



CITY OF WESTMINSTER

# DRAFT MINUTES

**CABINET MEETING – 24 February 2014**

## **MINUTES OF PROCEEDINGS**

Minutes of a meeting of the **Cabinet** held at 7.00pm on **Monday 24 February 2014** in Committee Rooms 5, 6 and 7, 17<sup>th</sup> Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6QP

**Cabinet Members Present:** Councillors Philippa Roe (Chairman), Nickie Aiken, Ed Argar, Daniel Astaire, Melvyn Caplan, Danny Chalkley, Robert Davis, Rachael Robathan and Steve Summers.

**Also Present:** Councillors Edward Baxter, Alastair Moss and Audrey Lewis

### **1. INTRODUCTION**

- 1.1 Councillor Philippa Roe, the Leader of the Council, welcomed those present, particularly Charlie Parker (Chief Executive) to his first Cabinet meeting.

### **2. DECLARATION OF INTEREST**

- 2.1 Councillor Ed Argar declared an interest in item 10 'Aims of the new Contract for Contact Centre and Back Office Processing, and confidential item 13 'Award of Contract for the Provision of Contact Centre and Back Office Processing', in that he was employed by one of the parties involved in the procurement process. He confirmed that he would leave the room during consideration of those items and take no part in the discussion or vote.

### **3. MINUTES**

- 3.1 **RESOLVED:** That the non-confidential minutes of the meeting held on 16 December 2013 be signed by the Chairman as a correct record. It was agreed that the confidential minutes also be approved, subject to the amendment of Minute 7 'Award of Contract for Parking Services' to record that Councillor Ed Argar declared an interest in that he was employed by one of the parties involved in the procurement process, and that he left the room during consideration of that item and took no part in the discussion or vote. .

#### **4. BUDGET AND COUNCIL TAX REPORT 2014/15 (see report agenda, Item 4)**

- 4.1 Anna D'Alessandro (Acting Chief Finance Officer) introduced the report which set out the City Council's financial framework for the 2014/15 financial year.
- 4.2 Since 2010, the Local Government funding regime from Central Government had changed significantly, which had resulted in the City Council having to face substantial financial challenges.
- 4.3 In 2013/14, Central Government had introduced a further radical change to funding with the retention of localised Business Rates. The 2014 Local Government Financial Settlement had confirmed a funding reduction of c£21 million for 2014/15, which when combined with the continuing adverse impact from localised Business Rates of c£6 million had resulted in a total negative impact on the City Council's finances c£27 million for the forthcoming year. These funding challenges would be met by service area savings of c£13 million, including c£5 million from significant transformation activity. The remaining c£8 million would be met from the use of reserves and other provisions. The Council would set a balanced budget for 2014/15.
- 4.5 The Cabinet noted that Westminster had successfully delivered a transformation/ investment programme of c£100 million over the last three years. The service area savings/investments for 2014/15 were set out in Schedule 5 of the report.
- 4.6 In 2014/15 the City Council would be eligible for a Council Tax Freeze Grant of 1%, which would yield a further c£0.5 million. If this grant was also offered in 2015/16, it would be the Council's intention to continue to take advantage of this position. For the seventh consecutive year, it was accordingly recommended that the level of Council Tax in Westminster be frozen.
- 4.7 The City Council had adopted an active two-tier approach to risk management, with Corporate and Service Area risks being tracked and monitored throughout the year. The successful delivery of a significant transformation programme, together with mitigated risks and strengthened Reserves, strengthened the Council's ability to deliver its future financial challenges.
- 4.8 The proposed budget was robust, and placed the City Council on a strong foundation to deliver the Leader's Better City, Better Lives vision and supporting programmes. This vision detailed how Westminster would operate, and what it would do, and set out the roles that residents, businesses and visitors should play in order to help deliver the shared vision for the City. Throughout the process of setting the budget, the City Council had been mindful of the impact of service changes or reductions on residents and service users, and the report had included the findings of an Equalities Impact Assessment.

- 4.9 A resilient process for the review of capital expenditure was in place, and details of the Capital Expenditure Programme which would be funded through grants, third party funding and the Council's own Capital Receipts, were set out in the report. There was a rolling programme of capital works which extended to 2017/18, with each scheme being subject to separate approval as required by Financial Regulations.
- 4.10 The Acting Director of Finance reported that at the time the report was issued, a number of external levies and precepts were still to be finalised. Information on these had now been received, and the Cabinet noted that the minor increases, which totalled £10,000, could be met from the overall risk provision with no changes to the proposed 2014/15 budget being required.
- 4.11 Councillor Edward Baxter (Chairman of the Budget & Performance Task Group) reported on the findings of a detailed scrutiny of the budget proposals, which had been found to be robust.
- 4.12 Councillor Melvyn Caplan (Cabinet Member for Finance, Resources & Customer Services) thanked officers and his Cabinet colleagues for their work in reaching this stage in the budget process, and also thanked Councillor Baxter for the detailed review that had been undertaken by the Task Group. Councillor Ed Argar (Cabinet Member for City Management, Transport and Environment) also highlighted the contributions of Members and officers.
- 4.13 The Leader also spoke in favour of the budget and thanked officers and Cabinet colleagues, in particular Councillor Caplan, for the work in producing balanced and robust budget proposals.

**Resolved:** That

- (i) Approval be given to the budget, and that the Council be recommended to approve the 2014/15 budget, as set out in the report attached as Appendix A and the recommended Council Tax levels as set out in the Council Tax resolution at Annex B to the report;
- (ii) The Council be recommended to approve the Capital Expenditure programme as set out in Schedule 11 of the report attached as Appendix A;
- (iii) The level and use of Earmarked Reserves as set out in in Schedule 6 of the report to be approved;
- (iv) The local element for Band D properties be confirmed at the same level as 2013/14 (i.e. £377.74) in 2014/15 and that Westminster accordingly take advantage of the 1% (£0.5 million) Council Tax Freeze grant for 2014/15;
- (v) It be noted that a 1% (£0.5 million) Council Tax freeze grant is likely to be available in 2015/16 and that the intention to freeze Council Tax in 2015/16 in that event be confirmed;

- (vi) The Council Tax for the City of Westminster, excluding the Montpelier Square area, and the City of Westminster Montpelier Square area for the year ending 31 March 2015 be as specified in the Council Tax Resolution in Annex B. That the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the announcement of the (Greater London Authority) GLA precept, drawing specific attention to any change and the Queen's Park Community Council;
- (vii) Cabinet delegate to the Strategic Director of Housing, Regeneration & Property responsibility for setting fees and charges for Temporary Accommodation and Bed and Breakfast including the storage of possessions; and
- (viii) The views of the Budget & Performance Task Group be noted.

### **Reason 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 submit budget returns to the Department of Communities & Local Government (CLG) and approval of the revenue estimates constitutes authority for the Strategic Executive Board (SEB) to incur expenditure in accordance with approved policies.

## **5. TREASURY MANAGEMENT STRATEGY – ANNUAL CASH INVESTMENT STRATEGY FOR 2014/15, INCLUDING PRUDENTIAL INDICATORS AND STATUTORY BORROWING DETERMINATIONS (see report of the Chief Operating Officer)**

- 5.1 Jonathan Hunt (Director of Corporate Finance & Investment) introduced the report which set out Westminster's annual strategy for investing its cash balances and borrowing within appropriate risk parameters.
- 5.2 The City Council's investment priorities were to ensure the security of capital, the liquidity of its investments and an optimum return on its investments commensurate with proper levels of security and liquidity. The strategy also set out the policies for ensuring the Council's capital investment plans were prudent, affordable, and sustainable.
- 5.3 Various changes to the 14/15 Treasury Strategy had been proposed, in part to reduce reliance on the Debt Management Office and to provide some flexibility for better investment returns, within the structure of a cautious investment outlook.
- 5.4 **Resolved:** That the Council be recommended to approve:
  - (i) The proposed Treasury Management Strategy, the Annual Investment Strategy, the Borrowing Strategy and the Minimum Revenue Protection Provision Statement for 2014/15, as set out in the report;

- (ii) The Minimum Revenue Provision proposal for 2014/15, as set out in paragraph 5 of the report;
- (iii) The proposed Prudential Indicators (A-I), as set out in Appendix 2 of the report;
- (iv) The Treasury Management Policy Statement as set out in Appendix 3 of the report; and
- (v) That an Affordable Borrowing Limit (as required under Section 3 of the Local Government Act 2003) as set out below be agreed and these remain unchanged from the 2014/15 affordable borrowing limits.
  - § £510 million for the financial year 2014/15
  - § £540 million for the financial year 2015/16
  - § £570 million for the financial year 2016/17

### **Reason for Decision**

The Council is required under the Local Government Act 2003 (as amended) and other regulations to approve an Annual Treasury Management Strategy to cover: Borrowing Strategy, Investment Strategy and set Prudential Indicators together with borrowing limits for the next three years. In addition, the Council must approve an annual Minimum Revenue Provision Statement.

## **6. PAY POLICY 2014-15 (see report of the Acting Director of Human Resources)**

- 6.1 Carolyn Beech (Acting Director of Human Resources) introduced the report which set out the proposed Pay Policy for 2014 - 2015 in line with the requirements of the Localism Act 2011. The Policy had been amended to include current salary figures and take into account guidance issued by the Secretary of State, but was based on previous policies which had been approved formally by Full Council.
- 6.2 **Resolved:** That the Council be recommend to approve the proposed Pay Policy for 2014 - 2015, as set out in Appendix 1 of the report.

### **Reason for Decision**

The Council is required to publish a Pay Policy statement which has been approved by full Council by 31 March 2014.

## **7. HOUSING INVESTMENT STRATEGY AND HRA BUSINESS PLAN (see report of the Strategic Director of Housing, Regeneration & Property)**

- 7.1 Ben Denton (Strategic Director of Housing, Regeneration & Property) presented the 30-year Housing Revenue Account (HRA) Business Plan and investment plans for housing related activity. Detailed capital budgets for the five years 2014/15 to 2018/19 were also presented.

- 7.2 Gross HRA expenditure of £342 million over the five years was required to deliver the Plans within this Investment Strategy, including £224 million on works to existing stock and £118 million on housing estate renewal and new housing supply schemes. Non-HRA investment of £51 million from the Affordable Housing Fund, and anticipated investment of £600 million private sector funding also contributed to delivery of the programmes within this Strategy. Key investment programmes included were:
- The HRA capital programme of investment in existing housing stock;
  - The housing estate renewal programme;
  - New affordable housing supply schemes, funded through both the HRA and the Affordable Housing Fund; and
  - Leverage of private investment.
- 7.3 The HRA Business Plan demonstrated that the investment proposals were fundable, subject to the assumptions within the Plan, and that the HRA remained a viable entity over the thirty year period.
- 7.4 Councillor Daniel Astaire (Cabinet Member for Business, Skills & Housing) commended the Business Plan, and highlighted the value of establishing a Cabinet Sub-Committee to oversee implementation of the housing renewal programme.
- 7.5. **Resolved:** That
- (i) The priorities of the Housing Investment Strategy (set out in paragraph 5.1 of the report) be approved;
  - (ii) The proposed HRA capital programme budgets for 2014/15 to 2018/19 (set out in paragraph 6.1 and Appendix B of the report) be approved;
  - (iii) The housing renewal investment programme budgets for 2014/15 to 2018/19 (set out in Appendix B of the report) be approved;
  - (iv) The wide-ranging benefits to be delivered through the proposed HRA investment programmes be noted;
  - (v) The establishment of a Cabinet Committee to oversee implementation of the housing renewal programme, with the objective of securing cross-service involvement to improve the opportunities for our residents in the more deprived parts of the city be agreed;
  - (vi) The proposal to establish a cross-departmental team of officers to support delivery of the wider benefits arising from the housing renewal programme be noted; and
  - (vii) That a further report be submitted to Cabinet Members for Finance, Resources & Customer Services and Business, Skills & Housing, seeking approval of revised governance arrangements to ensure efficient and effective delivery, monitoring, management and control of the housing renewal programme.

## Reasons for Decision

Adoption of the Business Plan and Investment Strategy will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods, while also delivering wider benefits to the city's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which we are faced; and ensure the HRA is sustainable and viable over the long term.

### **8. SCHOOL ORGANISATION AND INVESTMENT STRATEGY 2014-2016 (see report of the Tri-Borough Executive Director for Children's Services)**

- 8.1 Andrew Christie (Tri-Borough Executive Director for Children's Services) presented an updated School Organisation and Investment Strategy. The Strategy had been based on projected pupil numbers and opportunities for providing new school places, and would inform the requirement for capital resources.
- 8.2 The previous focus on additional primary school places had been successfully implemented, and the Cabinet noted that the revised Strategy anticipated the increasing need for secondary school places.
- 8.3 The Government had announced the Basic Need grant allocation for providing new school places for the period 2013-17. Any potential schemes were also eligible for s106 planning contributions, and the Cabinet noted that no corporate resources had been allocated.
- 8.4 It was proposed that Corporate Property and Children's Services establish a Working Group to plan for new school pupil places. Where there were capital investment implications, the Group would submit a proposal to the Council's Capital Review Group for funding within the overall programme.
- 8.5 The Cabinet noted that key stakeholders including the Diocesan Authorities, the Education Funding Agency, Tri-Borough forums, and individual schools, had been consulted on the development of the Strategy and on individual proposals.
- 8.6 Councillor Danny Chalkley (Cabinet Member for Children & Young People) commended the work of officers and the support given by the Children & Community Services Policy & Scrutiny Committee in the development of the Strategy.
- 8.7 **RESOLVED:** That
- (i) The School Organisation and Investment Strategy 2014-16 contained in Appendix B to the report and the recommendations contained therein be approved;
  - (ii) The establishment of a joint Corporate Property and Children's Services working group to plan for providing additional pupil places in schools, including representatives from the Planning Department and Diocesan authorities be approved; and

- (iii) The establishment of a programme team reporting to the working group, to assess the secondary schools estate and prepare a business case for delivering the strategy in (2.1) whilst considering the wider Corporate Property goals for the Council be approved.

### **Reasons for Decision**

The decision is required in order to:

- set the amount and method of investment for meeting the Council's statutory duty to provide sufficient school places.
- develop a implementation plan in line with its wider corporate objectives for property, and housing duties and aspirations.

## **9. DEVELOPING A TRI-BOROUGH CORPORATE SERVICE (see report of the Chief Executive)**

- 9.1 The Cabinet received an update from Charlie Parker (Chief Executive), on proposals for the creation of Tri-borough Corporate Services, which could include Human Resources, Procurement, Legal Services and Revenues & Benefits.
- 9.2 The initial savings across the Tri-borough area, which could be achieved through establishing a Tri-borough Corporate Services, were estimated to be £2.5 million per annum by 2015/16 with significant future savings potentially to follow once further analysis of all the options had been completed.
- 9.3 Councillor Melvyn Caplan acknowledged that this was the next logical stage in Tri-borough working, which had the potential to offer significant savings. Councillor Daniel Astaire (Cabinet Member for Business, Skills & Housing) highlighted the importance of ensuring that any changes to the procurement function would not be open to challenge, and that processes remained robust.
- 9.4 **Resolved:** That
- (i) The principle of the establishment of Tri-borough Corporate Services be agreed, subject to securing the agreement of the Cabinets of the London Borough of Hammersmith & Fulham, and the Royal Borough of Kensington & Chelsea;
  - (ii) The Chief Executive of Westminster City Council be appointed as the SRO overseeing the development of detailed business plans, including the establishment of necessary business cases, for the creation of Tri-borough Corporate Services;
  - (iii) The decision of the Chief Executive of Westminster City Council to appoint the s151 officer from the London Borough of Hammersmith & Fulham to undertake the consequent planning and implementation be endorsed; and
  - (iv) That further reports with detailed business cases for a Tri-borough Corporate Services be provided to Cabinet in due course. At that stage, each of the Tri-borough Cabinets will be asked to take a formal



decision on whether to proceed with the establishment of a Tri-borough Corporate Services.

### **Reason for Decision**

The creation of a single Corporate Services function would deliver greater efficiencies, additional annual savings and contribute to the shared objective of safeguarding front line services.

## **10. AIMS OF THE NEW CONTRACT FOR CONTACT CENTRE AND BACK OFFICE PROCESSING (see report of the Director of Strategy & Communications)**

- 10.1 Councillor Ed Argar declared an interest and left the room during consideration of in this item, taking no part in the discussion or vote.
- 10.2 Julia Corkey (Director of Strategy & Communications) presented a report which set out the background, customer strategy and aims of a new three year contract for the provision of a contact centre and for back office processing. The current contract for the provision of a contact centre and back office processing will expire on 3 November 2014, and a procurement exercise had been concluded which recommended the award of 3 year contract with a further 3 years by extension. A confidential report seeking Cabinet approval for the award of the contract had been included elsewhere in the agenda.
- 10.3 Councillor Melvyn Caplan (Cabinet Member for Finance, Resources & Customer Services) thanked officers for the detailed work which had been undertaken in developing the strategy and aims for the new contract, and commended the significant improvements to the City Council's website.
- 10.4 Councillor Philippa Roe (Leader of the Council) also commended the proposals for the new contract.
- 10.5 **Resolved:** That the report be noted.

## **11. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

- 11.1 None.

## 12. EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972

- 12.1 **RESOLVED:** That under Section 100 (A) (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business because it involved likely disclosure of exempt information on the grounds shown below:

| <u>Item No:</u> | <u>Grounds</u>   | <u>Paras of Part 1 of Schedule 12A of the Act</u> |
|-----------------|--|---|
| 13              | Information relating to the financial and business affairs of an individual, including the authority holding the information and legal advice. | 3 and 5   |

## 13. AWARD OF CONTRACT FOR CONTACT CENTRE AND BACK OFFICE PROCESSING

- 13.1 Councillor Ed Argar declared an interest and left the room during the consideration of this item, taking no part in the discussion or vote.
- 13.2 The Cabinet discussed the aims of a new three year contract for the provision of a contact centre and for back office processing. They agreed to award the contract.

## 14. CLOSE OF MEETING

- 14.1 The meeting ended at 8.00pm.

\_\_\_\_\_  
**CHAIRMAN:**

\_\_\_\_\_  
**DATE**