



City of Westminster

# Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Monday 18th September, 2017**

Time: **7.00 pm**

Venue: **Room 3.6 and 3.7, 3rd Floor, 5 Strand, London, WC2 5HR**

Members: **Councillors:**

Ian Rowley (Chairman)  
Lindsey Hall  
Judith Warner  
David Boothroyd

**Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda**

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal, Senior Committee and Governance Officer.**

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**Note for Members:** Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Director of Law in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

**1. MEMBERSHIP**

To note any changes to the membership.

**2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

**3. MINUTES**

To approve the minutes of the meeting held on 17 July 2017.

**(Pages 1 - 14)**

**4. FINANCE (PERIOD 3) AND QUARTER 1 (APRIL - JUNE 2017) PERFORMANCE BUSINESS PLAN MONITORING REPORT**

Report of the City Treasurer and the Director of Policy, Performance and Communications

**(Pages 15 - 60)**

**5. INTERNAL AUDIT MONITORING REPORT (APRIL-JULY 2017)**

Report of the Shared Services Director for Audit, Fraud Insurance and Risk

**(Pages 61 - 86)**

**6. COMMERCIAL REVENUE PERFORMANCE (TO FOLLOW)**

Report of the City Treasurer

**7. GENERAL RESERVES AND BALANCES AND DRAFT RESERVES POLICY**

Report of the City Treasurer

**(Pages 87 - 94)**

**8. WORK PROGRAMME AND ACTION TRACKER**

**(Pages 95 - 110)**

**Charlie Parker  
Chief Executive  
8 September 2017**



CITY OF WESTMINSTER

## MINUTES

### Audit and Performance Committee

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Monday 17th July, 2017**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

**Members Present:** Councillors Ian Rowley (Chairman), Lindsey Hall, Judith Warner and David Boothroyd

**Also Present:** David Hodgkinson (Assistant City Treasurer), Graeme Gordon, (Programme Director, Evaluation and Performance Team), Mo Rahman (Evaluation and Performance Analyst), Damian Highwood (Evaluation and Performance Manager), Siobhan Coldwell (Chief of Staff), Stella Baillie (Tri-Borough Director for Integrated Care), Melissa Caslake (Director of Family Services), John Quinn (Bi-Borough Director of Corporate Services), Jackie Gibson (Head of Strategy and Development, City Management and Communities), Ed Watson (Executive Director Growth, Planning and Housing), Paul Dossett (Engagement Lead, Grant Thornton), Elizabeth Jackson (Engagement Manager, Grant Thornton), Barbara Brownlee (Director of Housing and Regeneration), Guy Slocombe (Director of Property, Investment and Estates), Kevin Goad (Head of Service, Highways and Public Realm), Anthony Oliver (Chief Procurement Officer), Marivie Papavassiliou (Procurement Services), Martin Hinckley (Head of Revenue and Benefits), Gwyn Thomas (Senior Benefits Policy Officer) and Reuben Segal (Committee & Governance Services)

#### 1 MEMBERSHIP

1.1 There were no changes to the membership.

#### 2 DECLARATIONS OF INTEREST

2.1 There were no declarations made.

#### 3 MINUTES

3.1 **RESOLVED:** That the minutes of the meeting on 9 May be signed by the Chairman as a correct record of proceedings.

#### **4 2016-17 ANNUAL ACCOUNTS AND OUTTURN**

- 4.1 The Committee had before it an updated report on the 2016-17 Statement of Accounts and outturn. The committee had considered the draft Statement of Accounts and outturn at its last meeting on the 9 May.
- 4.2 The report included an overview of the principal reasons behind the variances for each Cabinet portfolio. As previously, the committee welcomed the explanations which it considered should be included in future quarterly finance monitoring reports.
- 4.3 The Committee was informed that during the statutory public inspection period the Council had received two objections to the accounts. Both related to LOBO loans totalling £70 million that were taken out between 1984 and 2005. David Hodgkinson, Assistant City Treasurer, explained that until these were considered by the Council's external auditors the accounts could not be completely finalised.
- 4.4 **RESOLVED:**
1. The committee approved the 2016/17 Annual Accounts following the end of the year statutory public inspection period.
  2. The committee noted the proposed £10 million contribution towards the pension fund deficit recovery.

#### **5 GRANT THORNTON AUDIT FINDINGS REPORTS 2016-17**

- 5.1 The Committee considered the final reports from the Council's external Auditors, Grant Thornton, on the key findings arising from their audit of the Council's 2016-2017 financial statements and those of the Local Government Pension Scheme it administers.
- 5.2 The committee had considered draft versions of the audit finding reports at its last meeting on 9 May. The final reports included minor amendments which were highlighted in italics.
- 5.3 Paul Dossett, Engagement Lead, Grant Thornton, explained that the objections to the Council's accounts did not have any impact on Grant Thornton's opinion of the Council's accounts. Members noted that until the objections to the accounts had been addressed the audit certification could not be finalised.
- 5.4 Members asked for further details about the significant risks relating to the Managed Services Partnership (MSP) identified in the audit findings for the pension fund. Elizabeth Olive, Engagement Manager, Grant Thornton, explained that while this was identified as a significant risk in last year's audit findings report the issues this year were somewhat different. Grant Thornton did not experience any information delays on pensions last year whilst the backlog in updating the member data during 2015-16 was not of such concern for the audit. That audit had identified an on-going concern for officers that there was a delay in information from BT to Surrey. This year a number of

errors were identified during sample testing which required additional information to provide assurance.

- 5.5 **RESOLVED:** That the audit finding reports for Westminster City Council and The City of Westminster Pension Fund be noted.

## **6 2016-17 END OF YEAR PERFORMANCE BUSINESS PLAN**

- 6.1 The committee received a year-end report that presented detailed performance results for the year April 2016 to March 2017 against the 2016/17 business plans. The report provided explanations and commentary in respect of outstanding, good and poor performance, including achievement of targets and details of remedial actions being taken.
- 6.2 With reference to the overall performance of the City Council, the committee questioned whether the results of the City Survey 2016 could be relied upon given the limited size of the sample base. Graeme Gordon, Programme Director, Evaluation and Performance Team, advised that a sample base of 1000 people was the industry standard for surveys and polls. If appropriately weighted the sample base should produce fairly accurate results. He advised that the survey could be augmented by gathering community insight through other forms such as qualitative interviews, customer feedback and using complaints data to provide a more representative picture of residents' perception of Council services.
- 6.3 The committee then considered performance results at year end by service directorate. The committee submitted questions to individual members of the Executive Management Team on performance within their directorates. This included queries about key performance indicators that had regularly been "off track" over the last 2-3 years.
- 6.4 In exploring why certain targets were missed the Committee questioned how targets are set and whether there is a problem of setting sensible, robust targets and setting ranges around these targets that are plausible. The committee also expressed concern at the Council's ability to measure properly performance of some key policies. The absence of data on the number of people helped into work by the Westminster Employment Service beyond six months was cited as an example.
- 6.5 The Committee suggested that complaints information should be integrated as part of the performance reporting and aligned to the City Survey results where possible and that the underlying reasons for why these complaints have been made should be assessed. Siobhan Coldwell, Chief of Staff, informed members that the Council was implementing a new, more comprehensive complaints monitoring system which would include details of the reasons for complaints. This would be incorporated in the Annual Corporate Complaints report which was due to be submitted to the committee in November.

### Adult Services and Public Health

- 6.6 The Committee asked how the move from a Tri-Borough to Bi-borough arrangement could impact on service delivery. Members also asked why the key performance indicator - percentage of known carers who have received an assessment or review - had fallen short of its target for the last 3 years. Officers were also asked for more information around the performance of the Community Independence Service and outcomes achieved for those using it.
- 6.7 Stella Baillie, Tri-Borough Director for Integrated Care, stated that the move from a Tri-Borough to Bi-borough partnership arrangement should not have a particular impact on service performance. She explained that the teams delivering services are sovereign to each authority and will continue to be so. With regards to the KPI of providing an assessment to known carers, she explained that the target had been lowered from 95% in 2015/16 to 90% in 2016/17 as it was considered to be unachievable. She considered an outturn of 85% upwards to be a strong performance position. A 2% decline in performance from the previous year is minimal and therefore she considered that performance was steady. The Council will continue to set challenging stretch targets for this local indicator to maintain focus on this priority area and ensure that the excellent progress that has been made is sustained.
- 6.8 The Community Independence Service is a fully integrated service across social and health services to support people to remain/return to their own homes as effectively as possible. Stella Baillie stated that the service was gradually taking shape under the new provider, Central North West London NHS (CNWL) Trust. They had introduced a number of improvements since taking over the services from Central London Community Healthcare (CLCH). Whilst performance had improved she believed that the targets, which had been set by the Clinical Commissioning Group (CCG), will always be challenging to meet. She considered that there is a need to discuss the targets with the CCG with a possible view to revise them to incorporate a trajectory.

### Children's Services

- 6.9 The committee asked for an explanation about the 'off-tack' target for recruiting foster carers over the last 3 years. Melissa Caslake, Director of Family Services, explained that following the recruitment of only 9 Foster Carers against a target of 20 in 2014/15 the Council entered into a delivery partnership with Cornerstone in order to target and enhance the recruitment of foster carers. The outcome was an increase in the number of foster carers recruited in 2015/16, 17 against a target of 20. Whilst the challenging target of 25 for 2016/17 has not been met a total of 18 foster carers have been recruited which compares favourably on previous years.
- 6.10 Members also asked about the delay in establishing the Young Westminster Foundation and for details about the sustained improvement/outcome associated with the Troubled Families Service. Melissa Caslake explained that the delay in establishing the Young Westminster Foundation was principally due to the time it had taken to appoint a chief executive. Unfortunately two rounds of interviews had to be undertaken before a suitable person was found. Given the small size of the team it was not felt appropriate to recruit other posts until this key appointment had been made. Melissa

Caslake undertook to provide the committee with a copy of a report on the outcomes achieved by the Troubled Families Service that was submitted to the Children, Environment and Leisure Policy and Scrutiny Committee. Indicators had reduced. She explained that the Council could reclaim money spent on the programme from the government subject to demonstrating that it had delivered sustained outcomes. This was defined by government as 6 months. The committee considered that the true measure of sustained outcome should be greater than 6 months.

#### Corporate Services

- 6.11 The committee asked for an update on the performance of the Managed Services Programme. John Quinn, Bi-Borough Director of Corporate Services, advised that BT is continuing to improve its performance. Day-to-day operational performance is generally good. Payroll accuracy is at 99%. There are still some historic issues around payroll and pensions that are outstanding. He advised that the required software update would take place before Christmas and that testing in relation to this was underway. In response to questions regarding the re-procurement of managed services he advised that the Council was working with Deloitte to find a new provider. The Council had identified three potential delivery models and was working to narrow these down to one preferred solution, the detail of these would be presented to Cabinet in September.
- 6.12 The Committee asked officers about the 'off track' targets for reducing the number and spend on temporary agency contractors (TACs) per annum. John Quinn advised that while the Council had reduced its reliance on TACs year on year the outturns were still above target. He explained that TACs are a vital part of the workforce and can be used for a wide range of reasons such as to provide specialist support on a project or to provide cover until a vacant post is refilled. The target of employing no more than 180 TACs per annum is an aspiration. He explained that he has no direct control over the number of agency contractors employed within the Council as recruitment is undertaken directly by each service. However, he does particularly look at the number of TACs with a tenure of 12 months or more.
- 6.13 Members asked whether there was any correlation between staff turnover and the use of TACs and if so perhaps the Council should require longer notice periods. They also asked how needs for TACs are identified and whether there were variables in requirements between departments. The committee noted with interest that there had been an overspend on TACs at the same time that there had been an underspend against some staffing budgets. Mr Quinn stated that staff turnover in 2016/17 was 16% against a target of 12%. He advised that the former was broadly in line with the average staff turnover rate within English local authorities and that the current target was perhaps unrealistic. He explained that HR business partners meet with each executive team to discuss their needs for TACs. However, the Council has a wide number of variable projects and schemes which sometimes require a longer than anticipated use of temporary resources.

### City Management and Communities

- 6.14 Members asked for an update on the outcome of negotiations with the Mayor's Office for Policing and Crime (MOPAC) regarding police reforms and the proposed borough command unit merger. Jackie Gibson, Head of Strategy & Development, advised that the impact of the proposals were still being assessed and that the Director of Public Protection and Licensing was a still in discussions with MOPAC.

### Growth, Planning and Housing

- 6.15 Members asked whether the new focus of reconnecting rough sleepers who are from outside of the borough to their hometown is a good use of the Council's resources. The committee commented that many rough sleepers leave their home town for reasons such as family estrangement or concerns about their safety. Members also commented that some rough sleepers do not want to leave the streets. Ed Watson, Executive Director for Growth, Planning and Housing, explained that a large proportion of rough sleepers come from outside of the borough often with expectations that are not met or the perception of the services that can be provided which cannot. The Council is trying to help these individuals to reconnect with their hometown and to address the reasons why they left in the first place. The funding to facilitate this work was being provided by the Home Office. Whilst he acknowledged that some rough sleepers do not want to be helped the Council's approach is to offer every rough sleeper a personalised plan so that those who do not want to spend a second night on the street do not.
- 6.16 The Committee asked about the 'off track' target for the determination of 'other' planning applications within 8 weeks which had been missed for the previous three years. Mr Watson explained that the targets are set nationally and have rarely been met because of the complexities of schemes in Westminster. Other reasons included an increase in workload without a similar increase in resources and disruption caused by the digitalisation of development planning. The year-end outturn had improved in 2016/17 to 75% and exceeded the target which the the government had also lowered to 70%.

### City Treasurer.

- 6.17 Members asked in relation to Medium Term Saving Plans whether each directorate was producing individual plans. Dave Hodgkinson confirmed that this was the case. These are in the process of being finalised and will be available on the Council's website shortly.
- 6.18 The Committee noted in relation to the Council's general fund budget that there had been an underspend on staffing in some service areas and it questioned how this could be defended to the public given the current financial constraints. Mr Hodgkinson explained that the Council aims to set a balanced budget. However, the City Council was a large and complex business with a budget of over £800 million per annum. Therefore, it was not unusual given its complexities to have a 2% year end outturn against the approved budget.



### Policy, Performance and Communications

- 6.19 The Committee asked about the possible reputational impact to the Council of moving from a Tri-Borough to a Bi-Borough Partnership given the current criticism being faced by RBKC following the Grenfell Tower fire. The committee also asked whether the Council was lobbying the government on the status of EU nationals following Brexit given that 15% of the workforce in Westminster are EU nationals and that there are some sectors with particular dependencies, e.g. 44% of the accommodation and food sector and 20% of caring professions. Graeme Gordon stated in respect of the Bi-Borough partnership arrangements that there is both a potential operational and reputational risk to the Council and this will be kept under observation. With regards to Brexit, he confirmed that the Council was lobbying the government on the economic risks to Westminster of leaving the EU.
- 6.20 With regards to Open Forums, the committee considered that they are too large and that local views have been diluted. Members considered that the Council should reintroduce a more localised approach similar to the former area forums.
- 6.21 **ACTIONS:**
1. Provide information around the performance of the Community Independence Service and the outcomes achieved for those using it. (**Action for:** Stella Baillie, Tri-Borough Director for Integrated Care)
  2. The Committee would like more information around the performance of the Troubled Families Service and longer term outcomes achieved for this cohort. Also provide a copy of the report on the service that went to the Children, Environment & Leisure Policy and Scrutiny Committee. (**Action for:** Melissa Caslake, Director of Family Services)
  3. Provide details of how the targets for recruiting foster carers were determined. (**Action for:** Melissa Caslake, Director of Family Services)

## **7 ANNUAL CONTRACTS REVIEW 2016-17**

- 7.1 The Committee considered an Annual Contracts Review report in accordance with its Terms of Reference.
- 7.2 The committee noted that a review of the Procurement Code and procurement assurance process was conducted during quarter 3 of 2016/17 and the updated code was published in January 2017.
- 7.3 With regards to the review of contracts let by the Council for value for money and adherence to the procurement code, the committee noted that 73 contracts commenced during the 2016/17 period. 39 contracts were below the value of £100,000 threshold and 34 over the value of £100,000. There were 12 extensions of existing contracts. This represented a reduction compared to the previous year. In exceptional circumstances a waiver to the requirements of the Procurement Code may be obtained from the Chief Procurement Officer. 59 waivers were approved during the course of the year. This represented a slight increase to the previous year.

- 7.4 The Committee was informed that the capitalEsourcing contracts register is regarded as the “single source of truth” and forms the basis for reporting on contract information across the Council. The use of a single system provides an important source of data and a complete audit trail of the Council’s activities, enabling full visibility of commercial commitments; better management of risk, identification of commercial opportunity and resource planning.
- 7.5 It is the responsibility of Contract Managers to carry out the first assessment within the capitalEsourcing system, 12 months following the service commencement date, for all contracts that have a total contract value of £100,000 or above.
- 7.6 Of 174 active contracts over £100,000 150 (86%) were assessed and performance rated. This was a positive increase on the number of contracts assessed and reported on during 2015/16 (63%) only 6 (3%) were assessed and rated as ‘Below Expectations’.
- 7.7 The Committee noted with concern that twelve of the twenty-four contracts that had not been assessed and performance rated within the system had a total value over £1.5 million each and collectively amounted to £333, 953,000.
- 7.8 Anthony Oliver, Chief Procurement Officer, clarified that contract performance was being assessed by contract managers just not within the system. Procurement Services have been working with each of the service areas to ensure overall contract performance is carried out in the system. The Chief Executive had also stressed the importance of this to the Executive Management Team when quarterly contract review reports are issued to EMT.
- 7.9 Mr Oliver recognised that the current methodology for recording contract performance is transactional in nature. Therefore, during 2016/17, feedback was sought from Contract Managers. The general view was that this method was too simplistic and did not provide a true representation on the overall performance of a particular contract. As such, during 2017/18, Procurement Services will be conducting a review of Contract performance with a view to piloting a contract performance score card. The approach will be focused on value and risk to provide more meaningful information and greater visibility.
- 7.10 The Committee noted that contracts with a value below the £100,000 threshold are classed as devolved procurements and are not recorded within capitalEsourcing. The committee commented that that while from a monetary perspective the contracts may be comparatively small some may relate to sensitive frontline services with reputational risks for the Council if the services are not well provided. Members asked how the Council knows that such contracts are being appropriately monitored.
- 7.11 Mr Oliver advised that the Procurement Code sets the mandatory rules on behalf of the Council in regards to the award, management and monitoring of contracts and is aligned with the Council’s overall governance practices. It includes a Contract Management Framework. Every contract manager has to undergo relevant training. The latter is refreshed on a regular basis. Internal

audits of each service ensures that the rules and practices are being appropriately followed. Mr Oliver advised that a review was being undertaken on small value contracts. The committee asked to see the conclusions of the review once completed.

7.12 In response to questions on the Tri-Borough Procurement Service, Mr Oliver advised that this had in effect ceased to exist. He explained that the decision as to whether the service changed to a Bi-Borough model was dependent on the views of the Royal Borough of Kensington and Chelsea (RBKC). His counterpart at RBKC had expressed support for this but this would need to be considered by the new leadership and senior management at the Council.

7.13 **ACTIONS:**

1. Send a letter to the Chief Executive expressing concern regarding the number and value of contracts that have not been assessed and reported on within capitalEsourcing and request that he reassert the importance of this at the next relevant EMT meeting with the aim of achieving 100% compliance this financial year. (**Action for:** Reuben Segal, Senior Committee and Governance Officer).
2. Clarify why a waiver was required in relation to Microsoft Office 365 Licenses in order to directly award this contract.
3. Clarify why the contract for Asbestos Removal and Encapsulation was rated below expectation.
4. Provide a note on i) how many contracts the Council has running at present? ii) How does this compare to previous years? iii) What opportunities are there for amalgamating contracts to achieve savings/economies of scale and/or to bring about innovation?

(**Actions for:** Anthony Oliver, Chief Procurement Officer)

## **8 UPDATE ON ARRANGEMENTS FOR MANAGEMENT OF THE CAPITAL PROGRAMME (GENERAL FUND AND HOUSING REVENUE ACCOUNT)**

8.1 The committee considered a report that provided an update on arrangements that are in place and which are further developing to manage the Council's capital programme for the General Fund and Housing Revenue Account (HRA).

8.2 The report covered the current capital programme, capital budget analysis – performance against net budget 2011/12 - 2016/17 and improvements implemented and planned: budget setting, business cases, Programme Delivery Office and governance.

8.3 The Committee was pleased to see action was being taken to address slippage in the capital programme. Members asked how the new arrangements avoided duplicating processes that were already in place.

- 8.4 Guy Slocombe, Director of Property, Investments and Estates, reported that to help create an overarching, coordinated and consistent approach to the delivery of projects the Council had established a Programme Delivery Office (PMO). One of the key issues that the PMO will focus on will be removing historical processes that had accumulated over many years that are unworkable. These will be replaced with Council wide governance processes which are much more streamlined.
- 8.5 Barbara Brownlee, Director of Housing and Regeneration, provided her experience of the improvements since the new arrangements had been implemented. She explained that when she first joined the Council she observed that while there were highly skilled project managers working on capital projects within Growth, Planning and Housing and similarly accountants in Finance the Council did not have capital programme managers. As these officers were not located within the same office the complex dependencies, slippage and changing costs within projects did not always clearly translate sensibly to finance colleagues. One of the significant differences now is that the finance support for a project is based in the same office as the project manager. This has enabled a different type of finance support where there are more regular updates between colleagues. Additionally monthly reports on projects are provided to the Programme Delivery Office.
- 8.6 The Committee referred officers to a paper published in the Oxford Review of Economic Policy (Vol 25, No. 3, 2009) on major infrastructure projects which highlighted the propensity for optimism bias in public sector projects. Barbara Brownlee commented that the aspiration to deliver Housing Renewal in the City led the Council to be overly ambitious in forecasting that the programme would be delivered in a matter of a few years. She stated that an HRA business plan session would be starting in September where officers would feed in all major assumptions over regeneration and other projects over the course of the week. These would then be thoroughly tested and worked up by Christmas before they are entered into the HRA business plan. Separate to this monthly capital programme monitoring meetings are held between housing and finance so that projects are tightly controlled. She explained that this will not stop all delays as some matters are out of the Council's control. For instance, sometimes a contractor may decide not to move forward with a scheme for their own reasons.
- 8.7 The Committee asked given the identified optimism bias and the historic slippage on some projects whether independent challenge will be undertaken when developing business cases and appraising potential projects? Mr Hodgkinson stated that he was not sure whether independent challenge will feature within the remit of the Programme Delivery Office. Kevin Goad, Head of Service, Highways and Public Realm, advised that his service obtains independent challenge on its major schemes such as the Baker Street Two Way project. Barbara Brownlee commented that not enough independent challenge was undertaken when developing proposals for the regeneration of Ebury Bridge. She explained that a former Managing Director of Barretts is engaged to assess some but not all large projects being developed by CityWest Homes. She undertook to consider expanding this approach to all major housing projects.

- 8.8 Guy Slocombe further commented that the Council has too often begun consulting on projects at too early a stage before feasibility studies have been completed. Members considered that greater consultation with Ward Councillors when developing business cases for major projects was important as they can provide useful insight of the views of the local community.
- 8.9 With reference to the summary of Major Projects set out in the report, the Committee asked officers whether delivering these was achievable given their number. Guy Slocombe explained that not all the projects would be delivered simultaneously as they will be prioritised in accordance with how they meet the Council's pre-determined criteria.
- 8.10 The Committee asked officers about the challenges of procuring contractors from a limited set of providers. Barbara Brownlee stated that the Housing Department works closely with the Procurement Service which had increased its resources over the last year. She also stated that there now exists a dynamic procurement process where one did not exist before. Procurement participants participate in monthly planning meetings to discuss the forward pipeline of developments. There are different ways to obtain a range of bids. Some are established and others are new to the Council. The Council still uses frameworks such as those of the GLA and TfL but also go out to the open market. It also looks at packaging contracts in different ways to make projects attractive.
- 8.11 **ACTIONS:**
1. The committee would like further information on capital projects by type (development, operational or investment schemes/asset acquisition) with an explanation of how the Council can address some of the inherent issues that affect these different types of schemes. It would also like a breakdown of the general fund major projects by Ward together with expected start and completion dates. (**Action for:** Steve Mair, City Treasurer)
  2. The Committee would like future quarterly finance reports to include a breakdown of the capital programme by project type (development, operational and investment) to see where the slippage is occurring and any trends. (**Action for:** Steve Mair, City Treasurer)

## **9 DISCRETIONARY HOUSING PAYMENT DELEGATED DECISIONS**

- 9.1 The committee considered a report that provided an overview of DHP applications received and decided in the period 1 April 2016 to 31 March 2017. Information was provided on the tenure of applicants and the reasons and total spend for agreed claims. The report also detailed the average weekly award and duration for the different categories of DHP. It also summarised the process for deciding claims and the verification measures undertaken.

- 9.2 The committee asked questions on the following issues:
- The proportion of claims determined by Capita
  - The proportion of claimants impacted by the benefit cap having to re-submit claims after an initial six month award is made?
  - Whether the City Council requires applicants to submit bank statements as part of the claims process?
  - How delegated decisions are made and the level of scrutiny by managers of such decisions
  - Whether there have been any applications for judicial review of the Council's DHP policy
- 9.3 Gwyn Thomas, senior benefits policy officer, informed the committee that as housing payments in the form of extra financial assistance with rent is discretionary the determination of applications cannot be outsourced to Capita and is undertaken by a small team of five officers within the Finance Team which he manages. He explained that consideration and determination of applications is dealt with by individual officers rather than an officer panel. He does not review each decision made although on-going spot checks are undertaken. He advised that he does review decisions which are informally challenged whilst another officer scrutinises those cases that are formally challenged.
- 9.4 A high proportion of agreed claims are submitted by residents that are affected by the overall weekly benefit cap. The purpose of a DHP award will be to support work by giving extra help with rent payments for a short period. Successful applicants will be expected to take the steps needed to increase the amount that they can pay towards rent in the medium term in order to avoid reliance on DHP as an on-going solution. It can take longer than 6 months for some applicants to find work and be in a position to pay their rent without support. Where applicants can demonstrate that they are working towards such a solution the Council will consider making an award for a further 6 months.
- 9.5 Since 2015, when the policy was last reviewed, all DHP applicants are required to provide statements covering at least three recent and consecutive months for every bank, building society and Post Office account held. Officers dealing with DHP claims scrutinise the statements for any indication of undeclared income and further undeclared accounts where funds are being transferred to and from. The statements are also studied for signs of unusual spending patterns that suggest the applicant is living beyond their declared financial means. Any discrepancies are queried and referrals made to the DWP Fraud and Error Service where appropriate. The only time when this requirement may be waived is where a renewal claim is submitted. Where an application is refused and an appeal is requested the Council requires

applicants to provide statements covering a further three months before it will list a case for consideration by the DHP panel.

- 9.6 Members expressed concern that bank statements submitted by appellants to the DHP Appeals Panel often reveal large instances of cash withdrawals but no clear evidence of rent payments being made which suggest that some residents are making rental payments in cash which can leave them at risk of not being protected compared to those who pay by direct debit or standing order.
- 9.7 With regards to judicial review, Mr Thomas advised that although two organisations had previously informed the Council of their intentions to apply for a judicial review of the Council's policy none were submitted.
- 9.8 The Committee noted that the policy sets out that DHP awards are only made for fixed periods and the Council cannot guarantee or sustain open-ended awards. Members commented on the fact that some residents submit repeat claims and do not understand that the scheme it is to help households in the short term. Mr Thomas advised that the Council was re-emphasising this message. He explained that the Council receives an annual allocation from the central government to use for DHP. Any funding that is unused is returned. Whilst last year there was slightly more funding than claims agreed this year the funding has been significantly reduced so the issue of repeat claims will need to be addressed.
- 9.9 **ACTIONS:** The committee has agreed to write to the chief executive to request sample checking of officer delegated decisions by the senior policy officer. (**Action for:** Audit & Performance Committee)

## 10 WORK PROGRAMME AND ACTION TRACKER

### 10.1 RESOLVED:

1. That the agenda items for the meeting on 18 September, as set out in appendix 1 to the report, be agreed.
2. That the responses to actions which arose from the last meeting which were set out in Appendix 3 to the report be noted.

The Meeting ended at 8.22 pm

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_

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## Audit and Performance Committee Report

<b>Meeting or Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	18 <sup>th</sup> September 2017
<b>Classification:</b>	General Release
<b>Title:</b>	Period 3 Finance and Quarter 1 Performance Report
<b>Key Decision:</b>	Review and challenge officers on the contents of the report
<b>Report of:</b>	Steven Mair, City Treasurer Julia Corkey, Director of Policy, Performance and Communications

### 1. Executive Summary

Period 3 Finance Report - This report presents detailed results for the period April 2017 to June 2017 against the 2017/18 approved budget. The report provides explanations and commentary in respect forecast variances to budget.

Quarter 1 Performance Report - This report presents the latest performance outturns available at the end of the first quarter of 2017/18 (June 2017). It provides commentary in respect of outstanding and poor performance, including details of remedial actions being taken, where appropriate.

The corporate performance framework is to be further developed over the summer period, with the aim of developing a complete and refreshed set of milestones, measures and targets by mid- September. This will inform future performance reports.

### 2. Recommendations

- Committee notes the content of the report
- Committee indicate any areas of the report that require further investigation
- Committee highlights any new emerging risks that have not been captured

### 2. Reasons for Decision

To inform Members of how the City Council is delivering on its key objectives, hold Officers to account and steer improvement activity where necessary.

### 3. Background, including Policy Context

This report sets out how the City Council is delivering on the City for All vision and the management of the Council's financial affairs.

## Period 3 Finance Report

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### 1. Key Messages

At period 3, services area revenue budgets are projected to overspend by £0.455m by year-end. All variances will be subject to active management through the financial year and it is anticipated that this adverse variance will be mitigated by year end.

The capital programme is projecting an underspend of £18.760m at period 3. The underspend includes a £6.011m reduction in the need for the project contingency budget. Experience from prior years suggests that budget re-profiling may be needed as the financial year progresses while new project management arrangements are embedded.

An analysis of variances analysed according to whether their purpose is Operational, Development or Investment nature is included in Section 3. This is summarised as follows on a net basis:

	<b>Net Variance</b>
<b>Summary</b>	(£,000's)
<b>Development Total</b>	<b>(1,679)</b>
<b>Operational Total</b>	<b>(9,271)</b>
<b>Service Area Total</b>	<b>(10,950)</b>

This summary show that of the overall net variance of £10.950m, the majority of this is operational totalling £9.271m or 85% of the total. The majority of this total is made up slippage in the capital contingency which is not expected to be used in year (£6.011m).

The Housing Revenue Account (HRA) for this month is forecasting a surplus of £6.197m compared to the budgeted surplus of £8.417m. This is an adverse variance forecast of £2.220m.

At Period 3 the HRA capital programme is projecting an underspend of £35.650m against a budget of £141.830m. This includes underspends for the Major Works programme of £5.400m, the Housing Regeneration projects of £29.170m and Other Projects of £1.090m

### 2. Revenue – Forecast Outturn

At period 3, Cabinet portfolios are projecting an overspend of £0.455m with additional net opportunities of £0.157m.

The table below shows a summary of forecast variances, risks and opportunities by Cabinet portfolio categorised according to whether the projects are Development, Operational or Investment.

## **Period 3 Forecast Outturn by Cabinet Portfolio**

### Leader of the Council (Councillor Nickie Aiken)

The Leader of the Council portfolio is forecasting a £0.137m overspend against budget. The overspend is driven primarily from a £0.586m shortfall in the level of CIL/s106 receipts that can be drawn upon as income. A further overspend of £0.400m is forecast from unachievable MTP savings in the Business Intelligence unit. A number of vacant posts and other savings totalling £0.849m across the portfolio offset these shortfalls.

### Deputy Leader and Business, Culture and Heritage (Councillor Robert Davis)

At the end of period 3, the Deputy Leader and Business, Culture and Heritage portfolio is forecasting a £1.380m variance against budget.

This is due to an expected shortfall in the Outdoor Media income of £1.500m. This is partly offset by external funding of £0.120m as part of a secondment arrangement.

There is a risk of a reduction in Events and Filming income of £0.120m due to a reduction in demand for the service. There is also a £0.100m risk against budgeted MTP savings due to the delay in the launch of the new Customer Relationship Management system. There is a further £0.075m risk in the Lord Mayor's team around MTP savings which should be mitigated in coming months through non-recurrent savings.

### Finance, Property and Corporate Services (Councillor Tim Mitchell)

At the end of period 3, the Finance, Property and Corporate Services portfolio is forecasting a £0.010m variance against budget.

The £0.010m overspend has arisen in the Property Investments and Estates service from a shortfall in projected income against a 2016/17 MTP savings target.

In Treasury and Pensions there is an opportunity of £0.998m from additional interest earnings, plus a further £0.250m opportunity from the Amey facilities contract. These offset risks totalling £1.646m arising mainly from a £1.200m risk following potential realignment of the Amey contract plus other risks.

### Adult Social Services and Public Health (Councillor Heather Acton)

At the end of period 3, Adult Social Services and Public Health is forecasting a £0.849m favourable variance against budget.

Public Health is reporting an underspend of £0.849m against controllable budget following a review of contracted services which make up about two thirds of the annual budget. The exercise has identified savings to allow for the redirection of funds to priority areas.

There are on-going pressures on Adult Social Care budgets and a forecast demand growth for care services because of increasing numbers of older people, people with disabilities and people with long term health conditions needing care. These demographic pressures are

exacerbated by increasing pressure from hospitals to discharge patients in a timely fashion, particularly during the winter months. The fragile state of the care market and unavoidable cost pressures will continue to be a major challenge. Acuity and level of complexity is increasing alongside demographic changes, workforce pressures from the Living Wage and the driving down of price are all major dynamics that are impacting on the availability and quality of services.

These pressures will be contained within existing resources with management actions in place including, gatekeeping, placement reviews and maximisation of income from Health.

Opportunities of £0.562m exist in the Care and Assessment service following updates to demographic modelling.

#### City Highways (Councillor Danny Chalkley)

At the end of period 3, the City Highways portfolio is forecasting a £0.100m favourable variance against budget.

The variance is due to a combination of vacancies and contract efficiencies within the Highways Infrastructure and Public Realm service.

There is a risk of £1.000m relating to Parking revenue, which is currently trending below budget, particularly relating to paid for parking. If this risk materialises, it may be offset by opportunities totalling £1.000m within the service following the recent introduction of the trial diesel surcharge and opportunities for contract efficiencies with NSL.

#### Children, Families and Young People (Councillor Richard Holloway)

At the end of period 3, the forecast outturn for the Children, Families and Young People portfolio is an adverse variance of £0.056m.

Within Family Services there are pressures on budgets for mother and baby court directed assessments and families requiring assistance. These are offset by other favourable placements variances.

No risks been quantified for period 3 but additional costs may fall to the department due to the change in staffing arrangements from supporting Tri-Borough to Bi-Borough. Work is underway to cost out the proposed structures and quantify this risk.

#### Planning and Public Realm (Councillor Daniel Astaire)

At the end of period 3, the Planning and Public Realm portfolio is forecasting a nil variance against budget.

There is a £0.400m risk in Development Planning linked to legal and photocopying budgets.

### Environment, Sports and Community (Councillor David Harvey)

At the end of period 3, the Environment, Sports and Community portfolio is forecasting a £0.021m adverse variance against budget.

There is an adverse variance of £0.195m within the Libraries and Registrars service, although work is on-going to identify mitigations to bring the service back to budget. Favourable variances in Waste and Park and Community Services offset to give a total adverse variance of £0.021m.

There are opportunities totalling £0.270m relating to reductions in waste collection and disposal costs.

### Public Protection and Licensing (Councillor Antonia Cox)

At the end of period 3, the Public Protection and Licensing portfolio is forecasting a £0.200m favourable variance against budget.

This favourable variance relates to Fixed Penalty Notice (FPN) income in the Public Protection and Licensing Service.

Opportunities totalling £0.418m are reported at period 3 from vacancies and underspend in supplies and services budget lines, which includes early delivery of the 2018/19 MTP expenditure saving.

### Housing (Councillor Rachael Robathan)

At the end of period 3, the Housing portfolio is forecasting a nil variance against budget.

No risks or opportunities are reported at this stage in the year.

## **3. Capital – Forecast Outturn**

The gross expenditure budget for period 3 is £391.854m, offset by £227.712m of external funding and capital receipts. At the end of period 3 the forecast gross outturn is £373.094m, a £18.760m favourable variance against budget. The main drivers of the variance are from Highways projects in City Management and Communities and from a forecast reduction in capital contingency of £6.011m.

There is a forecast net adverse variance in the use of capital receipts and contingencies budget. This comprises a forecast reduction in the capital receipt for Moxon Street plus under-delivery of capital receipts contingency totalling £16.000m (17%) against the approved budget of £93.000m, offset by a £6.011m reduction in the need for capital contingency budget.

A summary of the above is set out in the table below:

	Spend Budget (£,000's)	Income Budget (£,000's)	Spend Forecast (£,000's)	Income Forecast (£,000's)	Spend Variance (£,000's)	Income Variance (£,000's)	Net Variance (£,000's)
<b>Summary</b>							
<b>Development</b>							
Dep Leader - Business, Culture & Heritage	15,980	(14,348)	15,980	(14,348)	0	0	0
Finance, Property and Corporate Services	89,043	(31,185)	85,942	(31,185)	(3,101)	0	(3,101)
Adult Social Services and Public Health	5,865	(2,000)	7,287	(2,000)	1,422	0	1,422
Children, Families & Young People	8,028	(8,028)	8,578	(8,578)	550	(550)	0
Environment, Sports & Community	12,107	(1,400)	12,107	(1,400)	0	0	0
Planning and Public Realm	22,450	(21,826)	20,060	(19,436)	(2,390)	2,390	0
Housing	28,292	(28,292)	28,292	(28,292)	0	0	0
<b>Development Total</b>	<b>181,765</b>	<b>(107,079)</b>	<b>178,246</b>	<b>(105,239)</b>	<b>(3,519)</b>	<b>1,840</b>	<b>(1,679)</b>
<b>Investment</b>							
Finance, Property and Corporate Services	37,613	0	37,613	0	0	0	0
<b>Operational</b>							
Adult Social Services and Public Health	770	(770)	770	(770)	0	0	0
Children, Families and Young People	2,310	(1,504)	2,206	(1,400)	(104)	104	0
City Highways	35,909	(17,581)	29,593	(12,465)	(6,316)	5,116	(1,200)
Dep Leader - Business, Culture and Heritage	7,987	(1,041)	6,967	(1,041)	(1,020)	0	(1,020)
Environment, Sports & Community	3,929	(350)	3,729	(150)	(200)	200	0
Finance, Property and Corporate Services	100,781	0	93,992	0	(6,789)	0	(6,789)
Housing	11,867	(1,705)	12,300	(1,500)	433	205	638
Planning and Public Realm	5,460	(3,440)	4,160	(3,040)	(1,300)	400	(900)
Public Protection & Licensing	3,463	(1,242)	3,518	(1,297)	55	(55)	0
<b>Operational Total</b>	<b>172,476</b>	<b>(27,633)</b>	<b>157,235</b>	<b>(21,663)</b>	<b>(15,241)</b>	<b>5,970</b>	<b>(9,271)</b>
<b>Service Area Total</b>	<b>391,854</b>	<b>(134,712)</b>	<b>373,094</b>	<b>(126,902)</b>	<b>(18,760)</b>	<b>7,810</b>	<b>(10,950)</b>
Capital Receipts & Contingencies	0	(93,000)	0	(77,000)	0	16,000	16,000
<b>Total</b>	<b>391,854</b>	<b>(227,712)</b>	<b>373,094</b>	<b>(203,902)</b>	<b>(18,760)</b>	<b>23,810</b>	<b>5,050</b>
Funded by Borrowing		(164,142)		(169,191)		(5,050)	(5,050)
		(391,854)		(373,094)		18,760	-

### Deputy Leader - Business, Culture and Heritage

The Deputy Leader portfolio is forecasting an underspend of £1.020m against a gross budget of £23.967m. Re-profiling of the Outdoor Media scheme (£0.870m of the £1.243m budget) as well as the Events and Filming budget account for this variance. The Enterprise project is forecast to underspend by £0.100m against a £1.200m budget.

Income budgets are expected to remain on budget at £15.389m.

### Finance, Property and Corporate Services

The Finance, Property and Corporate Services is forecasting an underspend of £9.890m against a gross expenditure budget of £227.437m. The principle causes of this forecast is due to the re-profiling of the Investment Property Review project by £2.676m plus re-profiling of smaller projects, namely Lisson Grove Programme, Digital Programme and Farm Street, totalling £1.147m.

Furthermore, a variance of £6.011m (12%) is reported due to a reduced projection of the need to use the capital contingencies budget. As the period progresses this forecast will continue to fall but will be dependent upon any other calls on the contingency.

### Adult Social Services and Public Health

The gross expenditure budget of £0.770m is forecast to fully spend by the year end on all projects with no variances on any scheme. Likewise, all external funding sources are also being forecast to fully achieve budget by year end.

The net budget (borrowing) requirement for this budget is nil as external funding sources fully match the expenditure. With no variances forecast for this portfolio on either expenditure of funding, no net variance is forecast.

### City Highways

The City Highways portfolio is forecasting an underspend of £8.816m against gross expenditure budget of £35.909m. This is mainly a result of slippage against the TfL sponsored cycle scheme projects totalling £5.500m. External funding for these projects, a total of £8.816m, will also be re-profiled in line with their delivery.

Piccadilly Underpass (£0.300m), Planned Preventative Maintenance (£0.517m and external funding of £0.117m) and Waterloo and Golden Jubilee Bridge (£0.500m) schemes have also need re-profiled into future years.

### Children's Services

Against a gross expenditure budget of £10.338m, this portfolio now forecasts to overspend by £0.446m –principally by the re-profiling of £0.591m from future years relating to Westminster City School offset by a forecast underspend of £0.104m on Portman Boiler and Distribution scheme.

As the forecast overspends on expenditure are all being financed from additional funding sources, this portfolio is forecasting an overall net nil variance by year end.

### Planning and Public Realm

Against a gross expenditure budget of £27.910m, the Planning and Public Realm portfolio is currently projecting an underspend of £1.190m mainly due to Abell and Cleland Public Realm (£0.400m) and Queensway Streetscape (£0.900m) being re-profiled into future years.

External funding for Abell and Cleland has also been re-profiled in line with expected expenditure timelines, while a small amount of £0.110m has been brought forward from future years with corresponding expenditure for public realm improvement works.

### Environment, Sport and Community

The Environment, Sport and Community portfolio is forecasting an underspend of £0.200m against a gross expenditure budget of £16.036m.

This £0.200m underspend has arisen from re-profiling of Leisure Facilities Capital Investment (total gross expenditure budget of £1.416m) into next year. Equivalent external funding has also been re-profiled to leave a net nil variance in this portfolio.

## Public Protection and Licensing

The Public Protection and Licensing portfolio is forecasting a net nil variance on its budget, comprising a £0.055m overspend against gross budget of £3.463m and corresponding favourable variance on external income budgets.

Works, totalling £0.115m, funded by the Disabled Facilities Grant have been re-profiled forward into this year as has the corresponding income to give a net nil variance.

## Housing

The Housing portfolio is projecting a £0.433m adverse variance against a gross budget of £40.159m. This relates to temporary accommodation budgets being re-profiled. £0.205m income line has also been re-profiled into future years.

All other projects remain on budget and are all currently underway.

## **4. HRA**

### **REVENUE EXPENDITURE – 2017/18 Budgets and Projected Expenditure**

The forecast outturn for this month is that the surplus on the HRA will be £6.197m compared to the budgeted surplus of £8.417m. This is an adverse variance forecast of £2.220m. This relates mainly relates to reduced lessees' contributions towards major works. This fall in income corresponds to the slippage on Major Works in the capital programme this year.

There is an additional risk of £2.230m from a further shortfall in lessees' contributions towards major works. This risk will transpire if capital schemes are not completed in 2017/18.

### **CAPITAL EXPENDITURE – 2017/18 Budgets and Projected Expenditure**

At Period 3 the forecast outturn is £106.182m resulting in a total variance of £35.651m compared to the budget of £141.833m. This includes underspends for the Major Works programme of £5.397m, the Housing Regeneration projects of £29.167m and Other Projects of £1.088m.

The reasons for the under spends are:

- Major Works. External works have been delayed because the new term contractor is still mobilising to deliver the work. This follows significant slippage due to the length of time taken to procure major works projects.
- Regeneration schemes have been re-profiled owing to addition stakeholder consultation, additional governance and planning processes on Church Street (£5.170m), Cosway (£9.370m), Ashbridge (£2.910m), Luton Street (£4.780m) and Parsons North (£5.050m). There are a number of other schemes that make up the total value.



- Other Projects, Forecast outturn contingency has reduced by £1.5m as it is likely expenditure will now be used to fund expenditure which cannot be capitalised and the Infills programme is forecast to be overspent by £0.410m.
- The impact of Grenfell Tower has yet to be fully analysed. It is inevitable that the HRA will incur costs which will need to be identified and costed over the coming months.

### Capital Forecast Period 3

Description	Full Year Budget (£m)	Full Year Forecast (£m)	Full Year Variance (£m)
Major Works	45.750	40.353	(5.397)
Housing Regeneration	68.258	39.091	(29.167)
Other Projects	27.826	26.738	(1.088)
<b>Total Capital Expenditure</b>	<b>141.833</b>	<b>106.182</b>	<b>(35.651)</b>
Financed By:			
Major Repairs Reserve (MRR)	23.308	23.260	(0.048)
New Borrowing	12.835	0.000	(12.835)
Capital Grant - AHF	19.359	13.836	(5.523)
Capital Receipts - Other	11.487	18.428	6.941
Capital Receipts RTB/Non RTB	21.187	8.417	(12.770)
Capital Receipts - RTB Local Agreement	17.476	5.363	(12.114)
HRA Reserves	36.181	36.879	0.698
<b>Total Financing</b>	<b>141.833</b>	<b>106.182</b>	<b>(35.651)</b>

### 5. Analysis of Capital Projects

Further information is currently being pulled together in respect of general fund major projects by ward and additional analysis around project type with respect to re-profiling. This will be available at the next meeting.

Work continues to enhance processes which support the capital programme and this will also be reported in due course.

# Quarter 1 Performance Report

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## 1. Introduction

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Following feedback from EMT and Audit and Performance Committee on the 2016/17 year end performance report, work has been undertaken to refine and improve the corporate performance management framework (PMF). This work is continuing as the Q1 report for 2017/18 is being prepared and will be completed in time for the Q2 report.

The principle underpinning the work has been to clarify the three different aspects of an effective corporate PMF and provide an appropriate level of performance management and reporting. The three aspects are:

- Overarching objectives that guide the trajectory of the organisation for both the shorter and longer term
- Specific policy commitments to be delivered during the current reporting period of 2017/18
- KPIs to continuously monitor corporate and service health

The council's ambition for a City for All comprises six overarching objectives:

- Westminster recognised as a leading local authority: influential in London and nationally
- Low council tax: providing a fair deal for those just about managing and the vulnerable
- Delivering the City for All One Front Door Standard; providing a seamless service for our customers
- Delivering the right kind of growth: providing more homes of all types and tenures, supporting local businesses, promoting responsible enterprise and creating more employment opportunities for our residents
- An open working relationship with local residents, businesses and stakeholders
- Setting the standards for a global city: holding the police and other partners to account and providing local services for residents that are of a Westminster standard

The City for All 2017/18 contains a range of specific policy commitments to be delivered during the current year through 5 cross-cutting programmes:

- Civic Leadership
- Building Homes and Celebrating Neighbourhoods
- Greener City
- World Class Westminster
- Smart Council

The Q1 report features improved layout and clearer presentation, an introductory section providing a headline assessment of notable accomplishments, external issues, performance highlights (i.e. significant improvements/turnarounds and new or persistent problem areas) and strategic risks, and a set of KPIs provided by each department. In addition, the Q2 report will feature:

- a narrative evidencing progress against each of the six overarching objectives
- a comprehensive tracker of the City for All 2017/18 commitments, with defined measures and milestones to enable progress to be assessed and delivery assured
- a refreshed set of KPIs for each department, reviewed in collaboration between each departmental and the corporate team, with clarity over the rationale for both indicator selection and the level at which the target (or acceptable range) is set.

In addition to the normal reporting mechanisms, the Q2 performance returns will be used to support a new process of internal performance challenge by department and by portfolio, to be led by the Chief Executive and Leader, respectively. Outcomes from the 2017 City Survey should be available in time for the Q3 report. These will be brought together with other available information, such as intelligence gathered through community engagement (including through the Open Forums), qualitative research and complaints data, to provide a more rounded insight into residents' views.

## 2. This quarter's headlines

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### 2.1 Accomplishments

- **Launching of Community Sexual Health Service:** The service has now been officially launched, with information distributed to relevant stakeholders in attendance. This includes a digital platform approach, with websites, self-help modules and on-line booking/referrals being launched. This has allowed residents to access services 24/7. However, delays to the launch of a **new pan London e-service for sexual health** (run and procured by the City of London) will impact on our ability to channel shift residents to this service and therefore realise a cost reduction in an activity-based service and budget.
- **Don't Be Idle Campaign Launch:** A major new anti-idling campaign was launched by the Leader of the Council. The #Dontbeldle campaign asks motorists to sign an online pledge to turn off engines at the side of the road and help to reduce asthma, heart disease and lung cancer in the area.
- **Supplier registration for the Connect Westminster Scheme:** The Council recently secured £2.8m to deliver a European Regional Development Fund (ERDF) project that aims to connect small and medium-sized enterprises (SMEs) within the city and the West End Partnership area to superfast fibre broadband connections. To support the delivery of the scheme the council ran a supplier registration process to register a pool of registered suppliers who can deliver vouchers under the scheme. This has now closed resulting in an impressive 104 suppliers registered to support us with roll-out of the scheme. Ahead of the roll-out, the introduction of the scheme has already resulted in significant positive benefits including significant investment in fibre in the ground from companies in anticipation of the scheme and a diversion of investment from other parts of London to Westminster. The Department for Culture, Media and Sport has asked if they can include the council's contribution in a best practice document that will be disseminated to other local authorities.
- **Termination of Tri-borough arrangements with LBHF:** Earlier this year, RBKC and WCC issued a termination notice to LBHF of Tri-borough arrangements in respect of Children's Services, Adult Social Care and Public Health Services. The disaggregation is not straightforward, given the majority of roles within these services work across all three boroughs. Hence there are risks around failure to meet the needs and expectations of our customers as a result of disruption to business as usual activities, and delivery risks associated with existing change initiatives, as service models are re-shaped.

### 2.2 External issues

- **Supporting Grenfell Fire Response:** Following the Grenfell Tower tragedy, a significant number of staff were seconded to the Grenfell Fire Response team. There has been a united effort across the city council to provide continued assistance to colleagues at the Royal Borough of Kensington and Chelsea in support of the residents affected by the tragedy, in collaboration with other London authorities:
  - The borough emergency control centre was set up at Portland House, providing advice around governance, roles / responsibilities and organised the delivery of equipment, telephony, IT and email accounts.
  - Senior members of staff were drafted in to support crisis communications and staff will continue to operate in this capacity in the medium term
  - The Council successfully achieved the PM's target of offering every household an offer of high quality secure temporary accommodation within K&C and neighbouring boroughs as an alternative to hotels.
  - Financial support has also been provided, ranging from the processing of discretionary payments for key workers to assisting residents with their financial affairs at the Portobello Road Post Office.
  - CityWest Homes has been focused on assessing all aspects of fire safety across Westminster's 22,000 homes under management. This has included a priority focus on buildings with cladding systems and the 41 tower blocks over 10 storeys, with independent checks being scheduled.

## 2.3 Service Performance

- **SEN Service delivery:** The requirements of the Children and Families Act in relation to children with special educational needs and disabilities have led to challenges in ensuring that children's needs are identified and met across a wider age range, following integrated planning with a wide range of agencies. There will be a challenge to ensure the 813 children or young people with a Statement of SEN are transferred onto new Education, Health and Care plans and assessed by the 31 March 2018 national deadline.

The joint Ofsted and CQC inspection of the local area (SEN Service, Schools, Health partners and parents) will gauge how well agencies fulfil their statutory responsibilities for children and young people with special educational needs and or disabilities. We could be notified of this inspection at any point during school term time over the next year, with 5 days of notice given prior to inspection.

- **Pensions administration:** Failure by BT to provide an accurate data to Surrey County Council (SCC) in regards to members' pensions. This has been escalated to the Pensions Committee and for resolution at the highest level with BT. Concern remains over BT's ability to fully resource and deliver the improvement plan which continues to have a large impact on the internal retained resources in People Services, who need to do considerable amounts of extra work as a result.
- **Temporary Agency Contractor (TAC) numbers continue to be high.** Numbers and costs of Temporary Agency Contractors – and specifically those with over 12 months' tenure – are still higher than target. At the end of the first quarter there were 216 TACs (against a target of 175 for the year) of which 40% have been working for the council for over 12 months. People's Services Business Partners are working with business units to address TAC usage within the organisation and work is being done with services to reduce numbers and move long term TACs to fixed term contracts wherever possible.
- **Achieve Government targets for planning applications processing:** Whilst we are comfortably achieving the target for major applications (69% against a target of 60%), we are unlikely to meet the target for non-majors. The targets relate to the period October 2015 to September 2017, which includes a number of months where performance dipped significantly below target. Having come through the period of disruption caused by the move to digitalisation, performance in 2017/18 is now well above target (80%). However, over the 2-year period, we anticipate falling slightly short of the 70% target. The Department for Communities and Local Government (DCLG) are fully aware of this issue (and Westminster's unique position in terms of its stock profile which makes applications more complex to process).
- **Licensing and Noise complaints:** In the months April to June 2017 the Noise team received a total of 518 complaints of noise from street entertainers. This is a 40% decrease compared to the 869 complaints received in the same quarter in 2016. There has also been notable performance from colleagues in the Licensing service, which has received and dealt with 1494 temporary event notices. This is a 23% increase on last year. Since the appointment of a new apprentice licensing officer, in June, the percentage of TENS processed within target has increased to 97% from 43% last year.
- **Rough sleeping:** The Rough Sleeping Team is encouraged by the recent reduction in rough sleeping across the City. Over the past year, they have worked closely with partners, including Immigration Compliance & Enforcement, to address the high levels of Non-UK National rough sleeping. This time last year, one could expect to find up to 134 Non-UK EEA Nationals on the street on any one night; at its peak, closer to 200 individuals. Following some excellent partnership approaches across the council, the Metropolitan Police and the Home Office, as well as our charity partners, the latest street count found just 44 Non-UK EEA Nationals, a 67% decrease. The total figures dropped by 117 individuals to 212, with EEA Nationals down from 134 to 44.

## 2.4 Principal Risks

- **Tri-borough Exit:** Notice has been served on the S113 agreement between the three Councils. A large scale and potentially intensive period of service reconfiguration will be required to deliver the disaggregation of the shared service arrangements that are currently in place.

The potential impacts of 'Trexit' could be failure of a shared service, along with the subsequent reputational damage. Medium term planning savings targets could be missed and this could be compounded by financial penalties if the Tri-borough relationship is not terminated by March 2018.

A corporate programme has been established to plan and co-ordinate activity and ensure the tri-borough exit is orderly and within one year timeframe. Upcoming milestones include:

- Bi-borough organisational structure to be created and signed off by August, followed by staff consultation
  - ASC and Finance drafting proposals to determine which areas of their service will remain shared across three councils in a co-operative arrangement
  - IT is carrying out a review of the shared IT systems, to ensure proper data protection is in place and internal processes unaffected following move to Bi-Borough arrangement in March 2018
- **ASC marketplace:** The Adult Social Care market is fragile and there is significant risk of market failure. This could result in significant unmet need and higher dependency levels of customers making it more difficult to achieve savings. In the event of provider failure the Council will need to form contingency plans in order to meet the needs of vulnerable residents in a timely and safe manner.

If this risk is realised, the service could miss key medium term planning savings targets and there may be further resources required to deal with the failure of the market. There could also be reputational impacts upon the Council.

The Market Management Strategy, set out in the Market Position Statement, should mitigate some of the associated risks. The strategy details future commissioning intentions including a commitment to London Living Wage. The service will also pursue new commissioning opportunities through long-term strategic partners. There will be contingency planning policy in place in the event of provider failure and to accommodate service interruption.

- **Housing statutory duties and homelessness:**

The Homelessness Reduction Bill became law earlier in the year which places a legal duty on councils to give people meaningful support to try to resolve their homelessness, as well as introducing measures to prevent people becoming homeless in the first place.

The current supply of private sector housing affordable to households on benefits that does not meet demand from the Council's statutory requirements (whether for TA, prevention or discharge of duty). The increasing cost of local housing leads to continuing high levels of homelessness.

This could result in an increased spend on property by the Council and financial penalties associated with a legal challenge on Westminster's relocation policy. This risk is particularly topical following the Grenfell fire and efforts to rehouse residents.

The Housing Options Service is already being restructured, with the aim of reducing the number of people presenting themselves as homeless and the Council is seeking additional properties through established contractors. There is also work being done to manage the service's finances in a smarter way and quickly identify changes in spend profile. It will also be essential to make better use of vacant properties in Westminster to increase supply of housing.

## 1. Performance by service directorate

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The information presented below is by exception and covers the significant achievements and identifies the top emerging and current challenges for each Directorate at the end of the first quarter.

### 1.1 Adults Services

#### Achievements and opportunities:

##### Front Door and Demand Management Programme

The programme is working to join up and digitalise front door services across Adult Social Care and Health and more fully integrate the service provided with targeted prevention services commissioned from the voluntary sector. The programme also aims to increase the community based asset contribution of service delivery (including use of volunteers, provider led fundraising and fuller use of local buildings, services, and businesses.)

##### ► Outputs delivered

- An improved search engine for People First home page and self-assessment functionality that directs customers to services more quickly and easily.
- A detailed value for money analysis has been complete to evaluate the cost effectiveness of the programme and covers:
  - The front door service (Corporate Customer Services and ASC Information & Advice Team) which aims to provide effective triage and appropriate support on first contact with the Council for service users with multiple and complex needs.
  - £7.83m portfolio of 59 services provided by 37 voluntary sector providers (funded by Adult Social Care, Public Health, Housing, Corporate and Central CCGs)

##### ► Outcomes achieved

£1.4m of additional public health funding has been directed to targeted preventative services for adults in 2017/18. The evidence base used for delivering a cost effective front door and prevention service offer are good.

##### Commissioning and Market Management Strategy Programme

This programme is working to deliver major re-commission and care pathway projects and continue to promote independence and manage care package costs at the operational level. The programme is also working on the introduction of differential charging opportunities by introducing a tiered pricing and a choice based offer for certain services where appropriate. The overarching aim of the programme of the programme is to deliver better outcomes for customers whilst spending less.

##### ► Outputs delivered

Four major re-commission projects have been initiated covering learning disability and mental health support. Propositions have been set out with prospective savings in the region of 5%. Care Place, a web based portal to allow market management and brokerage was rolled out to staff. A list of service and system weaknesses that leads to avoidable levels of spend and an associated plan for testing and where required to rectify issues has been established. A pilot to review practice and care package cost management has been delivered. The review of all provided services is underway.

##### ► Outcomes to be achieved

The Care Place web portal is supporting staff in improved transparency and cost management. Preparation for Adulthood offers an improved pathway for young people transitioning into Adult Social Care stating the service offer and managing expectations. The programme aims to provide better ways for meeting outcomes whilst delivering a further £4.655m of savings in care and support costs (2017-2020). The Department has been achieving this outcome successfully for the past 5 years.

### Whole Systems and Health Integration Programme

This programme is working through the developing Sustainability and Transformation Plan (STP) sub regional structure and local Better Care Fund programme and Health and Well Being strategy to make the transition to a fully integrated health and social care service system. This system will bring together back office, social work services and commissioning budgets with NHS CCG and provider trust structures. This will; provide a service that makes more sense to customers; remove duplication and evolve new roles and models of service delivery; bring together health and social care pathways to deliver better prevention and long term care outcomes and manage budgets and associated populations collectively.

#### ► **Outputs delivered**

High level business cases to deliver more for less by integrating operations and back office services with resources across Clinical Commissioning Groups (CCG) and NHS Trust service systems have been developed. Major development and steps toward integration of hospital discharge and community independence services have been taken including innovative cross borough working. Associated high performance on delayed discharge and reablement outcomes has been achieved.

#### ► **Outcomes to be achieved**

The contribution to our 5 year STP was made and has been recognised as one of the best in England. The plan sets out shared priorities and a strategic direction of travel around prevention and reduced dependency on high cost health and social care services. Public health programmes are at the forefront of work to deliver better health outcomes, reduce pressure on the system and provides funding for targeted prevention services for adults and children's (totaling £8.53m in 2018/19).

### Challenges facing the service and city council:

#### **Increasing risk of overspend**

There is a potential risk of overspend in the future for Adult Social Care.

#### ► **Impacts and consequences**

This is associated with a range of factors including the delivery of savings that are dependent on successful demand and market management, counter demographic and care act pressures that may not be fully catered for through growth and risks associated with continuity of health funding.

#### ► **Mitigation and progress**

Delivery of all efforts to reduce costs through demand and market management and improved modeling, tracking and reporting systems; relationship management with Health and continued development of whole systems working and prudent use of additional funding to Adult Social Care announced in the March 17 budget.

#### **Adult Social Care Market**

The market for Care and Support is fragile in terms of growth and stability and assuring quality.

#### ► **Impacts and consequences**

Quality and availability of Adult Social Care services.

#### ► **Mitigation and progress**

Market management including working on a regional and sub-regional basis and the appointment of strategic provider partners on a long term basis.

### **Reducing customer satisfaction**

Continuing risk of extra cost pressures in Adult Social Care, beyond 2016/17, due to demographics, health service challenges and a fragile local market.

▶ **Impacts and consequences**

Particularly for existing customers that experience change to their services. Risk to reputation and delivery of service change agendas.

▶ **Mitigation and progress**

Use of customer insight and intelligence to design and delivery all major programmes and projects. A Departmental Communications and Change Management strategy has been put into place that puts emphasis on close consultation and co-production through the change process. Lower level plans are in place for all major programmes and projects that are focused on the outcomes that are most valued by customers.

## **2.1 Public Health**

### **Achievements and opportunities:**

#### **Community sexual health services launch**

The community and reproductive sexual health services has now been launched. It was opened by the Joyful Noise choir and presentations from Cllr Paul Church and the newly commissioned services Central and North West London NHS Foundation Trust (CNWL) and Support and Advice on Sexual Health (SASH).

▶ **Outputs Delivered**

The service has now been officially launched, with information distributed to relevant stakeholders in attendance. This includes a digital platform approach, with websites, self-help modules and on-line booking/referrals being launched. This has allowed for residents to access services 24/7.

▶ **Outcomes to be achieved**

The profile of these services has been raised and this launch will increase referrals to these preventative services. It will lead to a greater realisation of the long term goals of reducing the transmission and acquisition of sexually transmitted infections and unplanned pregnancies. The investment in preventative services will reduce the longer term cost of acute services. The second phase will include further digital delivery, with apps, further modules, talking head videos and links to the e-services portal to order home sampling kits.

#### **School Health Service Launch**

The contract for school health services for Westminster transferred successfully to Central and North West London NHS Foundation Trust (CNWL) on 1 April, 2017.

▶ **Outputs Delivered**

- The first 100 days of mobilisation ended on 10<sup>th</sup> July, 2017 and the 100 days plan is 'closed off': successfully completed.
- School health staff have integrated well into the new service and the recruitment plan is on track to be delivered within timescales.
- The new service model is being successfully delivered by new providers.



### **Embedding of the new Public Health operating model**

Enabling Westminster, working with their residents and partners, to achieve their visions for health and wellbeing more quickly and efficiently than the current structure allows and to ensure that Westminster continues to deliver their statutory Public Health duties. Building sufficient acuity and agility to cope with the shift to bi-borough, end of ring fencing and other changes in the medium term without the need for further major restructuring.

#### **► Outputs delivered**

The new staff structure went live on 3rd April 2017 delivering an improved and more efficient function. The new structure has clarified roles and responsibilities and introduced new skill sets (e.g. health promotion, programme management, impact monitoring, strategy and business planning). This will continue to enable a more effective use of staff and financial resource to improve population health. In particular, the new operating model has introduced matrix working enabling better partnership working and influence across Local Authority and NHS directorates. The majority of new roles have been filled with only four vacancies remaining.

#### **► Outcomes to be achieved**

The benefits of this new staffing structure will continue to be realised over the course of the year.

### **Challenges facing the service and city council:**

#### **Termination of tri-borough Arrangements with LBHF**

Royal Borough of Kensington and Chelsea and WCC have decided to issue a termination notice to Hammersmith and Fulham ending Tri-borough arrangements in respect of Children's Services, Adult Social Care and Public Health Services.

#### **► Impacts and consequences**

The impact is likely to be felt particularly on Public Health as a re-structure has only just been completed and the disaggregation is not straightforward given the majority of roles work across all three boroughs.

#### **► Mitigation and progress**

The bi-borough operating model will continue to build on the operating model recently launched and a proposed bi-borough function is now being discussed with cabinet members.

#### **The pan London e-service for sexual health**

The service allows residents to access home sampling for sexually transmitted diseases online. It is an alternative to residents attending clinics and is for residents/ patients who present with no symptoms following an online triage and risk assessment. At present this is due to miss its deadline start date.

#### **► Impacts and consequences**

The service is due to go live in September 2017. This is being run and procured by the city of London. Delays to this launch impact on our ability to channel shift residents to this service and therefore realise a cost reduction in an activity-based service and budget.

#### **► Mitigation and progress**

To mitigate this we are monitoring our demand strategy and ensuring the pathway to community sexual health services is promoted to residents and stakeholders, to use this resource effectively.

### **Supporting the Grenfell Fire Response**

The Public Health service is involved in the response for Grenfell. Support for Grenfell continues to be provided across a number of areas.

▶ **Impacts and consequences**

Support for Grenfell continues to be provided across a number of areas, in particular by senior management team members and community champions leads. The allocation of resources to support the response impacted on day-to-day delivery of public health work programmes for a short period until new resource was brought in. Commissioner leads have and continue to support relevant commissioned services to deliver additional support to North Kensington residents impacted by Grenfell.

▶ **Mitigation and progress**

Additional resource has been brought in to support the Grenfell response and the Public Health team will inform the longer term staffing requirements for the Grenfell fire response.

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Adult Social Care</b>					
Proportion of adults with a learning disability known to Adult Social Care in paid employment	9.2%	9.2%	9.5% (38/388)	On track to achieve target	Stable
Proportion of adults in contact with Mental Health services in paid employment	6.8%	7%	6.4% (55/851)	On track to achieve target	Stable
Percentage of clients who require long term service after completing a reablement package	29%	29%	36% (53/148)	At risk of missing target	Deteriorating
<b>Service commentary:</b> Too early to make judgement about outturn as only two months of data. Position will be monitored through monthly local reporting					
Overall satisfaction of people who use services with their care and support	59.5%	N/A Context	56.1%	N/A	Deteriorating
The proportion of people who use services who find it easy to find information about support	72.7%	N/A Context	71.4% (weighted)	N/A	Deteriorating
Delayed transfers of care, acute days attributed to social care (cumulative)	826	1,103	101	On track to achieve target	Improving
Percentage of carers receiving an assessment or review	85%	90%	14.9% (92/619)	On track to achieve target	Stable
Total number of new permanent admissions to residential care of people aged 65 years and over	37	95 (combined)	4 (Cumulative)	On track to achieve target	Stable
Total number of new permanent admissions to nursing care of people aged 65 years and over	55	95 (combined)	7 (Cumulative)	On track to achieve target	Stable
Adults receiving a personal budget to meet their support needs	92.1%	90%	92.6% (1,499/1619)	On track to achieve target	Improving
<b>Public Health</b>					
<b>Service Commentary:</b> Public Health performance indicators all have a lag reporting time of 1 quarter. The most up to date figures available as at Q1 are for Yearend. All targets at yearend were achieved.					
Percentage of children who received a 2-2.5 year review	100%	100%	Update available Q2	N/A	N/A
Number of residents reached through community champion activities	17,545	10,000	Update available Q2	N/A	N/A
Number of NHS health checks taken up by eligible population	6,465	8,747	Update available Q2	N/A	N/A
<b>Service Commentary:</b> National guidance states that each LA should aim to deliver health checks to 15% of the eligible population. Locally WCC has set an ambitious target of 20% for 2016/17. We have achieved an annual outturn of 15.5% for 2016/17.					
Stop Smoking Services – number of 4 week quits	1,558	1,500	Update available Q2	N/A	N/A

## 1.2 Children's Services

### Achievements and opportunities:

#### **The Centre for Social Work is delivering the Practice Leaders programme and the systemic training programmes to Local Authorities and leaders.**

The Practice Leaders programme is a national Department for Education (DfE) sponsored and funded systemic social work leadership programme to develop more high quality future directors of family services (practice leaders).

##### ► **Outputs Delivered**

- We were asked to deliver this on behalf of the DfE through the Centre for Systemic Social Work. Our first cohorts (approx. 20 places) started earlier this year and are due to graduate from the programme next year. We have two WCC aspiring directors in cohort one. The Centre for Systemic Social Work is also delivering an equivalent of Year 1 Family Therapy training to social workers from three other local authorities across the country. This cohort has started also (approx. 90 people).
- Plans are underway for Cohort 2 on both programmes.
- The Director of the Centre for Systemic Social Work has been recruited (the previous executive director of tri-borough children's services) and will focus on developing a sustainable business model to enable the Centre to continue to deliver programmes once the DfE seed funding has gone in two years' time. This model will include continued delivery of systemic social work training and may incorporate improvement partnership work with other local authorities' children's services.

##### ► **Outcomes to be achieved**

Although still at an early stage the Centre for Social Work is developing models for sustainability from income, which, in addition to the training modules has elements offering peer review and improvement support to embed whole systems change.

#### **Redesigning Speech and Language Therapy offer across Westminster schools**

The service aims to ensure that children and young people reach their speech, language and communication potential. The service is jointly commissioned by health, local authority and the special educational needs and disability service.

##### ► **Outputs Delivered**

- Restructured staffing and a new delivery model which, during this phase has focused primarily on the Early Years element of the service. This has included the streamlining of assessment processes and the reduction of duplication and bureaucracy, which has resulted in more children being able to be seen and supported more quickly.
- Through the reorganisation of staffing, Phase 1 has resulted in £72,000 savings per annum on the contract for WCC, an overall reduction of 16% on the previous contract value, while maintaining the level of service that was in place previously
- Phase 2 is underway – this includes redevelopment of the delivery model in the school age phase. This will encompass the co-design of a new targeted offer with schools, which will recognise the role that they play in supporting children and young people with low-level needs. This will result in the introduction of a graduated offer of support that will relieve pressure that is being experienced at the specialist end of the service and enable us to provide the appropriate level of support for the right children at the right time.

##### ► **Outcomes achieved**

The new delivery model has delivered significant savings leading to a more efficient and improved service model, which will ultimately include graduated levels of support. The effectiveness of this model will be evaluated with the service by monitoring the range of support that is provided at different stages in the graduated model, using key performance indicators such as number of children seen at the early years phase, caseload sizes in the service, number of EHC (Education, Health and Care) Plan applications that are made and EHC Plans that are maintained, as well as academic performance of children and young people and stakeholder satisfaction.

**Alternative Travel is a strategy to produce good outcomes for pupils whilst also producing a savings for the Local Authority.**

Councillors want an ambitious alternative travel programme to improve outcomes for young people and produce savings. Development is iterative and will initially focus upon delivering Independent Travel Training and Personal Budgets – these producing the most significant change. Once established, the programme will focus upon walking escorts, walking buses and other options.

► **Outputs Delivered**

Alternative Travel is in the early stages and is developing the following outputs:

1. Independent Travel Training:

- Developing a Council Standard for Independent Travel Training
- Undertaking a demand management analysis to identify potential pupils that could be travel trained. Establishing a Travel Care Coordinator to coordinate the programme and other travel care duties.
- Established a pilot in a local school employing a Teacher Assistant to be an independent travel trainer to train between 10 - 12 pupils per year.
- Establishing a pilot in Queensmill to travel train pupils living in Westminster by topping up the school (£10,000 per year) to use a teaching assistant.
- Establishing a pilot using Community Access Team (currently travel training older people) to travel train 16+ pupils. The internal service will develop a charge model that could be used to train pupils from Westminster City Council.

2. Personal Budgets:

- Benchmarking with other local authorities and undertaking research into effectiveness and success.
- Developing a financial framework to determine financial thresholds
- Determining the resource required to run the scheme that will need to monitor attendance, process applications and make payments monthly to parents.

► **Outcomes to be achieved**

The programme is in the early stages of setting up pilots. Two pilots are in the process of independently travel training two pupils that ultimately promote independence and make a savings to the Local Authority. To determine demand for independent travel training, we have been meeting with key schools such as College Park and Queen Elizabeth II. Initial discussions indicate that pupils with complex needs would benefit from a teacher assistant providing independent travel training as they have established relationships with the parents and the pupils. It would be more suitable to provide external provision of service to pupils with low or moderate needs. Depending on the outcome of the pilots, we may buy in services for pupils.

## Challenges facing the service and city council:

### Termination of tri-borough arrangements with LBHF

A large scale and intensive period of service reconfiguration will be required to deliver the disaggregation of the shared service arrangements that are currently in place.

#### ► Impacts and consequences

Failure to meet the needs and expectations of our customers, politicians and the service itself as a result of either disruption to business as usual activities and processes as services models are re-shaped or delays, or a failure to achieve existing change initiatives across the service within planned timescales, especially where these are linked to financial savings.

There is also the potential for the activities and change process to result in a loss of existing knowledge and expertise – with associated recruitment challenges following any such loss of staff.

#### ► Mitigation and progress

- On-going staff communications and engagement cascading key information and developments as soon as is appropriate.
- Plans are being developed around delivering the separation whilst monitoring any impact on service delivery.
- Effective governance arrangements for the implementation of the programme are being developed.
- For shared service areas affected, 'as-is' and 'to-be' structures are being modelled and fed-back to relevant Directors for initial approval.
- Associated costing work is also being progressed based on these approved structures.

### Childcare Provision

Challenge to ensure sufficient childcare provision including targeted offer of 2-year-old places, the universal offer of 15hrs free childcare for 3 and 4 year olds as well as the additional 15hrs free childcare entitlement for working parents of 3-4 year old children. Additional need to consolidate more 2 year olds from vulnerable families to take up the offer of free childcare places. Also ongoing pressure to ensure a sufficient supply of 30hrs a week childcare places for 3 and 4hrs in line with Government policy but within the special circumstances of London's childcare market.

#### ► Impacts and consequences

Failure in our legal duty to ensure sufficient childcare provision to meet local need through effective provider engagement and delivery. This includes sufficiency and targeted offer of 2 - year -old places, the universal offer of 15 hours free childcare for 3 and 4 year olds as well as the additional 15 hours free childcare entitlement for working parents of 3-4 year olds; and out of school and holiday childcare.

#### ► Mitigation and progress

- Steering group in place.
- Capital funding for further expansion is being focused on the schools sector.
- Co-design workshops have been held with a wide range of partners.
- Additional strategies are being delivered, including the roll-out of an eligibility checking system. This portal has been tested, accredited and gone live as of June. Over 60 providers have already been trained to use the portal.

### **Ongoing pressures to identify and meet the needs of children and young people with Special Educational Needs (SEN).**

The requirements of the Children and Families Act in relation to children with special educational needs and disabilities have led to challenges in ensuring that children's needs are identified and met across a wider age range, following integrated planning with a wide range of agencies.

#### **► Impacts and consequences**

- Challenge to ensure the 813 children or young people with a Statement SEN are transferred onto new Education, Health and Care plans and assessed by the 31 March 2018 national deadline.
- The joint Ofsted and CQC Inspection of the local area (SEN Service, Schools, Health partners and parents) will gauge how well agencies fulfil their statutory responsibilities for children and young people with special educational needs and or disabilities. We could be notified of this inspection at any point during school term time over the next year, with 5 days of notice given prior to inspection.

#### **► Mitigation and progress**

- Plans in place and resources reviewed to ensure the required numbers of transfers take place and new assessments are completed in time.
- The SEN Service has been re-organised to provide additional management, casework capacity and a discrete Transfer Review Team.
- The SEN Service 'New Ways of Working' initiative has been in operation since April 2017, streamlining internal processes for Education, Health and Care (EHC) needs assessments and transfer review and improving our performance tracking against statutory targets.
- The SEN Service Improvement Plan identified six key priorities, including: compliance, communication, culture, collaboration, good quality data and people. A number of improvement actions linked to these priorities are currently being implemented by the service during this financial year.
- The service delivered a significant improvement in the number of EHC transferred in the last quarter, 122 compared to 11 in the previous quarter. Increase capacity in the Transfer Review Team will help sustain performance in this area.
- Quarterly self-evaluation of the effectiveness of SEND provision is used to ensure that resources are focused on agreed priority areas for improvement as identified by parents, staff and partner agencies. This is underpinned by regular monitoring of service performance against statutory targets by the Director of Education, to understand impact of changes. A multi-agency Executive Board provides a forum to support integrated service development and coordinated preparation for a local area inspection.

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Children's Services</b>					
Reduce the number who enter care between the ages of 14 and 17 (excluding unaccompanied asylum seeking children)	20	20	3	On track to achieve target	Stable
Reduce spend on placements for children who enter care between the ages of 14 and 17	£347,420	Figure will be available on 16/10/17	Figure will be available on 16/10/17	N/A	N/A
Reduce the number of referrals and assessments that do not lead to social work intervention, instead making more effective use of earlier help and partnership with universal services.	12% (225/1817)	10%	15.8% (50/316)	On track to achieve target	Stable
Maintain and improve the proportion of Westminster schools judged to be outstanding by Ofsted	36%	40%	36%	On track to achieve target	Stable
Improve the proportion of children who reach expected levels for reading, writing and mathematics at the end of primary school	58%	65%	68%	On track to achieve target	Stable
Improve on 2016 performance for the Progress8 measure	0.32 (2015)	0.45 (2016)	Available 09/2017	N/A	N/A
Increase the level of income generated through the trading of educational services.	£558,974	Figure will be available on 16/10/17	Figure will be available on 16/10/17	N/A	N/A
Continue the expansion of four secondary schools to deliver 550 additional school places in total between 2017 and 2025, starting with 250 new places from 2017/18 onwards and a further 300 places from 2019/20 onwards.	New	250	Figure Reported Annually	N/A	N/A
Increased proportion of Education, Health and Care assessments which are completed within 20 weeks	35%	75%	45%	On track to achieve target	Stable
Increased number and proportion of SEN statements transferred to Education, Health and Care Plans.	138	80%	30% (345/1150)	Off track to achieve target	Deteriorating
<b>Service Commentary:</b> Improving SEN performance, including compliance with the requirement to implement all of the Children and Families Act changes by April 2018 has been identified as a risk.					
Number of reviews undertaken to establish appropriate levels of Speech and Language Therapy based on needs.	New	N/A	Figure available 01/2018	N/A	N/A
Establish three Family Hubs in the City	New	3	Delivery in March 2018	On track to achieve target	Stable
Membership base of Young Westminster Foundation following first AGM	New	50	14	On track to achieve target	Stable



## 1.3 Corporate Services

### Achievements and opportunities:

#### Embedding the new Digital Programme Structure

► **Outputs Delivered**

Implementation plan spreadsheet, Agresso role, numerous and various BT service requests, tailored adverts for jobs, response templates, reports delivered and training delivery

► **Outcomes to be achieved**

The target outcome is that all roles on the post-reset Digital Programme will be filled by appropriately skilled resources and that both these resources and those who we have inherited from the previous programme, should sit within a suitable structure that is fully compliant with HR policy. We are now a good way along the path to achieving this outcome with the base structure now in place and 50% of the positions now filled and compliant.

The implementation plan will be developed during the mobilisation phase of the programme (Q4). Roles have been set up in Agresso and work is ongoing to transfer the secondees and appoint to these roles - this is an iterative process. Due to minimal standard templates for the roles, bespoke role descriptions have been created where necessary.

Feasibility templates are being completed as part of the work during this stage, training has been delivered, further training is being proposed to support a larger group including additional members of CMC and ASC; further training is expected to be delivered.

#### Completion of Commercial negotiations with BT with respect to contractual issues relating to the Managed Services Provided by BT

Commercial Settlement agreement between WCC, RBKC and BT negotiated and executed by all parties. This is Commercially Sensitive information and governed by a non-disclosure agreement. The BT contract does not expire until May 2019, so it has been critical to ensure that the current contract was stabilised for the remaining years.

► **Outputs delivered**

Resolution of certain past contractual issues and an agreed plan for the remainder of the Contract.

► **Outcomes to be achieved**

Certain contractual disputes have been resolved and an agreement reached as to the future scope of service and obligations of all parties going forward.

#### Develop our apprentice and graduate opportunities

The Apprenticeship Levy implementation commenced 1st May. The Council have agreed strategy and approach using Westminster Adult Education Service (WAES).

► **Outputs delivered**

- An Apprenticeship Programme Board was set up to agree and implement strategies to use the levy for new apprentices as well as for existing workforce.

► **Outcomes achieved**

- Levy is now live and on-line digital account is operational
- WAES have successfully gained their licence to operate on our behalf to source apprentices
- Procurement exercise is currently underway to procure other training providers as required for more specialist apprenticeship offers
- Work started with services to identify new apprenticeship opportunities
- Four graduate places offered, commencing end of September 2017

### Agreed route for the re-procurement of Managed Services which may potentially avoid the need for a full procurement exercise

#### ► Outputs delivered

- Deloitte were appointed to support a soft market test
- Principles were agreed as to the approach that WCC and RBKC would take to the re-procurement
- Short list of potential options available without a full OJEU procurement process are being evaluated by experts and stakeholders
- These are being summarised into SWOT analysis for further consideration of viable options with Stakeholders and Members

#### ► Outcomes achieved

- Senior programme governance in place to ensure alignment between WCC and RBKC on the future route for Managed Services
- Criteria that will be used to evaluate the options has been agreed between WCC and RBKC officers
- Site visits to potential service providers to view their service offering are in progress
- Meeting with Chief Executives scheduled 15/08/17 to agree the option or options to be taken forward for detailed due diligence
- A replacement for the BT Managed Service is to be in place on or before expiry of the BT contract in May 2019

### Establish and embed ICT platforms that allow us to support the business in delivering reduced cost and better value services delivering mobile working, customer self-service and supporting business intelligence initiatives

#### ► Outputs delivered

We have a broad digital platform in place and being developed. The skills needed to support digital projects are established within the shared ICT service and continue to be extended. The digital platform includes the tools to deliver customer digital (web and integration to enable customer self-service), mobile working, collaborative working (Office 365 suite) and business and location intelligence tools.

The Dynamics 365 platform has been implemented and, working with our service integrator Pythagoras, we are due to deliver the first phase (Report It and My Account) by the end of August which will include end-to-end integration with three lines of business systems.

Customer self-service solutions will be delivered using the customer digital platform as an integral part of the Westminster Digital Programme.

We have also established and are developing a business and data location intelligence platform to develop future solutions making effective use of data to inform management thinking and decision making.

#### ► Outcomes achieved

- Office365 has significantly enhanced collaboration & flexible working and has enabled City Hall decant project to succeed
- Westminster Digital Programme first phase outcomes (efficiency and customer service enhancement) will be enabled through end of August delivery
- Platform has been established to support future transformations for the Council
- Shared GI and BI platforms are enabling a range of data-driven initiatives across the Council, which improve efficiency and deliver policy outcomes

## Challenges facing the service and city council:

### Major Failure of ICT Systems

Westminster City Council continues to be at risk from failure of ICT system disruptions, however this is significantly reduced following decommission of the City Hall legacy datacentre.

#### ► Impacts and consequences

Inability to deliver statutory and non-statutory Council services resulting in significant operational, financial and reputational damage as well as harm or inconvenience to Council service users.

#### ► Mitigation and progress

A review of Systems Health with Corporate Business Continuity team is to be completed by 31<sup>st</sup> July 2017 – this will be presented to the Executive Management Team on 26<sup>th</sup> September 2017.

### Accidental or Malicious Loss of Council Data

Risk of virus/hacking from external sources remains high, in line with the external threat profile.

#### ► Impacts and consequences

- Data breaches could result in harm to Council customers
- Significant reputational damage may occur resulting in loss of trust in the Council
- Fines from the regulator (ICO) may be incurred. Under new General Data Protection Regulation (GDPR) legislation (effective 25 May 18), the maximum fine is 5% of annual revenue

#### ► Mitigation and progress

Additional work on user training and engagement including:

- Commission new IT HealthCheck by 31<sup>st</sup> January 2018, this will review and validate the technical security of the Council's IT environment and is a prerequisite for connection to the Public Service Network (PSN)
- Publish Information Governance communications and training plans by 31<sup>st</sup> October 2017

### Council is victim of a cybercrime incident

As the Council is connected to the Internet and collaborates with a range of other external parties, it is exposed to the threat of hacking and ransomware attacks, in line with other organisations. The recent NHS Ransomware outbreak illustrates the potential risk and impact of such an attack.

#### ► Impacts and consequences

- Prolonged outage of essential Council IT systems and services
- Permanent loss of Council data required for delivery of (statutory) services
- Loss of customer and Council data resulting in harm to customers and fines for the Council
- Council reputation and staff morale damaged
- Additional costs associated with recovery from incident and workarounds

#### ► Mitigation and progress

- Ensure that technical health measures including frequency of backups and levels of resilience align to an agreed criticality for each system; to be reported to EMT by 30<sup>th</sup> September 2017
- Crisis and incident response planning and exercising, ensuring that procedures exist in which employees and those responsible for the management of high priority incidents are well versed to streamline the organisation's reaction to ransomware events and its ability to restore service to employees and customers; now complete
- Strong security hygiene policies and user awareness, preventing ransomware from entering the Council's IT environment through the most common delivery vector, phishing, by developing vigilant employees through robust awareness campaigns; Policy and Communications plan for quarter 3 and 4 published by 30<sup>th</sup> September 2017
- Implement strong technology controls including Enterprise Mobility Suite (EMS) and continue to ensure rigorous patch and vulnerability management to help reduce the likelihood of exploitation; EMS including Multi Factory Authentication implemented by December 2017

## **Termination of tri-borough arrangements with the LBHF for Children's and Adults Services.**

### **► Impacts and consequences**

- An increased amount of work for the People Services team
- Organisational design support, impact analysis of changes on existing departments/teams/staff, programme planning, consultation preparation and support to service leads, Programme board and governance support, employee relations advice, union engagement and consultation, implementation of new operating model and OD support to embed Bi-Borough vision/goals.
- The re-design of organisational structures
- People services are currently working with Exec Director/Directors to design new Bi-Borough structures. Once these are complete considerable input will be required by People Services (HR Business Partners/HR Project Manager) to analyse the impact on existing teams/staff so that this is available for consultation go-live. The financial costs are currently being worked up by Finance colleagues
- Migration of staff from one organisational structure to another
- Additional work and time pressures resulting appeals etc.

As we go through consultation we would expect to see a spike in complaints and appeals. This would need to be picked up by the employee relations team within People services and will create additional work and time pressures as a result. We do not know the level of complaints/appeals at this stage as we are not yet in consultation.

### **► Mitigation and progress**

Specialist dedicated team currently being appointed to manage and support the impact of this transition for staff.

- Team will sit within People Services and manage the implications of future restructures
- One HR project manager has been appointed on the WCC side with 0.75 FTE support from a Senior ER Adviser. A further resource will be starting in August 2017.

## **Pensions administration**

Escalated to Pensions Committee due to a continuing failure by BT to provide an accurate data file to Surrey County Council (SCC) in regards to member's pensions. This has been escalated for resolution at the highest level with BT

### **► Impacts and consequences**

- Concern remains over BT's ability to fully resource and deliver the improvement plan which continues to have a large impact on the internal retained resources in People Services that need to do considerable amounts of extra work as a result
- While some progress has been made it is clear that BT's recovery plan is behind schedule
- Systems interface that was originally due to go live at the end of February has now been delivered.
- Concerns still remain over starters, leavers and changes. The recently delivered interface should see improvements on starters and changes
- People Services in the meantime continue to individually escalate relevant cases through the system, in particular for leavers
- Revised file provided by BT in June for Annual Benefit Statements (ABSs), which were missing or inaccurate for 2015/16. This has resulted in 500 ABSs been issued/reissued by SCC in July
- BT is now working to get an ABS file for 2017/18 to Surrey in time for the statutory deadline of end of August to be delivered. This file is late and needs to be micro managed by the WCC pension admin team in People Services

### **► Mitigation and progress**

- People Services will continue to work with both BT and Surrey County Council to improve the pension service to members going forward and will keep the Committee informed of progress
- A detailed improvement plan with a deadline of 31<sup>st</sup> August 2017.

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Procurement Services</b>					
Number of Waivers of the Procurement Code	58	50	15	On track to achieve target	Stable
<b>Service Commentary:</b> There is no pattern to the submission of waivers so whilst quarter 1 trajectory is a quarter of the total target this is not an indicator for the whole year. At this stage the 15 waivers received are not a cause for concern.					
% of contracts awarded that include the benefits of Responsible Procurement	New Indicator	90%	66% (4/6)	On track to achieve target	Stable
<b>Service Commentary:</b> Two contracts (the provision of Private Healthcare Insurance 2017 supplied by BUPA at a value of £162k and Estates Valuation supplied through Sanderson Weatherall at a value of £320k, were direct awards from a framework with a single supplier choice and limited opportunity to incorporate social value outcomes. Additional requirements to identify proposed approach to social value inclusion have been included in the gate 1 (procurement strategy review).					
<b>Information Services</b>					
Reducing Priority 1 (highest level) ICT incidents	New Indicator	5 (per month)	5	On track to achieve target	Improving
<b>People Services</b>					
TACs employed for over 12 months	24%	25%	40%	Off track to achieve target	Deteriorating
<b>Service Commentary:</b> Where assignments have been extended to the 30/6/2017 tenure has reached 12 months and this has resulted in an increase.					
Number of accreditations to deliver internal capability programme to deliver Leadership Academy events	New Indicator	24	11	On track to achieve target	Stable
Rollout next level of 360 feedback on time and budget	New Indicator	90% of Band 5/6	50 (30%)	On track to achieve target	Stable
All Executive Talent to have a tailored development programme during 2017/2018	New Indicator	100%	100% (13/13)	On track to achieve target	Stable
Reduce the total population of Temporary Agency Contractors (TACs)	236	175	216	At risk of missing target	Improving
<b>Service Commentary:</b> Overall TAC numbers have reduced from a peak in March 2016. A number of contractors were identified during the transition from Comensura to Matrix that were previously not recorded. This is because these TACs were not engaged through Comensura. As part of the transition and our focus on IR35, we have endeavoured to pick up all of these types of resources and ensure they are engaged through the correct route. Therefore, numbers prior to June 2017 have previously been understated. The number of long service TACs has also been impacted by this identification process.					
Ensure staff turnover is managed at appropriate benchmark levels	16%	16%	3.5%	On track to achieve target	Improving
Graduate Retention	New Indicator	100%	86% (6/7)	On track to achieve target	Improving
<b>Service Commentary:</b> One graduate at the end of the programme has resigned, however we will have 4 new graduates in place on the 18 <sup>th</sup> September taking the total up to 11.					
<b>Legal Services</b>					
Achieve an overall client satisfaction level of 65%	New Indicator	65%	86%	On track to achieve target	N/A
Meet the agreed time frames for legal cases in each area	New Indicator	90%	90%	On track to achieve target	N/A
Deliver the service to budget across the three trading accounts	New Indicator	100%	Balanced budget	At risk of missing target	Stable
<b>Service Commentary:</b> RBKC and LBHF budgets are forecasting balanced budget at quarter 1. Pressure has been identified in WCC in relation to eternal spend targets and salary vacancy savings as the service is at establishment. This position will have to remain to allow additional external work to be completed.					

## 1.4 City Management and Communities

### Achievements and opportunities:

#### Tackling drug related issues and Anti-Social Behaviour in Soho

Public Protection and licensing services alongside our partners have been responding to residents concern over drug dealing and use in Soho. This continues to remain a high priority, focusing on tackling those selling drugs and working with landlords to design out problematic areas.

##### ► Outputs delivered

- We have been working closely with the police to identify and gather evidence against those who are involved in this behaviour.
- As a result, over the last 6 months, we have issued 18 community protection notices and 72 warnings. Four high profile individuals have been issued with Criminal Behaviour Orders.
- Community engagement and reassurance is a core part of our efforts to tackle this issue, with a wide range of walkabouts, ASB surgeries and community meetings held.
- Over 30 Soho Housing residents were given a presentation to inform them of partnership actions taken to reduce drug use and provide community reassurance. We have delivered over 60 appeal letters to residents and businesses in a single street which has been affected.

##### ► Outcomes to be achieved

Whilst this issue continues to affect residents and is a priority for the directorate, we are tackling the behaviour as a partnership and ensuring that local residents are aware of the activity being undertaken.

#### Ensuring homes in the private rented sector (PRS) are safe and of a good standard

The team has committed to a City Wide review of PSR homes, using our powers to prevent rogue landlords from exploiting our residents and address problems associated with short term lets.

##### ► Outputs delivered

- We will be carrying out 1,000 stock condition surveys in the private rented sector, between now and June 2018.
- We will use the Evaluation and Performance Team to ensure a statistically and spatially relevant sample, to focus our activities to improve housing conditions. We are also undertaking a survey of an additional 250 Houses of Multiple Occupation properties, to ensure we have an accurate picture of this sector.
- In addition we will be holding a Stakeholder event for those working with and coming into contact with private tenants to encourage referrals of poor housing.
- We are submitting a BID to the CLG's Controlling Migration Fund to help fund some of these activities.
- We are working with London Boroughs Private Rented Sector Partnership Group which shares information and best practice on tackling PRS housing.

##### ► Outcomes to be achieved

This activity will ensure we are able to champion the 80,000 people who rent privately in Westminster, ensuring that their properties are safe and of a good standard.

#### Parking Suspensions

A joint procurement exercise with the London Borough of Camden has taken place to develop an online suspension booking system.

##### ► Outputs delivered

A contract was signed in February 2017 and development work is currently ongoing. The system will drive customers online and ensure customers are able to self-serve where possible.

##### ► Outcomes to be achieved

Outcomes measured by improved quality of customer 'End to End' service for booking suspensions that will provide improved management information for reporting purposes.

### Improvements in delivery in the Licensing Service

The first quarter of 2017 in comparison to 2015 and 2016 shows that on average there has been a 10% increase in applications received each month, which presents a key trend when anticipating numbers of applications in the future.

#### ► Outputs delivered

- Although there has been an increase in the volume of applications received, the service has continued improving the time that it takes to validate and acknowledge applications. The target to acknowledge applications is within 2 working days. This target has improved from 76% in 2015/16 reaching 97% in June 2017.
- The Licensing service is now also making representations to applications as the Licensing Authority. This intervention has reduced the number of applications brought before Licensing Sub-Committee for determination.
- The licensing service has received and dealt with 1494 temporary event notices which is a 23% increase on last year. Since the appointment of a new apprentice licensing officer, in June, the percentage of tens processed within target has increased to 97% from 43% last year.

#### ► Outcomes to be achieved

The service continues to improve, managing increased applications more effectively and improving the quality of service to our customers.

### Busking in the west end and St James Ward

The Noise Team receives a large number of complaints concerning noise from busking and other street entertainers. In response to a rise in complaints seen in 2016/2017 a dedicated busking team was set up in January 2017. The team provides a street presence in Trafalgar Square, Leicester Square and Oxford Circus between the hours of 13:00 – 19:00. They proactively engage with street entertainers to ensure that noise does not rise to unreasonable levels and also provide a fast response to complaints that are received in this area.

#### ► Outputs delivered

In the months April to June 2017 The Noise Team received a total of 518 complaints of noise from street entertainers. This is a 40% decrease compared to the 869 complaints received in the same quarter in 2016.

- April saw a 34% decrease from 262 complaints to 172
- May a 48% decrease from 329 to 173
- June a 38% decrease from 278 to 173

#### ► Outcomes to be achieved

The proactive team in place is able to deliver a much more efficient and effective service to those suffering from noise from buskers. In addition this targeted presence, is reducing the number of complaints received on previous years,

### Parking Services

Back Office Operational Changes and Efficiencies

#### ► Outputs delivered

The governance process to allow WCC officers in Dingwall to carry out the statutory decision-making functions for formal representations and appeals on behalf of other London Boroughs under an Inter-Authority Agreement has been established. WCC has been carrying out such work for the LB of Waltham Forest (LBWF) since February 2017.

#### ► Outcomes to be achieved

WCC are successfully considering and responding to LBWF challenges on their behalf, and are in the process of marketing this service to other interested authorities.

## Challenges facing the service and city council:

### Supporting Grenfell Fire Response

Public Protection and licensing (PPL) has worked closely with the Grenfell Fire Recovery team, to support RBKC, the victims and their families.

#### ► Impacts and consequences

- We have seconded staff to the work for the team and provided resources to support coordination and community liaison functions within the community.
- We set up the borough emergency control centre (BECC) at Portland House, providing advice around governance, roles / responsibilities and organised the delivery of equipment, telephony, IT and email accounts for the successful implementation of the BECC that provided coverage across Kensington and Chelsea.
- Provided a permanent silver presence within the BECC, two Local Authority Liaison Officers to the incident 24 hours a day and a community liaison role that consisted of a duty manager and four city inspectors, working with London Ambassadors and the British red Cross to support members of the community in the immediate vicinity of the community assistance centre.

#### ► Mitigation and progress

The Royal Borough of Kensington and Chelsea have now taken over management of the BECC and we have supported RBKC in delivering a successful transition from WCC, ensuring a seamless move back to Kensington Town Hall. This has placed additional pressure on front line services within PPL, however, officers across the directorate have worked hard to maintain business as usual whilst colleagues have supported the Grenfell Fire Response Team.

### Emergency Planning, Prevent team capacity and council wide resilience

In recent months, there has been a number of terrorist related incidents that have taken place in London and Manchester. In addition, there was the recent fire at Grenfell Tower. These incidents have tested a range of civil contingencies, not least the collaboration of services and Local Authorities in providing a collective response.

#### ► Impacts and consequences

Whilst a number of discussions and recommendations are already being progressed as a result of reviews following these incidents, there will be a need to have a collective review on the council's structure, focused on providing the capacity and resilience in order to respond to future needs that will undoubtedly occur.

This will include a review of:

- our capacity to respond to these incidents and whether additional resources may be required to strengthen our resilience
- all plans,( including training and testing our response to major incidents), not just within Westminster but across London.

In addition, the increased awareness of terrorism has understandably increased the number of referrals being received by the Prevent Team. There is a need to review the resources that we have in place to ensure we can effectively respond to these concerns and support the provision of appropriate safeguarding interventions.

#### ► Mitigation and progress

Public protection and licensing are starting the process of coordinating a review of the council's structure in order to assess the needs and ensure our response is fit for purpose should the future need arise.



### **London Crime Prevention Fund**

The Mayor's Office for Policing and Crime (MOPAC) has implemented a new approach to the London Crime Prevention Fund (LCPF).

▶ **Impacts and consequences**

This has apportioned the LCPF between direct funding to Local Authorities (70%) and funding for co-commissioning (30%). The co-commissioning fund will be released in two tranches: April 2018 (£10m) and April 2019 (£4.5m). Westminster's community safety representatives have been appointed along with those of three other authorities to a working group to develop the funding prospectus for the MOPAC LCPF Co- commissioning Fund.

▶ **Mitigation and progress**

The community safety team will be attending a number of development workshops with other organisations to identify partners with which we could co commission services and projects with. Following the identification of suitable partners with similar challenges and goals, the final project proposal and award of grants will take place in January 2018

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Sports and Wellbeing</b>					
Participation in Forest Schools Programme	91%	5,000	3,374	On track to achieve target	Improving
Sports and Leisure Centres- total usage (monthly)	2,325,892	2,260,000	436,573	On track to achieve target	Stable
Outdoor learning- total usage (monthly)	32,173	42,500	16,499	On track to achieve target	Improving
Participation in sports development and wellbeing programmes (monthly)	38,242	42,700	9,683	On track to achieve target	Stable
<b>Libraries, Culture and Registrars</b>					
Train 25 customer-facing library staff (at least 2 per library) to level 1 Making Every Contact Count standard	New Indicator	25	1	On track to achieve target	N/A
<b>Parking Services</b>					
Ensuring parking compliance across the City is over 97%	99%	97%	98.64%	On track to achieve target	Stable
Number of educations, soft actions and hard enforcement actions taken against Engine Idling	9,934	20,000	3,958	At risk of missing target	Improving
<b>Service Commentary:</b> Dedicated air quality champions were not deployed until May 2017. Any possible mitigation actions are still being investigated.					
Number of operational EV charging points across the City promoting zero emission vehicles	72	120	83	On track to achieve target	Stable
Over 80% of parking applications and transactions being self-served.	New Indicator	80%	88.1%	On track to achieve target	Stable
<b>Waste and Parks</b>					
Street Cleansing - Customer Satisfaction	85%	90%	N/A – Annual City Survey	On track to achieve target	Stable
Parks and Open Spaces - Customer Satisfaction	91%	93%	N/A – Annual City Survey	On track to achieve target	Stable
Street Cleansing - the street survey score for Litter (% of streets that fail)	New Indicator	3.75%	1.4%	On track to achieve target	Stable
Waste Collections - the number of missed collections per 100,000 waste collections made	New Indicator	5	3.4	On track to achieve target	Improving
<b>Public Protection and Licensing</b>					
Submitting 100% performance updates for the safer Westminster priorities	New Indicator	100%	100%	On track to achieve target	Stable
Number of premises signed up to Licensing Charter	New Indicator	15	0	On track to achieve target	Stable
Number of Houses of Multiple Occupation (HMOs) improved	66	65	7	On track to achieve target	Stable
Number of Category 1 hazards removed from residential dwellings	605	500	85	On track to achieve target	Stable
Number of premises identified as causing harm in connection with shisha resolved	New Indicator	10	7	On track to achieve target	Stable
Reduce the number of complaints received against street performers	New Indicator	25%	518 complaints (40% Reduction)	On track to achieve target	Stable

## 1.5 Growth, Planning and Housing

### Achievements and opportunities:

#### Fire Safety of homes

Following the tragic events at Grenfell Tower, CityWest Homes has been focused on assessing all aspects of fire safety across Westminster's 22,000 homes under management.

##### ► **Outputs Delivered**

This has included a priority focus on buildings with cladding systems and the 41 tower blocks over 10 storeys, with independent checks being scheduled. Particular focus and actions have been to reassure residents at the 6 Little Venice Towers, where ACM cladding is fitted to 25% of the building. Detailed options are being prepared on cladding solutions and also in retro-fitting sprinklers to buildings over 30 metres. Regular communications have also been undertaken to all residents to keep them informed of actions being taken. This includes regular letters to residents and other stakeholders including ward councillors, drop in sessions at Little Venice Towers, meetings with residents and resident associations and updates on the CityWest Homes website. In addition, over 20 projects have been created to review all aspects of fire safety, including leaseholder policy.

##### ► **Outcomes achieved**

There have been big steps towards assuaging the concerns of residents around their safety. Residents still have concerns but they feel reassured that we are taking their safety seriously. A programme of actions is being communicated to residents to continue reassuring them. Mitigating against potential reputational damage to the authority by ensuring residents are being reassured and informed of progress on actions. This ongoing comms means we prevent a vacuum of information being created and residents feel that we are taking their concerns seriously. This is being evaluated by resident, ward councillor and other stakeholder feedback and media coverage.

#### Supplier registration for the Connect Westminster Scheme

Westminster City Council recently secured £2.8m to deliver a European Regional Development Fund (ERDF) funding project that aims to connect small and medium-sized enterprises (SMEs) within the city and the West End Partnership area to superfast fibre broadband connections. The funding will enable SMEs to receive up to £2,000 towards the capital cost of their connections. All connections must deliver speeds of at least 30MB/s but have the capability of being configured to deliver gigabit speeds. To support the delivery of the scheme the council ran a supplier registration process to register a pool of registered suppliers who can deliver vouchers under the scheme. This has now closed resulting in an impressive 104 suppliers registered to support us with roll-out of the scheme.

##### ► **Outputs delivered**

Ahead of issuing vouchers to SMEs the introduction of the scheme has already resulted in significant positive benefits including:

- Significant investment in high-speed fibre broadband from companies in anticipation of scheme.
- Diversion of investment from other parts of London to Westminster.
- Companies acquiring rooftop assets to deliver services to small businesses as part of the scheme
- Westminster City Council is perceived as a national exemplar for its work on Broadband.

The Economy Team recently met with the Department for Digital, Culture, Media and Sport (DDCMS) to provide a briefing on Westminster's rollout of broadband. Activity includes wireless concessions, lobbying the industry, coordinating public realm works to include fibre installation, provided discounted bay suspensions for broadband rollout and delivery of connectivity to council owned homes. The DDCMS has asked if they can include the council's contribution in a best practice document that will be disseminated to other local authorities.

##### ► **Outcomes to be achieved**

The Council sees the provision of future proof broadband as essential to help businesses to grow, break down barriers to growth and boost Westminster's economy.

### Supporting Grenfell Fire Response

Westminster has taken a leading role in the Grenfell fire response and the rehousing team has successfully secured the PM's target of offering every household an offer of high quality secure temporary accommodation within K&C and neighbouring boroughs as an alternative to hotels. They are now working on sourcing and offering permanent homes within the borough within the government's 12 month target.

► **Outputs delivered**

The response focussed on identifying supply of suitable accommodation through local authorities, Registered Providers and the private rented sector and, at 3 August, 126 properties are ready for viewing from these sources. Over 165 offers of accommodation have been made, over 140 viewings with households have taken place and over 40 properties accepted.

► **Outcomes to be achieved**

Supply of suitable accommodation to those in need in Westminster.

### Rough sleeping

The Rough Sleeping Team is encouraged by the recent reduction in rough sleeping across the City.

► **Outputs delivered**

Over the past year they have worked closely with partners, including Immigration Compliance & Enforcement, to address the high levels of Non-UK National rough sleeping. This time last year one could expect to find up to 134 Non-UK EEA Nationals on the street on any one night, at its peak it was closer to 200 individuals. Following some excellent partnership approaches across the council, the Met and the Home Office as well as our charity partners, the latest street count found just 44 Non-UK EEA Nationals, a 67% decrease. The total figures dropped by 117 individuals to 212, with EEA Nationals down from 134 to 44.

► **Outcomes achieved**

Our teams are now absolutely focused on working with those with support needs and finding meaningful routes off the street. Where appropriate they are making use of the new Westminster Assessment Centre which is helping predominantly non-locally connected people to find long term solutions away from rough sleeping.

### New service delivery model

CityWest Homes launched its new service delivery model in June 2017. This is a major change in how housing management services will be delivered in Westminster.

► **Outputs delivered**

The new delivery model includes a first point of contact for all queries and provides one stop resolutions through a new service centre. There is also access to specialist teams and area management teams. This new service centre will allow CWH to make efficiency savings through the closure of some local estate offices. Housing management services will be provided in the Council's Community hubs and other local services such as libraries.

As part of its new delivery model CWH is making improvements to its website and will offer more online services including repairs requests and a major works portal with a cost calculator to help people plan ahead. This is due to launch in the autumn. As CWH develops the website, residents will be able to do more online including checking their rent accounts and reporting anti-social behaviour.

► **Outcomes achieved**

- Single first point of contact for residents.
- More efficient and cost-effective service.

## Challenges facing the service and city council:

### Capital Projects

The scale of projects managed by the Major Projects team and the sensitive nature of some projects provides a degree of uncertainty around timings of deliverables.

#### ► Impacts and consequences

Slippage could detrimentally affect the revenue cost of borrowing. For these projects and also a range of wider community benefits including affordable housing, library / sports centre provision, the delivery of the wider Church Street programme, education etc.

#### ► Mitigation and progress

A review of our resources and Governance arrangements has been undertaken to ensure we have the right skills and capacity to deliver our projects. A restructure of the Major Projects team is underway which will provide a more coherent approach to project development and delivery. The Directorate is working closely with Finance to facilitate accurate forecasting of draw down against capital and more regular reporting.

### Affordable housing in Westminster

Availability of private sector housing in Westminster affordable to households on low incomes

#### ► Impacts and consequences

The increasing costs of the local housing market, loss of and reduced margins in surplus-making Temporary Accommodation properties, reducing income levels from the government set Temporary Accommodation subsidy regime and the potential impact of the new Homeless Reduction Bill lead to continuing high levels of homelessness (496 households accepted in 2016/17) and increased expenditure on Temporary Accommodation (c. £4.7m in 2016/17). Supply of private sector housing affordable to households on low incomes does not meet demand, whether for the 2500 units of Temporary Accommodation within the central government set subsidy regime, to prevent homelessness or to deliver discharge of duty into the private sector

#### ► Mitigation and progress

Restructuring the Housing Options Service, implementing a new policy framework to support discharge of housing duty, sourcing additional properties through established contractors, continuing with schemes to purchase properties for Temporary Accommodation, improved financial management information to identify changes in spend profile quickly, identifying new sources of affordable housing and making best use of vacant properties within WCC.

In addition, changes within the way Temporary Accommodation is funded through the removal of the management fee payable through Housing Benefit and its replacement by a block grant may lead to some opportunities to be identified through in-depth scrutiny of Temporary Accommodation financial management information through period monitoring.

### Achieve Government targets for planning applications processing

#### ► Impacts and consequences

Whilst we are comfortably achieving the target for major applications (69% against a target of 60%), we are unlikely to meet the target for non-majors. The targets relate to the period Oct15 – Sept 17. Having come through the period of disruption caused by the move to digitalisation, when performance figures fell, performance in 2017/18 is extremely high (80%). However over the 2-year period, we anticipate being slightly short of the 70% target. The Department for Communities and Local Government (DCLG) are fully aware of this issue (and Westminster's unique position in terms of its stock profile which makes applications more complex to process).

#### ► Mitigation and progress

In theory the Council could be assessed as underperforming by the DCLG, leading to reputational damage and loss of planning fee income. Development Planning set out in detail the mitigating circumstances around the under-performance to the Government last year. Since then performance has been significantly above target.

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Property and Estates</b>					
Percentage of void properties in the Councils investment portfolio	5.25% (19/362)	Less than 4%	5.25%	<u>On track to achieve target</u>	Stable
Increase total income generated from the councils investment portfolio (from Lease events (i.e. exc. new acquisitions) by 3% in 2017/18	£24.197m	3% (£24.9m)	6.9% (£25.877m)	<u>On track to achieve target</u>	Improving
No more than 60 outstanding unresolved lease events (renewals or rent reviews) at any given time.	78	60	64	<u>On track to achieve target</u>	Improving
Generate additional rental income from rent reviews and lease renewals (excluding back dated increases) of £300,000 in 2017/18.	New Indicator	£300,000	£232,644	<u>On track to achieve target</u>	Improving
<b>Housing Services</b>					
No families in bed and breakfast for more than 6 weeks	0	0	0	<u>On track to achieve target</u>	Stable
30 units in borough and 25 units out of borough acquired in 2016-17.	50/100	30/25	10/6	<u>On track to achieve target</u>	Deteriorating
No. households in Temporary Accommodation	2,503	Monitoring Indicator	2,476	No target	Improving
Rough sleeper numbers (those whom Westminster does not have a duty to assist).	88	Monitoring Indicator	102	No target	Deteriorating
Rough sleeper numbers (those whom Westminster does have a duty to assist).	145	Monitoring indicator	110	No target	Improving
No. homeless applications No. homeless acceptances	878 496	Monitoring Indicator	217 116	No target	Stable
172 Affordable Housing units delivered in 17/18	263	172	38	<u>At risk of missing target</u>	Deteriorating
<b>Service Commentary:</b> Possible slippage as a result of schemes finishing early in 2016/17 and other schemes now likely to complete later in 2019/2020. In mitigation, there is potential for schemes originally projected to complete in 2019/20 to be brought forward. Whilst there will always be some scheme slippage between years, the City for All target of 1850 affordable homes delivered by 2023 remains on track.					
86% of WCC council tenants to be satisfied with services provided by landlord.	85%	86%	79%	<u>On track to achieve target</u>	Improving
67% of council lessees satisfied with services provided by landlord.	64%	67%	Annual KPI Reported Spring 2018	N/A	N/A
26 infills as part of the Council's regeneration/infill programme in 17/18.	New Indicator	26	0	<u>On track to achieve target</u>	N/A
Households prevented from being homeless through a wide range of measures.	New Indicator	600	94	<u>On track to achieve target</u>	Improving
No second night out for 75% of rough sleepers.	New Indicator	75%	76%	<u>On track to achieve target</u>	N/A
100 vulnerable people reconnected by end of Q4	New Indicator	100	Reported Q1 in arrears – Report in Q2	N/A	N/A

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>Development Planning</b>					
60% of 'Major' planning applications determined within 13 weeks	69%	60%	100% (9/9)	On track to achieve target	Improving
Percentage of 'non-major' planning applications determined within 8 weeks	64%	70%	80% (573/714)	At risk of missing target	Improving
60% of planning appeals determined in favour of Westminster (excluding telephone boxes)	65% (216/334)	60%	62.5% (35/56)	On track to achieve target	Deteriorating
No. of reports of unauthorised development	2,664	N/A	656	No target	N/A
Reports of unauthorised Development (RUDs) cleared/closed.	2,517	2,500	461	On track to achieve target	Deteriorating
No. reports of unauthorised Development (RUDs) cleared/closed following direct action by WCC	973	800	195	On track to achieve target	Deteriorating
<b>Service Commentary:</b> As in previous years, numbers cleared/closed will start to increase in Qtr 2 and will be on track by end of Qtr 3					
<b>Economy</b>					
100 external Apprenticeship opportunities will be created with Westminster based employers.	New Indicator	100	0	On track to achieve target	N/A
<b>Service Commentary:</b> The Economy Team has commissioned an Internal Audit Brief into the extent to which Apprenticeships and Traineeships have been secured through Council Procurement and S106. The objective is to ensure that the requirement to employ apprentices and prepare trainees for future employment is included within supplier contracts and Section 106 agreements where applicable and that these apprenticeships are provided by the supplier/developer. The first opportunities will be created from the start of the academic year.					
The Westminster Employment Service will seek to support 500 unemployed residents into work	New Indicator	500	Data available for Q2	N/A	N/A
The Business Unit will achieve a problem resolution rate of 90% for Westminster Businesses	94% (300 businesses supported)	90%	99% (75/76)	On track to achieve target	Improving
New Enterprise Space will be created	35,100	40,000	0	On track to achieve target	Improving
<b>Service Commentary:</b> This year the Economy Team is on track to launch 2 additional enterprise spaces within Westminster. These spaces include Ingestre Court and Hub Paddington. Both spaces are likely to open in 2018. Joint venture paperwork is currently being finalised for the Paddington enterprise space. Tenant selection is nearing completion for Ingestre Court.					
Connect 1000 businesses to super and ultrafast broadband to encourage alternative ways of working and reducing the need to commute in 2017-19. (400 in 17-18)	New Indicator	400	0	On track to achieve target	N/A
<b>Service Commentary:</b> This project is not due to launch until 3rd August. Implementation is underway with supplier registration opening recently. Approx. 40 suppliers have registered interest in delivering through the scheme already. The team are in the process of recruiting project staff and creating the pages for the Business Westminster microsite.					

## 1.6 City Treasurers

### Achievements and opportunities:

#### Council's statement of accounts for 2017

The 2016/17 statement of accounts was closed in four working days after the year end, this improved on last year's performance by three days and gives the Council the quickest closed accounts in the history of the public sector.

▶ **Outputs delivered**

The accounts were completed and handed to the external auditors on the 6th April 2017. The auditors approved the accounts with no qualifications.

▶ **Outcomes achieved**

Unqualified audit report approved by Audit Performance Committee, enhanced reputation, resources freed up to concentrate on more added value exercises such as strategic financial advisory services/business partnering.

#### Supporting Grenfell Fire Response

▶ **Outputs delivered**

A wide range of financial support has been given to RBKC following the recent tragedy ranging from the processing of discretionary payments for key workers to assisting residents with their financial affairs at the Portobello Road Post Office.

▶ **Outcomes achieved**

Ensuring residents were provided with a high level quality of service to assist with the aftermath of the incident. RBKC staff and the Council were supported through this period, rigorous accounting standards were maintained during a very challenging period and all financial information needs were fully met.

#### Medium Term Savings Plan for 2018/19 – 2019/20

▶ **Outputs Delivered**

Over the first 4 months of the year, work has been undertaken to identify savings which will deliver the required savings for 2018/19 and 2019/20. This has now been achieved. The next step will be to convert the proposals into a full suite of EIAs, consultation plans, presentations to Scrutiny and the council tax report needed for full Council approval by November.

▶ **Outcomes Achieved**

The net budget savings required has been identified for 2018/19 (£30.9m) and 2019/20 (£26.3m)

#### Termination of tri-borough arrangements with LBHF

▶ **Outputs Delivered**

Our team has been supporting senior management on the costing of the proposed hierarchy structures for Adults & Public Health, Children's Services and the Finance and Resources teams in the 'Trexit' aftermath. We are in the process of assessing the options proposed under bi-borough arrangements.

▶ **Outcomes Achieved**

As-is structures have been costed up. The work on to-be structure costing is on-going but due to complete in August, with a key review taking place in late August. Staff consultations on the new structures are expected to occur in September 2017.



### National Lead on Local Authority accounting practices

Westminster City Council is currently leading a national project to streamline the accounts and make them more accessible to the general public. For many years it has been recognised that – following the implementation of IFRS in 2010/11 – the financial accounts have become very complicated to both produce and understand. Significant resource is required to produce them across all local authorities to produce statements that are either out-dated or do not provide transparency in any council's finances. Westminster is working with other councils, together with a number of auditing firms, CIPFA and DCLG to deliver a programme for radical simplification which will return meaning to the accounts and improve transparency and accountability.

#### ► Outputs Delivered

CIPFA and DCLG have agreed Westminster's approach to delivering such a radical programme for change. Further consultation will take place with the Society of District Council Treasurers in September and it is hoped that CIPFA will issue a consultation document to all councils over Autumn with a view to making the changes for the 2018/19 CIPFA Code of Practice. Other proposed changes require changes to statute and DCLG have been consulted to provide a timeframe for when these can pass through Parliament.

#### ► Outcomes Achieved

Enhanced reputation for the Council as leading agent of change within the public sector

### Opportunity for the procurement of Revenues and Benefits services

#### ► Outputs Delivered

The Revenues and Benefits procurement is on-going. The majority of the documentation including the specification and commercial model are nearing completion. The Terms and Conditions will be now being prepared by Sharpe Pritchard. It is expected that the advert for the tender will be placed in the coming weeks.

After careful consideration the decision was made to extend the current contract with Capita. We have received Capita's extension proposal in this regard. The proposal received exceeds the saving targets the Council had expected to achieve during the re-procurement exercise. The final figures will be confirmed with Capita in the next few weeks.

#### ► Outcomes Achieved

Updated service level agreements aligned with the Council's current circumstances and needs; the potential for achieving higher than targeted savings.

### Opportunities for the progression of the West End Partnership

The West End Partnership is a programme of works to regenerate and modernise the West End and ensure London maintains its place as a global and world class city. At its heart is the regeneration of Oxford Street, the pedestrianisation of this famous Street and the ambition to make it the best outdoor shopping experience in the world. Along with this there are a number of cross cutting themes such as improving air quality and broadband connectivity to ensure the heart of London is a modern and vibrant place to live, work, shop and socialise.

#### ► Outputs Delivered

- The Outline Business Case for Oxford Street West was submitted to DCLG in May.
- The Outline Business Case for the Strand/Aldwych was submitted to DCLG in July
- The Outline Business Case for Oxford Street East was submitted at the beginning of August.
- Continued discussions with DCLG/HM Treasury on the funding mechanism for the programme

#### ► Outcomes Achieved

- The Outline Business Case for Oxford Street West was approved by DCLG and is currently awaiting ministerial sign off.
- The DCLG have given approval for the submission of the Full Business Case for the whole of the Oxford Street District (East and West) and this is to be submitted at the end of September

## Challenges facing the service and city council:

### Reductions in government funding will restrict revenue spending

Following the offer of a four year funding allocation in the 2016/17 Local Government Finance Settlement (LGFS), the Council opted to accept this offer in order to gain some level of certainty on future funding and assist in service planning and collaboration with partner organisations.

#### ► Impacts and consequences

This gave the Council a Settlement Funding Assessment (SFA) reducing from £140.57m in 2016/17 down to £119.86m in 2019/20. This will restrict the City Council's revenue spending and impact on the sustainability of services but provide a greater degree of certainty. Reshaping and improving council services requires strong financial management skills across the organisation. The absence of sound financial management under these circumstances could prove extremely detrimental to the Council in later years.

#### ► Mitigation and progress

The medium term planning process has recently reported that directorates have identified sufficient savings proposals which, net of agreed pressures, will contribute to the delivery of the budget requirement for 2018/19 and 2019/20. The detailed work required to deliver EIAs, consultation plans, presentations to members and scrutiny etc. is now underway with the end target of the proposals being reported to and signed off by full Council on 8 November 2017. A report will be considered by EMT on 29 August, following which there will be discussions with members in September, scrutiny meetings in October, before recommendation by Cabinet (30 Oct) and finally full Council approval in November. Any refinements required as a consequence of changes in the funding settlement in December/January will be assessed and managed in the new year and taken to full Council in March.

### Business rates appeals

There has been a Revaluation in 2017. It is expected that a large percentage of Westminster businesses will challenge their 2017 rateable values; with the majority using professional rating agents (around 69% of Westminster businesses challenged their 2010 rateable value).

#### ► Impacts and consequences

Should appeals prove successful, the Council will receive lower business rate income than expected and might need to refund a portion of business rate income already received. The move towards the localisation of business rates means that the council will bear the full impact of successful appeals whereas this risk was previously shared with the DCLG.

#### ► Mitigation and progress

The valuation office has implemented a new "Check, Challenge and Appeal" process from 1 April 2017 aimed at making the appeal process more efficient and timely. This is intended to lead to a reduced turnaround time for appeals thereby providing the Council with greater certainty relating to the security of business rate income. The progression and outcomes of the new process will be closely monitored by our team and used to inform the budget monitoring process and relevant provisions.

### Capital programme

#### ► Impacts and consequences

The capital programme is projecting an underspend of £18.760m at period 3. The underspend includes a £6.011m reduction in the need for the project contingency budget. Experience from prior years suggests that budget re-profiling may be needed as the financial year progresses while new project management arrangements are embedded

#### ► Mitigation and progress

Major capital projects are regularly reviewed to ensure forecasts are accurately reported. Any key changes in governance which could affect in-year forecasts are suitably managed to minimise the risk to the budget spend.

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)	Target Assessment	Direction of Travel
<b>City Treasurers</b>					
Variance between budget and full year forecast	Underspend of £17.2m	At least a £0.00m variance	Overspend of £0.455m	At risk of missing target	Deteriorating
<b>Service Commentary:</b> Projected adverse variance of a £1.5m shortfall in outdoor media income within the Policy, Performance and Communications Directorate. Adverse forecast variance will be recovered by 31 March 2018.					
Total savings achieved, on track to be achieved or equivalents identified for 2017/18	100%	100%	100%	On track to achieve target	Stable
Projected general fund reserves to date	£48.8m	£53.6m	£48.32m	On track to achieve target	Stable
<b>Service Commentary:</b> See top comment on budget variance					
Projected percentage of Council Tax collected	96.4%	96.5%	39.1%	On track to achieve target	Improving
Projected percentage of business rates collected	98.4%	98.5%	33.1%	On track to achieve target	Improving
Rate of return on investment	0.62%	0.55%	0.48%	Off track to achieve target	Deteriorating
<b>Service Commentary:</b> A number of long term investments are being investigated and assessed using the Council's due diligence processes and expected to be introduced in Q3.					
% of capital projects >£5m with approved business case	New	100%	100%	On track to achieve target	Stable
% of payments made via Purchase Order	89.2% 2564/2875	98%	98.4% 3403/3460	On track to achieve target	Improving
% of staff rotated	New	20%	8.4% 8/95	On track to achieve target	Stable
Percentage of debtor invoices unpaid over 30 days	New	<50%	55.9% £11.6m/£20.8m	At risk of missing target	Improving
<b>Service Commentary:</b> The figure for Q1 is a part year figure with debtors raised and paid fluctuating on a daily basis. It is expected that the target will be met and surpassed by the end of the financial year.					
% of creditor invoices paid within 30 days	New	>95%	92.4% 9235/9995	On track to achieve target	Improving

## 1.7 Policy, Performance and Communications

### Achievements and opportunities:

#### #Dontbeldle Campaign Launch

Westminster's #DontBeldle campaign was launched by the Leader of the Council on 26<sup>th</sup> June at an event in St Edward's Primary School, in Marylebone. The campaign is designed to raise awareness of the damaging health effects of engine idling, to change the behaviour of car, taxi, van and freight drivers to stop engine idling, especially in the areas of highest pollution and to demonstrate that the council is taking action to improve air quality in the city.

▶ **Outputs delivered**

The campaign will encourage residents and drivers to sign the #DontBeldle pledge through a social media campaign – including information videos and celebrity endorsements, such as Nigel Havers. The Council is running a series of Anti Idling Action days across the city with volunteers.

▶ **Outcomes achieved**

Over 60% of those drivers approached agreed to turn off their engine and more than half pledged to stop idling in the future

#### West End LIVE

West End LIVE took place in Trafalgar Square on 24<sup>th</sup> and 25<sup>th</sup> June. Celebrating its 13th year, the free musical extravaganza showcased the best of the West End.

▶ **Outputs delivered**

Shows performing at the event included West End long-runners Les Miserables, The Phantom of the Opera and Thriller Live, as well as sneak peeks at the upcoming productions of Five Guys Named Moe, Legally Blonde and The Wind in the Willows.

▶ **Outcomes achieved**

The event continues to attract crowds of more than 500,000 people over the course of the weekend and 83% of visitors spent more time in the West End due to West End LIVE. It contributes a net gain of £4.5m to Westminster's economy and 97% of visitors rated their overall experience of the event as good/very good.

#### #MyWestminster Day

Westminster enjoyed the first annual #MyWestminster day which saw people from all backgrounds come together to celebrate living in the heart of the city. The idea to bring local people together was the brainchild of former youth MP Hamza Taouzzale and was supported by the Leader of the Council, Cllr Nickie Aiken as a key part of the Council's City for All vision.

▶ **Outputs delivered**

Over 1,000 residents came down to enjoy the day which took place on Sunday 18th June. Families and residents enjoyed attractions such as music by local acts, face painting, karaoke, dancing, and a Father's day race.

▶ **Outcomes achieved**

Advice on employment and training opportunities for residents was also on offer, along with food and drink stalls provided by Maida Hill Place, a social enterprise supporting local food entrepreneurs. Over 100 people came to talk the Westminster Employment team and 27 people registered for the service.

### Refreshed Council Planning and Performance Management Framework

The Council has been refreshing its business planning and Performance Management Framework, with a new direction of travel approved by EMT on 17 July.

► **Outputs delivered**

A new, overarching Council Business Plan has been developed to complement the suite of departmental business plans and will be published towards the end of August. The existing PMF has been reviewed and a new framework has been agreed in principle. The detailed measures and milestones are now being finalised in collaboration with departments. The new framework will be operational from the Q2 reporting cycle, with data brought into a dashboard on the new PowerBI software platform, to provide Executive Directors and Members with the the best possible presentation of performance outturns.

► **Outcomes achieved**

The refreshed framework aligns to delivery of the Council's vision of a City for All.

### Challenges facing the service and city council:

#### Supporting Grenfell Fire Response

Key members of staff have been seconded to the Grenfell Response Team and many from PPC were drafted in to support crisis communications and essential evaluation work. Colleagues will continue to operate in this capacity in the medium term.

► **Impacts and consequences**

Following the tragic events at the Grenfell tower, key members of staff have been seconded to the Grenfell Fire Response team. The fire and its aftermath have also led to increased interest and pressure from members of the press. It has also highlighted the importance of civic leaders in engaging with the community they represent

► **Mitigation and progress**

The tragedy occurred during the early part of summer months, which is normally a less active period for operations. This mitigated the impact that the secondment of staff had on service delivery. The Grenfell Response Team has now moved to RBKC, freeing up some of Westminster's resources.

#### Brexit Negotiations

Negotiations have now begun on the withdrawal of the United Kingdom from the EU and several position papers have been drawn up reflecting the negotiation positions of both sides. The primary consideration is the right of EU citizens that currently reside and work in the UK and their UK counterparts in the EU.

► **Impacts and consequences**

The number of EU nationals that currently work and reside in Westminster makes up a significant proportion of the workforce. There are a number of employment sectors that are particularly sensitive to emigration of EU nationals such as the hospitality, construction, creative industries and those requiring professional skills (e.g. surveyors).

► **Mitigation and progress**

The Policy team will be monitoring the convergence and divergence between the sides on the key issues that impact Westminster. There will be further work done with central London partners to understand and articulate specific issues relating to Westminster.

### General Election

The General Election, held on the 8<sup>th</sup> June, resulted in a minority Conservative government, supported on a confidence and supply basis by the Northern Irish Democratic Unionist Party. The Government subsequently announced a slimmed-down programme of policies, with a main legislative focus on Brexit.

#### ► Impacts and consequences

There will be a sizeable impact on lobbying potential due to a lack of clarity with minority government and a weak Queen's Speech. This may bring about legislative standstill, where the majority of programme will focus on Brexit and result in a lack of development for other policy areas, particularly those governing local authorities.

The disappointing result for the Conservatives will leave continual questions on the leadership of the Prime Minister, which will further hamper the policy outlook of the government.

#### ► Mitigation and progress

The Council will pursue an active programme of establishing influence with a broad range of stakeholders

## Key Performance Indicators

Quarter 1 figures reported in the table below are year-to-date, April 2017 to June 2017, unless indicated.

Performance Indicator	2016/17 Performance	2017/18 Target	Quarter 1 position (YTD)*	Target Assessment	Direction of Travel
<b>City Survey</b>					
<b>Service commentary:</b> The 2017 City survey is currently underway with results expected December 2017.					
Residents agree Council offers value for money	71% (2016)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
Residents feel informed about services and benefits	78% (2016)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
Residents feel informed about plans for their local area	73% (2016)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
Resident satisfaction with the Council	84% (2015)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
Residents have seen the Westminster Reporter	76% (2016)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
Residents satisfaction with registering to vote	84% (2016)	Improve on last year	Available Dec 2017	<u>N/A</u>	<u>N/A</u>
<b>Customer Service</b>					
Total customer calls answered in 20 seconds by the Council	84.57%	Improve on last year	86.56%	<u>On track to achieve target</u>	Improving
Total customer calls answered in 60 seconds by the council (contract agreement)	95.56%	Improve on last year	92.35%	<u>At risk of missing target</u>	Stable
Number of calls abandoned in less than 20 seconds	1.63%	Improve on last year	2.29%	<u>At risk of missing target</u>	Deteriorating



City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	18 September 2017
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit 2017/18 – Progress Report (April to July 2017)
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	Steven Mair, City Treasurer (Section 151 Officer)
<b>Report author:</b>	Moira Mackie, Senior Manager; email: <a href="mailto:moira.mackie@rbkc.gov.uk">moira.mackie@rbkc.gov.uk</a> Tel: 020 7854 5922

### 1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective with 24 positive assurance (substantial or satisfactory) reviews being issued in the period, although four limited assurance audits have also been issued since the last report to the Committee.
- 1.2 The follow up review completed in the period for two audits confirmed that the implementation of recommendations has been effective.
- 1.3 Internal Audit's performance for the period was above target against all but one of the reported indicators and slightly below target for one indicator (percentage of audit plan completed) although it is anticipated that the annual target will be met.
- 1.4 The Appendices to this report provide the following information:
  - **Appendix 1** Audit reports finalised in the year to date, showing the assurance opinion and RAG status;
  - **Appendix 2** - Additional information on the audited areas;
  - **Appendix 3** - Performance Indicators.

## **2. Recommendation**

That the Committee consider and comment on the results of the internal audit work carried out during the period.

## **3. Background, including Policy Context**

The Council's internal audit service is managed by the Tri-borough Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in house audit team or by the external contractor to the service, in accordance with the Internal Audit Charter reported to the Committee in June 2016. Reports on the outcomes of audit work are presented each month to the Council's Section 151 Officer. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

## **4. Internal Audit Opinion**

- 4.1 As the provider of the internal audit service to Westminster City Council, the Tri-borough Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 4.2 The results of the audit reviews undertaken in the reporting period concluded that generally systems operating throughout the Council are satisfactory, with 24 positive assurance (substantial or satisfactory) reviews being issued in the period. The majority of these finalised audits were from the 2016/17 audit plan and the outcomes support the overall assurance opinion in the Head of Internal Audit's Annual Report for 2016/17.
- 4.3 Four limited assurance reports have been issued:
- Pensions Administration;
  - Payroll;
  - ASC – Contract Management – Carers Hub;
  - GPH – Odhams Walk TMO.

The details of these audits are contained in paragraph 5.1.1. to 5.1.4.



## 5. Audit Outcomes (April to July 2017)

- 5.1 Since the last report to Members twenty-eight audits have been completed, twenty-four of which did not identify any key areas of concern:

<b>Audit</b>	<b>Assurance</b>	<b>RAG</b>
ASC – Commissioning Governance	Substantial	Green
ASC – Commissioning & Contracts – SHSOP	Substantial	Green
ASC – Commissioning & Contracts – Disability Connect	Satisfactory	Green
ASC – Customer Journey	Satisfactory	Green
ASC – Contract Management – MH Day Services	Satisfactory	Green
ASC – Health & Wellbeing Strategy	Substantial	Green
PH – Contract Management – GP Service	Satisfactory	Green
CHS – Departmental Governance	Substantial	Green
CHS – Contract Monitoring – Passenger Transport	Satisfactory	Green
Schools - St Vincent's Primary School		
GPH – Energy Performance of Buildings Directive	Satisfactory/ Substantial	Green
GPH – Lessee Charges	Satisfactory	Green
GPH – Gas Servicing	Satisfactory	Green
CMC – Food Safety	Satisfactory	Green
CMC – Registrar's Service	Satisfactory	Green
CMC – Street Trading	Satisfactory	Green
CMC – Commercial & Domestic Waste Enforcement	Satisfactory	Green
CMC – Procurement Compliance – Youth Offending Service	Substantial	Green
CMC – Libraries Risk Management	Satisfactory	Green
City Treasurer – Accounts Payable	Satisfactory	Green
City Treasurer – Accounts Receivable	Satisfactory	Green
CS – IT Risk Management	Satisfactory	Green
CS – HR – Your Voice Survey	Satisfactory	Green
CS – Partnership Governance (Cross River)	Substantial	Green

Further information on these audits is contained in Appendix 2.

### 5.1.1 Pensions Administration (Amber)

The initial fieldwork for this audit included visits to the Surrey County Council (SCC) offices to review the data held on their systems. The overview of the system and the testing of calculations for retirement grants and deceased employees was undertaken during these visits. Additional testing was required on the accuracy of starters, transfers in/out of the scheme and staff data but information was not available for independent testing in these areas.

Pension information is highly dependent on information provided by the Council's HR/Payroll provider (BT). As such a number of the audit tests that would provide assurance on the accuracy and completeness of the pensions administration system, could not be undertaken due to issues regarding the accuracy of reporting from BT which are well known to all three councils and are being actively managed.

Although the audit identified that a number of the controls in place for calculating, processing and maintaining the scheme as operated by SCC are appropriate, the weaknesses in the information being provided by BT have impacted on the assurance opinion given to this review.

Three recommendations were made in respect of the following control weaknesses:

- The figures on Transfers into the Pension Scheme were not accurate as Transfers were on hold since April 2015 due a combination of technical issues and waiting for new but delayed government Actuary Department's guidelines for calculating them. There is a risk that transfers in to the scheme are not identified promptly and transfer out values incorrectly calculated and not authorised or paid appropriately (high priority recommendation);
- BT is required to provide to the Pension Administrators of the three Councils (SCC) a year end file and monthly starters, leavers and change files. The year-end file is statutory obligation and has been blighted by incorrect data errors and a series missed agreed deadlines for the correct data to be provided by BT. The failure to provide accurate information has resulted in non-compliance with government and Council regulations (high priority recommendation);
- Although an end to end process map had been developed, parts had been superseded by the Standard Operating Procedures, which were being reviewed and had not been formally agreed with BT. In addition, the three councils developed a "Pension Administration Strategy" document which reflects roles and responsibility between the Administrating Authority and the Employers, however, these had not been formally approved (low priority recommendation).

The recommendations from this audit will be followed up during 2017/18 with further testing planned in this area.

### 5.1.2 Payroll (Amber)

The payroll audit was not an end to end review of the payroll system but a sample review of specific aspects of it. From various payroll data reports provided for all three Councils, a suite of tests and analytical processes using audit specialist software was performed on the data to highlight potential

indicators of control weaknesses and erroneous transactions. The results from the data analytic reports were used to focus audit testing to detect any errors and omissions in payroll transactions.

Seven high and one medium priority recommendations were made to address the following weaknesses:

- The absence of supporting documentation and records on Agresso for payroll transactions meant that the audit trail was either incomplete or missing. Off system records were maintained by BT such as email communications with line managers requesting and authorising payments such as overtime, ad hoc allowances and maternity pay which compromised the integrity of the data held on Agresso;
- In addition, a lack of co-operation and assistance from BT with the payroll review was an area of concern. Although a number of requests were made for standard payroll reports (amendments to pay, standing data listings, sickness reports) these were not provided. This restricted the level of transaction testing that could be carried out as part of this review;
- Details of anomalies and queries identified through transaction testing were passed onto BT for further clarification although no response was received addressing the queries raised;
- Reliance cannot be placed on the integrity of the starters and leavers process and the accuracy of data held on the payroll for new starters and leavers due to the incomplete audit trail noted on Agresso as part of transaction testing undertaken;
- Reliance cannot be placed on variations to pay being processed correctly, on a timely basis and supported by the appropriate level of approval;
- The accuracy and completeness of standing data on the payroll cannot be relied upon. Errors and omissions were noted over standing data on Agresso as part of transaction testing undertaken;
- Reliance cannot be placed over the integrity and accuracy of payroll performance reports produced by BT due to the impact of known errors which occurred at the commencement of the service (medium priority recommendation).

The actions required to address the audit findings are being monitored by the Council's Intelligent Client Function and will be followed up as part of the 2017/18 payroll audit.

### 5.1.3 **ASC – Contract Management – Carers Hub (Amber)**

The Carers' Hub is a Westminster City Council led contract which has been provided by the supplier Carers Network since 2013. The services provided under this contract include, but are not limited to:

- Provision of carer advice, information and guidance;
- Provision of carer support;
- Conducting carer assessments;

- Support to the Council to ensure retention of carers;
- Provision of carer legal advice; and,
- Provision of a carer telephone hotline;

The contract was awarded to Carers Network in November 2013 for a two-year period to November 2015. The contract included an option for extending the contract by 18 months and this was utilised by the Council, extending the contract period to 30 April 2017. At the time of the audit, a tender process was underway to procure a new contract for the service and the new contract commenced in May 2017 for a period of three years (with the option to extend for a further two years). The audit focused on the contract management arrangements in place for the original contract but made recommendations that would be applicable to any new contract. One high and four medium priority recommendations were made to address the following weaknesses:

- Whilst key decision reports have been provided evidencing the approval and justification for the contract extensions by the Cabinet Member for Adult Social Care and Public Health in May (WCC) June (RBKC), and October 2015 (LBHF), there was no documentation showing how Adult Social Care had periodically reviewed the contract and its terms prior to this, given that the RBKC and WCC contracts had expired for a significant period of time before cabinet approval (high priority recommendation);
- Metrics for reviewing the quality of work undertaken by the contractor are outlined within the contract such as number of clients dealt with, number of complaints and the percentage of staff trained. Performance monitoring reports are produced on a quarterly basis; however, performance targets have not been established. Due to this, we were unable to confirm whether contractor performance is to the required standard;
- A sample of supplier invoices from was reviewed and the invoices were in line with the Service Specifications provided. However, we were unable to obtain the signed extension and associated terms and conditions to verify if these payments were still for the correct amount;
- Currently, no assurance is obtained that employees used by Carers' Hub hold the necessary qualifications for the service. In addition, the quality of the staff who deliver the service is not monitored by the Council to ensure that the service they provide is adequate and sufficient to meet the needs of clients.
- Although payments are for a fixed rate each month, at the time of the audit we were unable to confirm that budget monitoring was undertaken to ensure payments were made in accordance with the expected contract spend. Since the audit was completed, the Finance Team have confirmed that monthly expenditure is in line with the value of the contract, does not vary with activity and is monitored & reported on a monthly basis by the budget holder in conjunction with the Finance Business Partner. Action is taken to investigate and rectify any variances if they arise.

The recommendations have been accepted by management and are due to be implemented by the end of August 2017.

#### 5.1.4 **GPH – Odham’s Walk Tenant Management Organisation (102 properties, Management Allowance £151,981) (Amber)**

As previously reported to the Committee, reviews have been undertaken at seven of the Council’s Tenant Management Organisations (TMOs). The findings from each of the audit reviews are combined with housing management monitoring information provided by CityWest Homes and a formal ‘Five Year Review’ Report is issued to each of the TMOs by the Executive Director for Growth, Planning and Housing. As required by their Management Agreement, each of the TMOs has two months to consider the contents of their ‘Five Year Review’ and to report back to the Executive Director for Growth, Planning and Housing on their acceptance or disagreement with the recommendations made and the proposed implementation timeframes. The TMO Manager and the Resident Engagement & Opportunities Manager from CWH are expected to attend Committee meetings at the TMOs to discuss the contents of the ‘Five Year Review’ and to assist them to address the recommendations.

Since the last report to Committee, the review for Odhams Walk has been completed and issued to the Executive Director for Growth, Planning & Housing. Although the TMO had appropriate processes in place in some of the areas reviewed, there were a number of areas where improvements were recommended and these are summarised below:

- The management of non-dwellings and visitor parking spaces needs to be reviewed to ensure that the appropriate procedure is being followed. Once reviewed a policy and waiting list needs to be established of eligible residents (high priority recommendation);
- The way in which voids are managed could lead to delays in lettings and lost revenue to the HRA. The TMO should work with CityWest to establish a protocol which may include additional access to Orchard and training for the TMO manager (high priority recommendation);
- The TMO has established a written Code of Governance, as well as a condensed set of TMO Rules. The TMO’s Constitution had not been reviewed since the TMO was established in 2001 and governance structures and procedures would benefit from being reviewed (medium priority recommendation);
- The regular Gardening and Social Sub-Committees had terms of reference, but some ad-hoc Sub-Committees, for instance Pay Review, did not (medium priority recommendation);
- The declaration of conformity to the Code of Governance includes a written Declaration of any Interests which is phrased as “Business Interests” and therefore does not fully reflect potential conflicts of interest in the Committee membership and the declaration should be updated to account for this. Although there is a standing item on the Committee Agenda to declare any conflicts of interest and this was observed in the minutes, with non-business interests declared in all samples tested it is not clear how effective and

impartial the decision making process can be where there is an ongoing conflict of interest (medium priority recommendation);

- Committee Members have, in accordance with their rules, been elected at the AGM. Officer positions are then subject to nomination and election within the Committee. However, procedural errors were identified in respect of the calling and administration of the 2016 AGM and the committee needs to review their processes to ensure that they are compliant going forward (medium priority recommendation);
- The TMO has provisions in place to ensure Openness, Accountability, and adequate Record-Keeping. There has been criticism from residents and members outside of the committee and an independent health check on governance after the recommendations in the audit report have been implemented would support the TMOs governance model (medium priority recommendation);
- Staff members' Annual Leave and other absence (including that of the TMO Manager) is currently logged by the TMO Manager but is only periodically signed off by a Committee Member (medium priority recommendation);
- Petty Cash procedures are established and have been followed in practice although some of the expenditure was considered to require further scrutiny by the Management Committee (medium priority recommendation);
- There are no formal contracts in place for the Repairs and Maintenance work. There was some historic evidence of alternative firms providing work and quotes, but no formal value-for-money review (medium priority recommendation);
- The TMO does not have formal Performance Indicators. There is regular discussion at Committee meetings, but no formal monitoring. However, satisfaction surveys cover residents' assessment of the TMO's performance (medium priority recommendation);
- Residents have a number of opportunities to provide feedback. The TMO has carried out a Satisfaction Survey. Due to an error in the way this was originally conducted, responses were still coming in at the time of this review. The subsequent way in which the results were circulated could and have been challenged from a confidentiality perspective and the TMO needs to review this policy (medium priority recommendation);
- Complaints are not regularly logged. The TMO aims to resolve complaints at the point they are raised and if this is not possible they are escalated to CWH. However, there is no written log of complaints received which should be recorded on the Orchard system (medium priority recommendation);
- The Committee has a defined role for its Chair. The Secretary and Treasurer roles are partially detailed but there are no current members with specific responsibilities for HR or Health & Safety (low priority recommendation);
- Purchase Orders are not routinely raised, but are when relevant. A log of repairs is kept, but not always updated at time of order being placed or fully completed. It is noted that as part of the ongoing Policy review, the

Purchasing procedure has been marked for update (low priority recommendation);

- Staff had written contracts; however, these were only signed by employees and there were no signatories from the Management Committee (low priority recommendation);
- The TMO has a Business Plan covering April 2014 to March 2017. The Business Plan includes a risk assessment, but there was no evidence of this being reviewed subsequently although discussions in the minutes covered some of the themes the risk assessment identified (low priority recommendation);
- The TMO Manager demonstrated familiarity with Section 20 requirements and the threshold is rarely reached but there was a clear understanding of how to act if it was. However, there was no established policy regarding Section 20 notices (low priority recommendation);
- The TMO has access to the Orchard modules on Anti-Social Behaviour, risk-flagging, and complaints. The TMO Manager acknowledged that they were not fully aware of how to use the Risk-flagging system, though this was in part due to previous IT issues accessing it (low priority recommendation).

The TMO will respond to the recommendations and CWH will work with them to address the weaknesses identified. As previously discussed at Committee, any support on improved financial management will be provided by the Council's finance service.

## 5.2 Implementation of Audit Recommendations

Two follow-up reviews were undertaken in the period (April to July 2017) which confirmed that 100% of recommendations made had been implemented:

<b>Audit</b>	<b>No of Recs Made</b>			<b>No of Recs Implemented</b>			<b>No of Recs In Progress</b>			<b>No of Recs not yet actioned</b>		
Supported Independent Living Contract Review	4			4			0			0		
Parking Contract – People & Resources	5			5			0			0		
<b>Total</b>	<b>9</b>			<b>9</b>			<b>0</b>			<b>0</b>		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	1	5	3	1	5	3	0	0	0	0	0	0

Follow up is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as “in progress”.



Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

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### **BACKGROUND PAPERS**

Internal Audit Reports;

Monthly monitoring reports.

## Audits Completed Year to Date - 2017/18

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Children's Services	Departmental Governance (Cfwd from 2015/16)	Green	SUBSTANTIAL	0	1	0	Sep-17
Children's Services	St Vincent's Primary School (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	3	Sep-17
Children's Services	Contract Management – Passenger Transport Contract	Green	SATISFACTORY	0	5	8	Sep-17
Growth, Planning & Housing	TMO Odham's Walk (Cfwd from 2016/17)	Amber	LIMITED	2	10	7	Sep-17
Growth, Planning & Housing	Energy Performance of Buildings Directive (Cfwd from 2016/17)	Green	SUBSTANTIAL/ SATISFACTORY	2	2	1	Sep-17
Growth, Planning & Housing	Lessee Charges (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	1	Sep-17
Growth, Planning & Housing	Gas Servicing (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	1	Sep-17
Adult Social Care	Commissioning Governance (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17
Adult Social Care	Commissioning & Contracts – SHSOP (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17
Adult Social Care	Commissioning & Contracts – Disability Connect (Cfwd from 2016/17)	Green	SATISFACTORY	1	1	0	Sep-17
Adult Social Care	Customer Journey (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	1	Sep-17
Adult Social Care	Contract Management – Mental Health Day Services (Cfwd from 2016/17)	Green	SATISFACTORY	1	2	1	Sep-17
Adult Social Care	Contract Management – Carers Hub (Cfwd from 2016/17)	Amber	LIMITED	1	4	0	Sep-17
Adult Social Care	Health & Wellbeing Strategy (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	2	Sep-17

## Audits Completed Year to Date - 2017/18

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Public Health	Contract Management – GP & Pharmacy Services (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	0	Sep-17
City Management & Communities	Food Safety (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	2	Sep-17
City Management & Communities	Registrar's Service (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	4	Sep-17
City Management & Communities	Street Trading (Cfwd from 2016/17)	Green	SATISFACTORY	2	5	2	Sep-17
City Management & Communities	Commercial & Domestic Waste Enforcement (Cfwd from 2016/17)	Green	SATISFACTORY	0	5	1	Sep-17
City Management & Communities	Procurement Compliance – Youth Offending Service (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17
City Management & Communities	Libraries – Risk Management	Green	SATISFACTORY	0	2	0	Sep-17
Corporate Services	Partnership Governance (Cross River) (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	2	Sep-17
Corporate Services	HR - Pensions Administration (Cfwd from 2016/17)	Amber	LIMITED	2	0	1	Sep-17
Corporate Services	HR – Payroll (Cfwd from 2016/17)	Amber	LIMITED	9	1	0	Sep-17
Corporate Services	IT – Risk Management (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	0	Sep-17
Corporate Services	HR – Your Voice Survey (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	0	Sep-17
City Treasurer	Accounts Payable (Cfwd from 2016/17)	Green	SATISFACTORY	0	5	2	Sep-17
City Treasurer	Accounts Receivable (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	1	Sep-17

## Additional Information on Audits (Main report – Paragraph 5.1)

### Adult Social Care:

#### 1. Tri-b – Commissioning Governance

The ASC Commissioning and Procurement team worked as a joint team where staff were not assigned to any one Borough, but were split by commissioning and procurement and assigned to different portfolios. However, in March 2016, this structure was revised with new ways of working and the team has undergone a transition to a new joint commissioning and procurement function. At the time of the audit, there were five service areas within Adult Social Care with a total annual contract spend of approximately £760m split across over 200 contracts. The majority (84%) of this is spent on residential care (across five large contracts), support at home, housing related support (55 contracts) and supported living.

No recommendations were made following this review and a **substantial assurance** opinion given. This opinion takes into account various changes that have been introduced in the last 12 months to transform the Commissioning and Procurement function and to enhance the Governance Framework. Some of these changes have only recently been introduced and in order to sustain the level of assurance, it is important for management to fully embed these into both operational and oversight processes.

#### 2. Tri-b – Commissioning & Contracts

Two contracts within ASC were reviewed for compliance with the governance arrangements for procurement:

##### a) Specialist Housing Strategy for Older People (SHSOP)

Due to the rising number of older people in the general population, it is anticipated that a greater demand will fall on services for this demographic. An initial procurement for the Specialist Housing Strategy for Older People (SHSOP) contract began in January 2013, involving Westminster City Council, West London Clinical Commissioning Group and Central London Clinical Commissioning Group. The objectives for service provision was to align with the Council's 'Better Lives' five-year plan and the CCG's 'Better Care, Closer to Home' strategy.

The initial procurement was discontinued and a new process was started in July 2013 using competitive dialogue. Of the five bidders shortlisted, only two submitted final tender bids. Sanctuary Housing Association was awarded the contract in September 2014. The contract is for eight years with an option to extend for a further eight. Funding is provided by both the Council and the CCG's. The CCG's are recharged through a Section 75 Partnership Agreement. The total cost of the contract for the first eight years is £126.2 million. £23.8 million of this relates to Westminster City Council and £102.4 million relates to the CCG's.

No recommendations were made as a result of this audit with a **substantial assurance** opinion being given.

##### b) Disability Connect

In August 2015, an Executive Decision report was made to award a two-year framework agreement to Action on Disability for the Royal Borough of Kensington and Chelsea in respect of the Disability Connect programme. The purpose of the framework is to provide day opportunities to support people with disabilities to integrate with their local communities, and promote independence and social inclusion. A Request for Quotes was published on Capital Esourcing and Contracts Finder in May 2015, following which, Action on Disability submitted the only quote.

Under the terms of the framework agreement, Westminster City Council decided to call off a contract from the framework for two years starting October 2015. The total value of the call-off contract over the two years is £64,000. These services had previously been provided to each Borough under separate contracts.

Two recommendations were made to address weaknesses identified which have been accepted for implementation by management.

### 3. **Tri-b – Customer Journey**

The Customer Journey programme was set up with a view to consider alternative ways in which the Adult Social Care Service can offer efficient and effective service to its customers. It was initiated following a project to research the areas that were most important to customers across the three boroughs' adult social care system undertaken in 2013. The review concluded that services were not always efficient and did not always put customers first. A range of opportunities for more efficient and effective working were identified by the review and subsequent work of the Customer Journey programme.

The programme consists of a number of projects aiming to effect change in the key functions of ASC operations: the front door, hospital services (discharge and community independence service- jointly sponsored by Health initially through the Better Care Fund) and complex care management. Specifically, it aims to:

- Personalise and integrate the service between the three Councils and with Health, improving both the efficiency of the service customers' experience of services;
- Improve the quality and consistency of assessment, support planning and reviews and help customers plan and manage their own care;
- Adopt a more efficient service design with a new management structure, leaner processes and improved information technology to deliver savings of £1.8M per borough by 2016/17; and
- Encourage staff and customers to use more support from their community and to use new health and care technologies in order to help people to stay independent for longer and to depend less on formal care services.

A consultation paper was issued in February 2016 that outlined the proposal to reorganise the ASC Integrated Care structure across three boroughs in line with the continued delivery of the Departments' ongoing Customer Journey Programme. The proposals aimed to deliver a more effective service to customers and significant efficiency savings. Key to this was the strengthening of the integrated working with health which was also a key driver for the proposal. The changes that are being proposed reflect the scale of savings that must be delivered across ASC operations in 2016/17. The proposals will enable the service offer to remain 'fit for purpose' and support the continued delivery of top strategic priorities and outcomes for customers. The new structure was launched in July 2016. Since then, a number of manager and staff orientation sessions, communications and specialist training have been held and some Standard Operating Procedures have been revised to assist with embedding the new structure and Operating Model.

Two recommendations were made which have been accepted by management for implementation.

### 4. **WCC - Contract Management – Mental Health Day Care Services**

The contract management arrangements for two ASC contracts were reviewed:

- Carers Hub (see para 5.1.3 above); and
- Mental Health Day Services.

Adult Social Care is a shared service across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council. Although this is a shared service, the contracts for services delivered by external providers are assigned a contracting authority with some contracts specific to one Borough and some covering all three boroughs.

The provision of Mental Health Day Services is a Royal Borough of Kensington and Chelsea led contract which also covers Westminster City Council. This was previously delivered by an in-house team although a decision was made in 2013 to outsource this service to Hestia Housing and Support. The contractor provides mental health day centres where they deliver a number of activities and sessions for those with mental health needs.

Referrals to this service are provided mainly by the Council's Community Mental Health team. The contract was awarded in January 2013 with the initial duration of three years although the option of two 12-month extensions was available (maximum extension of 24 months). The initial 12-month extension was taken in January 2016 and at the time of the audit work was being completed to trigger the further 12-month

extension period to take the contract to January 2018. The current contract value is around £1.1m per financial year. Service improvements have been identified during the course of the contract to realise cost savings.

Four recommendations were made and accepted by management to improve minor control weaknesses.

**5. Tri-b -Health & Wellbeing Strategy**

Health and Wellbeing Boards were established by the Health and Social Care Act 2012 as a forum where local leaders from across local health and social care systems could come together with the voluntary sector and other stakeholders to improve the health and wellbeing of the populations they serve and promote integrated services. Local authorities and Clinical Commissioning Groups (CCGs) have equal and joint duties to prepare a Joint Health and Wellbeing Strategy (JHWS) for their area. JHWSs are partnership plans developed jointly by the Council, the Local CCG, Healthwatch, and other member organisations of the board. They should draw on the needs identified in the Joint Strategic Needs Assessment (JSNA) and set strategic priorities.

JHWSs translate JSNA findings into clear outcomes the Health and Wellbeing Board wants to achieve which will inform local commissioning leading to locally led initiatives that meet those needs. It offers an opportunity to fulfil a systems leadership role across each borough with oversight and responsibility for all funding and strategic decisions relating to the health and care of the population. The Health and Wellbeing Board must involve the local community continuously throughout the JSNA and JHWS process. The duty to involve the local community covers people who live or work in the area, and includes children and adults.

The JHWSs at each of the three boroughs expired in 2016 and an exercise was undertaken to refresh the three strategies. All three Council's JHWS were due to be published at the time of the audit.

No significant issues were identified during the audit with two low priority recommendations made on points of good practice. A **substantial assurance** opinion was given for this review.

**Public Health:**

**6. Tri-b - Contract Management – GP & Pharmacist Service**

Preventable ill health and disease is one of the major causes of premature death across the three boroughs. Public Health has a responsibility to improve and protect the health and meet the wellbeing needs of the most vulnerable and disadvantaged residents in each area. As of 1 April 2013, the shared Public Health Service was made responsible for improving and protecting the health and wellbeing of the resident local populations in the London Borough of Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea and Westminster City Council. The Public Health Service monitor the needs of these local populations and commissions to meet these needs.

A contract is in place stating the terms and conditions for the provision of Public Health, GP, and Pharmacy services, where providers are able to offer their services via the Council's Electronic Registration System. This offer is accepted by the Council subject to the terms and conditions of the contract, and the Service Specification(s) chosen by the provider on the Electronic Registration System. Service specifications include:

- NHS Health Check Service: a national cardiovascular disease prevention programme that was launched by the Department of Health in April 2009. The NHS Health Check programme aims to assess an individual's risk of developing cardiovascular disease (heart disease, stroke, diabetes and kidney disease) and support them in managing that risk;
- Stop Smoking Service: The services aim is to actively increase the number of people stopping smoking in the borough through the provision of 'in house' stop smoking support and patient referrals to the in-house stop smoking advisors, and the use of information collected on clinical systems to proactively target smokers for health promotion advice.

The contracts for this service are held with each General Practice or Pharmacy and are paid for based on activity, with no contract volumes set. Two recommendations were made in respect of user feedback and improved reconciliation on payments to providers which were accepted by management.



## Children's Services:

### 7. Tri-b – Departmental Governance

The Children's Services department contains a number of combined and borough-based services, working together to improve the lives of children and young people across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council. A combined Senior Leadership Team is responsible for Children's Services in the three boroughs.

The Tri-borough Education Service is responsible for raising standards and supporting students with special educational needs in approximately 150 schools across the three boroughs. Statutory services, as well as discretionary services purchased by schools, are delivered by a range of Tri-borough, Bi-borough and borough-based teams.

The majority of Family Services are delivered locally in each borough. This includes services for targeted early help, looked after children, children with disabilities, child protection and safeguarding of individual children. Fostering and Adoption and the Youth Offending Service operate on a Tri-borough basis and the Tri-borough Local Safeguarding Children Board aims to ensure the coordination and effectiveness of all safeguarding and child protection work across the three boroughs.

The Tri-borough Children's Commissioning directorate is responsible for the design, commissioning, procurement and monitoring of services required to meet the identified needs of children, young people and families in all three boroughs. A joint working arrangement with Clinical Commissioning Groups helps to ensure that the Joint Health Commissioning team can co-ordinate services with health partners.

An Ofsted inspection was undertaken in each of the three boroughs in January 2016, with reports being issued in March 2016. The overall ratings were Good (LBHF), Outstanding (RBKC) and Outstanding (WCC) with all three boroughs being rated Outstanding for Leadership, Management and Governance.

One recommendation was made with regards to the publication of an organisational chart for Children's Services together with a high level business plan which linked to each Council's corporate plan/ priorities. A **substantial assurance** opinion was given for this review

### 8. Tri-b – Contract Management – Passenger Transport

Council provided passenger transport arrangements across the three councils are responsible for transporting approximately 640 children with special educational needs; 500 children in care, as and when required and 200-300 vulnerable adults. Following a tender exercise during 2013 hosted by WCC, a framework of contractors was established to meet the passenger transport needs across the shared service councils.

The service is split into two Lots: Lot 1a – Mini Buses and Lot 1b – Taxis. Seven operators provide passenger transport including staff journeys made during normal working hours and those made by the Emergency Duty Team at night and at weekends. Performance management of the Passenger Service is undertaken by the Travel Care & Support Team (TCST). Monitoring covers all operational aspects of the service and information relative to the performance of the service providers is obtained from parent and teacher feedback; direct observation by contract managers and complaints monitoring.

For the efficiency of the service, TCST allocate individual operators specific schools to enable them to allocate vehicles, drivers and Passenger Assistants. Operators are provided with five days' notice of a new joiner to the service to enable effective route planning where there are several "pick-up" points on route to the designated school.

Operators are required to ensure that as far as is practical, vehicles used in the service have the same crews each day. This is especially the case with Passenger Assistants. Operators have the contact details of the SEN children they transport to enable communication with a parent or guardian where, for instance, the service is running late. The TCST also co-ordinates any unavoidable crew changes due to sickness and ensures that alternative arrangements are in place by the provider ensuring passengers are dropped off and collected from school or Adult Social Care Day Centres.



In addition to vehicular transport the TCST also manages the walking and public transport escort service for the shared service councils. Two specialist employment agents Pertemps and Extrastaff inherited from LBHF and WCC respectively at the start of the contract provide escorts to accompany SEN children to school either by walking or via public transport. Payments to each agency is made by invoice based on completed timesheets. The monthly cost of the services can change from month to month as new service users join and current ones leave. A monthly financial forecast is produced to assist with the financial management of the service.

From September 2017, a new Passenger Transport Service will commence exclusively within Hammersmith and Fulham. The TCST will continue monitoring services under the new contract until the arrangements for the Hammersmith and Fulham model is confirmed. The agreements between the Kensington and Chelsea (KC), Westminster City Council (WCC) and the current operators will be extended, under the existing contracts, to 31 March 2018. During 2017/18 a new shared passenger transport service between KC and WCC will be procured to commence on 1 April 2018. This audit review focused on the contract management arrangements under the current contracts and has not reviewed the current procurement proposals nor their potential financial or operational impact on individual Councils. Neither does the review consider the current arrangements for allocating costs of the service to each of the shared Service councils.

Thirteen recommendations were made to improve controls over the management of this contract which are being implemented by the service.

### 9. Schools

Audits of the Council's schools are carried out using an established probity audit programme, usually on a three-year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice. The purpose of the audit is to help schools establish and maintain robust financial systems.

In the reporting period, one final report has been issued in respect of a school audit:

- St Vincent's Primary School (2016/17audit).

No significant issues were identified and the five recommendations made as a result of this audit will be followed up later in the year.

## Growth, Planning & Housing:

### 10. Energy Performance of Buildings Directive

An audit review has been undertaken of the plans in place to enable the Council to comply with the requirements of the Minimum Energy Efficiency Standard (MEES) Regulations, and to meet the commitment set out in the Greener City Action Plan that by 2019 there will be no Council investment or operational properties that fall below an Energy Performance Certificate (EPC) rating of E.

The MEES was introduced in March 2015 by the Private Rented Sector Energy Efficiency Regulations (Non-Domestic). The regulations will apply to the non-domestic private rented sector in England and Wales, which for the Council means the investment property portfolio. The regulations will exclude from this definition any property which is let on a tenancy which is granted for a term of 6 months or less and any property let on a tenancy for 99 years or more. All non-domestic property types are in scope of the regulations, except for those specifically excluded from existing EPC obligations, as set out in the EPC regulations.

From 1 April 2018, landlords of buildings within the scope of the MEES Regulations must not renew existing tenancies or grant new tenancies if the building has less than the minimum EPC rating of E, unless the landlord registers an exemption on the Private Rented Sector (PRS) Exemptions Register. After 1 April 2023, landlords must not continue to let any buildings which have an EPC rating of less than E, unless an exemption has been registered on the PRS Register.

Once a lease has been created the landlord has six months to comply with the regulations or demonstrate that there is a valid reason for not making improvements. Where a non-compliant property occupied by a tenant is sold the new landlord will have six months to improve the property, or seek to demonstrate an exemption applies. The exemptions have been identified as:

- The measures are not cost-effective within a seven-year payback;
- Despite reasonable efforts, the landlord cannot obtain necessary consents to install the required energy efficiency improvements, including from tenants, lenders and superior landlords;
- A relevant suitably qualified expert provides written advice that the measures will reduce a property's value by 5% or more, or that wall insulation required will damage the property.

Local authorities will act as Enforcement Bodies and will be responsible for the enforcement of the provisions. Where it suspects that a landlord with a property in scope of the regulations is not compliant, or has not sufficiently proved an exemption, the local authority can serve a compliance notice on the landlord requesting further information it considers necessary to confirm compliance. If this is not provided, or is provided and is not sufficient to prove compliance, the local authority may proceed to issuing a penalty notice. This also applies where the local authority is the landlord.

The regulations apply to the Council's investment property portfolio and GVA, who manage the investment property portfolio, have been assisting Corporate Property with review of the investment portfolio to ensure compliance with the regulations, or demonstrate a valid exemption. GVA have also been commissioned to prepare an Energy and Sustainability Policy to improve the environmental performance of the Council's property investments.

The Council through the Greener City Action Plan has also made a voluntary commitment to ensure that by 2019 there will be no Council investment or operational properties that fall below an EPC rating of E. With relation to the operational property portfolio the Link have prepared programmes of work in order to meet this voluntary commitment. Whilst there is no legal requirement under the PRS Energy Efficiency Regulations for operational properties this may impact upon disposals and transfer from the operational to investment portfolios.

The processes in place with regards to the operational property portfolio, were considered to be appropriate and a **substantial assurance** opinion provided. Some improvements to the processes in respect of the investment property portfolio were identified which has resulted in a satisfactory assurance opinion.

Five recommendations have been accepted by management and are expected to be implemented by December 2017.

## 11. Lessee Charges

CityWest Homes (CWH) manages the council housing stock on behalf of the Council. The Council's current management agreement with CWH is a ten-year agreement from April 2012 until March 2022. CityWest Homes is responsible for the planning and delivery of major works to leaseholder property. Its major works programme is delivered by their Better Homes team. A key objective is to keep Westminster City Council's properties in good condition so that they retain their value. CityWest Homes also carry out the Council's freeholder responsibilities to maintain the common parts and fabric of the building, which includes some elements inside the home such as window frames and building services. A five-year major works programme is prepared with CWH carrying out stock condition surveys to determine the works necessary to keep Westminster City Council's properties in good condition.

CityWest Homes is reviewing the way major works are charged to leaseholders to identify efficient processes. The service currently, invoice leaseholders on an ad hoc contract by contract basis - on estimate after works go on site, and then on actual once the final accounts are available. In order to improve this process, the service is looking at billing planned major works that commence after 1 April 2017 on an annual basis. This would be similar to how the Council bill service charges, estimating expenditure in April and October each year and then actualising the costs for the relevant financial year the following October.

Four recommendations were made and accepted by management where processes and controls could be improved including:

- The timely issue of arrears letters;
- Recording evidence on the housing management system (Orchard) of progressing disputed charges;
- Ensuring that debts which are statute barred are written off in accordance with Council policy; and
- Ensuring that final accounts are agreed in a timely manner.

**12. Gas Servicing**

The Gas Safety (Installation and Use) Regulations 1998 require that maintenance of all gas installations, appliances, flues and installation pipework must be undertaken by competent persons. Consequently, under the gas registration scheme that came into effect from 1st April 2009, only gas engineers registered with "Gas Safe" are deemed competent to work on gas appliance and equipment.

Where CityWest Homes (CWH) have fitted a gas fire or gas hot water system they will arrange to inspect and service each item every year and provide the tenant with a copy of the gas check certificate. CWH is responsible for 7200 properties' tenants in the borough and will inform the tenant when an inspection is due and will make an appointment with the tenant. CWH will take legal action against tenants that don't comply with the requirement for an annual gas checks.

As Leaseholders own the gas appliances in their homes, it is up to them to make sure they are kept safe. The standard lease requires lessees to have their gas heating and hot water appliances checked and serviced annually by a Gas Safe installer and to provide CWH with proof that this has been done. The gas servicing contract was awarded to Carillion Ltd in April 2007 for a period of seven years for a value of £2m with an option to extend the contract for a further three years.

Three recommendations were made in respect of procedure notes, retention of inspection certificates and performance reporting which have been accepted by management.

**City Management & Communities:****13. Food Safety**

The Council's Environmental Health Food Safety Team helps to ensure that all food and drink sold by the food businesses in the borough is produced, stored, distributed and handled without risk to the health and safety of consumers. It aims to reduce food borne illnesses and contamination of food, and to meet compositional and labelling requirements.

Food businesses must be registered by law. Registration may be undertaken by post or online. This enables the Council to maintain a list of food business premises in the borough so they can undertake planned interventions. The frequency of the visits depends on the type of food and method of handling, method of processing, consumers at risk, level of compliance with food hygiene and safety procedures and the structure of the establishment and confidence in management/control procedures and if there is a significant risk. Environmental Health Officers from the Commercial Services Public Protection & Licensing Team have powers to enter and inspect commercial premises at all reasonable hours. They do not have to make an appointment and will usually visit without notice during normal opening hours in daytime, evenings and weekends.

Types of interventions and the format of food hygiene inspections are set out in the Food Law Code of Practice (England) issued by the Secretary of State and prepared by the Food Standards Agency (FSA). The frequency of food hygiene interventions depends on the risk posed by the business and the compliance with legal requirements. This is calculated using guidance issued by the FSA and can vary from 6 months to 18 months. The Council is required to inspect food businesses and approve any food establishments which require approval and enforce food hygiene legislation.

The audit identified that generally there is an efficient system for identifying food premises which are not registered, effective systems are in place to ensure the Council's and FSA targets for visiting registered food premises are achieved and food premises which do not comply with legislation are detected and sanctioned. Four recommendations for improving controls have been accepted by management.

**14. Registrar's Service**

The Registrars Service is a sovereign service led by the Tri-borough Director of Libraries & Culture & Proper Officer for Registration Services and at the time of the audit, the service was based at City Hall and Harrow Road. The services offered includes:

- Issuing and reissuing birth, marriage and death certificates;
- Issuing marriage / civil partnership notices;
- Conducting ceremonies in The Register Office and providing registrars;
- Approving premises for civil ceremonies and ensuring all are appropriately licensed;

- A Nationality Checking Service which involves checking and certifying applications for citizenship in partnership with the Home Office; and,
- Citizenship ceremonies.

Fees and charges for statutory services are set by the General Register Office, however some are discretionary and these have recently been reviewed by Registrars Services in conjunction with the Finance Team.

The audit confirmed that generally controls were effective and operating as expected with three medium and four low priority recommendations made to further enhance the existing controls.

### 15. Street Trading

A 'Street Trading Policy' was implemented in December 2013 which was reviewed in January 2016. The 'Street Trading Policy' outlines the approach that must be followed regarding the administration of street trading licenses and Street licensing cases are recorded on the Uniform system. There are five designated street markets, comprising more than 300 trading pitches and more than 170 designated isolated pitches. Street trading in Westminster is regulated under the City of Westminster Act 1999 though it is recognised that street trading activities may also be regulated by other legislation. Amongst the most important of these are the Town and Country Planning Act 1990, the Highways Act 1980 and the Traffic Management Act 2004.

Nine recommendations were made and accepted in areas where controls could be improved including:

- Updating the Street Trading Policy and Street Trading & Special Events procedure notes;
- Retention of all relevant documentation on Uniform relating to market pitch applications and EH approval for sale of food for special events;
- Ensuring that fees and charges are reviewed to ensure that they are still appropriate;
- Ensuring outstanding fees are collected in a timely manner;
- Maintaining an audit trail to support the reasons for providing discounts or waivers on fees for special event applications.

### 16. Commercial & Domestic Waste - Enforcement

The officers authorised to carry out enforcement are the City Inspectors. City Inspectors cover the entire City and work locally in each ward, and on market sites, as well as providing a 24/7 response service. Enforcement ensures that those individuals and/or businesses that spoil the environment are made accountable for their actions. The Environmental Protection Act 1990, Clean Neighbourhoods and Environment Act (CNEA) 2005 and the Control of Pollution (Amendment) Act 1989, introduced powers and tools for local authorities to help tackle local environmental issues such as fly-tipping and waste. "

A Review of Waste Enforcement was presented to the Cabinet Member for Public Protection on 18 September 2016, and a decision was made later that month to implement the proposed enforcement and charging structure for Fixed Penalty Notices under the Environmental Protection Act 1990 as amended. The main changes were embodied within the Waste Enforcement Policy 2016.

The Public Protection and Licensing Directorate (PPL) is responsible for ensuring that "controlled" waste disposal activities are managed and monitored. Controlled waste includes household, commercial and industrial waste. Through proactive and reactive methods, the City Inspectors perform routine patrols and target known hotspots to identify instances of fly-tipping, littering, waste left outside of collection times, and unauthorised waste transfers. Offenders may be issued with a caution or fixed penalty notice (FPN), or prosecution, based on the type and profile of the offence. Prosecutions may be pursued for serious/persistent offences, or for non-payment of FPNs. Following a service review, an enforcement policy was formally approved and implemented in November 2016. Consequently, the offences and sanctions used by the service are fully compliant with current legislation. Service objectives and procedures have been specified to operate the new systems, with corresponding workflow routines being created on the Uniform system.

The audit confirmed that, generally the systems in place were operating effectively although there were some areas where improvements were identified and six recommendations made which have been accepted for implementation.

**17. Procurement Compliance - Youth Offending Service**

The Tri-Borough Youth Offending Service (YOS) provide services to communities which are prone to drug crime. Street drug dealing is one of the most prominent crimes dealt with by the service. In August 2015, the YOS received funding from the Mayor's Office of Police and Crime (MOPAC). The service used the funding to commission a film to challenge attitudes and explore the impact of street drug crimes on the community and individuals. In addition to the film, an intervention pack was procured to accompany the film which would offer guidance, activities and discussion points to be shared with other youth offending teams, schools and other youth organisations. The YOS team commenced a procurement process in December 2015 in conjunction with the Procurement team at the Royal Borough of Kensington and Chelsea.

The audit confirmed that appropriate procurement processes had been used for this contract and no recommendations were made, with a **substantial assurance** opinion given.

**18. Tri-b – Risk Management - Libraries**

This audit reviewed the risk management arrangements within Libraries and Archives and covered all three councils. The three councils recognise that risk management is an integral part of good governance. As such, a shared services risk management strategy statement has been developed. This Risk Management Strategy Statement sets out the intended approach to risk management to be used for shared and sovereign services.

Two recs were made regarding the need to review the risk register at least quarterly by the Senior Management Team (SMT) and that this should be noted in relevant meeting minutes and all risks should be scored to ensure consistency in risk scoring and evaluation.

**City Treasurer****19. Accounts Payable**

Through the Shared Service Centre, BT provide all the back office function for the receipt, processing and payment of invoices on behalf of all three councils. An effective Accounts Payable function ensures prompt payment of all invoices and accounts received by the councils whilst ensuring compliance with legislation and contractual obligations.

The delivery of the service by BT is overseen by an enhanced Intelligent Client Function (ICF) that works closely with business groups and services to ensure the Agresso solution and the BT Shared Service Centre meet user requirements. As part of the migration to Managed Services, the supplier vendor database records were consolidated from legacy systems for three councils to create a single central master database of supplier records within Agresso. Approximately 25,000 supplier vendor records are held within this shared database. The supplier vendor database is currently managed by an in house officer, reporting to the Framework ICF and based at Westminster City Council, who is responsible for verifying all new supplier records and validating any change requests received for all three councils.

Seven recommendations were made where controls could be improved including:

- Improvements to the approval process for changes made to supplier bank account details;
- A reduction in manual payments;
- A reduction in valid payments being held in the system as exceptions;
- A reduction in credit notes held on the system.

A number of the items identified in the audit are included in the ICF's action plan which is still being discussed with BT as part of the commercial negotiations.

**20. Accounts Receivable**

The audit primarily focused on the sundry debt process and how this function is managed by Council officers and through the Agresso application. The audit also reviewed how business groups and services are managing the process for raising sales orders (sundry debtor invoices) on a timely basis using the Agresso application which went live in April 2015. As part of the migration of data and records from the legacy systems (WIMS for WCC) to the Agresso Business World application, customer records were consolidated from legacy systems for three councils to create a single central database of customer records within Agresso. BT are responsible for setting up new customer records once the request has been received from

the service user and it has gone through the workflow approval process with local and Framework ICF. BT are also responsible for issuing sales orders to customers following requests raised by council staff through the Agresso application (Customer and Sales module).

The audit confirmed that the Council had taken a proactive and pragmatic approach in ensuring sundry debt is raised and collected even though some of the functions were contractually the responsibility of BT. Four recommendations were made which are included in the ICF's action plan which is still being discussed with BT as part of the commercial negotiations.

### Corporate Services

#### 21. Bi-bo – IT Risk Management

Prior to 2016, each borough had their own ICT service. Initial plans in 2016 to combine ICT services across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council were replaced with a 'two and one' system from October 2016. Kensington and Chelsea have a joint ICT service with Westminster City Council, whilst Hammersmith and Fulham have its own ICT service making use of some services provided by the other two boroughs.

The audit confirmed that the risk management arrangements for the IT service were well documented and regularly reviewed. One recommendation was made which has been accepted by management.

#### 22. Tri-b – HR – Your Voice Survey

In 2013, the Council employed ORC International to develop a survey that would provide them with information on staff feeling and engagement, and feed into service improvements. Questions are grouped into 13 areas relevant to the employment relationship and engagement of staff. In addition to the specific questions, staff are encouraged to make open comments. The surveys are subject to a minimum return of 20% to be considered representative and in 2015, a 65% response rate was achieved. The surveys are launched each September (5 September 2016 for the latest survey) and remain open for submissions for approximately three weeks. After this deadline has passed, the results are collated and analysed by an in-house Council team, who then produce a report for each Council.

These reports provide recommendations for management. These recommendations are discussed at the executive level as well as being broken down at department and service level. Survey results are benchmarked against previous years' results, as well as those of other Tri-Borough Councils, and external results provided by ORC international.

One recommendation was made on improving the monitoring of actions identified to address areas where staff responses indicated dissatisfaction with existing arrangements.

### Policy & Communications

#### 23. Partnership Governance – Cross River Partnership

The Cross River Partnership (CRP) is a public-private partnership that has been in existence since 1994 and which delivers a range of cross-borough regeneration projects. The CRP is a voluntary association of its 29 members which now includes 8 central London local authorities and 16 Business Improvement Districts (BIDs). In addition, the CRP has other strategic partners such as Transport for London and the Mayor's Office for London. The 'tagline' of the CRP is 'Delivering Regeneration Together' and the vision of the CRP is to support sustainable growth across the Central London sub-region, developing and delivering innovative pilot projects with, and for, its partners. The objectives of the CRP are to contribute to:

1. Economic growth and prosperity
2. Sustainable employment opportunities
3. Air quality and carbon reduction
4. Making places that work.

All of the CRP projects help achieve one or more of these objectives, with a lot of the projects being cross-cutting. There is a CRP Board in place which is co-chaired by a public sector chair and a private sector chair, and all the CRP partner organisations are represented on the Board. Board meetings are held twice a year.

There are membership fees due from the partners of the CRP which enable the CRP to develop programmes and there is also external funding to enable the delivery of these programmes. Westminster City Council acts as the Accountable Body for the CRP, and responsibility for the CRP sits with the Head of City Policy and Strategy in Policy, Performance and Communications (PPC). As part of the accountable body role the Council is responsible for signing contracts for the CRP, employing the majority of CRP staff and the CRP follows the Council's legal, financial and procurement processes. As the accountable body the Council is responsible for the proper administration and financial probity of the external funds received for the CRP, and needs to ensure that appropriate and robust governance arrangements are in place.

The audit confirmed that governance arrangements for the partnership were good with only two low priority recommendations made. A **substantial assurance** opinion was given for this review.

## Performance Indicators 2017/18

Internal audit performance is summarised below against a range of performance indicators:

Performance Indicators	Target	Actual	Comments
<b>Delivery</b>			
Percentage of audit plan completed YTD (Month 4) Full year target = 90%	31%	27%	Slightly below target but no significant issues.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	93%	
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	16 received average score 4.2 (where 5 is the top score)
Percentage of recommendations implemented or in progress	95%	100%	YTD 9 out of 9 recommendations.





City of Westminster

## Audit & Performance Committee Report

<b>Committee</b>	Audit and Performance Committee
<b>Date:</b>	18 <sup>th</sup> September 2017
<b>Classification:</b>	General Release
<b>Title:</b>	To consider how the aim to build up further general fund reserves over the next 5 years can be delivered and the risks for achieving this together with mitigation measures
<b>Wards Affected:</b>	All
<b>Key Decision:</b>	This will be a key decision for Full Council
<b>Financial Summary:</b>	General reserves are considered in the context of the Council's overall financial position
<b>Report of:</b>	Steven Mair, City Treasurer

### 1. Executive Summary

1.1 This report sets out briefings in respect of:

- General Reserves Background; and
- The Council's General Reserves Policy

1.2 In respect of General Reserves this report concludes that it would be highly desirable to increase the level of the General Reserve balance at the earliest opportunity. It is not considered at this point that further budget reductions should be made to accommodate an increase in reserves. However, any resources which become available should be added to the General Reserve when possible.

### 2. General Reserves Background

2.1 The Council's General Reserves includes the General Fund balance, this is held to:

- Comply with the law;

- Provide funds for emergencies or other unexpected requirements for funds;
- Mitigate against risks faced in day to day operations;
- Provide a balance to insulate it from the need to borrow on a short term basis due to uneven cashflows.

2.2 The table below details the movement for the Council's General Reserve balance since 2006/07. This can be considered a reasonable period of time over which to consider movements as the Council has faced a number of challenges during this time including significant turbulence in the wider economy.

Year	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Closing Balance</b>	66,864	69,930	60,090	32,396	15,578	22,054	32,027	35,295	36,035	41,576	48,777
<b>Balance Movement</b>	-	3,066	(9,840)	(27,694)	(16,818)	6,476	9,973	3,268	740	5,541	7,201

2.3 The table demonstrates how over time there have been significant movements in the General Reserve balance including a three year period 2008/09 to 2010/11 when the general reserve balance decreased by £54.352m. Should this reoccur over the next three years starting in 2017/18 this would mean that the Council would have a **negative general reserve balance of £5.575m**. Such a position would actually constitute a breach of law.

2.4 When assessing what level of General Reserve balance should be held, the Council must consider a number of factors which include:

- Based on the Council's gross expenditure, approximately £2.33m is (budgeted) to be spent a day on the provision of General Fund services. The General Reserve balance when viewed in this context represents just 18 days of expenditure;
- The Council has been required to find budget savings year on year since 2010/11. It is becoming harder to identify low risk savings opportunities and thus the need to protect the General Fund by holding suitable levels of reserves to mitigate higher risk becomes more essential;
- Future levels of uncertainty are compounded by the Council's growing reliance on commercial income rather than Central Government core funding. This gearing effect necessitates higher reserves as in the view of the City Treasurer and based on experience from the past these income streams have the potential to fluctuate. Other emerging risks such as

Brexit have the potential to impact unfavourably on Westminster given the scale of its business community and contribution to the nation's Gross Value Added;

- Future transfer of responsibilities or “new burdens.” With the potential full localisation of Business Rates, the Government has already indicated that new responsibilities would transfer over to Local Government (to ensure the new Business Rate's scheme is revenue neutral). The Council must ensure it is well resourced to manage the responsibility of new services that could potentially be demand led (or historically under-funded).
- Demography - Customer needs and behaviours continue to change which brings new challenges and opportunities to the Council. Demographic changes have led to continuing pressures on social services budgets.

Westminster is faced with very high rates of international net migration and high part-time / second home ownership meaning a constant churn in customer base.

The age profile is changing as the number of families leaving is reflected in falling numbers of children in some age-groups. The children left are increasingly benefit dependent or in fee paying schools. Schools are good so the main issues are likely to be housing costs and the cost and availability of childcare, as well as possibly community safety.

A major concern is the increase in age of the population and the impact this is likely to have on adult care and public health costs.

There is the potential to see changes to population levels caused by uncertainty of status of existing overseas workers / residents as well as ability for new workers to come to the country

- Technology - The Council continues to look for development in service delivery and the technical advances and changes brought forward by the Council's Digital transformation have led to greater potential to reconsider service offering and service levels
- Brexit - is a major concern for Westminster, a key central borough of London. Westminster has a large amount of new start-up businesses. However there is also a high number of vacancies and major uncertainty regarding growth post Brexit.

The tourism industry is flourishing due to the weakness of Sterling, but since there is difficulty recruiting into that sector WCC may also struggle to retain businesses with a European or global focus.

➤ Inflation – there are several potential inflationary impacts:

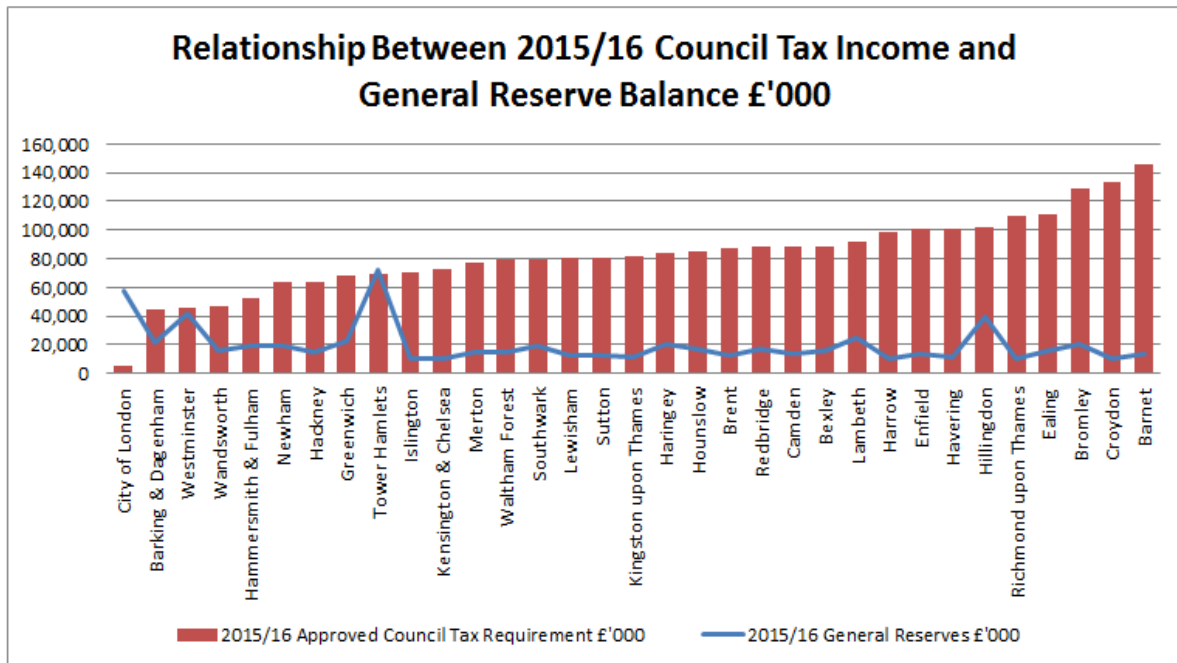
- Cost-Push Inflation effect of Exchange Rate
- Demand Pull impact if economy declines / grows
- Change to labour supply could impact on wage rates
- Potential impact of imposition of Tariffs / Free Trade agreements
- Each 1% change in inflation adds around £6m to the Council's cost pressures

➤ Competition

As well as individual factors influencing demand the Council will have to consider competitive forces in certain service areas. Especially trading activities.

Although for various services and charges the Council holds a monopoly position some services do face challenge from the private sector and also other public sector providers. Therefore it is not always possible to consider a price point or level of quality that covers costs

➤ The chart below shows for authorities in London, the relationship between their 2015/16 General Reserve balance and their approved 2015/16 Council Tax Income Requirement:



The Council has historically had the lowest rate for Council Tax in England but has the 3<sup>rd</sup> highest number of dwellings in London. Consequently and as shown in the chart, the Council’s level of income raised locally from Council Tax is amongst the 3<sup>rd</sup> lowest in London. This makes the Council particularly vulnerable to unexpected Central Government reductions, decisions and other economic impacts such as the recession in 2009 as its ability to raise funding locally by increasing Council Tax (if it chose to do) is limited.

### 3. General Reserves Policy

3.1 In assessing the level of General Reserves balance, the City Treasurer has taken into consideration the following:

- The wider economy currently appears to be more stable than in previous years although significant uncertainties remain particularly in respect of the UK’s exit from the European Union;
- The Council’s framework of governance and controls has been assessed by audit as being satisfactory. In addition, Internal Audit completed its audit of budgetary controls in February 2017 and concluded that the Council had provided “substantial assurance” on these controls;
- The overall track record of Directorate teams in recent years of delivering on-going budget savings has been successful.

- 3.2 However, there are a number of other factors which suggest that it would be highly desirable to increase the level of the General Reserve balance at the earliest opportunity as set out in the previous section.
- 3.3 It is not considered at this point that further budget reductions should be made to accommodate an increase in reserves. However, any resources which become available from the following should be added to the General Reserve where possible:
- In year revenue underspends as reported through the monthly revenue monitor to Cabinet;
  - One off revenue funds which become available e.g. one off unbudgeted income or rebates;
  - Short term underspends from unexpected upsides on budgets;
  - Any other spare resources which become available on an unforeseen or unbudgeted basis.
- 3.4 Should circumstances change then the Council would need to and would be able to address its budgetary challenges from a cost reduction perspective which would mitigate the potential loss of the proposals noted in paragraph 3.3

#### **4 Financial implications**

- 4.1 The financial implications are contained within the body of this report

#### **5 Legal implications**

- 5.1 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

Implications drafted by Rhian Davies, Chief Solicitor (Litigation and Social Care)

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

**David Hodgkinson ([dhodgkinson@westminster.gov.uk](mailto:dhodgkinson@westminster.gov.uk)), Assistant City Treasurer (Deputy S151 Officer), 020 7641 8162**

**BACKGROUND PAPERS - 2017/18 Budget and Council Tax Report**

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City of Westminster

## Audit & Performance Committee Report

<b>Meeting:</b>	<b>Audit &amp; Performance Committee</b>
<b>Date:</b>	<b>18 September 2017</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Work Programme</b>
<b>Wards Affected:</b>	<b>N/A</b>
<b>Financial Summary:</b>	<b>There are no direct financial implications arising from this report</b>
<b>Report of:</b>	<b>Head of Committee &amp; Governance Services</b>
<b>Report Author:</b>	<b>Reuben Segal, Senior Committee and Governance Officer. Tel: 020 7641 3160 or email: <a href="mailto:rsegal@westminster.gov.uk">rsegal@westminster.gov.uk</a></b>

### **1. Executive Summary**

- 1.1 The Committee is invited to review the work programme for 2017/18, attached at appendix 1.
- 1.2 The Committee is asked to note the actions which arose from the last meeting and the work undertaken in response, as detailed in appendix 3.
- 1.3 The committee is also asked to note the update on the Managed Services Task Group and the Investments Task Group which have been established by the Housing, Finance and Corporate Services Policy and Scrutiny Committee but which due to their overlap with the committee's work includes Audit and Performance Committee Members.

## **2. Recommendations**

1. That the Committee notes its agenda for the next meeting on the 23 November as set out in **appendix 1** to the report.
2. That the work undertaken in response to the actions which arose from the last meeting, as detailed in at **appendix 3** to the report, be noted.
3. That the update on the Managed Services and Investments Task Groups be noted.

## **3. Choosing items for the Work Programme**

- 3.1 A Work Programme for 2017/18 is attached at appendix 1 to the report.
- 3.2 Members' attention is drawn to the Terms of Reference for the Audit and Performance Committee (attached as appendix 2) which may assist the Committee in identifying issues to be included in the Work Programme.
- 3.3 The work programme will be reviewed at each meeting of the Committee and items can be removed or added as necessary.

## **4. Managed Services and Investments Task Group**

- 4.1 The Managed Services Programme (MSP) was set up to introduce an external managed service delivering finance, payroll and HR processes. The Committee has maintained a regular oversight of the Managed Services contract since problems were identified with the rollout of the new system in April 2015. The current contract runs until May 2019.
- 4.2 Officers are progressing work on three fronts; completing implementation of agreed services, resolving outstanding commercial issues and looking at options to re-procure the service.
- 4.3 For the most part scrutiny of the re procurement of an alternative service falls to the relevant Policy and Scrutiny Committee. However, there is some overlap with the Audit and Performance committee, particularly in view of the issues identified in the current contract.
- 4.4 At its meeting on 10 April the Housing, Finance & Corporate Services Policy and Scrutiny Committee supported a proposal to establish a task group to scrutinise

the re-procurement of an alternative service which includes members from the Audit and Performance Committee. Work is on-going to plan this Task Group with a view to working with the Royal Borough of Kensington and Chelsea where possible. The Task Group which consists of Councillors Connell, Rowley, Boothroyd and Glanz will meet in September.

- 4.5 The Investments Task Group was established by the Housing, Finance and Corporate Services Policy and Scrutiny Committee to consider a plan that brings together all of the Council's investments (Treasury, property etc) within one strategy. The task group which is chaired by Councillor Rowley and includes Councillors Tim Roca and Suhail Rahuja will meet on 13 September to review the proposed plan and consider recommendations to amend some investment approaches as well as improvements in financial management.

## **5. Monitoring Actions**

- 5.1 The actions arising from each meeting are recorded in the Action Tracker attached as appendix 3. Members are invited to review the work undertaken in response to those actions.

## **6. Resources**

- 6.1 There is no specific budget allocation for the Audit and Performance Committee.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

**Reuben Segal, Senior Committee and Governance Officer**

**Tel: 020 7641 3160 or email: [rsegal@westminster.gov.uk](mailto:rsegal@westminster.gov.uk)**

## **APPENDICES:**

Appendix 1 – Work Programme 2017/18

Appendix 2 – Terms of Reference

Appendix 3 – Committee Action Tracker

## **BACKGROUND PAPERS:**

None

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# Work Programme 2017/18

## Audit and Performance Committee

**17 July 2017**

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2017/18</b>	The Committee is invited to review its work programme for the 2017/18 municipal year.	Reuben Segal
<b>Annual Statement of Accounts</b>	To formally receive and approve the final accounts with any update arising from the public inspection period.	Steve Mair (Finance)
<b>Annual Contracts Review 2016/17</b>	To review of the City Council's contracts, including details of contracts awarded, waivers and performance.	Anthony Oliver (Procurement)
<b>2016/17 End of year Performance Business Plan Monitoring and Period 2 (May) Report</b>	<p>The year-end report presents detailed performance results for the year April 2016 to March 2017 against the 2016/17 business plans.</p> <p>To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA</p>	<p>Steve Mair (Finance)</p> <p>Damian Highwood/Mo Rahman (Performance)</p>

	revenue and capital expenditure and reserves.	
<b>Capital Programme Delivery Review</b>	To consider key solutions to address concerns regarding delays in the delivery of key capital projects including how the capacity and capability of the organisation to deliver capital programmes can be enhanced. To receive an overview of the implementation of the new approach across 3 or 4 schemes..	Steve Mair (Finance)
<b>Discretionary Housing Payment (DHP) Delegated Decisions</b>	To receive an overview of DHP applications received and determined at officer level in the last 12 months including amounts awarded as well as information on procedures and verification processes.	Gwynn Thomas Senior Benefits Policy Officer

**18 September 2017**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2017/18</b>	The Committee is invited to review its work programme for the 2017/18 municipal year.	Reuben Segal
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	<p>To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.</p> <p>To monitor Quarter 1 performance results against the 2017/18 business plans</p>	<p>Steven Mair (Finance)</p> <p>Mo Rahman (Performance)</p>
<b>Internal Audit Monitoring Reports</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)
<b>Commercial Revenue Performance</b>	To consider the performance and outcomes as well as future targets of corporate commercial revenue performance. To examine the risks and mitigations associated with achieving these objectives.	Steve Mair (Finance)
<b>General Fund Reserves Policy</b>	To consider how the aim to build up further general fund reserves over the next 5 years can be delivered and the risks for achieving this together with mitigation measures.	Steve Mair (Finance)

**23 November 2017**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2017/18</b>	The Committee is invited to review its work programme for the 2017/18 municipal year.	Reuben Segal
<b>Grant Thornton Annual Audit Letter 2016/17</b>	To consider Grant Thornton's assessment of the Council's financial statements and its arrangements to secure value for money in its use of resources.	Elizabeth Jackson Paul Dossett (Grant Thornton)
<b>Corporate Complaints 2016/17</b>	To report on the volume and details of complaints received by the Council and CityWest Homes in 2016/17.	Sue Howell (Complaints)
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.  To monitor Quarter 2 performance results against the 2017/18 business plans	Steven Mair (Finance)  Damian Highwood/Mo Rahman (Performance)
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)
<b>Mid-Year Counter Fraud Monitoring Report</b>	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)



## 1 February 2017

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2017/18</b>	The Committee is invited to review its work programme for the 2017/18 municipal year.	Reuben Segal
<b>Grant Thornton Certification of Claims and Returns Annual Report (Audit 2016/17)</b>	To report the findings from the certification of 2016/17 claims and the messages arising from the assessment of the Council's arrangements for preparing claims and returns and information on claims that were amended or qualified.	Elizabeth Jackson Paul Dossett (Grant Thornton)
<b>Grant Thornton Annual Audit Plan 2017/18</b>	To set out the audit work that Grant Thornton proposes to undertake for the audit of the financial statements and the value for money (VFM) conclusion 2017/18.	Elizabeth Jackson Paul Dossett (Grant Thornton)
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.  To monitor Quarter 3 performance results against the 2017/18 business plans	Steven Mair (Finance)  Mo Rahman/Damian Highwood (Performance)
<b>Maintaining High Ethical Standards at the City Council</b>	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority	Tasnim Shawkat (Monitoring Officer)
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)

<b>Internal Audit Plan 2018/19</b>	To review and comment on the draft audit plan for 2018/19	David Hughes (Internal Audit)
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**23 April 2017**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Draft Annual Statement of Accounts and Outturn 2017/18</b>	To review the draft 2017-18 Annual Statement of Accounts and outturn.	Steve Mair (Finance)
<b>Draft Audit Findings Report 2017/18</b>	To review the reports from the Council's external auditors on the key findings arising from their audit of the councils 2017-18 financial statements (Council and Pension Fund)	Paul Dossett Elizabeth Jackson (Grant Thornton)
<b>Update on Arrangements for the Management of the Capital Programme</b>	To consider an update on arrangements that are in place to manage the Council's capital programme for the General Fund and Housing Revenue Account.	Steve Mair (Finance)

**AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE**

**CONSTITUTION**

4 Members of the Council, 3 Majority Party Members and 1 Minority Party Member, but shall not include a Cabinet Member.

**TERMS OF REFERENCE**

Audit Activity

1. To consider the head of internal audit's annual report including the auditor's opinion on the Council's control environment and a summary of internal audit and anti-fraud activity and key findings.
2. To consider reports, at regular intervals, which summarise:
  - the performance of the Council's internal audit and anti fraud service provider/s
  - audits and investigations undertaken and key findings
  - progress with implementation of agreed recommendations
3. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
4. To consider specific reports as agreed with the external auditor.
5. To comment on the scope and depth of external audit work and to ensure it gives value for money.
6. To liaise with the Independent Auditor Panel (once established) over the appointment of the Council's external auditor.
7. To comment on the proposed work plans of internal and external audit.

Regulatory Framework

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
9. To review any issue referred to it by the Chief Executive or a Director, or any Council body.
10. To monitor the effective development and operation of risk management and corporate governance in the Council.

11. To monitor Council policies on 'Raising Concerns at Work', the Council's complaints process and the Antifraud and Corruption Strategy; specifically the effectiveness of arrangements in place to ensure the Council is compliant with the Bribery Act 2010.
12. To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
13. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
14. To consider the Council's compliance with its own and other published standards and controls.
15. To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority and in this context to receive a report annually from the Head of Legal and Democratic Services and the Chief Finance Officer.

#### Accounts

16. To review the annual statement of accounts and approve these for publication. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
17. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### Performance Monitoring

18. To review and scrutinise the financial implications of external inspection reports relating to the City Council.
19. To receive the quarterly performance monitoring report and refer any issues which in the Committee's view require more detailed scrutiny to the relevant Policy and Scrutiny Committee.
20. To review and scrutinise personnel issues where they impact on the financial or operational performance of the Council including but not limited to agency costs, long-term sickness, ill health early retirements and vacancies; and
21. To review and scrutinise Stage 2 complaints made against the City Council and monitor progress.

22. To consider and advise upon, prior to tender, the most appropriate contractual arrangements where a proposed contract has been referred to the Committee by the Chief Executive.
23. To maintain an overview of overall contract performance on behalf of the Council.
24. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.
25. To review and scrutinise the Council's value for money to Council tax payers.
26. To scrutinise any item of expenditure that the Committee deems necessary in order to ensure probity and value for money.

#### Staffing

27. To advise the Cabinet Member for with responsibility for Finance on issues relating to the remuneration of all staff as necessary.
28. In the course of carrying out its duties in respect of 27 above, to have regard to the suitability and application of any grading or performance related pay schemes operated, or proposed, by the Council.

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The evening

**COMMITTEE ACTION TRACKER**  
**ACTIONS: 9 May 2017**

ACTION	OUTCOME	LEAD OFFICER
<b>END OF YEAR PERFORMANCE</b>		
1. Provide information around the performance of the Community Independence Service and the outcomes achieved for those using it.	This was circulated on 17 August 2017.	<b>Stella Baillie, Tri-Borough Director for Integrated Care</b>
2. The Committee would like more information around the performance of the Troubled Families Service and longer term outcomes achieved for this cohort. Also provide a copy of the report on the service that went to the Children, Environment & Leisure Policy and Scrutiny Committee.	This information was circulated on 11 August 2017.	<b>Melissa Caslake, Director of Family Services</b>
3. Provide details of how the targets for recruiting foster carers were determined.	This information was circulated on 11 August 2017.	<b>Melissa Caslake, Director of Family Services</b>
<b>CORPORATE CONTRACTS REVIEW 2016-2017</b>		
4. Send a letter to the Chief Executive expressing concern regarding the number and value of contracts that have not been assessed and reported on within a job capitalEsourcing and request that he reassert the importance of this at the next relevant EMT meeting with the aim of achieving 100% compliance this financial year.	A letter was sent on 21 July.	<b>Reuben Segal, Senior Committee and Governance Officer</b>
5. Clarify why a waiver was required in relation to Microsoft Office 365 Licenses in order to directly award this contract.	A response was circulated on 28 July	<b>Anthony Oliver, Chief Procurement Officer</b>
6. Clarify why the contract for Asbestos Removal and Encapsulation was rated below expectation.	A response was circulated on 28 July	<b>Anthony Oliver, Chief Procurement Officer</b>
7. Provide a note on i) how many contracts the Council has running at present? ii) How does this compare to	A response was circulated on 28 July	<b>Anthony Oliver, Chief Procurement Officer</b>

previous years? iii) What opportunities are there for amalgamating contracts to achieve savings/economies of scale and/or to bring about innovation?		
<b>UPDATE ON ARRANGEMENTS FOR MANAGEMENT OF THE CAPITAL PROGRAMME (GENERAL FUND AND HOUSING REVENUE ACCOUNT)</b>		
8. The committee would like further information on capital projects by type (development, operational or investment schemes/asset acquisition) with an explanation of how the Council can address some of the inherent issues that affect these different types of schemes. It would also like a breakdown of the general fund major projects by Ward together with expected start and completion dates	To follow	<b>Steve Mair, City Treasurer</b>
9. The Committee would like future quarterly finance reports to include a breakdown of the capital programme by project type (development, operational and investment) to see where the slippage is occurring and any trends.	This has been included.	<b>Steve Mair, City Treasurer</b>
<b>DISCRETIONARY HOUSING PAYMENT DELEGATED DECISIONS</b>		
10. The committee has agreed to write to the chief executive to request sample checking of officer delegated decisions by the senior policy officer	An email setting out changes to procedures to match the committee's concerns was circulated on 8 September.	<b>Councillor Lindsey Hall</b>