



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a virtual meeting of the **Cabinet** held on **Monday 15th February, 2021**,

Members Present: Councillors Rachael Robathan (Chairman), Heather Acton, Timothy Barnes, Melvyn Caplan, Matthew Green, David Harvey, Tim Mitchell and Paul Swaddle, OBE

Also Present: Councillor Gotz Mohindra (Item 4)

1 MEMBERSHIP

1.1 It was noted that there were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no Declarations of Interest.

3 MINUTES

3.1 **RESOLVED:** The Leader, with the consent of the Members present, signed the minutes of the meetings held on 14 December 2020 as a true and correct record of the proceedings.

4 MEDIUM TERM FINANCIAL PLAN 2021-22 TO 2023-24

4.1 Councillor Paul Swaddle, Cabinet Member for Finance and Smart City, introduced the report which outlined how over the next three years the council will meet the key objectives under the refreshed City for All strategy, supported by a medium-term financial plan.

4.2 Councillor Swaddle summarised the revenue challenges and efficiency savings to deliver a balanced budget for 2021-2022 whilst also providing opportunities for investment in community services such as Westminster Connects and Adult and Children's Services.

4.3 The Cabinet Member highlighted that the proposals for a balanced budget for 2021/22, would include a total council tax rise of 3.5% that consists of a general increase of 0.5% and a Social Care precept rise of the allowed 3%.

This would be achieved whilst maintaining the Council Tax Reduction Scheme which would mean that those residents who are least able to pay would not be liable for council tax under the scheme. At Band D this will result in an annual increase of £15.69 or an equivalent weekly amount of 30.2p per week. The total Westminster element of council tax will therefore rise from £448.21 to £463.90 at Band D.

- 4.4 After a balanced budget in 2021-22 the Cabinet Member stated that the medium term financial plan forecasts a net budget gap in 2022-23 and 2023-24 as set out in the report where there would be a need to identify further savings whilst minimising, as far as possible, any impact on council services.
- 4.5 The Cabinet Member highlighted a small error in Appendix 6 to the report where the council tax figures had been accidentally rounded down by 1p. This had been amended and a revised Appendix 6 had been published on the council's website.
- 4.6 Gerald Almeroth, Executive Director, Finance and Resources, highlighted the summary change in the general fund budget which included a net increase of £2.8m against last year. He explained that the small increase was due to the uncertainty over future grant funding, additional expenditure pressures and reduced income due to long term impact from Covid 19.
- 4.7 Councillor Gotz Mohindra addressed the committee in his capacity as the Chairman of the Budget Task Group which had considered budget options and draft business plan and estimates at the appropriate stages in the business planning cycle and submitted recommendations and comments to the Cabinet. He summarised the outcome of the task group's review which had identified a number of positive indicators including that the council has a robust reserves policy and that the budget includes flexibility to mitigate uncertainties. The task group recognised that the delay of the fair funding review could have a potential significant impact on the council's future revenue budget. He commented that some savings were to be delivered through staff reductions and that the task group had received explanations from Cabinet Members about mitigations for minimising the loss of corporate knowledge and experience. He concluded that the task group considered the budget proposals to be robust.
- 4.8 The Leader of the Council expressed her gratitude to the Cabinet Member, his predecessor, Councillor Caplan and Mr Almeroth and his team for their hard work in preparing the medium term financial plan.

RESOLVED:

That Cabinet recommends to full Council:

Council Tax

1. That the council tax for a Band D property be agreed at £463.90 for 2021/22, an increase of £13.45 (3%) for the Social Care precept and £2.24 (0.5%) for general purposes;

2. That, subject to the 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 2022, be as specified in the Council Tax Resolution in Appendix 6 to the report.
3. That the Precepts and Special Expenses be as also specified in Appendix 6 to the report for properties in Montpelier Square and the Queen's Park Community Council;
4. That the formal resolution for 2021/22 attached at Appendix 6 to the report including the council tax requirement of £62.078m be agreed;
5. Noted the proposed Greater London Authority precept (Band D) of £363.66, an increase of £31.59 rise in the adjusted Band D Precept;
6. That the Council continues the Westminster Community Contribution to allow the most expensive (Band H) 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 and supporting people who are lonely and isolated.

Revenue Budget

- 1 That the views of the Budget Task Group set out in Appendix 7 to the report be noted.
- 2 That the proposed General Fund net budget requirement of £182.745m summarised in Appendix 4 to the report be noted.
- 3 That the savings and growth proposals for 2021/22 to 2023/24 set out in Appendix 1 2 and 3 to the report be approved;
- 4 That the Equality Impact Assessments included in Appendix 5 to the report be received and noted to inform the consideration of the budget;
- 5 That the Housing Revenue Account Business Plan 2021/22 and 30-Year Housing Investment Plan presented concurrently to Cabinet on 15 February 2021 that recommends the HRA budget and rent levels for 2021/22 be noted.

Capital Programme

That the Capital Strategy 2021/22 to 2025/26, forecast position for 2020/21 and future years' forecasts summarised up to 2034/35 report also presented to Cabinet on 15 February 2021 that recommends the Council's capital programme and financing be noted.

Reserves, Balances and Budget Estimates

1. That the reserves policy as set out in section 13 be noted;
2. That the views of the Section 151 Officer with regards to estimates underpinning the proposed budget changes and reserves levels in section 13 be noted.

Treasury Management and Investment Framework

1. That the Treasury Management Strategy for 2021/22 including the annual investment strategy, borrowing limits and prudential indicators summarised in this report and set out detail in a concurrent report on this agenda be noted.
2. That the 2021/22 Integrated Investment Framework report also concurrently on this agenda, which sets out the policies and framework for future investment decisions for the Council 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 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.

5 CAPITAL STRATEGY 2021/22 TO 2025/26, FORECAST POSITION FOR 2020/21 AND FUTURE YEARS' FORECASTS SUMMARISED UP TO 2034/35

- 5.1 Councillor Paul Swaddle, Cabinet Member for Finance and Smart City, introduced the report which set out the proposed capital strategy over the next 15 years which included key strategic deliverables in line with the City for All strategy including the Oxford Street District scheme, housing regeneration and maintenance of operational assets.
- 5.2 Gerald Almeroth highlighted that the development projects and schemes are subject to capital bid assessments covering a number of categories including strategic fit, finances, external factors and risk and are subject to robust governance processes via the Capital Review Group.
- 5.3 Councillor Green, Cabinet Member for Business, Licensing and Planning stated that the proposed capital strategy would enable the council to continue to invest in the borough so that Westminster remains a vibrant and exciting place for others to invest in. He identified the Strand/Aldwych Public Realm scheme as an example where the council had delivered a scheme early despite the challenges presented by Covid19. He also commented on the significant achievements that the council had delivered as part of the Smart City portfolio.

- 5.4 Councillor Tim Barnes, Cabinet Member for Young People and Learning highlighted the achievements despite the significant challenges this year which included the delivery of the King Solomon Academy.
- 5.5 Councillor Tim Mitchell, Cabinet Member for Adult Social Care and Public Health spoke about the delivery of Beechcroft House development a state-of-the-art 84 bed care home in Maida Vale which had opened according to schedule in September. This had released the previous sites at Westmead and Carlton Dene care homes for re-development which will provide future benefits for older people living in the borough.

RESOLVED: That Cabinet recommended that full Council:

1. Approve the capital strategy as set out in this report.
2. Approve the capital expenditure for the General Fund as set out in Appendix A to the report for 2021/22 to 2025/26 and future years to 2034/35.
3. Approve that all development and investment projects, along with all significant projects follow the previously approved business case governance process as set out in section 8 to the report.
4. Approve that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
5. Approve the council plans to continue its use of capital receipts to fund the revenue costs of eligible proposals (subject to full business cases for each project). This comes under the MHCLG Guidance on the Flexible Use of Capital Receipts (FCR).
6. Approve the proposed financing of the capital programme and revenue implications as set out in section 13 to the report.
7. Approve the financing of the capital programme being delegated to the Executive Director of Finance and Resources to provide sufficient flexibility to allow for the most effective use of Council resources

Reasons for Decision:

The Council is required to set a revenue and capital budget. The revenue budget is set as part of the Medium Term Financial Plan (MTFP), where the capital budget is set as part of this strategy document.

Capital expenditure is defined as expenditure that is predominantly incurred on buying, constructing or improving physical assets such as land, buildings, infrastructure and equipment.

The Council is required to set a balanced revenue budget, and the capital programme forms part of this process.

6 HOUSING REVENUE ACCOUNT BUSINESS PLAN

- 6.1 Councillor David Harvey, Cabinet Member for Housing, introduced the report which outlined the council's Housing Investment Plan and 30 year Housing Revenue Account (HRA) Business Plan. He highlighted the council's work in the next year and beyond on fire safety management following a number of fundamental Government policy decisions and potential legislative processes in progress as set out in section 6 of the report. He drew Cabinet's attention to the planned maintenance programme in section 8 of the report which included a budget provision for the council's best current assessment of what actions will be required. He thanked the council's housing officers for their work.
- 6.2 Councillor Heather Acton, Cabinet Member for Community Services and Regeneration referred to the council's ambitious regeneration schemes and highlighted the Beechcroft House Development as an example of a Housing our Ageing Population Panel for Innovation (HAPPI) scheme that incorporates future-proofing for residents as they grow older as well as contributing to the council's commitment to reducing carbon emissions. She thanked her predecessor, Councillor Caplan, for his work on delivering the council's regeneration priorities to date.

RESOLVED: That Cabinet recommended that full Council:

1. Approve the HRA revenue budget for 2021-22 (Table 2 and Appendix 3 to the report).
2. Note the HRA 5-year revenue budgets for 2021-22 to 2025-26 (Table 2 and Appendix 2 to the report).
3. Note the HRA 30-year revenue budgets for 2021-22 to 2050-51 (Appendix 3 to the report).
4. Approve the HRA 5-year Capital Programme for a total of £952.30m (Appendix 4 to the report).
5. Note the 30-year Capital Programme for 2021-22 to 2050-51 (Appendix 4 to the report).
6. Note a rent increase of 1.5% from April 2021 as applicable under the Welfare Reform and Work Act 2016.
7. Note the HRA reserves and balances for the 5-year Business Plan (Table 6 to the report).

Reasons for Decision:

1. Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and keeps the HRA under review.

2. The budget has developed from a review of the baseline budget, current expenditure on Housing services and capital investment to maintain, improve and expand the Housing Stock.
3. The report outlines how the HRA is facilitating the City Council's commitment to provide 1,850 affordable homes through various HRA resources, including the use of the AHF, Capital Receipts, GLA Grant Funding and HRA Borrowing, as well as ensuring that the Council supports vibrant communities, in line with City for All, by investing over £2.092bn in existing Council homes over the next 30 years.

7 TREASURY MANAGEMENT STRATEGY 2021-22 TO 2025-26

- 7.1 Gerald Almeroth, Executive Director for Finance and Resources, introduced the report that set out the council's proposed Treasury Management Strategy Statement for the period 2021/22 to 2025/26 ensuring that plans are prudent, affordable and sustainable and that risks are managed responsibly and that cash balances are appropriately invested to generate optimum returns having regard to security and liquidity of capital.

RESOLVED: The Cabinet recommend that full Council:

1. Approve the Treasury Management Strategy Statement;
2. Approve the borrowing strategy and borrowing limits for 2021/22 to 2025/26 set out in section 6 to the report.
3. Approve the Prudential Indicators set out in section 8 to the report.
4. Approve the Annual Investment Strategy and approved investments set out in Appendix 1 to the report.
5. Approve the Minimum Revenue Provision Policy set out in Appendix 2 to the report.

Reason 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.

8 INTEGRATED INVESTMENT FRAMEWORK 2021-22

- 8.1 Gerald Almeroth, Executive Director for Finance and Resources introduced the report which outlined proposals for the Integrated Investment Framework for 2021/2022.
- 8.2 Mr Almeroth stated that the integrated investment framework sets out the strategic approach for bringing together and managing all of the Council's investments in a prudent manner.

RESOLVED: The Cabinet recommended that full Council:

1. Approve and implement the Integrated Investment Framework set out in the report;
2. Approve that the target for the overall return on Council investments should aspire to at least match inflation;
3. Approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
4. Adopt the asset allocation percentages set out in the framework and work towards achieving these;
5. Agree that the overarching objective of this framework is to achieve an overall return on Council investments aspiring to match inflation and to reduce costs and liabilities, whilst maintaining adequate cash balances for operational purposes, and not exposing the capital value of investments to unnecessary risk;
6. Approve that strategic investments allocated to 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 portfolio (acquisitions will be made out of borough only on an exceptional basis). Individual decisions should be subject to Cabinet Member approval;
7. Approve that the property and alternative asset allocation should focus on in-borough, with out of borough options being explored on an exceptional basis and subject to Cabinet Member approval;
8. Approve the Investment Executive to implement and monitor the investment strategy.

9 PAY POLICY 2021-22

- 9.1 Lee Witham, Director of People Services, introduced the report which set out details of the Council's annual pay policy for 2021-2022.
- 9.2 He advised that there were two minor changes proposed in the report to the Pay Policy compared to last year. He advised in respect of the first, which related to the government's reforms to public sector exit payments and the cap on payments, that since the report was published the Government had withdrawn the legislation following concerns that it has a number of unintended consequences. Therefore, the cap would be disapplied until new legislation is introduced.
- 9.3 Mr Witham then summarised the minor change to the "Rewarding your Contribution" scheme which he considered would provide a more equitable distribution of reward amongst staff.

- 9.4 The Leader thanked Mr Witham and the Chief Executive for the additional care shown to staff following the current challenges brought on by the pandemic which were evident by the results from the most recent staff survey.

RESOLVED:

That the council be recommended to approve the Pay Policy for 2021 – 2022 attached as Appendix 1 to the report subject to the omission of the public sector cap on exit payments.

Reasons for Decision

1. The Council is required to publish its Pay Policy by 31st March every year.
2. The Pay Policy brings together all the Council's existing policies on pay and must include details in relation to: all aspects of Chief Officer's remuneration, increases and additions to remuneration, bonuses, termination payments and remuneration on recruitment.
3. 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. 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 2020. The Pay Policy for 2021-2022 will be amended if this takes place.
5. All pay data in the Pay Policy will use the snapshot date of 31st March 2019.

The Meeting ended at 7.41pm

CHAIRMAN: _____

DATE _____