



CITY OF WESTMINSTER

# MINUTES

## Audit and Performance Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 23rd November, 2017**, Room 3.6/3.7, 3rd Floor, 5 Strand, London, WC2 5HR.

**Members Present:** Councillors Ian Rowley (Chairman), David Boothroyd and Jacqui Wilkinson

**Also Present:** Paul Dossett (Partner, Grant Thornton), Paul Jacklin (Senior Manager, Grant Thornton), Steve Mair (City Treasurer), Dave Hodgkinson (Assistant City Treasurer), Siobhan Coldwell (Chief of Staff), Cathy Mullins (Interim Head of Evaluation and Performance), Mo Rahman (Evaluation and Performance Analyst), Ian Heggs (Borough Director of Schools), David Hughes (Tri-Borough Director of Audit, Fraud, Risk and Insurance), Moira Mackie (Senior Internal Audit Manager), Andy Hyatt (Head of Fraud), Steve Barry (Fraud Investigation Manager), John Quinn (Bi-Borough Director of Corporate Services) and Reuben Segal (Committee & Governance Services)

**Apologies for Absence:** Councillor Lindsey Hall

#### 1 MEMBERSHIP

- 1.1 It was noted that Councillor Jacqui Wilkinson had replaced Councillor Judith Warner.

#### 2 DECLARATIONS OF INTEREST

- 2.1 Councillor Wilkinson declared in respect of item 7 that she is a finance governor for Chelsea Community Hospital School.

#### 3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 18 September 2017 be agreed by the Chairman as a correct record of proceedings.

#### 4 GRANT THORNTON ANNUAL AUDIT LETTER 2016 - 2017

- 4.1 Paul Dossett, Partner, Grant Thornton, introduced the Annual Audit letter which set out the key findings from the audit of the Council's Financial Statements (Council and Pension Fund) for the year ending 31 March 2017.
- 4.2 Mr Dossett advised that the letter contained very little in additional information to the key findings reported to the committee at its meeting in May. He advised that there were two outstanding objections to the Council's accounts from local electors in relation to LOBOs. These had been addressed and approval from the Public Sector Audit Appointments (PSAA) was expected to be received the following week.
- 4.3 He further advised that since the publication of the letter Grant Thornton had certified the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions and was in the process of completing work on minor grants. The Council's financial statements were expected to be certified in December.
- 4.4 With regards to the determination of materiality, Mr Dossett explained that Grant Thornton had set this at 1.85% to reflect the challenges and risk around the Managed Services Contract where otherwise it would have been set at 2%.
- 4.5 **RESOLVED:** That the Annual Audit Letter 2016-17 be noted.

## **5 PROGRESS AND UPDATE ON 2017 - 2018 AUDIT**

- 5.1 Paul Jacklin, Senior Manager, Grant Thornton, introduced a report which set out the auditor's progress in delivering its responsibilities relating to the audit of the Council's Financial Statements and the Pension Fund for the financial year 2017-18. The report included key information on changes to accounting practices and emerging issues in local government such as the Independent Review of Building Regulations and Fire Safety.
- 5.2 Mr Jacklin informed the committee that work on certifying the Council's housing benefit subsidy claim had been completed. An update on certifying teachers' pensions claims would be reported to the next committee meeting.
- 5.3 With regards to the Independent Review on Building Regulations and Fire Safety, the chairman advised that the following the Grenfell Tower fire the Housing, Finance and Corporate Services Policy and Scrutiny Committee scrutinised CityWest Homes and the Council's response to fire safety within the Council's housing stock. Subject to the outcomes from the independent review and any changes to building regulations and fire safety, this committee will examine how the Council will or has responded to any future requirements.
- 5.4 **RESOLVED:** That the progress report be noted.

## **6 CORPORATE COMPLAINTS 2016 - 2017**

- 6.1 Siobhan Coldwell, Chief of Staff, introduced a report that set out the Council's Annual Complaints Review for 2016 - 17. The report summarised the Council's complaints performance (Complaint stages 1 and 2) and those complaints received by the Local Government Ombudsmen (LGO). The report also contained, as an appendix, a copy of the Local Government Ombudsman Annual Letter/Review for the year ending 31 March 2017.
- 6.2 Information used to compile the 2016/17 annual report had largely come from the new complaints database. The procedure covers most Council services. However, Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced. CityWest Homes has been operating its own complaints procedure since 1 April 2012 and produces an annual complaints report. This is the first time the Council has had a complete corporate overview of all complaints across all stages as previously information was stored on various systems. However, as use of the new database was phased in there was a small amount of data on other separate systems. Additionally Parking Services did not start using this system until March 2017, therefore their information was reported separately.
- 6.3 The Committee noted the headline findings which included that there was an overall decrease in complaints across both stages when compared with 2015/16 (down 25% from 1048 to 837), and that there were no serious service failures discovered at stage 2. When reviewing the performance relating to stage 1 response times (10 working days) the committee noted the variances between service areas in responding in the target response time. The team with the slowest response time has now turned its poor performance around and reports run for the first and second quarter of the current year indicate all complaints from this team has met the target response time.
- 6.4 The LGO made no specific comments about the Council's performance, and the Annual Complaints Review has reported that no formal public reports were issued against the Council.
- 6.5 Members questioned whether a standard 10-day response time to all complaints is appropriate and whether there should be a differential response time depending on risk. The committee also recognised that some complaints may be easier to respond to in a short timeframe while others are more complex and require additional information and input from other parts of the Council. The committee would like to see the incorporation of some risk rating within future reports.
- 6.6 In respect of complaint outcomes, the committee noted that there had been a decrease in the number of upheld complaints from the previous year. However, in the absence of a benchmark the committee was unable to tell whether this figure is good or bad. Siobhan Coldwell stated that compared to other local authorities the performance was good. She further advised that there were some areas where the Council could be definitive such as comparing complaints against contract performance.

6.7 The Committee asked how the complaints data can be used to address performance. The Chief of Staff stated that over time complaints data could be incorporated with performance monitoring information into a single report.

6.8 **ACTION:**

1. The committee would like information on complaints for Adults and Children Social Services and CityWest Homes which are not dealt with through the Council's complaints procedure as well as any complaints forwarded to the housing ombudsman.
2. The committee also requested specific detail on complaints within certain service areas as follow:
  - (i) The 8 complaints with allegations of incorrect charges which were all upheld; were they all within the same service?
  - (ii) within highways infrastructure and public realm and campaigns and engagement;
  - (iii) The complaint about staff rudeness or inappropriate behaviour which was upheld;
  - (iv) How many of the Housing Benefit complaints are explicit complaints versus queries about how an application is proceeding?

**(Action for: Sue Howell, Complaints and Customer Manager)**

**7 FINANCE (PERIOD 6) AND QUARTER 2 PERFORMANCE BUSINESS PLAN MONITORING REPORTS**

7.1 Dave Hodgkinson, Assistant City Treasurer, introduced the period 6 finance report which provided details of the forecast outturn in respect of revenue and capital and projected revenue and capital expenditure by Cabinet Member including key risks and opportunities. The report also included details in relation to the revenue and capital expenditure for the housing revenue account.

7.2 Cathy Mullins, Interim Head of Evaluation & Performance, introduced the Quarter 2 performance report which presented detailed results of the period April to September 2017 against the 2017-18 Business Plans. The report provided explanations and commentary in respect of outstanding, good and poor performance including achievements of targets and details of remedial action being taken where appropriate. Cathy Mullins referred the committee to a couple of minor errors in the report (risk on affordable housing being duplicated in the standing items section within GPH and within the risks and issues section within PPC the phrase "sub-prime subsidy" should read "super prime voluntary supplement")

- 7.3 The Committee had invited Ian Heggs, Tri-Borough Director of Schools, to the meeting to discuss and answer questions on a range of amber rated KPI's within Children's Services and in particular the performance challenges around completing Education, Health and Care (EHC) assessments within 20 weeks and transferring SEN statements to EHC plans.
- 7.4 Mr Heggs provided a contextual insight to the specific key service indicators. In relation to special education provision, he explained that the City Council had previously spent a significant amount of money on funding placements out of borough. However, in each of the last 5 years the Council has reduced this dependence and increased provision locally. One of the benefits of this being less travelling time for pupils. With regards to transferring SEN statements to EHC plans, Mr Heggs explained that since September 2014 the Children and Families Act requires local authorities to transfer all SEN statements to EHC plans. The Act extended the age range that support is available until but did not include any additional funding. The Council has inherited a large number of students with statements. A considerable number have statements which have been found to be out of date and need reviewing. Working with health colleagues, new assessments are being progressed.
- 7.5 Turning to the performance targets Mr Heggs advised that the service plan directorate aims to transfer all pupils with an SEN statement to an EHC by 31<sup>st</sup> March 2018. He advised that as at the end of October Children's Services had transferred a further 100 statements leaving 433 outstanding. The Department for Education had allocated and funded a former Head of SEN to assist the Council who was reporting directly to him. They had already helped to unblock issues. The Council had also outsourced EHCP report writing to an experienced agency with capacity. Many local authorities had also outsourcing this particular process. He expected performance to improve by the next quarter. While he was more concerned about meeting the targets for completing new assessments he advised that in October performance was above the aspirational target level.
- 7.6 **RESOLVED:** That concerns around the performance of completing EHC assessments within the 20 weeks and transferring SEN statements to EHC plans be referred to the Children, Environment and Leisure Policy and Scrutiny Committee for more detailed scrutiny. This should include a breakdown of the SEN cohort.

7.7 **ACTIONS:**

Finance (Period 6)

1. The committee would like future reports to include an explanation for any reprofiling of General Fund Capital Programme schemes and a detailed breakdown of Housing Revenue Account capital expenditure.
2. Provide details of the reasons for the overspend in the Sir Simon Milton University Technical College scheme. **(Action for: Steve Mair, City Treasurer)**

## Quarter 2 Performance Monitoring Report

3. Organisational Health Scorecard – Workforce: Provide some context in future reports on how the outturn of around 14% - 15% annual staff turnover compares with other local authorities;
4. Organisational Health Scorecard – delivery: Are any of the active KPIs which are off track of target within critical service areas?
5. Provide a narrative in future reports where any impacts to achieving the overarching objectives of the Council or risks and issues within service directorates are being impacted by the move from Tri-Borough to Bi-borough services or MSP performance.
6. Integrate complaints data alongside the City Survey findings within future performance reports to provide better contextual insight on the reason behind complaints.
7. Adult Social Care  
Clarification on the position reported for 'Number of Carers who received an assessment review KPI' and whether the outturn is cumulative and why the figure reported is low relative to last year. Also why the target is progressive and not ongoing (e.g. we aim to have 85% of carers assessed and reviewed throughout the year and not just by YE).
8. Waste & Parks (Street cleansing): the committee would like to know if any of the streets that have failed the street survey score for litter have a persistent litter problem and which streets these are. **(Action for: Mo Rahman, Evaluation and Performance Analyst)**
9. The committee would like a copy of the most recent performance report from CityWest Homes; **(Action for: Jonathan Cowie, CEO, CityWest Homes)**

## **8 AGREEMENT OF BI-BOROUGH SERVICES IN CHILDREN'S SERVICES, ADULT SOCIAL CARE AND PUBLIC HEALTH**

- 8.1 The committee received a report that provided an update on progress in establishing a bi-borough agreement with the Royal Borough of Kensington and Chelsea for the delivery of Children's Services, Adult Social Care and Public Health.
- 8.2 Members were informed that the proposed new structures have sought to retain the principles that underpin the original Tri-Borough agreement. The key changes had been agreed with relevant Cabinet Member and will be subject to Cabinet approval in December. The structures have been subject to consultation with staff. Considerable effort had been spent mitigating the

potential financial impact of the move to a Bi-borough service, as well as ensuring that current service provision does not suffer as a result of the uncertainty being experienced by staff.

- 8.3 A plan is in place to ensure a smooth transition to minimise any risk to ongoing service delivery. The majority changes will 'go live' by 1<sup>st</sup> April 2018.
- 8.4 Siobhan Coldwell advised the committee that the performance issues around completing EHC assessments and improving compliance with SEN requirements predate the move from Tri-Borough to Bi-Borough Services.
- 8.5 The Committee noted that a small number of services in both Adult Social Care and Children's Services will continue to be shared with both RBKC and LBHF. The committee asked about the rationale behind this. Siobhan Coldwell explained that these are services which are better provided on scale, such as fostering and adoption. She explained that a number of Westminster children live in the other boroughs as that is where available carers are located. She advised that Westminster would continue to monitor the performance of these services.
- 8.6 Members asked whether the new integrated commissioning function would be in place from April. Siobhan Coldwell advised that the process for appointing a director was being progressed. She explained that recruiting and retaining good commissioners is challenging due to competition within the public health sector. However, the new integrated structure will provide attractive career development opportunities by enabling commissioners to work across three service areas.
- 8.7 **RESOLVED:** That progress in moving from a Tri-Borough to Bi-borough structure in Adult Social Care, Children's Services and Public Health be noted.

## **9 INTERNAL AUDIT 2017-18 PROGRESS REPORT (AUGUST - OCTOBER 2017)**

- 9.1 The Committee considered the work carried out by the Council's Internal Audit service in the reporting period which found that in the areas audited internal control systems were generally effective with 16 positive assurance reviews (substantial or satisfactory) being issued, although two limited assurance audits (ASC Dementia Outreach Contract Management and Monitoring and Millbank Tenant Management Organisation (MEMO)) had also been issued since the last report to the committee. Ten follow up review completed in the period confirmed that the implementation of recommendations had been effective with the majority (90%) of recommendations fully implemented at the time of the review.
- 9.2 Moira Mackie, Senior Internal Audit Manager, informed the committee that a follow-up audit of the ASC Dementia Outreach Contract Management and Monitoring will be undertaken in 6 months' time to confirm that the agreed actions have been implemented by the service.

- 9.3 David Hughes, Tri-borough Director of Audit, Risk, Fraud and Insurance, informed members that the Internal Audit Service would be working with CityWest Homes to improve the clienting arrangements of TMOs. Progress will be reported to future committee meetings.
- 9.4 Members noted that under the Management Agreement, MEMO can manage major works. Although to date MEMO has not undertaken this role and there is a low probability that they would wish to this was of concern to committee members given the limited assurance issued. Reference was made to the Grenfell Tower fire as an example of the risks of giving such responsibilities to tenants who do not have the experience to undertake them. It was noted that CityWest Homes are aware of the risks associated with devolving this activity.

## **10 MID YEAR COUNTER FRAUD MONITORING REPORT**

- 10.1 Steve Barry, Fraud Investigation Manager, introduced a report that provided an account of fraud related activity undertaken by the Tri-Borough Corporate Antifraud Service (CAFS) from 1 April 2016 to 30 September 2017.
- 10.2 The committee welcomed the news that since April 2017 CAFS has identified 100 positive outcomes against 70 in 2016/17 and that anti-fraud activity with a notional value of approximately £300,000 had been identified.
- 10.3 In relation to housing fraud, Committee Members commented that this is likely to be significantly greater than the Council believes is the case or is aware of. Members commented that when canvassing in Council owned housing blocks they had received indications by residents of subletting of social housing. Officers asked members to let them have any details of any suspected subletting so they could investigate. Members suggested that the service undertake an independent review of a sample social housing block to obtain an indication of the level of subletting taking place.
- 10.4 **ACTION:**
1. The committee would like to see a greater emphasis on prosecuting offenders in order to act as a deterrent to others.
  2. The committee would also like to see more detail on successful prosecution outcomes in future reports.  
**(Action for: Andy Hyatt, Head of Fraud)**

## **11 WORK PROGRAMME AND ACTION TRACKER**

- 11.1 **RESOLVED:**
1. That the work programme including the items for the next meeting on 1 February be noted.



2. That the responses to actions be noted.

## **12 EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972**

### **12.1 RESOLVED:**

That under Section 100(A)(4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) the press and public be excluded from the meeting for the following item of business because it involves the likely disclosure of exempt information in relation to the financial or business affairs of the Authority and/or other parties and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **13 UPDATE ON THE MANAGED SERVICES PROGRAMME**

13.1 John Quinn, Bi-Borough Director of Corporate Services, introduced a briefing paper that provided an update on the position that had now been reached with BT and set out the detailed proposals for the implementation of a replacement solution.

13.2 The Committee discussed the issues set out in the report and submitted questions to Mr Quinn on the proposed replacement solution including governance arrangements, legal implications and key risk factors and mitigation.

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

The Meeting ended at 9.01 pm

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

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