



City of Westminster

Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Tuesday 18th September, 2018**

Time: **6.30 pm**

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

Members: **Councillors:**

Ian Rowley (Chairman)
Danny Chalkley
Paul Swaddle
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 from 6.00pm. 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, Head of Committee and Governance Services.

**Tel: 020 7641 3160 Email: rsegal@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

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 that Councillor Danny Chalkley has replaced Councillor Robert Rigby.

To note any further 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 previous meeting.

(Pages 5 - 16)

4. GRANT THORNTON - ANNUAL AUDIT LETTER 2017 - 2018 AND PROGRESS AND UPDATE ON 2018 - 2019 AUDIT

Report of Grant Thornton, External Auditor.

(Pages 17 - 44)

5. FINANCE PERIOD 3 AND QUARTER 1 PERFORMANCE BUSINESS PLAN MONITORING REPORT

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

(Pages 45 - 108)

6. UPDATE ON THE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

Report of the Executive Director for Growth, Planning & Housing and the City Treasurer

(Pages 109 - 116)

7. INTERNAL AUDIT AND INTERNAL CONTROL MONITORING REPORT (APRIL - AUGUST 2018)

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

(Pages 117 - 144)

8. INTERNAL AUDIT CHARTER	(Pages 145 - 154)
Report of the Shared Services Director for Audit, Fraud, Risk and Insurance.	
9. HAMPSHIRE COUNTY COUNCIL PARTNERSHIP AND BT MANAGED SERVICES EXIT	(Pages 155 - 162)
Report of the Bi-Borough Director of Corporate Services	
10. CITYWEST HOMES PERFORMANCE UPDATE	(Pages 163 - 244)
Report of the Interim Managing Director, CityWest Homes	
11. PROCUREMENT SERVICES UPDATE	(Pages 245 - 252)
Report of the Interim Chief Procurement Officer	
12. WORK PROGRAMME AND ACTION TRACKER	(Pages 253 - 270)

Stuart Love
Chief Executive
10 September 2018

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CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Monday 16th July, 2018**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

Members Present: Councillors Ian Rowley (Chairman), David Boothroyd, Robert Rigby and Paul Swaddle

Also Present: Stuart Love (Chief Executive), Steve Mair (City Treasurer), Julia Corkey (Director, Policy, Performance and Communications), Barbara Brownlee (Executive Director, Growth, Planning and Housing), Richard Barker (Interim Executive Director, City Management and Communities), Bernie Flaherty (Bi-borough Director, Adult Social Care and Health), Lee Witham (Director of People Services), Ian Heggs (Director of Schools), Chris Greenway (Bi-borough Director of Integrated Commissioning), Cathy Mullins (Head of Evaluation and Performance), Mo Rahman (Evaluation and Performance Analyst), Maria Benbow (Interim Chief Procurement Officer), Mandy Gado (Head of Procurement Development), Andrew Polley (Head of Category Management), David Hughes (Shared Services Director, Audit, Fraud, Risk and Insurance), Moira Mackie (Senior Internal Audit Manager), Andy Hyatt (Tri-borough Head of Fraud) and Reuben Segal, Acting Head of Committee and 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 Chairman, with the agreement of the Committee, signed the minutes of the meetings held on 23rd April and 21st June as correct record of proceedings.

4 2017/18 END OF YEAR PERFORMANCE BUSINESS PLAN AND FINANCE PERIOD 2 (MAY) REPORT

- 4.1 Steve Mair, City Treasurer, introduced the Finance Period 2 Monitoring report. He explained that the papers were circulated with less than the 5 working days notice due to a conflict between the internal reporting timeline to the Executive Leadership Team and the agenda publication date.
- 4.2 The report 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.
- 4.3 With regards to the capital forecast outturn (Cabinet Member for Finance, Property and Regeneration), the Committee noted that £2.564m had been re-profiled for the refurbishment of the Coroner's Court to 2019-20 as there had been no agreement from Merton LBC. [NB: Westminster, RBK seek and Wandsworth all willing to contribute their share]. In response to questions, Steve Mair confirmed that agreement is required from all four boroughs that the court covers (Westminster, RBKC, Wandsworth and Merton) before the capital project can proceed.
- 4.4 With regards to the place shaping budgets, the Committee asked which projects or schemes the £20.225m of re-profiled capital expenditure related to. The City Treasurer advised that this related to the West End Partnership Programme which is subject to review and will be reported to Cabinet and Council in October and November as part of the review of the Council's Capital Programme. The City Treasurer clarified that current expenditure on the Oxford Street district approach is being funded through the revenue budget rather than via capital expenditure.
- 4.5 The Committee asked when the Capital Programme Management Office (PMO) is due to start operating. Barbara Brownlee, Executive Director, Growth, Planning and Housing, explained that the office started operating in June and consists of three directly employed staff which will monitor and report on the Council's whole capital spend, including social value commitments, VFM capital spend and physical progress. She advised that it will start producing reports in the autumn and that an update on its work can be reported to the Committee at the same time.
- 4.6 Julia Corkey, Director of Policy, Performance and Communications, introduced a year end report that presented detailed performance results for the year April 2017 to March 2018 against the 2017/18 business plans. The report set out how the Council performed against the City for All priorities and included progress towards achieving the deliverables and targets within the Business Plans. The information presented was reported by exception and focused on those areas of notable achievement or concern where action/intervention is likely to be required. The report also provided early views into the challenges that await in 2018/19.
- 4.7 The featured insight for the quarter focused on the diversity of Westminster's workforce. The Committee noted that in 2018 63% of Council staff have not recorded a disability statement and that just under 20% have not recorded

their ethnicity. Members commented that this made it difficult to accurately determine the diversity of the Council's workforce. The Committee asked how the Council intends to deliver an increase in the level of recorded information which should include sexual orientation. Lee Witham, Director of People Services, explained that the transfer of Managed Services for Finance, HR and Payroll from BT to the Hampshire County Council Partnership offers an opportunity for the Council to undertake a piece of work to fill in this information gap. The benefit of gathering this is that it will enable the Council to better address issues such as under-representation of BME and female staff in senior positions. The Committee was of the view that to encourage participation the communications should emphasise this. The tone of the message will also be important to avoid dissuading people. Members also suggested that some members of staff may not identify with the current classification options and therefore the ability for individuals to submit alternatives should be included. Julia Corkey advised that there are a number of representative groups within the Council and that testing with them will be undertaken prior to any communications launch to ensure that a positive message is reflected.

- 4.8 The Committee then discussed the 2018 diversity results. The Chief Executive stated that the Council needs to understand why it underperforms in this area and examine what better performing local authorities are doing across the piece. He stated that the Council needs to look at how it can actively encourage applications for senior positions from BME's where historically it has received few, if any. Members noted that Westminster has the fifth highest gender pay gap out of London boroughs and asked about the reasons for this. The Director of People Services stated that women's hourly mean rate at Westminster is 9.8% lower than men's. The Council needs to better understand the reasons behind this although he advised one explanation is that historically there have been fewer women in senior positions in the Council. To close the gap the Council has held workshops to try to understand what the barriers are and then look at opportunities that it can offer to address them. He further advised that the Council is reviewing a range of HR policies including its maternity pay. The Council wants to be a competitive, family friendly employer and it needs to look at how it can improve its current offer.
- 4.9 The committee then considered the overall performance of the City Council and submitted questions to individual members of the Executive Leadership Team on performance within their directorates. This included the top achievements and challenges at year end and key performance indicators for attention that are critical to the Council's performance which have either missed the ideal target or only met the minimum standard.
- 4.10 Members commented in respect of the top accomplishments by the Council that whilst the transition of Adults, Children's and Public Health Services from a Tri-borough to a Bi-borough model had been completed it was too early to state that this has been a success this has been as there is insufficient output at present to make such an assessment.

- 4.11 With regards to the key performance indicators for attention, the Committee asked officers for further explanation why the ideal targets had been missed or only the minimum standards met.

Adult Social Care

- 4.12 KPI - Percentage of clients who require long-term service after completing a reablement package: Bernie Flaherty, Bi-borough Executive Director for Adult Social Care and Health, explained that the Council had set itself a challenging target and that the 30% position achieved at year end is considered good across London.
- 4.13 KPI - Total number of new permanent admissions to residential/nursing care of people aged 65 years and over: Bernie Flaherty explained that the target is set to reflect the desire of those aged 65 years and over to live at home. Due to developing complex requirements, however, more people will ask to move into residential care. Therefore meeting the measure will continue to be challenging.

Children's Services

- 4.14 KPI - Number of social care contracts that go on to early help: Ian Hegg, Borough Director of Schools, explained that this is a new local measure for 2017/18 for which the service did not have a baseline. As this work is in its first year this year's performance will help to set future targets. He advised that the ideal target of 20% had been set quite high. Having an Early Help manager in the front door will ensure that thresholds are consistently applied.

Growth, Planning and Housing

- 4.15 KPI - New enterprise space created: Barbara Brownlee explained that the new enterprise space is being delivered in partnership with stakeholders. Only a small proportion of the funding is being provided by the Council. Only 1000 sq feet had been delivered at year end against a target of 40,000 sq feet due in part to a change in landlord at Paddington Works and a squatter at Ingestre Court. Mitigation measures were being progressed in both cases to unblock delays in the delivery of the schemes.
- 4.16 KPI - Connect 1000 businesses to super and ultrafast broadband: Members asked how the voucher scheme is publicised as a few businesses reported that they had only come across it by accident. Barbara Brownlee advised that the Council uses many third parties such as BIDs, Cross River Partnership and business partnerships to promote and encourage applications. She explained that despite the receipt of applications small and medium-sized enterprises are failing to provide sufficient evidence to meet the European Regional Development Fund evidencing requirements. She stated that the Council needs to consider how it can better facilitate take up. Greater success may be achieved through grouping businesses together. She confirmed that connection would be all the way into the businesses' premises.

City Management and Communities

- 4.17 KPI - Number of hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety: Richard Barker, Interim Executive Director for City Management and Communities, explained that the target had been missed as the Residential Services Team had been under significant pressure during what had been a unique year as it separately responded to government requirements around fire safety investigations and inspections in the wake of the Grenfell Tower Fire.
- 4.18 KPI - Percentage of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision: Richard Barker explained that the target was missed due to staff shortages as a result of officers leaving the Council. He reported that staffing levels had since improved and that in the first quarter of this current financial year 88% of licences had been issued within the 28 day target.
- 4.19 The committee then asked for further information on a range of key service updates against the 2017/18 performance business plans.
- 4.20 Mr Heggs was referred to the fact that the Minerva Free School which would be closing at the end of the week had been due to occupy a development site at Paddington Basin. He was asked what will now happen to the site. Mr Heggs explained that the decision to close the school has been supported by the Secretary of State for Education. The Council has provided alternative primary school places at nearby schools for all families of students. The decision regarding the future educational use of the site is a matter for the Department for Education (DfE). The Council has been in discussions with the DfE and has explained that there is a pressure in the borough for secondary rather than primary school places.
- 4.21 Members welcomed the results relating to the percentage of carriageway and footway defects repaired or made safe within 24 hours but expressed disappointment over the quality and responsiveness of TfL to repairs of manhole covers and gullies on roads that it manages. Mr Barker advised that the Council has relationships on a number of fronts with TfL and works to encourage them to undertake works on their roads more speedily and to a better standard.
- 4.22 Mr Barker was asked whether the Council achieved full cost recovery for supplying RBKC and LBHF's contractors with 51 tonnes of grit during the peak snowfall period? The Chief Executive advised that the Council has a mutual aid recovery agreement with neighbouring local authorities where only the cost of the salt is charged for.
- 4.23 The Committee noted that all three targets relating to the City Survey (keeping residents informed) had been missed at year end. Julia Corkey advised that despite the outcome, 65% of residents feeling informed about services and benefits was still a good result. She explained that there had been changes in year regarding residents' preferred channels of communication. The service area will undertake a review so that it can better understand where and how best to communicate with residents.

4.24 Members suggested that future quarterly monitoring reports should include other risks to the Westminster economy. The Chief Executive agreed that only risks that have some certainty of occurring and which the Council can mitigate against should be included.

4.25 **ACTIONS:**

Finance Period 2 Monitoring Report

Capital Programme Management Office – The Committee would like an update in one year's time on the outcomes and outputs of this project (**Action for: City Treasurer/Committee and Governance Services**)

2017/18 End of Year Performance Report

1. Performance achievements and opportunities – Westminster's Employment Service has supported 881 unemployed residents into work. The Committee would like to know how many of the residents are still in employment after six months (the current sustainment measure).
2. Performance challenges - Westminster accounts for 7% of all hate crime incidents in London and this has increased by 44% over the last 2 years. The Committee would like a breakdown of the increase by year and by type of incident to understand the trend pattern. It would also like a standing update on hate crime in future quarterly monitoring reports.
3. Growth, Planning and Housing – Local Full Fibre Network Funding – The Committee would like clarity on whether the aim to connect 9,500 premises and 80,000 addressable premises covers all Westminster residential properties?
4. Policy Performance and Communications – Community Contribution Scheme - Provide Councillor Boothroyd with a breakdown of the individual contribution values and the dates they were received.

(Action for: Mo Rahman, Evaluation and Performance Analyst, Evaluation and Performance team)

5 ANNUAL CONTRACTS REVIEW 2017/18

5.1 Maria Benbow, Interim Chief Procurement Officer, introduced the Annual Contracts Review report. The reporting format had been updated to focus on the Executive Leadership Team who are responsible for the overall management of the Council, for setting and monitoring overall direction, ensuring high performance and for overall risk and reputation management.

- 5.2 The report also highlighted a number of areas where Procurement Services are working to support the Council to deliver best value, in terms of professional development of staff, contract management and transition to the new Integrated Business Centre for finance and HR.
- 5.3 The review outlined the contracts let by the Council for value for money and adherence to the procurement code. The committee noted that 104 contracts commenced during the 2017/18 period. Fifty one contracts were below the value of £100,000 threshold and fifty three over the value of £100,000. There were nine extensions of existing contracts. This latter 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. Seventy two waivers were approved during the course of the year. This represented an increase to the previous year.
- 5.4 The report highlighted that the capitalE sourcing contracts register is regarded as the “single source of truth” and forms the basis for reporting on contract information across the Council.
- 5.5 Members expressed concern that only 51% of all contracts (65 of 127) over the value of £100,000 had been assessed and performance rated within the system during the year, a downward trend on the previous year. Compliance varied significantly between service areas. The committee noted that of the 62 contracts that have not been performance rated, 25 had a value over £1.5m. Whilst Officers provided assurances that large value contracts were being evaluated locally, Members commented that in the absence of a complete set of data it was difficult for the committee to properly fulfil its statutory role in this respect. The Chief Executive undertook to investigate why compliance in reporting by service areas was not being achieved. The committee requested that a standing update is provided to each future meeting on progress in achieving compliance.
- 5.6 Officers were referred to the fact that quite a number of waiver requests were received for a change to the mandatory evaluation criteria either due to the use of framework agreements whereby the terms stipulate alternative criteria or following extensive market research. Members asked about the thoroughness of the market research undertaken. Andrew Polley, Head of Category Management, advised that this is commensurate with the level of risk associated with the procurement.
- 5.7 Members stressed the added importance of contract monitoring during the transition between contractors. Officers were referred to the fact that in June 2017 CWH appointed two long term major works contractors and five new repairs contractors. The exiting contractor had left a backlog of approximately 2000 outstanding jobs (representing 2 week’s work). This placed an additional pressure on the new contractor while establishing its workforce.
- 5.8 The Committee asked why Westminster’s public conveniences were not referenced in the contract activity within City Management and Communities in 2017-18. The Chief Executive explained that the Council’s public toilets are being operated by Carlisle under a lease agreement rather than via a

contract. Members asked whether the Council would need to buy back the leases. The Chief Executive advised that a piece of work around the ongoing arrangements for the City Council's public conveniences is being progressed by the Interim Executive Director for City Management and Communities and the Cabinet Member for Finance, Housing and Regeneration. Members suggested that it would be useful to examine the lessons from this particular arrangement to help guide future service considerations.

- 5.9 Maria Benbow advised that the Procurement Service has initiated a Contract Management Programme to build on the tools and processes already in place to improve contract management across the organisation. A PMO has been set up and will collect updates from all project leads, track completion of project activities and report status to the Advisory Board. She also advised that the service would shortly be commencing an end-to-end review of procurement processes. She advised that next year's report to the Committee will outline what processes have been changed and where improvements have been made.
- 5.10 **ACTIONS:** The Committee would like to know which contracts received a waiver in 2017-18 and which of these had not been performance evaluated within capitalEsourcing.

6 ANNUAL COUNTER FRAUD MONITORING REPORT

- 6.1 Andy Hyatt, Tri-borough Head of Fraud, introduced a report that provided an account of fraud related activity undertaken by the Tri-borough Anti-Fraud Service (CAFS) from 1st April 2017 to 31st March 2018.
- 6.2 Since April 2017 CAFS had identified 230 positive outcomes including 22 prosecutions and 21 recovered tenancies. For the financial year ending 31st March 2017 fraud identified by CAFS has an estimated a value of over £500,000.
- 6.3 Members asked in relation to the prevention of fraud and corporate investigations, whether an investigation into potential bribery had been proven. Mr Hyatt advised that the disciplinary hearing led CAFS to identify another disciplinary issue but there was no evidence of bribery.
- 6.4 The Committee asked whether the transfer of Westminster residents in receipt of benefits to Universal Credit will make investigating housing related fraud harder for CAFS. My Hyatt stated it should not make any difference. He explained that since the transfer of housing benefit investigations from local authorities to the Department of Work and Pensions in March 2015 all investigations in respect of housing benefit fraud are now undertaken by the DWP. The Council liaises with the DWP and provides information where it suspects such fraud is taking place. Westminster still has responsibility for and investigates fraud in relation to social housing.
- 6.5 Mr Hyatt was informed that a particular frustration expressed by residents is the fraudulent use of disabled badges and Respark permits. The Committee

asked about the sanctions available where disabled parking fraud is proven. They also asked how the Council communicates its enforcement work and successful prosecutions to residents. Mr Hyatt advised that each case of suspected parking fraud is assessed on its own merits. A decision on whether to pursue a prosecution will in part be based on the strength of the evidence available. Other factors that are considered include the impact of the fraud on the community and the cost to the Westminster taxpayer. He explained that the reason why the Council pursues more prosecutions for disabled parking badge fraud is due to the greater impact that this can have on the ability of disabled and vulnerable users to undertake everyday tasks. During its investigations CAFS has identified and shared with Council colleagues weaknesses in processing which will in turn should reduce the potential for permits to continue being used once residents are no longer eligible for them.

- 6.6 Members recommended that the Service increase its publicity in respect of its enforcement and its successful prosecutions so that residents can be reassured that fraudulent activity is being tackled. The committee also requested that Ward councillors are kept informed of the Service's successes so that they can publicise these locally.

7 ANNUAL REPORT ON INTERNAL AUDIT AND INTERNAL CONTROL 2017/18

- 7.1 Moira Mackie, Senior Internal Audit Manager, introduced a report that summarised the work of Internal Audit in 2017-2018 and provided the opinion of the Shared Services Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's governance, risk management and internal control environment. The opinion is provided for the use of Westminster City Council and is used to support its Annual Governance Statement.
- 7.2 The report outlined that, from the work carried out by the Council's Internal Audit Service in the financial year, reasonable assurance could be provided that systems of internal controls in place are effective with 85% of the audits undertaken receiving a positive assurance opinion.
- 7.3 The report further outlined that there were a few areas where control improvements are required and compliance with agreed systems could be improved. In each case action plans are in place to remedy the weaknesses identified. The Council was found to be effective, in most areas, at implementing recommendations where concerns in respect of controls were identified.
- 7.4 Moira Mackie informed the Committee in respect of College Park Special School, which had received two consecutive limited assurances, that a follow up audit had been undertaken in June. All but three low priority recommendations had been implemented to-date. She advised that in future if a service area should receive two consecutive limited assurances internal

audit will write to the service head or headteacher to request details of how they aim to improve compliance with controls.

- 7.5 Members asked why audits of Public Health and Community Infrastructure Levy (CIL) had been deferred. Moira Mackie explained in respect of Public Health that this was due to the disaggregation of services following the move from Tri-borough to Bi-borough arrangements as well as the re-contracting of some services to reduce costs. The CIL audit had been deferred due to the complex nature of the CIL administration process. The audit will examine the mechanisms for identifying where CIL monies have originated from rather than the processes for allocating funds. The outcome of the audit will be reported to the next committee meeting as part of the standing quarterly internal audit report.
- 7.6 The Committee made reference to the fact that a number of significant transitions either had or would shortly take place where there is the opportunity for fraud and data protection issues to arise. In response to questions, David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance, confirmed that the 2018/19 Internal Audit Plan included intentions to audit areas involving key risks and change.
- 7.7 **RESOLVED:** That the Committee noted the Annual report on Internal Audit and Internal Control 2017/2018.

8 WORK PROGRAMME 2018/19

- 8.1 The Chairman referred to the fact that there were a number of major strategic changes due to take place over the coming year and that these needed to be embedded in the Committee's Work Programme.
- 8.2 **RESOLVED:**
1. That the Work Programme for 2018-2019 as set out in Appendix 1 to the report be agreed subject to adding a standing update at each meeting on contract management.
 2. That the work undertaken in response to the actions arising from the meeting on 23 April as set out in Appendix 3 to the report be noted.

The Meeting ended at 8.00 pm

CHAIRMAN: _____

DATE _____

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Annual Audit Letter

Year ending 31 March 2018

Westminster City Council

July 2018

Page 17



Agenda Item 4

Contents



Your key Grant Thornton
team members are:

Paul Dossett

Partner

T: 020 7728 3180

E: Paul.Dossett@uk.gt.com

Paul Jacklin

Senior Manager

T: 020 7728 3263

E: Paul.J.Jacklin@uk.gt.com

Laurelin Griffiths

Manager

T: 0118 955 9166

E: Laurelin.H.Griffiths@uk.gt.com

Chloe Edwards

In-Charge Auditor

T: 020 7728 3276

E: Chloe.D.Edwards@uk.gt.com

Section

1. Executive Summary
2. Audit of the Accounts
3. Value for Money conclusion

Page

- 3
5
10

Appendices

- A Reports issued and fees

Page 18

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Westminster City Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 21 June 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work
Page 19

Materiality

We determined materiality for the audit of the Council's financial statements to be £20,103,000, which is 1.95% of the Council's gross revenue expenditure. We determined materiality for the audit of the pension fund accounts administered by the Council to be £13,360,000, which is 1% of the pension fund's net assets.

Financial Statements opinion

We gave an unqualified opinion on the group's financial statements on 21 June 2018, and an unqualified opinion on the pension fund accounts on the same date.

Whole of Government Accounts (WGA)

We completed work on the Council's consolidation return following guidance issued by the NAO.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 21 June 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Westminster City Council in accordance with the requirements of the Code of Audit Practice.

Page 20

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
July 2018

Audit of the Accounts

Our audit approach

Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group accounts to be £20,425,000, which is 2% of the group's gross revenue expenditure. We determined materiality for the audit of the Council's accounts to be £20,103,000, which is 1.95% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

Pension Fund Materiality

For the audit of the City of Westminster Council Pension Fund accounts, we determined materiality to be £13,360,000 million, which is 1% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts and the narrative report, annual governance statement and Annual Report published alongside the Statement of Accounts to check they are consistent with our understanding of the group and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks for the Council

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; obtained a full listing of journal entries, identified and tested unusual and significant journal entries for appropriateness; and evaluated the rationale for any changes in accounting policies or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>The Council revalues its land and buildings to ensure that carrying value is not materially different from fair value.</p> <p>The assets are revalued according to the rolling 5-year programme. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; considered the competence, expertise and objectivity of any management experts used; reviewed the basis on which the valuation is carried out and challenged the key assumptions; reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding; tested revaluations made during the year to ensure they are input correctly into the Council's asset register and financial statements; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Testing identified one instance where the Council had incorrectly taken revaluation gains on investment properties to the revaluation reserve, one instance of a property being held in the Council's records twice, and other, smaller, valuation issues.</p> <p>These issues had no impact on the Council's cash position.</p> <p>Our audit work did not identify any other issues in respect of the valuation of the Council's property, plant and equipment.</p>

Audit of the Accounts

Significant Audit Risks for the Council (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 23</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> • identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation; • gained an understanding of the basis on which the valuation is carried out; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made; and • checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from the Council's actuary. 	<p>The Council received an updated IAS 19 valuation report on 16 April 2018, resulting in adjustments to the financial statements.</p> <p>Our audit work did not identify any other issues in respect of the valuation of the Council's pension fund net liability.</p>
<p>Appeals Provision for National Non-Domestic Rates (Business Rates)</p> <p>The Council's provision for business rates appeals remains the largest in the country and is a highly material balance in the financial statements.</p> <p>The provision is based on significant judgements made by management and uses a complex estimation technique to prepare the provision.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> • monitored how the appeals process is affecting the Council and any planned changes in the methodology used to calculate the provision; • identified the controls put in place by management to ensure that the appeals provision is not materially misstated; • assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • reviewed the assumptions made by management and the processes in calculating the estimate; • tested the calculation and its agreement to supporting documentation; and • reviewed the disclosures made by the Council in the financial statements. 	<p>Our audit work did not identify any significant issues in respect of the Council's provision for business rates appeals.</p>

Audit of the Accounts

Significant Audit Risks for the Pension Fund

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> • review of entity controls; • review of accounting estimates, judgements and decisions made by management; and • review of unusual significant transactions 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>
<p>The valuation of Level 3 investments is incorrect</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>We identified the valuation of level 3 investments as a risk requiring special audit consideration.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> • gained an understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls; • reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment; • considered the competence, expertise and objectivity of any management experts used; and • verified the investment balances to the fund manager and custodian report 	<p>As the draft financial statements were based on 28 February 2018 balances all types of investment (Levels 1-3) were subsequently updated to reflect the valuation at 31 March 2018. This led to a total decrease of £28.6m to the Fund's reported financial position.</p> <p>Our audit work did not identify any other issues in respect of valuation of level 3 investments.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the group's financial statements on 21 June 2018, in advance of the national deadline.

Preparation of the accounts

The group presented us with draft accounts in advance of our audit visit on 3 April, significantly in advance of the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Audit Committee on 21 June 2018.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement on 29 June 2018 which identified one minor inconsistency for the group auditor to consider between the opening balances in the Council's financial statements and those in the Data Collection Tool.

Pension fund accounts

We gave an unqualified opinion on the accounts of the City of Westminster Pension Fund on 21 June 2018.

We also reported the key issues from our audit of the pension fund accounts to the Council's Audit Committee on 21 June 2018.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Westminster City Council in accordance with the requirements of the Code of Audit Practice.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

We carried out an initial risk assessment in January 2018, and identified no significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03.

We continued our review of relevant documents up to the date of giving our audit report, and did not identify any significant risks requiring us to perform further work.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	February 2018
Audit Findings Report	June 2018
Annual Audit Letter	June 2018

Fees for non-audit services

Service	Fees £
Audit related services	
- Certification of the 2016/17 Teachers Pension return	3,500
- Certification of the Pooled Capital Receipts grant	9,000
Non-Audit related services	
- Subscription to CFO insights	9,500

Page 27
Fees

	Planned fees £	Actual fees £
Statutory group audit	185,719	185,719
Audit of the Pension Fund	21,000	21,000
2016/17 Housing Benefit Grant Certification	22,410	22,410
Objections relating to 2016/17	n/a	7,790
Total fees	229,129	236,919

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).



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Audit Progress Report and Sector Update

Westminster City Council
Year ending 31 March 2019
Page 29
September 2018



Contents

Section	Page
Introduction	3
Progress at 5 September 2018	4
Audit Deliverables	5
Sector Update	6
Links	14

Introduction



Paul Dossett

Engagement Lead

T 020 772 83180
E paul.dossett@uk.gt.com

This paper provides the Audit and Performance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Page 31



Paul Jacklin

Senior Manager

T 020 7728 3263
E paul.j.jacklin@uk.gt.com

Members of the Audit and Performance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Laurelin Griffiths

Manager

T 020 7865 2293
E laurelin.h.griffiths@uk.gt.com

Progress at 5 September 2018

2017/18 Audit

We have completed our audit of the Council's 2017/18 financial statements. Our audit opinion, including our value for money conclusion was issued on 21 June 2018 and certificate of audit closure was issued on the 5 July 2018.

We issued:

- An unqualified opinion on the Council's financial statements;
- An unqualified opinion on the Council's pension fund financial statements; and
- An unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We have issued all our deliverables for 2017/18 and have concluded our work on the 2017/18 financial year. Our Annual Audit Letter, summarising the outcomes of our audit is included as a separate agenda item.

2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year and we will discuss the timing of these visits with management.

We continue to participate in meetings to discuss the transfer of the Council's general ledger which is expected to occur on 1 December 2018.

We are currently responding to the Council's proposal to prepay pensions contributions of £151m into the Pension Fund which the Council are forecasting will save approximately £100m of interest over the sixteen years 2018/19 to 2033/34.

We will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2017/18 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

Meetings

We met with Finance Officers in August as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Our next event is a financial reporting workshop to be held in early spring. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	January 2019	Not yet due
2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the April Audit Committee.	April 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	June 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	December 2019	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

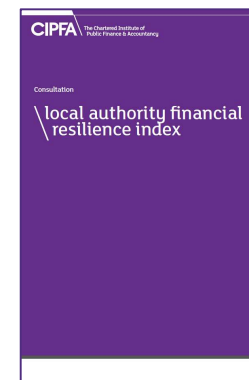
The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

CIPFA Consultation

Challenge question:

Has your Finance team briefed members on the Council's response to the Financial Resilience Index consultation?



MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

Page 36
With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

Social Housing Green Paper Consultation



Challenge question:

What does the Social Housing Green Paper mean for your local authority?



MHCLG – Business rate pilots

The Council is currently part of the London 100% business rates retention pilot for the 2018-19 financial year.

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

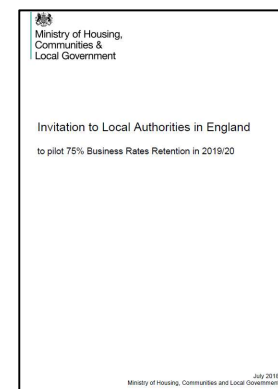
Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25th September 2018.



Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

Financial challenges – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

Culture and structure – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

Strategic issues – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

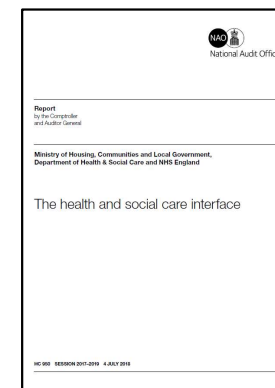
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

The health and social care interface

Challenge question:

Has the Audit and Performance Committee considered the 16 challenges to joint working and what can be done to mitigate these?



The Vibrant Economy Index

a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website (www.granthornton.co.uk) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



Supply Chain Insights tool helps support supply chain assurance in public services

Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
 - organisation and category
 - service provider
 - date at a monthly level
- benchmark your spend against your peers
- identify:
 - organisations buying similar services
 - differences in pricing
 - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

Supply Chain Insights

Grant Thornton

Challenge question:

Has your Authority considered how our Supply Chain Insight tool can help support your supply chain assurance?



Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

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National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

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Audit and Performance Committee Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	18 th September 2018
Classification:	General Release
Title:	Period 3 Finance and 2018/19 Quarter 1 Performance Report
Key Decision:	Review and challenge officers on the contents of the report
Report of:	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 in June 2018 against the 2018/19 approved budget. The report provides explanations and commentary in respect forecast variances to budget.

The quarterly performance report summarises the Council's performance at the first quarter of the 2018/19 financial year (April 2018 – June 2018). It captures how we are performing against the City for All priorities and includes progress towards achieving the deliverables and targets within the Business Plans.

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 - 2018/19

1. Key Messages

The Period 3 monthly Revenue monitoring report projects a net underspend of £0.455m by year-end and net risks of £1.732m. All variances will be subject to active management through the financial year and it is anticipated the net risk position will be mitigated by year end.

The Capital monthly monitoring report projects an expenditure underspend of £69.672m by year-end. Income is forecast to under-recover by £37.487m resulting in a net forecast underspend of £32.185m.

At Period 3, the HRA revenue forecast is an overspend of £0.446m compared to a budget of £6.994m.

The forecast gross capital outturn for the HRA is £141.386m, resulting in a total variance of £8.955m compared to the budget of £150.345m.

2. Revenue – Forecast Outturn

At Period 3, Cabinet portfolios are projecting a net underspend of £0.455m by year-end with net risks of £1.732m. The table below shows a summary of forecast variances, risks and opportunities by Cabinet portfolio.

<u>Cabinet Portfolio</u>	Full Year Budget (£m)	Full Year Forecast (£m)	Full Year Variance to Date (£m)	Risks Identified (£m)	Opps Identified (£m)	Projected Variance inc Opps and Risks (£m)
Leader of the Council	8.641	8.377	(0.264)	0.400	-	0.136
Deputy Leader, Economic Development, Education and Community	14.058	15.146	1.088	0.125	(0.050)	1.163
Finance, Property and Regeneration	51.999	49.834	(2.165)	0.554	(1.170)	(2.781)
Family Services and Public Health	80.848	81.734	0.886	0.893	-	1.779
Environment and City Management	(13.586)	(13.586)	-	0.230	-	0.230
Public Protection and Licensing	8.271	8.271	-	-	-	-
Housing and Customer Services	35.482	35.482	-	0.428	(0.128)	0.300
Place Shaping and Planning	1.927	1.927	-	0.950	(0.500)	0.450
NET CONTROLLABLE BUDGET	187.641	187.186	(0.455)	3.580	(1.848)	1.277

Council Tax*	53.831	53.831	-
Business Rates - Net of Tariff*	133.810	133.810	-
CORPORATE FINANCING	187.641	187.641	0.000

Net (Surplus) / Deficit	-	(0.455)	(0.455)
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*any additional receipts from Council Tax or Business Rates are not recognised until next year due to accounting regulations and are therefore forecasted to budget.

Period 3 Forecast Outturn by Cabinet Portfolio

Leader of the Council (Councillor Nickie Aiken)

At the end of Period 3, the reported forecast outturn is an underspend of £0.264m. This is mainly driven by underspends in staffing costs of £0.178m and various non-pay underspends of £0.290m. However, this is offset by an under recovery of income £0.204m. The under recovery mainly relates to City Promotions, Events and Filming.

The £0.400m of risks identified relate to non-pay spend in Campaigns and Customer Engagement of £0.200m and an increase in business rate charges in City Promotions, Events and Filming £0.200m.

Deputy Leader, Economic Development, Education and Community (Councillor David Harvey)

At the end of Period 3, there is a forecast overspend of £1.088m, which largely relates to pressures within the Education service in Children's Services. The forecast overspends here include; funding pressures related to Special Education Needs (SEN) of £0.350m, service demand pressures for SEN Transport of £0.261m, under-recovery of budgeted traded services income with Schools totalling £0.385m and £0.092m due to legal fees.

There are risks totalling £0.125m in Community Services related to management fee income from delays in the opening of Moberly Sports Centre. However, these are offset by £0.050m of opportunities related to staffing costs in Community Services.

Finance, Property and Regeneration (Councillor Rachael Robathan)

At the end of period 3, there is a forecast underspend of £2.165m against budget.

This is largely due to additional interest earnings within the City Treasurer's department of £2.523m as well as some smaller underspends elsewhere which are offset by some overspends. These overspends include £0.248m in Legal Services due to additional legal fees, transition to Bi-Borough working and shortfall in realising a MTP initiative and £0.130m in Revenues and Benefits due to increased bad debt provision and under-recovery of other income.

There are risks identified of £0.554m, of which £0.300m are related to the TUPE transfer of customer-facing staff to the Council. A further £0.254m is due to a potential under recovery of external income in Legal Services.

There are opportunities identified of £1.170m, £0.920m of which relate to additional interest earnings. The implementation of the new treasury management strategy has improved returns since the budget was set. Additionally, continuing speculation on a further rate rise in 2018/19 may lead to increased opportunities.

There is a further £0.250m of opportunity identified within Legal Services fee charging.

Family Services and Public Health (Councillor Heather Acton)

At the end of Period 3, the reported forecast in this area is an overspend of £0.886m. This comprises a forecast overspend from Children's Services of £1.024m due to Placement pressures in Family Services of £0.500m due to an increase in Unaccompanied Asylum Seeking Children (UASC), ongoing pressures in the Emergency Duty team of £0.110m due to increases in referrals for the Adult's service. There are also overspends in Integrated Commissioning of £0.234m and Operations and Programmes of £0.180m; both of these are related to staffing.

The above is offset by a forecast underspend in Adult Services of £0.138m which is largely from spot placements.

There are reported risks of £0.893m. This consists of £0.513m for proposed changes to funding between the Council and CCG for the Speech and Language Therapy (SALT) contract and £0.380m in Family Services mostly due to extra responsibilities placed on the Council as part of the Children's Social Work Act 2017 and increased number of care leavers at the start of 2018/19.

These risks are offset by opportunities totalling £0.600m, £0.500m of which is from Sexual Health services in Public Health following implementation of a new contract at the start of 2018/19 and reduced activity levels.

Environment and City Management (Councillor Tim Mitchell)

At the end of Period 3, the reported forecast outturn is equivalent to the annual budget of (£13.586m).

There are however, reported risks of £0.230m, the majority of which relate to increased volumes of footways maintenance.

Public Protection and Licensing (Councillor Ian Adams)

At the end of Period 3, the reported forecast outturn is equivalent to the annual budget of £8.271m with no reported opportunities or risks.

Housing and Customer Services (Councillor Andrew Smith)

At the end of Period 3, the reported forecast outturn is equivalent to the annual budget of £35.482m.

There is a risk of £0.428m, most of which is due to staffing costs pending a review of project work. This is offset by an opportunity of £0.128m that could be realised from a review of Office 365 licences and telephony charges.

Place Shaping and Planning (Councillor Richard Beddoe)

At the end of Period 3, the reported forecast outturn is equivalent to the annual budget of £1.927m. There are reported risks of £0.950m. Of this, £0.650m relate to Development Planning and potential pressures on planning income from a reduction in applications and fees. A further £0.300m relates to additional employee costs in Place Shaping.

There are £0.500m of opportunities from Development Planning which relate to vacant posts.

3. Capital – Forecast Outturn

The Council's General Fund capital projects are currently reporting a forecast gross expenditure of £386.480m and gross income of £142.361m against a revised gross expenditure budget of £456.152m and gross income budget of £179.848m. This equates to a net underspend of £32.185m comprising an underspend of £69.672m on expenditure and an under-recovery of income of £37.487m.

The table below summarises the period 3 forecasted position by the category of projects:

Project Categorisation	Revised Expenditure Budget	Revised Funding Budget	Expenditure Forecast	Funding Forecast	Expenditure Variance	Funding Variance	Net Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Development	142,809	(77,031)	96,153	(65,885)	(46,656)	11,146	(35,510)
Efficiency	28,468	-	38,821	-	10,353	-	10,353
Investment	46,900	-	46,900	-	-	-	-
Operational	237,975	(102,817)	204,606	(76,476)	(33,369)	26,341	(7,028)
Grand Total	456,152	(179,848)	386,480	(142,361)	(69,672)	37,487	(32,185)

The period 3 forecast summary by Cabinet Member is as follows:

Cabinet Portfolio

General Fund Summary

	Revised Expenditure Budget	Revised Income	Expenditure Forecast	Income Forecast	Expenditure Variance	Income Variance	Previous Expenditure Forecast	Expenditure to Date
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Deputy Leader, Economic Development, Education and	2,986	(285)	2,784	(115)	(202)	170	2,986	253
Environment and City Management	41,563	(13,542)	37,730	(12,130)	(3,834)	1,412	38,829	2,004
Family Services and Public Health	18,355	(17,603)	13,387	(12,635)	(4,968)	4,968	17,728	1,154
Finance, Property and Regeneration	213,117	(26,861)	182,063	(32,588)	(31,054)	(5,727)	176,005	33,630
Housing and Customer Services	66,860	(44,864)	55,802	(33,129)	(11,058)	11,735	67,605	5,399
Place Shaping and Planning	24,158	(19,989)	3,848	(1,487)	(20,310)	18,502	2,972	466
Environment and City Management/Place Shaping and	58,540	(55,007)	49,990	(48,580)	(8,550)	6,427	58,540	5,404
Public Protection and Licensing	2,055	(1,697)	2,055	(1,697)	-	-	2,055	343
Leader of the Council	50	-	-	-	(50)	-	50	-
Service Area Total	427,884	(179,848)	347,868	(142,381)	(80,026)	37,487	388,770	48,861
Projects Funded from Flexible use of Capital Receipts	28,488	-	38,821	-	10,353	-	28,488	-
Grand Total	456,372	(179,848)	386,689	(142,381)	(69,673)	37,487	388,258	48,861

Funding

	Revised Funding Budget	Funding Forecast	Variance
	(£,000's)	(£,000's)	(£,000's)
Grants	(179,848)	(142,361)	37,487
Contributions	-	-	-
Revenue Account	-	-	-
External Funding Total	(179,848)	(142,361)	37,487
Internal Funding*	(276,304)	(244,119)	32,185
Grand Total	(456,152)	(386,480)	69,672

* This is by capital receipts or borrowing

Generation of Capital Receipts

	Revised Budget	Full Year Forecast	Actual to Date
	(£,000's)	(£,000's)	(£,000's)
Moxon Street	-	(84,000)	(84,000)
Sir Simon Milton UTC	-	(8,080)	-
Capital Receipts Total	-	(92,080)	(84,000)

Note: the Flexible Use of Capital Receipts expenditure is as provisionally approved in previous years by full council in respect of payments to the pension fund. Budget for the expenditure of £10m which makes up the majority of the variance of £10.353m will be reinserted into the capital programme once agreed by full Council on 7th November 2018.

Deputy Leader, Economic Development, Education and Community (Councillor David Harvey)

At period 3, the portfolio is forecasting a £0.202m underspend to budget. The contributor to the variance is Multi Use Games Areas and Outdoor Fitness Facilities, which has re-profiled £0.202m into next year. The project is undergoing planning challenge which has led to delays.

Environment and City Management (Councillor Tim Mitchell)

Environment and City Management is forecasting a £3.834m underspend to the full year budget. The underspend comprises variances on four projects.

There is re-profiling of £1.664m on the Piccadilly Underpass project due to feasibility studies being more complex than originally envisaged as a result of additional works needed to identify fire prevention measures.

There is also re-profiling of £0.900m on Cycle Superhighway Route 11 as the scoping of the original works has changed. This is matched by the re-profiling of corresponding funding.

The remaining variances relate to underspend of Cleveland Row Public Realm (£0.492m) and re-profiling of LED Lighting Rollout (£0.600m) following changes of scopes and phases.

Family Services and Public Health (Councillor Heather Acton)

At period 3, Family Services and Public Health are forecasting a £4.968m expenditure underspend against the gross budget. The majority of the movement relates to school projects. Pimlico Academy is budgeted at £5.111m but is now reprofiled into future years.

Lupus Street project, a former day care centre, is currently empty. Adults Commissioning and Housing are jointly carrying out a strategic review of housing needs, for example for people with Mental Health. This will then inform the direction of use of the property and therefore the completion date. As it is not known if this project will take place this year or slip into 2019/20, no forecast has been loaded giving an underspend variance of £0.327m.

The remaining underspends are on IT systems projects. These include the MOSAIC upgrade and re-procurement, upgrades to the People First Website and the procurement of an add-on to facilitate customer self-service, all of which will involve market testing and the procurement of a care management system through a competitive tendering process. There is an overspend of £0.738m for Westminster City School Academy Expansions offset by an equal income budget leading to a net nil variance. These works are now complete.

Finance, Property and Regeneration (Councillor Rachael Robathan)

The Finance, Property and Regeneration portfolio is forecasting a £31.054m underspend against the full year budget.

The most significant variance of £21.436m is for Strategic Acquisitions Leisure Review, which is forecasting nil spend. This project is currently on hold. Strategic Acquisitions Huguenot House is forecasting an underspend of £3.732m. This financial year the Council has purchased two flats and made an offer on a third, however the forecast will reflect likely acquisitions only.

Underspends in Development include re-profiling of £2.784m Refurbishment of Coroners Court into future years. Huguenot House is projecting an underspend of £1.061m, as the project is continuing to consult on the proposed option. The City Hall project is currently on track and forecasting to budget. The Seymour Leisure Centre project is anticipated to commence to work on site this year but the delay in obtaining site access has led to £1.351m of works being re-profiled into future years.

Contingency budgets are held corporately within the City Treasurer department. These are currently forecast to budget and should a project require the drawdown of a contingency, bids for access are sent to the Capital Review Group (CRG) to give approval for them to fund a capital project.

The underspend is partly offset by overspends mainly on Dudley House (£2.401m). The period 3 forecast for Dudley House has reflected updated profile of payments to building contractor. But the overall programme expenditures remain same and the works are on schedule.

[Housing and Customer Services \(Councillor Andrew Smith\)](#)

There is a forecast underspend of £11.058m against the full year budget. The underspends are mainly driven by the Affordable Housing Fund (£9.383m) and Church Street Regeneration (£1.852m).

The Affordable Housing Fund programme comprises a number of separate schemes and is wholly funded by the Affordable Housing Fund. The forecast underspend is in line with the current phasing of payments. Church Street Regeneration is re-profiling £1.852m of expenditure into next year due to the re-phasing of works.

The underspend is partially offset by an overspend of £0.988m on the End User Computer project. The devices being implemented are costing more than previously expected, however the final decision on which hardware to be adopted is still being decided. Currently, different devices are being tested which range between £700 to £900 per unit so the current forecast at period 3 is based on the greater value to be prudent.

[Place Shaping and Planning \(Councillor Richard Beddoe\)](#)

At period 3, Place Shaping and Planning is forecasting to underspend by £20.310m.

The main variance is due to the re-profiling of £20.225m Oxford Street District budgets into future years. Scheme options are being reviewed following consultation responses and a decision on final design and the commencement of work is expected at the end of 2019.

Due to a deferred start in the Connect Westminster project, project applications resulting in voucher payments are below forecast. This has meant a re-profile of £0.586m of the budget to 2019/20.

The underspend is partly offset by re-profiled budgets on Strand/Aldwych (£0.612m) and Soho (0.200m). The Strand/Aldwych has secured a £0.670m CIL funding, which will fund £0.775m stage 2 initial design works. Soho is now going to commence works in this financial year when it was budgeted to commence next year, leading to a forecast overspend of £0.200m.

[Environment and City Management \(Councillor Tim Mitchell\) / Place Shaping and Planning \(Councillor Richard Beddoe\)](#)

At period 3, Environment and City Management/Place Shaping and Planning jointly monitored projects are forecasting to underspend by £8.550m.

The main variances are the Covent Garden Streetscape Project (£1.650m expenditure and income), Queensway Streetscape (£2.122m expenditure only) and Hanover Square (£2.880m expenditure and Income) due to project delays.

There are also underspends reported on Duke Street Public Realm (£0.975m) and Bond Street Western Ticket Hall (£0.933m) due to changes in the scope of works. Both of these are fully externally funded so there is no net impact to the council.

Public Protection and Licensing (Councillor Ian Adams)

At period 3, Public Protection and Licensing is forecasting to budget resulting in a nil variance.

The largest programmes within this portfolio are the Disabled Facilities Grant Programme and New Home Bonus Places of Work, both of which are fully funded.

Leader of the Council (Councillor Nickie Aiken)

A capital budget of £0.050m relates to Events and Filming.

Further analysis of the expenditure position splitting projects between Development, Operational and Investment expenditure can be found in **Appendix 1**.

4. HRA

REVENUE EXPENDITURE – 2018/19 Budgets and Projected Expenditure

The period 3, HRA revenue forecasts an overspend of £0.446m compared to a budget of £6.994m. This is largely due to a forecast under-recovery of income by £0.465m mainly due to commercial properties and heating.

CAPITAL EXPENDITURE – 2018/19 Budgets and Projected Expenditure

At the end of period 3, the forecast gross capital outturn for the HRA is £141.386m resulting in a total variance of £8.959m compared to the budget of £150.345m. This reflects the expenditure forecast for Major Works of £50.779m, Housing Regeneration of £56.517m and Other Projects of £34.090m. The movement against last month's variance is a downward revision of £2.912m.

HRA Capital Expenditure Forecast – Period 3

Description	Full Year Budget	Forecast P3	Variance
	£'000	£'000	£'000
Major Works	55,783	50,779	(5,004)
Housing Regeneration	63,009	56,517	(6,492)
Other Projects	31,553	34,090	2,537
Total Capital Expenditure	150,345	141,386	(8,959)

Appendix 1 Capital Budget Analysis

Project Categorisation Cabinet Member		Revised Expenditure Budget	Revised Funding Budget	Expenditure Forecast	Funding Forecast	Expenditure Variance	Funding Variance	Net Variance
		(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Operational	Environment and City Management	37,989	(12,058)	34,334	(10,646)	(3,655)	1,412	(2,243)
	Environment and City Management/Place Shaping and Planning	29,501	(28,923)	28,201	(27,633)	(1,300)	1,290	(10)
	Finance, Property and Regeneration	78,123	-	75,061	-	(3,062)	-	(3,062)
	Housing and Customer Services	44,759	(22,263)	44,936	(22,263)	177	-	177
	Place Shaping and Planning	24,158	(19,989)	3,848	(1,487)	(20,310)	18,502	(1,808)
	Public Protection and Licensing	2,055	(1,697)	2,055	(1,697)	-	-	(0)
	Leader of the Council	50	-	-	-	(50)	-	(50)
	Family Services and Public Health	18,355	(17,603)	13,387	(12,635)	(4,968)	4,968	-
	Deputy Leader, Economic Development, Education and Community	2,986	(285)	2,784	(115)	(202)	170	(32)
	Operational Total	237,975	(102,817)	204,606	(76,476)	(33,369)	26,341	(7,028)
Development	Environment and City Management	3,575	(1,484)	3,396	(1,484)	(179)	-	(179)
	Environment and City Management/Place Shaping and Planning	29,039	(26,085)	21,789	(20,947)	(7,250)	5,138	(2,112)
	Finance, Property and Regeneration	88,094	(26,861)	60,102	(32,588)	(27,992)	(5,727)	(33,719)
	Housing and Customer Services	22,101	(22,601)	10,866	(10,866)	(11,235)	11,735	500
Development Total	142,809	(77,031)	96,153	(65,885)	(46,656)	11,146	(35,510)	
Investment	Finance, Property and Regeneration	46,900	-	46,900	-	(0)	-	-
Investment Total		46,900	-	46,900	-	(0)	-	-
Efficiency		28,468	-	38,821	-	10,353	-	10,353
Efficiency Total		28,468	-	38,821	-	10,353	-	10,353
Grand Total		456,152	(179,848)	386,480	(142,361)	(69,672)	37,487	(32,185)

Quarter 1 Performance Report - 2018/19

1. Introduction

The quarterly performance report summarises the Council's performance at the end of the first quarter of the 2018/19 financial year (April 2018 – June 2018). It captures how we are performing against the City for All priorities and includes progress towards achieving the deliverables and targets within the Business Plans.

The information presented below is reported by exception and focuses on those areas of notable achievement or concern where action / intervention is likely to be required. The report also provides views into the challenges that await in 2018/19.

1.1 The report consists of four sections:

- **This quarter's headlines** - Top achievements, challenges and risks at the end of the first quarter.
- **An update on ELT's strategic risks**
- **Organisational health scorecard** - measures of organisational efficiency and effectiveness.
- **Featured insight for this quarter** – insights about the Greener City action plan.

1.2 Appended is a more detailed account of performance by directorate (appendix 1) covering:

- a narrative section evidencing progress against key service deliverables
- 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 set of performance indicators and targets for each department

2. This quarter's headlines

The information presented below is by exception and highlights the top achievements and challenges at quarter 1. This section draws on the data provided by service directorates detailed in appendix 1.

2.1 Performance achievements and opportunities

Top accomplishments by the council

- On Thursday 12th July **Leader of the Council Cllr Nickie Aiken launched the new City for All four-year agenda** (appendix 1, page 39) underpinned by fairness and opportunity for all – with local people having a more powerful say than ever before in decision-making.
- **The new Moberly Sports Centre was formally opened** (appendix 1, page 15) on Saturday 30th June, by Councillor David Harvey. The £28m Sports Centre was delivered through a partnership with Willmott Dixon who developed new homes to fund the leisure facilities.
- **Public Health's alcohol and substance misuse services were highly commended** (appendix 1, page 4) at the Health Plus Care Transformation Awards on 27 June. The service was highly commended in recognition of the recent transformation, built with the benefits of multi-agency support, so residents tell their story once and access the appropriate services and support.
- In June 2018 **the Council was awarded £540k funding from the MHCLG for rough sleeping services** (appendix 1, page 23). The award is in line with the launch of the new Government Rough Sleeping Strategy, we expect to receive notification of an additional funding award in late July/early August and will update when the new award is released.
- **The Enterprise Licencing Agreement has been agreed with Microsoft**, in partnership with RBKC and LBHF, **with an expected value of circa £2m for Westminster over the next 3 years** (appendix 1, page 30)
- Westminster enjoyed the **second annual #MyWestminster day** (appendix 1, page 39) which saw 3,000 people from all backgrounds come together to celebrate living in the heart of the city. The event was the second to be pledged by the Leader of the Council, Cllr Nickie Aiken as a key part of the Council's City for All vision.
- **The Council has received £3.25m from the surrender of 100 spaces from Queensway car park.** (appendix 1, page 23). The arrangement facilitated the Greenfour Limited and Fenton Wheeler's redevelopment schemes in Queensway and in turn Greenfour paid WCC a premium for the 100 spaces
- The **£10m Bond Street Public Realm Improvement Project** (appendix 1, page 15-16). will improve the layout and operation of New Bond Street and Old Bond Street. It will complete in September 2018 in line with the agreed programme and is to budget.
- **We have a completely clean audit opinion on the 2017/18 Accounts Closure** (appendix 1, page 35) meaning that the accounts have been certified as giving a true and fair view of our financial position and have been properly prepared in accordance with all statutory requirements.

Key Performance Indicators (have exceeded ideal and/or aspirational targets)

- **In Quarter 1, 88% of total licences were issued within the timeframe of the Licensing Sub-Committee decision** (appendix 1, page 18). This is running ahead of the ideal target of 80%.
- **At year-end** (Public Health data arrives a quarter in arrears), **13,855 residents had been reached through Community Champion activity, far in excess of the ideal target of 10,000** (appendix 1, page 7).
- During the first quarter of the year, **92% of women accessing specialist domestic abuse services reported a reduction in abuse** (appendix 1, page 17), significantly in advance of the 4 year average and aspirational target of 86%
- **78% of licensed premises are safe and well managed following an inspection** (appendix 1, page 18), beyond the ideal target of 70%.
- **Improvement in hygiene ratings for food premises have improved in 27 locations where a revisit by officers has taken place** (appendix 1, page 18). This is already more than half the progress towards the year-end aspirational target of 50.
- **There were 997,283 million visitors at our Sports and Leisure facilities** (appendix 1, page 18) participating in sports, leisure and wellbeing activities.
- At end of June 2018, the **ratio of residential permits issued against parking bays available on the street was 98.7%** (appendix 1, page 18), exceeding the aspirational target of 95%.
- In the three months to June 2018, **67% of our care leavers were in employment, training and education, which is above the national average** (appendix 1, page 12).
- To ensure Education, Health and Care Plans in place within statutory timescales, **71% of EHC assessments were completed within 20 weeks** (appendix 1, page 12), between April and May 2018.
- **At year end** (Public Health data arrives a quarter in arrears), **81.2% of children had received a 2-2.5 year development review** (appendix 1, page 7), exceeding the year end ideal target of 75%.
- **24% (656/2,708) of service users and 35% (266/786) of carers caring for an adult received an assessment** (appendix 1, page 6) or review of their needs by the council, with both measures projecting to exceed the service's aspirational target level.
- **Turnaround times for major (83%) and non-major (78%) applications are exceeding the national target levels** of 60% and 68% respectively (appendix 1, page 25).
- **£398,536 of income has been generated from the council's investment portfolio** (commercial property) (appendix 1, page 26), which, at current trend, is projected to be well in excess of the year end target of £600,000.
- At quarter 1, **there has been only 10 waivers of the procurement code and 100% of contracts awarded included the benefits of Responsible procurement** (appendix 1, page 32), both well ahead of their aspirational target levels.

City for All pledges

- Following the launch of the housing standards task force, **there have been 76 notices served to effect improvements in private rented sector properties** (appendix 1, page 20) in the three months to Quarter 1.
- The **number of #DontBeldle Campaign pledges now currently exceeds 12,000** (appendix 1, page 20) and continues to rise. The diesel surcharge has continued to have a positive effect on the number of pre-2015 vehicles parking with the LEN, the decrease in the percentage up to the end of June'18 has now risen to 16%. Anti-Idling marshals currently being deployed with the LEN with over 24,000 actions taking place.
- **There are now 17 Schools on the Daily Mile programme** (appendix 1, page 21) (St Joseph's Primary has joined in February) and seven more are keen to proceed or have been contacted.
- **The Baker Street Two Way project is on time and budget** (appendix 1, page 21). The switch onto the Baker Street two-way remains on track for January/February 2019 as programmed.

2.2 Performance challenges

Top emerging and current risks

- **The introduction of the National Funding Formula may bring some new challenges including the risk of schools developing budget deficits** (appendix 1, page 10). The impact of these financial challenges mean schools need to review their operating models. The council needs to ensure that schools continue to operate effective financial standards and to support individual schools with emerging budget pressures.
- **There is a risk of demand pressures on Children's Services** (appendix 1, page 10-11), particularly in scenarios where Looked after Children numbers start to rise, there will be an increasing demand for placements. There are also ongoing pressures to identify and meet the needs of children and young people with Special Educational Needs and Disabilities (SEND).
- There is a potential risk **that Westminster will not be able to continue to occupy the waste depot site on Mandela Way** (appendix 1, page 16). If planning permission for a change of use of the site is not obtained from LB Southwark. The site is used as a strategic depot and accommodates 70 refuse vehicles. A site search for an alternative location is also being progressed and a potential alternative site has been identified which is being progressed by Corporate Property Officers.
- There are **concerns over the new police Basic Command Unit structures** (appendix 1, page 15-16), as Westminster's unique crime profile, particularly the West End, may require its own local command structure. The new BCU has been announced by the police and will go 'live' in November 2018. The Borough Commander has provided commitment to working with partners to develop the new BCU.
- **The flow of EEA nationals to the streets has gone up by almost 400% since the High Court ruling in December 2017** (appendix 1, page 23) putting services in a difficult position, as

the vast majority of this group do not want to engage with a route away from the streets and/or are not entitled to the Housing Benefit required to access most housing routes. The service continues to push central government hard to provide a resolution.

- **Amey's failure to maintain a Health & Safety compliant portfolio triggered exit negotiations from the contract** (appendix 1, page 23). We are currently progressing a revised approach to the settlement and exit planning under which each Borough will effectively be allowed to agree its own terms with Amey on the commercial, financial, and timing aspects of early exit from the TFM Agreement.
- In the event **the UK withdraws from European Union with no trade agreement** (appendix 1, page 36), UK GDP could fall significantly, leading to recession and an increase in unemployment. Value of Sterling falls and UK price inflation rises significantly more than anticipated which will impact future pension outflows and the valuation of pension liabilities.

Current issues - Key Performance Indicators

- In the Quarter 1 repairs survey, **70% of Council tenants expressed satisfaction with the service** (appendix 1, page 25), significantly behind the ideal target of 85%, but an improvement on the year end figure of 55%.
- Between April and June 2018, **only 93.33% of noise complainants received a call back from a noise officer within 45 minutes** (appendix 1, page 17), short of the ideal target of 95%. It is thought that this is due to outages from Uniform rather than a drop in performance.
- At the end of June, **292 temporary agency contractors were in post, in excess of the ideal target of 175** (appendix 1, page 32). The main reasons for this are increased recruitment of interim staff on a number of programmes where specific skillsets are required.
- In Quarter 1 2018/19, **94% of urgent lighting defects made safe within the agreed timescales, behind the minimum service performance target of 95%** (appendix 1, page 17)
- At the end of June, **only 92% of appointments to register births were available within 5 days of enquiry, falling short of the ideal target of 95%** (appendix 1, page 18).

2.3 Key performance indicators (KPIs) for attention

The KPIs presented below are critical to the council's performance and have either missed the ideal target (at Quarter 1 or only met the minimum standard (RAG rated Red or Amber). Mitigation for this is presented in the table below and further detail can be found in appendix 1.

Key performance indicator [Statutory]	2016/17 position	2017/18 ideal target	Position at Quarter 1	Target assessment	Mitigation
Adult Social Care					
1. Percentage of clients who require long term service after completing a reablement package	29% (249/845)	29%	29.5%	Minimum standard met	
Public Health					
2. Stop Smoking Services – number of 4 week quits	1,558	1,365	1,338	Minimum standard met	These are stretch targets designed to push the service to ensure they deliver at the highest level (in 2016/17 Westminster was the top borough for 4 week quits). Although short, we would consider this achieved. Based on this performance outturn WCC will continue to be a top performing service both across London and nationally
3. Percentage of STI (Sexually Transmitted Infections) screens undertaken in a community setting	2%	4%	3% (382/13,565)	Minimum standard met	This indicator will be replaced for Q2 18/19 to give a better representation of the work undertaken in Sexual Health
Growth, Planning and Housing					
6. Tenant Satisfaction with service provided by the Council	85%	86%	70%	Off track	The Council is working closely with CWH to review the end to end process currently developing the change management delivery to maximise efficiency
City Management and Communities					
7. % of urgent lighting defects made safe within agreed timescale - Priority 1	98%	98%	94% (101/108)	Off track	The Report IT messages for lighting Priority 1 jobs weren't relaying to the Contractor when raised overnight. Work is ongoing to establish a robust process.
8. Percentage of noise complainants who receive a call back from a noise officer within 45 minutes	97%	95%	93.33% (4,555/4,880)	Off track	Due to a number of outages with Uniform and a manual contingency system being implemented the officers, who have been hindered by their shift pattern, are struggling to catch up due to increasing number of complaints in the summer months. This is expected to be rectified before the next reporting period
9. 95% of appointments to register birth of their baby should be available within 5 days of enquiry.	75% (2016-17) (13% for 2015/16)	95%	92%	Off track	4 sessionals now trained and registering births to backfill vacancies / secondments. Achieved 98% for June 18
Corporate Services					

Key performance indicator [Statutory]	2016/17 position	2017/18 ideal target	Position at Quarter 1	Target assessment	Mitigation
10. No. of major business impact Priority 1 incidents per quarter such as a total loss of network connectivity at a site, the Finance system being unavailable or the inability of Users to log-on to the system	16	3 Quarterly	6	Minimum standard met	A review of Mosaic infrastructure has resolved an issue that caused two P1s this quarter. Activity is at an early stage to review suitability of the IT Support toolset.
11. Reduce the total population of TACS	236	175	292	Off track	People Services have flagged the increase at ELT level and following a discussion it was agreed that we will aim to bring the total number of TACs below 200.

City Treasurer					
12. Percentage sundry debtors (more than 1 year old) of total gross sundry debtors	6.2%	5%	12.58% (£3,157/£25,086)	Minimum standard met	The significant majority of the debt relates to Adult Social Care which is managed tri b, led by LBHF. There is a reluctance to take legal action to recover debts and although we have made recommendations to ASC, these have not been implemented. Additional resources are being brought on board and Legal has been more engaging with the ASC debt team. Further changes to various care acts has also made taking action to create charges on properties far more difficult.

Target range definitions ¹	Minimum Ideal	Absolute minimum KPI that will allow service to deliver a level which is acceptable for service continuity	Q1 Target assessment definitions ²	Target missed Min standard met	Failed to achieve the minimum target level Achieved the minimum target below ideal level
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3. Council Strategic Risks

The below top risks have been identified by the Chief Executive and the Executive Leadership Team. **Some potential indicators are suggested to provide an objective view of the level of each risk. ELT is requested to identify owners for risks and review the indicators to see if appropriate.**

Top Risk	Measures against risk (to be reviewed by ELT)	16/17 Outturn	17/18 Outturn	DOT
The council fails to meet its safeguarding responsibilities for a child, young person or adult	% of CQC inspections found inadequate	-	7.1% (1/14)	-
	Percentage of service users receiving an assessment/review of their needs	80%	85%	↑
	Increased proportion of Education, Health and Care assessments which are completed within 20 weeks	35%	69%	↑
A significant incident occurring in Westminster (eg weather event, fire, terror attack, etc)	Terrorism - MET police alert level	-	Severe	↓
	GP Consultations for Influenza like illnesses - rate per 100,000 (at week 13)	3.8	9.9	↑
	London Fire Brigade flooding call outs	415	449	↑
Loss of major IT systems due to either systems failure or cyber attacks	No. of major business impact Priority 1 incidents	16	22	↑
	No. of anti virus detections	-	-	-
Accidental or malicious loss of Council data	Data breaches reported	-	-	-
	Staff GDPR training completions	N/A	938	-
Financial pressures resulting in an inability to fund services for resident, businesses and visitors	Reserve balance	£48.8m	£52.886m	↑
	Variance between budget and actual spend	-£17.201m	£-10.088m	↓
	Percentage of business rates collected	98.4%	98.4%	↔
Failure of a major contract resulting in the council being unable to provide services or meet its health and safety obligations	Risk level of council's top strategic contracts	-	TBD	-
	% of suppliers (over £100k) under contract on capital sourcing	-	57%	-

4. Organisational health scorecard

The scorecard (taken from the online performance dashboard) provides a diagnostic summary of some key measures of organisational efficiency and effectiveness, at Quarter 1.

Workforce	Finance
<p>Employees: A total of 1,958 posts (1,723 FTE) in the Council (YE 17/18: 1,930)</p> <p>Contractors: 292 (Ideal target: 175) temporary agency staff in use in the Council (YE 17/18: 263)</p> <p>Retention: Staff turnover currently stands at 15% (YE 17/18: 14%)</p> <p>Sickness: Average working days of sick per full time equivalent is 3.1 days (YE 17/18: 3.2)</p> <p>Diversity: 28% of staff are BME The mean gender pay gap is 9.8% (April 2017)</p> <p>Perception (Our Voice 2017): 89% committed to our goals and objectives 82% feel fairly treated by colleagues 38% of staff felt negative about their pay</p>	<p>Spend: Services area revenue budgets are projected to underspend by £0.455m at Q1</p> <p>Capital programme: The forecast outturn for variance between capital and full year forecast is a £32.365m positive variance</p> <p>Debt: The proportion of sundry debtors (more than 1-year-old) of total gross sundry debtors was 12.58% (down from 12.9% at YE)</p> <p>Stability: It is reported that 99.4% of invoices received are paid via purchase order (up from 98.2% at YE)</p>
Delivery	Customer
<p>Key Performance Indicators: 88% (59) of KPIs have met the target for service delivery and 12% (8) have not met the target.</p> <p>Transformation: <i>City Hall</i> – Slight delay, recant now expected to start in February 2019. <i>Effective Neighbourhood Working</i> – New structure expected to go live in September 2018.</p>	<p>Perception (City Survey 2017): 86% of residents are satisfied with the way the Council is running the city (down 1%)</p> <p>76% of residents agree that the Council is making the area a better place to live (up 3%)</p> <p>71% of residents agree that the Council gives local people good value for money (up 6%)</p> <p>Customer Contact: 80.24% of total customer calls were answered in 30 seconds by the council</p>

5. Featured analysis: Greener City

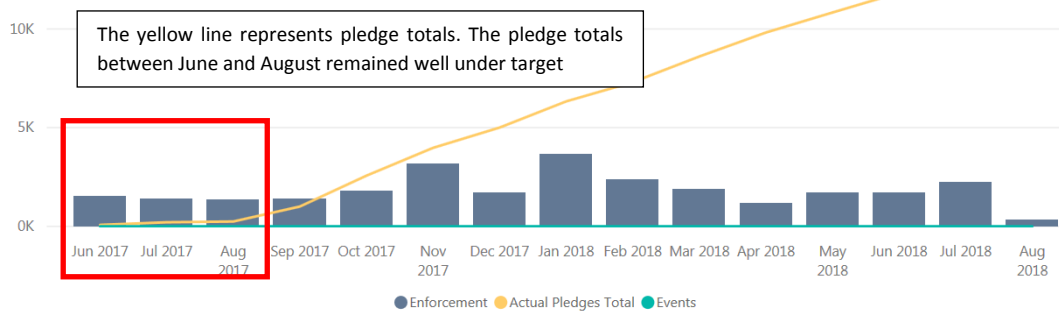
Introduction

- The City for All vision highlights the need to encourage a ‘Healthier and Greener City’. By acting responsibly, encouraging behaviour change and driving forward thinking policy we can help the children of today to grow up with access to clean air and a greater understanding of environmental issues.
- In the past year we have made great strides towards becoming a Greener City.
 - In March 2018, the Air Quality Manifesto was released
 - Two successful environmental communication campaigns were introduced - ‘#Don’t Be Idle’ and ‘Green for 18’ which tackle engine idling and single use plastic usage
 - We engaged with younger people through our ‘Daily Mile’ scheme which has been extended to 17 schools and our ‘Little Green Giants’ programme which now has more than 7,000 members
 - The Diesel Surcharge ran successfully in the Marylebone Low Emission Neighbourhood (LEN), reducing older diesel vehicles coming into that area by 16%.
 - Our new Open Space & Biodiversity Plan is now open for public consultation
- PPC have recently launched their Greener City dashboard in order to monitor and evaluate environmental data and ensure that Westminster City Council delivers on its ‘Greener City’ promise. This will consolidate all data into one place.

Case Study: Research to inform Greener City

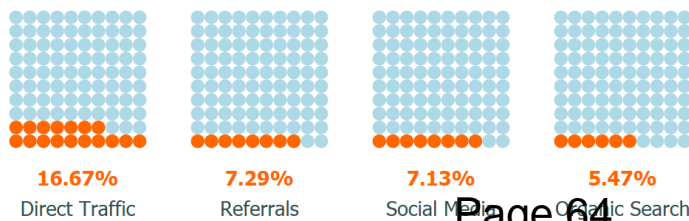
- The #Don’t Be Idle Campaign, launched in June 2017, seeks to raise awareness and change behaviours to reduce engine idling. The main objective of the campaign was to receive 10,000 pledges from drivers in Westminster to commit to no longer idle their engine.
- Our new Greener City dashboard monitored these pledge totals. It enabled us to identify that we were not receiving the number of pledges that we were hoping for and that we were off target in the first few months of the campaign (figure 1).

Figure 1: Don’t Be Idle Pledge Chart



- Delving into the data further it appeared that the webform which enables drivers to sign the pledge was receiving a high number of views but the conversion rate of views to pledges was poor (figure 2). Our social media campaign was not working well enough.

Figure 2: Conversion rate – the percentage of webform views that turn into pledges



- This led to a change in approach. A series of on-street stall events were set up and this increased face-to-face interaction and pledge numbers. An option to pledge was also added to all parking permit forms. The campaign was now targeting residents who live and drive within the borough.
- This had an immediate impact – there was an 850% increase in the number of engine idling pledges made after the change in approach and the campaign now has over 12,000 pledges in 13 months compared with 250 pledges in the first two. Use of the dashboard located the root cause of why the campaign was not getting enough pledges.
- The campaign won the ‘Best use of Research or Evaluation’ category at the Public Sector Communications Awards for the use of the dashboard evaluate the campaign and adapt our approach.

Greener City - Next steps

Under the new City for All vision, the council has committed to deliver the following ‘Healthier and Greener City’ initiatives:

Initiative	Intended outcome
Deliver a new £1m Schools Clean Air Fund	To give schools the resources they need to tackle poor air quality. This will help embed positive behaviour change in future generations.
Launch of a new ‘Green for 19’ campaign	Reduce reliance on single use plastics
Launch a new Recycling Information Hub and expand of the ‘In It To Win It’ recycling campaign.	To increase Westminster’s recycling rate from approximately 17% to 35% by 2020 and 40% by 2025
Improve our EV infrastructure in line with growing demand for cleaner vehicles	The electric vehicle (EV) charging point network will be expanded by 25% and a new webform has been released to encourage residents to request an EV charging point on their street
Greening the City	The Council will plant 3,000 trees by 2020.
Don’t Be Idle – shifting focus to businesses	Research has identified delivery drivers as a particular target for the campaign.

Other areas of delivery
Release a new Air Quality Strategy
Air Quality Monitoring Programme to encourage communities to monitor pollution.
Deliver £10m Bond Street Public Realm Improvement Project, which will help to increase pedestrian flow and decrease traffic.

The Greener City Dashboard will also be expanded where possible in a bid to improve the monitoring and evaluation of environmental objectives, and to aid decision-making for our Greener City vision.

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Appendix 1

Performance by service directorate

Introduction

The information presented below is by exception and has been provided by service directorates. Each directorate section below features:

- i) a narrative account of performance covering significant achievements and challenges
- ii) a set of KPIs for each department,
- iii) a comprehensive tracker of the City for All 2017/18 commitments.

ELT Directorate sections:

1.1	Adult Social Care and Public Health	Page 2
1.2	Children’s Services	Page 9
1.3	City Management and Communities	Page 14
1.4	Growth, Planning and Housing	Page 22
1.5	Corporate Services	Page 28
1.6	City Treasurers	Page 34
1.7	Policy, Performance and Communications	Page 38

For more information please contact the Evaluation and Performance Team.

1.1 Adult Social Care and Public Health

Adult Services achievements:

New Bi-Borough Adult Social Care and Public Health service

The development and launching of the new Bi-Borough Adult Social Care and Public Health service across Westminster City Council and the Royal Borough of Kensington and Chelsea.

Outputs delivered

The new service commenced in April 2018, with an event being held on the 16 April 2018 with all staff across the directorate. At the event the six key priorities were launched that were developed to respond to both our statutory duties as well as through the involvement of staff, residents and service users. These key priorities form the basis for the 2018/19 Business Plan. As part of the new service new structures were developed with the necessary recruitment taking place in 2017/18 to ensure that the service was able to commence in April.

Outcomes achieved

The development and launching the new Bi-Borough service has resulted in a new bi-borough structures across Adult Social Care and Public Health, embedding resident and service user engagement within the service. Six key priorities for Adult Social Care and Public Health have also been launched, ensuring staff awareness of the key priorities for the next 12 months.

Westminster City Council Self-Neglect and Hoarding Protocol relaunch

The Westminster City Council Self-Neglect and Hoarding Protocol was relaunched in May 2018. The aim of the relaunch was to raise awareness of the protocol across all services including adult social care providers and health partners and to strengthen partnership working. The protocol is based on multi-agency partnership working to develop approaches and agree with the person on how to manage hoarding and improve their lives in a constructive, positive and long lasting manner.

Outputs delivered

The event provided the opportunity to showcase partnership approaches across Adult Social Care, Mental Health, Environment Health, City West Homes and the London Fire Brigade in helping people where self-neglect and hoarding is an issue. Case studies were presented at the session to highlight the real life impact of the protocol on individuals. Continued monitoring will take place to assess the ongoing impact of the relaunch and the protocol.

Outcomes achieved

The protocol has resulted in better outcomes for individuals with them living in cleaner, safer environments as well as lower costs for the council with people being able to return to their own homes. Since its launch in 2015, the protocol has resulted in 42 people being supported to improve their circumstances. The relaunch has resulted in greater awareness of the protocol as well as person centred approaches with 120 people attended the event. The event also fostered greater understanding of the impact of the protocol through the use of case studies as part of the event.

Person Centred Active Support (PCAS) training delivered

This training has been delivered to the council's in-house Learning Disability day opportunity services. The aim of the training is to equip staff with the necessary skills to enable them to better support service users including those with people with more complex needs. The training is designed to enable participation, independence and choice and control for children and adults with learning disabilities.

Outputs delivered

The training was delivered to all managers of the services through a combination of internal and external training to enable them to roll it out to their teams. In addition 8 staff have been trained as Practice Leaders that will help support the roll out of the team and the practice to all staff.

Outcomes achieved

The training has resulted in increased knowledge and skill levels of staff within the service and staff are now more equipped to support people with more complex needs. A focus now rests on supporting customers to have meaningful relationships and to take part in meaningful activities. Longer term the impact of the training will result in people exercising more control over their lives and experience greater levels of inclusion, independence and choice. Staff will also support service users to move onto other services (where appropriate) creating greater access to the service for younger people transitioning into adult services.

Adult Services risks and issues:

Financial Pressures

The increases in demand in Adult Social Care along with the increasing complexity of cases is resulting in costs increasing. Additionally, the need for local Clinical Commissioning Groups to make savings due to reductions in funding allocations has the risk to impact on both joint funded services, but also CCG funded services that form part of a wider pathway. Additional funding for Adult Social Care has been provided by the improved Better Care Fund (iBCF) and the ability to charge and additional "precept" on council tax to assist the authority in meeting expenditure on adult social care. These funding arrangements are not guaranteed past 2019-20.

Impacts and consequences

Potential overspends and an inability to meet savings targets.

Mitigation and progress

Savings plans have been developed to plan for reductions in funding and plans developed with the Clinical Commissioning Group to achieve efficiencies across the health and social care system. No improvement is expected, however the risk will be managed via ongoing monitoring.

Fragility of the Care and Support Market

Growing demands and increasing financial pressures as well as difficulty in recruiting of good quality staff is resulting in the care and support market being fragile. In England over the past 5 years, the number of residential and nursing home beds has reduced by around 1% resulting in greater demands on fewer providers. In addition, staff shortages as well as issues around quality of providers is resulting in there being fewer providers. Local authorities have duties under the Care Act 2014 to ensure there is market oversight and wherever possible prevent market failure.

Impacts and consequences

Potential closure of services resulting in the need to source alternative services for residents at short notice and further reductions in the available care and support market.

Mitigation and progress

An Adult Social Care Quality Team has been established to work with providers to improve quality in the market. A Care Homes Improvement Plan was launched, in tandem with ongoing investment in the care home model. The plan will result in closer working with providers to work with them to address issues affecting quality. Monitoring and reporting is occurring to ensure that there is market oversight of the provider market. Due to the ongoing demand and financial pressures any improvement will not be immediate.

Safeguarding

Failure in service continuity/safeguarding arrangements arising from changes in shared service arrangements with H&F and/or WCC (due to be disaggregated September 2018)

Impacts and consequences

A potential impact would be the failure to meet statutory safeguarding duties due to changes arising in the shared service arrangements. This could lead to target performance indicators not being met as well as impacts for individuals where a safeguarding investigation is taking place.

Mitigation and progress

Programme arrangements are in place for the exit from Tri-borough s113 agreements to bi-borough shared services. The bi-borough team has been established and is hosted by Westminster City Council. The team is following a staggered plan to fully disaggregate by September with H&F cases being passed back to their host authority. This will result in the risk being resolved in September 2018 due to the full disaggregation of the service. Due to the staggered approach if this overruns there will be little to no impact on the current team.

Public Health achievements:

Public Health's alcohol and substance misuse services highly commended

Public Health's alcohol and substance misuse services were highly commended at the Health Plus Care Transformation Awards on 27 June.

Outputs delivered

The awards celebrate the hard work and success of teams and individuals that go the extra mile to improve and set the standards for others to follow across local healthcare systems. The 'Improving Care through Collaborative Working' category recognises partnerships across the UK providing more joined up services across health and care as well as more coherent planning in order to have the highest quality of care and improved services and outcomes. It was this year's most competitive category with over 100 entrants.

Outcomes achieved

The service was highly commended in recognition of the recent transformation and redesign of the alcohol and substance misuse service. It set a benchmark where future recommissioning and development of services had a golden thread of co-production with residents and embedding on the asset based model of commissioning) and its impact on our residents. The service was built around a seamless customer journey with the benefits of multi-agency support, so residents tell their story once and access the appropriate services and support.

New model for delivering GUM services

In April 2018 a new model for delivering GUM services went live. The new model is designed to work with those who are more complex and exhibit high risk behaviour and offers an option for home sampling for those who present with no symptoms. The service will be commissioned and paid via an integrated sexual health tariff which will allow the local authority to understand the needs of residents and plan services more effectively.

Outputs delivered

The service is part of the wider London sexual health programme, in line with the programme the provider will adhere to a London wide specification and key performance indicators. The provider will be expected to achieve mandatory KPIs such as 48 hour access to reduce the transmission of STIs and provide emergency hormonal contraception to reduce the incidents of unplanned pregnancies.

Outcomes achieved

The service will be expected to reduce the transmission and acquisition of sexually transmitted infections and the reduce the number of unplanned pregnancies

Insight Westminster

Under Insight Westminster, Blenheim provides an outreach service to young people who use or at risk of using drugs and/or alcohol; and their families. Blenheim also provides training to professionals. Both contracts started April 2018 and last a year.

Outputs delivered

Work is undertaken with the Youth Offending Team and the Looked After Children's Team. Referrals come from GPs, schools and other social service departments and activity in the Borough has increased steadily since contract start. Though predominantly a drug and alcohol service, it does not solely focus on substances, but looks to work on each young person's health and wellbeing as a whole. It works along the spectrum from prevention to early interventions to treatment.

Outcomes achieved

Since beginning in April we have received referrals from various sources including Parents, schools, colleges, social services, hospitals and CAMHS and engaged 32 young people in structured tier 3 treatment. The service has also provided ongoing unstructured advice and support to 16 young people and delivered workshops to 150 students in Westminster University Technical College. Alongside this the service also supports and educates professionals who work with young people and parents to ensure that there is as wide as reach as possible to support those young people.

Public Health risks and issues:

Health Protection

There is a background risk of a Flu Pandemic, which could impact substantial numbers residents and workers. Flu is monitored weekly by Public Health England who liaise with global public health agencies. The latest information is that there is low risk

Impacts and consequences

Business Continuity challenge and impact on the health of our residents/ staff.

Mitigation and progress

A health protection and immunisation campaign takes place annually across the borough. We encourage the uptake of flu immunisation for relevant groups. We also ensure staff are aware of key flu messages and hygiene precautions. Mitigation actions took place during Q3 and Q4 of 17/18 and risk rating has subsequently reduced. This will continue to be monitored.

Public Health Grant reductions

Impacts and consequences

There is a risk that the Public Health funding could be reduced or removed due to the lack of clarity of what will happen once the current Public Health funding ringfence is reviewed. This is potentially linked to the Business Rates changes that have yet to be confirmed.

Mitigation and progress

The Public Health team continue to monitor the situation to understand the impact of any changes as soon as possible and establish influence to ensure sufficient funding is maintained. PH Finance Business partners continue to undertake scenario planning and prepare various budget proposals about future reductions that the Public Health Grant will be subject to an average 2.6% reduction (in real terms) over the next 2 years.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April 2018 – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator [S] - Statutory indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight
		Minimum	Ideal	Aspirational			
Adult Social Care							
1. Percentage of clients who require long term service after completing a reablement package	29% (249/845)	34%	29%	25%	29.5%	Minimum standard met	
2. Total number of new permanent admissions to residential/nursing care of people aged 65 years and over	92	105	95	85	23	On Track	Benchmark: In 17/18, 97 clients resulted in permanent admissions of older people to Westminster residential and nursing care homes, this equates to per 325 per 100,000 of population. We have reduced permanent significantly under prevention agenda while keeping people within the community setting.
3. Delayed transfers of care, acute days attributed to social care (cumulative)	826	1,213	1,103	1,047	134	On Track	
4. Number of carers (caring for an adult) who have received an assessment of review of their needs	85% (929)	75%	85%	90%	35% (266/768)	On Track	This year ASC has a statutory biennial carer's survey and in line with that we are focusing on Carers Assessments and reviews, currently performing well above target.
5. Percentage of service users receiving an assessment/review of their needs	80% (2,232)	75%	85%	90%	24% (656/2,708)	Target achieved	Insight: This is a cumulative position, which will build quarter-by-quarter

Page 72

Key performance indicator [S] - Statutory indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight
		Minimum	Ideal	Aspirational			

Public Health – Q1 data unavailable for KPIs below at time of reporting.										
6.	Stop Smoking Services – number of 4 week quits	1,558	1,293	➔	1,365	➔	1,437	1,338	Minimum standard met	<p>Reporting period: YE, April 2017 – March 2018.</p> <p>Insight: Q1 data will be available at the end of August</p> <p>These are stretch targets designed to push the service to ensure they deliver at the highest level (in 2016/17 Westminster was the top borough for 4 week quits). Although short, we would consider this achieved. Based on this performance outturn WCC will continue to be a top performing service both across London and nationally.</p>
7.	Percentage of STI (Sexually Transmitted Infections) screens undertaken in a community setting	2%	2%	➔	4%	➔	6%	3% (382/13,565)	Minimum standard met	<p>Development insight: This indicator will be replaced for Q2 18/19 to give a better representation of the work undertaken in Sexual Health</p>
8.	Percentage of children who receive a 2 2.5 year development review	100%	-	➔	75%	➔	-	81.2% (1,895/2,334)	Target Exceeded	<p>Reporting period: YE, April 2017 – March 2018.</p> <p>Insight: Q1 data will be available at the end of August</p>
9.	Community Champions - Number of residents reached through activity	17,545	-	➔	10,000	➔	-	13,855	Target Exceeded	<p>Reporting period: YE, April 2017 – March 2018.</p> <p>Insight: Q1 data will be available at the end of August</p>
10.	Proportion of opiate misusers in treatment, who successfully completed treatment and did not re-present within 6 months	7.17%	6.5%	➔	7%	➔	8%	7.3% (40/551)	Target Achieved	<p>Reporting: Completion period: 01/10/2016 to 30/09/2017. Representations up to 31 March 2018.</p> <p>Insight: These are those in structured treatment who completed treatment in a 12-month period, and then are monitored for 6 months post completion to ensure they do not return for further treatment.</p>
11.	Total admissions to hospital with alcohol-related conditions – per 100k	508.77	160	➔	140	➔	120	139.71	On track	<p>Reporting period: Q1, April – June 2017. Awaiting latest published figures on this. We project that ideal target will be met when full year data becomes available. Public Health England contacted for an update, they have no timescale on this.</p> <p>Development insight: For Q2 18/19 we are proposing to change this indicator to be “proportion of alcohol misusers in treatment, who successfully completed treatment and did not re-present within 6 months”.</p>

Target range definitions ¹	Minimum Ideal Aspirational	The absolute minimum level for the KPI that will still allow the service to deliver A level which is acceptable for service continuity The level at which the service is improving beyond current capability
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Q1 Target assessment definitions ²	<p>Off track Failing to achieve the minimum target level</p> <p>Exceeding target Performance is above ideal target level</p> <p>On track Performance is at ideal target level</p> <p>Minimum standard met Meeting the minimum target below ideal level</p>
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The table below provides a progress update at the end of Q1 (June 2018) on the measures and milestones aligned to the CFA pledges that the directorate is directly responsible for delivering.

City for all Pledge	Delivery Status	Progress update
Building homes and celebrating neighbourhoods		
Deliver our Health and Wellbeing Strategy, including redeveloping accommodation for people with care needs to provide extra nursing home places and specialist services.	Achieved	<ul style="list-style-type: none"> • The proportion of adults with a learning disability known to ASC in paid employment is at 5% (year-end target 15%). • 95.4% of adults with learning disabilities are currently receiving a personal budget, ahead of a year-end target of 95%. • There have been 76.3 new admissions to residential and nursing care per 100,000 of population at the end of the quarter. • Contracts have been awarded for the 0-19 integrated Children’s commissioning strategy and the implementation phase commenced in July for WCC, which is now complete. Quarterly monitoring of the contracts are ongoing.
Creating a greener city		
Lead the way in demonstrating how responsible city government can address growing concerns over poor air quality. We will launch our new Clean Air Strategy filled with measures to improve air quality in the city.	Achieved	<ul style="list-style-type: none"> • A process for joint works programmes has been developed and work has been completed to present population health data and high impact interventions to the greener city network. Through the greener city network, Public Health is proactively contributing to the development and of local solutions, whilst working to ensure health messages are embedded when communicating the impact of air pollution.

1.2 Children's Services

Achievements:

Good quality EHC Plans in place within statutory timescales

The Children and Families Act sets out the Council's duty to ensure the needs of children and young people aged 0-25 with special educational needs and/or disabilities are identified and met through integrated planning and joint commissioning with a wide range of partner agencies. The Council is required to have in place effective processes for assessments, Education, Health and Care (EHC) Plans and review. There are statutory timescales for performance and we have set ourselves ambitious targets for improvement. We want to deliver good quality EHC Plans within statutory timescales.

Outputs delivered

We have put in place systems to track and report our progress in completing assessments within 20 weeks against statutory targets. We have developed a quality assurance framework and put in place new arrangements for supervision and feedback as part of an overall workforce development strategy.

Outcomes achieved

Actual performance has significantly improved although we are not yet reaching the targets we have set ourselves. The service's ambition is that children and their families report that they are satisfied with the timeliness of their assessment and the quality.

Continue the expansion of secondary school provision at further three schools between 18/21 to ensure the ongoing sufficiency of secondary school places

There are currently no spare places in the secondary sector and demand is predicted to continue to rise across London, although we are awaiting the latest projections from the Greater London Authority (GLA) about this. Once this information is available and we have undertaken further analysis, we will need to determine our long term secondary school place strategy for 2020-2025.

Outputs delivered

Westminster City School expansion was completed in February 2018 with 100 additional places provided. St George's School will complete in October 2018, accommodating 150 pupils at secondary level.

Outcomes achieved

King Solomon Academy (KSA)/Paddington Green Primary expansion is due to start on site in October 2018 with completion in September 2019 which will accommodate primary age pupils currently at KSA. KSA works will begin on site in July 2019 and complete in April 2020, accommodating an additional 150 pupils at secondary level. Pimlico Academy could also expand its offer, providing a further 150 places, but the planning for this scheme is still in the early stages.

Increase number of care leavers who are in Employment, Training or Education

We will continue to support care leavers into stable, economic, secure adult life. Virtual School is leading a determined focus on children having a positive and sustainable future in education and careers. We will measure our success by reporting the increased numbers in Education, Employment and Training post-16 and increased employment for care leavers.

Outputs delivered

The collaborative working that has been taking place between the Economy, Housing and Children's Services teams has shown progress, particularly in relation to placing young people into appropriate apprenticeships, training and gaining work experience. A NEET (not in education, employment or training)/EET (in education, employment or training) panel has been in place in order to review each

of the cases that are identified as either NEET or at risk of NEET and to develop a strategy between the Virtual School and the social worker to move forward. The virtual school offers one bookable day and one drop-in session, which provides young people with the opportunities to seek comprehensive advice and guidance. It was identified that the most significant barrier for many of our young people is their emotional wellbeing. A number of projects have been developed to support this specific area, enable young people to access and sustain opportunities and to support care leavers' overall emotional wellbeing.

Outcomes achieved

In the last 12 months, more than 150 young people have attended the drop-in sessions being provided with support such as CV writing, job applications and interview preparation. More recent data suggests that in Quarter 1, four new young people have been successfully transitioned from being NEET to in EET. Additionally, have nine young people on apprenticeships and one young person on an internship that could potentially lead to either full-time employment or an apprenticeship. At May 2018, 60%, of our care leavers were in employment, training and education, which is above the national average.

Risks and Issues:

If serious harm or death comes to a child or young person to whom we have a duty of care

Impacts and consequences

There are the impacts on the child as well as the associated emotional impact for anyone else involved (relatives, community, staff). There is also the potential reputational impact.

Mitigation and progress

The Family Services Directorate manages the risk within the department and ensures mitigations are in place to minimise the possibility that serious harm comes to a child or young person. Employees working with children and families have enhanced Disclosure Barring Service checks. There are ongoing safety, reliability and Quality Assurance processes in place and Local Safeguarding Children's Board activities to ensure quality assurance. In addition, cases are reviewed in order to learn lessons and inform appropriate safeguarding training for staff. In an event of an incident there would be a co-ordinated response (include with corporate teams such as media and comms) to ensure appropriate actions are taken.

With the changing relationship with schools and funding changes through the introduction of the National Funding Formula, this may bring new challenges including schools developing budget deficits.

Impacts and consequences

The impact of these financial challenges mean schools need to review their operating models. Some schools are more capable of undertaking this transformation work than others. This may also have a financial and reputational impact for the council supporting schools to put in place financial strategies.

Mitigation and progress

The council needs to ensure that schools continue to operate effective financial standards and processes and to support individual schools with emerging budget pressures.

Use of School Forums (and subgroups) to work with schools to develop strategies and action to deal with funding challenges. Continuing engagement by delivering themed based workshops with schools

Service demand pressures

Particularly in scenarios where Looked after Children numbers start to rise, there will be an increasing demand for placements. There are also ongoing pressures to identify and meet the needs of children and young people with Special Educational Needs and Disabilities (SEND).

Impacts and consequences

The increased demand in placements will create a financial pressure on the council as well as pressure on resources to manage this demand. This could lead to financial overspend. Within SEND, any increase in demand will create financial and reputational risks for the authority.

Mitigation and progress

A review of current placement costs will be undertaken including breakdown of how these costs are made up. There will be acknowledgement of the potential for further asylum seeking children to arrive. The ability to transfer UASC arrivals under the terms of the National Transfer Scheme (NTS) is affected by delay and increasing legal challenges. Within the SEN service, there is quarterly self-evaluation of the effectiveness of provision to ensure that resources are focused on agreed priority areas for improvement. The SEND Strategy was published in April 2018. This was approved through the multi-agency Children and Families Executive Board which oversees the implementation of the wider SEN Reforms.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator [S] - Statutory indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
Children's Services							
1. Percentage of Westminster's pupils who achieve 9 - 4 (A*-C) in English & mathematics	72%	74%	→ 76%	→ 78%	74% (2017 academic year)	Minimum standard met – however above national average	Benchmark: The percentage increased between 2016 and 2017 and was above the national average of 59%. 74% of Westminster's pupils are achieving the Progress 8 GCSE measure in secondary school, which matches the minimum target level for service continuity and compares with 59% nationally.
2. Percentage of Westminster schools judged to be outstanding by Ofsted	35%	35%	→ 38%	→ 40%	35%	Minimum standard met – however above national average	Benchmark: 35% of Westminster Schools are currently judged outstanding by Ofsted. This is in line with minimum targets for the service and compares with 21% nationally.
3. Increased proportion of Education, Health and Care assessments which are completed within 20 weeks [S]	35% (17/41)	55%	→ 70%	→ 75%	71% (12/17)	On track	Reporting date: April – May 2018
4. Improve % of children who reach expected levels for reading, writing and maths at the end of primary school	58%	58%	→ 68%	→ 73%	68% (2017 academic year)	Target Achieved	Benchmark: 68% of children are currently reaching the expected levels for reading, writing and maths at the end of primary school, which is matching the ideal target level of the service and compares with 61% nationally.
5. % care leavers in education, training or employment (at age 19, 20, 21) (excluding those not in touch)	New indicator	TBC	→ TBC	→ TBC	67% (75/112)	Exceeding target	Reporting date: April - June 2018
6. Percentage of children in care aged under 16, who have been continuously in care for at least 2.5 years, who have lived in the same placement for at least 2 years [S]	87% (46/53)	75%	→ 87%	→ 90%	Not reported		Insight: Not included in 18/19 framework
7. Number of social care contacts that go onto early help	5% (287 of 5,872)	5%	→ 20%	→ 25%	Not reported		Insight: Not included in 18/19 framework
8. Percentage of re-referrals to social care within 12 months of the previous referral [S]	9.9% (508 of	16%	→ 9.9%	→ 9%	Not reported		Insight: Not included in 18/19 framework

Key performance indicator [S] - Statutory indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
	1,815)						
9. Reduce number of children entering care aged 14-17 (excluding UASC) [S]	17	20	→ 17	→ 17	Not reported	Insight: Not included in 18/19 framework	
10. Increase the number of foster carers recruited	18	8	→ 10	→ 15	Not reported	Insight: Not included in 18/19 framework	

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Q1 Target assessment definitions ²	Off track	Exceeding target	On track	Minimum standard met
	Failing to achieve the minimum target level	Performance is above ideal target level	Performance is at ideal target level	Meeting the minimum target below ideal level

1.3 City Management and Communities

Achievements:

Launch of Housing Standards Taskforce

To deliver co-ordinated action against rogue landlords managing substandard residential accommodation, and to tackle irresponsible short-term letting.

Outputs delivered

The Housing Standards Taskforce consists of a multi-disciplinary team which brings together Officers from environmental health, short term letting enforcement, trading standards, anti-social behaviour and data analysis. The team launched a 'Considerate Short Let Landlords Charter' which explains the law surrounding short lets, as well as best practice guidelines for hosts and building managers. A problematic premises tool to identify with greater certainty higher risk properties is currently in development. Those identified will be linked through the use of an intelligence engine which will provide enhanced data analysis and shared with the Trading Standards team.

Outcomes achieved

Currently there are 1,369 properties being used for short-term let purposes under investigation. Between 1 April 2018 and 30 June 2018 we opened 146 new investigations and closed 82 investigations where either the short-term letting has ceased or that the letting complies with the 90 night limit. We have also gained authority to serve 36 Planning Contravention Notices and 4 Enforcement Notices. The Housing Standards Taskforce also served 14 notices under the Housing Act 2004.

Moberly Sports Centre opening

On Saturday 30th June, Councillor Harvey formally opened the new Moberly Sports Centre. The £28m Sports Centre was delivered through a partnership with Willmott Dixon who developed new homes to fund the leisure facilities. The project is the first new build of a public swimming pool in Westminster for nearly 40 years and is an example of the Active Westminster strategy coming to life as an Active Place community hub for Queen's Park ward. Facilities include a 25m main pool and a 13m teaching pool, with a movable floor depth, an eight court sports hall with retractable spectator seating for up to 500 people and a multi-use gymnastics hall.

Outputs delivered

The new facility was delivered to budget and to a high standard. The delivery will also realise the budgeted saving as part of the Council's MTP financial planning. The new facility will support community clubs and schools, offering Westminster's first dedicated gymnastics facility. The range of facilities will also help to tackle the health inequalities within this area and the Council's appointed leisure contractor will be offering work and apprenticeship opportunities.

Outcomes achieved

Providing the biggest and best facility in the Westminster portfolio and delivering a 37% increase in sporting provision for Queen's Park through the Active Queen's Park project at very low cost to the Council.

Bond Street Public Realm Improvement Project

The £10m Bond Street Public Realm Improvement Project will improve the layout and operation of New Bond Street and Old Bond Street. It will complete in September 2018 in line with the agreed programme and is to budget.

Outputs delivered

The project creates substantial improvement in the public realm in time for the major increase in pedestrian footfall anticipated at the opening of the Elizabeth Line in December 2018. Most outputs are now in place such as reduced traffic and speed to create greater pedestrian comfort and access improved cycling measures. There are widened footways and improved public space with Old Bond Street/Burlington Gardens becoming a 'town square' with space for art. There is new street furniture and signage, with upgraded utilities and broadband.

Outcomes achieved

It is expected that the completion of the project will provide new opportunity for events and attractions that will increase visitor numbers and increase dwell time. The opening of the Elizabeth Line in December 2018 and the new Bond Street Stations will increase the customer base, in turn increasing revenues and, thereby, employment and training opportunities. Reductions in vehicle movements and an increase in pedestrian numbers will reduce the impacts of vehicles on Bond Street whilst improving the space for pedestrians. The project is linked to others in Hanover Square, Oxford Street West, East Mayfair and the Brook Street and Davies Street two way. This will ensure a coherence of design approaches and the use of materials and consistency of vehicle and pedestrian routing. Programme linking will ensure that works coordination is managed robustly and network overloads are mitigated.

Risks and Issues:

The current threat level of a terrorist attack

The threat level to the United Kingdom from international terrorism is currently 'Severe', meaning that a terrorist 'attack is highly likely'. The level is set by the Joint Terrorism Analysis Centre and the Security Service (MI5).

Impacts and consequences

Last year's horrific attacks on Westminster, London and Manchester highlight the continued threat that terrorism poses. As a global city, with a number of crowded places, iconic sites, commercial centres and night-time economy, Westminster needs to be particularly vigilant to this threat. As well as being a potential terrorist target, Westminster is also a 'Prevent' priority area, an indication of the level of risks of extremism and radicalisation locally.

Mitigation and progress

The Government's Counter-Terrorism strategy (CONTEST) seeks 'to reduce the risk to the UK and its interests overseas from terrorism, so that people can go about their lives freely and with confidence' and consists of four strands, Pursue (stop terrorist attacks), Prepare (mitigate the impact of an attack where it cannot be avoided), Protect (strengthen protection against terrorist attack) and Prevent (stop people from becoming terrorists or supporting terrorism). The Council works with the responsible agencies to support the delivery of the strategy principally within the Prevent, Prepare and Protect strands.

Policing resources following the planned Basic Command Unit (BCU) merger

Policing resources following the planned merger with Westminster, Kensington & Chelsea and Hammersmith and Fulham to form the Area West Basic Command Unit (BCU).

Impacts and consequences

The new BCUs have now been announced and Westminster police will merge with RBKC and Hammersmith & Fulham to form the new 'Area West' BCU. The anticipated implementation of the new BCU will be around Feb' 19. There is concern that the level of policing resources, support and responsiveness will reduce in Westminster as a result of the merger which is a significant risk, particularly given the high volume of crime associated with the West End and Evening and Night Time Economy.

Mitigation and progress

The Council is working closely with the Borough Commander who has committed to working with partners in the development of the new . A Policy and Scrutiny Task Group has also been established to examine the potential issues associated with the merger and to inform the development of the new model.

The task group agreed to receive a timeline of the implementation of the BCU by early September with a view to meeting again in October 2018 to consider key issues including:

- Can the BCU model deal with future demand (e.g. when the Elizabeth line opens)
- Clarity on plans for estate rationalisation and how that will affect the BCU proposals
- How policing the evening and night time economy would be resourced
- Lessons learnt from implementation of the BCU model so far
- More detail on the final officer numbers and modelling of how that would affect the service.

The continued provision of a strategic waste depot for Westminster.

Impacts and consequences

There is a potential risk that Westminster will not be able to continue to occupy the waste depot site on Mandela Way if planning permission for a change of use of the site is not obtained from LB Southwark. The site is used as a strategic depot and accommodates 70 refuse vehicles. Failure to ensure use of this or a similar alternative site would present a serious operational risk to the waste and cleansing service which could impact residents, businesses and visitors.

Mitigation and progress

The Council's appointed contractor (Veolia) are currently occupying the site and the Council is working closely with the relevant parties (particularly TfL and LB Southwark) to progress a satisfactory solution. A site search for an alternative location is also being progressed and a potential alternative site has been identified which is being progressed by Corporate Property Officers.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2016/17 position	2017/18 target ranges ¹				Position at Q1	Target assessment ²	Other contextual insight	
		Minimum	→	Ideal	→				Aspirational
City Highways									
1. % of urgent lighting defects made safe within agreed timescale - Priority 1	98%	95%	→	98%	→	100%	94% (101/108)	Off track	Reporting date: April – June 2018
2. % of carriageway and footway defects repaired or made safe within 24 hours - Priority 2	95%	95%	→	98%	→	100%	99% (1,073/1,078)	On track	Reporting date: April – June 2018
3. % of routine highway inspections completed in accordance with the agreed inspection frequency	98%	95%	→	98%	→	100%	100%	On track	
Public Protection and Licensing									
4. Percentage of noise complainants who receive a call back from a noise officer within 45 minutes	97%	-	→	95%	→	-	93.33% (4,555/4,880)	Off track	Some data error within data set to be corrected and data correction likely to result in 95% or above
↳	<ul style="list-style-type: none"> • Service commentary: Statistics demonstrate that only 84% of complaints have received a 45 minute/4 day response. The service believe that this is not a true reflection of the response time provided. Due to a number of outages with Uniform and a manual contingency system being implemented the officers, who have been hindered by their shift pattern, are struggling to catch up due to increasing number of complaints in the summer months. This is expected to be rectified before the next reporting period. • Mitigation: Backlog of complaints to be updated • Timeframe for improvement: Performance will be back on train before the next reporting period. 								
5. Number of hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	605	400	→	500	→	600	110	On track	
6. Percentage of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision.	75%	70%	→	80%	→	90%	88%	On track	
7. Number of Houses of Multiple Occupation improved (buildings with more than one household including shared facilities)	66	50	→	65	→	75	15	On track	
8. Percentage of women accessing specialist domestic abuse services who report a reduction in abuse	94.5%	67% (2012/13 position)	→	78% (MOPAC Target)	→	86% (4yr average)	92% (44/48)	On track	

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight		
		Minimum	→	Ideal				→	Aspirational
9. Percentage of licensed premises that are safe and well managed following a single inspection.	75%	65%	→	70%	→	100%	78% (232/297)	On track	Insight: Where a licensed premises is not compliant following the first inspection the issues are raised, in writing with the management and they are given an opportunity to remedy the matters and a follow up inspection is carried out.
10. Number of vulnerable residents supported to continue living in their homes	1397	600	→	800	→	1,000	182	On track	
11. Improvement in hygiene ratings for food premises where a revisit has taken place	New target	30	→	40	→	50	27	On track	
12. Percentage of medium/high risk victims of anti-social behaviour activity that are contacted by the council within 48 hours of referral	Data not available	-	→	100%	→	-	100% (7/7)	On track	Insight: Processes have only recently been put in place to generate data so there is no historical data.
13. Percentage of licensing applications received acknowledged within 2 working days of receipt.	89%	70%	→	80%	→	90%	95%	On track	
Sports and Leisure									
14. Total participation in Council sports, leisure and wellbeing activities	-	3.4m	→	3.6m	→	3.8m	997,283	On track	
Parking									
15. Ensuring parking compliance across the City is over 97%	99%	97%	→	98%	→	99%	98.4%	On track	Reporting period: Bi Annual data as of April 2018
16. Ratio of residential permits issued against parking bays available on the street	Not Available	85%	→	90%	→	95%	98.7%	On track	Reporting date: April –May 2018
Waste & Parks									
17. % of streets in Westminster that pass the street score survey for litter	98.47%	-	→	98.00%	→	-	98%	On track	Currently running at 1.75% for the proportion of streets that fail for litter equating to 1.75% littered or 98.25% clean
Libraries & Registration Services									
18. 95% of appointments to register birth of their baby should be available within 5 days of enquiry.	75% (2016-17) (13% for 2015/16)	-	→	95%	→	-	92%	Off track	Impacts: Parents waiting longer than 5 days to get appointment, which may delay submitting applications where a birth certificate is required such as passport or benefit. Sample checking shows no parent wait no longer than 7 days for an appointment, so overall impact is minimal.

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1	Target assessment ²	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			



- **Service commentary:** resourcing levels due to staff turnover affected targeted processing times
- **Mitigation:** 4 sessionals now trained and registering births to backfill vacancies / secondments
- **Timeframe for improvement:** Quarter 2 (July 2018) - achieved 98% for June 2018

19.	2% increase in real and virtual visits to libraries	2,048,009	Increase by 1% to 2,062,578	→	Increase by 2% to +-	→	Increase by 3% to 2,104,246	5% of ideal target	On track	
20.	95% of appointments to register a death or stillbirth should be available within 2 days of enquiry	95% (89% for 2015/16)	-	→	95%	→	-	97%	On track	Insight: 2017-18 comparative data from General Register Office shows London average for appointments within 2 days was 100% for stillbirths, and 95% for deaths.

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Q1 Target assessment definitions ²	Off track	Exceeding target	On track	Minimum standard met
	Failing to achieve the minimum target level	Performance is above ideal target level	Performance is at ideal target level	Meeting the minimum target below ideal level

City for All Tracker

The table below provides a progress update at the end of Q1 (June 2018) on the measures and milestones aligned to the CFA pledges that the directorate is directly responsible for delivering.

City for all Pledge	Delivery Status	Progress update
Civic leadership		
Launch a new independent libraries advisory board to build the positive case for the future of local authority libraries, leading the way by setting out plans for a new permanent library at Seymour Leisure Centre	On Track	<ul style="list-style-type: none"> Board is working to a revised timescale, agreed with Cabinet Member, to deliver recommendations in early autumn 2018. Report is being drafted for final review and Cabinet consideration
Building homes and celebrating neighbourhoods		
Champion the 80,000 people who rent privately by making sure homes in Westminster are up to scratch with a city-wide review, using our powers to prevent rogue landlords from exploiting our residents	Achieved	<ul style="list-style-type: none"> Approximately 150 properties surveyed. Access difficulties have hindered progress and exercise now underway to scope the commissioning of external organisation to produce this survey, including an evidence base to support a discretionary licensing scheme for houses in multiple occupation. New enforcement policy for PRS intervention approved and in place. Procedures in place to enable effective use of additional legal powers including civil penalties and banning orders. Rogue Landlords Taskforce in place and operational, with 76 notices served to effect improvements in PRS properties to date.
We will also open the new Moberly Leisure Centre, part of a £26m investment providing the best community sporting facilities for Westminster residents	Achieved	<ul style="list-style-type: none"> On Saturday 30th June, Councillor Harvey formally opened the new £28m Moberly Sports Centre on Chamberlayne Road, Kensal Rise, W10. The £28m Sports Centre was delivered through an innovative partnership with EcoWorld as the Developer (formerly Willmott Dixon Regen Ltd) selling new homes to fund the leisure facilities. The project is the first new build of a public swimming pool in Westminster for nearly 40 years and is a great example of the Active Westminster strategy coming to life as an Active Place and community hub for the Queen's Park Ward. Providing the biggest and best facility in the Westminster portfolio and delivering a 37% increase in sporting provision for Queen's Park through the Active Queen's Park project at very low cost to the Council. Will help support clubs and be Westminster's first dedicated gymnastics facility. The range of community facilities will help to tackle the health inequalities within this Ward. Sports and Leisure Management (Everyone Active) will be offering work and apprenticeship opportunities Physical activity is a great way not just to get fit, but to improve mental health, beat stress and get motivated," said Councillor Harvey, "Moberly will serve the whole community, and the range of facilities for people of all ages and abilities will enable it to do just that."
Creating a greener city		
At the heart of this will be our new '#DontBeldle' campaign to persuade drivers to make the simple change of turning off their engines when idle. Evidence shows that when we run anti-idling days emissions fall by 20%, we will spread this positive message across Westminster focusing on high-risk areas such as hospitals and schools	On Track	<ul style="list-style-type: none"> #DontBeldle Campaign - The number of pledges now currently exceeds 12,000 and continues to rise. Low Emissions Neighbourhood (LEN) - The diesel surcharge has continued to have a positive effect on the number of pre-2015 vehicles parking with the LEN, the decrease in the percentage up to the end of June'18 has now risen to 16%. Anti-Idling marshals currently being deployed with the LEN with over 24,000 actions taking place. Electric Vehicle (EV) Charging Points - A form for residents to request EV charging points in their street has been launched to inform EV expansion throughout the city.

City for all Pledge	Delivery Status	Progress update
<p>Encourage the next generation to create a greener city by rolling out the Daily Mile so that every child who goes to school in Westminster is walking or running a mile every day.</p>	<p>On Track</p>	<p>There are now 17 Schools on the programme (St Joseph's Primary has joined in February). Previously Ark Atwood Primary Academy were participating and indeed were on the pilot but have had to stop due to noise complaints by local residents as the School have been using a local community pitch. The matter has been referred to the Council and a resolution is currently being sought by the Deputy Leader and local ward Councillors. In addition:</p> <ul style="list-style-type: none"> • St George's Hanover Square are very keen to start and are just awaiting permission to do so from local ward councillors; • Edward Wilson are in the process of getting sign-off from their senior leadership team • Millbank Academy have recently confirmed that they are keen to proceed and the team have provided the link to the "Getting Started" page on the DM website • Barrowhill Junior – Further to meeting them at the end of March, they will be starting in the new year • Wilberforce Primary – The School will be starting in September; • St Mary Magdalene – The school currently does an activity called the "record Challenge" and the team have contacted the School to see if they would like to consider the DM; • St Peter's Chippenham Mews – They are currently undertaking the "Active 10" NHS 10 minute walk everyday and the team have wrote to them on 31/05 to see if they would like to consider the Daily Mile.
<p>We will also celebrate our 7,000 'Little Green Giants' who take part in the Forest Schools programme, learning about the environment and visiting our open spaces to become the green ambassadors of the future</p>	<p>On Track</p>	<ul style="list-style-type: none"> • With further investment to be made in the existing environmental areas of PRG and continued interest from local Westminster Schools, the programme is well on track to delivery at least 7,000 Green Giants this year. More recently, the team have received interest from Kensington Palace who are keen to support the scheme.
<p>Maintaining a world class Westminster</p>		
<p>Set out a clear vision and plan for our night time economy, to promote the interests of residents, businesses and visitors. This will include the launch of a pilot for the Westminster Licensing Charter in Leicester Square and Piccadilly Circus, setting clear standards for how we work with the night-time industry to promote responsibility and growth</p>	<p>On Track</p>	<ul style="list-style-type: none"> • We are continuing to promote the charter with other licensed premises to increase uptake for the coming year and are continuing to develop the proposals for the City Wide roll out of the scheme. • The Night Safe project, which will provide a network of highly visible on street volunteers and a Night Safe hub within Charing Cross Library, continues to develop well and is on track. • Ambassadors will be recruited and trained in September and October with the Hub going live in November. Bespoke training packages are being developed in conjunction with Drinkaware and St Johns ambulance. We are working with the Safer Business Network as a key partner, who are also working with businesses to reduce the risk of vulnerability in the evening and night time economy. • During the next quarter a communication plan will be developed to support the project.
<p>Put the first spade in the ground for Baker Street Two Way and Bond Street public realm improvements ensuring the city is ready and looking its best to greet the extra footfall expected in the West End following the opening of the Elizabeth Line.</p>	<p>On Track</p>	<ul style="list-style-type: none"> • Funding gap closed with Community Infrastructure Levy (CIL) funds. Project on time and budget. Switch on Baker Street two way remains on track for Jan/Feb 19 as programmed. • The scheme remains in line with the delivery programme.
<p>A smart Council</p>		
<p>Launch a new 'Report It' campaign to predict and proactively deal with developing trends on the day that they are reported to us. We will also use this new technology to enable residents to report on the negative impacts of the gig-economy and flag anti-social behaviour to enable us to focus our enforcement more proactively</p>	<p>On Track</p>	<ul style="list-style-type: none"> • Work for phase 2 is now underway and updated form due for publication. Recent data indicates over 2,600 cases have been reported, with over 1000 MyWestminster Accounts created.

Page 87

1.4 Growth, Planning and Housing

Achievements:

Rough Sleepers

In June 2018 the Council was awarded significant funding from the MHCLG for rough sleeping services.

Outputs delivered

The award is for £540k and, in line with the launch of the new Government Rough Sleeping Strategy, we expect to receive notification of an additional funding award in late July/early August and will update when the new award is released. – how can this be flagged?

Outcomes achieved

This will enable us to increase capacity in our services and to trial new ways of working (eg trialling provision to prevent rather than relieve rough sleeping, increasing capacity of outreach service, access to the private rented sector and increased mental health provision) to assist those rough sleepers we are able to support and reduce numbers further. This sum must be used for the stated aims in the bid; however, approximately 30% of the money will focus on prevention activity.

Queensway

The Council has received a significant capital sum from the surrender of part of Queensway car park.

Outputs delivered

The Council holds the long-leasehold interest at Queensway car park. Our interest has approximately 50 years remaining at a peppercorn rent. We sublease the car park to Q-Park who have circa 20 years unexpired. Greenfour Limited, the freeholder, approached the Council to acquire 100 of the 277 spaces from both the Council and Q-Park via a tripartite surrender. The arrangement facilitated the redevelopment of Greenfours' and Fenton Wheeler's redevelopment schemes in Queensway and in turn they paid WCC a surrender premium of £3.25m for the 100 spaces, as well as a further capital payment to WCC's tenant, Q Park.

Outcomes achieved

Valuations showed the £3.25m premium to be far in excess of the £1.35m existing use value for the entire car park and in excess of the marriage valuation for the development schemes.

Cosway Street, Ashbridge Street and Ashmill Street

On 7 August 2018, the Major Applications Planning Sub Committee approved the proposals for 77 new homes as part of the regeneration of Church Street.

Outputs delivered

These homes will be delivered across three sites at Cosway Street, Ashbridge Street and Ashmill Street. The procurement of a contractor for all 3 sites is underway, with work expected to start on site in the New Year.

Outcomes Achieved

Of the 77 new homes, 28 (36%) of these will be affordable. The redevelopment at Cosway Street will see 49 new homes built for sale, with receipts from sales cross-subsidising the delivery of 26 new affordable homes at Ashbridge Street and a further 2 affordable homes at Ashmill Street.

Awards shortlisting

The Business & Enterprise Team have recently been shortlisted for two awards.

Outputs delivered

The team has been shortlisted for the Enterprising Britain Awards (EBA), being one of three areas that have been shortlisted for our work on Westminster Enterprise Week (WEW). It has also been shortlisted for the Connecting Britain Awards.

Outcomes achieved

WEW seeks to link young people up with the business support that is available to them. At the EBA the team was shortlisted under the barrier removal category for a range of activities that seek to make it easier for providers to deploy networks within Westminster around areas such as parking bay discounts, standardised wayleave, Connect Westminster and our collaborative street works approach

Risks and Issues:

There has been a significant increase in the number off EEA Nationals sleeping rough

Impacts and consequences

The flow of EEA nationals to the streets has gone up by almost 400% since the High Court ruling in December 2017 which puts us in a difficult position to address effectively given the vast majority of this group do not want to engage with a route away from the streets and/or are not entitled to the Housing Benefit required to access most housing routes. UK/ROI nationals remains relatively static from the previous quarter. There were 133 rough sleeper from the EEA during the count on Thursday 24th May 2018 from a total of 299.

Mitigation and progress

As reported in the key achievements section, Westminster has been awarded £540k funding by the MHCLG. This however will predominantly impact the core group of rough sleepers that are entitled to the necessary benefits to support their route away from rough sleeping. One of the schemes is an extension of our Night Centre which will allow access to anyone regardless of entitlement but in terms of scale, this won't impact all of the EEA Nationals. We continue to push central government hard to provide a resolution, this falls either to MHCLG and/or the Home Office and we are in regular dialogue. The next count is scheduled for September 27th.

Facilities Management Contract

Impacts and consequences

Amey's failure to maintain a Health & Safety compliant portfolio and persistent poor performance triggered exit negotiations from the contract.

Mitigation and progress

We are currently progressing a revised approach to the settlement and exit planning under which each Borough will effectively be allowed to agree its own terms with Amey on the commercial, financial, and timing aspects of early exit from the TFM Agreement. In practice this will mean WCC and RBKC still being closely aligned across most of these aspects, but will particularly allow LBHF to be more in control of its own exit. We have advised Amey that the original timeframes targeting the end of December 2018 can no longer be assumed, and it has been agreed, subject to contract, that WCC will exit the contract with Amey on 31st March 2019. We expect all services to be transferred by that date and procurement for services is being prepared. We will have new arrangements in place ahead of this date for some services. Reception staff were transferred to WCC on 1 July 2018 and porters will be transferred by September 2018.

Delays to Ingestre Court Project

The Ingestre Court project has been delayed as a result of unsuccessful court action between an incumbent Guardian and his "Landlord", Camelot. Bailiffs acting under the Court's instruction have evicted the Guardian and vacant possession has been secured, pending further legal challenge.

Impacts and consequences

The impact includes a delay in the development of affordable workspace for up to 200 entrepreneurs and a loss of rental income of around £10k per week if the delay extends beyond the initial rent free period.

Mitigation and progress

Further legal action by the Guardian is unlikely to succeed but the scheme cannot begin until the final appeal has been heard mid-August.

Standing Items

Ebury Bridge Estate Regeneration

On the 9th July, Cabinet authorised the selection of Scenario 7 as the preferred development approach for the Ebury Bridge Estate. This scenario will look to deliver 750 homes plus community facilities, retail shops and improved public realm. The approval granted permission to extend the re-development to the wider area needed by the scenario, authority for Officers to enter into voluntary negotiations with residents and retailers to acquire all interests, extend rehousing commitments to both tenants and leaseholders contained in the new development boundary, determine commercial leases where required, agree that residential voids are no longer let on secure tenancies, authorise tender, enabling and demolition works on void properties in dialogue with the Community Futures Group (CFG) and authorise the implementation of a meanwhile use strategy in partnership with CFG for temporary uses on cleared areas. The Cabinet also agreed for a Cabinet Member decision in October 2018 to select a preferred delivery route. Authority was granted for external procurement, property and legal advice to support this.

The Business & Enterprise Team has recently been shortlisted for the Enterprising Britain Awards (EBA), being one of three areas that have been shortlisted for our work on Westminster Enterprise Week (WEW). It has also been shortlisted for the Connecting Britain Awards.

WEW seeks to link young people up with the business support that is available to them. At the EBA the team was shortlisted under the barrier removal category for a range of activities that seek to make it easier for providers to deploy networks within Westminster around areas such as parking bay discounts, standardised wayleave, Connect Westminster and our collaborative street works approach.

Tower Blocks fire risk update

The recladding work at Warwick and Brindley estate towers, and Glastonbury House, is on hold until the government's cladding review is complete later this year. Results are expected by late August.

CityWest Homes is currently assessing its records and stock to ascertain if it has any fire doors within its buildings that were produced by 5 suppliers identified by the MHCLG as failing to meet requisite fire performance standards. If any such doors are found, they will be replaced.

The fire safety governance structure within CityWest Homes has been reviewed, and a FRA action team added, to ensure we deliver the planned fire safety work and remain agile with the capacity to do more where required.

Whilst the precautionary cladding replacement work at Glastonbury House is on hold, we are moving forward with the retrofitting of sprinklers to flats and other communal works.

Markets Consultation

Traders, local businesses, residents and all relevant Ward Councillors have been made aware of option proposals for rises in pitch fees and also a wider programme of markets support. A very thorough consultation will take place between August and October. This will include online surveys and workshops. A consultation booklet is about to be produced.

Other project updates

A £400k refurbishment of 4 Lilestone St was recently completed. The scheme is the provision of children's services accommodation and nursery. The services offer a drop-in centre for children, midwifery services and other children's services.

Open market bids for a building operator on an operating lease for **Dudley House** have been successful with the best offer received from Pinnacle Group. The project income over a 7-year period will be c£22m, with an average net rental of £3.1m per year. This compares favourably to the forecasted annual net income for the project of £2.8m. By engaging with the market under a property lease we saved 12-14 months over the standard procurement route, have mitigated costs and risks associated with managing an asset of this size and secured a higher return. The scheme comprises:

- 197 residential units for Intermediate Rent
- An 840 pupil school for the Marylebone Boys School
- A Church
- Commercial / retail space (shell & core) on the Harrow Road frontage, which will service the residential units and wider public.

The Council is considering the demolition of **Carlton Dene** and **Westmead**, to enable the construction of a new extra care scheme at Carlton Dene funded by the sale of Westmead and some newly developed flats at Carlton Dene. This is part of the wider Strategic Housing Options Programme for Older People Programme.

Consultation with residents at Carlton Dene including Peebles House and Westmead has taken place, with the response from all three locations having been positive so far. Carlton Vale RMO, which manages Peebles House, raised concerns that if the number of homes they manage falls this may affect the organisation's viability.

Significant further consultation will take place, including surgeries, presentations and individual appointments, with details of the options for the sites given to all residents in October. The consultation period will run to 14th November, with the results reported to members as part of the report covering the Outline Business Case.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2016/17 position	2017/18 target ranges ¹				Position at Q1 ¹	Target assessment ²	Other contextual insight	
		Minimum	→	Ideal	→				Aspirational
Housing Service									
1. Tenant Satisfaction with service provided by the Council	85%	85%	→	86%	→	87%	70%	Off track	Insight: 2017/18 Performance was 55%
↳	<ul style="list-style-type: none"> Service commentary: Satisfaction dropped following changes to the service delivery model and the procurement and mobilisation of new repairs contractors in 2017 and is now recovering steadily. Mitigation: The council is working closely with CWH to ensure improvements are delivered to customer service and repairs, with improvement plans in place for both areas. Timeframe for improvement: It is anticipated that performance will continue to improve throughout 2018/19 towards a challenging target of 86%. Upper quartile performance for London Councils for this KPI is 83%. 								
2. No families in Bed & Breakfast for more than 6 weeks [S]	0	0	→	0	→	0	0	On track	Benchmark: At the end of Q4 of 17/18 2,110 h/holds were living in TA in Westminster. Above the London average (of 1,696) and 6th highest amongst all London LAs. Source: MHCLG
3. Reduction in rough sleepers spending more than one night out	New KPI	70%	→	75%	→	80%	75% (169/226)	On track	Reporting period: Q4 2017/18 (January - March) - (KPI reported a Q in arrears)
Development Planning									
4. % of 'non-major' planning applications determined within 8 weeks [S]	64%	68%	→	68%	→	70%	78% (5,017/6,404)	On track	Benchmark: Up from 72% at end of 2016/17 (London average of 79%). Reporting Period: Q1 October 2016 – Sept 2018 (MHCLG requirement)
5. % of 'major' planning applications determined within 13 weeks i.e. larger scale development. [S]	69%	60%	→	60%	→	62%	83% (86/104)	On track	Benchmark: London and inner London average was 83% for 2016/17 Reporting Period: October 2016 – Sept 2018 (MHCLG requirement)
6. % planning appeals determined in favour of the Council (Excluding telephone boxes)	65% (216 of 334)	55%	→	60%	→	65%	65% (22/34)	On track	Insight: 2017/18 outturn was 70% (145/206), although Qtr 1 performance is ahead of equivalent period in that year (63%). Planning Reporting Period: April 2017 – March 2018
Property and Estates									

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1 ¹	Target assessment ²	Other contextual insight
		Minimum	Ideal	Aspirational			
7. Increase total income generated from the council's investment portfolio	£510,000	TBA	⇒ £600,000 ⇒	TBA	£398,536	On track	Insight: £721,000 achieved in 2017/18.
Growth and Economy							
8. Connect businesses to super and ultrafast broadband (Based on vouchers redeemed).	0	TBA	⇒ 250 ⇒	TBA	60	On track	
9. Westminster Employment Service to achieve 750 job starts of which 300 long-term unemployed	442	TBA	⇒ 750 (300) ⇒	TBA	117 (83)	On track	Insight: Currently pulling together agreements with key contributors to our overall target in August/September. We've had positive conversations with several external providers.

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Q1 Target assessment definitions ²	Off track	Exceeding target	On track	Minimum standard met
	Failing to achieve the minimum target level	Performance is above ideal target level	Performance is at ideal target level	Meeting the minimum target below ideal level

Page 63

City for All Tracker

The table below provides a progress update at the end of Q1 (June 2018) on the measures and milestones aligned to the CFA pledges that the directorate is directly responsible for delivering.

City for all Pledge	Delivery Status	Progress update
Civic leadership		
Opening our sixth major enterprise space with Hub Paddington	On Track	<ul style="list-style-type: none"> Anticipating a launch in late September, Paddington Works progresses with the recent recruitment of a General Manager. The Cabinet Member has also approved a year-long marketing and promotion strategy.
Building homes and celebrating neighbourhoods		
Deliver 1,850 affordable homes by 2023 to give families the chance to lay down their foundations	On Track	<ul style="list-style-type: none"> 160 affordable homes have been delivered since the start of 2017/18 with a further 566 units currently on site. We are on track to deliver the six year target.
Invest a new £900k government fund to tackle homelessness before people lose their homes. We will commit to reducing the number of families who become homeless over a three year period, showing early intervention works	On Track	<ul style="list-style-type: none"> In Qtr 1, the Council's trailblazer team have achieved 73 'upstream' preventions. These are households who otherwise would likely have presented as homeless to the Housing Options Service. We have set an target of 300 for 2018/19.

1.5 Corporate Services

Achievements:

The Council's Contact Strategy

Translating the Council's Contact Strategy into a set of financial targets and a suite of enabling technologies that will deliver the transformation. This will drive down unnecessary contact, which, in turn will deliver multi-million pound savings to the organisation.

Outputs delivered

The digital team is working closely with the services to ascertain which suite of enabling technologies will deliver benefits and improve customer experience. The enabling technologies that will transform the service include (but are not limited to): Interactive Voice Response, Chatbots, email Management and Knowledge Base. These technologies are in use across all customer facing sectors.

Outcomes achieved

The Contact Strategy has been shared with the services and City Treasurers' with widespread recognition of the issues and acceptance that we must transform ways of working within the Council with a digital approach. All parties to this work led by the digital team are engaged and working on plans to achieve significant reduction in contacts over the next couple of years through the application of enabling technologies in their areas.

Contracts Management Programme

This programme has been identified as one of the major change initiatives within the Corporate Services business plan on how to transform how the Council manages its contracts ensuring value for money, driving savings, improved service levels, more efficient ways of working and reduced risk.

Outputs delivered

All priority 1 projects as part of the Contract Management Programme, are now underway. There is governance in place to allow for successful delivery of the programme, a clear scope of work and objectives documented and agreed for each of the priority 1 projects. A Contract Manager network has also been established to support better communication and collaboration amongst our contract managers. Multiple stakeholder engagement sessions have been held across the organisation to raise awareness and canvass support for the programme.

Outcomes achieved

This is a 12+ month programme with key outcomes to be achieved through a change process and deliverables spread across the initial 12 month period. Initial outcomes include:

- 73 members joined the contract management network in the first four weeks of its launch
- Top 15 contracts monitoring sheet created to start capturing and reporting key information on the Councils "key" contracts
- Monitoring and review cycle underway with Finance colleagues to close gaps identified. This is a key opportunity to reduce risk
- Agreement from all Directorates on planned approach as well as volunteers from Adults Social Care and Sports and Wellbeing to collaborate on specific project solutions; resources are the primary risk for the programme so this commitment is key to the success of the programme

Renewal of the Enterprise Licensing Agreement with Microsoft, in partnership with RBKC and LBHF, with an expected value of circa £2m for Westminster over the next 3 years

Outputs delivered

Continuation of critical Council services, including email, SharePoint (intranets), Skype, and new tools as they become available. In addition, Windows 10, security software, and mobile management software are now included as standard

Outcomes achieved

Enablement of Skype and Microsoft tools as the “de-facto” communications standard for the Council, supporting the 7:10 desk to staff ratio for City Hall, and the increasing mobility of our staff. In addition, the licenses for Windows 10 for the upcoming laptop refresh, and the Office 365 two-factor security authentication are included as standard saving on purchasing of separate software

Standing Items

Completion of the BT implementation plan

- Following intensive commercial negotiations between WCC, RBKC and BT, all parties signed a letter of settlement on the 19th July 2017
- A Change Control Notice varying the contract with BT and defining a “good enough” service for the remaining term of the contract was also finalised in October 2017
- The implementation plan has delivered improvements in HR and Finance reporting and processes, workflow management and standard operating procedures for pensions
- The plan has also eliminated the backlog of historic HR letters not uploaded to personal files
- Framework Intelligent Client Function (ICF) have continued to work closely with HR and Finance colleagues and BT to break down the organisation structure changes required for Trexit/Moving On over the three Councils, into achievable phases
- All post and people changes required by the three Councils were successfully completed this summer and a plan was agreed with BT to manage the remaining restructures and reorganisations, which the Councils are aiming to implement before exit
- The first quarter of this year has seen the delivery of the good enough performance that is required

Transition to Hampshire

- From November to December 2017, WCC Cabinet and the RBKC Leadership Team approved a recommendation that the Councils should join the Hampshire County Council (HCC) Partnership through sovereign Deeds of Accession as a replacement for the BT Managed Service
- An onboarding programme with an Autumn 2018 implementation date, was developed by Deloitte as HCC’s implementation partner
- WCC and RBKC formally joined the Hampshire Partnership in January 2018
- Transition to Hampshire has been scheduled around a ten-month period within a five-phase onboarding programme: Phase 1 - design and validation - largely completed from January to April; Phase 2 - solution build of the core system planned for a scheduled end of May completion date. The aim was that by the end of this phase core systems would have been built and configured in readiness for testing; Phase 3 - testing planned for completion by the end of August/September and will cover systems integration testing, user acceptance testing and payroll comparisons; Phase 4 – deployment planned for completion in one month, followed by a further month of post-live support (Phase 5)
- We have clarity of what and how services will be delivered and how WCC and RBKC will transition to the Hampshire Partnership with a clear approach to data migration and systems integration

- Build of core system and payroll have proceeded to plan with the main components passing unit testing
- The first phase of system integration testing (SIT 1) commenced on 4th June with the second phase now underway
- Business Deployment activities commenced with the establishment of the IBC Advocates network, briefings to Directorates leadership teams, Budget Manager briefings and demonstration sessions and the launch of the Wire page

Dependent projects

- Hampshire County Councils offering does not match everything delivered by BT Managed Services, therefore additional services will be required
- These services have been scoped by the WCC and RBKC Finance and HR Teams and are being delivered via separate workstreams
- The BT Exit Project is delivering a smooth exit from the current contract and BT has been pro-active in the planning process. Work has progressed to ensure that the exit and onboarding processes are complementary and that there is clarity about the system, process and data freezes that are required to support a smooth transition to HCC. This will be reviewed in the light of the revised implementation date. BT have provided high-level information in relation to staff potentially impacted by TUPE and final decisions on the approach to TUPE consultation are being discussed with BT.

Risks and Issues:

Loss of major IT systems due to either systems failure or cyber attacks

Impacts and consequences

Inability to deliver core Council systems that are either Council-wide (e.g. email) or Council Service-specific (e.g. for Children), which could result in significant operational, financial and reputational damage. A permanent loss of data, harming customers and services, which results in fines and significant recovery costs. Council reputation and staff morale may also be impacted.

Mitigation and progress

- Extension of WCC & RBKC telephony service contracts to April 2020
- Microsoft license covering our security software renewed for a further three years
- Windows 10 rollout to be completed by April 2019 to further secure end-user devices and avoid data breach instances
- IT Security Governance process and policies completed
- Public Services Network (PSN) compliance secured for a further year until June 2019

Accidental or malicious loss of Council data

Impacts and consequences

Data breaches which result in harm to one or many Council customers, significant reputational damage and fines from the Information Commissioner's Office (ICO).

Mitigation and progress

- Microsoft licensing renewed for a further three years including security software.
- Microsoft Intune mobile device management software to be rolled out across both Councils - currently installed for Councillors
- Public Services Network compliance secured for a further year until June 2019
- Member accounts secured and provided with devices with standard Council security software
- Forwarding functionality to Member personal email addresses for Council business, disabled
- GDPR action plans with mitigations and regular engagement in place for every department
- Data Protection Officer (DPO) post in place with Legal Services
- GDPR Officer post in place with IT to support DPO

- Continued implementation of Agile working practices, using SharePoint and Office 365 for collaboration to reduce printed materials and risk of paper data loss

Core business processes are interrupted as a result of the transition to Hampshire (HCC)/ IBC

Impacts and consequences

Inability to pay suppliers and staff, collect debt and income and maintain the accounts of the Council.

Mitigation and progress

- Active involvement of subject matter experts across the council in the design and build of the system
- Three phase testing plan covering systems integration and user acceptance testing (UAT)
- Post live support from HCC and Deloitte
- Detailed business deployment, communications and training plans

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1 ¹	Target assessment ²	Other contextual insight
		Minimum	Ideal	Aspirational			
ICT							
1. No. of major business impact Priority 1 incidents per quarter such as a total loss of network connectivity at a site, the Finance system being unavailable or the inability of Users to log-on to the system	16	6 Quarterly	3 Quarterly	0 Quarterly	6	Minimum standard met	Impacts: See below
↳	<ul style="list-style-type: none"> Service commentary: The P1s affecting service this quarter were all addressed within SLA. These issues arose across a wide range of infrastructure, including two brief (sub 15 minutes) outages on the IT Support toolset, three externally hosted application issues, now addressed following Problem resolution and two network issues affecting a defined service area (Libraries). Mitigation: A review of Mosaic infrastructure has resolved an issue that caused two P1s this quarter. Activity is at an early stage to review suitability of the IT Support toolset. Timeframe for improvement: From July for Mosaic, but within 12-18 months for the toolset. 						
Procurement Services							
2. Number of Waivers of the Procurement Code	58	60	50	40	10	On track	
3. Percentage of contracts awarded that include the benefits of Responsible Procurement	48%	85%	90%	95%	100%	On track	
4. Service savings delivered (in year)	£5.2M	£1.5m	£2m	£3m	KPI not reported		Insight: Not included in 18/19 framework
Legal Services							
5. Meet the agreed time frames for legal cases in each area	New KPI	80%	90%	100%	93%	On track	
People Services							
6. Reduce the total population of TACS	236	200	175	150	292	Off track	Impacts: See below
↳	<ul style="list-style-type: none"> Service commentary: Partly due to additional project work resulting from HCC imminent implementation. Mitigation: People Services have flagged the increase at ELT level and following a discussion it was agreed that we will aim to bring the total number of TACs below 200. Timeframe for improvement: December 2018 						

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1 ¹	Target assessment ²	Other contextual insight
		Minimum	Ideal	Aspirational			
7. Leadership Academy 1 - Deliver internal capability programme to deliver Academy events.	9	18	→ 24	→ 30	19	On track	
↳	<ul style="list-style-type: none"> • Service commentary: 13 people are currently on Internal Capability (IC) 1 and 2 and 8 people are currently training to be part of IC 3 which would result in a total of 21. • Mitigation: We have offered IC training to those at Band 3 who have been highlighted by TDP as talented individuals. We have highlighted to managers that this will be a good development opportunity for their staff and a worthwhile investment. • Timeframe for improvement: Next 3-6 months 						
8. Leadership Academy 2 - Ongoing delivery of Leading the Westminster Way and Working the Westminster way; for new leaders and joiners to WCC	78	N/A	→ 2 cohorts	→ N/A	3 Cohorts	On track	Insight: 68 leading the Westminster way and 29 working the Westminster way
9. Talent Management: All Executive Talent to have a tailored development programme during 2017/2018	N/A	N/A	→ 100%	→ N/A	100%	On track	
10. Ensure staff turnover is managed at appropriate benchmark levels (excluding redundancies)	16%	16%	→ 15%	→ 14%	15%	On track	
11. Reduce the number of TACs employed for more than 12 months to no more than 25% of total TACs	24%	30%	→ 25%	→ 20%	26%	On track	Insight: 23% at YE 2017/18. Business Partners will continue to work with directorates to look for where it is appropriate for alternative resourcing to be engaged

Page 99

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Q1 Target assessment definitions ²	Off track	Exceeding target	On track	Minimum standard met
	Failing to achieve the minimum target level	Performance is above ideal target level	Performance is at ideal target level	Meeting the minimum target below ideal level

1.6 City Treasurers

Achievements:

Budget Progress 2018/19

The Council has advanced its budget process considerably and the Council is actively undertaking work to allow it to address the challenges it will face in 2019/20. The comprehensive suite of budget papers approved in March 2018 are now being actively managed during the current financial year.

Outputs delivered

The budget process delivered a fully balanced budget across all areas including revenue, capital, cash and investments.

Outcomes achieved

The early approval of Budget Proposals provides additional time for services to undertake implementation planning. This provides increased deliverability assurance. It also enables the services to start considering how savings for 2020-22 will be achieved.

Revenues and Benefit Procurement

Re-procurement of a new outsourced transactional contract for the Revenues & Benefits service in order to achieve improved service delivery and a lower contract cost.

Outputs delivered:

The development of service specifications and contract documentation for the Revenues and Benefits tendering process. Tender documents were dispatched on the 8 January 2018

Outcomes achieved

The outcome will be dependent on the completion of the tender evaluation exercise and contract award later in this financial year

2017/18 Accounts Closure

We have a completely clean audit opinion, meaning that the accounts have been certified as giving a true and fair view of our financial position and have been properly prepared in accordance with all statutory requirements. This applies to both the Council's main accounts and to the Pension fund accounts. The auditors have also certified that the Authority has proper arrangements for securing economy, efficiency and effectiveness in its use of resources – commonly known as the VfM opinion. All Councils contribute to the Government Whole of Government Accounts, our audit of that is also complete and we have a clean opinion on that element

Outputs delivered

The 2017/18 Year end accounts.

Outcomes achieved

The Council has also maintained its early production of accounts performance and this is noted by the auditors. There were no objections to the accounts and the public inspection period has been concluded and were (including the Whole of Government Accounts) were fully certified on 5th July 2018. The audit inevitably identified a small number of issues but none of them were material and none affected the Council's bottom line.

Risks and Issues:

Review of central government funding allocation (settlement)

A review of the funding allocation formulas used by Central Government could mean that Westminster City Council's share of funding is proportionately reduced in favour of other Local Authorities. There could be gains and losses which will alter the business rates top up / tariff adjustment for individual authorities.

Impacts and consequences

This has the potential to reduce the Council's revenue allocation specifically from the current damping grant allocation and impact on the sustainability of services.

Mitigation and progress

The Fair Funding Review initially promised to review funding baselines for every authority alongside the introduction of 100% business rate retention in 2019/20, but it is thought that the outcomes of the review will now come in in 2020/21. In 2013 the Council was awarded a "damping grant" of £30.76m and that entitlement could cease over the course of a number of years. Key indicators of the likely changes such as deprivation, area cost adjustment and population growth are also currently being assessed.

Timeframe for improvement:

In the event that other indicators as part of a new formula do not work in the Council's favour it is possible the Council could suffer a reduction in resources quite possibly from 2020/21. Detailed work will be performed with more certainty surrounding formula amendments and will be incorporated into the 2020/21 budgeting process

Fair outcome for the City Council on Business rates appeals

There was 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:

Reduction in funding, impact of backdating and localising of Business Rates will increase this risk should MHCLG introduce 75% retention level (above baseline). Revaluations do not generate additional income at a national level, however, at a local level the yield can increase or decrease significantly at the point of a revaluation. Presently, councils bear the risk associated with appeals against rateable values in their areas, covering years prior to 2013/14. This has significant resourcing implications for the Valuation Office agency (VOA) which may need to redirect its resourcing currently reviewing and closing off the large number of outstanding appeals (some of which date back to 2010).

Mitigation and progress:

The VOA has implemented a new appeals process. The number of appeals is lower than under the preceding appeals process but, given the adverse comments by businesses and rating agents as to the difficulty of making a challenge it is hard to draw any conclusions as to whether the new process will reduce the level of refunds. In Autumn, the Valuation Office is expected to introduce a new process for submitting bulk appeals claims which may result in an increase in appeals. The Council continues to make an annual provision to mitigate any backdating of appeals to the beginning of the revaluation cycle. The Council is also part of a funding system design working group to ensure any changes to core funding is managed in its best interest.

Timeframe for improvement:

Resolution of this issue may take until the next system reset, currently scheduled for 2020/21

Implementation risk stemming from the Enterprise Resource Planning (ERP) system and Managed services model system with Royal Borough of Kensington and Chelsea

Impacts and consequences:

The tight closing deadline in addition to the implementation of the ERP places a significant strain on existing resources and if not appropriately mitigated could either negatively impact the implementation or the CT team's ability to adequately perform business as usual

Mitigation and progress:

To mitigate the operational risk a core ERP project team has been formed which includes ERP implementation specialists and key team members from each CT team. Temporary staff members have been put in place to ensure that BAU remains unaffected and the CT team is able to deliver the same standard of service excellence with which it has become associated.

Timeframe for improvement:

The project team began operating at the beginning of January, project staff will assist with the closing process where required and remain committed to ensuring a transition from Agresso to the new ERP.

UK withdraws from European Union with no trade agreement**Impacts and consequences:**

UK GDP falls significantly, leading to recession and an increase in unemployment. Value of Sterling falls and UK price inflation rises significantly more than anticipated which will impact future pension outflows and the valuation of pension liabilities.

Mitigation and progress:

The fund has exposure to global equities, index-linked bonds and real assets, thus providing a degree of inflation protection. A weaker pound will result in higher dividend flows into the pension fund from overseas companies. An investment strategy view is underway with a view to providing further diversification, CPI and UK exposure protection.

Timeframe for improvement:

The investment strategy review is currently underway and will be discussed at the next Pension Fund Committee meeting on 20 August 2018.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1 ¹	Target assessment ²	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
City Treasurers							
1. Percentage sundry debtors (more than 1 year old) of total gross sundry debtors	6.2%	20%	5%	0%	12.58% (£3,157/£25,086)	Minimum standard met	
2. Variance between budget and full year forecast	£17.201m under spend	£0m variance	→ <£5m under spent	→ -	£0.455m underspend	On track	
3. Variance between capital budget and FY forecast	£23.513m (-15.6% of budget)	-	→ £0m On budget	→ -	£32.365m net underspend	On track	
4. % of payments made via Purchase Order	76.90%	96%	→ 98%	→ 99%	99.4% (8,920/8,975)	On track	
5. Percentage of council tax collected	96.40%	95%	96.5%	99%	39.3%	On track	
6. Percentage of business rates collected	98.40%	96%	98.5%	99.5%	33.9%	On track	

Page 103

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Q1 Target assessment definitions ²	Off track	Exceeding target	On track	Minimum standard met
	Failing to achieve the minimum target level	Performance is above ideal target level	Performance is at ideal target level	Meeting the minimum target below ideal level

1.7 Policy, Performance and Communications

Achievements:

Leader's Breakfast – City for All launch

On Thursday 12th July Leader of the Council Cllr Nickie Aiken launched the new City for All four-year agenda underpinned by fairness and opportunity for all – with local people having a more powerful say than ever before in decision-making.

Outputs delivered

Headline announcements made on the day include an overhaul of planning system that will place above all the needs of residents as a priority. The Council will also work to identify enough space to build an additional 2,000 new affordable homes for the next generation of Westminster residents.

Outcomes achieved

The Leader revealed that the voluntary community contribution scheme has so far raised £400,000 – with that money going into local initiatives to help the homeless and lonely. A new £1m Schools Clean Air Fund was also launched, giving schools the resources they need to tackle poor air quality.

West End LIVE

West End LIVE took place in Trafalgar Square on 16th and 17th June 2018. Celebrating its 14th year, the free musical extravaganza showcased the best of the West End.

Outputs delivered

Tina: The Tina Turner Musical, Strictly Ballroom and Chicago were among the brand new shows performing at the event. Others shows at the event included West End long-runners Les Miserables, The Phantom of the Opera and Thriller Live, as well as recent popular productions of Disney's Aladdin, Bat out of Hell: The Musical and Everybody's Talking About Jamie.

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 rate their overall experience of the event as good/very good.

#MyWestminster Day

People from all backgrounds came together to celebrate living in the heart of the city, at the second annual #MyWestminster day. The event was the second to be pledged by the Leader of the Council, Cllr Nickie Aiken as a key part of the Council's City for All vision.

Outputs delivered,

Just over 3,000 residents came down to enjoy the day, which took place on Sunday 1st July. Families and residents enjoyed free family activities, sport, live music, entertainment, dancing and arts and crafts.

Outcomes achieved

Maida Hill Place provided food from across the world working in partnership with Westminster residents who are part of the Big Eat Training programme. Local acts provided live music and dancing from the bandstand. We were also joined by 40 community and voluntary organisations who offered free entertainment and activities to showcase our vibrant and diverse city.

Risks and Issues:

Brexit

The lack of consensus in Brexit negotiations make a no deal scenario more likely.

Impacts and consequences:

- Brexit could lead to political upheaval and a potential change in Prime Minister or government.
- Brexit also creates uncertainty for the economy of the City and the high number of EU nationals that currently work and reside in Westminster.
- Lack of financial mitigation from the Treasury may mean that there are further pressures on local government funding impacting on finances available to deliver services.

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.

Revenue from filming and events at risk

There are a number of internal and external factors that are impacting on future filming and events revenue

Impacts and consequences:

Residents views on events in parks, Brexit, growing costs of filming in Central London, an inability to grow the advertising sector of the business and the relocation of many filming crews to Manchester and Birmingham are putting revenue from filming and events at risk.

Mitigation and progress:

The team takes every opportunity to consult with residents and are working with finance colleagues to further promote events support with stakeholders. Further analysis will be performed on the impacts of Brexit and filming relocation on revenue.

Key Performance Indicators

The table below presents the latest cumulative outturns for Q1 (April – June 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2016/17 position	2017/18 target ranges ¹			Position at Q1 ¹	Target assessment ²	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
Policy, Performance and Communications							
1. Number of views on the Open Forum website	New KPI	12,500	15,000	17,500	738	On track	Insight: Low outturn as no high profile consultations were launched in this period. Large scale consultations are expected in the forthcoming quarter.
2. Total customer calls answered in 30 seconds by the council (new contract agreement)	N/A	= last year	> last year	+2% on last year	80.24%	On track	Insight: A new contract has been agreed with the Agilysis contact centre – 30 seconds is now the target for calls to be picked up (was 60 seconds)
3. Less than 4% of calls abandoned	1.63%	<4%	<4%	<3%	2.96%	On track to exceed target	
City Survey							
4. Residents feel informed about services and benefits	71%	= last year	> last year	+5% on last year	65%	Target missed	
5. Residents feel informed about plans for your local area	71%	= last year	> last year	+5% on last year	60%	Target missed	
6. Residents have seen the Westminster Reporter	79%	= last year	> last year	+5% on last year	54%	Target missed	

Page 106

Target range definitions ¹	Minimum	Ideal	Aspirational
	The absolute minimum level for the KPI that will still allow the service to deliver	A level which is acceptable for service continuity	The level at which the service is improving beyond current capability

Target assessment definitions ²	Target missed	Target exceeded	Target achieved	Minimum standard met
	Failed to achieve the minimum target level	Achieved above the Ideal target level	Achieved ideal target level	Achieved the minimum target below ideal level

City for All Tracker

The table below provides a progress update at the end of Q1 (June 2018) on the measures and milestones aligned to the CFA pledges that the directorate is directly responsible for delivering.

City for all Pledge	Delivery Status	Progress update
Building homes and celebrating neighbourhoods		
Deliver 1,850 affordable homes by 2023 to give families the chance to lay down their foundations	On Track	<ul style="list-style-type: none"> 160 affordable homes have been delivered since the start of 2017/18 with a further 566 units currently on site. We are on track to deliver the six year target.
Champion the 80,000 people who rent privately by making sure homes in Westminster are up to scratch with a city-wide review, using our powers to prevent rogue landlords from exploiting our residents	On Track	<ul style="list-style-type: none"> Approximately 150 properties surveyed. Access difficulties have hindered progress and exercise now underway to scope the commissioning of external organisation to produce this survey, including an evidence base to support a discretionary licensing scheme for houses in multiple occupation. New enforcement policy for PRS intervention approved and in place. Procedures in place to enable effective use of additional legal powers including civil penalties and banning orders. Rogue Landlords Taskforce in place and operational, with 76 notices served to effect improvements in PRS properties to date.
Creating a greener city		
Lead the way in demonstrating how responsible city government can address growing concerns over poor air quality. We will launch our new Clean Air Strategy filled with measures to improve air quality in the city.	On Track	<ul style="list-style-type: none"> The new statutory clean air strategy is due to be published by December 2018. Preparatory work is well underway and a stakeholder database will be recruited including interested residents and community groups who will have the opportunity to influence the action plan. In particular, a new community air quality monitoring network is being set up to allow individuals and schools to record and input local data to help inform the plan.
Build Westminster's reputation as an environmentally friendly city by bringing forward a new Open Spaces and Biodiversity Strategy to make sure the city's green spaces remain world class.	On Track	<ul style="list-style-type: none"> The council's new draft Open Spaces & Biodiversity Strategy is now out for public consultation. The strategy references relevant Planning Policy but its focus is much more on engaging the public topic, looking at issues surrounding the importance of our open spaces and local wildlife in Westminster, our commitment to protecting and enhancing those assets, and our many partners can work with us to achieve this. Numerous connections are made to related strategies and City for All outcomes, including encouraging physical activity, mental health & wellbeing, air quality, supporting the local economy and bringing the community together. The consultation will remain open until the end of September. All materials and details of how to respond are available at www.westminster.gov.uk/openspacesbiodiversity and on Open Forum.

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Audit and Performance Committee

Date **18 September 2018**

Title or report **HRA Capital Programme update**

Report of **Executive Director of Growth, Planning and Housing and the City Treasurer**

Report author **Barbara Brownlee – Executive Director of Growth, Planning & Housing and Steven Mair – City Treasurer**

1. Executive Summary

- 1.1 The HRA Capital programme consists of 3 main categories of expenditure - Major Works, regeneration projects and other schemes such as self-financing acquisitions. Major Works contains the operational projects within the HRA. Regeneration and other schemes are the development and acquisition schemes.
- 1.2 Over the last 3 years the year end capital expenditure variance has been an underspend of between 29% and 39% when compared to the approved Gross expenditure budget.
- 1.3 These variances to budget can be caused due to a number of reasons depending on the type of expenditure. Acquisitions on regeneration schemes, for example, are only able to be completed when properties become available. However budget is required to be allocated in the event that such properties become available.
- 1.4 A number of actions have been taken to ensure, where possible, variances are minimised such as the establishment of the Programme Management Office which has been implemented in 2018/19.
- 1.5 This report sets out the steps and processes in place to ensure budget setting is as accurate as possible. The methods of enhancing this in year are also set out such as the re-profiling of budgets during the financial year. By improving the initial budget setting process HRA resources can be allocated more efficiently across the Capital and Revenue programmes. In-year monitoring processes are designed to then ensure changes in planned forecasts are identified at the earliest possible opportunity and appropriate responsive action taken.

2. HRA Capital outturn since 2015/16

2.1 The HRA Capital programme contains three main categories of expenditure which are major works, regeneration and other development. Major works relates to the capital works on the existing stock, regeneration relates to the capital delivering the large scale schemes and other projects include pipeline budgets for smaller scale projects and self-financing acquisitions.

2.2 Table 1 below shows a breakdown of Capital expenditure compared to original budget for the last three years.

Table 1: HRA Capital outturn against Original approved budget

	2015/16			2016/17			2017/18		
	Budget	Outturn	Variance	Budget	Outturn	Variance	Budget	Outturn	Variance
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Major Works	46.5	29.9	(16.6)	41.4	23.1	(18.3)	39.3	31.9	(7.4)
Regeneration	35.1	15.6	(19.5)	31.3	23.2	(8.1)	68.3	25.5	(42.8)
Other Development	8.3	9.2	0.9	8.7	11.2	2.5	27.8	24.8	(3.0)
Total	89.8	54.7	(35.1)	81.5	57.6	(23.9)	135.4	82.2	(53.2)
% slippage			39%			29%			39%

2.3 Table 1 shows that the variance to original approved budget has remained consistently between 29 – 39% for each of the three previous years.

2.4 In 2017/18 the variances within regeneration included:

- the developer exiting the deal on **Parsons North** and a subsequent change in delivery strategy from development agreement to self-delivery (£6.4m)
- less than budgeted acquisition activity on both **Ebury Bridge** and **Church Street Phase 2** as result of ongoing master planning and feasibility design (£5.8m and £6.2m respectively)
- programme delays due to coordination of utility works, including agreeing the design of the Thames Water culvert, on **Lisson Arches** (£4.8m)
- prolonged development agreement negotiations on **Luton Street** moved start on site to the next financial year (£4.9m)
- Full re-design of **Cosway Street** and **Ashbridge Street** to maximise efficiency and link at planning moved the business plan assumed start on site (£9.2m and £3.2m respectively).
- The remaining variance of £2.3m was caused by a delay in approving an OBC for the **Combined Heating programme** (£4.5m) offset by additional expenditure on **Edgware Road/AlmaCanter** (£1.9m) and other small schemes (£0.3m).

- 2.5 During 2017/18 a new term contractor was established to deliver the Major Works programme which resulted in a delay whilst this was implemented and they mobilised to deliver the work. These works were deferred to be included within the 2018/19 Major Works programme with the majority within external repairs and decorations (£4.6m).
- 2.6 Table 2 below shows the forecast outturn for 2018/19 as per the period 3 monitoring report.

Table 2: HRA Capital outturn forecast 2018/19

2018/19			
	Budget	Forecast Outturn	Variance
	£'m	£'m	£'m
Major Works	55.8	50.8	(5.0)
Regeneration	63.0	56.5	(6.5)
Other	31.5	34.1	2.6
Total	150.3	141.4	(8.9)
% slippage			6%

- 2.7 The forecast at period 3 therefore indicates a lower projected level of slippage in this financial year. This should be considered in the context of being only a third of the way through the year. The work outlined in this report to ensure the overall capital programme is appropriate, such as the reprofiling of schemes which have been delayed or deferred expenditure to future years is designed to reduce the year end variance where possible. A breakdown on a scheme by scheme basis is shown in Appendix 1.

3. Forecasting Capital Projects

- 3.1 As table 1 shows, there has been a significant variance in the outturn at the end of each of the previous three financial years when compared to the originally approved budget.
- 3.2 There are elements within these budgets which can be inherently variable which in turn makes them difficult to forecast. For example, acquisitions within the regeneration programme rely on suitable properties becoming available in order to purchase. Within the 2018/19 budget there is £17m of budget allocated to acquisitions which represents 27% of the regeneration budget.
- 3.3 Development activity is characteristically variable and can be problematic to forecast. However, it is important to note that aspects of forecast slippage can also be beyond the control of Westminster's delivery teams.

3.4 In order to set budgets that are as accurate as possible, the City Treasurer and Development teams have established a collaborative and constructive working arrangement, whilst exploring better ways of working (see section 4 PMO). The progress is evidenced by the role the Development team now play in the Capital Programming and Business Planning process, the consistent monthly analysis of the capital programme in which both teams work together in updating and scrutinising the capital forecasting, and where appropriate making changes to the alignment of the capital budgets.

Major Works budgets

3.5 The Major Works (MW) programme which includes the Council’s planned works to existing housing stock, saw a significant reduction in the year end variance in 2017/18. Table 3 shows the MW variance for the previous three years and forecast for 2018/19.

Table 3: Percentage of MW budget variance since 2015/16

	2015/16	2016/17	2017/18	2018/19
Major Works	36%	44%	19%	9%

3.6 As per para 2.5, a new term contractor was established during 2017/18. This is anticipated to bring greater certainty to the level of expenditure within Major Works which to date is reflected by the lower forecast variance.

4. Implementation of PMO

4.1 A review carried out by consultants Pierre Angulaire into programme management proposed a number of improvements that could be implemented. Following on from that review, a Programme Management Office (PMO) has been established in GPH.

4.2 The PMO has recently appointed a new Head who is currently recruiting to the established team structure.

4.3 The main purpose and objective of the PMO is to establish consistent and authoritative reporting of progress against agreed business targets and advice of strategic issues linked with the delivery against these targets.

4.4 As part of the consolidated reporting, the following areas will be included within the PMO’s remit:

- Providing financial information as required to the City Treasurer’s department in line with corporate reporting deadlines. Including enhanced financial

summaries e.g. of spend versus budget in year, contractual spend, horizon scanning of future commitments.

- Pipeline: A better picture of real time delivery of social and intermediate housing units and of the forecast future 'pipeline'.
- Maps: Interactive GIS Mapping of project locations for visual representation of key issues and discussions
- RAID – An executive summary of the cross cutting Risks, Actions, Issues & Dependencies at a strategic level to better enable management intervention if required
- Communication themes: A digest of news stories, illustrations and photos
- Social Values monitoring in conjunction with the Economy team

4.5 As well as regular reporting, the PMO is developing a dashboard to better monitor progress on an individual project basis. The anticipated benefits of this include:

- Provide senior and Executive leadership a process which presents a more succinct overview of progress and the key pressures to meeting targets. The Council can then improve its agility in managing capital spend and be better informed at the right level.
- Moving to a dashboard reporting system will provide an interactive executive summary style of reporting. Progress across a wider range of projects of all shapes and sizes can then be better evaluated.
- The PMO dashboard report is currently in development and is anticipated to be rolled out by October. There are various dependencies with rolling it out in the coming months such as hardware upgrades, migration of databases, introduction of SAP which are being worked through.

4.6 As well as the reporting elements, the PMO has a number of additional benefits:

- Provide additional project assurance and governance of appropriate process and policies being adhered to throughout a project lifecycle.
- Provide an audit and review capability
- Provide a consistent repository of management information
- Establish and disseminate best practice guidance and support to teams on business case development ensuring consistency in approach and compliance with standards
- Ensure WCC's standards and policies are upheld and clearly defined throughout the process of each project's development and execution.
- Collaborate with other management in WCC reporting to executive staff and members when required.

5. Budget setting process

5.1 In order to improve the budget setting process and ensure it is aligned, as much as possible, with project forecasts the following process has been established.

5.2 The Capital Programme Submission Returns (CPSRs) for each project are completed in July and scrutinised over the following month to develop the provisional Capital

Programme which is taken to Cabinet in October. This allows early discussions with project managers around their requirements for the following financial year.

- 5.3 For the HRA specifically, these are then fed into the HRA business plan to establish the available capacity for funding capital expenditure. This may identify changes required to profiling or desired levels of expenditure to ensure budgets are appropriate and realistic given the funding constraints such as the borrowing cap.
- 5.4 These assumptions are then reviewed in January before being formally submitted for approval by Council based on the latest information available.
- 5.5 During the year projects will also progress to different stages requiring Business Cases to be prepared. During each Business Case, an assessment of the financial requirement will be undertaken which can be used to inform the required budget for future years.
- 5.6 As per 5.2 the initial capital programme requirement is established in October for the following financial year onwards. Adjustments required to the current financial year will be reviewed in December and any required adjustments to in year budgets made as appropriate.

If you have any queries about this report or wish to inspect any of the background papers, please contact:

Daniel Peattie – Strategic Finance Manager (GPH), dpeattie@westminster.gov.uk

Appendix 1 – Period 3 HRA Capital Forecast

Expenditure Type	Full Year		
	Budget £'000	Forecast P3 £'000	Variance at P3 £'000
Major Works			
General HRA	680	3,063	2,383
Electrical Works & Laterals	5,739	9,632	3,893
Internal M & E Works (Domestic Heating)	1,400	1,900	500
External Repairs & Decorations	26,447	18,947	(7,500)
Planned Maintenance	1,300	1,300	0
Adaptations	1,200	1,300	100
Fire Precautions	13,378	7,795	(5,583)
Lifts	2,389	2,937	548
Voids	2,500	3,500	1,000
Kitchen & Bathroom	750	405	(345)
Total Major Works	55,783	50,779	(5,004)
Housing Regeneration			
Church Street Phase 2	5,312	5,828	516
Lisson Arches	8,319	8,492	173
Luton Street	2,135	2,181	47
Parsons North	8,666	5,477	(3,189)
Cosway	6,545	4,827	(1,717)
Ashbridge	5,266	2,924	(2,342)
Edgware Road/AlmaCantar	37	37	0
Combined Heating Programme/DHN	1,854	392	(1,462)
Ashmill Street	269	243	(26)
Sub Total Church Street	38,403	30,402	(8,001)
Ebury Bridge	0	0	0
Ebury	14,601	15,795	1,194
Tollgate Gardens	10,005	10,320	314
Total Housing Regeneration	63,009	56,517	(6,492)
Other Works			
Future Pipeline (Infills)	12,716	9,253	(3,463)
Self Financing	10,000	17,371	7,371
Estate Plan	2,673	1,287	(1,386)
Contingency	5,429	5,429	0
Kemp House/Berwick St	734	749	15
Total Other Works	31,553	34,090	2,537
Total Capital Expenditure	150,345	141,386	(8,959)



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	18 September 2018
Classification:	For General Release
Title:	Internal Audit 2018/19 – Progress Report (April to August 2018)
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk 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 14 positive assurance reviews (substantial or satisfactory) being issued in the period, although three limited assurance audits have also been issued since the last report to the Committee.
- 1.2 The follow up reviews completed in the period for four audits confirmed that the implementation of recommendations has been effective with the majority (85%) of recommendations fully implemented at the time of review.
- 1.3 Internal Audit's performance for the period was slightly below target for two indicators but these are expected to improve during the year.
- 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 Shared Services 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. The updated Internal Audit Charter is being reported to this Committee as a separate Agenda item. 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 Shared Services 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 14 positive assurance (substantial or satisfactory) reviews being issued in the period.
- 4.3 Three limited assurance reports have been issued:
- Children's Services – Leaving Care;
 - Corporate Services – ICT Procurement & Contract Monitoring;
 - Corporate Services – Members' IT.

The details of these audits are contained in paragraph 5.1.1. to 5.1.3.

5. Audit Outcomes (April to August 2018)

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

Audit	Assurance	RAG
ASC - Direct Payments*	Satisfactory	Green
ASC - IT – Mosaic*	Satisfactory	Green
CHS - Leaving Care	Limited	Amber
CHS - Supplier Resilience*	Satisfactory	Green
CHS - IT – Mosaic*	Satisfactory	Green
Schools: Our Lady of Dolours*	Satisfactory	Green
Schools: St Barnabas*	Satisfactory	Green
Schools: St Peters Chippenham Mews*	Satisfactory	Green
GPH – Planning*	Satisfactory	Green
CMC – Licensing*	Satisfactory	Green
CMC - Libraries Target Operating Model*	Satisfactory	Green
CS - IT – Service Governance*	Satisfactory	Green
CS - IT – Procurement & Contract Monitoring	Limited	Amber
CS & Policy, Performance & Communications - Members' IT	Limited	Amber
CS - HR – Pensions Administration*	Satisfactory	Green
CT - Housing Benefit*	Substantial	Green
CT – NNDR*	Substantial	Green

*Further information on these audits is contained in Appendix 2.

5.1.1 Children's Services – Leaving Care (Amber)

The Children Act 1989 and the Children (Leaving Care) Act 2000 states that Local Authorities (LAs) have a duty to assess and meet the needs of young people aged 16 and 17 who are in care or care leavers within their borough. These regulations and guidance are intended to ensure that care leavers are given the same level of care and support their peers would expect from a reasonable parent and that they are provided with the opportunities and chances needed to help them move successfully to adulthood. The regulations and guidance came into force on 1 April 2011. Draft regulations for consultation in respect of the Children and Social Work Act 2017 were issued last year with last comments taken at the end of November 2017. The Government finally published the revised regulations at the end of February 2018 for implementation on the 1st April 2018. Once implemented the new legislation will allow any care leaver regardless of their educational status post April to access support and advice through the allocation of a personal adviser up to the age of 25. This development may affect how the Council delivers their services and will impact

on resources. At the time of the audit this was yet to be fully implemented, thus the audit focused on current practices and procedures.

Every eligible young person in care should have a comprehensive Needs Assessment and Pathway Plan formulated for them between the ages of 15 years and 9 months and 16 years and 3 months. The Plan should map out a clear route to independence. The regulations set out eligibility criteria and the statutory time frames. Pathway Plans are required to be reviewed at least every 6 months, and progress monitored. Plans should be created in partnership with the young person and any other key professional involved. Areas of discussion include relationships, education, training or employment, finding suitable accommodation, finances and health and any other issues pertinent for that young person. The Council are currently required to keep in touch with care leavers until they are at least 21, however services are offered up to age 25 for those who require ongoing support.

There is a strong focus on supporting care leavers into education, employment or training (EET). The council's performance in this area is broadly consistent with natural trends. The service has recently jointly commissioned an Employment Education and Training Coordinator who tracks and monitors young people's EET progress, identifying and proactively working to help secure and sustain positive EET activity. In addition, Family Services, Employment and Housing are collectively funding an additional post for a second concurrent year, focussed on working intensively with care leavers to ensure they access and maintain appropriate tenancies and achieve EET to ensure they have sustainable incomes into the future.

The audit identified that Family Services procedures were detailed and comprehensive. The service is updating their internal procedures in line with recent legislative changes. The audit identified clear pathways and progression for young people moving into semi-independent and independent living accommodation. The Virtual School provide strong oversight, advice, support and assistance to care leavers post 18 with regards to their education and training.

However, the audit identified a number of areas for development. The following areas included two high and four medium priority recommendations:

- Not all Pathway Plans, reviews and visits were evidenced on the recording system to have taken place within a reasonable timescale. It was acknowledged that the current system is not easy to use and that practitioners will record within the case note section of the system which does not enable systematic reporting. Performance improvements in this area have subsequently focussed on improved data reporting, more robust tracking and improving the effective use of the case recording system;
- There was evidence that young people had been supported to apply for appropriate benefits by practitioners, although it was identified in one case

that a young person was not prepared to make the necessary applications which meant they could not quickly access the full range of support available to them. This situation was however resolved through an intensive approach with the young person;

- One case was identified where a duplicate payment for a care package was made but then subsequently recovered. As a result, measures have been put in place to reduce this risk of this reoccurring;
- The monitoring of health and safety requirements for some semi-independent placements was not considered to be sufficiently robust. The Placement Commissioning Team are exploring resources to ensure more systematic checks and the development of a database;
- The impact of the Employment, Education and Training Coordinator, was yet to be fully evidenced. Close liaison between the EET Coordinator, the social workers and the personal advisors needs to be more systematic.

The service confirmed that an Action Plan is in place and a number of measures have been taken to improve performance and address the recommendations made. This Action Plan will be reviewed in December 2018.

5.1.2 Corporate Services – ICT Procurement & Contract Monitoring – (Amber)

Effective procurement and contract management arrangements are required to ensure that:

- The Council has complete and accurate knowledge and oversight of all its contractual arrangements with suppliers to allow effective forward planning;
- The procurement process complies with EU and organisational regulations, policies and procedures, and best value for money is obtained;
- Services are delivered efficiently, effectively and in line with agreed service specifications;
- Poor performance is identified and an effective course of action to address this is agreed and implemented;
- Payments for the services provided are made accurately and in line with the terms of the contract; and,
- Opportunities for increased value for money are sought and realised.

ICT is a shared service with the Royal Borough of Kensington & Chelsea (RBKC) and this audit was undertaken across the two Councils. Both Councils maintain the details of all but their small value contracts on a system called capitalEsourcing where contract documentation and performance monitoring information should be recorded. However, at the time of this audit, the ICT Service was using their own contract register spreadsheet as an interim solution until their contracts data was loaded into capitalEsourcing. Whilst the spreadsheet includes such information as contract name, end date, contract extension period, contract manager, total value of the contract, supplier, contract number and status, ICT does not include the start date of each contract. We also

noted that, in some cases, the contract details on the spreadsheet were not up to date.

At the time of the audit, the ICT contracts spreadsheet for both Councils contained 38 active procurement exercises for new and existing contracts and 22 active contracts not yet due for renewal.

The audit identified that a Shared Services ICT Organisational Structure was in place which had been updated in December 2017 and shows where there are vacancies. In addition, a Contract Management Development Programme is in place that has been designed to bring the management of contracts up to consistent standard and increase assurance over the financial and operational performance of contracts. A Capital Scheme Proposal has been developed by the Shared Services ICT team that seeks to, “build on opportunities to redesign Council services around users with an efficient digital focus, collaborating with service departments and customers directly to ensure that any digital deployments effectively meet the needs of residents, businesses and visitors”.

All ICT contracts are reviewed by the Shared Services ICT Team at least a year before the end of the contract and an assessment made on what action to take (for example, to extend, re-procure, terminate or amend). Large ICT contracts are given a longer lead time. A Decision Report is produced before a procurement decision is made. The Decision Report outlines background information of the provider and the service; length of the contract; future re-procurement; contract decision, and action recommended.

Sample testing of five contracts identified the following exceptions where controls require improvement:

- two Decision Reports could not be provided by the Shared Services ICT team;
- A Gate report forms part of the assessment before procuring an ICT contract and outlines the process of awarding the contract and the implementation plan. In three instances, evidence of the Gate report could not be provided;
- EU law requires that all ICT contracts over £100,000 should be put out to tender. This means that the tender is published on a ted.europa.eu website to make potential contractors aware of the tender. Two contracts in the sample were valued at over £100,000 but evidence that the tender was posted on the EU website was only provided in one instance;
- In four of the five contracts tested, a signed contractual agreement between the Shared Services ICT team and the supplier agreeing the terms of the contract was in place. However, in one case, a current contract was not in place;
- At the time of the audit, contract documentation and service specifications were not being made available to all staff members in the Shared Services

ICT team through a shared platform. However, the team has started to load all supporting documents on capitalEsourcing;

- Whilst in all cases we confirmed that contract managers were aware of what steps they would follow when resolving contract disputes, in one instance, this was not defined within the contract;
- Three of the five contracts selected were software contracts where monthly performance monitoring meetings were not held due to no KPIs being outlined in the contract. Instead, the contracts are reviewed annually with the contractors. From the two instances where KPIs have been outlined in the contract, in one case, evidence of monthly monitoring meetings was not provided by the Shared Services ICT team;
- Contract managers have an understanding of what contingency plans would be followed with contractors to ensure that the Council is still able to continue to operate if the ICT service provider becomes non-operational. However, in all of the five cases tested, the contingency plan was not formally documented.

It was noted that the controls in place over payments made to ICT contractors and the monitoring and management of budgets were good. In addition, challenge meetings are held monthly to discuss the service and financial performance of ICT contracts. These meetings involve the Head of ICT Finance, Contracts & Supplier Relationship Managers and contract managers. The meetings are not minuted and, as a result, evidence of what is specifically discussed was not provided. However, we were provided with evidence of ICT Revenue and Capital reports that inform the discussions in the challenge meetings.

Two high and three medium priority recommendations have been made to improve controls in this area which have been accepted by management.

5.1.3 Corporate Services & Policy, Performance & Communications – Members’ IT (Amber)

Council Members have access to information that is often business sensitive (or otherwise confidential). Further, as Members may hold employment with other organisations, or fulfil other key responsibilities within their community, it is important that they are able to perform their duties securely on Council-supplied IT solutions and in accordance with best practice. It is recognised that Councillors need to have good ICT facilities in order to be fully effective and best discharge their responsibilities as elected Members. However, it also acknowledged that people who put themselves forward for election will almost invariably already have their own home IT equipment, in which circumstances they will not normally, require new hardware. ICT Arrangements for Councillors is overseen by Member Services and supported by the Risk and Information Management Team within the Council.

This audit was undertaken just before the elections in May 2018 and the following areas were identified where controls should be improved, with two high and four medium priority recommendations made:

- Members are required to comply with the Members Code of Conduct which prescribes compliance with Council policies and procedures. However, Members were only required to sign off acceptance of these policies and procedures during induction (i.e. once in four years). This could lead to a lack of awareness by the Members of new policies or amendments to existing policies which could lead to non-compliance. It was agreed that Members would be required to accept Council policies on an annual basis and a Sharepoint site has been set up to store these policies together with the form for annual acceptance, which will be managed by Member Services. A Code of Conduct session has been held and all 60 Councillors have attended and 22 Councillors have now signed the IT Policy;
- Members are permitted to buy their own IT devices and claim up to £1,000 from the Council. These devices are known to be used for enabling official work. However, there were no guidelines to enforce security controls on personal devices, such as encryption, Antivirus, reporting incidents and patch management. This lack of guidelines could result in confidential Council data being compromised, leading to potential breaches of the Data Protection Act. It was recommended that the Council needed to review ICT risks from the existing Member Scheme and develop guidelines regarding the use of personal devices for work. A new InTune (O365) Mobile Device Management solution has been implemented for all Councillor accounts which covers usage on personal devices;
- It was noted that more than half of Members had been allowed to forward Council emails to their personal email accounts which may result in confidential Council data being compromised. It was recommended and agreed that Members should not be allowed to forward Council emails to their personal email accounts and all pre-set auto-forwards were cancelled following the local elections in May;
- Council Members, in their nature of work, have access to confidential Council data however, we were not able to verify if Members are classified as users of such confidential personal data which could result in unauthorised access to confidential information. It was recommended that Information Classification and Listing should be implemented and all Members have been individually registered with the Information Commissioner's Office (ICO) with support provided by the Committee Services and Governance Teams;
- Cabinet Members were provided with mobile phones and iPads, however there was no evidence of a policy or procedure indicating how these devices would be recovered from Members when they leave the Council or when devices are lost or stolen. It was recommended that an IT Asset Management Policy or Procedure should be implemented which includes the process for returning and reporting lost or stolen IT assets. It was stated that Council provided devices would be reclaimed from the

Councillors who will utilise their own IT in future. Currently, only three Council issued iPads are in use by Members which have all be installed with InTune for security;

- We were advised that Members were provided with training at the time of induction, which was four years ago, however, no further training or refresher training is provided. This could result in a lack of awareness of changes to policies and procedures and could increase the risk of loss of confidential data. It was recommended that Members should be provided with refresher training at least once a year and management should ensure that the training covers ICT Security, Data Protection and Cyber Security awareness. At the time of fieldwork, it was confirmed that induction training would be provided for all new Members in June and July which covered GDPR and cybersecurity and, as part of the ongoing Member Development programme, training will be refreshed by Member Services on a regular basis over the four-year electoral cycle.

As indicated above, all of the recommendations made in this audit have been addressed and action taken to improve controls.

5.2 Implementation of Audit Recommendations

Four follow-up reviews were undertaken in the period (April to August 2018) which confirmed that 85% of recommendations made had been implemented with good progress made to implement the remaining recommendations:

Audit	No of Recs Made			No of Recs Implemented			No of Recs In Progress			No of Recs not yet actioned		
CMC – Parking Permits	3			2			1			0		
ASC – S75 Agreements (Mental Health)	3			3			0			0		
GPH – Lessee Charges	4			4			0			0		
CS: HR – Pensions Administration	3			2			1					
Total	13			11			2			0		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	3	8	2	2	7	2	1	1	0	0	0	0

Follow up work 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:

Moira Mackie on 020 7854 5922

Email: Moira.Mackie@rbkc.gov.uk

or

David Hughes on 020 7361 2389

Email: David.Hughes@rbkc.gov.uk

BACKGROUND PAPERS

Internal Audit Reports;

2018/19

Internal Audits Completed Year to Date

Audits Completed Year to Date - 2018/19

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
ASC	Direct Payments (cfwd from 2017/18)	Green	Satisfactory	1	4	7	September 2018
ASC	IT – Mosaic (cfwd from 2017/18)	Green	Satisfactory	0	0	1	September 2018
CHS	Leaving Care (cfwd from 2017/18)	Amber	Limited	2	4	0	September 2018
CHS	Supplier Resilience (cfwd from 2017/18)	Green	Satisfactory	0	2	1	September 2018
CHS	IT – Mosaic (cfwd from 2017/18)	Green	Satisfactory	0	3	0	September 2018
School	Our Lady of Dolours (cfwd from 2017/18)	Green	Satisfactory	0	2	3	September 2018
School	St Barnabas (cfwd from 2017/18)	Green	Satisfactory	0	5	3	September 2018
School	St Peters Chippenham Mews (cfwd from 2017/18)	Green	Satisfactory	1	1	4	September 2018
GPH	Planning (cfwd from 2017/18)	Green	Satisfactory	0	3	0	September 2018
CMC	Licensing (cfwd from 2017/18)	Green	Satisfactory	0	4	2	September 2018
CMC	Libraries Target Operating Model (cfwd from 2017/18)	Green	Satisfactory	0	4	1	September 2018
CS	IT – Service Governance (cfwd from 2017/18)	Green	Satisfactory	0	2	1	September 2018
CS	IT – Procurement & Contract Monitoring (cfwd from 2017/18)	Amber	Limited	2	3	0	September 2018
CS	Members' IT (cfwd from 2017/18)	Amber	Limited	2	4	0	September 2018

Audits Completed Year to Date - 2018/19

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
CS	HR – Pensions Admin (cfwd from 2017/18)	Green	Satisfactory	0	1	4	September 2018
CT	Housing Benefit (cfwd from 2017/18)	Green	Substantial	0	0	0	September 2018
CT	NNDR (cfwd from 2017/18)	Green	Substantial	0	0	0	September 2018

Additional Information on Audits (Main report – Paragraph 5.1)

Adult Social Care:

1. Direct Payments (satisfactory assurance)

Direct payments were introduced to ensure persons assessed as having eligible needs could receive funds directly to pay for their care needs as agreed within their Care Plan assessment. They are managed across all three boroughs by the Direct Payments Finance team following the separate assessment and planning of care by each borough. Service Users agree their Care & Support Plans with the appropriate member of staff setting out the care needed following which a Personal Budget is calculated to cover the cost of that support. In certain cases, service users are asked to make contributions or even to pay for the entire care package. Service Users may ask the Council to provide the care required or they may choose to engage the carers themselves.

When a Service User receives direct payments they are responsible for organising how their care is delivered to meet their assessed eligible needs. Direct payments may be made in a variety of ways, as follows:

- Into a specific bank account set-up for the purpose;
- By a Pre-Paid Card in the name of the Service User;
- Via a managed account which means the Council hold the direct payment funds on the Service User's behalf and pay the costs as outlined in their Care & Support Plan.

Direct payments are to be reviewed after 6 months and periodically thereafter to ensure that they continue to be appropriate to meet the service user's needs and that the service user continues to be eligible for direct payments. By signing-up to receive direct payments, service users are deemed to have retained full legal responsibility for the administration and monitoring of their direct payment.

At the time of the audit the Personalisation team were carrying out a review of Adult Social Care policies, procedures and documents which are available on the services' Sharepoint site. The Standard Operating Procedures (SOPs) are reviewed by the Heads of Service in each borough and reviewed regularly to reflect any changes. It was noted that these SOPs did not contain clear reference to the processes for reviewing direct payment spending, referring any cases of potential misspend or underspend or attempting to recover funds.

Where cases are referred to Adult Social Care in each borough, these are assigned to specific teams to arrange an initial assessment. Assessments are assigned using the case management system (Mosaic). Mosaic reports show significant numbers of assessments outstanding, or with lengthy delays between start and completion with monthly GAP reporting used to monitor these cases.

The key findings from this audit are summarised below:

- A sample of twenty cases was reviewed to ensure that Care Plans were in place and it was noted that the Care Plan for one case was not held on the case management system and in two cases, the Care Plans did not have evidence of managerial review;
- An indicative budget is calculated at the time of initial assessment, with a costed personal budget to be developed to meet the requirements of the care plan. The indicative budget is not completely accurate, and adjustments are expected. From a sample of twenty, we found that in 11 cases the personal budget differed from the indicative budget, and in five cases this was by an amount exceeding £100. Managers are to review the costed care plan with regard to the indicative budget in order to note upwards or downwards revisions;
- Service Users are required to sign a Direct Payment agreement with the Council. Consultation with the Shared Services Head of Fraud identified possible improvements to the information requested from service users. In addition, from a sample of 20 cases reviewed, a copy of the Direct Payment Agreement could not be located for eleven cases;

- Care Plans are required to be periodically re-assessed and financial reviews undertaken. Service users are expected to provide a summary of their expenditure, together with bank statements. Pre-paid card transactions can be accessed and reviewed by the Finance Team through the provider's system. It was noted that financial reviews had been intermittent, with a new process being introduced from around Quarter 4 of 2016/17. The review process is undergoing further change to refine it and provide more useful information for both financial and care quality purposes for both the Social Care and Direct Payment finance teams. At time of audit, there were multiple instances where review had not taken place, or could not take place due to the service user failing to return their expenditure summaries and supporting bank statements;
- No formal contract could be located for the provider of the Pre-paid card service therefore the terms of the service were unclear with regard to prohibited spend.

One high, four medium and seven low priority recommendations have been made which have been accepted by management who have prepared a clear action plan to address the control weaknesses identified in this audit. Progress on the implementation of the recommendations is being monitored through regular meetings with the service.

2. IT Mosaic (satisfactory assurance)

Mosaic is a case management system which is used by the Council's Adult Social Care service and was in place for the tri-borough service and continues to be used post the disaggregation of the service. All three Councils currently use the same version of the Mosaic application which was upgraded from Frameworki to Mosaic 5.1 in August 2017.

Mosaic is administered by a dedicated IT support team within Adult's Services and is hosted and supported by a third party service provider. It is used by social care and health staff and holds sensitive data and information related to the care facility, including current as well historical cases. The Mosaic case management system has multiple modules used to assist and support the delivery of effective social care services and safeguarding of vulnerable people. It is the prime source of performance data, in particular in relation to national performance indicators.

The audit identified that the controls in the system were effective with one low priority recommendation made.

It was noted that a communication has been sent to all Mosaic users from the appointed Caldicott Guardian for each of the three Councils, reminding them of the importance of client confidentiality of records and in particular accessing records for the responsible local authority that is not their employing borough. This communication has been sent in advance of the disaggregation of data held within the Mosaic database which is due to take place in February 2019, following the ending of the shared service agreements between the three councils, and is intended to mitigate against the risk of inappropriate access to sovereign client records.

Children's Services:

3. Supplier Resilience (satisfactory assurance)

Local authorities are increasingly relying on third parties to deliver core services. Although the delivery mechanism for these services may be outsourced, responsibility for the service remains attached to the local authority. The current economic climate and the continuation of reduced Council budgets will have significant implications across the entire supply chain. As the configuration of supply chains changes, Local Authorities must adapt their own capabilities, cultures and processes to reflect this. Local authorities must prepare for business critical supplier failure by identifying operational and strategic interdependencies and areas of reliance between parties. They must also understand the likelihood of supplier failure through market analysis, credit rating data and intelligence through less formal networks such as supplier forums.

This work should be supported by a monitoring process that provides early warning of supplier stress and establishes agreed processes for operating in the event of supplier withdrawal or failure.

The importance of contingency planning is especially high where there is a direct link between suppliers and service or policy outcomes. The Council's Contract Standing Orders requires Chief Officers to undertake appropriate risk assessments that have considered service continuity both at the procurement stage and through the life of the project.

It should be noted that from 1 April 2018, the Tri-Borough arrangement for the majority of Children's Services has come to an end and the service is now bi-borough for the Royal Borough of Kensington & Chelsea (RBKC) and Westminster City Council (WCC) and sovereign for LBHF. This audit was undertaken during the transition period and the sample testing covered the period prior to disaggregation.

The systems of control in place at the time of the audit were generally considered to be effective with two medium and one low priority recommendations made in the following areas:

- During the procurement process the financial stability of the supplier should be assessed through a credit check. From a sample of four suppliers tested, in two cases there was no evidence of a credit check having been undertaken on the supplier. The service has confirmed that due to the disaggregation of shared service and a high staff turnover, they had been unable to locate the relevant evidence of the credit checks and have now established a system to upload credit checks onto capitalEsourcing;
- Supplier Business Continuity plans should be reviewed and tested on a regular basis by the contract managers to ensure they reflect the latest risks and contain appropriate and most effective resilience measures. We were advised that, after the contract is awarded, Business Continuity Arrangements are normally only reviewed when a contract is renewed however, the service has since confirmed that Business Continuity plans are reviewed during the lifetime of a contract, especially when a risk profile is increased of there are changes to the contract;
- The contract lead for each supplier should meet with the supplier on a periodic basis. It was noted that for one of the contracts reviewed, evidence of supplier monitoring meetings was not provided. The service has noted that this contract was considered to be low risk but they have now established a more robust monitoring process for lower-risk, lower profile and lower impact contracts. This involves quarterly meetings to review usage, identify and resolve any issues or concerns. The evidence of these meetings will be loaded to capitalEsourcing.

4. IT Mosaic (satisfactory assurance)

Mosaic is a case management system which is used by the Council's Children's Service and was in place for Westminster City Council and the London Borough of Hammersmith & Fulham prior to the disaggregation of services. Both Councils currently use the same version of the Mosaic application which was upgraded from Frameworki to Mosaic 5.1 in 2017.

Mosaic is administered by a dedicated IT support team within Children's Services and is hosted and supported by a third party service provider. It is used by social care and health staff and holds sensitive data and information related to the care facility, including current as well historical cases. The Mosaic case management system has multiple modules used to assist and support the delivery of effective social care services and safeguarding of vulnerable children. It is the prime source of performance data, in particular in relation to national performance indicators.

Three medium priority recommendations were made to address the following areas where controls could be improved:

- User access reviews are not undertaken on a regular basis to ensure access is commensurate with user requirements;
- The most recent disaster recovery test was carried out in September 2016 and no further tests have been undertaken since the upgrade to Mosaic in 2017;

- Data sharing agreements were being drawn up to address the issue of data sharing and confidentiality of Mosaic client data where bi borough users require access to records that are not from their employing borough.

5. 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, three final reports have been issued in respect of school audits:

- Our Lady of Dolours Primary School (satisfactory assurance);
- St Barnabas Primary School (satisfactory assurance);
- St Peter's, Chippenham Mews, Primary School (satisfactory assurance).

No significant issues were identified at the school and the recommendations made will be followed up later in the year.

Growth, Planning & Housing:

6. Planning (satisfactory assurance)

The Council's Development Planning Team is responsible for:

- Assessing, negotiating on and processing planning and related applications for the development and use of land and buildings;
- Providing planning, environmental, historic and design advice to those with an interest in the City's built environment;
- Negotiating on legal agreements associated with planning applications;
- Presenting the City council's case at planning appeals, court hearings and parliamentary committees;
- Producing guidance and offering advice on the 'public realm' (i.e. the spaces between buildings);
- Enforcement of breaches of planning control;
- Highways planning related to applications;
- Street naming and numbering;
- Tree management.

The planning fees charged by Westminster are governed by The Town and Country Planning (Fees for Application, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017 and new planning application fees came into effect from 17 January 2018.

The service undertakes Planning Performance Agreements (PPA). This is an agreement between the local planning authority and a potential applicant to provide a project management framework for handling a development proposal from pre-application stage through to decision.

The systems of control in place at the time of the audit were generally considered to be effective with three medium priority recommendations made to improve controls in the following areas:

- In February 2016, all staff in the Department were requested to complete a "Declaration of Interest & Out of Work Activities" form to comply with section 117 of the local Government Act 1972. A review of the declarations identified that the information contained on the returned forms had not been analysed or investigated and that not all of the staff who should have completed a form, had done so. The service has confirmed that they will be reviewing this area on an annual basis and appropriate action taken and recorded where there is a potential for a conflict of interest;

- There was no evidence that an anti-bribery risk assessment had been completed for the Planning staff and anti-bribery awareness training has not been provided. This could result in the Council not being able to demonstrate that it has taken steps to prevent bribery as required by the Bribery Act 2010. The service confirmed that Officers have been sent the details of the training and compliance will be checked during 2018. All new officers will be asked to do the training.
- A sample of planning applications (30) was reviewed to ensure that all the planning fees are received and reconciled. Of these, 13 applications were either listed buildings, Variations S73/S19 or Adverts S7 and hence their fees were exempt. Of the remaining applications, payments for three could not be confirmed as banked or paid into to the appropriate cost centre. The service is liaising with the Digital Team on improving the income reconciliation process.
- From a sample of 20 Planning Performance Agreements tested, in three cases payments for the agreements could not be reconciled with the appropriate cost code where the customer had incorrectly completed the on-line payment form. This issue was known about by the Department and had been discussed with Digital Programme Team who are reviewing a number of business cases for the service for operational improvements for the Department

City Management & Communities:

7. Licensing (satisfactory assurance)

The Council is the largest licensing authority in the United Kingdom and receives and processes in excess of 10,000 licence applications per year and issues licences and other permissions under the provisions of over 60 different statutory licensing regimes. The General Licensing and Street Trading teams have been combined and consists of over 20 experienced licensing practitioners, certified by the Institute of Licensing. The Council's Licensing Committee consists of 15 members and the terms of reference are detailed within the Council's Constitution. The remit of the Committee covers all matters relating to the discharge by the Authority of its licensing functions.

The audit confirmed that the controls in place within the licensing process were generally effective with four medium and two low priority recommendations made to address the weaknesses identified below:

- Both the Licensing and City Enforcement teams have standard and developed operating procedures in place. We were informed that both teams had migrated these documents to SharePoint for ease of reference, however a system error had occurred. Documents were therefore being kept in a shared drive until migration to SharePoint was possible. In the case of City Enforcement, the error had resulted in the Standard Operating Procedures (SOPs) to be lost. The service confirmed that as part of the Effective Neighbourhood Working change programme, a full review of all procedures is under way. The changes in the way the City Inspectors will operate will be reflected in new SOPs that will be created and rolled out, this will include all licensing regimes. This will also align with the rollout of the Council's new Corporate Enforcement Policy, which is due to be approved by Cabinet;
- Timeframes are established for the processing of applications, with a "traffic lights" system being used to identify overruns at any point in the process. At time of audit, there were a large number of applications with a "Red" rating. The Senior Practitioner informed us that this was due to high number of cases where licences had been issued, but details were lacking, and they had therefore not been closed off properly on the IT system (Uniform). All officers have been requested to close down outstanding cases and performance monitoring will be set up and any backlog resolved;
- Reduced or waived fees are sometimes granted for Street Trading licences, typically for new businesses. The policy for reduced and waived fees is clearly set out in Section 9 of the Street Trading Policy. The approval record for each case is recorded on a system called IDOX. However, the system does not currently allow for a report to be run which shows all licences granted where a fee reduction or waiver has been applied. We were informed that, if a licence does not have a pre-determined expiry date, officers will make a calendar note to amend the fee charged after the end of the agreed waiver period. This date is not recorded on the IT system (Uniform) and, if the licence is set up for an extended period with no defined end date, it could result in reduced or nil fees being

perpetuated beyond when they should end. The service is developing the system so this information can be better monitored and managed;

- All charges relating to the processing of applications are required to be paid prior to the licence/variation being agreed. Annual fees need to be checked for receipt before a license is renewed. Uniform reports are run approximately every other month to identify cases with upcoming payment dates in order to send reminders. Officers then monitor identified cases to check whether payment has been received, and suspend the licence if necessary. However, a review of the Uniform system identified multiple cases where annual renewal payments had not been made. We were informed that it was not possible to run a report to identify all cases with payments due which had exceeded the payment date. It is therefore possible that, if licensing officers failed to keep track of all cases where reminders were sent, a licence might remain active in spite of non-payment of annual fees. The service plans to put in place a system to highlight when a fee is due but has not been paid and discussions are to be held with the digital team and the IT system (Uniform) manager to see if the more of these processes can be automated thus removing the risk of missing a deadline;
- When a licence has been issued, the City Enforcement officers will schedule an inspection on Uniform. The frequency of these programmed inspections varies in accordance with the licence type, and the risk profile of the licence holder. From a sample of ten licences, we identified four cases where a next inspection due date had not been input on Uniform. The service confirmed that an officer is to review the records of all licensed premises to ensure that a programmed visit with a due date is assigned to it on the Uniform system. All subsequent visits will also be recorded on Uniform. Going forward the process has been amended to require officers to check that each case has a 'Due Date' entered on Uniform at the time of issuing the licence;
- Licences with a low risk rating will not receive programmed inspections, but will be highlighted through biannual "ward sweeps". At the time of audit, the schedule of ward sweeps did not record any entries for three of the five inspection teams to which they had been assigned. In addition to programmed inspections and ward sweeps, pro-active inspections are carried out in response to public referrals or "self-referrals" when breaches are noted by enforcement officers. At time of audit, the licensing team were looking to improve performance management including the monitoring of the statutory 56-day period for licensing decisions;
- At the time of the audit the service was undergoing a restructure that will alter the way areas are managed in relation to licensing enforcement with the responsibility being within three areas rather than the current one area. This will require a review of the existing processes and it is proposed that there will be a central "tasking" planner to programme ward sweeps and to prompt teams that certain wards sweeps are due. This will allow services to send out notifications of a planned ward sweep to the relevant ward Councillors, then to complete the ward sweep. Improvements are also proposed on how the ward sweeps are recorded on the Uniform system to aid review and reporting.

8. Libraries Target Operating Model (satisfactory assurance)

The original shared services libraries programme was conceived as an alternative to cuts and closures by combining services to share resources, facilities and expertise - working across the three Councils to maintain and develop services as far as possible. The subsequent savings target (or proposed contribution) for Libraries was £1m to be delivered in 2017/18. In order to achieve these savings, all three councils agreed to develop a new operating model to deliver the shared elements of the service. Westminster City Council and Royal Borough of Kensington & Chelsea also had their sovereign operational service reorganised to deliver their savings. The service review was undertaken in 2016 and 2017 and considered what statutory and core functions the service must or should provide and how much of this can reasonably be delivered with a reduced budget whilst aiming to avoid or minimise closure of sites or major changes to opening hours.

The senior management team held a number of workshops with over 190 members of staff throughout June and July 2016 to gather their views on what the target operating model should be for the service. Workshops were targeted at specific functions and areas of work such as frontline, back office, digital, volunteering and extended SMT. Designing a new target operating model led to a service re-organisation and an opportunity to deliver service improvements as well as meet the savings target.

This audit reviewed the design and implementation of the Target Operating Model for the Libraries Service and consisted of three parts:

- Assess the adequacy of the development, implementation and benefits management of the Libraries Target Operating Model and make recommendations where governance and controls could be improved;
- Interview a sample of libraries staff to help establish the degree to which the new operating model is understood and has been adopted;
- Gather evidence that demonstrates whether the original objectives set out in the Consultation Report have been achieved.

Audit fieldwork used documents available from the time of the restructure, alongside testimony from 29 interviewees. Interviewees were selected at random, to cover a range of job roles and libraries. Where historic issues were identified, affecting performance at the time of the restructure but of less importance post implementation, these were noted for future reference, but no recommendations were made. Four medium and one low priority recommendations were made in the following areas:

- Seventeen out of twenty-nine interviewees suggested that more support could have been provided in advance of the TOM's implementation to allow for a smoother transition. Fifteen interviewees described poor experiences as part of the consultation which were particularly related to correspondence, including:
 - Generic responses that did not fully cover points raised;
 - Overly brief responses;
 - Assurances that they would be replied to at a future date with a full answer; and
 - Emails signed by "The Library Futures team" instead of anyone with specific accountability. Many said this had caused them to disengage with the consultation process. It was recommended that where staff queries are raised through written media, particularly email, care should be taken to provide clear and complete information. The service has stated that over 300 individual responses were received during the consultation but, resources permitting, they would seek to address this issue in future change programmes;
- Staff job descriptions were circulated, and are available on the Libraries SharePoint site. The majority of staff interviewed felt that these were clear, however twelve interviewees felt that staff were carrying out the same jobs that they had been responsible for prior to the restructure despite their job description changing. It was recommended that the Libraries Service should consider barriers to change when undertaking the culture programme in order to embed the new working processes. In addition, consideration should be given to encouraging Service Delivery Managers to make direct interventions in order to give staff experience in all tasks that are to be undertaken. The service agreed with the recommendation and stated that these issues will be addressed through the Culture Change and Ways of Working programmes during 2018/19;
- The Head of Service Delivery expressed some concerns regarding the organisation of documents on SharePoint. Old and new SharePoint sites exist in parallel, making identification of documents difficult. Additionally, a review of documents found cases where information appeared to be out-of-date. It was recommended that Officers should consider reviewing the way in which information and staff resources are managed on SharePoint in order to improve functionality with out-of-date documents updated or replaced with newer versions. The service plans to review Sharepoint in the autumn of 2018 and the site will be managed by the performance and administration team;
- Seventeen interviewees cited lack of training as an obstacle in adapting to their new roles, particularly at the outset of the restructuring process. It was recommended that training plans should be finalised with target timescales set for the delivery of the training. The service confirmed that training did not take place as intended at the time of the restructure. Transition training was being planned at the time of audit fieldwork and a temporary Development Manager role was being recruited to which would spend approximately a third of their time on staff training, development, and encouraging continuous sharing of knowledge and skills;
- Interviewed respondents gave a mixed response to the overall management of performance targets, and eight of the interviewees advised that they did not think their current targets reflected their role. Some mentioned in conjunction with this that Service Delivery Managers had needed to take on additional roles, including line management, due to the flattened structure, which limited the depth of

performance reviews. We were informed that the annual performance review had been scheduled shortly after the restructure, and that objectives should have been re-assessed at that point, however, this may not have been done effectively at the time due to other work pressures. It was noted that the Libraries Senior Management team are circulating additional guidance for the 2018/19 year to encourage a better, more in-depth process for setting objectives and managing performance. The service confirmed that all managers are conducting performance reviews in line with the additional guidance circulated for 2018/19 and additional support is being provided to managers which will help build extra capacity for conducting performance reviews.

Corporate Services:

9. ICT: Service Governance (satisfactory assurance)

In early 2015, the London Borough of Hammersmith and Fulham (LBHF), Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) formally agreed to establish the single shared ICT service. In September 2016, the proposal to establish two ICT functions; a single sovereign and autonomous LBHF ICT function and a shared bi-borough RBKC and WCC ICT function, was agreed. The three councils continue to share services in ICT where there is a suitable business case for doing so, for example, the arrangements in place for sharing Geographic Information Systems and Office 365, including support staff. Also, the agreed Information Management Strategy and associated information security policies are common across the three councils. The service lead for WCC and RBKC is the Bi-borough Chief Information Officer who reports to the Bi-borough Executive Director for Corporate Services.

The audit identified that the controls in place were generally effective with two medium and one low priority recommendations made to address the following:

- There is a key working group structure chart in place, which documents the key reporting lines and general alignment across the bi-borough. The key working groups includes the WCC ICT Supplier Boards which is made up of the Strategic Framework Board and the Operational Board and whose purpose, amongst others, is to ensure that the suppliers are monitored regularly, that the Framework Agreement (the Council's ICT services are currently outsourced to BT and Agilisys, through a framework agreement) is operated throughout the term of the contract in a manner which optimises value for money and operational benefit, and that capacity management issues are considered in accordance with the processes outlined in the Framework Agreement. We confirmed that whilst the WCC ICT Supplier Boards had Terms of Reference in place setting out the aims and objectives of the groups, additional information such as the delegated authority, frequency and membership of the Boards were not included;
- The ICT Portfolio Board is a monthly cross-business representational board that reviews and advises on the complete ICT project portfolio which includes all projects, pipeline and live, projects led by ICT and those led by the business. The Portfolio Board is also an advisory group which has a key role in agreeing the prioritisation of projects. The ICT Portfolio Delivery Meeting is a subset of the ICT Portfolio Board and the fortnightly meetings are held to focus on the delivery of projects such as tracking progress, budgets and resolving issues. The Technology Hub, who also report to the Portfolio Delivery Board, is a technical forum whose membership varies depending on the matter being discussed. It was noted that the Technology Hub does not have documented Terms of Reference in place setting out its responsibilities;
- Through a combination of discussions, review of the ICT governance meeting structure, and examination of a sample of three meeting minutes for the Portfolio Delivery Board and Technology Hub, we identified that, although meetings bring departments together and help to air IT project proposals in the early stages of their life cycle, there is not currently a forum or mechanism whereby sovereign decisions can be challenged should IT believe a common solution across both Councils will be more advantageous;
- A need has been identified for additional clarity over the approval processes across the Bi-borough, as decision making involves departmental approval arrangements and is often a complex process. The Councils are currently working on a more streamlined workflow process that should allow them

to clarify key approvers and stakeholders to ensure they are part of the approval or consultation process, with the aim of mitigating the difficulty of getting all required approvers together;

- Feedback and input from staff across the organisation was sought via the consultation report which was issued in October 2017; through user surveys conducted across the organisation, and through Relationship Manager presence at departmental meetings. However, the organisation does not currently have a specific user group forum to highlight and discuss ICT issues directly

All of the recommendations have been accepted by management and implementation will be followed during 2018/19.

10. HR: Pensions Administration (satisfactory assurance)

An audit has been undertaken of the Pensions Administration Service which included the follow up on the implementation of recommendations made in the 2016/17 audit of this area.

Surrey County Council (SCC) have provided Pension Administration services to the Council under a Delegation Agreement, since September 2014. SCC also provides the boroughs of Kensington & Chelsea and Hammersmith & Fulham with Pension Administration services and these arrangements have also been audited but were reported separately and the findings are not included in this report. The Delegation Agreement in place is in accordance with section 101 of the Local Government Act 1972 and section 9EA Local Government Act 2000 together with Regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2012 which allow the Council to delegate certain functions to another local authority.

The review identified that the controls in place were generally effective with one medium and four low priority recommendations made in the areas summarised below:

- According to the Delegation Agreement no variation shall be valid or effective unless made by one or more instruments in writing executed by the Parties. It was noted that variations to the Delegation Agreement relating to a change in the Key Performance Indicators target have not been recorded or formally approved by both parties.
- In accordance with the Delegation Agreement SCC:
 - (a) shall indemnify and keep indemnified the Council against all liability, actions, proceedings, claims, demands, expenses, Direct Losses and costs; and
 - (b) must ensure that notifications under section 18 & 19 of the Data Protection Act are up to date

It was identified that the SCC indemnity insurance and DPA certificates had not been formally reviewed by the monitoring officers.
- SCC has hired a company, which undertakes checks of the information held on the central register of deaths against the Council's retired pensioners. The company receives monthly reports taken from the SCC Pension system and undertake a number of verification checks and any data matches / queries are returned to SCC / Pensions Section for follow up. Any cases where a pension is no longer payable are communicated to the Payroll Section in order to suspend payment. SCC charge the Council a fee for this mortality screening but there was no supporting evidence to verify the charge to the Council.
- For pensioners based overseas, SCC, in accordance with Delegation Agreement, will undertake an exercise each year to confirm that the pensioner is alive and therefore entitled to continue receiving their pension benefits. The validation process will usually take the form of a life certificate exercise although any alternative approach suggested by SCC could be undertaken if agreed by the Council's Authorised Officer. It was noted that no life certificate exercise has yet been carried out by SCC on pensioners who are based overseas.
- Regular meetings are held between the Monitoring Officers and SCC pension officers however, there was no evidence that these meetings were minuted.

This audit also followed up the recommendations made in the audit undertaken during 2016/17. Two high and one low priority recommendations were made and it was confirmed that two of these recommendations had been fully implemented and one was partially implemented as shown below:

- Inadequate monitoring and management was taking place on the requests received to transfer in or out of the Local Government Pension Scheme (LGPS). The Management response at the time of the previous audit was that the Council had agreed to temporarily suspend the KPI for Transfers in pending SCC clearing the backlog caused by:
 - a) delays in receiving information from the Government's Actuary Department; and
 - b) delays in receiving a monthly interface from the BT Shared Service Centre (BTSSC) of new joiners to the scheme.
 People Services confirmed that they are progressing any outstanding cases with SCC on an ongoing basis with the intention to re-establish the KPI for this in 2018/19 (Partially Implemented);
- Ineffective interface between BTSSC and SCC. The management response at the time of the previous audit was that the 2016/2017 End of Year LGPS file was reviewed by the Council's officers and submitted to SCC on time for the majority of the Annual Benefit Statements to be available online by 31st of August 2017. It was confirmed that the interface from BTSSC for new joiners to the LGPS is now being prepared in a timely manner and is working effectively. All Annual Benefit Statements have been issued for both 2015/16 and 2016/17 and at the time of the audit, the Council was working with the BTSSC to ensure that annual files for 2017/18 (the annual files) can be passed to Surrey by the end of June 2018 so that the Annual Benefit Statements are accurate and issued on time. (Fully implemented);
- The Standard Operating Procedures (SOPs) and the Pensions Administration Strategy (PAS) were not complete or approved. These have now been updated and published (Fully implemented).

It was noted that People Services have identified the need for the new joiner interface to continue once the payroll service moves to Hants CC. Feedback from Hants CC during the fit gap workshops has been positive in that they expect to meet this requirement and the implementation plan with Hants CC will include a payroll interface to the pension administrator (SCC).

City Treasurer:

11. Housing & Council Tax Benefit (substantial assurance)

Housing Benefit is designed to help people on low incomes to pay all or part of their rent or Council Tax. The scheme is means tested and assessed based on Rent/Council Tax, income, savings, and the number of people living in a household. From April 2013, 'working age people' renting from the Council, a Housing Association or a registered Social Landlord may have their housing benefit entitlement reduced if the Council decides their home is too big for their needs. Furthermore, from April 2013, a benefit cap was introduced, limiting the total amount of benefit "working age people" can receive.

In 1998, the Council entered into a contract with Capita for the administration of Housing Benefit. In addition, Universal Credit will eventually replace the majority of national benefits, including Housing Benefit. The Government has recently re-scheduled its timetable for the implementation of Universal Credit. The Government's current plan is to implement by 2022.

The key findings of this audit are summarised below:

- Policies and Procedures are in place, regularly reviewed and available to all staff;
- a comprehensive induction training programme is in place for new staff;
- Access to the Housing Benefit system is appropriately controlled and reviewed on a regular basis;
- Regular reconciliations between the Housing Benefit System, the Housing Rents System and Main Account System are performed after each payment run for both private tenants and Council tenants;
- Appropriate quality checks are undertaken on new Benefit claims; and
- Appropriate monitoring is undertaken by the Council on a weekly basis of the time taken to process new claims.

Controls were considered to be effective in all of the areas reviewed and no recommendations were made as a result of this audit.

12. NNDR (substantial assurance)

National Non-Domestic Rates (NNDR) or Business Rates is the means by which non-domestic properties, principally local businesses, contribute to the cost of local authority services. The bill for a property depends on its rateable value and poundage; and responsibility for the billing, collection and enforcement of the NNDR falls on billing authorities. Apart from properties that are exempt from NNDR, each non-domestic property has a rateable value, which is normally set by the Valuation Office Agency (VOA), an agency of HM Revenue & Customs. The VOA draws up and maintains a full list of all rateable values that broadly represents the yearly rent the property could have been let for on the open market on a particular date.

The occupier of a non-domestic property normally pays the business rates - usually this is the owner / occupier or leaseholder. If a property is empty, the owner or leaseholder may be liable to pay business rates on the property after the appropriate exemption period has expired. There are further discounts and exemptions available, including Small Business Rate Relief, Charity Relief and retail Discounts. Business rates can be paid by a variety of methods, including online, by phone, by BACS transfer or by cheque. The administration and collection of NNDR is provided to the Council by Capita Business Services, based in South Bromley.

The key findings of this audit are summarised below:

- Policies and Procedures are in place, regularly reviewed and available to all staff;
- Access to the Housing Benefit system is appropriately controlled and reviewed on a regular basis;
- Appropriate system reconciliations are undertaken on a daily basis with a full reconciliation of Academy to the Valuation Office Agency (VOA) listings undertaken every four months;
- Billing Authority Reports (BARs) are raised electronically by the Valuation Officers as a way of notifying the VOA of any changes made to a property that require the Rating List to be updated. After the Valuation Officer conducts a revaluation, a Schedule of Alterations is sent to the Billing Authority to update its records;
- Alterations to Academy are undertaken as soon as possible and well within the performance target of 28 days from receipt of the Schedule of Alterations and Capita are well prepared for when these Schedules are issued by the VOA;
- 80% Mandatory Relief is granted to all registered charities on completion of the relevant checks by the Business Rates team at Capita. Checks include verifying the Charity Registration Number with the Charity Commissioners/FCA register and arranging for an inspection to be carried out to confirm that the property is being used for charitable purposes. Additionally, all applications must be made in writing through completing a Charity Relief Application form;
- Although application forms are available for the claiming of Small Business Rate Relief (SBRR), as per the Business Rates Procedures, these are not mandatory documents and therefore applications are also accepted by telephone or email. For these applications Capita carry out system checks and internet searches to see if the applicant was claiming SBRR elsewhere;
- Claims for empty property relief are required to be followed up with a property inspection to confirm whether the property is currently empty. Where an inspection cannot be undertaken, or if the inspection identifies that the property is not empty, the relief is removed. If a ratepayer wishes for the empty rates to be backdated to an earlier date, sufficient documentary evidence is required to be supplied to support the claim, such as low usage utility bills and removal invoices.

Controls were considered to be effective in all of the areas reviewed and no recommendations were made as a result of this audit.

Performance Indicators 2018/19

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

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit plan completed YTD (Month 5) Full year target = 90%	36%	30%	Slightly below target.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	88%	Slightly below target.
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%	2 received average score 4.5 (where 5 is the top score)
Percentage of recommendations implemented or in progress	95%	100%	YTD 13 out of 13 recommendations.

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City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	18 September 2018
Classification:	For General Release
Title:	Internal Audit Charter & Strategy 2018/19
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	David Hughes, Shared Services Director of Audit, Fraud, Risk and Insurance
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk Tel: 020 7854 5922

1. Executive Summary

- 1.1 In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Council has an Internal Audit Charter which is maintained by the Shared Services Director for Audit. The Charter is reviewed annually and has recently been updated to reflect changes following the appointment of a new Shared Services Director of Audit, Fraud, Risk and Insurance during 2017.

2. Recommendation

The contents of the Internal Audit Charter and Strategy are reviewed and noted by the Committee.

3. Background, including Policy Context

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013. The PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). The Local Government Application Note has been developed by CIPFA primarily as sector-specific guidance to local government organisations that previously fell within the remit of the CIPFA Code of Practice for Internal Audit in Local Government in the UK and it provides further explanation to the PSIAS and practical guidance on how to apply the Standards.

- 3.2 The objectives of the PSIAS are to:
- Define the nature of internal auditing in the UK public sector;
 - Set basic principles for providing internal audit services that add value to the organisation, leading to improved organisational processes and operations;
 - Establish the basis for the evaluation of internal audit performance and to promote continuous improvement.
- 3.3 The Standard incorporates a code of ethics governing the integrity and conduct of internal auditors and the requirement for objectivity, confidentiality and competency, including regard to the seven principles of public life.
- 3.4 There are also detailed performance standards on the actual conduct of internal audit work including audit planning, performance of individual audits, progress monitoring and the communication of results.
- 3.5 Included within the Standard is a requirement for regular review and assessment of Internal Audit's conformance with the Standard. This will be done as part of the Annual Report of the Shared Services Director for Audit, which will be reported to the Audit & Performance Committee. The Annual Report to the Audit & Performance Committee for 2017/18 (reported in July 2018) included the following statement:
- "The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). Under these Standards, internal audit services are required to have an external quality assessment at least once every five years. During 2017/18 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards and has identified minor improvements which will be addressed during 2018/19."*
- 3.6 To demonstrate compliance with these standards, an Internal Audit Charter was approved by the Process and Audit Group in September 2013. The Charter is subject to annual review and revision with minor changes approved by the Shared Services Director of Internal Audit, Fraud, Risk & Insurance.
- 3.7 Appendix 1 to the Charter contains the Internal Audit Strategy. The Strategy sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter.

If you have any queries about this Report please contact:

Moira Mackie on 020 7854 5922

Email: Moira.Mackie@rbkc.gov.uk

Or

David Huges on 020 7361 2389

Email: David.Hughes@rbkc.gov.uk

BACKGROUND PAPERS

CIPFA Local Government Application Note

Public Sector Internal Audit Standards

Westminster City Council

Internal Audit Charter

September 2018



City of Westminster

1. The Internal Audit Charter

- 1.1 This Charter establishes the purpose, authority and responsibilities for the internal audit service for Westminster City Council, in accordance with the UK Public Sector Internal Audit Standards. The Internal Audit Strategy (Appendix 1) sets out how the Council's internal audit service will be developed and delivered in accordance with the Internal Audit Charter.
- 1.2 The Charter will be reviewed annually and presented to Westminster City Council's Executive Leadership Team and to the Audit & Performance Committee to note.

2. Definition

- 2.1 Internal Audit is defined by the Public Sector Internal Audit Standards (PSIAS) as:
"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 2.2 For the purposes of the PSIAS and this Audit charter:
 - The Shared Services Director for Audit, Fraud, Risk and Insurance is designated as the "Chief Audit Executive";
 - The Audit & Performance Committee are designated as the "Board";
 - The Westminster Executive Leadership Team is designated as "Senior Management".

3. Purpose

- 3.1 Internal audit provides independent and objective assurance to Westminster City Council through its Members, the Executive Leadership Team and in particular the City Treasurer, to help discharge responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 3.2 In addition, the Accounts and Audit Regulations (2015) specifically require the provision of an internal audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy of the Council's governance, risk management and internal control systems.

4. Authority & Access to Records

- 4.1 In undertaking their duties and responsibilities, Internal Audit (which includes in house staff and contractors) and the Corporate Anti-Fraud Service shall be entitled to have full access to all of the Council's data, records, cash, stores, property, assets, personnel and information whether manual or computerised, it considers necessary to fulfil its responsibilities. Audit and Investigation staff may enter Council property and have unrestricted access to all locations and officers where necessary, on demand, and without prior notice. Council staff are expected to provide every possible assistance to facilitate the progress of audits and investigations.
- 4.2 Access rights apply equally to third parties and organisations, as permitted through the associated contract and partnering arrangements. Right of access to other bodies funded by the Council should be set out in the associated conditions of funding.
- 4.3 All records, documentation and information accessed in the course of undertaking audit reviews and investigations shall be used solely for that purpose. All audit and investigation staff are responsible for maintaining the confidentiality of information received in the course of their work.

5. The Audit & Performance Committee

5.1 The Shared Services Director for Internal Audit is required to provide the Council and the City Treasurer with an annual opinion, reported through the Audit & Performance Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. To achieve this, the internal audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources;
- To provide assurance that the Council's operations are being undertaken in accordance with relevant internal and external regulations, legislation, internal policies and procedures;
- To provide assurance that significant risks to the Council's objectives are being identified and managed;
- To provide independent assurance over the corporate governance arrangements in place across the Council;
- To provide advice and support to management to enable an effective control environment to be maintained;
- To promote an anti-fraud, anti-bribery and anti-corruption culture with the Council to aid the prevention and detection of fraud;
- To evaluate specific operations or issues at the request of the Audit & Performance Committee, as appropriate;
- To undertake investigations where there is suspected fraud, bribery or corruption; and
- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

5.2 There are inherent limitations in any system of internal control and thus error or irregularities may occur and may not be detected by internal audit's work. When undertaking audit reviews, internal audit will provide management with comments and report on failures or weaknesses in internal control systems together with recommendations for remedial action. It remains a management responsibility to maintain an effective system of internal control and to have adequate systems in place to prevent and detect fraud.

5.3 Where appropriate, Internal Audit may undertake consulting work for the benefit of the Council. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of any associated contract.

6. Reporting

6.1 The UK Public Sector Internal Audit Standards require the Head of Internal Audit to report directly to the top of the organisation and those charged with governance. This will be achieved through the following framework:

- The Internal Audit Strategy and Charter and any amendments to them will be reported to the Audit & Performance Committee;
- The Annual Internal Audit Plan will be compiled by the Shared Services Director for Audit, taking account of the Council's risk framework and following discussions with senior managers. The audit plan will be subject to review by the Council's Executive Leadership Team and will then be reported to the Audit and Performance Committee for noting and comment;
- The Internal Audit budget is reported to Cabinet and Full Council for approval, as part of the overall Council budget;
- The adequacy, or otherwise of the level of internal audit resources, as determined by the Shared Services Director for Audit and the independence of internal audit will be reported to the Audit and Performance Committee. The approach to providing resources is set out in the Internal Audit Strategy;
- Internal audit outcomes and progress with the Internal Audit Plan will be reported regularly to the Council's Section 151 Office and to the Council's Senior Managers.

- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work will be reported regularly to the Audit and Performance Committee;
- Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit and Performance Committee;
- Any instances of non-conformance with the Public Sector Internal Audit Standards will be reported to the Audit and Performance Committee and will be included in the annual report of the Shared Services Director for Audit. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

7. Independence

7.1 The Shared Services Director for Audit will have free and unfettered access to the following:

- The Chief Executive;
- The Chair of the Audit & Performance Committee;
- The Monitoring Officer;
- All Members of the Executive Leadership Team.

7.2 The independence of the Shared Services Director for Audit is further safeguarded by ensuring that any appraisal of personal performance is not unduly influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chair of the Audit and Performance Committee have the opportunity to contribute to, and/or review the appraisal of the Shared Services Director for Audit.

7.3 All Council and contractor staff in the Shared Services Internal Audit Service and Corporate Anti-Fraud Service are required to make an annual declaration of any potential conflicts to ensure that auditors' objectivity is not impaired and that any requirements of the Council.

7.4 Internal Audit may provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity (over 5% of planned annual audit days) not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit & Performance Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.

7.5 Internal Audit must remain independent of the activities that it audits to enable auditors to make impartial and effective professional judgments and recommendations. Internal auditors have no operational responsibilities towards the systems and functions audited.

7.6 Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Shared Services Director for Audit has the freedom to report without fear or favour to all officers and particularly to those charged with governance.

7.7 Accountability for the response to the advice and recommendations of internal audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

8. Counter Fraud, Corruption & Irregularity

8.1 Managing the risk of fraud and corruption is the responsibility of management. Internal audit procedures alone cannot guarantee that fraud or corruption will be prevented or detected. Auditors will, however be alert in their work to risks and exposures that could allow fraud, corruption or other irregularity.

8.2 The Council has a shared Corporate Anti-Fraud Service as part of the Shared Internal Audit Service and the Service has a protocol for close working relations with Internal Audit. The policies and procedures of the Corporate Anti-Fraud Service are detailed in the Council's Anti-Fraud and Corruption Strategy.

9. Due Professional Care

9.1 The Internal Audit Function is bound by the following standards:

- Institute of Internal Auditors' (IIA) International Code of Ethics
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards;
- All Council Policies and Procedures;
- All relevant legislation.

9.2 All staff and contractors are required to sign an annual statement confirming their compliance with the IIA code of Ethics.

9.3 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

9.4 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. Both the Shared Services Director for Audit and the Senior Audit Manager are required to hold a professional qualification (CCAB or CMIAA) and be suitably experienced.

Internal Audit Charter and Strategy Reviewed and Agreed:

Date	Reviewed by	Position	Authorised by	Position
September 2018	Moira Mackie	Senior Audit Manager	David Hughes	Shared Services Director for Audit
June 2017	Moira Mackie	Interim Director for Audit	n/a no changes made	n/a
June 2016	Moira Mackie	Senior Audit Manager	Moyra McGarvey	Shared Services Director for Audit
June 2015	Moira Mackie	Senior Audit Manager	Moyra McGarvey	Shared Services Director for Audit
June 2014	Moira Mackie	Senior Audit Manager	Chris Harris	Head of Internal Audit
September 2013	Moira Mackie	Senior Audit Manager	Chris Harris	Head of Internal Audit

INTERNAL AUDIT STRATEGY

This Strategy sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter.

The Strategy will be reviewed annually and presented to the Audit & Performance Committee for information.

Internal Audit Objectives

Internal Audit will provide independent and objective assurance to the organisation, its Members, the Executive Leadership Team and in particular to the City Treasurer in support of discharging their responsibilities under S151 of the Local Government Act 1972 relating to the proper administration of the Council's financial affairs.

It is the Council's intention to provide a best practice, cost efficient internal audit service.

Internal Audit Remit

The internal audit service is an assurance function that primarily provides an independent and objective opinion on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives.

Under the direction of a suitably qualified and experienced Chief Audit Executive (the Shared Services Director for Audit, Fraud, Risk and Insurance), Internal Audit will:

- Provide management and Members with an independent, objective assurance and consulting activity designed to add value and improve the Council's operations;
- Assist the Audit & Performance Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance function; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Service Delivery

The service will be delivered by a mixture of in-house staff and the Council's internal audit partners under the direction of the Shared Services Director for Audit.

The Internal Audit Service is a shared service hosted by the Royal Borough of Kensington and Chelsea. The audit service is currently working with the London Borough of Hammersmith & Fulham and Westminster City Council, to deliver audit reviews across the Councils for sovereign as well as shared services.

Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- Discussions with the Council's Executive Leadership Team and senior managers;
- Discussions with the shared services Executive Directors;
- The shared services and sovereign risk registers;
- Outputs from other assurance providers (including Hampshire County Council Internal Audit regarding the Finance, HR and Payroll Solution);
- Requirements as agreed with External Audit.

Management views and suggestions are taken into account when producing the audit plan and the Shared Services Director for Audit will ensure feedback from or attendance at Service Area Management Team meetings as part of the annual planning process.

The Internal Audit Plan will include the following elements:

- **Risk Based Systems Audit:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through a risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by Service Areas' risk processes and will increasingly include work in areas where the Council services are delivered in partnership with other organisations;
- **Key Financial Systems:** Audits of the Council's key financial systems including any additional work where External Audit require annual assurance as part of their external audit work programme;
- **Probity & Compliance Audits (schools and other establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is reviewed.
- **ICT Related Audits:** The review of ICT governance, infrastructure and associated systems, software and hardware;
- **Procurement:** Audits of the procedures and processes for procuring goods, services and works including the letting and monitoring of contracts;
- **Fraud and Ad Hoc Work:** The Corporate Anti-Fraud Service, with the Internal Audit function, will continue to investigate any fraud and irregularity arising during the year. Internal Audit may undertake additional work due to changes or issues arising in-year.

Follow Up

Internal Audit will evaluate the Council's progress in implementing audit recommendations against set targets for implementation. Progress will be reported to the Audit & Performance Committee on a regular basis.

Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

Reporting

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work. Summary reports are also provided to the Audit & Performance Committee on a regular basis. This includes the annual report of the Shared Services Director for Audit which contributes to the assurances underpinning the Annual Governance Statement of the Council.



City of Westminster

Audit and Performance Committee

Date:	18th September 2018
Classification:	General Release
Title:	Hampshire County Council Partnership and BT Managed Services Exit
Report of:	John Quinn
Cabinet Member Portfolio	Cabinet Member for Finance, Property and Regeneration
Wards Involved:	All
Report Author and Contact Details:	John Quinn – Bi-borough Executive Director of Corporate Services iquinn2@westminster.gov.uk

1. Executive Summary

- 1.1 The purpose of this report is to update the Audit and Performance Committee on:
- The exit from the existing BT Managed Services Contract.
 - The transition to the Hampshire IBC Solution.
 - Any matters arising.

2. Background

- 2.1 In November 2017 the Cabinet approved the recommendation that WCC, together with RBKC should join the Hampshire Partnership as a replacement for the BT Managed Services through a sovereign Deed of Accession. The Cabinet also agreed the procurement of additional services and systems, including an Income Management System and file transformation middleware to supplement the Hampshire solution. Deloitte were appointed as the primary implementation partner. They are contracted by the Hampshire Partnership

but then charged back to WCC and RBKC as part of the implementation costs.

- 2.2 The documentation to admit WCC into the Hampshire Partnership was completed in early January 2018 and work commenced soon after with an intended Go Live date of 01/10/18.
- 2.3 Whilst the initial implementation plan and business case assumed a Go Live date of 01/10/18, it was recognised that this was a challenging timetable and would require constant monitoring.
- 2.4 As part of the 2017 settlement with BT, WCC and RBKC have agreed that they will not extend the managed services contract beyond its May 2019 termination date and further agreed that they would give BT 3 months' notice if they wished to terminate prior to 31/05/19.
- 2.5 BT has told the Councils that it is withdrawing from the managed services market place and is closing down all of its contracts of this nature. It is, therefore, very likely that when the contract with the three Councils ends, the shared service centres in South Tyneside through which the current service is delivered will be closed. The Council is aware that there is a significant risk that services will deteriorate as we approach the end of the contract, particularly as staff leave the service centre to take up new employment.
- 2.6 Both WCC and RBKC are currently utilising Agresso version 4.7. Technical support for this version ceased at the end of 2017 and in normal circumstances the system would have been updated to version 6. However, version 6 of Agresso is fundamentally different to our current 4.7 version both at the back end and in the user interface. As such, upgrading would effectively have required a full reimplementation, including a development, testing and business deployment effort very similar to that which we are committing to the move to SAP. For that reason, last year, it was agreed not to undertake the upgrade and instead to focus effort on the move to HCC. For the interim period, it has been agreed with BT that they would arrange for Unit 4 to provide extended support until 31/12/18. BT have indicated that Unit 4 are unable to extend support beyond that date.
- 2.7 Neither WCC nor RBKC felt sufficiently confident in the IBC Solution's readiness to give notice to BT at the end of June 2018 for a 01/10/18 Go Live. LBHF also advised that they were not able to give notice to BT at the end of June in time to allow them to go live on 01/10/18 and, therefore, it was agreed to delay Go Live to 01/11/18 at the earliest.
- 2.8 The Council's aim is to have implemented a new solution by 1st December 2018 at the latest. Delaying any further would pose a challenge and the impact on staff of implementing over the Christmas and New Year period makes 01/01/19 undesirable. Therefore, we have an end date which is for all practical purposes immovable and a timeline which is challenging.

3. BT Exit

- 3.1 The ICF Team are leading the work to ensure the safe exit from the current arrangements with BT. On the whole BT have been pro-active in the planning process and work has now progressed to ensure that the BT Exit and HCC Onboarding processes are complementary, and that there is clarity of the impact on process and data freezes that may be required to support these processes.
- 3.2 Work continues with colleagues in RBKC, LBHF and BT to try to maintain alignment of detailed exit plans to ensure that where possible cut off dates are enforced by the BT solution being withdrawn rather than relying on manual processes.
- 3.3 BT have provided high level information in relation to staff potentially impacted by TUPE. Work continues with colleagues from RBKC, LBHF and HCC as all organisations are impacted by the TUPE regulations. It is unlikely that BT staff will want to transfer to Hampshire and BT have agreed to a parallel consultation process which will involve making offers of enhanced severance payments to the transferring BT staff in return for them signing Settlement Agreements waiving any claims against BT and HCC.
- 3.4 Whilst contractually the councils are required to give BT 3 months notice of early exit, in July BT agreed that if the councils gave notice by 31st July 2018 (for a 01/11/18 Go Live) they would have until 24th August to rescind the notice and set an alternative exit date.
- 3.5 At a meeting with the Chief Executive and lead Cabinet Members of WCC and RBKC on 22nd August 2018 it was agreed that the Go Live date would be confirmed as 01/12/18 and BT were advised that the contract would be terminated accordingly.

4. Transition to Hampshire IBC Solution

- 4.1 The main Programme to deliver the IBC Solution is divided into 5 Phases (current timing in brackets):
 1. Design (January to April) – Consisting of a series of Fit Gap workshops
 2. Build and unit testing (April and May)
 3. Testing (June to October (*Originally September*))
 - a. Systems Integration Testing 1 (June)
 - b. Systems Integration Testing 2 (July)
 - c. User Acceptance Testing 1 (August)
 - d. User Acceptance Testing 2 (August/September)
 - e. Payroll Comparison Run 1 (June)

- f. Payroll Comparison Run 2 (July)
 - g. Payroll Comparison Run 3 (August/September)
 - h. Payroll Comparison Run 4 (September)¹
 - i. Cut over preparation including a “dress rehearsal” for data migration (September/October)
- 4. Deployment (November)
 - 5. Post Go Live support (December to February)

4.2 Although RBKC and WCC have separate projects leading to the on-boarding of both Councils as separate entities, RBKC are collaborating closely with WCC in the implementation of a similar set of services taking into account the requirement to support Bi-Borough and Tri-Borough working where appropriate. LBHF has an independent project to join the Hampshire Partnership but there is close liaison with that project where appropriate and the current assumption is that all three Councils will be working to the same on-boarding timetable. This offers a number of advantages including data migration.

4.3 Design was completed successfully and resulted in either agreed changes to the build/service or agreed changes/workarounds within the council.

4.4 The build of the core system and payroll has generally proceeded to plan and all the main components passed unit testing by the end of May.

4.5 SIT 1 completed at the end of June as planned. At the end of SIT 1, 29 defects remained open which were carried forward to SIT 2 to resolve.

Critical – 2
 High – 7
 Medium – 17
 Low – 3

4.6 SIT 2 started one and a half days late due to issues with the data load of the OM Structures. However, plans were revised and SIT 2 completed as planned. At the end of SIT 2 there remained open 23 defects which have been carried forward to UAT 1 to resolve.

Critical – 0
 High – 4
 Medium – 11
 Low – 8

¹ This is an additional Payroll Comparison Run that has been added to the plan.

4.7 UAT 1 started on 13th August which was a week later than originally planned as a result of issues with loading the full data set into SAP. As a result, the testing was re-planned and completed on 21st August which was two days later than planned. At the end of UAT 1 there remained open 25 defects which have been carried forward to UAT 2 to resolve.

Critical – 0
High – 4
Medium – 8
Low – 13

4.8 UAT 2 started on 28th August and will continue to 7th September. Initial feedback from testers, who consist of volunteers from across the Councils, is positive.

4.9 Payroll Comparison Run 1 (June Data) highlighted considerable data issues in the first data load. Considerable work was required to revise the Functional Specifications that form the basis of the data mapping.

4.10 Payroll Comparison Run 2 also used June's data and was run in line with the revised plan. The baseline Gross Pay accuracy was 63% compared with 12% CR1. All the data differences were analysed and the reason for the difference recorded. There were over 100 data differences however, 12 issues accounted for the majority of the differences and when these differences were resolved, it would increase the Gross Pay accuracy to 97%. For each variance an action has been agreed e.g. manual intervention, configuration change, etc. and, where appropriate, a bug recorded. A full Net Pay analysis was not possible because some files were not loaded because either they were not received by HCC in time or there were difficulties with loading the data. In a similar way to Gross Pay, there are 7 issues which when addressed would increase the accuracy to 91%. The analysis was fed into the Payroll Comparison Run 3 data load so that the identified differences could be corrected or allowed for.

4.11 Payroll Comparison Run 3 is due to complete by early September. Initial findings show an improvement on the results as compared with Payroll Comparison Run 2 but, there remain significant issues with the initial data load which require post load correction/manual entry. These issues need to be addressed before Go Live and, require knowledgeable, skilled resource with experience of Agresso. The councils have limited expert payroll resource to address these issues therefore they will take a number of weeks to resolve. This is the primary reason why 01/12/18 was chosen as the Go Live date instead of 01/11/18.

4.12 Standard access to Manager Self Service is provided via the council desktop using single sign on. This means that an alternative solution is required for those users outside the council's main IT domain e.g. City West Homes, WAES, NHS, Surrey, Amey who are required to undertake any activities that require Manager Self Service. Work is currently underway to specify and design this solution.

5. Dependent Projects

- 5.1 There are a number of projects upon which successful implementation of the IBC Solution is dependant but which do not form part of the core implementation by HCC. The current status of these projects is:

Summary status		
Income Manager	G	<ul style="list-style-type: none"> IM testing on-going to plan. UAT in-progress. Detailed cutover planning.
Historic Solution	G	<ul style="list-style-type: none"> QTC have built the Agresso archive environment. RBKC/WCC/H&F testing.
Middleware	G	<ul style="list-style-type: none"> All phases of interface specs developed and SIT complete. UAT in-progress
Data Migration	A	<ul style="list-style-type: none"> Data team have completed 9 Finance and 32 HR scripts, transformed the data and sent onto HCC. Data team plan and functional specifications behind schedule, marked as red. 32 HR and Payroll specs have been updated following CR1/CR2 and need SQL redevelopment – this work is ongoing and near completion. Review required to reflect issues with UAT and CR3 Data Loads
BT Exit	A	<ul style="list-style-type: none"> All Exit requirements ongoing. BT and HCC cutover plan provided for go live 01/11/2018. Decision to delay to 01/12/2018 will now require re-plan of cutover.
Schools and Vol Org Exit	G	<ul style="list-style-type: none"> Agreements reached with all Schools for BT exit of services. Final Payroll for schools processed in July.

6. Matters Arising

- 6.1 Given the issues with the data load for SIT and CR1, neither WCC nor RBKC felt sufficiently confident in the IBC Solution's readiness to give notice to BT at the end of June 2018 for a 1st October Go Live. As a result, both boroughs deferred their Go Live. LBHF also advised that they were not able to give notice to BT at the end of June in time to allow them to go live on 01/10/18 and, therefore, all three boroughs proposed to delay Go Live to 01/11/18 on the assumption that the results of SIT 2 and Payroll Comparison Run 2 were satisfactory.
- 6.2 Whilst the SIT 2 results were generally satisfactory, the results of Payroll Comparison Run 2 were inconclusive because not all the data was loaded and considerable manual effort had been required. As a result, it was agreed by all three boroughs that they wanted to see the results of UAT 1 and have an indication of the success of Payroll Comparison Run 3 before committing to a definitive Go Live date.

6.3 On 22nd August the decision was made by the CEX and Cabinet Members of WCC and RBKC that going live on 1st November 2018, whilst potentially achievable, carried unnecessary risk. The decision was, therefore, that Go Live would be 1st December 2018. LBHF subsequently confirmed that they were also planning to Go Live on 01/12/18.

6.4 The total cost of delaying from 01/10/18 to 01/12/18 is around £1.0m and can be accommodated within the contingency of £1.52m originally agreed by the Cabinet.

7. Risk Management

7.1 Risks are reviewed weekly at either the IBC Project Implementation Board or the Dependant Project Board

7.2 The two highest scoring risks are:

Risk	Mitigation
There is a risk that users who are not on the corporate network and need a higher level of access than that provided by ESS Lite will not be able to perform key aspects of their roles. This may impact some 150 users.	<ol style="list-style-type: none"> 1. Change request raised with HCC for single sign on via a non ADFS route. 2. Potential workaround project established to test the feasibility of a Citrix solution but this may cost up to £500K over the next three years across the three councils.
There is a risk that the organisation structure created in SAP will not align with the data cuts being taken from Agresso jeopardising our ability to deliver the correct data for Go Live.	We have reduced the likelihood of this risk having put in place mitigation to ensure that automated and manual extracts are run against the same establishment report in Agresso. A meeting to ensure alignment of data and identify process improvements is being organised for w/c 3 rd September.

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Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Tuesday 18 th September 2018
Classification:	General Release
Title:	CityWest Homes Performance Update
Wards Affected:	N/A
Financial Summary:	N/A
Report of:	Sandra Skeete, Interim Managing Director
Author:	Andrea Luker, Director of Strategy & Planning

1. Executive Summary

1.1 This report summarises CityWest Homes' (CWH) performance for the financial year 2017/18 and the period April – July 2018. It provides an update on the management of complaints and members' enquiries. It explains the changes within CWH during 2017/18 and the impact of those changes on operational performance. It incorporates a review of contracts let by the City Council and managed by CWH; an overview of CWH' risk management and a summary of CWH financial position for 2017/18.

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

3. Background

3.1 Changes to the operating model

3.1.1 In June 2017 CWH changed its operating model for service delivery and began mobilising new contracts for repairs and maintenance, and major works. The changes were designed to modernise service delivery, improve consistency and meet savings targets. The changes undertaken were considerable and services to residents have been

impacted. CWH is now working through the implementation of recovery plans to bring the service back to the levels expected by residents. Steady progress has been made to improve performance since February 2018. Most areas of the housing service are forecast to be performing at pre-June 2017 levels by the end of this financial year, with an expectation that customer satisfaction ratings will lag approximately six months behind.

- 3.1.2 Prior to June 2017, CWH provided services through four area service centres and ten estate offices, with a central call centre for repairs, plus a head office at 21 Grosvenor Place. The estate offices provided a limited service, with some specialist functions available at area service centres.
- 3.1.3 In a typical week, 94% of customer interaction was by telephone or email yet the operating model was still largely based on the provision of face-to-face contact via front facing offices.
- 3.1.4 Customer facing offices had a minimum staffing level of three people for staff safety reasons resulting in small teams being unable to leave the office to undertake proactive home visits, or estate inspections. As a result, service quality was inconsistent with inefficiently deployed staff.
- 3.1.5 CWH's strategy 2015-2020 was approved by its Board and the Council in December 2015 and included plans to address the issues identified with the operating model. Specifically: simplifying service delivery to make it easier for customers to contact CWH and for CWH to deliver right first time, continuing to offer services by phone and face to face and introducing online services to increase choice.
- 3.1.6 Changes to the service model in June 2017 included creating a single contact centre to handle all service requests and enquiries, reducing the network of estate offices, relocating some of those staff to the customer service centre and others to area service centres. The changes were expected to improve the consistency of service delivered to customers, whilst freeing housing management staff to spend more time in the community, visiting residents and managing estates.

3.2 Changes to repairs and major works contracts

- 3.2.1 The suite of contracts for the provision of repairs services to the Council's housing stock were due to expire in rapid succession in 2017 and offered limited opportunity for extension. With the requirement to comply with both EU procurement regulations and those for lessee consultation and charging, the timetable for procurement allowed little flexibility.
- 3.2.2 Consequently, CWH was faced with a need to implement a more efficient operating model whilst re-letting a full suite of repairs and maintenance contracts, exiting

contractors and mobilising new arrangements. These projects were implemented simultaneously in 2017.

3.3 Impact of the changes

- 3.3.1 During the winter of 2017, both customer contact handling and repairs performance dropped to unacceptable levels. A backlog of repairs created during the handover of contracts pushed call volumes upwards and resourcing levels both within the new customer services centre and the incoming repairs contractor were insufficient to cope.
- 3.3.2 A recovery plan was put in place in November 2017 but it has taken time for the issues to be worked through and for performance levels to recover.
- 3.3.3 The benefits of centralising call handling on housing management teams can be seen in new ways of working. The new structures allow more time to work with tenants who need more support to sustain their tenancies and live independently. The new specialist teams are also adding value, with increased joint action planning between CWH specialist ASB team, the police and relevant Council teams.
- 3.3.4 The housing management teams were previously seen as front and centre to service delivery. Since the creation of the contact centre and closure of estate offices, their function has become less clear to residents, despite the good work they undertake. We will start work to create local management plans and will work with residents and stakeholders to identify local priorities and set out how these will be addressed by CityWest Homes and other stakeholders including the council.
- 3.3.5 The performance of the customer services centre, and in particular call handling performance has been on or close to target throughout the period April-July 2018, with improvements in speed of answer and reduction in average handle time. The focus for 2018/19 is on improving the quality of service delivered whilst maintaining an acceptable level of performance call waiting time.

The largest demand continues to be for repairs services, with call volumes forecast to increase over the autumn into the winter months. Staff resourcing levels have been reviewed and plans are in place to ensure we can continue to deliver acceptable levels of services during the busy winter months.

4. Operational Performance

- 4.1 The Strategic and Performance Framework sets out the strategic measures, key performance indicators and governance arrangements between the Council and CWH. The Strategic and Performance Framework targets are reviewed by the Council and CWH and reset each year.

4.2 The purpose of the Strategic and Performance Framework is to:

- Provide clarity on the outputs and outcomes expected from the Council and CWH
- Detail the relationship that the Council will seek to maintain with CWH
- Ensure that the Council and CWH work together in a constructive and co-operative manner
- Support continuous improvement in housing services

4.3 The Council's housing client team works closely with CWH on a monthly, quarterly and annual basis to ensure that performance measures and targets adequately reflect the Council's housing priorities, and performance requirements.

4.4 Appendix 1 provides the key performance indicators contained within the performance framework for 2018/19 and performance from April-July 2018. It also includes performance for 2017/8 and 2016/17 against those indicators.

4.5 The information presented below is reported by exception and focuses on those areas of notable achievement or concern where action/intervention is required.

4.6 **Key Performance Indicators (have exceeded targets)**

The following indicators formed part of the strategic framework for 2017/18 and provide a snapshot of some of the work done by CWH to support the Council in delivering its City for All ambitions.

- Dedicated mould and damp busting service - offering physical interventions and advice on prevention, delivering a significant impact on homes and health >1600 residents supported
- 12 comprehensive estate plans produced, providing a 30 year view of estates and opportunities for creation of new homes (target = 10 per year)
- 91 residents helped into work and over 150 supported towards employment (target = helping 100 towards employment)
- 1,402 tenancy review visits (target 500) and made 240 intervention visits to help new tenants, older residents and people who feel their housing may be affecting their health (target of 100 interventions). To support this work more than 75 CWH staff have signed up as members of the Alzheimer's Society's Dementia Friends and CWH have signed up to their Dementia Friendly Housing Charter

4.7 Current issues - Key Performance Indicators

4.7.1 Performance against the following KPIS is currently off target:

- Tenants satisfaction with landlord services – 71% against target of 86%
- Tenant satisfaction with repairs service – 82% against target of 90%
- Tenant satisfaction with quality of repairs – 80% against target of 88%
- Void relet time – 52 days against a target of 28 days
- Resident satisfaction with major works (various targets – see appendix 1)
- Resident satisfaction with complaint handling – 57% against a target of 80%
- Complaints responded to in target time 70% against a target of 97%
- Resident satisfaction with antisocial behaviour case handling 70% against target of 83%

4.7.2 Tenant satisfaction with landlord services 71% against a target of 86%

Tenant satisfaction with landlord services in Westminster was consistently upper quartile against other London boroughs but dropped in the second half of 2017/8 following changes to the service model and implementation of new repairs contracts. Recovery plans to improve service delivery are in place and satisfaction ratings are increasing. Satisfaction for the year to date is at 71% (representing middle quartile performance for London Boroughs) and should reach 80% within this financial year. We aim to reach the upper quartile threshold of 83% during 2019/20.

4.7.3 Tenant satisfaction with the repairs service 82% against a target of 90%

Improved call handling performance has helped increase satisfaction levels, however the length of time taken from requesting a repair to its completion remains a key source of dissatisfaction.

The development of closer links between the customer services centre, repairs managers and contractors is helping to reduce delays in agreeing variations to jobs and improving the information available the customer services centre. Co-location of contractor staff within the customer services centre is helping to improve resolution of issues and avoid complaints.

A major source of repairs is leaks. A dedicated leak detection team is in place to improve diagnosis and resolution. A programme of planned preventative maintenance has been developed to target drainage maintenance.

4.7.4 Tenant satisfaction with quality of repairs

Satisfaction for the year to date is at 80% against a target of 88% and is recovering steadily as the repairs recovery plan takes effect.

Text surveys are issued to tenants on completion of repairs providing early insight into repairs of poor quality. This information is being used to resolve issues quickly and to enable the contractor to address the source of complaints and dissatisfaction.

Post inspections are also providing data on quality standards for contract management purposes.

4.7.5 Void relet time 52 days against a target of 28 days

The average time taken to complete repairs on a routine void is 20 days. To achieve the overall target of 28 days this needs to be reduced to allow sufficient time for the letting process.

A review of the process, in partnership with the term contractor, the housing client team and the Council's Housing Options Service is underway to look at key areas where performance can be improved. The final meetings are due to take place in September 18 and an action plan with short, medium and long term actions will be agreed with all parties.

A number of actions have been identified for delivery from Q3 which will have a positive impact on turnaround time.

4.7.6 Resident satisfaction with major works (various targets – see Appendix 1)

Resident satisfaction with major works and major works consultation is currently measured following completion of major works schemes.

Common themes from the survey are the need for improved arrangements for making appointments for work to be carried out and improving communication on schemes as they progress. For existing schemes in the delivery phase, the above feedback has been taken on board. A new area has been added to the major works portal on CWH' website which includes key information, timescales and correspondence relating to the works. A Customer Charter is being piloted on the Hallfield Estate which offers residents an opportunity to let the contractor know about their priorities when works are on-site. If successful this will be extended to other schemes.

A new process is in place for the procurement and management of major works from which new schemes in development are benefitting and good feedback is being received. We will continue to develop this new approach and will monitor the effectiveness of the changes. As part of the change we will measure satisfaction with consultation when the consultation phase is complete.

4.7.7 Resident satisfaction with complaint handling 57% against a target of 80%

Satisfaction surveying recommenced in June 2018 with 14 responses received for the period April-July. The complaints backlog which developed over 2017/18 has now been cleared and complainants affected are being surveyed by telephone and e-mail. The main area of dissatisfaction noted is time taken to respond. Performance is forecast to improve from September/October 2018 after the complainants who experienced delays in resolving their complaint have been surveyed.

4.7.8 Complaints responded to in target time 70% against a target of 97%

A backlog of complaints from 2017/18 has now been cleared but has adversely affected performance for April-July 18. Performance is forecast to improve from September 2018. Most complaints are repairs related and a dedicated resource from our repairs contractor is co-located with our complaints team to assist residents and resolve service failures. Further information on complaints management is provided at section 5 of this report.

4.7.9 Resident satisfaction with antisocial behaviour (ASB) case handling 70% against a target of 83%

The ASB service was restructured in 2017 and had been using the learning from customer surveys to improve the service. Progress had been good, with performance at the end of 2017/18 at 81%.

Performance dipped in July as a result of staff vacancies which are now in the process of being filled. A plan is in place to improve service levels which includes:

- Back to basics training for new starters, ensuring ASB complainants are provided with an action plan at first contact with case manager
- Improving triaging in the customer service centre
- Auditing of cases by managers- checking progress of action plans and that contact and feedback is made weekly with complainants
- Monitoring satisfaction by case handler

Performance is forecast to recover from September and to meet target by Q4.

5. Complaints

5.1 Over the course of 2017/18 a total of 977 complaints were received. This is a significant increase on 2016/17 in which 399 complaints were received. The increase is partially explained by a change in process requiring all complaints to be logged and administered centrally. Previously complaints resolved locally were not included. It also reflects challenges with service delivery following the changes to the service model and repairs contract.

Service Area	Complaints received 2017/18	%
Repairs	567	58%
Customer Services	256	26%
Area housing teams	99	10%
Lessee services	55	6%
Total	977	100%

Table 1. complaints received 2017/18 by service area

- 5.2 Repairs is the largest service provided by CWH, with c50,000 repairs carried out each year and this service receives the highest volume of complaints.
- 5.3 The second highest area of complaint during 2017/18 was customer services. This reflects the poor service delivered during the latter part of the year.
- 5.4 For the period April-July 2018, a total of 236 Stage 1 complaints were recorded, with 20 progressing to a 2nd stage review. This is an average of 59 complaints per month, compared with 33 per month in 2016/17 and 81 per month in 2018/19.

Service Area	Complaints received April-July 2018	%
Repairs	157	66.5%
Lessee Services	22	9.3%
Customer services	11	4.7%
Central Area Housing team	10	4.2%
West Area Housing team	9	3.8%
South Area Housing team	7	3.0%
Major works delivery	5	2.1%
Income recovery (rents)	4	1.7%
Community Involvement	3	1.7%
North Area Housing team	3	1.3%
Health & Safety	2	0.8%
MEMO	2	0.8%
Antisocial behaviour	1	0.4%
Total	236	100%

Table 2. Complaints received April-July 2018

- 5.5 An average of 39 repairs complaints per month have been received since April and this remains the main focus for service improvement.
- 5.6 A dedicated resource from our main repairs contractor is co-located with the complaints team, providing assistance to customers and resolving service failures.

- 5.7 Customer satisfaction monitoring for the complaints service is starting to provide useful insight. Surveying is undertaken by Kwest Research who e-mail and phone complainants, providing useful qualitative feedback as well as data which we will use to improve complaint handling.
- 5.8 Customer services advisers have received training on 'right first time' call handling and customer care. This training has focused on improving accuracy of repairs diagnosis and effectively dealing with customer objections. All emergency and urgent jobs raised are reviewed on a daily basis to ensure that technically we are delivering the right repair at the right time. A priority for the service going forward is to provide staff with the skills to engage with our customers in a positive and caring way, developing positive relationships to deliver what is right for our customers. To support this we will explore additional customer service training for the team and further develop our quality framework.
- 5.9 We have embarked on a phased approach to upskilling the team so that all customer service advisers will be multi-skilled to handle all enquiry types. Housing and Lessee teams have been trained to raise new repair requests. This will form part of a wider training programme to ensure that we make the best use of our available resources and improve the customer experience.

6. Ombudsman investigations

During 2017/18 six complaints were reviewed by the Housing Ombudsman Service and no maladministration was found. Recommendations were made for two cases and one service failure was found.

Nature of complaint	Outcome
Damp & repairs	Service failure - £1050 compensation & completion of works
Major works on-costs	Recommendation - £145 compensation
Water leak	Recommendation - Inspection by an independent contractor, completion of works and 6 month follow-up inspection

Table 3. Ombudsman investigations 2017/18

For the period April-July, four Ombudsman investigations have completed with no maladministration found and two recommendations.

Nature of complaint	Outcome
Antisocial behaviour	Recommendation - increase compensation offered and review record keeping
Major works	Recommendation – pay compensation and adjust door closer to reduce noise.

Table 4. Ombudsman investigations April-July 2018

7 Members Enquiries

- 7.1 During 2017/18, many residents contacted their local ward councillor about CWH housing services. In response a team has been established with responsibility for investigating and responding to members enquires, with a dedicated e-mail address.
- 7.2 For the period April-July 2018 a total of 490 members and MPs enquires were received, of which 334 were received in April and May in the run-up to the local elections. 76% of those enquiries were responded to within five working days.
- 7.3 As with complaints, the majority of enquiries relate to repairs (40%) and customer care (32%)
- 7.4 Over recent weeks performance has improved to 83% of enquiries in target and the average time to respond is 2 working days.

8 Contract management review

8.1 Contract Management Programme

WCC Contract Management is currently devolved across Directorates with no standardised approach and varying degrees of ownership. The role and responsibilities of a Contract Manager are not well understood and management information regarding a contracts performance is poor. A Contract Management Framework exists however there is limited awareness and it is too generic in its current form. A proposed approach to improve Contract Management and provide increased assurance for the Councils contracts, was approved late September 2017 by the WCC Executive Leadership Team. The scope of the programme covers all contracts with a total value of £25,000 and includes all Adult Social Care, Children's Services, Public Health and ICT contracts as well as Westminster contracts let by City West Homes. The Programme is focussed on standardisation based on best practice. It aims to build on the tools and processes already in place to improve Contract Management across the Organisation through:

- The introduction of a more commercial and risk based approach
- Driving the right supplier relationships and empowering contract managers
- Improving the type and quality of data we hold
- Addressing audit recommendations
- Cost efficiencies

During the latter part of 17/18 the WCC programme focused on planning & readiness, engagement with key stakeholders, project development and mobilisation to support the programme launch. A WCC Programme management Office has been set up and there is a clear Governance structure in place with the Executive Director of Corporate Services as Executive Sponsor. The Programme Management Office will collect updates

from all project leads, track completion of project activities and report status to the Advisory Board. Each project lead will have subject matter expert support or additional sub-teams as required.

8.2 CityWest Homes (CWH) is working closely with WCC Procurement to support the implementation of the Contract Management Process and to help drive best practice and have committed to the following, in line with the new agreed approach:

All contracts with a total value over £25,000 will be entered on capitalEsourcing. The category manager at Westminster will create the contract record in capitalEsourcing, complete the fields, upload a soft copy of the contract and 'Activate' the record. It is then the responsibility of the contract manager at CWH to do the following:

- Every quarter the contract performance needs to be rated in capitalEsourcing.
- Every quarter ensure the information in the contract record is correct especially the Contract Value, Contract Manager/Administrator and expiry date. (Contract Manager – the person who manages the contract / Contract Administrator – the person who maintains the contract record in capitalEsourcing and is usually the same person as the Contract Manager)
- At the beginning of each financial year update the field 'Current Financial Year's Annual Contract Value'
- When/if the contract is extended the 'Current Expiry Date' and 'Contract Value' fields are updated.

Please note CWH uses capitalEsourcing for Westminster contracts only.

8.3 CWH Contract Managers will be attending the Mandatory training for Contract Managers (provided by WCC Procurement) at sessions to be held in September and October.

8.4 In addition to the above, at CWH the reporting process is supported by monthly core group meetings with contractors.

8.5 **Contracts let in the Council's name and managed by CWH**

Table 5 lists all contracts managed by CWH with a value over of over £1.5m p.a.

Contract Performance - Contracts over £1.5m				
Supplier Name	Contract Title	Contract Start date	Contract End Date	Contract Value
Morgan Sindall Property Services	Lot 1 – Responsive Repairs and Voids	01/07/2017*	30/06/2027	£129,247,350
GEM Environmental Building Services Ltd	Lot 2 - Mechanical	30/06/2017	30/06/2027	£19,501,330

Oakray Ltd	LOT 3 - Electrical Services	30/06/2017	30/06/2027	£33,001,370
Precision Lift Services Ltd	LOT 4 - Lifts Services	30/06/2017	30/06/2027	£24,223,620
Morgan Sindall Property Services	Lot 5 - Domestic Heating	30/06/2017	30/06/2027	£21,993,570
United Living	Lot 1 Major Works (South)	22/11/2017	30/11/2027	£100,000,000
AXIS EUROPE	Lot 2 Major Works (North)	22/11/2017	30/11/2027	£100,000,000

Table 5 Contracts managed by CWH for the council valued at more than £1.5M per annum

8.5 2017/18 Value Add

One of the benefits of the 10 year contracts for major works and repairs has been an increase in the amount of Social Value leveraged. In the first year of the contracts the following benefits have been provided:

- 15 apprenticeships
- 10 pre-employment places
- 6 partnerships with Westminster schools
- 1 collaborative partnership with a SEN school
- Support for digital inclusion training for residents
- >25 community volunteering days
- Establishment of a social value board

In addition a collaborative training programme is planned, to be delivered from a community hall to enable Westminster residents to gain construction qualifications.

8.6 Procurement forward plan

CWH is working with the Council to procure the following services over 2018/19:

- Estate cleaning (scheduled to start 1/2/2019)
- Grounds maintenance (scheduled to start 1/2/2019)
- Asbestos testing services (scheduled to start 30/10/18)
- Asbestos removal services (scheduled to start 23/10/18)
- Disability aids & adaptations (scheduled to start 17/8/19)

9 Risk

9.1 Risk Management

- 9.1.1 Risks are identified and considered at directorate level within CWH, using a risk matrix which considers likelihood and potential impact and is used consistently for risk management across all teams. General controls and specific mitigations are applied to each risk and a revised 'residual' risk score calculated. Risk registers are reviewed by directorates on a monthly basis and reported to the Head of Governance who maps the residual risk scores across the business. Risk maps are reported and reviewed monthly by CWH executive team and on a quarterly basis by the Audit Committee and CWH Board.
- 9.1.2 The Audit Committee has responsibility for monitoring the overall risk management framework of the company, in particular reviewing the effectiveness of the risk management and internal control framework through quarterly reports on key risks, controls/mitigation and actions.

9.2 Top emerging and current risks

9.2.1 Fire Risk Management in Council residential buildings

Impacts and consequences

Death or injury as a result of fire, loss of property, or incidents of enforcement action.

Mitigation and progress

- Strategy and budget approved. Project board in place to monitor delivery of the fire safety programme chaired by Director of Asset Strategy & Development. Appointment of fire programme manager role to monitor and drive delivery and two fire surveyors as a dedicated resource for repairs and maintenance works.
- Significant engagement residents including a bespoke communications plan for residents living in blocks requiring specific fire safety works.
- Cladding removed from Warwick & Brindley towers at Little Venice and replacement cladding plans progressing.
- Façade replacement feasibility studies at Torridon House are complete and a project execution plan is in development. Consultation has taken place with residents, and leaseholders will not be liable for any cost of work.
- At Glastonbury House plans are being finalised to replace the rear riser cladding. The cladding work will be completed within the year 2018 and the building will also be retrofitted with sprinklers.
- Continued ongoing review of fire safety management:

- A fire door inspection programme of all common area fire doors including 10% sample of resident flat doors throughout 261 buildings, over six storeys with enclosed communal parts.
- Upskilled in-house assessors with Fire Door Inspector certification, to complete door surveys in conjunction with FRAs moving forward.
- Commitment to providing all residents with a fire safety action plan, summarising the key risks that have been identified and actions arising, following completion of their buildings FRA.
- Escalation of planned works to survey over 300 street level properties, installing where required emergency lighting and smoke detectors in communal areas. This is due for completion by the end of the financial year 2018/19.

9.2.2 Impact of Universal Credit roll-out on rent payment

The second phase of rollout of Universal Credit commenced in June 2018. 161 of the Council's tenants are UC recipients (as at the end of July 2018), slightly higher than originally anticipated. The final managed migration phase during which tenants claiming any of the 6 legacy benefits are transferred to UC is due to take place by 2023 in Westminster.

Impacts and consequences

If residents who make a claim for UC do not pay the housing element to the Council as landlord, income to the HRA will drop, arrears will increase and affected tenants will struggle to sustain their tenancies. As the number of UC claimants increases, if rent payment are not made, pressure will be put on income management resources within CWH to support tenants on UC, to manage their rent payments, leading to an increase in rent arrears and need for enforcement action.

Mitigation and progress

- Streamlining of income management processes to increase capacity of the income recovery team
- Engagement with DWP to share information and maximise benefit from the landlord's portal
- Procurement of tools to automate contact when payment is missed to chase unpaid rent quickly.

9.2.3 Loss of major IT systems due to either systems failure or cyber-attacks

A temporary or permanent interruption of systems and/or loss of data, harming customers and services.

Impacts and consequences

This could lead to inability to deliver core systems, theft or corruption of data, which could result in significant operational, financial and reputational damage, resulting in fines and significant recovery costs.

Mitigation and progress

- Implementation undertaken of enterprise grade security tools for firewalls, web filtering, anti virus backups and patching.
- We are working towards Cyber Essentials certification, including investment in end-user training, maintaining software levels, data recovery capabilities, backup integrity and annual penetration testing.

9.2.4 Accidental or malicious loss of data

Data breaches which result in harm to one or many CityWest customers.

Impacts and consequences

Significant reputational damage and fines from the Information Commissioner's Office (ICO).

Mitigation and progress

- All accounts secured and devices provided with security software.
- Plans for compliance with the GDPR in place, with regular engagement in place for every department, with access and content reviews.
- Progress reviewed through GDPR project board chaired by Exec Director for Strategy & Planning .

9.2.5 Unpredictable call volumes in contact centre

Impacts and consequences

Irregular peaks and troughs in call volumes may lead to over/under resourcing leading to ineffective use of resources and poor service to residents

Mitigation and progress

- Monitoring and assessment of historic and current customer contact volumes to the customer services centre and call duration trends to forecast workload for incoming calls, together with other variables such as desired service level

- Contingency budget set aside for additional staffing in the event of unprecedented demand

7.2.6 Recruitment and retention of skilled/experienced staff

Difficulty in recruiting and retaining specialised staff due to high market demand for key skills.

Impacts and consequences

Non-alignment of workforce to strategic and operational needs in terms of skills and experience, including local knowledge and corporate memory. High turnover rates, increasing expenditure on recruitment, poor quality service delivery.

Mitigation and progress

- Improvements to on-boarding new staff, including and increased communication with, and support for during the early stages of employment
- Monthly 'pulse' survey to understand staff morale and provide managers with an insight to be able to manage sources of dissatisfaction
- Review of pay and conditions for specific service areas
- Ongoing documentation of processes and procedures

10 Financial Standing

10.1 The purpose of this section is to:

- clarify how CWH accounts for any surplus or loss that it makes in a financial year
- provide information on CWH' financial position

10.2 Management Agreement – surplus or loss

10.2.1 The treatment of any surplus or loss made by CWH is stipulated in the Management Agreement para 12. The extract is below:

12. Surpluses and reserves

12.1 CWH shall be entitled to retain or invest any available surpluses or reserves arising from efficiency savings as agreed in the Council's absolute discretion as a result of CWH's trading activities.

12.2 CWH shall retain or invest fifty percent of such surpluses and reserves referred to in paragraph 12.1 above in ways or on initiatives or projects agreed annually with the

Council and shall be free to exercise its discretion as to the manner in which it retains or invests the other fifty percent.

12.3 The CWH Board of Directors should agree annually and maintain at all times a prudent minimum reserve level.

12.4 Any other surpluses not arising under the circumstances described in paragraph 12.1 above shall either be used for the purposes described in paragraph 12.2 or returned to the Council forthwith

10.3 Financial Information

10.3.1 A set of documents are provided as appendices to this report which provide an overview of CWH financial position at the end of the financial year 2017/17. Those documents are as follows:

Appendix 2. CWH Annual Financial Statements y/e 31 March 2018

Appendix 3. CityWest Homes Services (CWHS) Annual Financial Statements y/e 31 March 2018. Please note CWHS is a subsidiary of CWH.

Appendix 4. A signed Letter of Representation from the Council

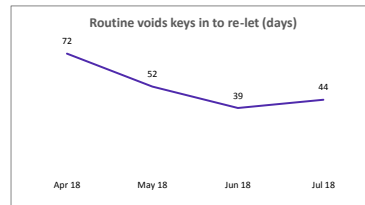
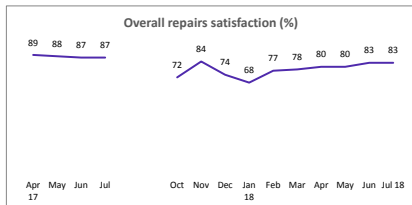
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The performance framework sets out the key indicators between WCC and CWH for 2018/19.

* Targets added to the performance framework (previously monitored within CityWest Homes)

Contact centre	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Calls resolved on the first contact*	-	45%	69%	60%
Call abandonment rate*	-	22%	6%	8%
Calls answered within 30 seconds*	-	60%	68%	70%

Repairs and voids	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Properties with valid gas safety certificates*	99.92%	98.73%	99.97%	100%
Overall satisfaction with repairs*	90%	81%	82%	90%
Repairs completed on the first visit	88%	85%	80%	85%
Satisfaction with quality of repairs	87%	80%	80%	88%
Routine voids keys in to re-let (calendar days)*	35	58	52	28



Customer service	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Satisfaction with complaint handling	75%	-	57%	80%
Complaints responded to in target*	98%	-	70%	97%

Performance commentary

Performance monitoring of call handling commenced when the contact centre was set up in June 2017.

Calls answered within 30 seconds

Call handle performance has continued to improve during the first quarter of the year, with improvements in speed of answer and reduction in average handle time in comparison to Q4 last year. The focus for 2018/19 will be improving the quality of service delivered whilst maintaining an acceptable level of performance in call handling rates.

New repairs contracts started operating in June 2017.

Gas certificates

Annual CP12 landlord certificates for two properties were outstanding at the end of July. One has now been completed and we are taking legal action to gain access to the remaining property.

Repair satisfaction survey

The length of time taken from requesting a repair to its completion remains a key source of dissatisfaction. Closer working between the customer services centre, repairs managers and contractors is helping to reduce delays and improving the information available to the customer services centre. A major source of repairs is leaks. A dedicated detection team is in place to improve diagnosis and resolution. A programme of planned preventative maintenance has been developed to target drainage maintenance.

Satisfaction with repair quality

Text surveys are issued to tenants on completion of repairs providing early insight into repairs of poor quality. This information is being used to resolve issues quickly and to enable the contractor to address the source of complaints and dissatisfaction.

Voids

A review of the process, with partners, is underway with final meetings in September 18 to agree an action plan for all parties. A number of actions have already been identified for delivery from Q3 which will have a positive impact on turnaround time.

Complaints satisfaction

Surveying recommenced in June with 14 responses so far. Time taken to respond is the main area of dissatisfaction, which reflects the impact of the complaints backlog which has now been cleared. Performance is forecast to improve from Sept 18.

Response time

A complaints backlog accumulated at the end of 17/18, which has now been cleared. Performance will improve from Sept 18. Most complaints are repairs related and a dedicated resource from our repairs contractor is co-located with our complaints team to assist residents and resolve service failures.

Asset management	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Key schemes >£250k on site within 3 months of target	19%	75%	22%	75% (year end)
Tenant satisfaction with major works	82%	88%	78%	88%
Tenant satisfaction with major works consultation*	85%	65%	74%	80%
Lessee satisfaction with major works	47%	36%	53%	64%
Lessee satisfaction with major works consultation	59%	42%	45%	66%

Neighbourhoods	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Resident satisfaction with antisocial behaviour (ASB) case handling	81%	81%	70%	83%
Fire risk assessments (FRA) in target*	99%	96%	98%	85%
	-	-	7	no FRA >1 month overdue

Income collection	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Rent collected as a proportion of rent owed	99.17%	98.84%	98.49%	98.93%
Lessee service charge collection	98.32%	97.50%	97.59%	98%

Incentive	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Former tenant arrears collection	£282,472	£192,631	£65,691	150000 (year end)
Unlawfully occupied properties recovered	23	16	6	-
Collection of aged lessee debt*	-	1.366m	£438,803	£1.5m (year end)

Audit	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Achieve high standard of internal audit report outcomes	Substantial assurance	Satisfactory assurance	-	60% satisfactory, 40% substantial assurance

Major works satisfaction
Three schemes have completed this year and surveying has begun. Responses: tenants 31, leaseholders 19.

A new process is in place for the management of major works, from which new schemes in development will benefit. We will monitor the effectiveness of the changes and survey satisfaction with consultation when the consultation phase is complete.

ASB case handling
The ASB service was restructured in 2017. Performance has been improving incrementally but dipped in July as a result of changes in staffing levels. We are currently recruiting to vacancies and anticipate performance improving from September onwards. We predict that the target will be met by Q4 and sustained from then.

Fire risk assessments
The FRA team has been focused over the last three months on high risk FRA situations (eg, reviewing the type 4 reports for high-rise blocks). As a result a small number of lower risk FRAs have not been re-inspected. Seven inspections are out of target, and have been completed on site but are awaiting validation.

We are on track to achieve the target for rent and service charge collection.

No internal audits have been carried out by the Council's audit team this year.

Annual satisfaction measuring	Year end 16/17	Year end 17/18	Year to date 18/19	Target
Tenant satisfaction with landlord	85%	55%	71%	86%
Tenant dissatisfaction with landlord	10%	37%	19%	9%
Resident satisfaction with neighbourhood	87%	73%	78%	88%
Lessee satisfaction with landlord	64%	37%	-	65%
Lessee dissatisfaction with landlord	22%	49%	-	21%
Satisfaction with opportunities for resident involvement*	74%	66%	-	Tenant 74%
	55%	46%	-	Lessee 56%
Satisfaction with keeping residents informed	81%	74%	-	Tenant 81%
	64%	52%	-	Lessee 64%

These indicators have previously been measured through an annual survey.

We intend to change the approach to asking the questions quarterly from Q3. Until the new approach is in place, we have added the landlord and neighbourhood questions to our transactional repair survey. The neighbourhood question relates to tenants only.

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CityWest Homes Limited

Annual report and financial statements for the year ending 31 March 2018



CITYWEST HOMES

CityWest Homes Limited
Registered in England:
04383394

Contents

Company Information	2
Strategic report	3
Directors' report	5
Statement of internal control	11
Chair's statement	13
Independent auditor's report to the members of Citywest Homes Limited	18
Statement of income and retained earnings	22
Statement of financial position	23
Statement of cash flows	24
Statement of accounting policies	25
Notes to the financial statements	29

Company Information

Board of Directors:		
Chair	Tom Keevil	Appointed 6 June 2016
Other independent Directors	Cha Patel Fiona McAnena Richard Simpson	Appointed 12 July 2012 Appointed 6 May 2014 Appointed 3 January 2017
Residents	Paul Sylva Mohammed Fahim Stuart Castledine Eve Young	Appointed 3 March 2015 Appointed 3 January 2017 Appointed 1 April 2017 Appointed 1 April 2017
Westminster City Council nominees	Angela Harvey Aicha Less Barbara Arzymanow Susie Burbridge	Appointed 26 June 2014 Resigned 20 April 2018 Appointed 26 January 2017 Appointed 27 January 2017
Chief Executive	Jonathan Cowie	Appointed 15 June 2015

Company Secretary:	Iain Mackrory-Jamieson	Appointed 11 December 2014
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Executive team:		
Finance	Emma Dexter	Appointed 4 May 2017
Shared Services	Joanna Bowles	Appointed 1 July 2012
Asset Strategy & Development	Martyn Jones	Appointed 1 July 2017
Strategy & Planning	Andrea Luker	Appointed 1 October 2016
Customer Services	Martin Edgerton	Resigned 31 March 2018
Property & Development	Phil Jenkins	Resigned 31 August 2017
Property Services	Jim Paterson	Joined 26 June 2017

Registered office:	21 Grosvenor Place, London SW1X 7EA
Registered number:	04383394 – Company limited by guarantee
Independent Auditors:	BDO LLP, 55 Baker Street, London W1U 7EU
Bankers:	Lloyds Bank, City Office PO Box 72, Gillingham Business Park, Kent ME8 0LS
Solicitors:	Trowers & Hamblins, 3 Bunhill Row, London EC1Y 8YZ

Strategic report

Development and performance

CityWest Homes (CWH or “the Company”) manages and maintains circa 22,000 properties on behalf of Westminster City Council (WCC). CWH strives to meet performance framework objectives set with WCC each year, and strategic objectives set out in its 2015 to 2020 strategic plan. These goals are monitored by the Board and WCC. We continue to support Westminster’s estate regeneration and the delivery of new homes. Our residential estate agency has also met its objectives. In 2017/18, we progressed our plans to introduce a new service delivery model to make it easier for our customers to achieve swift, effective outcomes. Those plans will come to fruition during 2018, and were designed to improve effectiveness and value for money.

Review of results

Performance continues to meet expectations with an operating profit before the impact of the pension scheme. The Company’s result on ordinary activities before taxation and FRS102 pension charges, was a profit of £9,987 in the year to 31 March 2018 (2016/17: profit £22,226).

After taking account of the pension scheme adjustment, the loss in the financial year to 31 March 2018 was £3,446,000 (2016/17: £1,503,774). Accounting regulations under FRS102 dictate that additional charges, such as administration expenses are made directly to the profit and loss.

The Management Fee received from the Council for housing management and support services is shown as expenditure in the Council’s Housing Revenue Account. This amounted to £16,193,000 for core housing services (2016/17: £12,939,199).

The financial statements disclose a pension deficit of £26,318,000 at 31 March 2018 (2016/17: £28,262,000). This amount is included in the financial statements in accordance with the provisions of Financial Reporting Standard no.102 (FRS102), which governs the accounting treatment and disclosure requirements for defined benefit pension schemes. Full details of the pension liability are disclosed in Note 17.

Key performance indicators (KPIs)

The Board monitors progress by reference to the following KPIs:

Strategic performance indicators	2017/18	2016/17	2015/16
Rent collection	98.84%	99.17%	99.06%
Service charge collection	97.50%	98.32%	98.10%
Repair satisfaction	81%	90%	92%

An assessment of actual performance during the year against the strategy is set out in the Chair’s report on page 13.

Strategic report continued

Principal risks and uncertainties facing the Company

The Company aims to manage risk in a balanced and proportionate way to recognise threats and opportunities. Identifying and understanding the risks we face, and managing them properly is the key to the delivery of excellent services to our communities, as well as taking new opportunities to enhance and expand our services. The Company maintains a risk register, which is reviewed monthly by the Executive Team and presented regularly to the Audit Committee and the Board, with details of management actions to mitigate the effect of the risks identified, should they materialise. The principal risks and uncertainties facing the Company at this time are summarised below:

Risk area	Risk summaries
Business continuity	Major incident in central London affecting staff accessing offices which can impact our service to residents or cyber attack.
Corporate strategy	Failure to deliver strategy and transformation programmes leading to delays in project delivery and affecting anticipated outcomes.
Digital strategy	Transition from traditional to digital engagement with customers, delivery of service and unsatisfactory management of data.
Health & safety	Failure to deliver a safe environment for our residents and employees in accordance with regulatory requirements, including fire safety.
Operating model	Failure to deliver our principal operational services to the required service standards.
People	The Company may be unable to recruit and retain appropriately qualified and skilled staff.
Regulatory changes	The ongoing impact of the Housing and Planning Act 2016.

The Board has agreed a statement of Risk Appetite for the Company, which was most recently reviewed and approved on 13 March 2018.

Authorisation and approval

The Strategic Report was authorised and approved by the Board, and signed on its behalf by:

Tom Keevil
Chair

5 June 2018

Directors' report

The Board is pleased to present the annual report and financial statements of CityWest Homes Limited for the year to 31 March 2018.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent, WCC. The Directors have received confirmation that WCC intends to support the company for at least one year after these financial statements are signed.

Principal activities

CWH is a wholly owned subsidiary of WCC ("the Council") and was incorporated in February 2002 as one of the first arm's length management organisations ("ALMO's") in England. The Council delegated the management of its housing stock to the Company under Section 27 of the Housing Act 1985 (as amended by the Housing and Urban Development Act 1993). The Company is responsible for the following functions:

- maintenance of the Council's residential housing stock, including undertaking major works, planned maintenance, responsive repairs, stock condition surveys, procurement, supply chain management and development of new housing;
- housing management of the Council's residential stock, including rent collection, resident involvement, leasehold management, repairs ordering, calculation and collection of leasehold charges;
- managing the Council's Management Agreements with Tenant Management Organisations;
- the financial management of specified revenue and capital expenditure budgets, accounted for in the Council's Housing Revenue Account ("HRA"), and delegated by the Council to the Company;
- contributing to the Council's Housing Strategy and work in partnership to develop and implement other strategic initiatives;
- delivering community development, community safety and youth programmes in conjunction with the Council and other partners;
- managing and maintaining the Council's housing management computer system used by both the Council and the Company; and
- managing development and regeneration programmes on behalf of WCC.

Directors' report continued

Corporate governance

CWH is governed by its Board of Directors. The Board is committed to high standards of corporate governance. Board membership comprises four residents, four Council nominees, four independents plus the Chief Executive, making a total of thirteen Board members who are the registered Directors.

Tom Keevil was appointed as Chair on 6 June 2016, following the retirement of Adam Humphreys on that date. A full list of Directors who served during the year is presented on page 2. Unless otherwise stated, the Directors were in post for the whole of the year. The Board is responsible for the strategic and financial management of the Company in accordance with its Memorandum and Articles of Association. The Board has responsibility and accountability to the Council under the terms of its Management Agreement.

The Board met four times and held two strategic away days during the financial year 2017/18. The Board has established a number of committees and panels whose roles are detailed below.

Board committees

Audit Committee (AC)	This Committee is chaired by Paul Sylva and met 4 times in 2017/18. It is responsible for monitoring financial performance, scrutinising budgets, risk management, responding to fraud related matters, approving the internal audit programme and monitoring recommendations, and overseeing the statutory audit function. It advises the Board on all these matters and has specific responsibility for risk management escalation to the Board when necessary.
Remuneration, Employment and Diversity Committee (REDC)	This Committee is chaired by Cha Patel and met 4 times in 2017/18. It monitors and advises the Board on issues relating to all aspects of employment, equality, inclusion and diversity. It also makes recommendations to the Board relating to the appointment and remuneration of the Chief Executive, Chairman, and other Board members. It also agrees the remuneration of the members of the Executive Team.
Strategic Health, Safety and Wellbeing Committee (SHS&WC)	The Strategic Health, Safety & Wellbeing committee met twice in 2017/18. It is chaired by the CEO and includes the Chair and another non-executive Board member. It also includes members of the Executive team, and staff and WCC representatives. The primary objectives of the Committee are to lead and promote a positive culture which supports the successful management of health, safety and wellbeing; and, to agree the strategic objectives for the evaluation and monitoring of the existing management system to enable opportunities for improvement to be identified.
Customer Services Committee (CSC)	The Committee is chaired by Angela Harvey and met 4 times in 2017/18. It is responsible for planning and monitoring all corporate strategic aims, where improving customer experience is the key outcome. The Committee is also responsible for leading and setting minimum standards of quality and value for money.

Directors' report continued

The fees payable to Committee chairs and other non-executive directors had not been reviewed since 2009, so these were reviewed by the REDC in 2017, as they had become out of line with the additional work commitments required of Board members. Their responsibilities mean that ordinary Board members spend on average 15 days a year on Board business; Committee chairs approximately 30 days; and the Board Chair circa 75 days. However, the Board concluded that no increases should be made in 2017, and that the issue would be reconsidered in 2018.

Executive Team

The Executive Team members are presented on page 2. The Executive Team is led by the CEO. It manages the Company's activities on a day-to-day basis within the authority delegated to it by the Board. It is responsible for operational delivery, financial control, performance monitoring and risk management.

Directors' insurance

The Company maintains standard insurance policies for Board members and other officers.

Resident involvement

CWH prides itself on its commitment to involving residents in many aspects of shaping and delivering our service. CWH offers a wide range of Resident Engagement options for residents to get involved, including completing surveys, attending events, meetings, managing the grounds maintenance service, or even taking over the direct management of the service for their estates.

In addition to the existing residents associations and local community groups, we benefit from a Residents' Council (RC), which provides a forum for dialogue in a spirit of partnership, so that the Board's strategic decisions may take residents' views into account. During 2017 the RC:

- contributed to the Mayor of London's Housing Strategy consultation;
- reviewed progress on tenancy reviews, after being briefed on the new system in January;
- contributed to the development of the new suite of service standards and commitments.

Four Residents' Area Panels are at work alongside us to continuously improve the local service we provide to our residents. Their projects in 2017 included:

- promoting how to report ASB, and understanding why ASB victims are reluctant to report;
- implementing digital inclusion workshops;
- identifying how the panel can contribute to raising the satisfaction of ASB complainants.
- highlighting fly-tipping and waste collection, leading to reviews of the procedure for bulky waste collection from estates;
- holding an event focussed on health and wellbeing, linking residents up with longer term services in the community; and
- Establishing a service review group to look at short term lets.

Directors' report continued

Colleague involvement

The Company provides employees with information on matters relating to them. The Company is committed to involvement and excellent communications with its employees and recognises two trade unions. The Joint Consultative Committee comprises trade union and other employee representatives together with an Executive Team member and other senior managers. Its purpose is to provide an effective mechanism for formal negotiations and consultation with colleagues and trade unions on employment matters.

People Engagement

In October 2017 we appointed a Head of People Engagement, this is a new role and demonstrates our commitment to ensure our people develop and thrive at CityWest Homes, enjoy their work and are recognised for the contribution they make in helping us to achieve the company's strategic objectives.

We are now able to measure employee engagement through monthly pulse surveys, which were launched in January 2018. A People Network has also been created, which meets on a monthly basis with around 25 people from across the business. This group aims to share ideas and solutions on matters that affect experiences at work and includes issues that have been raised through the pulse survey.

We continue to work with Joint Consultative Committee (JCC) The JCC meets at least every two months and provides a means for representatives of the recognised trade unions (UNISON and GMB), representatives from non-union people and CityWest Homes management to give joint consideration to employment matters for the company.

Employment policy

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, age, religion or belief, sexual orientation, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

At CWH, the mean average difference in pay between men and women was 16%. The Board have considered the Company's strategy and set a target to reduce this gap to below 10%.

Directors' report continued

Health and Safety

The Board recognises its legal and moral responsibilities to ensure the health, safety and welfare of its employees, customers, stakeholders, contractors and other third parties, as far as is reasonably practical. All employees are issued with a colleague health & safety handbook which addresses personal protection equipment, risk assessments and training needs analysis.

Independent Auditors

BDO LLP are the Company's Statutory Auditors and were appointed in 2014, as part of the audit rotation process.

Disclosure of information to Auditors

At the date of this report, each of the Company's Directors as listed on page 2 confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's Auditors in connection with preparing their report of which the Company's Auditors are unaware; and,
- each and every Director has taken all the steps that ought to have been taken acting as a Director in order to make themselves aware of any relevant information needed by the Company's Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information.

Directors' report continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (UK Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that reporting period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and ensure that they are consistently applied;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal control

Scope of responsibility

The Company is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for in an appropriate manner. The Company has a responsibility to assist the Council in its duty under the Local Government Act 1999 to make arrangements to seek continuous improvement in the way its functions are exercised, having regard to economy, efficiency and effectiveness.

The Company is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and risk management.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance. The system of internal control identifies and prioritises the risks to which the Company is exposed, evaluates the likelihood of those risks materialising and assesses their impact should they materialise and considers any necessary mitigation strategies, with the aim of managing the risk efficiently, effectively and economically.

The key elements in exercising the system of internal control include:

- corporate governance arrangements, as outlined in the Directors' Report on page 5;
- written policies and procedures including delegated authorities;
- employment of suitably qualified and experienced staff to take responsibility for key areas of the business, supported by a formal performance appraisal system;
- preparation of forecasts and budgets which enable executive staff, the Board and its Committees to monitor the key business risks and financial objectives,
- identifying and investigating variances arising during the monthly reporting cycle;
- subjecting all investment projects to formal authorisation procedures with significant initiatives being reviewed by the appropriate committee; and
- the Audit Committee reviewing reports from management, internal and statutory auditors, including reports on follow-up actions to correct any weaknesses identified. The Audit Committee make regular reports to the Board on these matters.

Internal controls assurance

The Board recognises its responsibility for the system of internal control and for reviewing the effectiveness of that system. The Company reviews the appointment of its Internal Auditors every three years, and re-tendered the contract at the end of 2017/18.

Statement of internal control continued

The Audit Committee undertakes an annual review of the internal control system and presents its findings in a report to the Board. No significant weaknesses were found in the internal controls in operation for the year ended 31 March 2018 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Independent Auditors' Report.

Authorisation and approval

The Directors' Report, including the Statement of Internal Control, was authorised and approved by the Board, and signed on its behalf by:

Paul Sylva
Chair of the Audit Committee

5 June 2018

Chair's statement

In June 2017 CWH embarked upon a major transformation and restructure as part of the five-year company strategy. The changes included implementing a new operating model, in the course of which we welcomed colleagues from Pinnacle as we created a new contact centre and restructured housing management services. We also managed the appointment of new long-term repairs and major works contracts offering improved accountability and potential to also add value through corporate responsibility opportunities supporting Westminster's City for All strategy.

The new operating model was designed to simplify how residents contact CWH, whilst improving service quality and consistency. These arrangements also make better use of the resources available to provide support to residents. The new repairs contracts were designed with residents, to be easy for customers to use, to deliver value for money and provide a service our customers can trust. The changes implemented impacted upon all parts of CWH and, combined, represented the greatest level of change to the delivery of WCC housing service in 20 years.

These accounts should be read in conjunction with CityWest Homes Services Ltd accounts as 2017/18 was a transitional year whereby any new staff have joined CityWest Homes Services Ltd. For the first time, CWH has been able to see holistically, and understand, our residents' demand for services as we simplified contact from over 450 individual phone numbers and 300 email addresses.

Initially, both customer contact handling and repairs performance were at unacceptable levels, for which CWH and I, as Chair, apologise. A backlog of repairs created during the handover of contracts pushed call volumes upwards and planned resourcing levels both within the new customer services centre and the incoming repairs contractor were insufficient to cope.

A recovery plan was implemented during the autumn, but it took 2-3 months for the issues to be worked through and performance remained below the Board's expectations until the early part of 2018. The new arrangements have now been bedded in and performance levels have steadily improved since January. We are now at the levels the Board would expect the organisation to deliver at this stage in the transformation programme. However, there is clearly a great deal more to do.

The benefits of centralising call handling for the housing management teams can be seen in new ways of working. The new structures allow our housing teams to spend more time out with residents and during this financial year we have pro-actively visited over 1,000 tenants to identify ways in which CWH in partnership with WCC and other agencies can provide enhanced support. Over 200 interventions have been carried out, including:

- money advice and debt counselling;
- signposting to befriending services;
- assisting residents with property downsizing and moving closer to their families; and

Chair's statement continued

- referrals for occupational therapy assessments and adaptations to enable tenants to live independently for longer.

The new specialist teams are also adding value, with increased joint action plans between CWH specialist Anti-Social Behaviour (ASB) teams, the police and relevant WCC teams. Tackling ASB will remain a key area of focus next year.

Transformation programme

94% of resident communication with CWH is now by telephone or email and the most significant change made to the operating model from June 2017 was the creation of a centralised customer services centre to deal with all initial customer requests.

In addition, the following improvements were implemented:

- online services were improved with a new website and development of secure online accounts, to provide an alternative way for residents to contact us and access services 24/7;
- regular 'drop-in' sessions, providing surgeries for residents across its estates in place of materially underutilised estate offices;
- identifying vulnerable residents and providing increased home visits when needed;
- providing staff with mobile technology to improve effectiveness when working out of the office, on visits and inspections;
- refurbishment of 4 area service centres to provide a consistent welcoming environment.

The customer service centre is showing steady and consistent improvement, with average wait times below one minute during March 2018 and 70-80% of calls answered in 30 seconds. Resolution of customer issues during the first contact is at over 60%. The focus is now on delivering consistent performance.

In the summer of 2017 CWH appointed two long term major works contractors and five new repairs contractors on behalf of WCC to:

- deliver all planned maintenance and refurbishment works across CWH's managed estates;
- deliver services to standards agreed with residents through long term partnering arrangements;
- provide significant social value benefits, including apprenticeships and training for Westminster residents; and
- to seek to generate savings for WCC of around £60 million over the next 10 years.

Repairs performance is showing steady improvement, with all emergencies being dealt with within 48 hours and 87% in 24 hours. Routine repairs are operating at 90% against a target time of 20 days. Resident satisfaction on repairs has increased and has shown a range of 73-82% during February.

Chair's statement continued

Following WCC's review of our transformation programme, we are working to implement a plan based on 10 recommendations, and will be appointing a Chief Operating Officer to bring together all operational delivery. As we move to the next phase of transformation, we are working on a new strategy for digital services that will ensure we enhance the on-line service capability for our residents.

Fire Safety

In the immediate aftermath of Grenfell, a comprehensive assurance review was undertaken of all the buildings CWH manage on behalf of WCC to ensure that their design, build and fire stopping was appropriate from a fire safety perspective. No issues of a similar nature to those experienced at Grenfell exist. However, the cladding on 6 tower blocks has been stripped and will be replaced with an enhanced low combustion fire-retardant cladding system. A detailed action plan was also drawn up and implemented to seek to enhance resident fire safety across the entire estate of properties that CWH manage and WCC have agreed in principle to introduce sprinkler systems into tower blocks. The first programmed work will commence shortly at Glastonbury House.

Significant resources continue to be deployed to manage the ongoing response to fire safety issues and this has been factored into the 2018/19 budget. From March 2018 all residents will begin receiving a copy of their building's fire risk assessment action plans following each inspection. This is an important new step to seek to enhance transparency with residents and demonstrate that their homes are as safe and secure as possible. In support of this we have designed, and are set to launch, a resident communication campaign focusing on fire prevention, what to do in the event of fire in the home and leaseholder responsibilities.

Leadership

In changes to our Executive Leadership, we welcomed Emma Dexter as our new Finance Director in May 2017 and with the departure of Phil Jenkins in August 2017, Martyn Jones was promoted to Director of Asset & Development, and Jim Paterson joined as Director of Property Services. Martin Edgerton, who was recruited to implement the first phase of the transformation model left us in March 2018, after completing his assignment.

Board Diversity

Our Board now has a 54:46 female: male gender ratio, with 23% of Board members being of BAME ethnicity.

Chair's statement continued

Delivering for Westminster City Council

Each year WCC agrees a set of strategic and performance targets with CWH. Whilst we have achieved most of the strategic targets, operational performance dipped over the course of the year in several areas and despite turning performance around, some of the annual targets have not been met.

We were encouraged, however, to achieve enhanced efficiency and deliver planned annualised savings to WCC's Housing Revenue Account ahead of schedule. We will learn from what happened this year and look to further enhance our service and efficiency levels in 2018/19.

Repairs performance dipped following the re-letting of contracts but is now improving and customer satisfaction with repairs has increased month on month over the final quarter of the year.

Performance on income collection targets remained very strong throughout the year, and satisfaction with ASB case handling is improving. Lessee satisfaction with major works remains low however, and this will be another key area of focus in 2018/19. The challenges during the 3rd quarter of the year are expected to be reflected in our annual satisfaction survey results and we will continue to work hard to increase how our customers rate our services over the year ahead.

The planned focus on accelerated housing delivery is taking shape with plans to accelerate infills and opportunities to purchase/build new homes. This sees a dedicated team working virtually with WCC supporting the current and planned growth pipeline as a core service activity. Portfolios have been agreed and the team is focused on recruitment and delivering the accelerated homes programme.

Wider Political Environment

The year was understandably dominated by the Grenfell Tower tragedy in June 2017. Phase 2 of the Independent Review of Building Regulations and Fire Safety by Dame Judith Hackitt was reported back to Government in May 2018. The review was commissioned by the Home Secretary and Secretary of State of the Ministry of Housing, Communities and Local Government (MHCLG). A series of working groups have met and have been working on recommendations across the 6 core themes. Our CEO has been invited to represent the ALMO sector in a review of the recommendations before presentation back to the Government.

Digital infrastructure

During the last 12 months, broadband was installed on 9 estates (7,700 homes or 36% of the stock), with an application to install to a further 3,100 homes in place (increasing to circa 55% of the stock). We continue to make available to residents all income from telecom providers renting space on roofs for masts, this is invested in community projects and improvements with input from our resident

Chair's statement continued

engagement structure. We also launched free digital inclusion sessions for vulnerable and older residents across our estates in partnership with our resident area panels.

Employment

This year over 130 people have benefitted from our employment service with 70 people actually finding jobs in 2017. In addition, over 400 apprenticeships, and other employment and training opportunities will be created for Westminster residents over the next 10 years thanks to new major works and repairs contracts.

Environment

We were the first social housing organisation in the country to pioneer new contactless digital boiler technology to ensure complete gas safety compliance. Over 530 home visits have been conducted to address condensation and mould issues since December 2016, as a result of our 'Break the Mould' campaign, with 10-15 referrals a day currently being processed. Four green spaces managed by CWH retained nationally prestigious Green Flag status in 2017.

Looking Ahead

While we have a great deal to do to achieve the levels of service and efficiency that our residents and WCC are entitled to expect, the foundations of our new operating model are now in place and we have agreed clear priorities for the year ahead with WCC which will be monitored as part of our performance review regime. Those priorities include:

- supporting WCC to deliver its City for All strategy;
- getting the basics right;
- continued focus upon fire safety;
- communications; and
- digitalising services.

2017/18 was an extraordinary year. The focus and dedication shown by staff at CWH during a major transitional period, combined with their response to the needs of our own residents and their neighbours in Kensington and Chelsea in the aftermath of the Grenfell Tower tragedy was exemplary. They worked very hard to tackle all of the challenges presented through a difficult year and I would like to express my personal thanks to our Executive Team, led by Jonathan Cowie, all our staff and my fellow Board members for their continuing hard work and dedication, and our residents, for their support and encouragement in helping us to achieve our shared goals.

Tom Keevil
Chair

5 June 2018

Independent auditor's report to the members of Citywest Homes Limited

Opinion

We have audited the financial statements of CityWest Homes Limited for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Citywest Homes Limited continued

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Citywest Homes Limited continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Julia Poulter (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Income and Retained Earnings

For the year ended 31 March 2018

	note	2018			2017		
		Excluding Pension adjustments £000	Pension adjustments £000	Total £000	Excluding Pension adjustments £000	Pension adjustments £000	Total £000
Turnover	1	43,686	-	43,686	36,616	-	36,616
Operating costs	2a,b	(43,679)	(2,690)	(46,369)	(36,536)	(841)	(37,377)
Operating profit/(loss)		7	(2,690)	(2,683)	80	(841)	(761)
Interest receivable and similar income	3	3	-	3	3	-	3
Interest payable and similar charges	4	-	(766)	(766)	(61)	(685)	(746)
Profit/(loss) on ordinary activities before taxation		10	(3,456)	(3,446)	22	(1,526)	(1,504)
Tax on profit/(loss) on ordinary activities		-	-	-	-	-	-
Profit/(loss) for the financial year	12	10	(3,456)	(3,446)	22	(1,526)	(1,504)

All items in the profit and loss account relate to continuing operations.

The notes and statements set out on pages 25 to 39 form part of these financial statements.

Statement of Income and Retained Earnings

For the year ended 31 March 2018

	2018	2017
	£000	£000
Opening retained earnings	(27,703)	(18,538)
Loss on ordinary activities after taxation	(3,446)	(1,504)
Remeasurement of the net assets/(defined liability)	5,400	(7,661)
Closing retained earnings	(25,749)	(27,703)

The notes and statements set out on pages 25 to 39 form part of these financial statements.

Statement of Financial Position

As at 31 March 2018

	note	2018 £000	2017 £000
Plant, property and equipment	8	83	99
Current assets			
Trade and other receivables	10	6,993	2,049
Cash	15	6,017	4,980
		13,010	7,029
Trade and other payables: amounts falling due within one year	11	(12,524)	(6,569)
Net current assets		486	460
Total assets less current liabilities		569	559
Net defined benefit liability	17	(26,318)	(28,262)
Total net liabilities including pension and other post retirement liabilities		(25,749)	(27,703)
Capital and Reserves			
Reserves	12	(25,749)	(27,703)
Total Shareholders' deficit		(25,749)	(27,703)

Authorisation and approval

The financial statements were authorised and approved by the Board on 5 June 2018 and signed on its behalf by:

Jonathan Cowie
Chief Executive
Officer

5 June 2018

Paul Sylva
Chair of the Audit
Committee

5 June 2018

The notes and statements set out on pages 25 to 39 form part of these financial statements.

Company registration number 04383394

Statement of Cash Flows

For the year ended 31 March 2018

Reconciliation of operating loss to net cash inflow / outflow from operating activities.

	2018	2017	
	note	£000	£000
Cash flows from operating activities			
Operating profit for the financial year		(2,683)	(761)
Depreciation	8	17	15
Interest paid	4	-	(61)
Interest received	3	3	3
Taxation		-	-
(Increase) in receivables and other debtors		(4,944)	(95)
Increase in payables and other creditors		5,955	1,526
Pension costs		2,690	841
Net cash generated from operating activities		1,038	1,468
Cash flows from investing activities			
Purchases of tangible assets	8	(1)	(23)
Net cash generated from investing activities		(1)	(23)
Cash flows from financing activities		-	-
Net decrease/(increase) in cash and cash equivalents		1,037	1,445
Cash and cash equivalents at the beginning of the year		4,980	3,535
Cash and cash equivalents at the end of the year		6,017	4,980

The notes and statements set out on pages 25 to 39 form part of these financial statements.

Statement of accounting policies

Company information

CityWest Homes Limited is a company limited by guarantee incorporated in England. The Registered Office is 21 Grosvenor Place, London, SW1X 7EA. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The financial statements of the Company were approved for issue by the Board of Directors on 5 June 2018. The financial statements are presented in sterling and rounded to the nearest £'000.

The Company is a wholly-owned subsidiary of WCC and is included in the consolidated financial statements of WCC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent, WCC. The Directors have received confirmation that WCC intends to support the company for at least one year after these financial statements are signed.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Statement of accounting policies continued

Change in accounting policy

When an amendment to the financial reporting standard has an effect on the current period or any prior period, or might effect a future period, the following disclosures will be made:

- the nature of the change in accounting policy;
- where practicable, for the current period and prior period, the amount of the adjustment for each line item affected; and,
- an explanation if it is impracticable to determine the amounts to be disclosed.

Operating lease commitments

Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the lease term.

Pension and other post-employment benefits

The cost of defined pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, future pension increases (based on expected future inflation rates for the UK), and mortality rates based on publicly available tables. Interest rates on corporate bonds determine the appropriate discount rates, using extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Due to the complexity of the valuation, the underlying assumptions and the nature of these plans, such as estimates, are subject to significant uncertainty. The Company has accounted for the defined benefit scheme in accordance with FRS 102. The Income Statement is charged with the cost of providing pension benefits earned by employees in the year. Further details are shown in Note 17.

Taxation

Transactions with the Council are exempt from Corporation Tax. Profit arising from income received from trading activities from third parties, together with interest receivable, is subject to Corporation Tax. As there was no profit arising from third party trading in 2017/18, there is no taxation note included in the financial statements.

Impairment of assets

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Statement of accounting policies continued

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. This includes costs directly attributable to making the asset capable of operating.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- computer equipment: 2-3 years
- fixtures, fittings and equipment: 9 years

Revenue recognition

Revenue is recognised when the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. Revenue for rendering of services is recognised when the outcome of a transaction can be estimated reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. The reliable measurement of revenue is determined by:

- the amount of revenue;
- the stage of completion at the end of the reporting period; and,
- the costs incurred for the transaction and the costs to complete the transaction.

Provisions for liabilities

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is material, the amount of the provision will be the present value of the amount expected to settle the obligation. When a provision is measured at the present value, the unwinding of the discount will be recognised as a finance cost in profit or loss in the period it arises. In line with FRS102, a provision has been set up to account for any annual leave entitlement which remains outstanding at 31 March 2018.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts. The Company has no outstanding bank overdrafts.

Statement of accounting policies continued

Short-term receivables and payables

Receivables and payables with no stated interest rate and receivable or payable within one year are recorded at transaction cost. Any losses arising from impairment are recognised in the Income Statement.

Disclosure exemptions

The Company has taken advantage of the following disclosure exemption under available in FRS102 to subsidiary undertakings:

- Related party transactions entered into between two or more members of the group.

Notes to the financial statements

1. Turnover

Turnover is wholly attributable to the principal activities of the Company and arises solely within the United Kingdom.

	2018	2017
	£000	£000
Management fee paid by Westminster City Council in respect of:		
Housing management and support services	16,193	12,939
Direct housing management services	9,796	10,264
Transformation	4,460	1,365
Handyperson scheme	220	220
Management fee for non-HRA stock	-	20
Capital works recharged to Housing Revenue Account	3,116	5,941
Development programme	2,325	1,164
Other operating income	2,673	317
Total income from Westminster City Council	38,783	32,230
Estate agency	2,051	1,877
Settled Homes	716	550
Other operating income	2,136	1,959
Total Turnover	43,686	36,616

Notes to the financial statements continued

2. Operating costs

a) Functional analysis

	2018	2017
	£000	£000
Housing management services		
Costs apportioned by division*		
Asset Strategy & Development	3,495	2,239
Corporate Executive	6,457	5,482
Customer Service	15,638	13,922
CityWest Homes Residential	2,056	1,228
Finance	2,481	3,079
Third Party	2,468	261
Property Services and PDHU	8,158	7,312
Strategy and Planning	666	681
Shared Services	2,260	2,332
Total excluding FRS102 pension costs adjustments	43,679	36,536
FRS102 adjustments to pension costs	2,690	841
Total Operating costs including FRS 102 adjustments	46,369	37,377

* costs apportioned by division include those expenses charged directly to service activities in respect of wages and salaries paid to employees, employer contributions for pensions and national insurance, and the cost of employing agency staff. All other operating costs incurred in respect of Company operations have been recognised centrally rather than apportioned across the various divisions that provide housing management services.

b) Operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation	16	15
Auditors' remuneration - audit fee	32	28
Auditors' remuneration - other services	-	-
Operating lease costs - land & buildings	520	532

Notes to the financial statements continued

3. Interest receivable and similar income

	2018	2017
	£000	£000
Interest received on bank deposits	3	3
Total interest receivable	3	3

4. Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable on bank and other charges	-	61
Interest payable on pension financing	766	685
Total interest payable	766	746

5. Colleague numbers

	2018	2017
Average number of permanent full-time equivalents (FTEs) employed during the year:		
Housing management services:		
Central	10	1
Shared Services	30	16
Customer Services	48	91
Property and Development	103	113
Strategy and Planning	17	6
Finance, Leaseholder, CW Residential and IT	48	45
Other	6	1
Total housing management services colleagues	262	273
CityWest Direct:		
Estate Management	64	96
Youth and Childcare Services	-	1
Total CityWest Direct colleagues	64	97
Total Colleagues	326	370

These accounts should be read in conjunction with CityWest Homes Services Ltd accounts as 2017/18 was a transitional year whereby any new staff have joined CityWest Homes Services Ltd.

Notes to the financial statements continued

6. Colleague costs excluding recoveries

	2018	2017
	£000	£000
Wages and salaries	17,983	18,995
Social security costs	1,413	1,711
Other pension costs	1,690	3,366
Total Colleague costs	21,086	24,072

7. Directors' emoluments

The Directors are defined as being the members of the Company's Main Board, along with the Executive Team. Jonathan Cowie was the highest paid Director. He was paid £229,068 for the period 1 April 2017 to 31 March 2018. His aggregate emoluments (excluding pension contributions) were £226,199. The Company paid £2,869 on his behalf to the defined benefit pension scheme. Jonathan Cowie is the only Director accruing retirement benefit under the defined pension scheme. Tom Keevil received £15,000 remuneration as Chairman for the period 1 April 2017 to 31 March 2018.

	2018	2017
	£000	£000
Wages and salaries	880	1,220
Social security costs	96	121
Other pension costs	91	156
Benefits in kind	14	21
Colleague costs recharge	-	(76)
Total Directors' emoluments	1,081	1,442

Interest-free loans for season tickets of £12,052 were made to the Executive Team within the financial year. The outstanding balances as at 31 March 2018 were £4,955. No loans were granted to the Chief Executive.

The key management personnel are defined as the Directors.

Notes to the financial statements continued

8. Plant, property and equipment

	Furniture, fittings and equipment	Computer equipment	Total
	£000	£000	£000
Cost at 1 April 2017	982	187	1,169
Additions	1	-	1
Disposals	-	-	-
At 31 March 2018	983	187	1,170
Accumulated depreciation			
At 1 April 2017	(886)	(184)	(1,070)
Charge for 12 months	(15)	(2)	(17)
At 31 March 2018	(901)	(186)	(1,087)
Net book value 31 March 2018	82	1	83
Net book value 31 March 2017	96	3	99

9. Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments. The principal undertaking in which the company's interest at the year-end is CityWest Homes Services Limited, a company incorporated as a private company limited by shares in England and Wales on 29 March 2017. CWH owns 100% of the ordinary share capital of Citywest Homes Services Limited. The nature of the business is Management of real estate on a fee or contract basis. The result for the year was £nil and net current assets of £273,000.

10. Trade and other receivables

	2018	2017
	£000	£000
Trade and other receivables	282	92
Less: provision for doubtful debts	(22)	(18)
Other receivables	154	131
Prepayments and accrued income	931	657
	1,345	862
Amount owed by parent undertaking:		
WCC trade receivables	5,189*	-
WCC accrued income	459	1,187
Total amount owed by parent undertaking	5,648	1,187

Total receivables	6,993	2,049
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*CWH invoice WCC 2 months in advance in accordance with the management agreement.

Notes to the financial statements continued

11. Trade and other payables: amounts falling due within one year

	2018	2017
	£000	£000
Trade payables	383	555
Other taxation and social security	2,022	1,069
Accruals and deferred income	4,462	3,108
Other payables	992	1,370
	7,859	6,102
Amount owed to subsidiary	273	-
Amount owed to parent undertaking:	-	-
WCC trade payables	5	-
WCC accrued expenses	-	-
WCC pension fund contribution payable	201	467
WCC deferred income	4,186	-
Total amount owed to parent undertaking	4,392	467
Total Payables	12,524	6,569

12. Reserves

	Reserve (excluding additional FRS102 charges)	Additional FRS102 charges to P&L	Actuarial loss relating to the pension scheme	Total retained deficit
	£000	£000	£000	£000
At 31 March 2017	559	(5,096)	(23,166)	(27,703)
Profit/(loss) for the 12 months to 31 March 2018	10	(3,456)	-	(3,446)
Remeasurement of the (defined liability)	-	-	5,400	5,400
At 31 March 2018	569	(8,552)	(17,766)	(25,749)

Notes to the financial statements continued

13. Operating lease commitments

The Company renegotiated the lease of the office premises at 21 Grosvenor Place with effect from 12 December 2012. This is a ten-year operating lease guaranteed by WCC and under the terms of the lease, the Company is obliged to pay an annual rental of £528,725.

Under the terms of this lease, the Company was granted a rent holiday for the first six months. The total rental payable by the Company has been apportioned across five years and charged against the Income Statement. The company has a 60 months lease on the coffee machine with a monthly charge of £145 and a 36 month lease on coffee machine with quarterly charge of £998.

As at 31 March 2018, the Company was committed to make the following annual payments in respect of operating leases for land and buildings:

	2018	2017
	£000	£000
Expiring:		
Within one year	6,261	397
Within two to five years	37,594	-
Total	43,855	397

14. Returns on investment and servicing of finance

	2018	2017
	£000	£000
Interest received on bank deposits	3	3
Interest payable on bank charges	2	2
Net interest receivable	1	1

15. Analysis of net funds

	2018	Movements	2017
	£000	£000	£000
Cash	4	-	4
Bank account	6,013	1,037	4,976
Cash at bank and in hand	6,017	1,037	4,980

16. Reconciliation of net cash flow to movement in net funds

	2018	2017
	£000	£000
Increase/(decrease) in net cash in the year	1,037	1,445
Change in net debt	1,037	1,445

Notes to the financial statements continued

17. Pensions

CityWest Homes Limited is a scheduled member of the City of Westminster's Pension Fund ("the Fund"). Pension rights accruing from previous service with the Council for staff who were TUPE transferred from the Council to the Company have been transferred to the Company's pension scheme. The Fund is a defined benefits scheme, operated under the provisions of the Local Government Superannuation Act for the purpose of providing pensions and other benefits such as lump sum retirement grants and widow's pensions to former employees.

The assets of the Fund are pooled with those of the Council with the investment portfolio managed by external fund managers who have authority to buy and sell investments within the general policy of the Council. The value of the Company's portion of the larger Pension Fund's assets is estimated by the fund's actuaries.

Contributions to the scheme have been charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. A qualified actuary has determined contribution rates on the basis of triennial valuations using the projected unit method. Barnett Waddingham LLP were appointed by WCC in November 2012 and the last full valuation of the Fund was carried out on 31 March 2016.

Pension contributions charged to the profit and loss account for the year ended 31 March 2018 totalled £2,075,000 (2016/17: £2,395,000). Contributions for the year ending 31 March 2019 are estimated at £1,917,000.

Defined benefit pension obligation

Under FRS102, the pension cost charged to the income statement will increase as interest (at the discount rate) is charged on the difference between the value of the plan's assets and liabilities instead of the full value of the plan's liabilities. The removal of the expected return on assets will also affect reported profits.

The most recent valuation was carried out as at 31 March 2016, and has been updated by independent actuaries to the Fund to take account of the requirements of FRS102 in order to assess the liabilities of the fund as at 31 March 2018. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. The contribution rate certified for the Company when the Company came into existence at 1 April 2002 was 4.7% of pensionable pay. This contribution rate took account of the past service surplus passed to the Company at 1 April 2002. The contribution rate for 2017/18 was 16% (2016/17: 19.1%). Deficit contributions in 2017/18 were recovered as a percentage of pay.

Notes to the financial statements continued

17. Pensions (continued)

Assumptions used by the actuary were:

	2018	2017
	% per annum	% per annum
Discount rate	2.70%	2.8%
Rate of increase in salaries	3.85%	4.2%
Rate of increase in pensions in payment	2.35%	2.7%
RPI Rate of inflation	3.35%	3.6%
CPI Rate of Inflation	2.35%	2.7%

Principal demographic assumptions:

Life expectancy from age 65 (years)	2018	2017
Male retiring today	24.5	24.4
Male retiring in 20 years	26.8	26.6
Female retiring today	26.1	26.0
Female retiring in 20 years	28.4	28.3

The post retirement mortality tables adopted are S1PA tables with a multiplier of 80% for males and 85% females.

The estimated asset allocation of the fund is as follows:

	2018	2017
	% per annum	% per annum
Equities	77%	76%
Property	9%	9%
Government bonds	3%	3%
Corporate bonds	10%	11%
Cash	1%	1%

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31 March 2018.

Notes to the financial statements continued

17. Pensions (continued)

Amounts recognised in the Statement of Financial Position as follows:

	2018	2017
	£000	£000
Net pensions as at:		
Present value of funded obligations	93,043	91,750
Fair value of assets	(66,725)	(63,488)
Net Deficit	26,318	28,262

The amounts recognised in the Income Statement account are as follows:

	2018	2017
	£000	£000
Service cost	4,740	3,213
Net interest on the defined liability	766	685
Administration expenses	25	23
Total loss	5,531	3,921

Reconciliation of opening and closing balances of the fair value of Fund assets are as follows:

	2018	2017
	£000	£000
Opening fair value of Fund assets	63,488	48,053
Interest on assets	1,796	1,855
Return on assets less interest	131	8,487
Other actuarial gains/(losses)	-	3,558
Administration expenses	(25)	(23)
Contributions by employer including unfunded	2,075	2,395
Contributions by participants	923	932
Benefits paid	(1,663)	(1,769)
Closing fair value of assets	66,725	63,488

Re-measurements in other comprehensive income:

	2018	2017
	£000	£000
Return on Fund assets in excess of interest	131	8,487
Other actuarial gains/(losses) on assets	-	3,558
Change in financial assumptions	5,269	(19,471)
Change in demographic assumptions	-	(2,267)
Experience gain/(loss) on defined benefit obligation	-	2,032

Remeasurement of the net assets/(defined liability)	5,400	(7,661)
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Notes to the financial statements continued

17. Pensions (continued)

Asset and benefit obligation reconciliation for the year to 31 March 2018:

	2018	2017
	£000	£000
Opening defined benefit obligation	91,750	67,128
Current service cost	4,566	3,034
Interest cost	2,562	2,540
Change in financial assumptions	(5,269)	19,471
Change in demographic assumptions	-	2,267
Experience loss/(gain) on defined benefit obligation	-	(2,032)
Estimated benefits paid net of transfers in	(1,663)	(1,769)
Past service costs, including curtailments	174	179
Contributions by Scheme participants and other employers	923	932
Closing defined benefit obligation	93,043	91,750

18. Ultimate parent and ultimate controlling party

The ultimate parent undertaking is WCC. In the opinion of the directors this is the Company's ultimate parent company and controlling party and the consolidated financial statements are available from WCC.

CityWest Homes Services Limited

Annual report and
financial statements
for the period ending
31 March 2018



CITYWEST HOMES
SERVICES

CityWest Homes Services Limited
Registered in England: 10697467

Contents

Company Information	2
Strategic Report	3
Directors Report	4
Statement of Income and Retained Earnings	10
Statement of Financial Position	11
Statement of Cash Flows	12
Statement of accounting policies	13
Notes to the financial statements	16

Company Information

Board of Directors:		
Directors	Barbara Brownlee Thomas Keevil Charanjit Kaur Yogeshbhai Patel John Mathias Fergus Coleman	Appointed 13 April 2017 Appointed 29 March 2017 Appointed 29 March 2017 Resigned 31 December 2017 Appointed 1 January 2018
Chief Executive	Jonathan Cowie	Resigned 30 June 2018
Interim Managing Director	Sandra Skeete	Appointed 10 July 2018

Company Secretary:	Iain Mackrory-Jamieson	Appointed 29 March 2017
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Executive team:		
Finance	Emma Dexter	
Shared Services	Joanna Bowles	
Asset Strategy & Development	Martyn Jones	
Strategy & Planning	Andrea Luker	
Customer Services	Martin Edgerton	Resigned 31 March 2018
Property & Development	Phil Jenkins	Resigned 31 August 2017

Registered office:	21 Grosvenor Place, London SW1X 7EA
Registered number:	10697467 – Company limited by guarantee
Independent Auditors:	BDO LLP, 55 Baker Street, London W1U 7EU
Bankers:	Lloyds Bank, City Office PO Box 72, Gillingham Business Park, Kent ME8 0LS
Solicitors:	Trowers & Hamblins, 3 Bunhill Row, London EC1Y 8YZ

Strategic report

Development and performance

CityWest Homes Services Limited (CWHS or “the Company”) is a wholly owned subsidiary of CityWest Homes Limited, which manages and maintains circa 22,000 properties on behalf of Westminster City Council (WCC or “the Council”). CityWest Homes strives to meet performance framework objectives set with WCC each year, and strategic objectives set out in its 2015 to 2020 strategic plan.

Review of results

Performance meets expectations with an operating profit of £nil in the period to 31 March 2018.

Principal risks and uncertainties facing the Company

The Company aims to manage risk in a balanced and proportionate way to recognise threats and opportunities. Identifying and understanding the risks we face, and managing them properly is the key to the delivery of excellent services to our communities, as well as taking new opportunities to enhance and expand our services. The parent Company, CityWest Homes Limited, maintains a risk register, which is reviewed monthly by the parent company Executive Team and presented regularly to the Audit Committee and the Board. The principal risks and uncertainties facing the Company at this time are summarised below:

Risk area	Risk summaries
Business continuity	Major incident in central London affecting staff accessing offices which can impact our service to residents or cyber attack.
Corporate strategy	Failure to deliver strategy and transformation programmes leading to delays in project delivery and affecting anticipated outcomes.
Digital strategy	Transition from traditional to digital engagement with customers, delivery of service, and unsatisfactory management of data.
Health & safety	Failure to deliver a safe environment for our residents and employees in accordance with regulatory requirements including fire safety.
Operating model	Failure to deliver our principal operational services to the required service standards.
People	The Company may be unable to recruit and retain appropriately qualified and skilled staff.
Regulatory changes	The ongoing impact of the Housing and Planning Act 2016.

The Parent company Board has agreed a statement of Risk Appetite for the Company, which was most recently reviewed and approved on 13 March 2018.

Authorisation and approval

The Strategic Report was authorised and approved by the Board, and signed on its behalf by:

Tom Keevil
Chair

10 July 2018

Directors' report

The Board is pleased to present the annual report and financial statements of CityWest Homes Services Limited ("the Company") for the period to 31 March 2018.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent, CityWest Homes Limited and WCC. The directors have received confirmation that WCC intends to support the parent company for at least one year after these financial statements are signed.

Principal activities

The Company is a wholly owned subsidiary of CityWest Homes Limited which is a wholly owned subsidiary of WCC. The Company was incorporated in March 2017 and is responsible for Management of real estate on a fee or contract basis.

Corporate governance

The Company is governed by the CityWest Homes Services Limited Board of Directors. The Board is committed to high standards of corporate governance. Board membership comprises four Directors plus the Chief Executive, making a total of five Board members who are the registered Directors.

Tom Keevil was appointed as Chair on 29 March 2017. The Board is responsible for the strategic and financial management of the Company in accordance with its Memorandum and Articles of Association. The Board has responsibility and accountability to the Council under the terms of its Management Agreement.

Executive Team

The Executive Team members are presented on page 2. The Executive Team is led by the CEO. It manages the Company's activities on a day-to-day basis within the authority delegated to it by the Board. It is responsible for operational delivery, financial control, performance monitoring and risk management.

Colleague involvement

The Company provides employees with information on matters relating to them. The Company is committed to involvement and excellent communications with its employees and recognises two trade unions. The Joint Consultative Committee comprises trade union and other employee representatives together with an Executive Team member and other senior managers. Its purpose is to provide an effective mechanism for formal negotiations and consultation with colleagues and trade unions on employment matters.

Directors' report continued

Directors' insurance

The Company maintains standard insurance policies for Board members and other officers.

Employment policy

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, age, religion or belief, sexual orientation, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Health and Safety

The Company recognises its legal and moral responsibilities to ensure the health, safety and welfare of its employees, customers, stakeholders, contractors and other third parties, as far as is reasonably practical. All employees are issued with a colleague health & safety handbook which addresses personal protection equipment, risk assessments and training needs analysis.

Independent Auditors

BDO LLP are the Company's Statutory Auditors and were appointed in 2018, as part of the audit rotation process.

Disclosure of information to Auditors

At the date of this report, each of the Company's Directors as listed on page 2 confirm the following:

- So far as each Director is aware, there is no relevant information needed by the Company's Auditors in connection with preparing their report of which the Company's Auditors are unaware; and,
- Each and every Director has taken all the steps that ought to have been taken acting as a Director in order to make themselves aware of any relevant information needed by the Company's Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information.

Statement of Directors' responsibilities

Directors' report continued

Financial Reporting Standard 102 (UK Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that reporting period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and ensure that they are consistently applied;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Scope of responsibility

The Company is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for in an appropriate manner. The Company has a responsibility to assist the Council in its duty under the Local Government Act 1999 to make arrangements to seek continuous improvement in the way its functions are exercised, having regard to economy, efficiency and effectiveness.

Authorisation and approval

The Directors' Report was authorised and approved by the Board, and signed on its behalf by:

Cha Patel
Director

10 July 2018

Independent auditor's report to the members of Citywest Homes Services Limited

Opinion

We have audited the financial statements of CityWest Homes Services Limited ("the Company") for the period ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Citywest Homes Services Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Julia Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Income and Retained Earnings

Period ending 31 March 2018

	2018
	£000
Turnover	3,938
Operating costs	(3,938)
Operating profit/(loss)	-
Interest receivable and similar income	-
Interest payable and similar charges	-
Profit/(loss) on ordinary activities before taxation	-
Tax on profit/(loss) on ordinary activities	-
Profit/(loss) for the financial period	-
	2018
	£000
Opening retained earnings	-
Loss on ordinary activities after taxation	-
Closing retained earnings	-

All items in the profit and loss account relate to continuing operations.

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Statement of Financial Position

Period ending 31 March 2018

	note	2018 £000
Plant, property and equipment		-
Current assets		
Trade and other receivables	4	95
Cash		178
Trade and other payables: amounts falling due within one year	5	(273)
Net current assets		-
Total assets less current liabilities		-
Capital and Reserves		
Reserves		-
Total Shareholders' deficit		-

Authorisation and approval

The financial statements were authorised and approved by the Board on 5 June 2018 and signed on its behalf by:

Tom Keevil	10 July 2018	Cha Patel	10 July 2018
Chair		Director	

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Company Registration number: 10697467

Statement of Cash Flows

For the period ended 31 March 2018

Reconciliation of operating loss to net cash inflow / outflow from operating activities.

	2018
	£000
Cash flows from operating activities	
Operating profit/(loss) for the financial period	-
Decrease in receivables and other debtors	(95)
Increase/(decrease) in payables and other creditors	242
Pension costs	31
Net cash generated from operating activities	178
Cash flows from investing activities	-
Net cash generated from investing activities	-
Cash flows from financing activities	-
Net decrease/(increase) in cash and cash equivalents	178
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	178

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Statement of accounting policies

Company information

CityWest Homes Services Limited is a company limited by guarantee incorporated in England. The Registered Office is 21 Grosvenor Place, London, SW1X 7EA. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements of CityWest Homes Services were approved for issue by the Board of Directors on 5 June 2018. The financial statements have been prepared with applicable accounting standards, in sterling and rounded to the nearest £'000.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent company (CWH) and WCC. The Directors have received confirmation that WCC intends to support the Parent company for at least one year after these financial statements are signed.

Change in accounting policy

When an amendment to the financial reporting standard has an effect on the current period or any prior period, or might effect a future period, the following disclosures will be made:

- the nature of the change in accounting policy;
- where practicable, for the current period and prior period, the amount of the adjustment for each line item affected; and,
- an explanation if it is impracticable to determine the amounts to be disclosed.

Statement of accounting policies continued

Taxation

Transactions with the Council are exempt from Corporation Tax. Profit arising from income received from trading activities from third parties, together with interest receivable, is subject to Corporation Tax. As there was no profit arising from third party trading in 2017/18, there is no taxation note included in the financial statements.

Revenue recognition

Revenue is recognised when the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. Revenue for rendering of services is recognised when the outcome of a transaction can be estimated reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. The reliable measurement of:

- the amount of revenue;
- the stage of completion at the end of the reporting period; and,
- the costs incurred for the transaction and the costs to complete the transaction.

Short-term receivables and payables

Receivables and payables with no stated interest rate and receivable or payable within one year are recorded at transaction cost. Any losses arising from impairment are recognised in the Income Statement.

Provisions for liabilities

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is material, the amount of the provision will be the present value of the amount expected to settle the obligation. When a provision is measured at the present value, the unwinding of the discount will be recognised as a finance cost in profit or loss in the period it arises. In line with FRS102, a provision has been set up to account for any annual leave entitlement which remains outstanding at 31 March 2018 in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts. The Company has no outstanding bank overdrafts.

Statement of accounting policies continued

Disclosure exemptions

The Company has taken advantage of the following disclosure exemption under available in FRS102 to subsidiary undertakings:

- Related party transactions entered into between two or more members of the group.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the total in the parent.

Notes to the financial statements

1. Colleague numbers

	2018
Average number of permanent full-time equivalents (FTEs) employed during the period:	
Central	1
Shared Services	9
Customer Services	3
Property and Development	29
Strategy and Planning	1
Finance and IT	8
Estate Agency	8
Citywest Direct	44
Other	11
Total	114

2. Colleague costs

	2018
	£000
Wages and salaries	3,430
Social security costs	360
Other pension costs	135
Total Colleague costs	3,925

3. Directors' emoluments

	2018
	£000
Wages and salaries	-
Social security costs	-
Other pension costs	-
Total Directors' emoluments	-

Notes to the financial statements continued

4. Trade and other receivables

	2018
	£000
Sundry debtors	16
Amount owed by parent undertaking:	
CityWest Homes Limited accrued income	79
Total receivables	95

5. Trade and other payables: amounts falling due within one year

	2018
	£000
Accrued Expenses	(110)
PAYE/NI liability	(132)
Pension	(31)
Total Payables	(273)

6. Analysis of net funds

	2017 Movements		2018
	£000	£000	£000
Bank account	-	178	178
Cash at bank and in hand	-	178	178

7. Reconciliation of net cash flow to movement in net funds

	2018
	£000
Increase/(decrease) in net cash in the period	178
Change in net debt	178

8. Ultimate parent and ultimate controlling party

The immediate parent undertaking is CityWest Homes Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is WCC. In the opinion of the Directors this is the Company's ultimate parent company and controlling party and the consolidated financial statements are available from the Council.

9. Post Balance Sheet Event

Jonathan Cowie, Chief Executive Officer resigned on 30 June 2018, and has been replaced by an Interim Managing Director, Sandra Skeete, appointed on 10 July 2018..



BDO LLP
55 Baker Street
London
W1U 7EU
Dear Sirs

Financial Statements of CityWest Homes Limited for the year ended 31 March 2018

1. We confirm that the following representations given to you in connection with your audit of the company's financial statements (the "financial statements") for the year ended 31 March 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other trustees and directors of the company and other group companies as appropriate.
2. We have fulfilled our responsibilities as directors for the preparation and presentation of the financial statements as set out in the terms of the audit engagement letter, and in particular that the financial statements give a true and fair view of the financial position of the company as 31 March 2018 and of the results of its operations and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice and for making accurate representations to you.
3. We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings have been made available to you.
4. In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.
5. There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.
6. We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.
7. We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.
8. To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.
9. To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party. Other than disclosed in note 7 to the financial statements, there were no loans, transactions or arrangements between the



company and its directors and their connected persons at any time in the year which were required to be disclosed.

CITYWEST HOMES

10. We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice.
11. The disclosures in the financial statements concerning the controlling and ultimate controlling party of the business are accurate.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the consolidated and parent financial statements.
13. We confirm that the valuation of the pension liability is calculated with reference to market levels and the most relevant demographic and financial assumptions at 31 March 2018 and that disclosures relating to the pension scheme are complete and appropriate under the applicable financial reporting framework and that no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.
14. We consider that the group is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.
15. We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.
16. We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.
17. We confirm that the financial statements are free of material misstatements, including omissions.
18. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

.....
(Signed on behalf of the Board of Directors)

Date: 19/7/18



Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	18 September 2018
Classification:	General Release
Title:	Procurement Update - <i>Annual Contract Review 2017/18</i>
Wards Affected:	N/A
Financial Summary:	N/A
Report of:	Chief Procurement Officer
Author:	Marivie Papavassiliou, Procurement Governance Manager

1. Executive Summary

1.1 Following Audit and Performance Committee held on 16th July, the following updates were requested to be presented at the next committee scheduled for the 18th September 2018.

1.1.1 An outline of which contracts received a waiver in 2017-18 and which of these had not been performance rated within capitalEsourcing.

1.1.2 An updated on (i) the contract management programme (ii) service area compliance in updating and evaluating contract performance within capitalEsourcing.

2. Recommendations

2.1 It is recommended that the Audit and Performance Committee note the contents of this report.

3. 2017/18 approved waivers and contract performance ratings

3.1 Of the 72 waivers approved during this period, 16 were requests to vary the mandatory evaluation criteria prior to a procurement process commencing. Therefore, this update will only consider the remaining 56 waiver requests

Table 1

Waiver Description	Total
Waiver Contract award with change to evaluation criteria	16
Waiver Directly award contract without competition	38
Waiver Non-compliant contract extension	18
Total	72

3.2 Of the 56 waiver requests, 30 related to contracts which were not performance rated. Since the report was submitted, this has reduced to 21 contracts. The table below provides an overview. It should be noted that 15 of the 21 waiver requests relate to services where the total contract value is recorded as below £100,000 and as such, contract performance ratings are not reported. Appendix 1, table1 provides details of the 6 waivers that are above £100k.

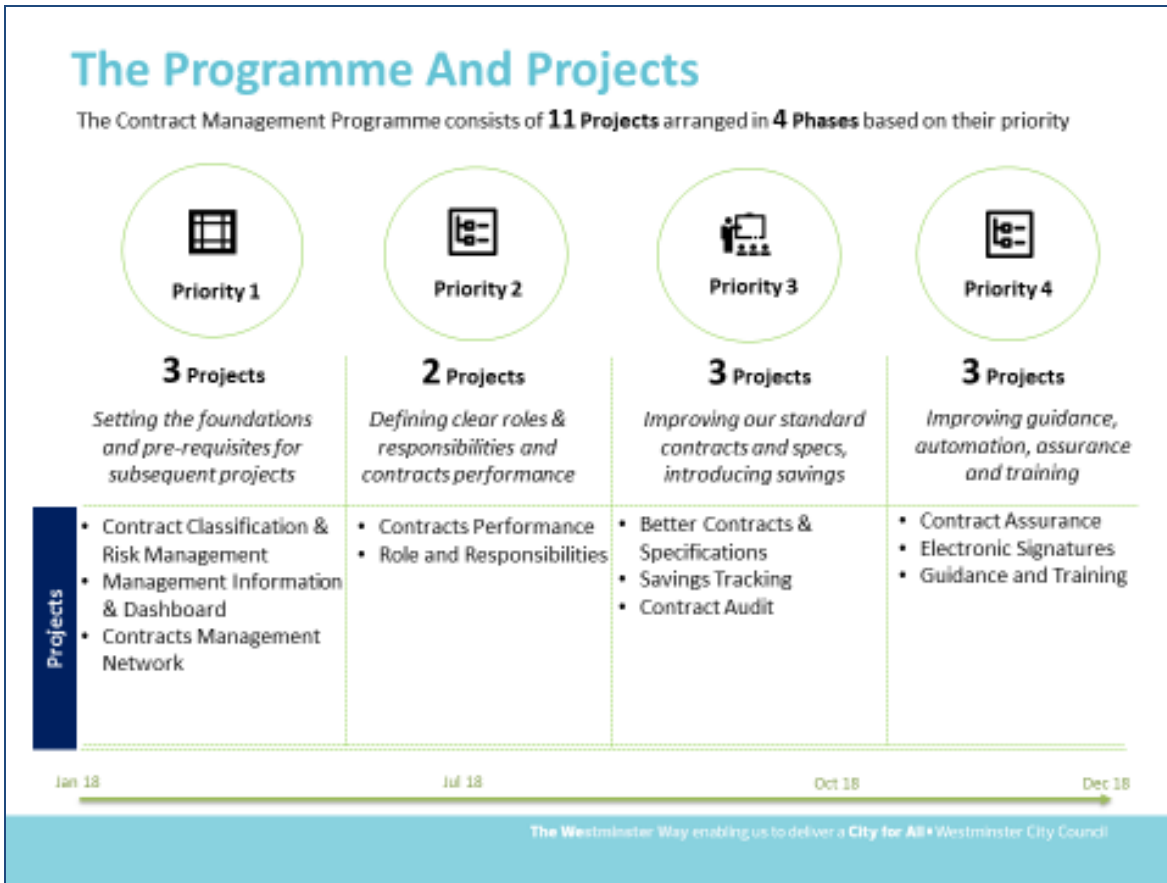
Table 2

Directorate	Nos of Waivers	Commentary
Public Health	1	1 contract which has not yet been performance rated. Working with the Directorate to update capitalEsourcing
Adult Social Care	2	2 contracts which have not yet been performance rated. Note, both contracts reported as having a total contract value below £100k
Children Services	2	1 contract above £100k which has not yet been performance rated. 1 contract below £100k which has not yet been uploaded onto the capitalEsourcing system. Working with the Directorate to update capitalEsourcing
City Management & Communities	3	2 waiver requests relates to 4 new contracts which have just recently commenced. 1 waiver request relates to 1 contract which has not been performance rated in the system. Working with the Directorate to ensure capitalEsourcing is updated.
Corporate Services	3	All three waiver requests are reported as having a total contract value below £100k. Working with the Directorate to confirm this and to update capitalEsourcing.
Growth, Planning & Housing	10	3 waiver requests relates to contracts each with a total contract value above £100k – 2 of these contracts were for short term projects and have now expired. The remaining 7 waiver requests were for contracts with a total contract value below £100k. Working with the Directorate to update capitalEsourcing
Total	21	

4. Contract Management Programme.

4.1 The Contract Management Programme has been streamlined from 15 to 11 projects and are now arranged in 4 phases based on their priority. An overview is provided in the diagram below. We are developing solutions with a smaller

working group, and priority 1 projects are underway and due to be delivered by quarter 3 2018/19.



5. Service area compliance in updating contract performance ratings in capitalEsourcing

5.1 This report show an improvement in the number of contracts performance rated in capitalEsourcing since presented to A&P (in July and at 'callover' in August). The figures below highlight the latest position using source data generated on the 1st September 2018 – All of the 181 contracts have been performance rated in capitalEsourcing.

The previous figures for the July 2017/18 report were last recorded as 51% (65 out of 127 contracts performance rated), and at 'callover' in August, were recorded as 79% (121 out of 154 contracts performance rated)

5.1.1 At the time of this report there were 300 active contracts in the capitalEsourcing system. It should be noted that the data below excludes all contracts that:

- o commenced within the last 6 months of the September; and
- o have a total contract value below £100k

This leaves 181 contracts for the purposes of this report. Table 3 below provides a breakdown.

Table 3

Directorate	Above Expectations	Below Expectations	Meets Expectations	Not Evaluated	Grand Total
Growth, Planning & Housing	4	3	49		56
Adult Social Care	2	2	48		52
City Management & Communities			21		21
Public Health		1	15		16
Corporate Services		2	13		15
Policy Performance and Communications	2		6		8
Children's Services		2	6		8
City Treasures Department/Finance	1		4		5
Grand Total	8	10	159	0	181

5.1.2 10 contracts are rated as performing 'Below Expectations' (see appendix 2, table 1)

Appendix 1 – Waivers (6 waiver request for contracts above £100k. Contracts were not performance rated)

Table 1

Growth, Planning & Housing	
Waiver Directly award contract without competition	
<p>Wates Construction - Old Marylebone Town Hall - Fitout coordination and Installation: Wates Construction have been carrying out the refurbishment works to Old Marylebone Town Hall since 2013. The main works are due to finish in July 2017 .The next stage of works that we require Wates to undertake is to coordinate the delivery of certain bespoke furnishings to the Town Hall and to carry out their installation. Wates are already engaged on site and by directly awarding the works to them we are negating the cost of a further procurement exercise and retaining the expertise of the contractor.</p>	
<p>Judge & Priestley - Provision of Legal Services for Debt Recovery for City West Homes: The direct award of this contract to Judge & Priestley will ensure continuity of service provided to City West Homes (CWH). It will also allow sufficient time for Shared Legal Services to re-evaluate their capacity in terms of being able to pick up the volume of work required by CWH, to implement and test a new case management system and to mobilise the resources to be able to pick up the volume of work required by CWH. The stakeholder will also be able to mobilise resources for transfer of service. If the Shared Legal Services are not in a position to deliver the service in future, Procurement Services will have sufficient time to re-procure the long term solution.</p>	
Waiver Non-compliant contract extension	
<p>GVA Grimley - extend the management agent of the property investment portfolio for 4 months: This waiver is being sought to ensure that the services of the managing agent are still being undertaken on behalf of the council whilst a re-procurement exercise for a new agent is being conducted. This waiver will ensure that rents are collected and all landlord duties are being carried out. The extension period coincides with the rent collection period and will ensure that revenue creation will continue during this period.</p>	
City Management & Communities	
Waiver Directly award contract without competition	
<p>Cycle Confident - Cycle Training: This contract was previously extended to allow a new contract to be called off from the Councils own Managed Training Services Framework Agreement that was in progress at that time. Unfortunately the Councils own Management Training Services Framework Agreement strategy did not materialise and the Council's new approach is to use a CCS Managed Training Services Agreement with Capita. As this new strategy is yet to be fully implemented, the approach is that the existing contract with Cycle Confident is extended for an additional 6 months to 31st March 2018 to allow WCC to be fully engrossed with Capita's Framework Agreement. In addition the costs to access Capita via their Framework Agreement would transpire that the service area would be over budget for Cycle Training. There is an option to use the RBKC Road Safety Services Framework which is more specific to the needs of the service as WCC have been named on and able to access. However, the implementation will take at least 3 months to implement but the competitive tendering process has been completed and opens up a plethora of providers for road safety training and the use of other such services. The RBKC Framework runs from 2015 to 2020 (with an optional 2 year extension thereafter).</p>	

Public Health
Waiver requests Non-Compliant Contract Extension
Action for Children - Standing Tall (Domestic Violence Prevention in Schools): The Standing Tall contract is scheduled to end mid-way through an academic year which will be detrimental to the relationships with clients and the service as a whole. The proposed extension period will ensure continuity of this school based service up to the end of the current academic year. The intension going forward will be to incorporate the Standing Tall service into the contract for Healthy Schools (HS) and Healthy Early Years (HEY) which is due to expire on 31st August 2018. The procurement is scheduled to commence in Spring 2018 with a contract start date of 1st September 2018. This 5 month direct award allows for the Standing Tall services and the HS and HEY service to be included within the same procurement/contract leading to contract management efficiencies and potential cost savings.
Children Services
Waiver requests Directly award without competition
KIDS: Key working and Portage Home Learning: This direct award will allow for an interim period to pilot a new model and ways of working with the incumbent provider. This is recommended because: <ul style="list-style-type: none"> • more time is needed to review the service model before undertaking a competitive tendering process • the pilot and review of this new service model is aligned to a wider suite of changes underway, so the system can be refined as a whole before longer term arrangements are made via a competitive tendering exercise • new opportunities created by the Bi-borough arrangement can be considered. <p>The award has been redesigned to improve both quality and value for money, with estimated annual efficiency savings of £80,000</p>

Appendix 2 – Contract Performance ratings

1) 10 contracts rated as performing ‘Below Expectations’

Table 1

Adult Social Care: 2 contracts rated as ‘Below Expectations’				
Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
07/08/2000	31/07/2019	Yarrow Housng Ltd	Elmfield Way Residential Care Service	£12,050,000
Commentary: CQC ratings (overall and individually) fell from Good to Requires Improvement. Improvement Plan put in place. Identified need to re-spec service due to limitations of property and increasing need.				
01/11/2015	30/10/2020	Vincetian Care Plus	Provision of Home Care Services for Westminster - Vincentians	£14,700,000
Commentary: Not inspected but on final warning notice from CQC				
Children Services: 2 contracts rated as ‘Below Expectations’				
Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
11/04/2016	10/04/2019	Caterlink	WCC School Meals Mini-competition	£7,500,000
Commentary: Within this contract there have been concerns over supplier compliance through supply to delivery of food products which did not achieve the required standards in order to be compliant with the halal meat offer. The contractor is currently with critical default notices. Following investigations an action plan and additional monitoring of the supply chain and ordering system have been put in place. Review of this plan has been completed with additional reporting required from the contractor to the LA to include evidence of compliance of the action plan. Ad hoc reviews and visits to supplier are planned for summer break and throughout the Autumn Term. (July 2017)				
12/01/2017	02/01/2019	DA Language	Language Services- Westminster	£153,342
Commentary being obtained				
Corporate Services: 2 Contract performance rated as ‘Below Expectations’				
Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
01/06/2013	31/05/2019	BT Global Services	Managed Services for HR, payroll and finance	£9,478,000
Commentary: Well documented below par performance of this contract relating to still outstanding transition activities and general performance. Exit plan fully in progress with transition to a new provider scheduled to complete in the Autumn September 2018				
18/12/2017	17/12/2018	Capita Business Services Limited	Managed Learning Services - Capita	£588,000
Commentary: The provider did not communicate clearly their processes and the on boarding of our preferred sub-contractors; the account manager was not receptive to any of our requests and was not proactive in supporting us in to the contract. This has been addressed by a new				

account manager put in place. A performance plan is being put in place and the provider will be monitored closely - this will be added to their SLA's and KPI's.

Growth, Planning & Housing: 3 contracts rated as 'Below Expectations'

Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
01/10/2013	30/09/2023	Amey	Tri-Borough Total Facilities Management Contract and London boroughs framework agreement	£61,924,841

The LINK who act as the Intelligent Client Function on behalf of the Councils monitor the performance of Amey who provide the Total Facility Management Services across the Estate in accordance with the Services Matrix. The LINK currently have raised concerns with Amey regarding Hard FM Services and this is being managed through various Boards and Senior Management meetings at CEO level. A recovery plan is agreed and this is monitored to ensure full contract compliance. (Updated 10th Aug 2017)

15/08/2017	30/09/2018	Amber Construction Services Ltd	WCC Infills - Tothill House - Conversion	£281,148
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There have been a number of challenges on the project and the supplier has not been proactive to provide solutions. 4 weeks left to project completion and will be closely monitored.

26/10/2017	31/12/2018	ECD Architects	Infills - Package 3 Estate Offices Conversion MDDT	£435,850
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Commentary being provided

Public Health: 1 contract rated as 'Below Expectations'

Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
01/10/2015	30/09/2019	Central London Community Healthcare NHS Trust	Contract for the Provision of PH 0-5 and FNP -WCC	£12,752,356

This contract is still performing 'below expectations' we are working with the supplier to improve performance. An action plan is now in place and reviewed at fortnightly meetings and it has also been escalated internally. Some improvement has been made and we anticipate that the majority of improvements will be completed by the end of June.



City of Westminster

Audit & Performance Committee Report

Meeting:	Audit & Performance Committee
Date:	18 September 2018
Classification:	General Release
Title:	Work Programme
Wards Affected:	N/A
Financial Summary:	There are no direct financial implications arising from this report
Report of:	Head of Committee & Governance Services
Report Author:	Reuben Segal, Acting Head of Committee & Governance Services. Tel: 020 7641 3160 or email: rsegal@westminster.gov.uk

1. Executive Summary

- 1.1 The Committee is invited to review the work programme attached at appendix 1 and confirm the agenda items for its next meeting in November.
- 1.2 The Committee is asked to note the actions which arose from the meeting on the 16 July 2018 and the work undertaken in response, as detailed in appendix 3.

2. Recommendations

1. That the Committee agrees the agenda items for its next meeting on the 14 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. Choosing items for the Work Programme

- 3.1 A Work Programme for 2018/19 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. Task Groups

- 4.1 There are no tasks groups operating at present.

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, Acting Head of Committee and Governance Services

Tel: 020 7641 3160 or email: rsegal@westminster.gov.uk

APPENDICES:

Appendix 1 – Work Programme 2018/19

Appendix 2 – Terms of Reference

Appendix 3 – Committee Action Tracker

BACKGROUND PAPERS: None

Work Programme 2018/19

Audit and Performance Committee

20 June 2018

Agenda Item	Reasons & objective for item	Lead Officer
Annual Statement of Accounts and Outturn 2017-18	To formally receive and approve the final accounts with any update arising from the public inspection period.	Steve Mair (Finance)
Grant Thornton Audit Finding Reports 2017-18	To consider the final reports from the Council's external Auditors, Grant Thornton, on the key findings arising from their audit of the Council's financial statements and those of the Local Government Pension Scheme it administers.	Paul Dossett (Grant Thornton)

16 July 2018

Agenda Item	Reasons & objective for item	Lead Officer
Annual Contracts Review 2017/18	To review of the City Council's contracts, including details of contracts awarded, waivers and performance.	Maria Benbow (Procurement)
2017/18 End of year Performance Business Plan Monitoring and Period 2 (May) Report	<p>The year-end report presents detailed performance results for the year April 2017 to March 2018 against the 2017/18 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 revenue and capital expenditure and reserves.</p>	<p>Steve Mair (Finance)</p> <p>Cathy Mullins/Mo Rahman (Performance)</p>
Annual Counter Fraud Monitoring Report	To oversee and monitor the performance of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
Annual Report on Internal Audit and Internal Control - 2017/18	To consider the work of Internal Audit in 2017/18 and the opinion of the Shared Services Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the internal control environment.	David Hughes (Internal Audit)
Work Programme 2018/19	The Committee is invited to agree its work programme for the 2018/19 municipal year.	Reuben Segal

18 September 2018

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2018/19	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
Grant Thornton Annual Audit Letter 2017/18	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.	Paul Jacklin Paul Dossett (Grant Thornton)
Progress and Update on 2018-2019 Audit	To consider an update on the 2018 - 2019 Audit and key information on accounting changes and emerging issues for local government	Paul Jacklin Paul Dossett (Grant Thornton)
Finance (P3) & Performance Business Plan Monitoring Report	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 1 performance results against the 2017/18 business plans	Steven Mair (Finance) Cathy Mullins/ Mo Rahman (Performance)
Update on HRA Capital Programme Slippage	To consider a report on the HRA capital programme outturn against forecast and mitigation measures to address any underspend.	Steve Mair (Finance)/ Barbara Brownlee (GPH)
Internal Audit Monitoring Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and	David Hughes (Internal Audit)

	robust internal control framework.	
Internal Audit Charter	To review the Council's Internal Audit Charter which is maintained by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS)	David Hughes (Internal Audit)
Managed Services Update	To receive an update on the transition arrangements from BT to Hampshire County Council.	John Quinn (Corporate Services)
Update from CityWest Homes	To receive a report from the Council's Housing Directorate and CWH on: <ul style="list-style-type: none"> • Operational Performance • Contract Management • Complaints • Risk • Financial Standing 	Sandra Skeete (CWH)
Procurement Update	To receive an update on contract management programme and outcomes/achievements delivered to date.	Maria Benbow

14 November 2018

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2018/19	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
Progress and Update on 2018-2019 Audit	To consider an update on the 2018 - 2019 Audit and key information on accounting changes and emerging issues for local government	Paul Jacklin Paul Dossett (Grant Thornton)
Corporate Complaints 2017/18	To report on the volume and details of complaints received by the Council and CityWest Homes in 2018/19.	Sue Howell (Complaints)
Finance Monitoring Report	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.	Steven Mair (Finance)
Internal Audit Monitoring Report	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)
Mid-Year Counter Fraud Monitoring Report	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)

Update on Bi-Borough Arrangements	To monitor the key operational issues in Adults, Children's and Public Health Services following the transition from Tri-Borough to Bi-borough arrangements.	Stuart Love
Review of Anti-Fraud Policies	<p>To review and approve the following which are maintained by the Corporate Anti-fraud Service:</p> <ul style="list-style-type: none"> • Whistleblowing Policy • Fraud Response Plan • Anti-bribery Policy • Anti-money Laundering Policy (including procedures) 	Andy Hyatt (Corporate Anti-fraud Service)
Review of Effectiveness	<p>To consider the outcomes of the following reviews:</p> <ul style="list-style-type: none"> • The CIPFA Took Kit on Effective Audit Committees; • The CIPFA Statement on the Role of the Head of Internal Audit • The CIPFA Statement on the Role of the Chief Financial Officer; • The Public Sector Internal Audit Standards (PSIAS) Self-Assessment 	David Hughes (Internal Audit)
Procurement Update	To receive an update on the contract management programme and service area compliance in updating and evaluating contract performance within capitalEsourcing.	Mandy Gado

5 February 2019

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2018/19	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
Grant Thornton Certification of Claims and Returns Annual Report (Audit 2017/18)	To report the findings from the certification of 2017/18 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.	Paul Jacklin Paul Dossett (Grant Thornton) Martin Hinckley
Grant Thornton Annual Audit Plan 2018/19	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 2018/19.	Paul Jacklin Paul Dossett (Grant Thornton)
Maintaining High Ethical Standards at the City Council	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority	Tasnim Shawkat (Monitoring Officer)
Finance & Performance Business Plan Monitoring Report	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 2018/19 business plans	Steven Mair (Finance) Cathy Mullins/ Mo Rahman (Performance)
Internal Audit Monitoring Report	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)

Internal Audit Plan 2019/20	To review and comment on the draft audit plan for 2019/20	David Hughes (Internal Audit)
Managed Services Update	To receive an update on the transition arrangements from BT to Hampshire County Council.	John Quinn (Corporate Services)
Update from CityWest Homes	To receive a report from the Council's Housing Directorate and CWH on: <ul style="list-style-type: none"> • Operational Performance • Contract Management • Complaints • Risk • Financial Standing 	Barbara Brownlee/ Jonathan Cowie (CWH)
Procurement Update	To receive an update on the contract management programme and service area compliance in updating and evaluating contract performance within capitalEsourcing.	Mandy Gado

Agenda Item	Reasons & objective for item	Lead Officer
Draft Annual Statement of Accounts and Outturn 2018/19	To review the draft 2018-19 Annual Statement of Accounts and outturn.	Steve Mair (Finance)
Draft Audit Findings Report 2018/19	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 Paul Jacklin (Grant Thornton)
Finance & Performance Business Plan Monitoring Report	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) Cathy Mullins/ Mo Rahman (Performance)
Integrated Investment Management Strategy	To review the performance of the integrated investment management strategy.	Finance
Procurement Update	To receive an update on the contract management programme and service area compliance in updating and evaluating contract performance within capitalEsourcing.	Mandy Gado

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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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COMMITTEE ACTION TRACKER
ACTIONS: 16 July 2018

ACTION	OUTCOME	LEAD OFFICER
2017/18 END OF YEAR PERFORMANCE BUSINESS PLAN AND FINANCE PERIOD 2 (MAY) REPORT		
1. <u>Finance Period 2 Monitoring Report</u> Capital Programme Management Office – The Committee would like an update in one year’s time on the outcomes and outputs of this	This will be programmed for 12 months time	City Treasurer/ Committee and Governance Services)
2. <u>2017/18 End of Year Performance Report</u>		
1. Performance achievements and opportunities – Westminster’s Employment Service has supported 881 unemployed residents into work. The Committee would like to know how many of the residents are still in employment after six months (the current sustainment measure).	A briefing note was circulated on the 7 August 2018.	Mo Rahman, Evaluation and Performance Analyst, Evaluation and Performance team)
2. Performance challenges - Westminster accounts for 7% of all hate crime incidents in London and this has increased by 44% over the last 2 years. The Committee would like a breakdown of the increase by year and by type of incident to understand the trend pattern. It would also like a standing update on hate crime in future quarterly monitoring reports.	A briefing note was circulated on the 7 August 2018.	Mo Rahman, Evaluation and Performance Analyst, Evaluation and Performance team)
3. Growth, Planning and Housing – Local Full Fibre Network Funding – The Committee would like clarity on whether the aim to connect 9,500 premises and 80,000 addressable premises covers all Westminster residential properties?	A briefing note was circulated on the 7 August 2018.	Mo Rahman, Evaluation and Performance Analyst, Evaluation and Performance team)
4. Policy Performance and Communications – Community Contribution Scheme - Provide Councillor Boothroyd with a breakdown of the individual contribution values and the dates they were received.	A briefing note was circulated on the 7 August 2018.	Mo Rahman, Evaluation and Performance Analyst, Evaluation and Performance team)

ACTION	OUTCOME	LEAD OFFICER
ANNUAL CONTRACTS REVIEW 2017/18		
The Committee would like to know which contracts received a waiver in 2017-18 and which of these had not been performance evaluated within capitalEsourcing.	This information has been included in the Procurement Update report submitted to the 18 September meeting.	Mandy Gado, Head of Procurement Development Marivie Papavassiliou, Procurement Governance Manager