



Housing, Finance & Corporate Services Policy and Scrutiny Committee Briefing

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1. Corporate Finance

Business Rates

- 1.1 The City Council is currently finalising plans for the 2017/18 annual billing exercise. The Revaluation of business properties by the Valuation Office and the government's related NNDR Transitional Scheme has been completed. The Council is now just awaiting formal confirmation of the 2017 NNDR multipliers, which are now due on 22 February.
- 1.2 The government has now issued a second more technical Business Rate Retention scheme consultation. The City Council will consider and respond to the consultation.

Council Tax & NNDR Collection

- 1.3 Council Tax and Business Rate (NNDR) collection is going well, with both due to meet or exceed last year's collection figures (last year's collection figures were the best previously recorded for the City Council).

Discretionary Housing Payment Funding

- 1.4 The Council's Discretionary Housing Payment funding for 2017/18 has, to date, not been announced by the government and a decision is not now expected until towards the end of February 2017.

Debtors

- 1.5 Following the manual scheduling of statements and reminders, the Council has started the automated reminder process for sundry debtors, excluding ASC integrated Care (a separate process for invoicing exists). All unpaid invoices will be followed up with (up to) three reminder letters, sequenced two weeks apart. Separately, as part of the local recovery process, we are directly following up with large debtors to prompt payment / deal with queries.

No PO No Pay

- 1.6 The Council is moving towards a more automated and efficient invoice payment process by leading service areas and suppliers towards using purchase orders effectively. Mandatory “No PO NO Pay” will be fully effective in the new financial year. The efficiencies of the MSP are realised when invoices are managed automatically from submission to payment, whilst providing assurance and freeing up operational resources

Council Budget 2017/18

- 1.7 Council Tax and Budget Setting:
- Net savings of £35.4m (£46.2m savings and £10.7m pressures) have been put forward for Members’ consideration;
 - Only 1.3% of the gross service savings have resulted from service reductions (35% commercial opportunities; 29% efficiency; 20% transformation; 14% financing);
 - Should Full Council decide, Band D amount rises from £392.81 to £408.12 – a 3.9% increase (2.0% for ASC and 1.9% for general increase);
 - The total Band D increase of £15.31 is equivalent to a 29p per week increase;
 - Our 2017/18 Council Tax amount is likely to remain the lowest in the country.
- 1.8 Capital Strategy:
- We have improved our forecasting models to view capital requirement and revenue implications from five years to a fourteen year planning horizon;
 - The new capital programme exploits our balance sheet strength and opportunities for generating commercial income streams;
 - The programme is critically predicated on forecast capital receipts and resultant income being generated.
- 1.9 Treasury Management Strategy Statement:
- We are required under the Prudential Code to agree an annual Treasury Management Strategy to ensure our capital plans and investment strategy is prudent, affordable and sustainable.
 - External Borrowing remains below the statutory Capital Financing Requirement limit (allowing some scope to use internal cash balances to optimise borrowing costs);

- The long term capital programme remains affordable in terms of its impact on revenue resources and future projected budgets;
- The Housing Revenue Account 30-Year Plan remains within its capital borrowing limit;
- Potential to “borrow in advance of need” exists, should we see interest rates begin to rise sharply, would be subject to detailed modelling to ensure the best outcome;
- High cash balances (principally the result of NNDR appeals; Affordable Housing Fund and unspent capital contributions) are forecast to remain at significant levels over the next few years – the Treasury Management Strategy sets out the principles for managing these balances to ensure security, liquidity and return.

Local Government Finance Settlement

- 1.10 The Local Government Finance Settlement announced on 16th December 2016 remains “provisional”. We are expecting the “final” settlement to be announced at the end of February – this is later than normal and the potential for some last-minute adjustments remains a possibility, especially in light of information emerging around DCLG’s communications with Surrey County Council.
- 1.11 The impact of top-slicing New Homes Bonus to pay for an additional “one-off” 2017/18 Adults Social Care Grant has resulted in some unexpected consequences whereby a significant number of upper-tier authorities will be worse off. Across London, 21 boroughs have lost net funding as a result of this (including Westminster, with a net £2.3m reduction being the second worst affected in London).
- 1.12 With both business rate retention and Revenue Support Grant effectively crystalized because of the four-year settlement, any change in funding that emerges from the final settlement is likely to emerge from changes to the New Homes Bonus or by way of additional s31 grant allocations. The City Treasurer will provide a briefing on the day of the final settlement.

Accounts

- 1.13 Preparation of the Council’s accounts for 2016/17 continues. There have been two interim audits to date and the third runs from the 20th February to the 3rd March. To date there are no matters of concern to report.
- 1.14 The Council is working with CIPFA, the DCLG and others to review the presentation, preparation and pace of Council accounts to assist nationally.

Budget Monitoring

- 1.15 The Council’s budget monitoring is currently forecasting a revenue underspend of £14.7m, slippage in the capital programme and likewise an underspend in the HRA and slippage in the HRA capital programme.

1.16 This is being closely monitored and is anticipated to continue to the year end

2. Corporate Property

2.1 Of 367 properties that make up the investment portfolio, 16 are currently vacant, a void rate of 4.3%. 3 units are on the market, 3 are under offer and 10 are not on the market pending capital works. £350,000 of rent arrears was collected in November. The number of outstanding rent reviews and lease renewals on the portfolio fell from 16% in July to 12% in November and 10% in January.

City Hall Refurbishment

2.2 The Council has taken possession of both temporary sites pending decant of staff from City Hall to 5 Strand and Portland House. Staff will start to move from City Hall in March 2017 and the refurbishment works will start on at City Hall in July. Preparation works are underway at both sites to ensure they are ready to receive staff from 18th March. The project remains on time and on budget.

Corporate Property

2.3 Contractors have taken possession of the Council's Farm Street depot in Mayfair. Redevelopment of the site will provide a new street cleaning depot along with 14 affordable flats for intermediate lets. The cost of development is borne by the contractor.

2.4 Alison Yard has joined the Council as Head of Investment to manage the Council's property investment strategy and existing 900 tenant commercial property portfolio. She will report to Guy Slocombe, Director of Property, Investment & Estates.

3. Corporate Services

People Services

3.1 Feedback sessions following the 360 pilot started on the 6th December. These sessions provide all those who took part in the pilot the opportunity to review their reports with a designated coach and create a concise development plan.

3.2 The new recruitment branding for Westminster City Council was successfully launched on the 14th January.

3.3 A first cohort of 14 managers across all areas of the council have attended a 3 day "boot camp" which was delivered by our training partners. The aim of this opportunity was to develop our people who can then continue to help the People Services team deliver the Leading the Westminster Way Programme for staff promoted into more senior roles or new starters.

- 3.4 People Services presented three key papers at the Shared Services Board meeting on the 1st February: **Staff Survey Review 2017**; **Workforce Wellbeing Strategy Progress Update** and; the **Apprenticeship levy report** which outlined different approaches taken to the levy as well as potential opportunity for collaboration between different councils.
- 3.5 People Services have also been working with Tri Borough colleagues to develop a plan which is aimed at supporting the mental wellbeing of staff.
- 3.6 Following the meeting with the new Leader in January, the People Strategy has presented to the Policy & Scrutiny Committee Task Group.
- 3.7 The Westminster Way awards will be held again in 2017 for the second year running. These awards give the Council the opportunity to recognise our people, their work in their service areas and their contribution to our City for All.

Procurement

- 3.8 The Official Journal of the European Union (OJEU) notice for the new Housing Options Service contracts was published on Thursday 19th January. The procurement covers four key areas focusing on reducing the housing list and getting residents out of temporary accommodation.
- 3.9 On 20th January, Anthony Oliver, Chief Procurement Officer visited Belfast City Council (BCC). A presentation was made to the BCC Commercial Board, chaired by their Deputy Chief Executive on the operating model for Procurement Services in Westminster and the broader commercial opportunities in local government. A meeting also took place with the Director of Environmental Services to discuss Waste Management. The day concluded with discussions as to how BCC may engage Procurement Services through either Symbiance Procurement Services (the joint venture with 4C Associates Limited) or directly with Westminster Procurement Services our trading company for Procurement.
- 3.10 Procurement has now completed the Social Value pilots that have been running on a number of our procurements. Lessons learned have been incorporated into the new Responsible Procurement guidance documents that Category Managers and other officers involved in procuring goods and services across the council can use, to ensure that we maximise the Social Value outcomes from our contracts.
- 3.11 We have successfully delivered savings of £3.3M in this year which is above our annual target of £1.3M. Total savings (aggregated) across the life of the contract are of £9.4M against the annual target of £5.2M, with 37 waivers of the Procurement Code against the annual target of 100.

Legal Services

- 3.12 Tri-borough Legal Services continue to deliver high quality legal services at low cost. Although more and more work is being done in house reducing external

legal spend, the Council still continues to outsource large scale and complex matters. The Legal Service now wishes to build capacity to undertake some of these larger projects in house, which will help to further reduce external spend.

- 3.13 As mentioned in the previous report legal services have been contacting other local authority legal services to explore opportunities of sharing or trading legal work. This was an aim that was set out in our Business Case for Tri-borough Legal Services and now having fully established our shared service we are in a position to explore further opportunities for sharing.
- 3.14 We continue to simplify and standardise processes, especially the back office functions which have been a key area where progress has been made. Having a common MSP has helped in negotiating a single method of practice across the three separate finance teams. Harnessing the momentum of change, the service has begun reviewing its case management system and legal processes so that it might increase the digitisation of its information, automate workflow and enable a best in class, agile and resilient service.
- 3.15 As we become more reliant on electronic communication and file sharing we continue to focus on ensuring that our information is secure and there are no data breaches. Legal Services have established a departmental data protection champion who monitors compliance and reports back quarterly to management. We also provide on-going training to staff.

Managed Services

- 3.16 There continues to be concerns surrounding the delivery of the payroll and pensions recovery plan. Officers are working with BT to resolve this
- 3.17 Operational performance has shown signs of recovery following a dip in December/early January as a result of the addition of four additional resources.

ICT

- 3.18 The first meeting of the ICT Portfolio Board took place in February, bringing together a number of Business units across the council. At this meeting, ICT was able to validate their view of the various initiatives happening across the departments, update the departments on key initiatives being rolled out across ICT, and also provide assurance to the departments that we were on track to deliver projects on their behalf.
- 3.19 A number of applications have successfully been migrated from the old infrastructure and have either been decommissioned, or moved to new servers or the cloud as we prepare to decant from City Hall. This has provided dual benefits as we save money through the decommissioning, as well as making the applications more resilient through moving them to updated hardware.
- 3.20 A Digital platform has been procured and ICT will be playing a key part in delivering the functionality across the organisation.

- 3.21 Major power upgrade work took place at Lisson Grove on the 7th and 8th January– no disruption was expected but Council and WAES IT staff were present to handle any unforeseen issues that could have arisen.
- 3.22 The risk of malicious virus/hacking from external sources remains high, in line with the external threat profile. WCC continues to mitigate with the latest technical controls and renewed IT security policies which were recently published to all WCC staff (NetConsent).
- 3.23 The risk of service failure due to aged infrastructure is reducing as legacy datacentre services are decommissioned ahead of the City Hall decant.

Digital

- 3.24 The Digital Programme moved into Corporate Services in November 2016. Following an initial review by the Executive Director, concerns were raised over the proposed approach to delivering the Integrated Contact Centre (ICS).
- 3.25 Ember Services were asked initially to undertake a review of the procurement approach to ICS and the underlying business case. Subsequently, their brief was expanded to include a review of the whole of the Digital Programme.
- 3.26 Based on the feedback from Ember Services, a further internal review by senior managers within Corporate Services and a review of the business case by colleagues from Finance, a decision was made to pause the Programme as originally scoped, with the exception of the procurement of the Digital Platform for which a preferred bidder has been identified.
- 3.27 It is proposed to re-set the Programme around four key themes covering Platform, Web Portal, Procurement and Operating Model and at the same time to revise the governance and business case.

Wednesday, 22nd February 2017