

PRESENT

Cabinet Members

Councillor Sir Merrick Cockell (Leader of the Council), Chairman
Councillor Nicholas Paget-Brown (Deputy Leader, Environment, Transport
and Leisure)
Councillor Tim Ahern (Planning Policy)
Councillor Elizabeth Campbell (Family and Children's Services, Education
and Libraries)
Councillor Timothy Coleridge (Housing and Property)
Councillor Rock Feilding-Mellen (Civil Society)
Councillor Warwick Lightfoot (Finance and IT)

Other Members in attendance

Councillor Judith Blakeman (Notting Barns ward)
Councillor Gerard Hargreaves (Lead Member)
Councillor Louis Mosley (Lead Member)
Councillor Will Pascall (Lead Member)
Councillor Marie-Therese Rossi (Lead Member)

P A R T A (P U B L I C) M I N U T E S

A1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Fiona Buxton.

A2. MEMBERS' DECLARATIONS OF INTEREST

There were none.

A3. MINUTES OF THE MEETING HELD ON 10 JANUARY 2013

The minutes of the meeting held on 10 January 2013 were confirmed as a correct record and signed by the Chairman.

A4. REVENUE BUDGET AND COUNCIL TAX 2013-14 - KD03887

This report sought Cabinet's agreement to recommend to Council –

- a Council Tax freeze for the Royal Borough for 2013-14 at the rate first set in 2009-10; and
- net budget savings totalling £14 million (£10 million in 2013-14 and £4 million from 2012-13) and increased

income from changes to Council Tax discounts of £2 million, meeting funding reductions of over £10 million, inflation and cost pressures of £4 million and a contribution to one-off costs and future years savings targets of £2.5 million.

RESOLVED – Cabinet agreed

- (i) to approve the estimates for submission to Council as summarised in appendix 3 of the report and the Council Tax resolution as set out in appendix 7;
- (ii) to recommend to Council
 - (a) a Council Tax requirement for 2013-14 of £71.083 million;
 - (b) a basic amount of Council Tax for 2013-14 at Band D of £768.65 excluding Garden Square special expenses as set out in table 3. The headline figure including Garden Square special expenses is the same as last year at £782.58;
 - (c) Garden Square special expenses of £1.265 million as set out in appendix 8;
 - (d) Royal Borough Council Taxes for all Bands in all areas for 2013-14 as set out in table 3 and appendix 9;
 - (e) Total Council Tax including the Greater London Authority precept for all bands in all areas for 2013-14 as set out in appendix 10;
 - (f) The Council's medium term financial strategy as set out in appendix 1; and
 - (g) The Council's reserves policy as set out in appendix 2 including a minimum £10 million in working balances and a minimum balance of £15 million in the Capital Expenditure Reserve and the Car Parking Reserve at the end of 2015-16.

Action by: TCEDF

Reasons for the decision

The Council is legally required to set a balanced budget and Council Tax each financial year.

A5. FINALISING THE CABINET BUDGET PROPOSALS 2013-14

This report set out the final budget proposals, taking into account comments and proposed amendments from the Scrutiny

Committees, and other changes to the draft proposals which were approved by Cabinet at its January meeting. The final document would be debated by Council at its 6 March meeting with publication shortly thereafter.

Cabinet noted the various comments received from the Scrutiny Committees, attached at appendix A. No comments had been received from members of the public on the draft proposals.

The Town Clerk and Executive Director of Finance drew Members' attention to the proposal to award a one per cent pay increase for 2013 for staff on local terms and conditions, in line with that likely to be awarded to those employed on national terms.

The Chairman commended the budget and the substantial amount of work done to enable the Council to recommend the freeze in Council Tax for the fourth year running, with no cuts to essential front line services. In addition, savings from bi-and tri-borough arrangements continue to make a contribution to savings for the year.

RESOLVED – Cabinet

- (i) noted both the suggestions and comments from Scrutiny Committees in appendix A;
- (ii) agreed the significant amendments to the draft budget proposals set out in appendix B;
- (iii) commended the budget proposals to Council for consideration at its meeting on 6 March; and
- (iv) authorised the Town Clerk and Executive Director of Finance, and the Director of Strategy and Local Services to finalise the document prior to submission to Council.

Action by: TCEDF/DSLS

Reasons for the decision

Cabinet approval of the finalised budget proposals for 2013-14 is required for recommendation to Council.

A6. CAPITAL PROGRAMME 2013-14 TO 2015-16 - KD03893

This report set out the Council's £170 million capital investment programme for 2013-14 onwards, which will deliver key projects for the Council.

RESOLVED – Cabinet

- (i) approved the Capital Programme, including the associated expenditure and funding, subject to confirmation of any

external resources, as summarised in table 2 and set out in detail in annex 1 including:

- Revisions to the 2012-13 Capital Programme where not previously approved;
 - The 2013-14 Capital Programme subject to further specific approval being required for schemes not yet approved; and
 - inclusion of schemes starting in 2014-15 and 2015-16 for planning purposes only unless the schemes have already been approved;
- (ii) noted that where external funding is not yet certain, any scheme approved will be subject to review in the event that the confirmed external funding differs from that assumed in the Programme;
- (iii) noted the pipeline schemes not yet included in the Programme, as set out in paragraphs 5.11 to 5.12 and Appendix 3;
- (iv) as referred to in Appendix 4, paragraph 3.2, determined that capital receipts in respect of non-dwelling HRA sales be treated as reduced in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 up to the value of the available capital allowance;
- (v) noted the retention of minimum balances of at least £15 million in each of the Capital Expenditure Reserve and the Car Parking Reserve at the end of 2015-16;
- (vi) as set out in Appendix 4, section 5, noted that the Council uses the Capital Financing Requirement Method (Option 2) to calculate a prudent level of Minimum Revenue Provision (MRP) for capital spending prior to 1 April 2008 and the Asset Life Method (Option 3) for capital spending after the 1 April 2008;
- (vii) agreed the Capital Financing Requirement as a result of the proposed Capital Programme, in accordance with the requirements of the Prudential Code, as set out in paragraph 5.21 and Appendix 5, Table 1;
- (viii) recommended to Council the calculation of the General Fund Minimum Revenue Provision for debt repayment in 2013-14 and to make no provision in respect of the HRA in 2013-14 as set out in paragraph 6.4 and paragraph 6.6;

- (ix) agreed the affordability and sustainability of the revenue impact of the capital programme on the Council Tax, in accordance with the requirements of the Prudential Code, as set out in paragraph 6.5, and Appendix 5 (Table 2, paragraph 1.5 and paragraph 1.6);
- (x) agreed that the HRA capital investment is limited to the surplus funds it can generate to ensure sustainability, unless opportunities to build additional dwellings can be realised when borrowing up to the Government's debt ceiling will be permitted, as set out in paragraph 5.6 and paragraph 6.6; and
- (xi) submitted the programme to the Council for approval.

Action by: TCEDF

Reasons for the decision

The Capital Programme is very substantial and an integral part of the Council's business and financial planning. Under the Council's Constitution, Cabinet and thereafter full Council are required to approve it each year.

A7. BUDGET MONITORING 2012-13 QUARTER 3 OVERVIEW - KD03894

Quarterly budget monitoring is reported to Cabinet in July, October, February and May each year.

RESOLVED – Cabinet noted the financial position as set out for the whole authority in paragraph 5 and annex 1 and for the individual services in appendices 1-9 and agreed the following –

Adult Social Care

£90,000 of the revenue underspend be transferred to the Capital Reserve. This will be used in 2013-14 to increase the capital budget provision for the Social Care IT system

Whole Authority

Cabinet approved the use of part of the forecast underspend to fund tri- and bi-borough set up costs as detailed in paragraph 5.12 of the report.

Action by: TCEDF

Reasons for the decision

The Council reports on the budgeted versus forecast actual financial position formally to Cabinet at quarterly intervals during the financial year. The budgeting monitoring report includes both 'for information' updates on the financial position for the whole authority and the services and, if and when required, requests for in-year budget and funding changes.

A8. ANNUAL TREASURY STRATEGY 2013-14 - KD03952

This report set out the Council's proposed strategy for managing its borrowing and investing its cash in order to meet the recommendations of the CIPFA Treasury Management Code of Practice, the Prudential Code and Government Guidelines on Local Authority investments. Full Council approval was sought to agree the strategy and in doing so, it also set the Prudential Indicators for treasury management activity during 2013-14.

RESOLVED – Cabinet agreed to recommend that the Council approve the Annual Treasury Strategy, incorporating the Annual Investment Strategy for 2013-14. This includes:

- (a) the proposed Prudential Indicators which limit treasury management activity as set out in appendix 2 of the report;
- (b) the proposed use of investment instruments as set out in section 9;
- (c) the use of specified and non-specified investments as set out in appendices 3 and 4 as qualified by appendix 6; and
- (d) the governance arrangements as set out in appendix 7.

Action by: TCEDF

Reasons for the decision

Full Council approval of the strategy for 2013-14 is required in order to meet the recommendations of the CIPFA Treasury Management Code of Practice, the Prudential Code and Government Guidelines on Local Authority Investments.

A9. PAY POLICY OF THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

This report set out the Council's pay policy for 2013-14.

RESOLVED – Cabinet agreed to recommend the Pay Policy for 2013-14 to Council for approval.

Action by: DHR

Reasons for the decision

Under section 38(1) of the Localism Act 2011, the Council is required to prepare a pay policy statement, which must be prepared each financial year beginning with 2012/13. This pay statement must be approved by the full Council.

A10. PUBLIC HEALTH 2013-14 - KD03943

Under the Health and Social Care Act 2012, a range of public health responsibilities which currently fall to the NHS will transfer to local government on 1 April 2013.

This report and the exempt appendix –

- outlined the duties to be transferred to the Council, and the function, activities, resources and proposed structure of the public health team;
- provided a summary of the contracts due to transfer to Tri-Borough Councils in 2013-14 and the measures in hand to manage risks associated with those contracts; and
- summarised the operating model for public health and recommended immediate modifications necessary (notably political governance) to manage public health business effectively within a Tri-Borough setting.

The Tri-Borough Director of Public Health attended and highlighted the main issues in the report arising from the transfer of public health responsibilities from the NHS to local government. She drew Members' attention to the functions and responsibilities being transferred, the new operating model, proposals for achieving efficiencies and the recommendations that will allow for safe transition. She also highlighted the work that would ensue across the three authorities following transition to achieve the desired benefits.

Members welcomed the paper which they felt would fit well with many of the Council's priorities as there were many synergies with current Council provision.

RESOLVED – Cabinet agreed

- (i) that Westminster City Council be the Tri-Borough host for Public Health;
- (ii) that the Executive Director for Finance and Corporate Governance (LBHF), the Town Clerk and Executive Director for Finance (RBKC) and the Chief Operating Officer (WCC), and the respective Heads of Legal Services be authorised to enter into a tri-borough agreement in respect of public health in

accordance with Section 113 of the Local Government Act 1972;

- (v) that the delegated authority to the Director of Public Health (Annex B) be approved;
- (vi) that the two Chief Executives, as accounting officers for the three Councils, delegate decisions about spending on public health services (within the scope of annex A) to the Director of Public Health, subject to each Council's financial regulations; and
- (vii) that officers carry out a review of the current public health contracts, in close consultation with members of all three authorities, once the new public health service is embedded within the Tri-Borough Councils.

Action by: DPH

Reasons for the decision

Decisions are required by the Tri-Borough Councils to ensure a successful transition of the public health service from the PCT to local government on 1 April 2013.

A11. MANAGED SERVICES – KD03881

Westminster City Council, Hammersmith & Fulham Council and the Royal Borough have been running a competition for a single supplier for human resource and financial transactions. This report and the exempt appendix sought Cabinet agreement to proceed with a tri-borough managed services framework.

Councillor Lightfoot introduced the report and outlined the main issues relating to the managed services framework and the contract which was designed to make tri-borough working effective. This work was required in order to secure practical working with the other boroughs and to take advantage of substantial economies of scale. Although there was not an overriding need for the Council to do this work, it was necessary in order for the Council to align its services with its tri-borough partners.

RESOLVED - Cabinet agreed

- (i) that the Council enters into a contract with the preferred supplier to provide a range of services covered by the Tri-Borough Managed Services Framework Agreement for Finance and Human Resources (transactional services);
- (ii) that, subject to the specific approval of the Cabinet Member for Finance and IT, about £3.46 million be set aside from reserves to fund the transactional costs involved in moving

finance and HR transactional services to the preferred supplier;

- (iii) that delegated authority is given to the Town Clerk and Executive Director for Finance to finalise the contract arrangements with the preferred supplier;
- (iv) that the Cabinet Member for Finance and IT, in consultation with the Town Clerk and Executive Director for Finance, approves the final services to be drawn down from the preferred supplier; and
- (v) that arrangements, to include an agreement pursuant to section 113 of the Local Government Act 1972, are put in place for Westminster City Council to provide an Intelligent Client Function to manage the relationship between the preferred supplier and this Council at a cost of about £100,000 per annum.

Action by: TCEDF

Reasons for the decision

The recommendation to proceed to award and sign the call-off contracts, followed by implementation is based upon the following:

- the supplier was chosen following an open and transparent competition in compliance with EU regulations and Council policies;
- savings from adoption of the managed services are significant;
- adoption of services enables greater tri-borough working and achievement of existing and future savings targets; and
- it provides support to the Pan-London Athena Programme strategy of convergence across London Authority corporate services.

A12. REMODELLING THE YOUTH SUPPORT AND DEVELOPMENT SERVICE TO CREATE AN EMPLOYEE LED MUTUAL - KD03846

This report sought approval on the service specification, payment mechanism and business transfer arrangements to establish the Youth Support and Development Service employee mutual. Once established, staff would opt out of the Council and operate independently in a new company that will provide services to young people under contract to the Council.

Councillor Campbell introduced the report and outlined the main features of the proposed employee led mutual. She described it as an exciting project, backed by the Cabinet Office, which would continue to offer youth services to the Council at a reduced cost. She paid tribute to the officers who were taking the ELM forward and setting up a different way of operating. The ELM had a strong Board of Directors with a number of skilled external appointments able to offer their expertise to the new enterprise. Councillor Lightfoot referred to the impressive quality of work and extensive range of services provided by the youth service. In particular, he looked forward to continued fostering of sports and furtherance of the Olympic legacy. He was pleased that the Council would continue to work with the youth service and be able to make incremental savings as a result.

In summary, the Chairman praised the ambition and vision of the staff and wished them success in the delivery of the ELM.

RESOLVED – Cabinet

- (i) agreed the level of expenditure and range of commissioned services in the report and as set out in the service specification in the report;
- (ii) approved the business transfer arrangements;
- (iii) agreed to delegate to the Cabinet Member for Family and Children’s Services, Education and Libraries the authority to approve the final contract evaluation criteria; and
- (iv) agreed to restate Cabinet commitment to release cashable savings from recharges for back office services.

Action by: EDCS

Reasons for the decision

Approval of the service specification, payment mechanism and business transfer agreement will enable the employee mutual to be established and the contract to be awarded to provide services for the Council.

A13. BASEMENTS, ELM PARK GARDENS, SW10 – LEASEHOLD DISPOSAL - KD03902

This report and the exempt appendix sought approval to the Council granting 125 year leases and subsequent disposal on the nine remaining basement areas as part of the on-going Elm Park Gardens disposal programme.

RESOLVED - Cabinet approved the Council granting 125 year leases on the nine remaining market units detailed in the report at Elm Park Gardens, SW10 on the terms set out in the exempt appendix.

Action by: DCPCS

Reasons for the decision

The granting of the 125 year leases and then subsequent disposal of these shell units finalises the Council's disposal of these basement units.

A14. 282 EARL'S COURT ROAD, SW5 – NEW LETTING - KD03934

This report and the exempt appendix sought approval for the Council granting a commercial lease to a new company who wish to take a 10 year lease of the building.

RESOLVED - Cabinet agreed to enter into an agreement for the grant of a lease on the terms set out in the exempt appendix.

Action by: DCPCS

Reasons for the decision

The premises are surplus to requirements and thus the commercial letting recommended in the report would fulfil the Council's objectives in maximising revenue from the investment portfolio.

A15. EXCLUSION OF THE PRESS AND PUBLIC

Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985

Cabinet resolved that the press and public be excluded from the meeting for the following specific items of business on the grounds that they may involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended:

B1. EXEMPT MINUTES OF THE MEETING HELD ON 10 JANUARY 2013

Public summary of the decision:

The exempt minutes of the meeting held on 10 January 2013 were confirmed as a correct record and signed by the Chairman.

B2. 282 EARL'S COURT ROAD, SW5 – NEW LETTING - KD03934

Public summary of the decision:

See minute A13 above.

The meeting ended at 7.11 pm

Chairman