



CITY OF WESTMINSTER

# MINUTES

## AUDIT AND PERFORMANCE COMMITTEE

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the Audit and Performance Committee held on **Tuesday 26 November 2013** at Westminster City Hall, 64 Victoria Street, London SW1E 6QP

**Members Present:** Councillors Tim Mitchell (Chairman), Lindsey Hall (Vice-Chairman), David Boothroyd, Jean-Paul Floru, Ian Rowley and Judith Warner.

**Officers present:** Anna D'Alessandro (Acting Chief Financial Officer), Andrew Sayers (Partner – KPMG), Sally-Ann Eldridge (Senior Manager – KPMG), Sue Howell (Complaints and Customer Manager), Claire Maslin (Service Improvement and Corporate Communications Manager, City West Homes), Greg Roberts (Supporting People & Homelessness Strategy Manager), Moira Mackie (Senior Manager – Baker Tilly Business Services), Chris Harris (Audit Manager, Baker Tilly Business Services), David Whitehouse-Hayes (Counter Fraud Manager – Baker Tilly Business Services), Nick Byrom (Performance Business Analyst) and Ellie Simpkin (Senior Committee and Governance Officer).

#### 1. MEMBERSHIP, MINUTES AND DECLARATIONS OF INTEREST

- 1.1 There were no changes to the membership.
- 1.2 The Chairman with the assent of the Members present signed the minutes of the Committee meeting held on 24 September 2013.
- 1.3 In relation to item 5 on the agenda, Councillor Tim Mitchell declared that he was a Governor of Millbank Academy which is a member of the Pimlico Academy Group.

#### 2. WORK PROGRAMME

- 2.1 The Committee considered the Committee's work programme for the 2013/14.
- 2.2 With regard to the audit of procurement, the Chairman advised the Committee that he had met with the Chief Procurement Officer and that the internal audit was being progressed, the results of which would be reported in mid-January.

### **3. KPMG ANNUAL AUDIT LETTER**

- 3.1 The Committee welcomed Mr Andrew Sayers, Partner – KPMG, to the meeting. Mr Sayers explained that the annual audit letter provided a summary of discussion which took place as part of the ISA 260 report and drew the Committee's attention to the fact that an unqualified value for money conclusion for 2012/13 had been issued on 30 September 2013.
- 3.2 With regard to the seven outstanding objections dating from 2008/09, the Committee noted that provisional views had been issued on 2 objections, however further comments had been received from the objector. Provisional views on another 2 objections had been issued and as no comments had been received from the objector, a final view would be issued. KPMG were near to issuing provisional views on another 2 objections. With regard to the objection relating to the bailiffs contract, further information which had been received from the Council was currently being considered. It was noted that there could be some objections to the 2012/13 accounts relating to parking and the charging for enforcement costs but this was yet to be confirmed.
- 3.3 The Committee raised concerns as to whether the objections were frivolous or vexatious and were reassured by KPMG that they did not think this was the case as they had been well constructed and had identified some weaknesses. The Chairman encouraged officers to work with KPMG in order to close as many outstanding objections as possible and highlighted that the internal audit of procurement would help to ensure that processes were sound so that any future objections could be dealt with quickly. The Committee requested up to date figures on how much the investigation of the objections had cost the Council in terms of officer resources and agreed to discuss how to approach to future objections in terms of communicating the resource implications for the Council, should any be received.
- 3.4 **RESOLVED:** That the Annual Audit Letter 2012/13 and the status of the objections be noted.

### **4. CORPORATE COMPLAINTS 2012/13**

- 4.1 Sue Howell, Complaints and Customer Manager, introduced the Council's Annual Complaints Review for 2012/13 which summarised the council's complaints performance for stage 1 and 2 complaints and those complaints received by the Local Government Ombudsman (LGO). The report also included the CityWest Homes Complaint report for 2012/13. It was noted that this was the first report to review the new two stage complaints procedure which had been implemented on 1 April 2012. Ms Howell highlighted that response times had improved, there had been a decline in the total number of complaints received and there had been no serious service decline. The Committee was also informed that there had been a stabilisation in the numbers of complaints made to the Local Government Ombudsman.

4.2 The Committee asked a number of questions and discussed the following issues:

4.2.1 Housing Related Complaints

The Committee asked about the impact of housing benefit reforms on complaints and housing related complaints in general, given that they accounted for 55% of LGO first time enquires. Ms Howell explained that the number of enquires was relatively small given the number of housing benefit claimants and the number of housing related issues that the Council dealt with. With regard to Housing Benefit complaints, they were usually related to the perceived attitude of call centre staff and complaints regarding the Housing Options Service were often because people were waiting to be housed or had been refused the duty to be housed. Mr Greg Roberts, Supporting People & Homelessness Strategy Manager explained that over 5,200 households in Westminster had been subject to the housing benefit cap which had resulted in more than double the number of homelessness applications and acceptances being made. The Committee also received reassurances that measures had been taken to remedy the issues regarding the Council's homelessness service and the complaints concerning housing homeless families in non self-contained accommodation for more than 6 weeks which had recently been subject to a finding of maladministration by the LGO.

4.2.2 Member Received Complaints

The Committee asked about the correlation between the number of stage 1 complaints received and Cabinet Member correspondence, which had seen a reduction in the number of enquiries received, and highlighted that there were a number of ways in which service issues may be raised which would not be reflected in the complaints report, for example an issue which may be raised at an area forum and dealt with locally. Members also felt that it was important for complaints to identify whether they were due to processes or operating system issues. Ms Howell explained that a deeper analysis as to the 'themes' of complaints was something which could be explored.

4.2.3 Officer to Officer Complaints

The Committee also asked whether consideration had been given to officer-to-officer complaints which may have been made during internal servicing between departments, especially given that services were being delivered on a tri-borough basis. Ms Howell explained that this was not currently recorded but was something that could be looked into to see if there was any mimicking of public complaints.

4.3 **RESOLVED:** That the Corporate Complaints Report 2012/13 and the CityWest Homes Complaint Report 2012/13 be noted.

## 5. **INTERNAL AUDIT AND COUNTER FRAUD SUMMARY MONITORING REPORT**

5.1 Chris Harris, Audit Manager, Baker Tilly Business Services, introduced the report which outlined the key outcomes from the Internal Audit & Counter Fraud work for the period August to September 2013. It was noted that audit work completed in the period indicated that internal control systems were

generally effective with 82% of the audits receiving a positive assurance opinion, Housing Benefit Fraud Investigations had resulted in five prosecutions and fourteen “Cautions” or “Administrative Penalties” being issued during the period which related to overpayments and fines totalling £197K, housing fraud investigation work during the period had resulted in three Council properties being recovered and parking fraud investigation work had resulted in one successful prosecution for the misuse of blue and white disabled badges.

- 5.2 The Committee raised serious concerns over the findings of the recent audit of Home Care services, from which two fundamental, five significant and one best practice recommendation had been made, accepted and actioned. The Committee felt that questions as to whether failings were due to people failure, process failure or if there were compliance issues needed to be asked. The Committee requested that further information on the matter be provided for discussion at the next meeting in February 2014 and that a representative from the service department be in attendance to answer questions in more detail.
- 5.3 In response to queries over there being only one successful prosecution for the misuse of blue and white disabled badges, the Committee was informed that prosecution was not always the best option due to the standard of proof which was required and the cost to the Council of bringing proceedings. With disabled badges specifically, it was often the case that the holder was not aware that the badge was being abused.
- 5.4 The Committee questioned whether a 3 year audit cycle of schools was frequent enough for cases of fraud and mismanagement to be picked up upon in a timely manner. It was noted that in addition to the scheduled audits, schools were looked at when there were changes in leadership and with the introduction of managed services, when schools chose to have their own bank accounts, additional checks would be made.
- 5.5 **RESOLVED:** That the internal audit and counter fraud work carried out during the period August to September 2013 be noted.

## **6. QUARTER 2 FINANCE & BUSINESS PLAN PERFORMANCE REPORT**

- 6.1 Anna D’Alessandro, Acting Chief Financial Officer, presented the financial element of the report, highlighting that there was currently a deficit of £3.4million due to significant overspends in housing and property. Ms D’Alessandro explained that there were several reasons for the deficit including that some revenue income targets had not been achieved and that interest charges had not been taken into account. Finance officers were working with the Strategic Director for Housing, Regeneration & Property and the relevant Cabinet Members and the Leader to look at the issues, discuss options and develop a forward plan for the corporate property portfolio. Discussion was had around the charging of market rents and Council subsidises which were being given to organisations through the charging of peppercorn rents. Councillor Ian Rowley, as a member of the Commercial Property Review Board, explained that the Council needed to achieve a

sustainable rental income stream to provide stability for other services. Revenue targets had been achieved by selling properties but this was not a sustainable approach. The Committee requested a list of properties which were currently being let at peppercorn rents.

6.2 Nick Byrom, Performance Business Analyst, introduced the performance element of the report which provided the quarter 2 update on delivery against the business plans and Better City, Better Lives Projects and activities. Mr Byrom highlighted the following service performance issues:

- City Survey – resident satisfaction was up 2%. A full report on the results would be available in the quarter 3 report.
- Built Environment – there had been a 50% increase in major planning applications in the last quarter which had impacted on processing times.
- Housing – overcrowded families were still an issue.
- City Management – figures relating to street cleansing were good.

6.3 The Committee asked about the HR target relating to the cost of agency staff and the time taken to hire employees and noted that as long as the service was operating within the budget envelope it was not driving overspend. Many agency staff had been brought in to work on specific, specialised projects and contract relets, however, it was recognised that consideration should be given to the skills which would be needed in the workforce going forward. Members also asked whether consideration had been given to establishing a tri-borough staff agency or retaining a ‘bank’ of ex-staff who could be brought in for temporary periods and noted that this was not something which had been discussed.

6.4 The Committee requested that the targets, especially those around adult social care and children’s services, be put into context with the addition of numbers of service users and also suggested that indicators relating to the publicly delivered services be separated from those which related to internal corporate management. Mr Byrom undertook to include these figures in the quarter 3 performance report.

6.5 With regard to the increase in major planning applications, the Committee asked for information as to how figures compared to numbers pre-2008, before the start of the period economic downturn. Members also requested further information as to whether the spare bedroom subsidy was helping to reduce the number of overcrowded households.

6.6 **RESOLVED:** That the report be noted.

## 7. TERMINATION OF MEETING

7.1 The meeting ended at 9.10pm.

CHAIRMAN \_\_\_\_\_

DATE \_\_\_\_\_