



City of Westminster

Housing, Finance & Corporate Services
Policy and Scrutiny Committee Briefing

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1. Corporate Finance

Accounts

1.1 The City Treasurer's department is in the middle of its year-end closedown and is on course to deliver a clean set of accounts by 1st April and complete the audit within two weeks as planned. This will be a local government, public, private and voluntary sector record and is undertaken to ensure the service can focus on looking forward rather than backwards in the current challenging financial circumstances and to act as a catalyst for change, transformation and improved quality in financial management

1.2 The Interim Audit, which took place at the end February progressed well and completed on time. The bulk of transaction testing is done with a number of notes from the financial statements also finalised and passed to the auditors. This will save time at the final audit and help us to meet the Audit and Performance Committee target date in April.

Fair Funding

- 1.3 The LGA and Ministry of Housing, Communities and Local Government (MHCLG) have established a joint technical working group to consider local government “fair funding.” This will put in place a new methodology of allocating core funding to councils.
- 1.4 The current system of allocating funding is very complex and lacks transparency. A significant part of the agenda is therefore to review and simplify this.
- 1.5 However, Westminster is also an outlier in a range of areas including:
- High area cost;
 - High daytime population of non-residents;
 - Low band D Council Tax rate with limited ability to increase;
 - Relatively high fees and charges but high related costs which are not all recovered in full;
 - Increasing population and other changing demographics;
 - High cost of social housing;
- 1.6 While simplification may be desirable, given the high level of potential outlying indicators Westminster has, the concern is that an over simplification would not recognise these and the City Council would suffer a reduction in funding which would not take account of its circumstances and pressures.
- 1.7 Simplifying the funding formula should not come at the cost of fairness. Including fewer variables and concentrating more on the important cost drivers is reasonable, however it is determining what the ‘important’ cost drivers are that will really matter.
- 1.8 The City Treasurer’s team attended a consultation workshop on 5 March 2018 and has sent a response to the government’s formal consultation.

Business Rates

- 1.9 The City Council, along with all other local authorities in London, has recently completed an annual national non-domestic rates return (NNDR) to central Government. The NNDR1 provides a forecast of NNDR income for 2018/19. The

NNDR1 returns for the London boroughs indicate an increase in London Councils' previous forecast of 2018/19 NNDR income. In turn, this could mean an increase on the previous forecast of additional income for the City Council resulting from the London Council's Business Rates Pool. As reported in the last update to this committee, the previous forecast was for an additional income of £3.8m and will not be certain until well into 2019/20.

- 1.10 The 2017 Spring Budget introduced three legislative changes relating to NNDR, one of which was a new NNDR Discretionary Scheme to compensate businesses most adversely affected by the Revaluation in April 2017. The City Council has so far awarded £8.1M of our £11M 2017/18 funding. The City Council is aiming to award the full value of our relief by 31 March 2018; however, the Government has recently confirmed that local authorities have until 30 September 2018 to make awards relating to the government's 2017/18 funding allocations.

Universal Credit

- 1.11 Universal Credit (UC) is the Government's replacement scheme for a number of existing benefits. One of the benefits being replaced is Housing Benefits (HB), which is currently administered by local government.
- 1.12 The Department of Work and Pensions (DWP) has not amended their transition plan for Westminster's HB caseload since the last report to this committee. The Marylebone Job Centre will provide a UC Full Service from June 2018, with the Kensington Job Centre following in December 2018. This will mean that from the point of transfer new claims from eligible residents will move from HB to UC. The existing HB caseload for non-exempt claimants will not transfer in full until 2022.
- 1.13 The above transition means that our HB caseload will reduce in a phased approach over the next 5 years (subject to any further government timetable changes). The UC exempt categories and the fact that the City Council needs to continue to determine Council Tax Support claims will mean that the City Council will retain only a slightly smaller caseload, although the removal of the HB element for non-exempt claims will reduce the complexity of the calculation process.
- 1.14 Our officers are continuing to work with the DWP to ensure that our claimants experience as smooth as possible transition from HB to UC. To assist with the

transition, the City Council has provisionally agreed to fund a HB Officer and a Citizen Advice Bureau Officer to work at the Marylebone Job Centre for a year from the point of implementation in 2018.

Westminster Voluntary Community Contribution

- 1.15 At the end of 2017, a consultation questionnaire was sent to all of the City Council's 15,000 Council Tax Band H residents seeking their views on the proposed Voluntary Westminster Community Contribution.
- 1.16 The consultation produced a high response rate for a consultation exercise, with around 1,000 residents responding with around 50% in favour of the scheme.
- 1.17 The City Council has subsequently decided to progress with the scheme and letters will be sent to all Band H residents alongside their normal Council Tax annual billing mailing.
- 1.18 The scheme will be administered by the City of Westminster Charitable Trust. The Trust will receive any donations and will determine how the income should be spent.

Sundry Debtors

- 1.19 The direct contact project, whereby the City Council are supporting service areas to follow-up unpaid invoices by contacting the largest value (non-Adult Social Care) debtors, continues. As at 31 January 2018, approximately £73.5m has been received/or corrected since 1 April 2017.
- 1.20 Monthly debt challenge sessions with service areas also continue, focussing on areas of highest debt. The largest debtors are the NHS bodies whose invoice payments are subject to strict cash draw-down rules.
- 1.21 The pilot exercise with a third party provider to take further action on a small number of lower debts from across a number of service areas commenced mid-October. Debts of approximately £260k were referred, representing 89 customers and, as at 28th February 2018, approximately £54k had been recovered. The pilot will be reviewed in the new financial year to assess its success and value for money.

- 1.22 The route to County Court, which is a last resort action against unresponsive debtors, has been established and will be co-ordinated and managed centrally.
- 1.23 The data cleansing strategy has been agreed and activities commenced in preparation for data migration to a new finance system (SAP).

Accounts Payable

- 1.24 Service area compliance with the City Council's No PO No Pay policy, which became compulsory from 1st June 2017 (with a few exceptions, which are paid manually), is showing significant improvement with some service areas achieving full compliance for all invoices paid during Period 10 (up to 31/01/18). The overall compliance rate at Period 10 (P10) was 99.3%.
- 1.25 The team continues to work with service areas to drive improvement in supplier payment performance, which remains above 92%. At the end of P10, approximately 92.3% of invoices were paid within 30 days and 95.7% paid within 60 days.
- 1.26 A suite of data cleansing activities has commenced as part of the preparations for data migration to a new provider for the main finance system (SAP), such as closing purchase orders that are no longer required. Supplier accounts to be migrated have been identified and mandatory data fields to meet new operational requirements have been established.

2. Corporate Property

Investment

- 2.1 The new property management specification and form of contract has taken longer than envisaged to finalise, in part due to the incorporation of City Hall as it moves from an operational asset to a hybrid operational and investment asset. The aim is that all documentation will be issued before Easter to the eight firms who have expressed an initial interest in submitting a proposal. Final proposals will then be received towards the end of April 2018 with interviews and the final selection to take place over the subsequent 4-6 weeks. The existing contract with GVA is to be extended until the end of July in order to ensure a smooth handover. Gate approval

to this extension has been obtained, subject to final Cabinet Member sign-off.

- 2.2 Asset management of the investment portfolio continues. As at the end of January 2018, the portfolio consisted of 363 assets - 21 are vacant, representing 1.87% of the estimated rental value of the portfolio. This continues to be well within acceptable limits. Thirteen of these vacant units are not being actively marketed since they are earmarked for redevelopment or form part of regeneration schemes.
- 2.3 Since the start of the financial year, an additional annual income of £685,275 has been secured by way of completing lease renewals and rent reviews.
- 2.4 The acquisition of 14-20 Orange Street completed on 10 January 2018 at a purchase price of £15 million, which added a further £585,747 to the annual rent roll.

City Hall

- 2.5 The City Hall programme remains on budget and programme with practical completion expected by December 2018. Stone cleaning and window replacement has commenced. Offers have been received for a letting of floors 1-10 in advance of practical completion which is being considered and the CAT B fit out plans and recant plans/programme are being formulated in consultation with EMT/Refurbishment Programme Board and member Steering Group.

Operational Property

- 2.6 The development programme at Seymour Leisure Centre to include the new Marylebone Library is moving ahead. A public consultation meeting was held at the leisure centre on 17 February 2018 to formally announce the City Council's plans.
- 2.7 Officers have notified the nursery that its occupation will terminate on 31 December 2018. The Council has no legal or contractual obligation to relocate the nursery, but officers are providing support.
- 2.8 The Registrars Service opened for business mid-January following completion of the refurbishment of Council House/Old Marylebone Town Hall and encouraging levels of wedding bookings indicate that it is already proving to be a popular venue.

- 2.9 The external refurbishment works to Mayfair Library are expected to be completed in June 2018. The internal refurbishment works to the Central Reference Library are expected to be completed in March 2018.

3 Corporate Services

Legal Services

- 3.1 The go-live date for the Alternative Business Structure (ABS) has been paused. At their meeting on 19 February, the LGSS Board suggested an incremental approach to implementation of the project. This approach to implementation not only has significant cost and staff implications but it is complex from a technical, information governance and business perspective. We propose to revisit the project in the autumn if conditions are right.
- 3.2 In the interim, Legal Services will proceed with implementing a new Case Management System, which will deliver greater efficiencies, enabling us to improve our billing processes and provide management information.
- 3.3 We will proceed with implementing a system of gatekeeping legal work that is outsourced, so that we can continue to do more work in-house and increase our capacity, capability and resilience and reduce the overall spend on Legal Services.
- 3.4 We will continue to meet with departments to reinforce the message that all legal work should go through Legal Services even if it is to be externalised.

People Services

- 3.5 Our first group of internal apprentices enrolled in the Level 4 Public Commercial Officer apprenticeship programme. One element of this new skills programme is to offer existing staff within contracts/procurement/commissioning roles the opportunity to develop their commercial skills.
- 3.6 A development day was delivered to our existing group of apprentices. The event was attended by the Chief Executive, the Director of People Services and former apprentices who are now employed in full time roles in the City Council.

- 3.7 Work is taking place to remodel the new performance management process for Westminster with our chosen supplier, 3c Performance. Engagement sessions took place earlier this year and work continues over the coming months to change how we manage and improve performance through our people.
- 3.8 The Hampshire project implementation team started work on 8 January and People Services have been working to backfill the posts left vacant where necessary.
- 3.9 We have launched a new benefit platform for staff working at the City Council, which is more competitive and offers a comprehensive range of discounts and schemes. It allows employees as well as the City Council to be able to access a number of savings and operate more cost effectively.
- 3.10 A follow up 'pulse' survey to Our Voice 2017 staff survey will take place from 16 April 2018 to understand how engaged people are feeling and how much they think they have been included in the actions taken. Directorates will have access to meaningful, easy-to-consult data, which can be used to devise an action plan locally to address areas of concern. It will also give us an organisational perspective and focus on where we might need to focus any additional actions.
- 3.11 The first group workshops for both the Executive and Senior Leaders Talent Programme have taken place and received great feedback. The first modules were on the topic of personal leadership style and impact on others. Module 2 will take place in March 2018.

ICT

- 3.12 The Multi-Factorial Authentication (MFA) pilot kicked off on 5 February 2018. Users were asked to test the MFA procedure and provide feedback of their experience. This two-step verification provides an extra layer of security that will ensure users are connected to a secure network when using Office 365 applications. The official roll-out commenced mid-February 2018 and over a 1000 users already have received this extra layer of security.

Procurement Services

- 3.13 The Small Cell Wireless Concession contract has been awarded to a concessionaire for an exclusive period of 5 years with the provision to extend this to them for another 5 years. The total expected revenue to the City Council over the 10-year period is in the region of £22m. This is broken down into a guaranteed fee of £15m and 20% of the concessionaires estimated revenue over the 10 years. The contract will also enable improved mobile connectivity to residents and visitors to the borough by utilising street assets.
- 3.14 Small Cell devices will be installed on top of street lights to enable Mobile Network Operators (e.g. O2, Vodafone, Three 3, EE etc.) to improve their network and service throughout the city. They would pay a nominal fee to the concessionaire to use each small cell device.
- 3.15 Over the last two years, the Housing Options Service (HOS) has been re-designed and re-procured. The HOS will now have greater emphasis on effective frontline advice, triage and prevention services, joint working with other providers and will ensure appropriate management of those accepted as homeless and temporary accommodation.
- 3.16 Places for People Group, a managed provider was appointed, bringing together the experience of the incumbent provider Residential Management Group (RMG) and the specialist knowledge of respected third sector providers, Shelter, and the Passage.
- 3.17 Shelter have 50 years' experience of providing housing advice services in London and are a trusted voice in the housing sector that will lend weight and reassurance to those seeking frontline housing advice from the HOS.
- 3.18 The Passage already has specialist facilities in place for the Lot 2 Single Person Homeless Service at The Passage Resource Centre. The Passage have delivered a 12-month pilot with the existing HOS. Their service proposal integrates resources from all three partners in the delivery of the assessment hub and related support services for single homeless people. The new contract started on 1 October 2017 and savings of £2.095m were made overall, achieving the MTP savings target.

- 3.19 The Project Board approved the tender documents for the re-procurement of the Revenues and Benefits Services on 4 January 2018. It is anticipated that the new contract will commence on 1 November 2018.
- 3.20 The Contract Management Programme focusing on improving contract management across the whole of the Council has begun. The programme includes 16 projects that develop different aspects of contract management including clarity on the role of a contract manager, better contracts, standardisation and improvement of performance reporting and classification of contracts to ensure the appropriate level of rigor is applied. The Programme is currently in the planning phase.
- 3.21 In response to the profits warning issues by Capita, Procurement Services have been working with colleagues to identify existing contracts with Capita. The current Revenues and Benefits contract with Capita is out to tender. Discussions are ongoing with Finance and Legal Services to mitigate risks via potential performance bonds, bank guarantees or strengthened financial criteria.
- 3.22 The new General Data Protection Regulations (GDPR) that come into force in May will have a significant impact on the City Council's contracts. It is anticipated that most contracts will require reviews and amendments. A working group has been established to focus specifically on this element of the GDPR programme, which is formed of Procurement Services, ICT (Information Management/GDPR team) and Legal Services to ensure that contract managers are informed and supported in order to comply with the regulations and to ensure the Council is not exposed.

MSP

- 3.23 Currently, we are aiming to join the Hampshire Partnership as a replacement for BT for the provision of Finance, Payroll and HR Services by Autumn 2018 . The transition programme continues to proceed to plan. To date the main focus has been on:
- Completing the necessary legal documents and the Project Initiation Document;
 - Preparing for and then attending the Fit Gap workshops;
 - Developing a communications strategy and plan;
 - Developing a data migration strategy and plan;
 - Detailed payroll design;

- Confirming the technical solutions for the elements not provided by Hampshire e.g. Middleware, Income Manager and an Archive Solution;
- Agreeing a Project Initiation Document for the Learning Management Solution;
- Completing Exit planning with BT.

3.28 Risks to the programme are being closely monitored and reported to the SRO and key stakeholders weekly.

3.29 Completing the activities agreed with BT to provide a good enough service has become more challenging because the actions, which have still to be completed are now the most problematic. However, progress continues to be made and since January a further four actions have been delivered bringing the total achieved to 76% (22 out of 29 actions). Two of the remaining actions are on target to be completed by their agreed deadlines and five are behind schedule.

Former Chief of Staff Teams

3.30 In January 2018, a number of areas that previously reported to the Chief of Staff moved into the Corporate Services Directorate.

3.31 The Committee and Governance team, Coroner's Service, Electoral Services team and the Local Land Charges team moved under the Legal Services umbrella and now report to the Director of Law.

3.32 The Corporate Complaints team report directly to the Director of Corporate Services.

Digital

3.33 The Digital Programme has completed the first stage of the feasibility phase, As-Is mapping and data capture activity. This will enable us to address a set of process maps and transactional volume for the services and directorates.

3.34 The Customer Contact Strategy has been delivered. A cross directorate team collaborated on the collation, analysis and evaluation of contact data from across the organisation.

- 3.35 The MyWestminster account was launched in January. The portal will better connect our residents to the services they require, by asking them to create an online account where they will be given access, initially, to a host of electronic forms, dedicated to a relevant service area. In the first month approximately 450 residents have created an account.
- 3.36 The forms range from common issues such as reporting a noise complaint to a missed waste collection. By completing the relevant "ReportIt" form online, the information will be sent directly to the relevant service area, improving efficiencies and ensuring the issue is resolved quickly. Residents can still fill out a form as a 'guest' so that creating a MyWestminster account is not mandatory.
- 3.37 Over the past few months, the Digital Programme have been working closely with CMC and the City Council's Contact Centre to ensure the new portal and forms meet customer requirements. This is the first phase of a wider programme focused on using technology to give the best possible experience to our customers.
- 3.38 The following forms are now live: missed waste collection, overflowing street bins, dumped rubbish, graffiti or flyposting, food safety problem, noise, and smoke and odours.

Complaints

- 3.39 Since 1 January 2018, we have recorded 202 Stage 1 complaints across all service areas. At Stage 2, 30 complaints have been received. A pattern has developed over the last 4 years in which the last quarter of the financial year receives the most volume of complaints and this year is no exception. However, as the complaints come from all service areas it is difficult to determine why this part of the year is so busy.

ENDS