

Report of the Cabinet Meeting held on Monday 22 February 2016

Present: Councillors Robert Davis, MBE, DL (Chairman), Heather Acton, Nickie Aiken, Daniel Astaire, Melvyn Caplan, David Harvey, Tim Mitchell and Rachael Robathan

Also Present: Councillors Brian Connell and Gotz Mohindra

1. 2016-2017 to 2019-2020 Budget and Council Tax Report

- (a) We have considered the detailed report which sets out proposals for the Council's 2016-2017 to 2019-2020 Budget and Council Tax. The report we considered, which is attached as Appendix A, sets out financial savings of £45.876m in 2016-2017. In order to achieve this and the significant financial challenges since 2010 and which are expected to continue until at least 2019-2020 the Council has examined every area of operation to identify opportunities to reduce costs and generate additional income. This will enable the Council to deliver a balanced budget in 2016/17 and beyond. Whilst the Council is rightly proud of its track record of sound financial management it is clear that strong financial discipline and prudence must continue to be at the core of budget setting.
- (b) The total savings requirement of £45.876m encompasses savings due to reduced Government grant and cross cutting pressures of £33.458m and £12.418m to finance the net additional impact of direct service pressures. The detailed proposals are set out in Schedule 4 of the Budget and Council Tax report which also includes a full summary of how the savings challenge arose. In addition to those funding changes the Council will continue to face pressures arising through commercial, legislative, demographic and operational pressures offset in part by mitigating actions by service areas. There are also contractual and salary inflation, pension cost increases, changes in National Insurance and other issues. The Council is also dealing with a large number of complex demand-led, legislative policy and financial initiatives which will present new operational challenges to adopt to, as well as delivering financial benefits and new ways of working which are reflected in Section 11 of the report.
- (c) In 2015/16 the Council commenced the development of a 10 year view of its financial position. While there are a great many unknowns, longer term projections suggest a growth in the demand for services. Further work is ongoing with the intention of contributing to and helping develop the Council's strategic, transformational approach to delivering services. The report set out the direction of travel for 2018-2019. The requirement up to 2016-2017 has been identified with detailed work on the budget requirements up to 2017-2018 and 2018-2019 continuing.

- (d) Our priority remains to give people, families and businesses the confidence and opportunities for employment. We also aim to strengthen connections amongst residents, businesses and visitors as everyone plays their part in, and benefits from, the City's success.
- (e) No Council Tax Freeze Grant has been offered for 2016-2017 and all previous grants have been rolled into the Revenue Support Grant. For 2016-2017 those local authorities with responsibility for Adult Social Care are able to levy a new social care increase of up to 2% on Council. We feel that the time is now right to make this modest increase and also a further 1.99% increase which we are now recommending to the Council.
- (f) The Council has continued to embed its values and behaviours for the organisation during 2015-2016. These values and behaviours underpin how the Council delivers services to its communities, how it operates as an organisation and how it works together. They have been carefully defined to illustrate what is needed to enable Westminster to move forward in the difficult times ahead and are summarised below:
- Productive – we show initiative, drive and determination and help others to be productive and make informed decisions.
 - Ambitious – we constantly challenge, create new solutions and work as a team.
 - Collaborative – we work with partners and show local leadership, we treat everyone with courtesy and fairness and challenge one another respectfully.
 - Enterprising – we constantly seek better FM and to reduce cost, we seek to generate growth and take managed risks to achieve the best outcomes.
- (g) Throughout the process of setting the budget the Council has been very mindful of the impact of service changes or reductions on residents and the Equalities Impact Assessments are dealt with in Annex C of the report. We have had careful regard to these and the Council must do likewise when formally adopting this budget. These can be found on the Council's website at <http://committees.westminster.gov.uk/documents/b12077/Budget%20and%20Council%20Tax%20Related%20Equality%20Impact%20Assessment%2022nd-Feb-2016%2019.00%20Cabinet.pdf?T=9>
- The Budget and Performance Task Group has also considered the budget proposals. Its views were presented to us by Councillors Brian Connell and Gotz Mohindra are also included in the report.
- (h) The formal Council Tax resolution which is recommended for adoption is attached as Annex 1. The full detailed report is attached as Appendix A which includes the budget we commend to the Council. Also included is a short update report which is also attached as Appendix A (i).

- (i) We were advised that the GLA had confirmed that their precept would be as set out in the report. No change, was therefore necessary to be made to the formal Council Tax resolution.
- (j) As in previous years the Leader of the Council will set out in her Leader's Speech the Council's ongoing priorities.

Note by Head of Committee and Governance Services: The report which is Appendix A to this report on the Council's website, has been updated to include the information which was circulated as Appendix A (i).

We recommend:

- (a) That the Council adopt the following:
 - (i) That the Equality Impact Assessments included in Annex C of the report be received and noted to inform the consideration and approval of this report.
 - (ii) The 2016-2017 budget, as set out in this report, and adopt the Council Tax levels as set out in Council Tax resolution at Annex 1.
 - (iii) The estimated level and use of Earmarked Reserves in Schedule 5 of the report Appendix A as at the budget monitoring position for month 9, 2015-2016.
 - (iv) That the local element of Council Tax is increased for Band D properties by 1.99%.
 - (v) That local element of Council Tax is increased by 2% in respect of Adult Social Care.
 - (vi) That as a consequence of the general rise in Council Tax and Adult Social Care the local element for Band D properties be confirmed for 2016-2017 as £392.81.
 - (vii) That the Council Tax for the City of Westminster, excluding the Montpelier Square area and Queen's Park Community Council, for the year ending 31 March 2017, be as specified in the Council Tax Resolution in Annex B (Appendix A) and as summarised in Schedule 7 of Annex B (Appendix A). 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.
 - (viii) That the views of the Budget and Performance Task Group set out in Annex A of the report (Appendix A) be noted in accordance with the Budget and Policy Framework Procedure Rules in the Constitution.

- (ix) That the cash limited budgets for each service with overall net expenditure for 2016-2017 of £183,804k (as set out in Schedule 3, Appendix A) be approved.
 - (x) That the members of the Executive Management Team be responsible for managing their respective budgets including ensuring the implementation of savings.
 - (xi) That 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.
 - (xii) That the City Treasurer be delegated responsibility for any technical adjustments required to be made to the budget and any technical changes to this report before it is issued to Council.
 - (xiii) That the cost of inflation be issued to service budgets, if and when it materialises, to the limits as contained within Schedule 4 of Appendix A.
 - (xiv) That the views of consultees and the consultation approach, as set out in section 19, be considered by Council.
 - (xv) That the Council agrees to consider the offer of a four year settlement from Government in return for publishing an efficiency statement demonstrating how the spending certainty from a multi-year settlement will be of benefit to residents once any final guidance has been received.
 - (xvi) That the Council carries forward an unspent contribution from reserves balance originally agreed as £1.1m for 2015-2016 to 2016-2017 to support a forecast increased number of Discretionary Housing Benefit claims.
 - (xvii) That the Material Changes to the Council's Financial Regulations as included in Annex D be approved and the Constitution amended accordingly.
 - (xviii) That the Council sets aside £200k to support the Children's directorate in transitioning towards external funding for the Youth Service.
 - (xix) That a budget of up to £10m be approved for potential capitalisation of transformation expenditure to be funded from transferring individual service transformation budgets as they are identified as being eligible for such capitalisation and actual expenditure incurred.
- (b) That the Council receive a speech by the Leader of the Council on Council priorities and financial aims.

2. 2015-2016 to 2020-2021 Capital Strategy and Capital Programme

- (a) We have considered a report which outlines the principles the Council will follow when considering capital investment and setting out the five year capital programme supporting the Council's vision. As part of this vision the Council is proactively driving through its City for All programmes with a vision for a city of choice and aspiration where all investments promote productivity, are ambitious, support collaboration or are enterprising. Capital proposals are considered within the Council's overall medium to long term priorities with the preparation of the five year programme, an integral part of the Council's financial planning framework.
- (b) The highly ambitious strategic aims of the Council, are reflected in a fully funded capital programme of £1.70bn over five years which excludes the HRA capital programme. The programme reflects the ongoing schemes from previous programmes, a number of new schemes aimed at meeting City for All and addressing the priority areas within the Council's medium term plan and investment to ensure the future financial sustainability. The programme will have revenue implications but these are reflected in the revenue budget, the subject of report in the previous paragraph.
- (c) Broadly the capital programme covers three areas of expenditure, these are:
- Development – these schemes will help the Council achieve strategic aims and generate income and therefore will be funded by the relevant service.
 - Investment – schemes within this category will help to generate income and increase the diversification of the Council's property portfolio and will be self-funded by this additional income/efficiency savings etc.
 - Operational – these schemes are related to day-to-day activities that will ensure the Council meets its statutory requirements and will be funded by the individual service.
- (d) These categories are explained in more detail in Section 6 of the report attached.

The capital strategy sets out the processes by which the programme will be managed including the work of the Capital Review Group. These processes are being continually reviewed and improved and will continue to be further developed during 2016-2017 as part of the planned programme of financial management enhancements. This will support the successful delivery of projects, in terms of time, cost and quality, as well as achieving the objectives of City for All.

- (e) The report we considered is attached as Appendix B.

We recommend:

That the Council approve the following:

- (i) the capital strategy as set out in the report, Appendix B, be approved.
- (ii) the capital expenditure for the general fund as set out in Appendix B of the report be approved.
- (iii) the capital expenditure for the Housing Revenue Account as set out in Appendix E of the report (Appendix B) for 2016-2017 to 2020-21.
- (iv) 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.
- (v) that with effect from 2017-2018 the revenue costs of schemes in the programme will be financed by revenue savings or income generation from relevant service areas.
- (vi) that all development and investment projects follow the business case methodology as set out in Section 11 of the report (Appendix B) including the approval process as set out in paragraph 11.7 of the report.
- (vii) the terms of reference of the Capital Review Group be noted.
- (viii) that a facility of up to £50m for the investment and diversification of the property portfolio to be created with an initial allocation of £25m to be drawn down from 2016-2017, as outlined in paragraph 6.3.4 of the report (Appendix B).
- (ix) that no financing sources unless stipulated in regulations or necessary agreements are ring fenced.
- (x) that the process of improvement as per paragraph 11.8 of the report (Appendix B) that will be undertaken during 2016-2017.

3. Treasury Management Strategy for 2016-2017 to 2020-2021

- (a) 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. These strategies and statements have been prepared in accordance with the CIPFA Treasury Management in Public Services Code of Practice, Cross Sectoral Guidance Notes.

- (b) The Council's Investment Strategy remains to invest cash balance with highly rates bodies and external funds.
- (c) The Council's medium term business plan includes revenue budget provision to meet the capital financing costs based on the Capital Financial Strategy and the recommended option for the Minimum Revenue Provision.
- (d) The report we considered is attached as Appendix C.

We recommend:

That the Council approve the:

- (i) the prudential indicators as set out in Appendix C;
- (ii) the Minimum Revenue Provision Policy set out in paragraph 8.7 of the report, Appendix C);
- (iii) the treasury limits for 2016/17 to 2020/21 as detailed in paragraph 9.6 of the report, Appendix C;
- (iv) the borrowing strategy set out in Section 10 of the report, Appendix C;
- (v) Limits to interest rate exposures and upper and lower limits on borrowing set out in paragraph 10.10 (table 10) of the report, Appendix C;
- (vi) Investment strategy set out in Section 11 of the report, Appendix C; and
- (vii) The investments schedule set out in Appendix 1 of the report which is Appendix C to this report.

4. Council's Pay Policy 2016-2017

- (a) The Council is required, by virtue of the Localism Act, to produce a Pay Policy Statement for 2016-2017 and for each financial year thereafter. The Pay policy must include details of:
 - the levels and elements of remuneration of its Chief Officers.
 - other aspects of Chief Officer's remuneration, remuneration on recruitment, increases and additions to remuneration, pay progression, termination payments and transparency.
 - remuneration of its lowest paid employees.
 - the relationship between the remuneration of the Chief Executive and the Council's lowest paid employees.
- (b) The Pay Policy we are recommending be adopted, brings together in one statement the Council's approach to pay and reward as approved by Cabinet on 27 August 2008 and which is detailed in various Council policies.

For 2016-2017 the Pay Policy includes current senior salary figures and the pay multiple is based on total pay received to reflect new requirements set out in the Local Government Transparency Code.

- (c) The report we considered which includes the proposed pay policy is attached as Appendix D.

We recommend: That the Pay Policy attached to the report, as Appendix D, be approved for publication.

Robert Davis, MBE, DL
Deputy Leader of the Council

Background Papers:

Local Government (Access to Information) Act 1972 – Background Papers
The Minutes and Agenda for the Cabinet held on 22 February 2016

That the Council be recommended to resolve as follows:

1. It be noted that on the 20th of January 2016, the Council calculated the Council Tax Base 2016/17
 - a) For the whole Council area as **125,181.13** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”); and
 - b) For dwellings in the Montpelier Square area as **95.04**
 - c) For dwellings in the Queen’s Park Community Council area as **3,269.17**
2. Calculate that the Council Tax Requirement for the Council’s own purposes for 2016/17 (excluding Special Expenses) is **£49,172,400**
3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:
 - a) **£855,232,900** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it
 - b) **£806,028,000** being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act
 - c) **£49,204,900** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (*Item R in the formula in Section 31B of the Act*)
 - d) **£393.07** being the amount at 3(c) above (Item R) all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the Basic Amount of its Council Tax for the year (including Special Amounts)
 - e) **£32,500** being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act
 - f) **£392.81** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of the Council Tax for the year for those dwellings in those parts of the area to which no special item relates.
4. To note that the Greater London Authority have issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council’s area as indicated in the table below:

Multiplier	Band	Greater London Authority
6	A	£184.00
7	B	£214.67
8	C	£245.33
9	D	£276.00
11	E	£337.33
13	F	£398.67
15	G	£460.00
18	H	£552.00

5. To note that the Queen's Park Community Council have issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below

Band	Queen's Park Community Council
A	£29.60
B	£34.53
C	£39.47
D	£44.40
E	£54.27
F	£64.13
G	£74.00
H	£88.80

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each category of dwellings:

Westminster Council Requirement and Special Expenses

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£489.84	£291.47	£261.87
B	£571.49	£340.05	£305.52
C	£653.12	£388.63	£349.16
D	£734.77	£437.21	£392.81
E	£898.05	£534.37	£480.10
F	£1,061.33	£631.52	£567.39
G	£1,224.61	£728.68	£654.68
H	£1,469.54	£874.42	£785.62

Westminster Council Requirement, Special Expenses and Precepts

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£673.84	£475.47	£445.87
B	£786.16	£554.72	£520.19
C	£898.45	£633.96	£594.49
D	£1,010.77	£713.21	£668.81
E	£1,235.38	£871.70	£817.43
F	£1,460.00	£1,030.19	£966.06
G	£1,684.61	£1,188.68	£1,114.68
H	£2,021.54	£1,426.42	£1,337.62

7. That the City Treasurer be authorised to collect (and disperse from the relevant accounts) the Council Tax and the National Non-Domestic Rate and that whenever the office of the City Treasurer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised postholder be authorised to act as before said in his stead.
8. That notice of amounts of Council Tax be published.
9. That the Council does not adopt a special instalment scheme for Council tenants.
10. That the Council offers as standard the following patterns for Council Tax and National Non-Domestic Rate: payment by 1, 2, 4, 10 or 12 instalments and that delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.
11. That the Council does not offer payment discounts to Council Taxpayers
12. That the Council resolve to charge owners for Council Tax in all classes of chargeable dwellings prescribed for the purposes of Section 8 of the Act.