



CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held on **Monday 25th February, 2019**, Room 18.01-18.03, 18th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Nickie Aiken (Chairman), Ian Adams, Richard Beddoe, Iain Bott, Heather Acton, David Harvey, Tim Mitchell, Rachael Robathan and Andrew Smith

Apologies for Absence: Councillor Paul Swaddle OBE

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 10 December 2018 as a true and correct copy of the proceedings.

4 2019/20 BUDGET AND COUNCIL TAX REPORT

4.1 Councillor Rachael Robathan, Cabinet Member for Finance, Property & Regeneration introduced the report highlighting that the budget sets out how over the next 12 months, the Council must achieve savings of c£36m to meet growing demand for services and further reductions in funding.

4.2 Dave Hodgkinson, Deputy Section 151 Officer, stated that the budget aligns with the Capital Strategy and is both robust and balanced. He referred to the draft cash limited budgets for each General Fund service with overall net expenditure for 2019/20 of £180.436m. He advised that the draft budget had been subject to thorough equality impact assessments and consultation where appropriate.

RESOLVED:

That Cabinet recommended to full Council:

1. that the local element of Council Tax for 2019/20 is increased by 2.1% (CPI inflation as at December 2018) for a Band D equivalent household;
2. the 2019/20 budget, as set out in the report and recommend to the Council, the Tax levels as set out in the Council Tax resolution at Annex C to the report;
3. 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;
4. that as a consequence of the 2.1% change in Council Tax and the 2% increase in the Adult Social Care precept, the local element for Band D properties be confirmed for 2019/20 as £433.34;
5. 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 2020, be as specified in the Council Tax Resolution in Annex C to the Cabinet report (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;
6. 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;
7. that the Council approves the budget proposals presented to Council on 7 November 2018 which were approved in principle pending the completion of relevant external consultations as outlined in Paragraph 10.17 of the report.
8. that the views of the Budget and Performance Task Group set out in Annex A of the report be considered as required;
9. that the draft cash limited budgets for each General Fund service with overall net expenditure for 2019/20 of £180.436m (as set out in Schedule 3 of the report) be noted;
10. that the Section 151 officer 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;
11. that the Section 151 officer be delegated responsibility for any technical adjustments required to be made to the budget (in line with the Council's Financial Regulations);

12. 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 4d signed off by the Section 151 officer;
13. that the views of consultees and consultation approach, as set out in section 10 of the report, be considered by Council;
14. the Council continues as previously agreed to make recurrent additional £4m contributions as part of the on-going annual contributions as set out in paragraph 7.6 of the report;
15. that the previously approved 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 Section 151 officer) be recommended to Council for approval;
16. 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 Section 151 officer);
17. that the Section 151 officer 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;
18. that to the extent that the Council is unable to mitigate the CCG funding reductions through novating contracts across to the NHS, through service contracts coming to the end of their natural term, or through allocation from the social care support grant or business rates levy grant, then Council reserves may be used in 2019/20 to offset the pressure and balance the Council's budget;
19. 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 helping people who are lonely and isolated;
20. that the Equality Impact Assessments included in Annex B to the report be received and noted to inform the consideration of the budget after approval;

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 a set of budget proposals were presented to Cabinet in October 2018 and then to Council in November 2018, this offered an early opportunity to note and approve budget changes in principle for 2019/20. These proposals were assessed at the time as to whether they required consultations and equality impact assessments (EIA). Completed EIAs were made available to all members.

5 CAPITAL STRATEGY REPORT - 2019/20 TO 2023/24

- 5.1 Councillor Rachael Robathan, Cabinet Member for Finance, Property & Regeneration, introduced the report which set out the Capital Strategy for the next 15 years. She stated that the Strategy is hugely important and ambitious and aims to deliver the City for All ambitions for the whole of the city and in particular the provision of much-needed affordable homes. She thanked finance officers for all of their work in developing the strategy.
- 5.2 David Hodgkinson, Interim Section 151 Officer, considered the Capital Programme to be robust, deliverable and affordable. He referred Cabinet to the risks to the programme as set out in Section 12 of the report and how these would be managed.

RESOLVED:

That Cabinet recommended that full Council:

1. Approve the capital strategy as set out in the report.
2. Approve the capital expenditure for the General Fund as set out in Appendix A to the report for 2019/20 to 2023/24 and future years to 2032/33.
3. Approve the capital expenditure forecasts for the General Fund as set out in Appendix A to the report for 2018/19 (Period 8).
4. Approve the expenditure forecast for 2018/19 (Period 8) for the HRA as set out in Appendix B to the report.
5. Approve the capital expenditure for the HRA for 2019/20 to 2023/24 as in accordance with the 30 year HRA Business Plan and as included in Appendix B to the report.

6. Approve the financial implications of the HRA capital programme including the references to the debt cap and the level of reserves as detailed in Section 8 to the report.
7. Approve 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. Approve that all development and investment projects, along with all significant projects follow the previously approved business case governance process as set out in paragraphs 5.1 and 6.5 to 6.14 to the report.
9. Approve that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
10. Approve that contingencies 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 that they are required to fund capital project costs, as detailed in Sections 12.11 to 12.14 to the report.
11. 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), if considered beneficial to the Council's finances by the City Treasurer at year-end. (The Council's strategy for flexible use of capital receipts is outlined in section 11 to the report).
12. Note the continued use of flexible use capital receipts (as approved at November Council) to fund revenue costs associated with City Hall, Network and Telephony Transformation and Technology Refresh projects as detailed in section 11.9 and 11.14 to 11.28 to the report.
13. Note the Council's proposal to make use of £400m of forward borrowing to finance the capital programme and subsequently reduce the longer-term revenue impact, as approved by Full Council in November 2018.
14. Approve the financing of the capital programme and revenue implications as set out in paragraphs 14.1 to 14.30 to the report.
15. Approve the financing of the capital programme being delegated to the City Treasurer at the year end and to provide sufficient flexibility to allow for the most effective use of Council resources.

Reasons for Decision

The Council is required to set a balanced budget, and the capital programme, together with the governance process, which monitors and manages the programme, forms part of this process.

6 HOUSING INVESTMENT STRATEGY AND HRA BUSINESS PLAN 2019/20

- 6.1 Councillor Rachael Robathan explained that the Housing Investment Strategy and HRA Business Plan had been the subject of considerable extra work this year due to the relaxation of the HRA borrowing cap. The Council has planned to take advantage of this to deliver much needed additional affordable housing by increasing borrowing whilst protecting the sustainability of the overall business plan.
- 6.2 Stephen Muldoon, Interim Deputy Section 151 Officer, advised that in relation to the above, additional borrowing of £92.5m is planned over the first five years of the HRA Capital Programme to deliver the plans within the investment strategy.
- 6.3 Mr Muldoon stated that the Strategy and Business Plan had taken into account the decision by Cabinet to bring its Arms' Length Management Organisation CityWest Homes back into the Council.

RESOLVED:

That Cabinet recommended that the full Council:

1. Approve HRA capital programme budgets for 2019/20 to 2023/24 (Appendix B) to the report.
2. Approved the HRA revenue budget for 2019/20 (Sections 8,11 and Appendix C) to the report.
3. Approved the adjustment of HRA capital budgets in 2018/19 to match the assumptions within this Business Plan (Appendix B to the report).

Reason 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.

7 TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20 - 2023/24

- 7.1 Stephen Muldoon advised that there were little changes to the Treasury Management Strategy since it was last submitted to Cabinet in November.

RESOLVED:

That Cabinet recommended to full Council:

- the Treasury Management Strategy Statement;

- the borrowing strategy and borrowing limits for 2019/20 to 2023/24 set out in sections 5 to 7 to the report;
- the prudential Indicators set out in section 8 to the report;
- the Annual Investment strategy and approved investments set out in Appendix 1 to the report;
- the Minimum Revenue Provision Policy set out in Appendix 2 to the report.

Reasons 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.

8 INTEGRATED INVESTMENT FRAMEWORK 2019/20

- 8.1 Councillor Rachael Robathan commented on the importance of considering the whole of the Council's financial investments in the round which is being delivered through a comprehensive strategic, integrated investment framework.
- 8.2 Stephen Muldoon advised that the integrated investment framework now sets out that the Council would not aim to make investments in property purely for investment returns, with other strategic factors needing consideration.
- 8.3 Councillor Robathan thanked David Hodgkinson and Stephen Muldoon for their thorough and professional work in their capacities as Interim Section 151 Officer and Interim Deputy Section 151 Officer respectively.

RESOLVED:

1. That Cabinet recommended that full 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 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;

- f) approve that 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;
- g) 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;
- h) the Investment Executive to implement, monitor and report on the investment strategy.

Reasons for Decision:

To manage the Council's finances prudently and efficiently.

9 PAY POLICY 2019-2020

- 9.1 Lee Witham, Director of People Services, introduced the report and referred to the changes to deferred salary to posts at Band 6 and Band 7 and the Chief Executive. This will result in the Council fully consolidating the 10% deferred pay into the monthly salary of senior managers and the Chief Executive for the reasons set out in the Pay Policy attached as Appendix A to the report.
- 9.2 Mr Witham referred to the statutory duty to publish senior pay data every year in line with the Local Government Transparency Code 2015. He explained that the Council had previously published both 90% and 100% figures for senior officers (salaries with and without deferred pay). He advised that the Council would, in future, only publish the 100% figures for transparency.

RESOLVED:

That Cabinet recommended to full Council:

- 1. The Pay Policy for 2019/20, attached as Appendix A to the report.

Reason for Decision

The Council is required to publish its Pay Policy by 31st March every year. All pay data in the Pay Policy takes a snapshot of the data as at 31st March 2018. The proposed Pay Policy for 2019/20 is appended.

10 OXFORD STREET DISTRICT - PLACE STRATEGY AND DELIVERY PLAN CONSULTATION RESULTS AND UPDATED STRATEGY

- 10.1 Councillor Richard Beddoe, Cabinet Member for Place Shaping and Planning, introduced the report which outlined the results of the public consultation on the Oxford Street District - Draft Place Strategy and Delivery Plan which took place between the 6th November and 16 December 2018.
- 10.2 Councillor Beddoe advised that the consultation generated the highest number of responses to a Council led consultation exercise. There were a total of 2,154 completed consultation responses. 66% of overall respondents stating they supported the Place Strategy principles with 73% support from resident respondents. There was broad support for a fresh approach for the design of the whole area.
- 10.3 The Cabinet Member asked Cabinet to approve the updates to the Place Strategy and Delivery Plan which had been made as a result of the consultation feedback. These included: (i) revising some of the overarching place-based principles and removing the numbering to show that they are all of equal importance; (ii) including additional information in a number of areas but in particular in relation to air quality and (iii) changes to the delivery plan.
- 10.4 Councillor Beddoe advised that subject to Cabinet's approval for the Strategy and Delivery Plan, a business case would be developed to support the Council's £150 million investment which will be presented at the next Cabinet meeting on 8th of April 2019. The intention was for modelling works to begin in the spring with physical works to follow in the autumn.
- 10.5 Barbara Brownlee, Executive Director for Growth, Planning & Housing, commented that people are anxious to see more details regarding the scheme. She referred Cabinet to the programme governance outlined in the report which set out arrangements for keeping members informed.

RESOLVED: That Cabinet:

- a) acknowledged the results of the public consultation;
- b) approved the updates to the Place Strategy and Delivery Plan made as a result of the consultation feedback;
- c) noted the development of a business case to support the Council's £150m investment which will be presented at the next Cabinet meeting on 8th April 2019;
- d) agreed the Governance arrangements for the project and the reporting to monitor progress of the programme's delivery.

Reasons for Decision

- (a) The Council's commitment to the Oxford Street District is to create a long term and ambitious vision for the whole of the district that will strengthen its world-

renowned status as a great place to live, work and visit. Its strategy will support the ambition and respond to the big challenges that the district faces, including: a rapidly evolving retail environment; a place that can cater to greater numbers of people; providing more attractions; and for Oxford Street to be a better neighbour to the wider district, including the residential neighbourhoods. In the wake of strong competition from retail hubs like Westfield; online shopping; increased business rates; and interest rates, the retailers and businesses in the district are finding the trading environment very challenging.

- (b) One of the reasons for adopting a place-based approach is to ensure that the variety exhibited throughout the district is celebrated and enhanced. The analysis demonstrates the complexity of the district, while the principles and example projects illustrate why a more place specific approach should be taken. This was emphasised during the engagement phase where both residents and key stakeholders reinforced the need for a more localised approach. Consequently, the strategy also pulls together the many ambitions of our stakeholders for their specific areas, including residents associations and neighbourhood forums, and starts to bring these together along with new ideas for the district.
- (c) The Council believes that the district would benefit from adopting a place-based approach to determine how to deal with the current and future opportunities and issues. Owing to the complexities of the district, a more responsive approach to developing a range of solutions across the area needs to be adopted. The Council supports the need for a mixed use district and one that places strong emphasis on the amenity of its local residential communities. All this is essential if the district is to continue to thrive. The Council has now developed a Place Strategy and Delivery Plan for the Oxford Street District which has taken on the views of stakeholders via the recent consultation exercise.
- (d) The Council recognises that investment in the district is required in order to retain its status as the nation's high street and a world-renowned destination for domestic and international visitors. The coherent and district wide programme will ensure that the Oxford Street District strengthens its reputation. It is also essential that investment helps to improve the liveability of the district and provide a greater amenity for our residents. On 7th November 2018, full Council approved the Capital Strategy including allocation of £150 million towards the delivery of the final adopted Place Strategy and Delivery Plan (subject to approval to spend supported by a business case providing a strong rationale for investment). The Council will take responsibility for delivering an ambitious set of projects that will help to bring about a significant change to counter some of the external factors that the district currently faces. Additional funding to support the delivery of the projects listed in the Place Strategy will be required from external sources.
- (e) The updated Place Strategy clearly outlines the rationale for why a place-based approach will achieve both the collective ambition of the Council and its stakeholders, to improve the district and help to ensure its long-term future.

Key to this is a set of 15 overarching place principles that will be delivered by the projects listed in the Delivery Plan.

- (f) The consultation has confirmed majority support for the principles outlined in the Place Strategy and Delivery Plan. The strategy has been updated to reflect comments and concerns. The recommendations in this report are for the Cabinet to approve the updates to the Place Strategy and Delivery Plan and for the supporting business case to be developed.

11 LUXBOROUGH STREET PETITION

- 11.1 Councillor Rachael Robathan set out the background to the Luxborough Street Kickabout site and referred to the planning permission for a mixed use scheme which was granted in 2014 which included a community space in a form of a library. She explained that due to a change in requirements the approved scheme did not proceed. This decision released the site for a future alternative use and that the site had been boarded up since 2014.
- 11.2 She thanked organisers of the petition who wished to see it remain as open space. She stated that alongside the public consultation the petition demonstrated the strength of varying opinions regarding the future use of the site.
- 11.2 Councillor Robathan stated that early engagement on progressing a new scheme had taken place with local residents and stakeholders in October 2018. She stressed that the Council is committed to developing a mixed-use site incorporating affordable housing and community space. She referred to the late representations that had been submitted by the Marylebone Forum which recognised that the emphasis would be on delivering affordable rather than luxury housing. She advised that there is a significant need for affordable housing for low income families and those requiring social rented properties in Westminster and in particular in this area.
- 11.3 The Executive Director for Growth, Planning and Housing advised that the Council is exploring a range of community functions in developing proposals for this scheme.
- 11.4 Councillor Iain Bott stated that as one of the local ward Councillors he was aware that the development of this site is a major issue in the ward and that there are differing views on the future of the site. He stated that he looked forward to working with the Cabinet Member to represent the views of the local community in order to achieve the best outcome.

RESOLVED:

That Cabinet:

- (a) Noted the submitted petition and acknowledges the concerns of those who have signed it regarding the Luxborough Street site.

- (b) Acknowledged the need to consider development opportunities on this site as it is currently an under-utilised space and provides the potential to deliver much needed homes in the area, contributing to the Council's City For All priorities to deliver an increase in levels of affordable housing for the residents of Westminster.
- (c) Supported the continued investigation into a provision of community space as part of this development project.
- (d) Committed to engaging with the local community and ward members on any proposed development and the next steps.

Reasons for Decision

- (a) A balance needs to be made between the protection of open space within Westminster and the need for more housing within the borough.
- (b) There are clear advantages to assess development opportunities on this site as, on balance, it is considered that the potential benefits of the scheme, notably the delivery of new homes including affordable homes, may substantially outweigh the policy conflict with regards to protecting open space.
- (c) The development supports the overall key objectives of Westminster City Council's adopted City Plan.

The Meeting ended at 7.21pm.

CHAIRMAN: _____

DATE _____