Budget and Performance Task Group set out in Annex A of the report be noted, considered in accordance with the Budget and Policy Framework Procedure Rules in the Constitution.
 - (vi) The cash limited budgets for each service with overall net expenditure for 2017-2018 of £173.850m (as set out in Schedule 3 of the report).
 - (vii) The City Treasurer be required to submit regular reports as necessary on the implementation of the savings proposals and on the realisation of pressures and mitigations as part of the regular budget monitoring reports.
 - (viii) The City Treasurer be delegated responsibility for any technical adjustments required to be made to the budget.
 - (ix) The cost of inflation, pressures and contingency be issued to service budgets if and when the need materialises, to the limits as contained within Schedule 4 of Appendix A of the report.
 - (x) The changes in pension fund deficit contributions as set out in paragraph 5.34 of the report.
 - (xi) The views of consultees and consultation approach, as set out in Section 21 of the report, be considered by Council.
 - (xii) The Council approve the carry forward an unspent contribution from reserves balance of £1.0m into 2017-2018 to support payments while options to absorb the expected reduction in Discretionary Housing Benefit payment from Government are considered.
 - (xiii) The proposed use of new capital receipts be used under the freedoms of the Flexible Capital Receipts regulations be used to fund revenue spend on City Hall, Digital Programme and Pension Deficit Recovery and leading to future ongoing savings (and subject to review at year end to determine the actual costs, savings and financing by the City Treasurer) be recommended to Council for approval.
 - (xiv) The Equality Impact Assessments included in Annex C of the report be received and noted to inform the consideration and approval of this report; and
 - (xv) The Cabinet recommend that this report be submitted to the meeting of the Council on 1 March 2017 and Council be recommended to receive a speech by the Leader of the Council on Council priorities and financial aims.
2. That Cabinet recommend to Council that the local element of Council Tax be increased for Band D properties by 1.90% as exemplified throughout this report for illustrative purposes and propose substituted adjustments to the schedule of illustrative savings and growth items (as set out in Schedule 4)

should they determine not to increase the Band D amount by this illustrative amount.

Reasons for Decision

The preparation of the budget is the final stage of the annual business planning cycle leading to the approval of the Council Tax for the forthcoming financial year. There is a statutory requirement to set a balanced budget and submit budget returns to the Department of Communities and Local Government (CLG). Approval of the revenue estimates constitutes authority for the incurring of expenditure in accordance with approved policies.

5 CAPITAL STRATEGY 2017/18 TO 2021/22, FORECAST POSITION FOR 2016/17 AND FUTURE YEARS FORECASTS SUMMARISED UP TO 2030/31 (SEE REPORT OF THE CITY TREASURER)

- 5.1 The City Treasurer introduced the report. The programme was fully funded and would be monitored by the Capital Review Group.
- 5.2 Councillor Tim Mitchell explained that the risks would be carefully monitored and slippage reviewed against borrowing needs. He stressed that the programme was affordable and fully funded.

Resolved:

That the Council be recommended:

- (i) To approve the capital strategy as set out in this report.
- (ii) To approve:
 - (a) The capital expenditure for the General Fund as set out in Appendix A1 and A2 of the report for 2017-2018 to 2021-2022.
 - (b) The capital expenditure for the General Fund as set out in Appendix A1 and A2 of the report for Future Years.
 - (c) The revised capital expenditure budgets for the General Fund as set out in Appendix A1 and A2 of the report for 2016-2017 forecasts; and
 - (d) The expenditure forecast for 2016-2017 for the HRA as set out in paragraph 10.6.5 of the report.
- (iii) To approve the capital expenditure for the HRA for 2017-2018 to 2021-2022 as approved in the 30 year HRA Business Plan and as included in paragraph 10.6.5 of the report.
- (iv) 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 10.6 of the report.

- (v) 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.
- (vi) To approve the revised terms of reference of the Capital Review Group (CRG) as included in Appendix B. The changes are outlined in paragraph 4 of the report.
- (vii) To approve that all General Fund projects follow the business case governance process as set out in section 4 of this report and in Appendix C of the report.
- (viii) To approve the roll forward of the unspent balance of £12,5m for investment schemes into 2017-2018 and the drawdown of the second £25m tranche of funding for investment schemes. This will be available subject to a full assessment of all proposed investments to ensure they have a business case and provide value for money for the Council and approval by the City Treasurer and CRG.
- (ix) To approve that no financing sources unless stipulated in regulations or necessary agreements are ring fenced.
- (x) To approve that a sum of £12m is held for schemes not yet identified which are fully funded by external grants and/or contributions by a minimum of £10m leaving the Council to potentially fund a net £2m, as described further in paragraphs 8.2.50 – 8.2.51 of the report.
- (xi) To approve that contingency is held corporately, with projects required to bid for them in the event they are required to fund capital project costs. Bids would be reviewed and approved or rejected by the Capital Review Group. The value of these contingencies is £105.1m.
- (xii) To note the proposed use of new capital receipts under the freedoms of the Flexible Capital Receipts regulations to fund revenue spend on City Hall, Digital Programme and Pension Deficit Recovery and leading to future ongoing savings.
- (xiii) To approve that the financing of the capital programme be delegated to the City Treasurer as part of routine quarterly closure of accounts process.

Reasons 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.

6 TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2017/18 TO 2021/22 (SEE REPORT OF THE CITY TREASURER)

- 6.1 The City Treasurer introduced the report. He explained that the strategy was a statutory report which ensured that the Council was fully compliant with statutory requirements in this area.

Resolved:

That the Council be recommended to approve:

- (i) The Treasury Management Strategy Statement set out in sections 5 to 7 of the report;
- (ii) The Prudential Indicators set out in section 8 of the report;
- (iii) The overall borrowing strategy and borrowing limits for 2017-2018 to 2021-2022 as detailed in section 6 of the report;
- (iv) Investment strategy and approved investments set out in Appendix 1 of the report;
- (v) The Minimum Revenue Provision Policy set out in Appendix 2 of the report.

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.

7 COUNCIL PAY POLICY 2017/18 (SEE REPORT OF THE DIRECTOR OF PEOPLE SERVICES)

- 7.1 The Director of People Services introduced the report. He advised that the report was submitted in order to meet a statutory requirement and was broadly the same as last years.

Resolved: That the Council be recommended to adopt the Pay Policy for 2017-2018 attached to the report as Appendix 1.

Reason for Decision: To comply with a statutory requirement.

8 CREATION OF CITYWEST HOMES - EXTERNAL COMPANY (SEE REPORT OF THE DIRECTOR OF HOUSING)

- 8.1 The Executive Director of Growth, Planning and Housing introduced the report. He advised that the proposed flows from the requirement to make efficiency savings. The proposal would enable new starters greater affordability and therefore more likely to access a pension scheme.

Resolved:

- (i) That the Cabinet gives approval on behalf of the City Council to the creation of a subsidiary company of CityWest Homes Ltd and the Council, for the reasons set out in this report.
- (ii) That the Cabinet approves the proposed shareholding split of 80% to the Council and 20% to CityWest Homes to be created in two classes of share as described in Option 1 of the legal implications at 9.6 of the report.
- (iii) That delegated authority be given to the Executive Director of Growth, Planning and Housing, in consultation with the Cabinet Member for Housing to finalise all negotiations including the rights of each class of share to enable CityWest Homes Services Ltd to be properly named.

Reason for Decision

To enable the CWH operating model to be updated.

9 GOVERNANCE OF THE WESTMINSTER COMMUNITY INFRASTRUCTURE LEVY (CIL) AND POOLED SECTION 106 RESOURCES (SEE REPORT OF THE DIRECTOR OF POLICY, PERFORMANCE AND COMMUNICATIONS)

- 9.1 The Director of Policy, Performance and Communications introduced the report. She explained that the report set out proposed governance structures and Member at Officer level.
- 9.2 Councillor Antonia Cox welcomed the proposals in paragraphs 7.5 and 7.6 of the report to include Ward Member comments on all proposals made by neighbourhoods.

Resolved:

- (i) That the Leader appoint a Cabinet CIL Committee, to be chaired by the Cabinet Member for Planning and Public Realm and with a membership to be appointed by the Leader with the following terms of reference to provide member oversight of implementation and collection of CIL, to take decisions on spend proposals submitted by the officer working group or to refer decisions to Cabinet as appropriate.
- (ii) That an officer working group is established to oversee administration and governance of the CIL to give initial consideration to proposals for spending CIL revenue and to make recommendations to the Cabinet CIL Committee.
- (iii) The initial indicative CIL allocation set out in Table 2 in this report be adopted subject to revision by the Cabinet CIL Committee (if this proves necessary to deliver the Council's working policy priorities).

- (iv) That the officer working group should draw up a Policy Statement on the administration and allocation of CIL (including the “neighbourhood portion”) for approval by the Cabinet CIL Committee dealing with the matters outlined in paragraphs 6.8.7.10 of this report.
- (v) The arrangements for governance of the neighbourhood portion of CIL outlined in section 7 of the report be approved.

Reasons for Decision

Clear and transparent CIL and “pooled” Section 106 governance mechanisms will ensure robust and effective expenditure and reporting in line with the Community Infrastructure Levy Regulations 2010 (as amended) and in accordance with the Council’s framework for resource allocation and management.

10 ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

The Meeting ended at 7.34 pm

CHAIRMAN: _____

DATE _____