



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** Committee held on **Monday 19th February, 2024**, Rooms 18.01 & 18.02 - 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Adam Hug (Chair), Aicha Less, Nafsika Butler-Thalassis, Geoff Barraclough, David Boothroyd, Paul Dimoldenberg, Liza Begum, Ryan Jude, Matt Noble and Cara Sanquest

Apologies for Absence: None

1 WELCOME

The Chair welcomed everyone to the meeting, noting that it would be livestreamed with a recording to be made available online.

2 DECLARATIONS OF INTEREST

There were no declarations of interest received.

3 MINUTES

The Chair, with the consent of the Members present, agreed that the minutes of the meeting held on 29 January 2024 were a true and correct record of the proceedings.

4 BUSINESS AND FINANCIAL PLANNING 2024/25 TO 2026/27

The Chair introduced the item and invited Councillor Boothroyd to speak to the report, followed by Gerald Almeroth, Executive Director of Finance and Resources, and Councillor Fisher as Chair of the Budget Scrutiny Task Group.

Councillor Boothroyd noted that this is the Council's budget which provides funding to continue to develop the Fairer Westminster strategy, with investment in the priorities of the people of Westminster, including CCTV, community hubs, boosting carer pay and supporting families during the cost of living crisis.

Councillor Boothroyd highlighted that the Council has been able to make savings without harming services, as well as increased income through more realistic fees

and charges to reflect the cost in providing services, with a council tax increase set in line with that assumed under the government funding settlement.

Councillor Boothroyd noted that this budget has had to approve additional spending to an unprecedented extent as a result of the temporary accommodation crisis and thanked the finance team who have managed this.

Councillor Boothroyd noted that Westminster does have more capability than most, with the temporary acquisitions programme having some impact but more work needs to be done to alleviate the cost of nightly-booked accommodation and find more cost-effective private sector homes.

Gerald Almeroth highlighted the volatility of temporary accommodation costs and that officers have worked hard to come up with a plan to manage this, but that it still poses significant risk going forward.

Gerald Almeroth noted that the budget process this year has been robust and can give assurances as reflected in his section 25 statement.

Gerald Almeroth noted the medium-term position and that there is still a £48m gap which the Council will be working to close over the coming period.

Councillor Fisher highlighted that temporary accommodation is the critical issue for the Council with councils facing unprecedented demand, and that the task group was encouraged to see the council taking action to increase cost-effective supply to protect residents.

Councillor Fisher noted that the improvements to scrutiny recommended last year have been followed through, with Cabinet Members attending BTSG meetings and defending their decision making and portfolios, with more detail to be provided next year in presentations.

Councillor Fisher noted his thanks to Councillor Boothroyd, Gerald Almeroth and Jake Bacchus.

The Chair thanked officers in the finance team and across the council, noting that these are challenging times in which officers have worked to produce a balanced budget.

The Chair noted the central challenge of temporary accommodation and in particular the challenges in Westminster with the private rented sector and ability to procure supply, but that there is a plan in place to address those.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

Council Tax

1. That the Council Tax for a Band D be agreed at £501.76 for 2024/25
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 2025, be as specified in the Council Tax Resolution in Appendix 1

3. That the Precepts and Special Expenses be as also specified in Appendix 1 for properties in Montpelier Square and the Queen's Park Community Council
4. That the formal resolution for 2024/25 attached at Appendix 1 including the council tax requirement of £68.889m be agreed
5. Note the proposed Greater London Authority precept (Band D) of £471.40, an increase of £37.26 in the adjusted Band D precept
6. That the Council continues the Westminster Community Contribution scheme to allow residents 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

7. To note the views of the Scrutiny Budget Task Group set out in Appendix 2
8. That the proposed General Fund net budget requirement of £205.545m summarised in Appendix 3 is approved
9. That the savings, pressures and investments for 2024/25 to 2026/27 set out in Appendix 4, 5 and 6, are approved
10. That the Equality Impact Assessments included in Appendix 7 are noted to inform the consideration of the budget
11. Note the Housing Revenue Account (HRA) Business Plan 2024/25 and 30 Year Housing Investment Plan presented concurrently to Cabinet on 19 February 2024 that recommends the HRA budget and rent levels for 2024/25

Capital Programme

12. Note the Capital Strategy 2024/25 to 2028/29, forecast position for 2023/24 and future years' forecasts summarised up to 2037/38 report also presented to Cabinet on 19 February 2024 that recommends the Council's capital programme and financing

Reserves, Balances and Budget Estimates

13. Agree the reserves policy as set out in section 9
14. Note the opinion of the Section 151 Officer with regards to the robustness of the budget process, the estimates underpinning the budget and the adequacy of the reserves as set out in Appendix 8 as required by S25 of the Local Government Act 2003

Treasury Management and Investment Framework

15. Note the Treasury Management Strategy for 2024/25 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.
16. Note the 2024/25 Integrated Investment Framework report also concurrently on this agenda, which sets out the policies and framework for future investment decisions for the Council.

Fairer Westminster Delivery Plan

17. Note the summary of the delivery actions for the Fairer Westminster Delivery Plan 2024/25 provided in Section 4. The full approved version of the 2024/25 Delivery Plan will be published in mid-March.

5 CAPITAL STRATEGY 2024/25 TO 2028/29, FORECAST POSITION FOR 2023/24 AND FUTURE YEARS FORECAST TO 2037/38

The Chair invited Councillor Boothroyd to introduce the report.

Councillor Boothroyd noted that this is an overview report of the Capital Strategy and capital spending over the next 15 years, with the cost of borrowing built into the revenue implications of the capital strategy.

Councillor Boothroyd highlighted that even though the programme is slightly lower in cash terms than the previous year, it remains an ambitious programme which looks to deliver genuinely affordable housing, the Oxford Street programme, local high streets, North Paddington, refurbishment of the Seymour Centre and work to help towards net zero by 2030.

Gerald Almeroth noted that the council programme has two main themes – development and strategic investment and operational investment looking after assets, with significant ambition around delivering more affordable housing.

Gerald Almeroth noted that given interest rates and inflation risks, the Council is still able to plan and put these schemes into effect within the revenue funding without funding from external sources.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

- Approve the capital strategy as set out in this report.
- Approve the capital expenditure for the General Fund for 2024/25 to 2028/29 and future years to 2037/38.
- 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 of this report.
- Approve that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
- Approve the proposed financing of the capital programme and revenue implications as set out in section 12 of this report.
- Delegate to the Executive Director of Finance and Resources the decisions surrounding financing of the capital programme to provide sufficient flexibility to allow for the most effective use of the Council's resources.

6 INTEGRATED INVESTMENT FRAMEWORK 2024/25

The Chair invited Councillor Boothroyd to introduce the item.

Councillor Boothroyd noted that this is a framework which is decided upon annually with little change year to year, and that the Council has been managing its investments well.

Gerald Almeroth noted that it has been updated for key issues such as interest rates and inflation risk, but shows overall that the Council has a good performance while prudent in managing risk.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

- Approve and implement the Integrated Investment Framework set out in this report;
- Approve that the target for the overall return on Council investments should aspire to at least meet forecasts for inflation over the medium term;

- Approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
- Approve adoption of the asset allocation percentage ranges set out in the framework and work towards achieving these;
- Agree that the overarching objective of this framework is to achieve an overall return on Council investments, matching CPI inflation over the medium term, and to reduce costs and liabilities, while maintaining adequate cash balances for operational purposes, and not exposing the capital value of investments to unnecessary risk;
- Agree that assets must only be acquired for strategic purposes. Such prospective acquisitions must be considered individually, with the reasons for investment limited to regeneration or development of the location, or other strategic purposes in which the asset is established. Out-of-borough acquisitions may also be considered by exception;
- Note that the Investment Executive to implement, monitor and report on the investment strategy.

7 TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2024/25 TO 2028/29

The Chair invited Councillor David Boothroyd to introduce the report.

Councillor David Boothroyd noted of most importance is that the capital programme is financed and all borrowing is prudent, and that the plans are ambitious but that borrowing remains within credential indicators and the Council is forecast to remain under borrowed position.

Councillor David Boothroyd highlighted that problems have been encountered due to delays in national audit and it had been agreed that the Council should seek a public credit rating.

Councillor Ryan Jude asked Gerald Almeroth about timings for the council to obtain the credit rating, and if others have sought this.

Gerald Almeroth responded that other councils have sought a credit rating to issue a bond, though Westminster is doing this for a different reason and looking at a two to three-month process.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

- Approve the Treasury Management Strategy Statement
- Approve the borrowing strategy and borrowing limits for 2024/25 to 2028/29
- Approve the Prudential Indicators
- Approve the Annual Investment Strategy and approved investments
- Approve the Minimum Revenue Provision Policy set out in Appendix 2;
- Approve the delegation of authority to the Executive Director of Finance and Resources to proceed with:
 - the obtaining of a credit rating as set out in the report; and

- to appoint Link Group, a Treasury consultant, for the purposes of obtaining that rating.

8 HOUSING REVENUE ACCOUNT 30-YEAR BUSINESS PLAN AND HOUSING INVESTMENT PLAN 2024/25

The Chair welcomed Councillor Begum to introduce the report.

Councillor Begum noted that the report presents a revised 30-year business plan for the HRA, with a sustainable and long-term plan that keeps it on sound financial footing.

Councillor Begum highlighted the recommended rent increase of 7.7% (CPI+1) and an extension to the Rent Support Fund for the next financial year which allows the HRA to absorb the impact of inflation, increase funding for frontline services and make additional capital funding available to increase the level of annual investment in housing stock.

Councillor Begum noted that in regard to the PDHU allocation, the Council has yet to identify its preferred option for replacement, but it is prudent that the HRA has sufficient headroom to cover any investment ahead of an outline business case being presented later in the year.

Sarah Warman noted that within the plan, the Council has built in several measures to ensure it remains resilient in the face of the challenging economic outlook, including a healthy reserve balance and contingency in the revenue budget.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

- Approve the HRA revenue budget for 2024/25
- Note the HRA 5-year revenue budgets for 2024/25 to 2028/29 and HRA 30-year revenue budgets for 2024/25 to 2053/
- Approve the HRA 5-year Capital Programme totalling £920.52m
- Note the 30-year Capital Programme for 2024/25 to 2053/54 totalling £2.493bn
- Approve the inclusion of all Fairer Westminster investments, including the extension of the HRA Rent Support Fund by £1.050m for 2024/25 (to be earmarked to support tenants experiencing financial difficulty during the cost-of-living crisis)
- Approve a rent increase of 7.7% from 1st April 2024 in line with the maximum increase for social rent set by the national rent policy, whilst noting that the Council continues to exercise its discretion under the rent restructuring policy to set rents for re-lets (both new tenants and transfers) up to formula target rent
- Approve an increase of 6.7% to the fees charged for garages, sheds and parking (in line with CPI at September 2023) from 1st April 2024
- Approve that tenant service charges be varied in line with estimated actual costs for 2024/25 from 1st April 2023
- Note the HRA reserves and balances for the 5-year Business Plan

9 WCC PAY POLICY 2024-25

The Chair introduced the item, with no further comments received.

RESOLVED: Cabinet approved the following recommendations to Full Council for consideration at its meeting on 6 March 2024:

- Approve the Pay Policy Statement 2024/25

The Meeting ended at 7.00 pm

CHAIRMAN: _____

DATE _____