



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held at 7.00pm on **Monday 19th February, 2018**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

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

Apologies for Absence: Councillor Richard Holloway, Councillor Richard Beddoe and Councillor Angela Harvey.

Also Present: Councillors David Boothroyd and Gotz Mohindra.

1 WELCOME

1.1 The Leader welcomed everyone present.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES

3.1 The Chairman, with the consent of the Members present, signed the minutes of the meeting held on 4 December 2017 as a true and correct copy of the proceedings.

4 2018-2019 BUDGET AND COUNCIL TAX REPORT

4.1 Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services introduced the report that had been updated since an earlier report presented to Cabinet on 30 October 2017. He drew Members' attention to the recommendations as set out in pages 17-19 in the report and thanked Steven Mair, City Treasurer and officers for their work.

4.2 Steven Mair then highlighted the changes in the budget since the meeting on 30 October and Council on 8 November. Mr Mair referred to the proposed Westminster Community Contribution and that, if agreed, a report setting out

the related governance would be submitted for approval. It was noted that it was proposed to ask the City of Westminster Charitable Trust to seek these voluntary contributions.

4.3 The Leader welcomed the City Council's proposals to set the lowest Council Tax in the country and the progressive approach taken in respect of the voluntary community which had already received positive feedback from people of all social backgrounds.

4.4 **RESOLVED:**

1. That it be noted that the local element of Council Tax for 2018/19 will not increase.
2. That Cabinet approved:
 - the 2018/19 budget, as set out in this report, and recommend to the Council the Tax levels as set out in the Council Tax resolution at Annex C;
 - that local element of Council Tax is increased by 2% in respect of the Adult Social Care Precept as permitted by Government and anticipated in their Core Spending Power assumptions;
 - that as a consequence of no change in Council Tax and the 2% increase in the Adult Social Care precept the local element for Band D properties be confirmed for 2018/19 as £416.27;
 - that subject to their consideration of the previous recommendation, 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 2018, be as specified in the Council Tax Resolution in Annex C (as may be amended). That the Precepts and Special Expenses be as also specified in Annex C for properties in the Montpelier Square and Queen's Park Community Council;
 - 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;
 - that the Council be recommended to approve the budget proposals presented to Council on 8th November 2017 which were approved in principle pending the completion of relevant external consultations as outlined in Section 18;
 - that the views of the Budget and Performance Task Group set out in Annex A be considered as required;

- that the draft estimated cash limited budgets for each service with overall net expenditure for 2018/19 of £186.163m (as set out in Schedule 3) be noted;
- 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;
- that the City Treasurer be delegated responsibility for any technical adjustments required to be made to the budget;
- that 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 4c;
- the Council continues as previously agreed to make two further one off contributions into the Pension Fund of £10m per annum as well as a recurrent additional £4m contribution as part of the on-going annual contributions as set out in paragraph 13.6;
- that the views of consultees and consultation approach, as set out in section 18, be considered by Council;
- that the proposed use of new capital receipts be used under the freedoms of the Flexible Capital Receipts regulations be used to fund revenue expenditure on City Hall, Digital Programme and Pension Deficit Recovery programmes which lead 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;
- that the proposed use of new capital receipts be used under the freedoms of the Flexible Capital Receipts regulations to finance future revenue expenditure on other relevant and applicable programmes which arise in the future during the duration of the regulations and which lead to ongoing savings (and subject to review at year end to determine the actual costs, savings and financing by the City Treasurer);
- that the City Treasurer be delegated responsibility to transfer any potential surplus Business Rates revenue into a reserve to mitigate the potential impact of business rates volatility and to support future years' revenue budgets;
- that the Council carries forward any unspent contribution from Discretionary Housing Benefits (DHP) into 2018/19 to support payments while options to absorb the expected reduction in DHP payments from government are considered;

- following the consultation with Band H properties, the council introduces the Westminster Community Contribution to allow the most expensive properties in the city to voluntarily contribute towards supporting discretionary services that support the three priorities of youth services, helping rough sleepers off the streets at night and helping people who are lonely and isolated. The City of Westminster Charitable Trust be asked to seek these and a further report on the related governance be submitted to the Leader for approval.
- that the Equality Impact Assessments included in Annex B be received and noted to inform the consideration of the budget after approval; and
- that this report be submitted to the meeting of the Council on 7th March 2018.

Reasons for Decision:

1. 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 Ministry of Housing, Communities and Local Government (MHCLG). Approval of the revenue estimates constitutes authority for the incurring of expenditure in accordance with approved policies.
2. It should be noted that the Council presented a set of budget proposals to Cabinet in October 2017 and Council in November 2017, this offered an early opportunity to note and approve budget changes for 2018/19. These proposals were assessed at the time as to whether they required consultations and equality impact assessments (EIAs). Completed EIAs were made available to all Members.

5 CAPITAL STRATEGY 2018/19 TO 2022/23 FORECAST POSITION FOR 2017-2018 AND FUTURE YEARS FORECASTS SUMMARISED UP TO 2031-2032

- 5.1 Steven Mair introduced the report and highlighted the changes which had been made to the programme since it was approved by Council on 8 November 2017. He confirmed that the programme was fully funded.

5.2 RESOLVED:

1. That the capital strategy as set out in the report be approved.
2. That the capital expenditure for the General Fund as set out in Appendix A of the report for 2018/19 to 2021/22 and future years to 2031/32 be approved.

3. That the capital expenditure forecasts for the General Fund as set out in Appendix A of the report for 2017/18 be approved.
4. That the expenditure forecast for 2017/18 for the Housing Revenue Account (HRA) as set out in Appendix B of the report be approved.
5. That the capital expenditure for the HRA for 2018/19 to 2022/23 as in accordance with the 30 year HRA Business Plan and as included in Appendix B of the report be noted.
6. That the financial implications of the HRA capital programme, including the references to the debt cap and the level of reserves as detailed in Sections 10.19 and 10.20 of the report, be noted.
7. That it be approved that in the event that any additional expenditure is required by a capital scheme over and above this approved programme, the revenue consequences of this will be financed by revenue savings or income generation from relevant service areas.
8. That it be approved that all development and investment projects follow the previously approved business case governance process as set out in section 6.9 to 6.18 of this report.
9. That it be approved that no financing sources unless stipulated in regulations or necessary agreements are ring fenced.
10. That it be approved that contingency in respect of major projects are held corporately with bids for access to those contingencies to be approved by the Capital Review Group (CRG) in the event they are required to fund capital project costs, as detailed in Section 11.15 to 11.19 of the report. That it be noted that these total £594.505m from 2017/18 to 2031/32 but include a sum of £400m which is an allowance for general capital expenditure (e.g. highways improvements) in future years beyond 2021/22.
11. That approved last year, the Council plans to use capital receipts to fund the revenue costs of three eligible proposals – the refurbishment of Westminster City Hall (£18m), the Digital Transformation programme (£3m) and a contribution to the pension fund deficit (£30m) under the MHCLG Guidance on the Flexible Use of Capital Receipts if considered beneficial to the Council's finances by the City Treasurer at year end.
12. That the financing of the capital programme and revenue implications as set out in paragraph 13.22 of the report be approved.
13. That approval be given to the financing of the capital programme to be delegated to the City Treasurer at the year end and to provide sufficient flexibility to allow for the most effective use of Council resources.

5.3 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 INTEGRATED INVESTMENT FRAMEWORK

6.1 Steven Mair, in introducing the report, updated the Cabinet on changes since the framework was approved on 8 November 2017. He advised that significant sums were involved and that the report took into account the recommendations of the Investment Task Force.

6.2 Councillor Daniel Astaire, Cabinet Member for Planning and Public Realm, sought clarification in respect of recommendation f) regarding out of borough property investments. In reply, Steven Mair confirmed that this was permissible and that there would be due diligence and external advice sought before any proposal was put forward.

6.3 RESOLVED:

That Cabinet recommended that the Council:

- a) approve and implement the Integrated Investment Framework set out in the report;
- b) approve that the target for the overall return on Council investments should aspire to match inflation;
- c) approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
- d) adopt the asset allocation percentages set out in the Framework and work towards achieving these;
- e) agree that the overarching objective of this Framework is to achieve an overall return on Council investments aspiring to match inflation, or to reduce costs and liabilities at an equivalent rate, whilst maintaining adequate cash balances for operational purposes, and not exposing the capital value of investments to unnecessary risk;
- f) approve that investments in out-of-borough property developments should be considered individually and should outweigh the benefits of investing in-borough (which can have a number of non-commercial benefits, e.g., place making) and in a diversified property fund. Individual decisions should be subject to Cabinet Member approval;
- g) approve that the property and alternative asset allocation should focus on in-borough, with out of borough options being explored as and when they arise and subject to Cabinet Member approval;
- h) approve the establishment of an Investment Executive, comprising the membership set out in paragraph 55, to implement, monitor and report on the investment strategy. The Investment Executive will meet half

yearly, supplemented with ad hoc calls and meetings in times of change.

6.4 Reason for Decision

To bring together various investments into a single strategy.

7 HOUSING INVESTMENT STRATEGY AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2018-2019

7.1 Councillor Rachael Robathan, Cabinet Member for Housing, introduced the report and advised that both 5 year and 30 plans had been set out which would be revised annually. Gross capital expenditure would increase from £700m to £790m, including additional fire safety related work following the Grenfell Tower fire. She advised that a target of 1,850 new affordable homes had been set and the City Council was committed to delivering this and was on target to meet. In respect of Church Street, 1,750 new homes were proposed, including a mix of affordable and intermediate rent homes.

7.2 Barbara Brownlee, Executive Director for Growth, Planning and Housing added that the City Council was committed to investing in its existing Housing stock. Efforts would also be made to maximise the ability to borrow and draw on reserves and section 11 of the report set out the mitigation measures to manage risk.

7.3 The Leader welcomed the report and the clear direction it set out in delivering new homes in Westminster.

7.4 RESOLVED:

1. That the indicative Housing Revenue Account capital programme budgets for 2018/19 to 2022/23 as set out in Appendix B of the report be approved.
2. That the the proposed allocations from the Council's Affordable Housing Fund to new supply programmes of £328m as set out in Appendix B of the report be approved.

7.5 Reasons for Decision

The plans outlined in this report will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods within its management, 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 the city is faced; and ensure the HRA remains sustainable and viable over the long term. Further modelling of a wholly owned company being set up to enable housing delivery, which may involve delivery of some of the schemes in this plan, together with a reference in the recent prime minister's party conference speech to an additional £2bn to be invested in affordable housing mean that the plan will continue to be assessed in the coming months.

8 TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2018-2019 TO 2022-2023

8.1 Steven Mair introduced the report and advised of updates since the report was approved on 8 November 2017. He advised that borrowing was under review, however the strategy was fully compliant and affordable

8.2 RESOLVED:

The Cabinet recommended that the Council approve:

- the Treasury Management Strategy Statement as set out in sections 5 to 7 of the report;
- the prudential Indicators as set out in section 8 of the report;
- the overall borrowing strategy and borrowing limits for 2018/19 to 2022/23 as detailed in section 6 of the report;
- the Investment strategy and approved investments as set out in Appendix 1 of the report;
- the Minimum Revenue Provision Policy as set out in Appendix 2 of the report.
- the adoption of the CIPFA treasury management code of practice revised December 2017 update as set out in Appendix 3 of the report.

8.3 Reason for Decisions

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.

9 COUNCIL PAY POLICY 2018-2019

9.1 Lee Witham introduced the report and advised that the Pay Policy was reviewed in March each year as statutorily required and all statutory requirements had been met.

9.2 RESOLVED:

That the Council be recommended to adopt the Pay Policy for 2018 - 2019 as set out in Appendix 1 of the report.

9.3 Reasons for Decision

1. The Council is required to publish its Pay Policy by 31st March every year. It must be approved formally by Cabinet and full Council before publication. The Council is already transparent in its approach to Senior

Pay and publishes detailed information about senior officer pay and Members' allowances to meet its duties under the Local Government Transparency Code (2015).

2. The Council's Pay Policy meets the statutory requirements of the Localism Act 2011. It brings together all the Council's existing policies on pay, which have been subject to consultation.
3. The Pay Policy must include details in relation to: all aspects of Chief Officers' remuneration, increases and additions to remuneration, bonuses, termination payments and remuneration on recruitment. It must also include information about the relationship between the remuneration of its highest paid officer (the Chief Executive) and the median salary of all employees (the "pay multiple").
4. This report appends the proposed Pay Policy for 2018 – 2019. All pay data in the Pay Policy will use the snapshot date of 31st March 2017.
5. Government's reforms to public sector exit payments (i.e. to cap exit payments at £95,000 and recover exit payments for employees earning £80,000 plus) were due to come into effect from Autumn 2016. However, they were delayed and are now expected to be implemented sometime in 2018. The Pay Policy will be amended if this takes place.

10 WESTMINSTER COMMUNITY HOMES: LEGISLATIVE CHANGES TO GOVERNANCE ARRANGEMENTS

10.1 Councillor Rachael Robathan introduced the report that proposed changes to governance arrangements. She advised that Westminster Community Homes would play an important role in delivering affordable homes in Westminster. Affordable homes had already been delivered in some locations such as Ladbroke Grove.

10.2 RESOLVED:

1. That approval be given to Westminster Community Homes (WCH) to become a wholly controlled subsidiary of the City Council.
2. That authority be delegated to the Director of Housing and Regeneration to carry out the necessary steps to implement this decision.

10.3 Reasons for Decision

1. The provisions of the Regulation of Social Housing 2017 enacted on 16th November 2017 affect all registered providers, including WCH, which are now to be treated as Private Non-Financial Corporations. If these regulations are not to impact WCH and the City Council, and the City Council is to retain its current working arrangements with WCH, it will be necessary for WCH to become an organisation which is "wholly controlled" by the City Council.

2. The alternative is for WCH to be distanced from the City Council with the percentage of Board members nominated by the City Council restricted to 24% and the City Council losing its voting rights as a shareholder.

11 SAFEGUARDING ADULTS EXECUTIVE BOARD ANNUAL REPORT 2016-2017

11.1 Councillor Heather Acton, Cabinet Member for Adult Social Services and Public Health, introduced the report that was a statutory annual requirement for Cabinet to note and endorse. She thanked the Independent Chair and Members of the Board for their work.

11.2 Bernie Flaherty, Bi-borough Executive Director of Adults Social Care added that the City Council worked with a range of partners and lessons were being learnt from the experiences.

11.3 RESOLVED:

That the report is noted and strategy and the emerging themes informing its current work endorsed.

11.4 Reasons for Decision

No decision to be made.

12 LOCAL SAFEGUARDING CHILDREN'S BOARD ANNUAL REPORT 2016-2017

12.1 Ian Heggs, Director of Schools, introduced the statutory annual report and advised that the Board had appointed a new Chair from 2017. He advised that there had been a positive trend in the reduction of number of children subject to a protection plan from last year.

12.2 The Leader welcomed the report and thanked the Chairman and the Board and officers for the work undertaken.

12.3 RESOLVED:

That the report be noted.

12.4 Reasons for Decision

No decision to be made.

13 ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

13.1 There was no other business.

The Meeting ended at 7.24pm.

CHAIRMAN: _____

DATE _____