



City of Westminster

# Committee Agenda

Please note venue

Title:

**Audit and Performance Committee**

Meeting Date:

**Tuesday 5th February, 2019**

Time:

**6.30 pm**

Venue:

**Committee Rooms 4 & 5, 18th Floor, Westminster City Hall,  
64 Victoria Street, London, SW1E 6QP**

Members:

**Councillors:**

Ian Rowley (Chairman)  
David Boothroyd  
Robert Rigby  
Jacqui Wilkinson



**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, Andrew Palmer, Senior Committee and Governance Officer.**

**Tel: 020 7641 2802 Email: [apalmer@westminster.gov.uk](mailto:apalmer@westminster.gov.uk)  
Corporate Website: [www.westminster.gov.uk](http://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 any changes to the membership.

**2. DECLARATIONS OF INTEREST**

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

**3. MINUTES**

To approve the minutes of the previous meeting.

**(Pages 5 - 14)**

**4. EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL AUDIT 2017/18**

To report the findings from the certification of 2017/18 claims: and the key messages arising from the assessment of the Council's arrangements for preparing claims and returns and information on claims that were amended or qualified.

**(Pages 15 - 22)**

**5. GRANT THORNTON PROGRESS REPORT ON ANNUAL AUDIT PLAN 2019/20**

To receive an Audit Progress Report and Sector Update – together with the External Audit Plan for the year ending 31 March 2019.

**(Pages 23 - 58)**

**6. FINANCE & PERFORMANCE BUSINESS PLAN MONITORING REPORT**

To receive the Period 8 Finance Performance Report for the period to November 2018 against the 2018/19 approved budget.

To also receive and monitor the Quarter 2 Performance Report for the end of the second quarter of 2018/19 (September 2018); which includes a commentary in respect of outstanding and poor performance, and details of remedial actions being taken, where appropriate.

**(Pages 59 - 128)**

<b>7. MAINTAINING HIGH ETHICAL STANDARDS AT THE CITY COUNCIL</b>	<b>(Pages 129 - 138)</b>
To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority.	
<b>8. UPDATE FROM CITYWEST HOMES</b>	<b>(Pages 139 - 158)</b>
To receive a report from the Council's Housing Directorate and CityWest Homes on:	
<ul style="list-style-type: none"><li>• Operational Performance</li><li>• Contract Management</li><li>• Complaints</li><li>• Risk</li></ul>	
To also receive an interim proposal on Key Performance Indicators for 2019/20.	
<b>9. HAMPSHIRE COUNTY COUNCIL PARTNERSHIP AND BT MANAGED SERVICES EXIT</b>	<b>(Pages 159 - 166)</b>
To receive an update on the transition from BT Managed Services to the Integrated Business Centre (IBC).	
<b>10. PROCUREMENT UPDATE</b>	<b>(Pages 167 - 176)</b>
To receive the outcome of a review of the City Council's Procurement Services, together with a quarterly update on Procurement activity by Service Directorate.	
<b>11. INTERNAL AUDIT 2018/19 - PROGRESS REPORT (NOVEMBER TO DECEMBER 2018)</b>	<b>(Pages 177 - 186)</b>
To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	
<b>12. INTERNAL AUDIT PLAN 2019/20</b>	<b>(Pages 187 - 204)</b>
To review and comment on the draft audit plan for 2019/20.	
<b>13. WORK PROGRAMME AND ACTION TRACKER</b>	<b>(Pages 205 - 222)</b>
The Committee is invited to review its work programme.	

**Stuart Love**  
**Chief Executive**  
**28 January 2019**



CITY OF WESTMINSTER

## MINUTES

### Audit and Performance Committee

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held at 7pm on **Wednesday 14th November, 2018**, Room 3.6/3.7, 3rd Floor, 5 Strand, London, WC2 5HR.

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

**Also Present:** David Hodgkinson (Assistant City Treasurer), Sue Howell (Complaint and Customer Manager), David Hughes (Shared Services Director of Audit, Risk, Fraud and Insurance), Moira Mackie (Senior Internal Audit Manager) Andy Hyatt (Tri-borough Head of Fraud), Andrew Tagg (Director of Operations and Programmes, Children Services), Chris Greenway (Bi-borough Director of Integrated Commissioning, Adult Social Care), Paul Dossett (Grant Thornton), Paul Jacklin (Grant Thornton) 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 changes to the membership.

#### 3 MINUTES

3.1 **RESOLVED:** That the minutes of the meeting held on 18 September 2018 be agreed by the Chairman as a correct record of proceedings.

#### 4 PROGRESS AND UPDATE ON 2018 - 2019 AUDIT

4.1 The Committee received a report from the Council's external auditors, Grant Thornton, which set out progress in delivering its responsibilities in relation to undertaking the audit of the Council's Financial Statements and the Pension Fund for the financial year 2018-19. The report included a sector update of emerging national issues and developments including the Adult Social Care sector, latest trends in local authority trading companies and PSAA report on the results of auditors' work 2017/18.

- 4.2 Paul Jacklin, Senior Manager, Grant Thornton, informed Members that as part of its audit work Grant Thornton would be reviewing the transfer of the legacy data in Agresso to the Integrated Business Centre (IBC) as part of the Council's move from BT Managed Services to the Hampshire County Council Partnership. An interim report on its findings would be reported to the Committee at its next meeting.

## **5 ANNUAL CORPORATE COMPLAINTS 2017 - 2018**

- 5.1 The Committee considered a report on the Council's Annual Complaints Review for 2017-18. The report summarised the Council's complaints performance (Complaint stages 1 and 2), complaints received by the Local Government Ombudsmen (LGO) and a limited review of dealing with the Leader and Cabinet Member correspondence. The report contained, as an appendix, a copy of the Local Government Ombudsman Annual Letter/Review for the year ending 31 March 2018. Whilst the review covered most of the Council's services, Adults and Children's Social Care Services each have their own separate statutory complaints procedure and separate reports are produced for these. Copies of these were appended to the report for information.
- 5.2 Information used to compile the 2017/18 annual report had largely come from the complaints icasework management system, which has been in operation since June 2016.
- 5.3 The committee noted that the Review indicated that there was a 46% increase in the number of stage 1 complaints received. The increase in volume is attributed to service areas now fully engaging with the new complaints Casework system and the use of the Council's complaints web form which is linked to the icasework system and is not an indication of poor service.
- 5.4 The Committee asked whether all of the Council's departments were recording complaints through the icasework system and whether all complaints were being captured in it. Sue Howell, Customer and Complaints Manager, explained that some complainants still contact the Council via letter. While some of these might not be entered into the system she was confident that a significant majority of complaints were now being captured in one place. In response to further questions, Sue Howell explained that in addition to the web form members of the public can submit complaints in writing or by phone. The ability to submit complaints via email was removed as part of the Council's Digital Programme and the desire to increase the use of the web form. Members commented that many people find communicating by email much easier and asked officers to explore options for re-introducing an email facility for raising complaints.
- 5.5 The Committee noted that the number of complaints received by Directorate increased per quarter to year-end. Members asked whether there was a reason for this. Sue Howell informed the Committee that while some complaints are seasonal there was no correlation from one quarter to the next and volume levels had differed the previous year.

- 5.6 The annual report revealed that the highest volume of complaints come from two Directorates which are City Treasurers (Revenue and Benefits) with 48% of the total, and City Management and Communities (CMC) with 38%. In respect of the latter, there had been a % reduction in volume on the preceding year. In 2017/18 Revs and Bens represented 48% of all stage 1 complaints. In 2016/17 it was 62%. The increase in stage 1 complaints for City Management & Communities (CMC) is generally attributed to better reporting since the introduction of the icasework system as previously CMC complaints were captured on various systems some complaints may not have been reported at a corporate level so some under reporting was expected. The Committee noted that the Housing Benefits and Revenue divisions within the City Treasurer's Directorate had the best response times. Sue Howell explained that due to the volume of complaints it receives the division has a dedicated proactive team that is focused on responding to and resolving complaints. Members suggested that, where transferable, it should share some of its practices with other Council directorates.
- 5.7 The report outlined that there was a 22% reduction of stage 2 complaints when compared with 2016/17. This reduction came from Revenue and Benefits and in particular from Housing Benefit complaints. The service attributed this reduction to an improvement in the standard of stage 1 responses. There have been no significant service failures found at stage 2 of the complaints procedure and only 4% (4 of 113 complaints) were upheld at the final stage. This suggests that the service areas are generally putting things right at the first stage of the procedure.
- 5.8 The LGO made no specific comments about the Council's performance, and the Annual Complaints Review has reported that no formal public reports were issued against the Council.
- 5.9 The Committee noted in relation to the Adults Annual Complaints report that the volume of complaints had risen over the last 4 years and that quality of service was the most complained about issue in 2017-2018. The Committee further noted that 48% of complaints were either fully or partially upheld.

**Actions:**

1. The Committee has requested that future complaint reports cover all of the Council's services including the statutory complaints from Adults and Children's and Family Services and the Housing provision currently being delivered by CityWest Homes, once this has been bought back in-house, in order to obtain a complete picture of complaints received by the Authority. **(Action for: Sue Howell, Customer and Complaints Manager)**
2. The Committee asked for detailed information on Adult complaints that were either fully or partially upheld. **(Action for: Gary Hamilton Head of Operations, Adult Social Care)**

## 6 FINANCE PERIOD 6 MONITORING REPORT

- 6.1 The Committee considered the contents of the period 6 finance report which provided details of the forecast outturn in respect of revenue and capital and projected revenue and capital expenditure by Cabinet Member including key risks and opportunities. The report also included details in relation to the revenue and capital expenditure for the housing revenue account.
- 6.2 The Committee noted with concern that there was a forecast overspend of £1.398m against the annual revenue budget of £14.058m in the Economic Development, Education and Community Cabinet Member portfolio. Members were informed that a significant element related to pressures within the Education service as a result of funding pressures within SEN and SEN Transport. Andrew Tagg, Director of Operations and Programmes, Children's Services, explained that the duty in the Children and Families Act 2014 to extend transport from 19 to 25 years of age to and from the educational placement named in an EHC plan had presented a significant challenge when setting the SEN budget 2 years ago. SEN transport is funded from the Council's general fund. Mr Tagg advised that the Council, together with other London boroughs who are facing similar budgetary pressures are lobbying Government regarding the impact.
- 6.3 The Committee reiterated its ongoing concerns regarding the Capital Programme projected underspend by year end against the agreed budget (in both operational and development projects) This applied across Cabinet Member portfolios, and in a number of instances the underspend accounted for between 20-25% of the agreed budget. Dave Hodgkinson explained that a number of the operational as well as development projects included large schemes. These were delayed for a variety of reasons including planning issues or the need to undertake public consultation.
- 6.4 **ACTIONS:** Provide the Committee with a note on progress in leasing the ten lower floors of City Hall which will contribute to revenue savings through the generation of rental income (**Dave Hodgkinson, Assistant City Treasurer**).

## 7 INTERNAL AUDIT 2018-2019 PROGRESS REPORT (SEPTEMBER TO OCTOBER 2018)

- 7.1 The Committee considered the work carried out by the Council's Internal Audit service in the reporting period and noted that in the areas audited internal control systems were generally effective with 3 positive assurance reviews (substantial or satisfactory) being issued in the period. Five follow up reviews completed in the period confirmed that the implementation of recommendations had been effective with the majority (92%) of recommendations fully implemented at the time of the review.

- 7.2 The Committee noted the improvement in the internal controls system for the Corporate Services: HR: Off Payroll Working (IR35) which, when it last was audited in 2016-2017, had received a limited assurance opinion.

## 8 COUNTER FRAUD 2018-2019 HALF YEAR MONITORING REPORT

- 8.1 The Committee considered a report that provided an account of fraud related activity undertaken by the Tri-Borough Corporate Antifraud Service (CAFS) from 1 April 2016 to 30 September 2018.
- 8.2 The committee noted that since April 2018 CAFS has identified 106 positive outcomes against 100 over the same period in 2017/18. This included 33 tenancy and housing -related successes and the successful prosecution of 53 individuals for fraudulently misusing disabled parking badges. Anti -fraud activity with a notional value of approximately £320,000 had been identified.
- 8.3 Members asked about the significant increase in successful prosecutions of the misuse of disabled parking badges compared to the same period last year. Andy Hyatt, Tri-borough Head of Fraud, explained that a new officer joined the team in the last year and it had taken some time for him to become familiar with the hotspots where the fraudulent misuse of disabled parking badges was taking place. In response to questions, Mr Hyatt explained that these were in streets adjacent to Oxford Street where people wanted to take advantage of parking spaces close to retailers. He advised that those committing these offences were people visiting the West End without the badge holder being present and were not necessarily Westminster residents. He clarified that a blue badge holder can park in a legitimate space anywhere in Europe. Mr Hyatt was asked about intelligence gathering and sharing. He stated that the misuse of disabled parking badges was a road traffic offence. This is not recorded by the Police so will not be visible on the Police national database. The Council is reporting its data to London Councils for wider intelligence gathering.
- 8.4 Members informed officers of anecdotal housing related fraud that had been raised with them and reiterated their concerns that such fraud is probably under reported.
- 8.5 The Committee welcomed the training of officers in fraud prevention and their professional development.
- 8.6 The Committee asked whether the service, which is being delivered on a tri-borough basis, is likely to be disaggregated. David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance, advised that this is not likely to happen, particularly given the size and nature of the service.
- 8.7 **ACTION:** The Committee requested that the information on disabled parking badge fraud prosecutions is shared with Ward Councillors and that future reports include a breakdown of which streets are affected (**Action for: Andy Hyatt, Tri-borough Head of Fraud**).

## 9 COUNTER FRAUD POLICY REVIEW

- 9.1 As the responsible body for the effective scrutiny of the Council's antifraud arrangements and activities, the committee reviewed four revised anti-fraud policies: (i) Anti-bribery Policy; (ii) Anti-Money Laundering Policy; (iii) Fraud Response Plan and (iv) Whistleblowing Policy which had been amended to ensure that they are up to date and are fit for purpose.
- 9.2 With reference to Government concerns over money laundering in the UK property sector, and in particular within the London luxury development market the Committee asked whether there is a requirement for the Council to undertake due diligence regarding the source of funding for developments/flats as part of the planning process. David Hughes explained that it is the responsibility of an individual purchaser's solicitor to raise any concerns with the National Crime Agency. The Council is obliged to investigate where cash deposits are made by individuals or business into the Council's accounts.
- 9.3 Members noted that to assist in the prevention of money laundering the Council's policy is that no payment to the authority should be accepted in cash if it exceeds £10,000. The Committee asked how the threshold was determined. Mr Hughes explained that the Council has followed guidance provided by the National Crime Agency. My Hyatt stated that following the meeting he would contact services of the Council where there are higher risks of receiving larger sums of cash payments to provide advice on where officers can report any concerns or suspicious transactions to.
- 9.4 The Committee asked in relation to the Whistleblowing Policy whether all employees of the Council receive training on the policy. My Hyatt stated that an e-learning tool was available on the Council's intranet, however, he wanted training on this to be incorporated as part of the Council's induction process for new staff.

**Actions:** To obtain an understanding of the levels of cash transactions received by the authority and the potential for suspicious transactions the Committee would like a breakdown of cash payments over the last 12 months as follows:

- (i) £10,000
- (ii) £5,000 - £10,000
- (iii) £2,500 - £5,000

**(Action for: Dave Hodgkinson, Assistant City Treasurer)**

## 10 UPDATE ON BI-BOROUGH ARRANGEMENTS IN CHILDREN'S SERVICES, ADULT SOCIAL CARE AND PUBLIC HEALTH

- 10.1 The committee considered an update on progress in establishing a Bi-Borough agreement with the Royal Borough of Kensington and Chelsea for the delivery of Children's Services, Adult Social Care and Public Health. This follows the decision made by Cabinet in March 2017 to serve notice on

London Borough of Hammersmith and Fulham to disaggregate the Tri-Borough s113 agreements currently in place to deliver these services.

- 10.2 The report indicated that considerable effort had been spent mitigating the potential financial impact of the move to a Bi-Borough service, as well as ensuring that current service provision did not suffer as a result of the uncertainty being experienced by staff. Staff consultation on key changes was an important part of this approach, with extensive engagement with all staff affected by the changes and proposals developed from feedback received from staff.
- 10.3 The Committee was informed that smooth transition had taken place for services that went live on the 1<sup>st</sup> April and plans are in place to mitigate any risks associated with disaggregation in Adults that took effect from October 2018. Front line service delivery had not been impacted as a consequence of the disaggregation of services. Ofsted's focused visit inspection of the council's arrangements for children who need help and protection in the summer reflected continuity in the provision of high quality services found previously to be 'outstanding' in 2016.
- 10.4 Members asked whether there were any intentions to introduce major operational changes in the future to the new Bi-borough arrangements. Andrew Tagg, Director of Operations and Programmes, Children's Services, advised that there were not, however, the service would look for opportunities where it can share or trade services where relevant to benefit from economies of scale.
- 10.5 **RESOLVED:** Noted the progress in implementation and transition to the new Bi-borough structure in Adult Social Care, Children's Services and Public Health since the last update in November 2017.
- 10.6 **ACTION:** To assist Members with monitoring performance, the Committee would like future reports to include the key performance indicators and outturn under each divisional update. (**Action for: John O'Sullivan, Head of Business Intelligence and Strategy, Children's Services**).
- 11 UPDATE ON HAMPSHIRE COUNTY COUNCIL PARTNERSHIP AND BT MANAGED SERVICES EXIT**
- 11.1 The Committee considered an update report on the exit from the existing BT Managed Services contract and the transition to the Hampshire IBC Solution. This included information of the outcome of testing of the transition to the Hampshire IBC solution, particularly in respect of payroll, data migration, engaging with the wider corporate body raising awareness and communicating progress around the IBC programme and contingency planning and risk management.
- 11.2 Mr Hodgkinson explained that there are a number of issues in respect of the different ways in which SAP and Agresso calculate pay. This includes the way in which holiday pay for casual employees is calculated. Pension variances had been detected which would affect 139 employees due to issues around

staff banding. Childcare deduction vouchers which were not pensionable in Agresso would be in SAP. This will affect the pay of 80 members of staff. Mr Hodgkinson stated that the Council will be writing to all the affected staff to alert them to the differences.

- 11.3 He advised in respect of the most recent payroll comparison run that 100% of records had been matched or reconciled. The main risk related to the migration of data from Agresso to SAP at “go-live”.
- 11.4 Members asked about the feedback from staff that had attended SAP training courses. Mr Hodgkinson reported that the vast majority of attendees had found it to be user friendly and simple to use.
- 11.5 The Committee noted that the “Hyper-core” period, where intensive care is available after go-live, will run for 4 weeks. Members suggested that this period is extended into early January as the Council will not be running at full capacity towards the end of the month as many members of staff will have taken leave for the holidays. Mr Hodgkinson stated that the Council will have a good idea by the middle of December whether the system is stable or if there are problems. In the case of the latter, the Hyper-core period can be extended as long as is required.
- 11.6 The Committee noted with regards to Customer Invoicing that credit notes can only be raised for the whole amount of an invoice and not a partial amount. This also results in the need for a further invoice to be raised. Members were concerned that this could potentially introduce further delays to the receipt of payment where a new invoice needs to be raised and re-processed by the customer.

**ACTIONS:**

1. The Committee would like the next update to include a breakdown of performance against agreed targets.
2. The Committee would like details at the end of Q1 of the volume and sum of new invoices raised and re-produced due to the raising of queries and requests for a partial credit note.

**(Action for: David Hodgkinson, Assistant City Treasurer)**

**12 WORK PROGRAMME AND ACTION TRACKER**

**12.1 RESOLVED:**

1. That the work programme including the items for the next meeting on 5 February be noted.
2. That the responses to actions from the last meeting be noted.

- 12.2 **ACTIONS:** The Committee would like to review the draft key performance indicators for the Council’s housing service that is being bought back in-house

to consider whether the targets are appropriate. **(Action for Barbara Brownlee, Executive Director, Growth, Planning and Housing)**

The Meeting ended at 8.20 pm

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

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## Audit and Performance Committee Report

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	5 February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	External Audit Certification of Claims and Returns Annual Audit 2017/18
<b>Financial Summary:</b>	There are no direct financial implications arising from the report.
<b>Report of:</b>	<b>Assistant City Treasurer (Revenue &amp; Benefits)</b>

### 1. Executive Summary

- 1.1 External Audit annually review the grants that the City Council claims through a grants certification audit. The Council's external auditors (Grant Thornton) require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The Grant Thornton report in relation to the financial year 2017/18 is shown at Appendix A.

### 2. Recommendation

- 2.1 That the Grant Thornton report is noted.

### 3. **Grant Thornton Annual Review**

3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.

3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification audit. Grant Thornton require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.

3.3 There was only one return / claim audited by Grant Thornton in relation to the 2017/18 financial year:

- Housing Benefit subsidy claim (£211M)

The Teacher's Pension claim will be reported to this committee as part of the main Accounts audit report later in the year

3.4 In terms of the Housing Benefit Subsidy claim, Grant Thornton has made one recommendation in this year's report (the full report is shown at Appendix A):

“We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing”.

3.5 The auditors identified a couple of minor errors in relation to manual adjustments, extended payments and uncashed cheques. Due to the small number of cases within these particular cells within the subsidy claim, the Council / external auditors were able to undertake 100% check of the cell contents. The result being an adjustment of £6,373, which equates to a 0.003% adjustment to the overall claim.

3.6 In addition, the auditors found a small number of errors in the Rent and Earned Income cells. The volume of claims making up these particular cells made a 100% check impossible and therefore Grant Thornton reported the errors to the DWP in their annual audit letter. The DWP have subsequently confirmed that the Council's claim is acceptable and no adjustment is required to the claim figure of £211,088,486, i.e. the DWP accepted that the errors were not significant enough to warrant an adjustment to the claim or further action by the City Council.

3.7 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (currently 25,000 in WCC) means the vast majority of local authorities will have some errors identified through their annual subsidy claim audit (this point is confirmed in Grant Thornton's letter at Appendix A). Whilst the audit and subsequent confirmation from the DWP can be considered as an acceptable outcome, the Council should continuously try to improve its

position and as such the following additional measures are being introduced for the 2018/19 and future subsidy claims:-

- A 100% check of the subsidy cells, for manual adjustments, extended payments and uncashed cheques will be undertaken in late March before the subsidy claim is submitted.
- Additional training and sample checking will be undertaken in relation to the use of rent and earned income within the benefit calculation.

#### **4. Financial Implications**

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 The Housing Benefit subsidy claim for 2017/18 was adjusted by £6,373. The adjusted claim for £211,088,486 was submitted and subsequently agreed by the DWP.
- 4.3.1 The overall fee for certification of the Council's claim was £25,386 (a reduction from the previous year cost of £29,880).

#### **5. Legal Implications**

- 5.1 There are no direct legal implications arising from this report.

**If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at [mhinckley@westminster.gov.uk](mailto:mhinckley@westminster.gov.uk)**

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David Hodgkinson  
Assistant City Treasurer  
City Treasurer's Department  
Westminster City Council  
5th Floor  
5 Strand  
London, WC2N 5HR

7 January 2019

Dear David

## Certification work for City of Westminster Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Westminster City Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2017/18 relating to subsidy claimed of £211 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention. Additional testing of the full population was undertaken in a couple of areas which enabled the Council to amend the claim. The extrapolated financial impact on the claim from the errors found, which we have reported to the DWP, but for which the claim was not amended totalled £26k.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for 2017/18 for the Council was based on the final 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £25,386. This is set out in more detail in Appendix B.

Yours sincerely

Grant Thornton UK LLP

**Appendix A - Details of claims and returns certified for 2017/18**

<b>Claim or return</b>	<b>Value of amended claim</b>	<b>Amended?</b>	<b>Amendment value</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£211,088,466	Yes	£6,373	Yes	Qualification letter reported errors found in rent and earned income calculations. These are common issues reported at several of our audited bodies.

**Findings from certification of housing benefits subsidy claim**

**Rent**

Testing of the initial sample of 20 cases identified 1 case where the Council overpaid benefit as a result of using the incorrect rent figure. Testing of an additional 40 cases identified 1 case where the Council had underpaid benefit as a result of using the incorrect rent figure. The extrapolation of the 60 cases tested, led to an extrapolated overpayment of £25,521. In addition, our testing identified that the system had paid housing benefit for one case at the Local Housing Allowance rate despite this being higher than the actual rent. The Council were able to prove this was an isolated case and an amendment of £2,791 was made to the claim.

**Claimant income**

We identified 4 errors where assessors had incorrectly calculated claimants' earned income from evidence provided in respect of claims in receipt of rent allowance. Two of these errors out of a total of 60 cases tested, led to an extrapolated overpayment of £363. The other two issues either had no impact on the benefit paid or resulted in an underpayment of benefit and therefore these are not classified as errors and are excluded from the extrapolation noted above.

**Manual adjustments**

The Council makes a number of manual adjustments to individual claims. Our testing identified one claim where the Council incorrectly processed a manual adjustment. The Council has rechecked all claims containing a manual adjustment and amended the claim by £3,503.

**Extended payments**

Our testing identified 1 error on an extended payment case. The Council has rechecked all claims containing extended payments and amended the claim by £277.

**Uncashed cheques**

The report provided for uncashed cheques did not reconcile to the claim, and the difference could not be explained; the cell was entered incorrectly. This resulted in a £198 error which the Council corrected for.

**Recommended actions for officers**

We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

**Appendix B: Fees for 2017/18 certification work**

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£25,386	£25,386	£25,386	£Nil	N/A

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# Audit Progress Report and Sector Update

Westminster City Council  
Year ending 31 March 2019  
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January 2019



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# Introduction

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**Paul Dossett**

**Engagement Lead**

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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)

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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](http://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.



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# Progress at 14 January 2019

## Financial Statements Audit

We have completed our planning for the 2018/19 financial statements audit and have issued a detailed audit plan (separate agenda item), setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

We have undertaken the following interim work:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Reviewed the ledger migration process and tested the reconciliation between the previous general ledger system (Agresso) and the new ledger (SAP)
- We have completed the following substantive testing for the first 8 months of the year
  - Capital Additions
  - Journals
  - Opening Balances
  - Expenditure testing
  - Income testing
  - Grants testing

We are satisfied of the completeness and accuracy of balances transferred from Agresso to SAP. We have not identified any issues from our interim testing.

The statutory deadline for the issue of the 2018/19 opinion is 31 July 2018. We have discuss our plan and timetable with officers. And plan to have completed the majority of our work by the April Audit and Governance Committee.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach are included in our Audit Plan. This is included as a separate agenda item. We have not identified any significant value for money conclusion risks.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in 2018.

## 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 2018/19 was concluded in November 2018.

The results of the certification work are reported to you in our certification letter, which is a separate item on the agenda.

### Meetings

We continue to meet with Senior Finance Officers on a monthly basis to discuss emerging developments 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 our Financial Reporting Workshop which helps to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	January 2019	Complete
<b>2018/19 Deliverables</b>	<b>Planned Date</b>	<b>Status</b>
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit and Performance Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Complete
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the 29 April Audit Committee.	April 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	June 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

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# Sector Update

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.

Public Sector

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 by clicking on the logos below:

Public Sector

Local  
government

# CIPFA – Financial Resilience Index plans revised

The Chartered Institute of Public Finance and Accountancy (CIPFA) has refined its plans for a financial resilience index for councils and is poised to rate bodies on a “suite of indicators” following a consultation with the sector.

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 put forward in the consultation by the 24 August.

CIPFA has also responded to concerns about the initial choice of indicators, updating the selection and will offer authorities an advanced viewing of results.

Plans for a financial resilience index were put forward by CIPFA in the summer. It is being designed to offer the sector some external guidance on their financial position.

CIPFA hailed the “unprecedented level of interest” in the consultation.

Responses were received from 189 parties, including individual local authorities, umbrella groups and auditors. Some respondents called for a more “forward-looking” assessment and raised fears over the possibility of “naming and shaming” councils.

CIPFA chief executive Rob Whiteman said with local government facing “unprecedented financial challenges” and weaknesses in public audit systems, the institute was stepping in to provide a leadership role in the public interest.

“Following the feedback we have received, we have modified and strengthened the tool so it will be even more helpful for local authorities with deteriorating financial positions,” he said.

“The tool will sit alongside CIPFA’s planned Financial Management Code, which aims to support good practice in the planning and execution of sustainable finances.”

CIPFA is now planning to introduce a “reserves depletion time” category as one of the indicators. This shows the length of time a council’s reserves will last if they deplete their reserves at the same rate as over the past three years.

The consultation response document said this new category showed that “generally most councils have either not depleted their reserves or their depletion has been low”.

“The tool will not now provide, as originally envisaged, a composite weighted index but within the suite of indicators it will include a red, amber, green (RAG) alert of specific proximity to insufficient reserve given recent trajectories,” it said.

It also highlighted the broad support from the sector for the creation of the index. “There was little dissent over the fact that CIPFA is doing the right thing in drawing attention to a matter of high national concern,” it said.

“Most respondents agreed to the need for transparency – but a sizable number had concerns over the possibly negative impacts of adverse indicators and many councils wanted to see their results prior to publication.”

As such, CIPFA plans to provide resilience measurements first to the local authorities and their auditors via the section 151 officer rather than publishing openly.

## CIPFA Consultation

### Challenge question:

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



# ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

## Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

## What's the problem?

- **Short-term solvency vs. Longer-term value:**
  - **CLG & NHS:** Facing financial pressures, oversight & governance pressures
- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit committees not consistently effective:** Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

## Future financial viability of local public bodies

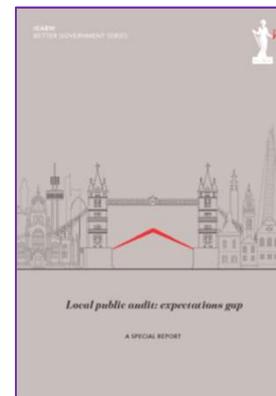
Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

## The ICAEW puts forward two solutions:

Solution a) If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



## The expectations gap

### Challenge question:

How effectively is the audit meeting client expectations?



# Financial Foresight: Our sustainable solution for cash-strapped councils

Grant Thornton's new Financial Foresight platform helps provide local councils with financial sustainability.

Launched in early January, Financial Foresight is a unique platform that can help us provide financial sustainability to under-pressure local councils, using a combination of data, statistics and our expertise.

**Page 31** In December 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) estimated that 15% of councils are showing signs of financial distress. If the rate at which these councils are dipping into their financial reserves continues, the National Audit Office estimates that 10% of councils will have depleted their reserves by 2021. The latest figures from our Insights and Analytics team suggest this could be closer to 20%.

Alarm bells started to chime at Somerset, Surrey, Lancashire and Birmingham councils last year. Yet it was the catastrophic near-collapse of Northamptonshire County Council - after it chose for five years not to raise council tax to cover its spiralling costs - that shone the spotlight on this widespread problem.

Unless local councils can get to grips with the situation, we'll all feel the effects of deeper cutbacks in public spending.

## What's causing the problem?

After eight years of government austerity which followed the financial crash of 2008, many councils are now digging deep into their financial reserves in order to provide public services to their communities – from social care to fixing potholes in the road.

Pressure on funding is further impacted by rapidly rising costs – especially for demand-led services as populations grow and age. Within just a few years, many councils will not have any reserves left to fall back on, and some have already said they will be unable to provide any non-statutory services at this time. Overlay Brexit onto this situation, along with the anticipated financial pressures this will bring, and the outlook for local authorities is extremely challenging.

## How can we help?

The investments we have made in analytics coupled with the commercial success of our CFO Insights tool has enabled us to develop credible financial forecasts for every local authority in the country. From this platform we developed Financial Foresight; a unique, forward-looking financial analytics and forecasting platform designed to support financial sustainability in local government.

Financial Foresight takes account of factors such as population growth, development forecasts and demand drivers to project local authority spend, income and operating costs. It provides a baseline view on the financial sustainability of every local authority in England and allows leaders in each authority to benchmark their own outlook against others. This will help councils move on from resilience – or just getting by – to financial sustainability.

Head of Local Government Paul Dossett said: "Through Financial Foresight and our associated strategy workshops, we can support local authorities to test and appraise a range of financial strategies and levers to develop a plan for a sustainable future. The critical importance of authorities understanding their financial resilience is only going to increase, so we're proud to be leading the market with this offering."

For more information, follow the links below:

<https://www.grantthornton.co.uk/en/insights/councils-are-at-risk-but-do-they-really-know-why/>

<https://www.grantthornton.co.uk/en/insights/from-resilience-to-financial-sustainability/>

# Brexit Room - Increasing readiness and resilience within your locality

Local authorities have always navigated uncertainty and faced challenges on behalf of communities and this role has never been more important than now. Whilst the outcome of Brexit remains uncertain at a national level, it is essential for councils to set a path to ensure the continued delivery of vital services and the best possible outcomes for their local communities and economies.

Whatever happens over the coming weeks and months, it is important that councils identify key Brexit scenarios and use these to frame robust local contingency plans.

From our conversations with the sector we know that local authorities are at different stages in their preparation for this big change.

Here's a brief summary of the issues that we are seeing:

## Organisations

- Engaging non-EEA nationals within the workforce to ensure they understand their residency rights and are not receiving incorrect information from other sources
- Loss of access to key EU databases on policing and trading standards and changes to data sharing arrangements
- Uncertainty around continuation of EU funding beyond 2020 and the implementation of the UK Shared Prosperity Fund.

## Services and suppliers

- Engaging with key suppliers to assess their risk profiles and resilience
- Dealing with the immediate strain on key services such as social care and trading standards
- Potential disruption to live procurement activities and uncertainty around the national procurement rulebook post OJEU.

## Place

- Considering scenarios for economic shock, the associated social impact in the short, medium and long-term and the potential impact on local authority financial resilience
- Potential impacts on major local employers, key infrastructure investment programmes and transport improvements
- Civil contingencies and providing reassurance and support to residents and businesses.

## Our approach

The Brexit Room is a flexible and interactive half-day workshop designed to sharpen your thinking on the impact Brexit could have on:

**Your organisation** – including considerations on workforce, funding, and changes to legislation

**Your services and suppliers** – ensuring that critical services are protected and building resilience within supply chains

**Your place** – using our proprietary Place Analytics tools we will help you to understand potential impacts on your local communities and economy and develop a place-based response, working with partners where appropriate.

We can work with you to identify key risks and opportunities in each of these areas whilst building consensus on the priority actions to be taken forward. You will receive a concise and focused write-up of the discussion and action plan to help shape the next stages of your work on Brexit.

For more information, follow the link below:

<https://www.grantthornton.co.uk/insights/brexit-local-leadership-on-the-front-line/>

## Brexit

### Challenge question:

How well advanced are your Council's plans for Brexit?



# A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

## Scoping Sprint (Oct 2018)

Following opening remarks by Hilary Cottam (social entrepreneur and author of Radical Help) and Cllr Georgia Gould (Leader of Camden Council) the subsequent debate identified three themes for Grant Thornton to take forward:

1. Ethics and philosophy: What is meant by care? Should the state love?

2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

## Sprint 1 – What do we really mean by 'Care'? (Dec 2018)

Julia Unwin, Chair of the Civil Societies Futures Project, and Sam Newman of Partners4Change sparked debate on why we need society to be brave enough to talk about care and the different levels at which 'care' can be applied to create a Caring Society.

## Sprint 2 – A new role for the state? (7 Feb 2019)

Donna Hall, CEO of Wigan Council and Andrew of Reform, will start the debate on how can the state – nationally and locally – develop and adapt itself to be in service to a caring society.

### To find out more or get involved:

- Join the conversation at #acaringssociety
- [Why we need to create a caring society](#)
- [Creating a caring society – the start of the debate](#) – the key themes from our first round table
- [Social care must take the starring role in its own story](#) – why the definition of social care is so important if the system is to change
- [Markets, trust & governance](#) – how social care can evolve to become a driver of local care economies
- [The future care leader](#) – Fiona Connolly, director of adult social care at Lambeth, discusses the importance of local care leaders working across the entire health system

### Challenge question:

How is your authority engaging in the debate about the future of social care?



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# Links

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## Grant Thornton website links

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

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-authority-trading-companies/>

## 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](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>

## Public Sector Audit Appointments

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>



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# External Audit Plan

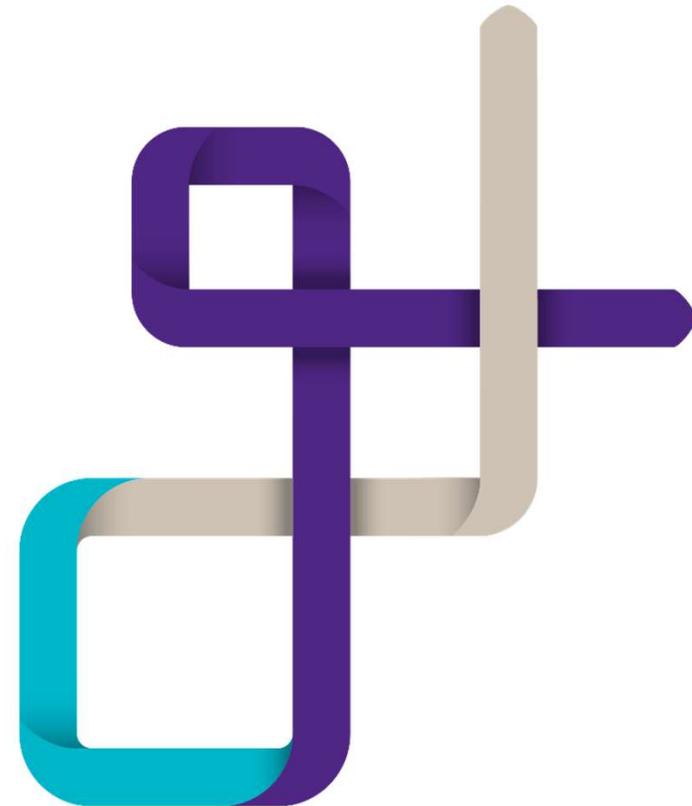
*Year ending 31 March 2019*

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Westminster City Council and Westminster City Council Pension Fund

December 2018

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to the Council as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to the Council for reporting all of the risks which may affect the Council and Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

## Our Team



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## Purpose

This document provides an overview of the planned scope and timing of the statutory audits of the Westminster City Council ('Council') and Westminster City Council Pension Fund "the Fund" for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council and the Fund. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audits

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Council, Group and Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Performance Committee); and
- The Council's Value for Money arrangements are in place for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Performance Committee of your responsibilities.

Our audit approach is based on a thorough understanding of the your business and is risk based.

# Headlines

**Group Accounts** The Council are required to prepare group financial statements that consolidate the financial information of Westminster Community Homes Limited, City West Homes Limited, WestCo Trading Limited, Westminster Procurement Services Limited, Soho Create Limited, Hub Make Lab CIC and Paddington Recreation Ground Charitable Trust.

**Significant risks identified** Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as follows:

**Westminster City Council**

- management override of controls
- valuation of property, plant and equipment being materially misstated
- valuation of pension fund net liability being materially misstated
- appropriateness of the Council's appeals provision for National Non-Domestic Rates (Business Rates)
- the implementation of the new general ledger resulting in material misstatements across the accounts

**Westminster City Council Pension Fund**

- management override of controls
- the valuation of Level 3 investments being materially misstatement
- the implementation of the new general ledger resulting in material misstatements across the accounts

We will communicate significant findings in these areas as well as any other significant matters arising from the audit in our Audit Findings (ISA 260) Report.

**Materiality - Council** We have determined planning materiality to be £19.9m (PY £20.4m) for the group and £19.8m (PY £20.1m) for the Council, which equates to 1.95% of the Council's prior year gross expenditure for the prior year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £990k (PY £1,005k).

**Materiality – Pension Fund** We have determined materiality at the planning stage of our audit to be £13.4m (PY £13.4m) for the Fund, which equates to 1% of the Fund's net assets for the prior year.  
We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £668k (PY £668k).

**Value for Money arrangements (Council Only)** Our risk assessment regarding the Council's arrangements to secure value for money have identified the following VFM significant risks:

- We will consider whether the Council has adequate arrangements in place to address the risks of departing from the European Union

**Audit logistics** Our interim visit will take place in December 2018 and our final visit will take place in April to May 2019. Our key deliverables are this Audit Plan and our Audit Findings Report.  
Our fee for the audit will be £143,004 (PY: £185,719) for the Council audit and £16,170 (PY: £21,000) for the Fund, subject to you delivering a good set of financial statements and comprehensive and accurate supporting working papers, and responding to audit queries promptly.

**Independence** We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Key matters impacting our audit of the Council

## Key business risks

### The wider economy and the Council's financial position

The challenging financial climate resulting from year on year funding reductions, increased demands for services and wider macro uncertainty has continued to adversely impact Local Government. The Council has identified final gross savings of £38.327m for 2018/19 to ensure a balanced budget. As in previous years, the proposed savings are from measures which avoid service reductions e.g. additional income generation, efficiencies and other transformation means.

The Council is well placed to meet its future financial challenges if management action on budget proposals continues as currently envisaged and planned. The Council continue to manage its finances well and as at month 6, are reporting a net General Fund underspend of £1.751m by year-end. In 2020/21, funding for Local Government will transform as part of the next stage of Business Rates Retention as well as reflect the outcomes of the Government's Fair Funding review. This review will update the formulae which calculates the level of relative needs, assesses deprivation levels and takes into account population and other demographics for each local authority. The Council will need to remodel their future finances following the outcome of this review.

### Priorities

The Council are overhauling planning processes to ensure future decisions meet the needs of residents. The Council's fresh Place Strategy and Delivery Plan has identified 96 projects across 87 streets and spaces in nine zones, including proposals for major improvements at Oxford Circus, Marble Arch and Cavendish Square. The Council remains committed to finding sufficient space to enable an additional 2,000 new affordable homes to be built or the next generation.

### Implementation of new Ledger

During the year, the Council migrated the financial ledger from Agresso hosted by BT to SAP hosted by Hampshire County Council. The balances in the existing ledger transferred to the new ledger, with the individual transaction data copied to an archive facility. The move to the new financial ledger creates several risks including ensuring the quality of existing data on Agresso is verified and then transferred accurately and completely to new codes within SAP. The Council also need to ensure that staff are properly trained on the new system and that the Council continue to pay suppliers and staff in accordance with agreed terms and conditions.

### Council Housing

A review into CityWest Homes identified operational problems which developed from weaknesses in management and the way the organisation is structured and governed. As a result, the Council are to bring the management of Council housing under direct control.

### Changes in senior management

The Council's Treasurer has recently retired and the Council are currently in the process of recruiting his successor.

### Brexit

With the UK due to leave the European Union on 29 March 2019, there will be national and local implications resulting from Brexit that will impact on the Council. The Council will need to review their workforce plans, analyse their supply chains and model potential impacts on Council finances including investment and borrowing as well as any potential impact on the valuation of Council and Pension Fund assets.

### Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

## Our response

We will consider the Council's arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

We will continue to engage with Members and Senior Officers to assess how the Council are performing in addressing challenges.

We will keep officers informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

As part of our financial statements opinion, we will consider whether the Council's financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

We will invite members of the finance team to our local government final accounts workshops, to discuss financial reporting issues at an early stage and facilitate cross-council discussion in respect of key issues impacting the financial statements.

We identified a significant audit risk relating to the data migration to the new ledger. We will review the process over the data migration and ensure the data transfer is complete and accurate.

# Key matters impacting our audit of the Fund

External Factors	Internal Factors
<p><b>SI 493/2018 – LGPS (Amendment) Regulations 2018</b> Introduces a new provision for employers to receive credit for any surplus assets in a fund upon ceasing to be a Scheme employer. This could potentially lead to material impacts on funding arrangements and the need for updated Funding Strategy Statements.</p> <p><b>Guaranteed Minimum Pension (GMP)</b></p> <ul style="list-style-type: none"> <li>• Pension funds are continuing to work through the GMP reconciliation process.</li> <li>• In January 2018 the government extended its “interim solution” for indexation and equalisation for public service pension schemes until April 2021. Currently the view is that the October 2018 High Court ruling in respect of GMP equalisation is therefore not likely to have an impact upon the LGPS.</li> </ul>	<p><b>Changes to the CIPFA 2018/19 Accounting Code</b> The most significant changes relate to the adoption of IFRS 9 Financial Instruments. In practice, IFRS 9 is anticipated to have limited impact for pension funds as most assets and liabilities held are already classed as fair value through profit and loss.</p> <p><b>The Pensions Regulator (tPR)</b> tPRs Corporate Plan Corporate for 2018-2021 includes three new Key Performance Indicators (KPIs) directly related to public service pension schemes and TPR has chosen the LGPS as a cohort for proactive engagement throughout 2018 and 2019.</p>
	<p><b>Implementation of SAP</b> As explained on page 5 the move to SAP represents a significant risk and this risk will equally apply to the Pension Fund.</p> <p><b>Pooling</b> The Fund remains committed to pooling its assets with the London Collective Investment Vehicle (LCIV) where suitable mandates become available. The value of pension fund investments transferred to the LCIV at the end of September 2018 was £547 million. This represents 43% of Westminster’s investment assets. A further £290 million continues to benefit from reduced management fees, Legal and General having reduced their fees to match those available through the LCIV. On 1 November 2018 the fund re-balanced its equity exposure by selling down from its Longview portfolio and transferring circa £90m to the LCIV’s Multi Asset Credit Fund.</p>

Our response		
<p>We will continue to monitor the position in respect of GMP equalisation and reconciliation. For pension funds the immediate impact is expected to be largely administrative rather than financial.</p>	<p>We will keep the fund informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.</p> <p>As part of our opinion on the financial statements, we will consider whether the Council’s financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.</p> <p>We will keep under review any interaction the Fund has with tPR and tailor our audit approach where necessary.</p>	<p>We identified a significant audit risk relating to the data migration to the new ledger. We will review the process over the data migration and ensure the data transfer is complete and accurate.</p> <p>Whilst we do not consider the transfer of assets to the pool as a significant risk we will tailor our approach to gain assurance in respect of the completeness and accuracy of the transactions.</p>

# Group audit scope and risk assessment

In accordance with ISA (UK) 600, as your group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. The group audit does not include the Pension Fund.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Westminster City Council	Yes		See detail on pages 8-11	Full scope UK statutory audit performed by Grant Thornton UK LLP
Westminster Community Homes Limited	No		Valuation of property, plant and equipment	Audit or one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements.
City West Homes	No		Valuation of pension fund net liability	Audit or one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements.
WestCo Trading Limited Westminster Procurement Services Limited Soho Create Limited Hub Make Lab CIC Paddington Recreational Ground Trust	No		None	Analytical review performed by Grant Thornton UK LLP.

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## Key changes within the group:

There have been no significant changes within the group

## Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to the Council and Fund in our Audit Findings Report in April 2019.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The risk that revenue includes fraudulent transactions</b>	<b>Council and Fund</b>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the Council's and the Fund's revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk.</p>
<b>Management over-ride of controls</b>	<b>Council and Fund</b>	<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. The group and Fund face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk for the Council and the Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of land and buildings</b>	<b>Council</b>	<p>The Council revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£2.8 billion) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• write to the valuer to confirm the basis on which the valuations were carried out;</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>• test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register and financial statements;</li> <li>• evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value; and</li> <li>• evaluate management's assessment of property values in the light of Britain leaving the European Union on 29th March 2019.</li> </ul>
<b>Valuation of the pension fund net liability</b>	<b>Council</b>	<p>The Council's pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£698 million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• assess the related impact of Britain leaving the European Union on 29 March 2019.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Appeals Provision for National Non-Domestic Rates (Business Rates)</b>	<b>Council</b>	<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. The provision is based on significant judgements made by management and uses a complex estimation technique to prepare the provision.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>monitor how the appeals process is affecting the Council and any planned changes in the methodology used to calculate the provision;</li> <li>identify the controls put in place by management to ensure that the appeals provision is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement;</li> <li>review assumptions made by management and the processes in calculating the estimate;</li> <li>test the calculation and its agreement to supporting documentation; and</li> <li>review the disclosures made by the Council in the financial statements.</li> </ul>
<b>Incomplete or inaccurate financial information transferred to the new general ledger</b>	<b>Council and Fund</b>	<p>In December 2018, the Council implemented a new general ledger system. When implementing a new significant accounting system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>review the Council's arrangements and controls over the transfer of data from the old system to the new system, and the controls over the completeness and accuracy of data transferred;</li> <li>map the closing balances from the redundant general ledger (Agresso) to the opening balance position in the new ledger (SAP) to assess accuracy and completeness of the financial information, undertaking sample testing as appropriate; and</li> <li>complete an information technology (IT) environment review to document, evaluate and test the IT controls operating within the new general ledger system.</li> </ul>

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# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of Level 3 Investments</b>	<b>Fund</b>	<p>By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£60 million) and the sensitivity of this estimate to changes in key assumptions</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>Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2019.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing Level 3 investments;</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2019 with reference to known movements in the intervening period;</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert; and</li> <li>• assess the related impact of Britain leaving the European Union on 29 March 2019.</li> </ul>

# Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 2 Investments	Fund	<p>While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.</p> <p>We therefore identified the valuation of the Fund's Level 2 investments as an other risk</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• gain an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls;</li> <li>• assess the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments;</li> <li>• agree the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records and seek explanations for variances;</li> <li>• request year-end confirmations from investment managers and custodian;</li> <li>• where necessary, test a sample of unit values used to value level 2 investments to externally quoted information sources, or where not quoted, to unit values provided by the investment manager's own independent custodian. We may consider the use of our specialist valuation team;</li> <li>• for direct property investments agree values in total to valuer's report and undertake steps to gain reliance on the valuer as an expert; and</li> <li>• assess the related impact of Britain leaving the European Union on 29 March 2019.</li> </ul>

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# Other matters

## Other work

The Fund is administered by the Council, and the Fund's financial statements form part of the Council's financial statements.

Therefore, in addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities in respect of the Council and the Fund, as follows:

- We read the Narrative Report and Annual Governance Statement and any other information published alongside the financial statements to check that they are consistent with the Council's financial statements and the Fund on which we give an opinion, and consistent with our knowledge
- We carry out work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on the Council's consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about the Council or Fund's 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
  - issue of a report in the public interest or written recommendations to the Council or Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of the audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the group or the Fund's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

# Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Matter	Description	Planned audit response
1	<p><b>Calculation and determination</b></p> <p>We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgment in the context of our knowledge of the Council and the Fund, including consideration of factors such as stakeholder expectations, financial stability and reporting requirements for the financial statements.</p> <p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> <li>– estimate the tolerable level of misstatement in the financial statements</li> <li>– assist in establishing the scope of our audit engagement and audit tests</li> <li>– calculate sample sizes and</li> <li>– assist in evaluating the effect of known and likely misstatements in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• We have determined financial statement materiality based on a proportion of the gross expenditure of the group and the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £19.9m (PY £20.4m) for the group and £19.8m (PY £20.1m) for the Council, which equates to 1.95% of the Council’s prior year gross expenditure on cost of services.</li> <li>• For the Fund, we have determined financial statement materiality based on a proportion of the Fund’s net assets. In the prior year we used the same benchmark. Our materiality at the planning stage is £13.4m (PY £13.4m) which equates to 1% of the Fund’s actual net assets for the year ended 31 March 2018.</li> </ul>
2	<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements. We design our procedures to detect errors in specific accounts at a lower level of precision which we deem to be relevant to stakeholders.</p>	<ul style="list-style-type: none"> <li>• We have not identified any balances where we will apply lower materiality levels. We will undertake testing on senior officers remuneration which is below the materiality levels as these are considered sensitive disclosures.</li> </ul>
3	<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<ul style="list-style-type: none"> <li>• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of materiality</li> </ul>
4	<p><b>Matters we will report to the Audit and Performance Committee</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance Committee any unadjusted misstatements of lesser amounts, other than those which are ‘clearly trivial’, to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"> <li>• In the context of the group and the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £990k (PY £1,005k).</li> <li>• In the context of the Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £668 (PY £668k).</li> <li>• If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Committee to assist it in fulfilling its governance responsibilities.</li> </ul>

# Value for Money arrangements

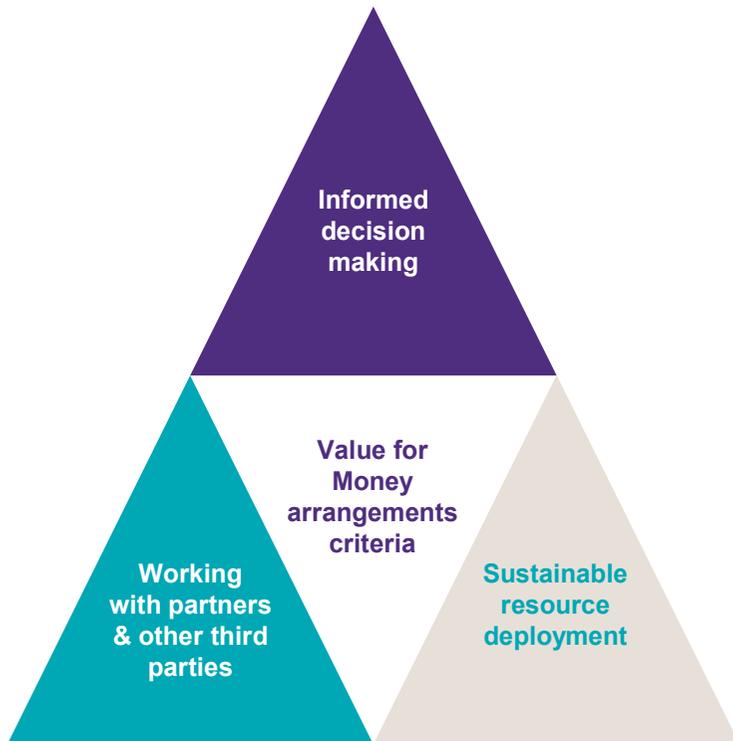
## Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, excluding Pension Funds, auditors are required to give a conclusion on whether the Council have proper arrangements in place to secure value for money.

The guidance identifies one single 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.”*

This is supported by three sub-criteria, as set out below:



## Significant VFM risk

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



### Brexit

With the UK due to leave the European Union on 29 March 2019, there will be national and local implications resulting from Brexit that will impact on the Council, which the Council will need to plan for.

In response to this risk we will:

- Review the Council's arrangements and plans to mitigate any risks on Brexit. Our review will focus on areas such as workforce planning, supply chain analysis and impacts on finances including investment and borrowing as well as any potential impact on the valuation of the Council's assets.

# Audit logistics, team & fees



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## Paul Dossett, Engagement Lead

Paul will be the main point of contact for the Chief Executive, statutory officers and Members. Paul will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Senior Management and the Audit and Performance Committee. Paul will ensure our audit is tailored specifically to the Council and Fund and is delivered efficiently. Paul will review all reports and the team's work focussing his time on the key audit risks.



## Laurelin Griffiths, Council Audit Manager

Laurelin will support Paul in his work to ensure the early delivery of audit testing, but with a focus on issues relating to the Council. She will lead on a number of complex accounting issues. Laurelin will oversee the implementation of Grant Thornton's new audit methodology, attend Audit and Performance Committee meetings and draft reports, ensuring they remain clear, concise and understandable to all. She will also be responsible for undertaking reviews of the team's work.



## Paul Jacklin, Pension Fund Audit Manager

Paul will work with the senior members of the finance and executive teams, ensuring early delivery of testing and agreement of accounting issues on a timely basis, with a focus on issues relating to the Fund. Paul will attend Audit and Performance Committee meetings, undertake reviews of the team's work and draft reports. Paul will work with Internal Audit to secure efficiencies and avoid duplication, providing assurance for the Annual Governance Statement.



## Marc Chang, Audit Incharge

Marc will lead the onsite team and will be the day to day contact for the audit. Marc will monitor the deliverables, manage the query log with the finance team and highlight any significant issues and adjustments to senior management. Marc will undertake the more technical aspects of the audit, and coach the junior members of the team.

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# Audit logistics, team & fees

## Audit fees

The planned audit fees are £143,004 (PY: £185,719) for the financial statements audit of the group, and £16,170 (PY: £21,000) for the financial statements audit of the Fund, completed under the Code, which are in line with the scale fees published by PSAA. In setting the fee, we have assumed that the scope of the audits, do not significantly change.

Where we are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis.

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## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, the Council and Fund must ensure that:

- All audit queries in our interim and final work are responded to in a timely manner and all required samples provided to enable completion of the interim audits within the agreed timetable.
- The draft accounts provided to us are fully accurate with minimal errors. Supporting schedules to all figures in the accounts and other working papers are provided to us in accordance with the agreed upon information request list. This must include all notes, the narrative report and AGS.
- The agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples. All supporting schedules are clearly presented and agree to figures in the accounts.
- Key management and accounting staff identified in our information request list are available throughout the duration of our audit visits to help us locate information and to provide explanations.
- All audit queries are resolved promptly and fully and within agreed timescales.

If any of the above requirements are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

# Independence & non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give the Council timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage the Council to contact us to discuss these or any other independence issues with us. We will also discuss with the Council if we make additional significant judgements surrounding independence matters. We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to the Council's attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

## Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and the Fund. The following other services were identified.

Service	£	Threats	Safeguards
<b>Audit related</b>			
Certification of Housing capital receipts grant	TBC	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work for 2017/18 was £3,000 in comparison to the total fee for the audit of £143,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension return	TBC	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work for 2017/18 was £3,500 in comparison to the total fee for the audit of £143,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefits claim	TBC	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work for 2017/18 was £22,410 in comparison to the total fee for the audit of £143,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
<b>Non-audit related</b>			
Place Analytics subscription	9,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the was £9,500 in comparison to the total fee for the audit of £143,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Performance Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

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# Appendices

**A. Audit Approach**

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# Appendix A Audit approach

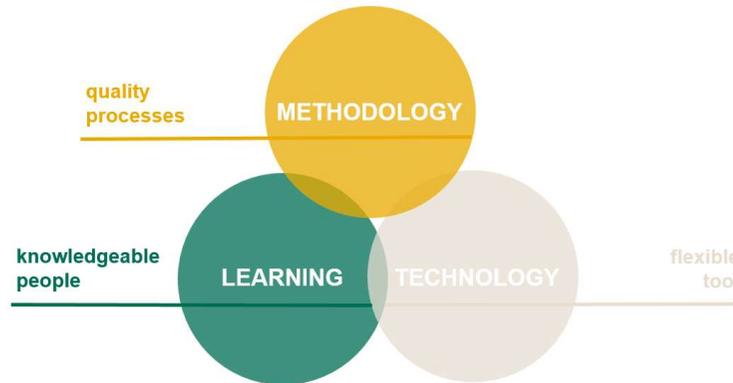
## Use of audit, data interrogation and analytics software

### LEAP



#### Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



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### IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also use other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

### Appian



#### Business process management

- Clear timeline for account review:
  - disclosure dealing
  - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

### Info



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



#### REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



#### ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



#### VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



#### INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



#### FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



#### INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons



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## Audit and Performance Committee Report

<b>Meeting or Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	5 <sup>th</sup> February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	Period 8 Finance Report 2018/19
<b>Key Decision:</b>	Review and challenge officers on the contents of the report
<b>Report of:</b>	David Hodgkinson, Interim S151 Officer

### 1. Executive Summary

The period 8 Performance Report presents detailed results for the period to November 2018 against the 2018/19 approved budget. The report provides explanations and commentary in respect of forecast variances to budget.

### 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. Reasons for Decision

To inform Members of how the City Council is delivering its approved budget.

### 4. Background, including Policy Context

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

## 1. Key Messages

- 1.1 The period 8 monthly revenue monitoring report projects a net underspend of £1.697m by year-end and net risks of £1.009m. 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.
- 1.2 The capital monthly monitoring report projects an expenditure underspend of £30.477m by year-end. Income is forecast to under-recover by £24.464m resulting in a net forecast underspend of £6.012m.
- 1.3 At period 8, the HRA revenue forecast is an overspend of £0.466m compared to a budgeted surplus of £6.994m.
- 1.4T he forecast gross capital outturn for the HRA is £119.644m, resulting in a total underspend of £30.702m compared to the budget of £150.345m.

## 2. Revenue – Forecast Outturn

- 2.1 At period 8, Cabinet portfolios are projecting a net underspend of £1.697m by year-end with net risks of £1.009m The table below shows a summary of forecast variances, risks and opportunities by Cabinet portfolio.

<b>Cabinet Portfolio</b>	Full Year Budget (£m)	Full Year Forecast (£m)	Full Year Variance (£m)	Risks Identified (£m)	Opps Identified (£m)	Projected Variance inc Opps and Risks (£m)
Leader of the Council	8.641	8.210	(0.431)	0.000	0.000	(0.431)
Deputy Leader, Economic Development, Education and Community	14.058	15.082	1.024	0.000	0.000	1.024
Finance, Property and Regeneration	51.999	46.881	(5.118)	1.804	(1.300)	(4.614)
Family Services and Public Health	80.848	81.569	0.721	0.155	0.000	0.876
Environment and City Management	(13.586)	(12.356)	1.230	0.300	(0.450)	1.080
Public Protection and Licensing	8.271	8.271	0.000	0.000	0.000	0.000
Housing and Customer Services	35.482	35.759	0.277	0.200	0.000	0.477
Place Shaping and Planning	1.927	2.527	0.600	0.300	0.000	0.900
<b>NET CONTROLLABLE BUDGET</b>	<b>187.641</b>	<b>185.944</b>	<b>(1.697)</b>	<b>2.759</b>	<b>(1.750)</b>	<b>(0.688)</b>
Council Tax*	53.831	53.831	-			
Business Rates - Net of Tariff*	133.810	133.810	-			
<b>CORPORATE FINANCING</b>	<b>187.641</b>	<b>187.641</b>	<b>0.000</b>			
<b>NET (SURPLUS) / DEFICIT</b>	<b>-</b>	<b>(1.697)</b>	<b>(1.697)</b>			

## **Period 8 Forecast Outturn by Cabinet Portfolio**

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

At the end of period 8, the reported forecast outturn is an underspend of (£0.431m) against the annual budget of £8.641m.

This is mainly driven by careful management of staff costs (£0.242m), consultancy spend being lower than planned (£0.153m) and secondment income (£0.088m). However this is offset by an under recovery of income £0.052m, which mainly relates to City Promotions, Events and Filming. Smaller net variances across the portfolio of £0.189m make up the remaining difference.

The £0.200m of risks identified within the portfolio related to an increase in business rate charge in City Promotions, Events and Filming £0.200m, have been removed following a successful challenge.

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

At the end of period 8, there is a forecasted overspend of £1.024m against the annual budget of £14.058m

The forecast overspend largely relates to pressures within the Education service as a result of funding pressures within Special Education Needs (SEN) of £0.311m, under-recovery of budgeted traded services income with Schools totalling £0.385m, urgent re-procurement of a minibus provider of £0.266m and £0.092m due to legal fees.

There is an underspend of £0.085m in Community Services relating to employee costs savings and an overspend within the Libraries and Registrars of £0.055m relating to a net under recovery of income.

There are no risks and opportunities reported at period 8.

### **Finance, Property and Regeneration** (*Councillor Rachael Robathan*)

At the end of period 8, the portfolio is forecasting an underspend of (£5.118m) against a budget of £51.999m.

The reported underspend is mainly due to additional recovery of income from business rates cost of collection within Revenues and Benefits and additional interest earnings within Treasury and Pensions. The reported underspend is mainly due to an over recovery from interest earnings of (£5.063m), legal related overspends £0.223m, higher than planned income over recovery in Revenue and Benefits (£0.191m) and underspends across the portfolio relating to employee costs (£0.087m).

There are risks identified of £1.804m, comprising of a new risk of £1.000m, which could potentially arise from an income shortfall from lower than expected backdated rent/lease reviews. The projections supplied by our external managing agent are being reviewed before declaring a variance. Previously reported risks of £0.300m for the TUPE transfer of customer-facing staff to the council and a further £0.150m from the relinquishing of the

public convenience contract by Carlisle Cleaning Ltd remain. Potential under recovery from external income in Legal Services £0.254m and an under recovery of funding for staff cost £0.100m within Procurement Services.

There are opportunities identified of (£1.300m). These relate to potential reduced utility costs of £0.700m at City Hall and NNDR costs at City Hall and other properties of £0.600m.

### Family Services and Public Health (*Councillor Heather Acton*)

At the end of period 8, the portfolio is reporting a forecast overspend of £0.721m against an annual budget of £80.848m.

This is made up of Children's Family Services pressures of £0.635m from an increased number of care leavers and impacts from changes in legislation and judicial decisions as well as larger numbers of Unaccompanied Asylum Seeking Children (UASC). Operations and Programmes are forecasting a net overspend of £0.128m relating to the discontinuation of the lead commissioning arrangements within the SALT contract.

There is a net underspend within Adult Services totalling (£0.042m), consisting of overspends of £0.845m on employee costs relating to operational and Mental Health pressures and an increase demand in Occupational Therapy assessments, offset by a (£0.895m) underspend on Learning Disabilities and Physical Support contracts.

Public Health is reporting a nil variance and any underspend against the budgeted use of reserves will reduce the requirement to use those reserves in year.

The various underspends within the services result in a £0.945m lower transfer from reserves than budgeted for 18/19. This will be retained in reserves for future years' spend. The main variances influencing the drawdown from reserves are savings of £1.071m across contracted services due to the conclusion of a large re-procurement as well as reduction in demand relating to activity driven service areas such genito-urinary medicine (GUM). An overspend of £0.113m from the salaries budgets arising from the restructure of the service has also affected the overall figure.

There are reported risks as per period 8 of £0.155m 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.

There are no opportunities reported in period 8.

### Environment and City Management (*Councillor Tim Mitchell*)

At the end of period 8, the portfolio is forecasting an overspend outturn of £1.230m against an annual budget of £13.586m.

This results from an overspend within City Highways of £2.220m, offset by an underspend of (£0.990m) within Waste and Parks.

There are opportunities of £0.450m, no change compared to period 7.

Risks of £0.300m are being reported in period 8. This is due to potential shortfalls in Road Management income which is susceptible to changes in the economic environment causing a downturn in the level of development works and impacting income from road closures, temporary traffic orders etc.

#### **Public Protection and Licensing** *(Councillor Ian Adams)*

At the end of period 8, 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 8, the portfolio is forecasting an overspend of £0.277m against the annual budget of £35.482m.

There is a risk of £0.200m mainly relating to pay costs incurred on non-capital related projects currently being worked on in Information Services to ensure systems are operating at an optimal level.

There are no reported opportunities at period 8.

#### **Place Shaping and Planning** *(Councillor Richard Beddoe)*

At the end of period 8, the portfolio is forecasting an overspend of £0.600m against the annual budget of £1.927m.

This is due to an under recovery of planning income of £1.200m driven by a reduction in volume of major applications and associated Planning Performance Agreements (PPAs), partly offset by an underspend in employee costs of £0.600m.

There are reported risks of £0.300m, which relate to additional employee costs in Place Shaping.

There are no reported opportunities in period 8.

### 3. Capital – Forecast Outturn

3.1 The Council's General Fund capital projects are currently reporting a forecast gross expenditure of £274.983m and gross income of £109.473m against a revised gross expenditure budget of £305.460m and gross income budget of £133.937m. This equates to a net underspend of £6.012m comprising an underspend of £30.477m on expenditure and an under-recovery of income of £24.464m.

The table below summarises the capital programme by directorate.

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	97,685	(65,541)	84,375	(54,437)	(13,310)	11,104	(2,206)
Efficiency	31,327	-	32,254	-	927	-	927
Operational	176,448	(68,396)	158,354	(55,036)	(18,094)	13,360	(4,733)
<b>Grand Total</b>	<b>305,460</b>	<b>(133,937)</b>	<b>274,983</b>	<b>(109,473)</b>	<b>(30,477)</b>	<b>24,464</b>	<b>(6,012)</b>

The period 8 forecast summary by Cabinet Member is as follows:

## Cabinet Member

### General Fund Summary

	Revised Expenditure Budget (£,000's)	Revised Income (£,000's)	Expenditure Forecast (£,000's)	Income Forecast (£,000's)	Expenditure Variance (£,000's)	Income Variance (£,000's)	Previous Expenditure Forecast (£,000's)	Expenditure to Date (£,000's)
Deputy Leader, Economic Development, Education and Community	14,673	(9,646)	13,825	(9,158)	(848)	488	13,825	5,818
Environment and City Management	37,948	(12,291)	30,998	(8,308)	(6,950)	3,983	30,998	13,509
Family Services and Public Health	291	(291)	327	(327)	36	(36)	327	127
Finance, Property and Regeneration	117,344	(33,398)	112,892	(32,072)	(4,452)	1,326	112,291	77,454
Housing and Customer Services	57,502	(34,829)	47,790	(26,522)	(9,712)	8,307	50,328	16,045
Place Shaping and Planning	1,253	(828)	3,500	-	2,247	828	3,260	544
Environment and City Management/Place Shaping and Planning	43,467	(41,357)	31,668	(31,674)	(11,799)	9,683	32,068	18,296
Public Protection and Licensing	1,655	(1,297)	1,730	(1,412)	75	(115)	1,730	960
<b>Service Area Total</b>	<b>274,133</b>	<b>(133,937)</b>	<b>242,729</b>	<b>(109,473)</b>	<b>(31,404)</b>	<b>24,464</b>	<b>244,826</b>	<b>132,751</b>
Projects Funded from Flexible use of Capital Receipts	31,327	-	32,254	-	927	-	35,652	13,515
<b>Grand Total</b>	<b>305,460</b>	<b>(133,937)</b>	<b>274,983</b>	<b>(109,473)</b>	<b>(30,477)</b>	<b>24,464</b>	<b>280,478</b>	<b>146,267</b>

### Funding

	Revised Funding Budget (£,000's)	Funding Forecast (£,000's)	Variance
Grants	(133,937)	(109,473)	24,464
Contributions			-
Revenue Account			-
<b>External Funding Total</b>	<b>(133,937)</b>	<b>(109,473)</b>	<b>24,464</b>
Internal Funding*	(171,523)	(165,511)	6,012
<b>Grand Total</b>	<b>(305,460)</b>	<b>(274,983)</b>	<b>30,477</b>

\* This is by capital receipts or borrowing

### Generation of Capital Receipts

	Revised Budget (£,000's)	Full Year Forecast (£,000's)	Actual to Date (£,000's)
Queensway Car Park	-	(3,247)	(3,247)
Moxon Street	-	(84,800)	(84,800)
Sir Simon Milton UTC	-	(8,100)	(8,080)
<b>Capital Receipts Total</b>	<b>-</b>	<b>(96,147)</b>	<b>(96,127)</b>

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

The portfolio has no capital schemes and therefore a nil budget.

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

At period 8, the portfolio is forecasting (£0.848m) underspend.

The majority of the movement is due to re-profiling of Library Capital Improvements (£0.646m) as a result of longer time expected to get refurbishment work done and set up contract for purchasing self-service machine.

The Paddington Recreation Ground Synthetic Pitch Replacement is re-profiling £0.400m to next year as a result of allowing Hockey Club, a big stakeholder, to complete their season.

However, the underspend is partly offset by overspend on some projects, including Paddington Recreation Ground Capital Improvements (£0.171m) which is matched with additional CIL funding and other projects of (£0.027m).

### Finance, Property and Regeneration (Councillor Rachael Robathan)

There is a forecast underspend of (£4.452m) against the full year budget.

Beachcroft is re-profiling £1.609m as a result of a delay in the project due to commissioning a new sub-station on the site and decommissioning the old one.

Dudley House is reprofiling £1.202m due to retention payment being re-profiled into the next financial year. The school is now completed and the residential elements are expected to complete in the first half of next year.

The Lisson Grove Programme is re-profiling £0.487m to next year due to delay in delivering full detail on the project.

Mandela Way Upgrade is re-profiling £0.398m to next year because of the planning application unlikely being approved by this year.

£0.756m of reprofiling is related to movements in other smaller schemes in GPH.

### Family Services and Public Health (Councillor Heather Acton)

At period 8, Family Services and Public Health is forecasting a £0.036m overspend.

The overspend of £0.036m on Beachcroft Expansion is related to retention payment.

### Environment and City Management (Councillor Tim Mitchell)

Environment and City Management is forecasting a £6.950m reduction against the budget.

Cycle Schemes has reported £2.000m underspend due to lack of plans for future schemes together with re-profiling of £0.340m as a result of delay on route 11, Quietway 88 and Circle Line East.

TFL Local Improvement Plan Placeholder underspent £1.678m as this TFL funded scheme is not progressing.

Strutton Ground is re-profiling £1.600m due to delays in delivery caused by market traders' objections to temporary site.

A £0.717m has been re-profiled to 2018/19 for the Waterloo and Golden Jubilee Bridge project due to some works on the monitoring of weight of the bridge is not going to continue until the end of 2018/19.

£0.615m reductions relates to smaller projects.

#### Public Protection and Licensing *(Councillor Ian Adams)*

At period 8, Public Protection and Licensing is forecasting an increase of £0.075m in expenditure.

The overspend relates to Disabled Facilities Grant project, which is fully funded.

#### Housing and Customer Services *(Councillor Andrew Smith)*

There is a forecast reduction of £9.712m in expenditure against the full year budget. The movement is outlined below.

Affordable Housing Fund is forecasting an underspend of £2.500m. This relates to the Dolphin Square, Westbourne Park Baptist Church scheme that are no longer expected to proceed.

Temporary Accommodation Acquisitions (Out Of Borough) is forecasting an underspend of £1.367m and Temporary Accommodation (In Borough) is forecasting an underspend of £5.807m. This reflects the current run rate of acquisitions, spend on this budget is linked to opportunities for purchases as they arise.

The remaining £0.038m reductions are related to smaller IT projects.

#### Place Shaping and Planning *(Councillor Richard Beddoe)*

Place Shaping and Planning is forecasting an overspend of £2.247m.

Oxford Street District is forecasting an overspend of £2.500m. A Cabinet report was approved for expenditure to support the key work streams relating to the project. The budget allocation is £50m per annum for 2019/20, therefore an element of this needs to be reprofiled into 2018/19.

Environment and City Management (Councillor Tim Mitchell) / Place Shaping and Planning (Councillor Richard Beddoe)

At period 8, Environment and City Management/Place Shaping and Planning jointly monitoring projects are forecasting to underspend by £11.799m.

East Mayfair has an underspend of £2.415m. Elements of this original budget allowed for potential expansion in scope of works. New project against this budget has not been commissioned due to lack of third party interest.

Queensway is re-profiling £2.251m. Consultations and Planning Permissions have caused delays. Certain elements of design will commence to work but full budget will not be spent this year

Ceremonial Streetscape is re-profiling £2.000m into 2019/20. The project is awaiting the necessary planning permissions due to more complex designs being put forward.

Hanover Square is re-profiling £1.263m due to access to full site being delayed as a result of over-running Cross rail works.

Jermyn Street has re-profiled £1.250m due to a change in the phasing of this scheme. Risks and £0.800m contingency are being reviewed and project costs summary is being awaited from the project manager.

Berkeley Square is forecasting a £0.800m underspend following changes in phasing at implementation stage.

The remaining of £1.820m underspend relates to smaller projects.

Further analysis of the expenditure position splitting projects between Development, Operational, Investment and Efficiency areas can be found in Appendix 1 and Appendix 2.

## HRA

### REVENUE EXPENDITURE – 2018/19 Budgets and Projected Expenditure

The HRA revenue forecast as at period 8 is an overall surplus of £6.528m, a negative variance of £0.466m compared to budget. This represents an adverse movement of £0.081m compared to last month. This movement is due to lower projected income from service charges following the October billing process. Income is forecast overall, to under recover by £0.801m mainly due to lower income from tenants, commercial properties and Pimlico District Heating Units (PDHU). Expenditure is forecast to underspend by £0.335m due to reductions in community electricity costs, repairs and maintenance and interest payments.

### CAPITAL EXPENDITURE – 2018/19 Budgets and Projected Expenditure

At the end of period 8, the forecast gross capital expenditure outturn for the HRA is £119.644m resulting in a total variance of £30.702m compared to the budget of £150.345m. This reflects the expenditure forecast for Major Works of £45.572m, Housing Regeneration of £31.040m and Other Projects of £43.033m. The movement against last month's variance is a downward revision of £1.790m. The month on month decrease is a result of reductions in Major Works of £1.454m and Regeneration of £0.335m.

### HRA Capital Expenditure Forecast – Period 8

Description	Full Year Budget	Forecast	Variance
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Major Works	55,783	45,572	(10,211)
Housing Regeneration	63,009	31,040	(31,969)
Other Projects	31,553	43,033	11,480
<b>Total Capital Expenditure</b>	<b>150,345</b>	<b>119,644</b>	<b>(30,702)</b>

## 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)		
<b>Operational</b>	Environment and City Management	34,105	(10,618)	28,811	(6,635)	(5,294)	3,983	(1,311)
	Environment and City Management/Place Shaping and Planning	24,789	(24,221)	20,969	(21,048)	(3,820)	3,173	(647)
	Finance, Property and Regeneration	55,739	-	54,469	-	(1,270)	-	(1,270)
	Housing and Customer Services	44,936	(22,263)	37,724	(16,456)	(7,212)	5,807	(1,405)
	Place Shaping and Planning	260	(60)	500	-	240	60	300
	Public Protection and Licensing	1,655	(1,297)	1,730	(1,412)	75	-	75
	Family Services and Public Health	291	(291)	327	(327)	36	(36)	-
	Deputy Leader, Economic Development, Education and Community	14,673	(9,646)	13,825	(9,158)	(848)	488	(360)
<b>Operational Total</b>		<b>176,448</b>	<b>(68,396)</b>	<b>158,354</b>	<b>(55,036)</b>	<b>(18,094)</b>	<b>13,360</b>	<b>(4,733)</b>
<b>Development</b>	Environment and City Management	3,843	(1,673)	2,187	(1,673)	(1,656)	-	(1,656)
	Environment and City Management/Place Shaping and Planning	18,678	(17,136)	10,699	(10,626)	(7,979)	6,510	(1,469)
	Finance, Property and Regeneration	61,605	(33,398)	58,423	(32,072)	(3,182)	1,326	(1,856)
	Housing and Customer Services	12,566	(12,566)	10,066	(10,066)	(2,500)	2,500	-
	Place Shaping and Planning	993	(768)	3,000	-	2,007	768	2,775
<b>Development Total</b>		<b>97,685</b>	<b>(65,541)</b>	<b>84,375</b>	<b>(54,437)</b>	<b>(13,310)</b>	<b>11,104</b>	<b>(2,206)</b>
<b>Efficiency</b>	FCR	31,327	-	32,254	-	927	-	927
<b>Efficiency Total</b>		<b>31,327</b>	<b>-</b>	<b>32,254</b>	<b>-</b>	<b>927</b>	<b>-</b>	<b>927</b>
<b>Grand Total</b>		<b>305,460</b>	<b>(133,937)</b>	<b>274,983</b>	<b>(109,473)</b>	<b>(30,477)</b>	<b>24,464</b>	<b>(6,012)</b>

## Appendix 2 Capital Budget Analysis by Project

Project Categorisation	Project	Revised Expenditure Budget	Revised Funding Budget	Expenditure Forecast	Funding Forecast	Expenditure Variance	Funding Variance	Net Variance	
Development	AFFORDABLE HOUSING FUND BUDGET	12,566	(12,566)	10,066	(10,066)	(2,500)	2,500	-	
	EAST MAYFAIR PUBLIC REALM SCHEME	3,215	(2,946)	800	(800)	(2,415)	2,146	(269)	
	QUEENSWAY STREETScape	2,551	(2,300)	300	(249)	(2,251)	2,051	(200)	
	HANOVER SQUARE	2,963	(2,963)	1,700	(1,700)	(1,263)	1,263	-	
	CHURCH ST GREEN SPINE PUBLIC REALM	800	(800)	800	-	-	800	800	
	BERKELEY SQUARE NORTH	3,000	(3,000)	2,200	(2,200)	(800)	800	-	
	WEP - THE STRAND-ALDWYCH	993	(768)	500	-	(493)	768	275	
	SIR SIMON MILTON UNIVERSITY TECHNICAL COLLEGE	526	(526)	554	-	28	526	554	
	JERMYN STREET	2,000	(2,000)	750	(1,750)	(1,250)	250	(1,000)	
	OXFORD STREET DISTRICT	-	-	2,500	-	2,500	-	2,500	
	BEACHCROFT	14,609	(3,572)	13,000	(3,572)	(1,609)	-	(1,609)	
	BOND STREET WESTERN TICKET HALL	80	(80)	80	(80)	-	-	-	
	BOND STREET	2,806	(1,784)	2,806	(1,784)	-	-	-	
	ST JAMES'S PALACE FORECOURT	1,752	(1,752)	1,752	(1,752)	-	-	-	
	WESTMEAD	170	-	108	-	(62)	-	(62)	
	MOBERLY SPORTS CENTRE REDEVELOPMENT	943	-	887	-	(56)	-	(56)	
	FARM STREET	60	-	60	-	-	-	-	
	SEYMOUR LEISURE CENTRE	300	-	300	-	-	-	-	
	HUGUENOT HOUSE REDEVELOPMENT	156	-	156	-	-	-	-	
	CARLTON DENE	170	-	216	-	46	-	46	
	STRATEGIC ACQUISITIONS -HUGUENOT HOUSE	2,346	-	2,346	-	-	-	-	
	LEICESTER SQUARE TICKET BOOTH	20	-	-	-	(20)	-	(20)	
	DUDLEY HOUSE	40,657	(28,500)	39,455	(28,500)	(1,202)	-	(1,202)	
	LEISURE REVIEW - DEVELOPMENT	-	-	12	-	12	-	12	
	LISSON GROVE PROGRAMME	1,459	-	972	-	(487)	-	(487)	
	LUXBOROUGH DEVELOPMENT	332	-	444	-	112	-	112	
	STRUTTON GROUND	2,900	(1,673)	1,300	(1,673)	(1,600)	-	(1,600)	
	DUKE STREET PUBLIC REALM	311	(311)	311	(311)	-	-	-	
	<b>Development Total</b>		<b>97,685</b>	<b>(65,541)</b>	<b>84,375</b>	<b>(54,437)</b>	<b>(13,309)</b>	<b>11,104</b>	<b>(2,206)</b>
	Efficiency	DIGITAL TRANSFORMATION REVENUE COSTS	334	-	-	-	(334)	-	(334)
		TECHNOLOGY REFRESH	-	-	750	-	750	-	750
		NETWORK AND TELEPHONY TRANSFORMATION	250	-	250	-	-	-	-
		CITY HALL REVENUE COSTS	10,743	-	11,254	-	511	-	511
	Efficiency Total	CAPITALISATION OF PENSION CONTRIBUTION	20,000	-	20,000	-	-	-	-
			31,327	-	32,254	-	927	-	927
	Operational	TA PURCHASE IBB	22,263	(22,263)	16,456	(16,456)	(5,807)	5,807	-
		CYCLE SCHEMES	3,950	(3,850)	1,610	(1,610)	(2,340)	2,240	(100)
		CEREMONIAL STREETScape	6,000	(6,000)	4,000	(4,000)	(2,000)	2,000	-
		TFL LIP PLACEHOLDER	1,678	(1,678)	-	-	(1,678)	1,678	-
		WEP - CONNECT WESTMINSTER (BROADBAND)	1,318	(659)	1,318	-	-	659	659
OPEN SPACES STRATEGY AND PARKS CAPITAL WORKS		940	(640)	940	-	-	640	640	
NEWPORT PLACE		1,396	(1,046)	900	(567)	(496)	479	(17)	
ABELL AND CLELAND PUBLIC REALM		500	(500)	100	(100)	(400)	400	-	
PUBLIC REALM IMPROVEMENT SCHEMES		6,712	(6,343)	6,438	(6,049)	(274)	294	20	
VILLIERS STREET PUBLIC REALM		200	(200)	100	(100)	(100)	100	-	
291 HARROW ROAD		60	(60)	-	-	(60)	60	-	
OPEN SPACES AND GREENER PLACES		225	(25)	225	-	-	25	25	
SCHOOLS MINOR WORKS PROJECTS		252	(252)	252	(252)	-	-	-	
BARNEY & FLOREY		91	(91)	91	(91)	-	-	-	
ST MARYLEBONE BRIDGE SPECIAL SCHOOL EXPANSION		500	(500)	500	(500)	-	-	-	
GLASSHOUSE STREET		800	(800)	800	(800)	-	-	-	
COVENT GARDEN STREETScape		350	(350)	350	(350)	-	-	-	
SHERWOOD STREET FOOTWAY WIDENING		650	(650)	650	(650)	-	-	-	
LED LIGHTING ROLLOUT		388	(200)	-	(200)	(388)	-	(388)	
PARKING & INTEGRATED STREET MANAGEMENT IT		190	-	200	-	10	-	10	
ST GEORGE'S SCHOOL EXPANSION		4,818	(4,818)	4,818	(4,818)	-	-	-	
CORONERS COURT IMPROVEMENTS		80	-	5	-	(75)	-	(75)	
DATA NETWORK REFRESH		200	-	110	-	(90)	-	(90)	
EAST MAYFAIR PUBLIC REALM SCHEME		1,200	(1,200)	1,200	(1,200)	-	-	-	
END-USER COMPUTING REFRESH		3,370	-	3,504	-	134	-	134	
CORPORATE SOFTWARE LICENCES		50	-	-	-	(50)	-	(50)	
ENERGY MONITOR & TARGET		748	-	400	-	(348)	-	(348)	
TEMPORARY ACCOMMODATION ACQUISITIONS		3,763	-	2,396	-	(1,367)	-	(1,367)	
ENTERPRISE		1,077	-	1,077	-	-	-	-	
CAPITAL CONTINGENCY		2	-	2	-	-	-	-	
PICCADILLY UNDERPASS	1,000	-	1,000	-	-	-	-		
FORWARD MANAGEMENT PLAN	1,036	-	700	-	(336)	-	(336)		

operational (Continued)	PLANNED PREVENTATIVE MAINTENANCE - LIGHTING	3,068	-	2,828	-	(240)	-	(240)
	CAPITALISED SALARY COSTS	779	-	779	-	-	-	-
	REMODELLING OF EARLY HELP/ CHILDREN'S SERVICES INVESTMENT	622	-	649	-	27	-	27
	SOHO AREA PUBLIC REALM IMPROVEMENTS	200	-	200	-	-	-	-
	HARROW ROAD BRIDGE CATHODIC PROTECTION	2,400	-	2,400	-	-	-	-
	STREET TREES - NEW PLANTING	-	-	300	-	300	-	300
	HOUSING INVESTMENT IN DISCHARGE OF DUTY PHASE 2	15,000	-	15,000	-	-	-	-
	WASTE FLEET	2,070	-	1,998	-	(72)	-	(72)
	PADDINGTON RECREATION GROUND SYNTHETIC PITCH REPLACEMENT	400	-	-	-	(400)	-	(400)
	KING SOLOMON SCHOOL EXPANSION	2,112	(2,112)	2,112	(2,112)	-	-	-
	BAKER STREET TWO WAY	7,550	(7,332)	7,000	(7,332)	(550)	-	(550)
	LANDLORD RESP- TACHBROOK STREE	62	-	62	-	-	-	-
	LANDLORD RESPONSIBILITIES	2,510	-	2,625	-	115	-	115
	PLANNED PREVENTATIVE MAINTENANCE - BRIDGES AND STRUCTURES	1,115	(375)	1,115	(375)	-	-	-
	LANDLORD RESPONSIBILITY - MAYFAIR LIBRARY	393	-	250	-	(143)	-	(143)
	CITY HALL - MAJOR REFURBISHMENT	48,084	-	48,192	-	108	-	108
	SAFE AND SECURE RENOVATION	200	-	160	-	(40)	-	(40)
	LIBRARIES CAPITAL IMPROVEMENTS	1,206	-	560	-	(646)	-	(646)
	COSWAY STREET	500	-	200	-	(300)	-	(300)
	LISSON GROVE IMPROVEMENT - INFRASTRUCTURE	771	-	878	-	107	-	107
	COUNCIL HOUSE - FIT OUT FOR REGISTRARS AND CIVIC CEREMONIES	-	-	12	-	12	-	12
	MANDELA WAY UPGRADE	398	-	-	-	(398)	-	(398)
	COUNCIL HOUSE - LEASE DISPOSAL COSTS	326	-	314	-	(12)	-	(12)
	MINIMUM ENERGY EFFICIENCY STANDARD (MEES) COMPLIANCE	50	-	50	-	-	-	-
	VICTORIA EMBANKMENT STURGEONS	890	-	890	-	-	-	-
	MULTI USE GAMES AREAS AND OUTDOOR FITNESS FACILITIES	119	-	119	-	-	-	-
	WASTE CONTAINERS	142	-	142	-	-	-	-
	CAVENDISH SQUARE CAR PARK	-	-	-	-	-	-	-
	WATERLOO AND GOLDEN JUBILEE BRIDGE	967	-	250	-	(717)	-	(717)
	DATA CENTRE REFRESH	100	-	58	-	(42)	-	(42)
	CEMETERIES IMPROVEMENTS	60	-	60	-	-	-	-
	CCTV CRIME AND DISORDER ESTATE	158	-	158	-	-	-	-
	20 GROSVENOR SQUARE	550	(550)	550	(550)	-	-	-
	HALLFIELD HEATING & DISTRIBUTION	790	(790)	790	(790)	-	-	-
	MOBILE WORKING	100	(100)	100	(100)	-	-	-
	FRAMEWORKI- UPGRADE TO MOSAIC	100	(100)	100	(100)	-	-	-
	LEISURE FACILITIES CAPITAL INVESTMENT PROGRAMME	900	(115)	900	(115)	-	-	-
	LOCAL SAFETY AND TRAFFIC MANAGEMENT SCHEMES	3,154	(1,603)	3,154	(1,603)	-	-	-
	VICTORIA EMBANKMENT MOORING RINGS	400	(400)	400	(400)	-	-	-
	NHB PLACES OF WORK	400	(400)	400	(400)	-	-	-
	CLEVELAND ROW PUBLIC REALM	500	(500)	500	(500)	-	-	-
	BEACHCROFT EXPANSION	-	-	36	(36)	36	(36)	-
	DISABLED FACILITIES GRANT PROGRAMME	1,297	(1,297)	1,412	(1,412)	115	(115)	-
	CIL LONDON CYCLE HIRE	-	-	140	(140)	140	(140)	-
	PADDINGTON RECREATION GROUND CAPITAL IMPROVEMENTS	159	-	330	(171)	171	(171)	-
	PLANNED PREVENTATIVE MAINTENANCE - HIGHWAYS	10,039	(597)	10,039	(1,157)	-	(560)	(560)
<b>Operational Total</b>		<b>176,448</b>	<b>(68,396)</b>	<b>158,354</b>	<b>(55,036)</b>	<b>(18,093)</b>	<b>13,360</b>	<b>(4,734)</b>
<b>Grand Total</b>		<b>305,460</b>	<b>(133,937)</b>	<b>274,983</b>	<b>(109,473)</b>	<b>(30,477)</b>	<b>24,464</b>	<b>(6,012)</b>

<b>Meeting or Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	5th February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	<b>Quarter 2 Performance Report</b>
<b>Key Decision:</b>	Review and challenge officers on the contents of the report
<b>Report of:</b>	Julia Corkey, Director of Policy, Performance and Communications

## 1. Executive Summary

Quarter 2 Performance Report - This report presents the latest performance outturns available at the end of the second quarter of 2018/19 (September 2018). It provides commentary in respect of outstanding and poor performance, including details of remedial actions being taken, where appropriate.

## 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.

# 1. Introduction

The quarterly performance report summarises the Council's performance at the end of the second quarter of the 2018/19 financial year (April 2018 – September 2018). It captures how we are performing against the City for All priorities – we are reporting the new pledges for the first time this year - and includes progress towards achieving the deliverables and targets within the Business Plans. The report will be subject to internal audit scrutiny as part of the strategic objective audit, in addition to Audit and Performance Committee.

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 second quarter
- **An update on the organisations strategic risks**
- **Organisational health scorecard** - measures of organisational efficiency and effectiveness
- **Featured insight for this quarter** - insights about Westminster's population churn

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

- a narrative section evidencing progress against key service deliverables by exception
- a comprehensive tracker of the City for All 2018/19 commitments, with defined measures and milestones to enable progress to be assessed and delivery assured
- a set of key 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 two. 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 25 October 2018, **Cabinet endorsed a Public Consultation on a draft Place Strategy and Delivery Plan and approved the expenditure of £2.5m to support the development of key work streams relating to the Oxford Street District Project**
- **On the 7th and 8th August, Ofsted conducted a two-day "Focused visit" looking at the Council's 'front door' (or access point into services).** Overall there was some very positive feedback about the quality of social work in Westminster, particularly the speed in which child protection concerns are identified. Inspectors noted that systemic practice was embedded and evidenced
- **School tests and examinations: exam results continue to be well above national averages.** 72% of children in the final year of their primary school achieved the expected level in reading, writing and mathematics, which demonstrated a 4% improvement on 2017 results and 8 percentage points above the national average
- **The council won the London in Bloom 'Borough of the Year' award, for excellence in parks and open spaces, for the second year running.** This is the first time a council has ever retained this top award

#### Key Performance Indicators

- **551 businesses were significantly engaged (e.g. in Corporate Social Responsibility activities such as volunteering) by the council,** who are on course to beat their target of 1,000 by year end
- **83% of licensed premises were found to be well managed following a single inspection** from the licensing team, ahead of the aspirational target of 70%. This ensures that Westminster residents and the public have access to safe bars and restaurants across the city
- **86% (67/78) of Education, Health and Care plans, which describe a young person's special educational, health and social care needs, were completed within 20 weeks,** beyond the aspirational year end target of 75%
- **Eight emergency planning exercises, which are drills run within directorates to simulate emergency situations (e.g. terror attacks), were completed up until Quarter 2.** This is already ahead of the year end ideal target of 7 and will help to maintain Council services in the event of a major incident
- **Over half (51%) of carers and 45% of service users in Westminster received an assessment of review of their needs at the halfway mark of the year,** which is ahead of where the service expects to be at year end (ideal target of 85%)

- In Quarter 1 (reported a quarter in arrears), **the Council exceeded its ideal monthly target of 800 with 835 sexual health screenings undertaken through the new online Sexual Health London service**
- **The property and estates team has increased total income by £934,121 from the council's investment portfolio**, far in excess of the target (£600,000) and beyond last year's total of £721,000
- **In Quarter 1 (reported a quarter in arrears), 3,638 residents were reached through Community Champion activity** (where local residents come together to identify and achieve better public health outcomes) exceeding the quarterly aspirational target of 3,500
- **Planning applications are being processed ahead of response time targets with both major (82% within 13 weeks) and non-major (79% within 8 weeks) ahead of statutory thresholds (60% and 68% respectively)**
- **There were 45 new permanent additions to residential/nursing care by the end of September (22 since Q1)**, which is projected to be lower than the ideal target of 95 by year end

#### City for All pledges

- **The new Healthy Schools contract awarded from Sept 2018** and now work will begin on bringing together action on air quality, oral health and obesity to benefit the 42,600 children who live, learn and grow up in Westminster
- **A new short break play scheme**, to give carers a break from caring and allow the young people they care for to take part in activities, **was successfully piloted in South Westminster during the summer 2018** and is informing future planning
- **There are currently over 148 electric vehicle charge points across Westminster (target of 165 by year end)** including over 50 chargers made via street lamp columns as well as 44 charge points serving car clubs
- The trial diesel surcharge has now been operational for a year in Westminster's F-Zone. **There has been a 16% reduction in the number of older diesel vehicles parking in the LEN**, without any of these vehicles being parked in nearby zones
- **160 affordable homes have been delivered since the start of 2017/18 with a further 592 units currently being built**. We are on track to deliver the 2023 target of 2,000
- **Research on our homeless employment and learning project has been presented at an academic event on homelessness in Budapest**. The findings, looking at the impact of welfare reform on homeless single parents, will be published in the European Journal of Homelessness

## 2.2 Performance challenges

### Top emerging and current risks

- **Increase in singles approaching Housing Options as a result of the Homelessness Reduction Act.** There is a pressure on the supply of temporary accommodation and decision making staff due to an increased number of singles presenting themselves to Housing Options as homeless
- There is a risk that service levels could deteriorate during the process **of bringing CityWest Homes services back under Council control.** Key staff could leave, causing service levels to deteriorate, leading to reduced resident satisfaction. Significant mitigations are in place including a new managing director having been appointed, as well as a number of key staff. A weekly task group and a programme manager are in place, covering all appropriate work streams; including contact centre and repairs. A draft engagement plan has been established and a general communications programme. A Corporate Transition Board is reviewing progress monthly and the Cabinet Member receives weekly updates.
- **The introduction of the National Funding Formula may bring some new challenges including the risk of schools developing budget deficits.** 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 are significant **concerns over the new police Basic Command Unit** structures, as Westminster's unique crime profile, particularly the West End, requires significant policing resources. The new BCU has been announced by the police went 'live' in February 2019. The Borough Commander has provided commitment to working with partners to develop the new BCU. A Police Performance list has been provided and made accessible to monitor police performance around response times, detection rates and crime in order to support the scrutiny process

### Key Performance Indicators (below ideal/minimum targets)

KPIs for attention are captured in the table in section 2.3 below.

## 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 2 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]	2017/18 position	2018/19 ideal target	Position at Quarter 2	Target assessment	Mitigation
<b>Public Health</b>					
Percentage of children who receive a 2 - 2.5 year development check	81%	80%	<b>74.3%</b> (447/602)	<b>Minimum standard met</b>	An action plan is in place and monthly meetings are held to track and monitor performance. The commissioner continues to work with the service to ensure improvement.
Proportion of alcohol misusers in treatment, who successfully completed treatment and did not re-present within 6 months	18%	30%	<b>22%</b> (127/560)	<b>Minimum standard met</b>	The commissioner worked with the service and implemented an improvement plan at the end of 2017. This improvement plan has been embedded now and latest figures show levels should reach around the 35% mark by Q3.
<b>Childrens' Services</b>					
Percentage of Westminster's pupils who achieve 9 - 4 (A*-C) in English & mathematics	74% (2017 academic year)	76%	<b>74%</b> (2018 academic year)	<b>Minimum standard met</b>	The percentage of 74% in 2018 is above the 2017 national average of 59%, which matches the minimum target level for service continuity.
Percentage of Westminster schools judged to be outstanding by Ofsted	35% (21/59)	38%	<b>34%</b> (20/59)	<b>Minimum standard met</b>	34% of Westminster Schools are currently judged outstanding by Ofsted. This is in line with minimum targets for the service and compares with 21% nationally.
<b>Growth, Planning and Housing</b>					
Number of households where statutory housing duty is discharged into the private rented sector	TBA	100	<b>40</b>	<b>Minimum standard met</b>	More money for the Real Lettings discharge scheme; working with Ethical Lettings to increase outer and out of London properties; advertising properties as affordable.
<b>City Management and Communities</b>					
Number of Houses of Multiple Occupation improved (buildings with more than one household including shared facilities)	59	65	<b>27</b>	<b>Minimum standard met</b>	Recruitment to fill vacancies after the recent restructure is underway, with new officers expected to arrive from December onwards. In addition, the new Housing Standards Taskforce are progressing a number of cases involving improvement of HMOs. It is expected that the ideal target of 65 improved HMOs will be reached by the end of the financial year.

Key performance indicator [Statutory]	2017/18 position	2018/19 ideal target	Position at Quarter 2	Target assessment	Mitigation
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Corporate Services					
Number of major business impact Priority 1 incidents per quarter such as total loss of network connectivity at a site, major security breach or a major business application being unavailable or inability of users to log-on	22	18	5	Minimum standard met	There were service outages but business impact was minimal.
Reduce the total population of TACS	263	203	300	Off track	Support to explore other resource strategies, in particular for hard to fill roles, is available from People Services.
Ensure staff turnover is managed at appropriate benchmark levels (excluding redundancies)	14%	14%	18%	Off track	We have launched the new parental leave policies, are revamping our recruitment strategy and about to start reviewing our pay & reward offer to make sure we attract and retain staff and are competitive on the job market.

City Treasurer					
Percentage sundry debtors (more than 1 year old) of total gross sundry debtors	£2.675m	5%	20% (£3,289,000/ £16,141,000)	Minimum standard met	75% of the year's old debt relates to Adult Social Care, operating out of Hammersmith. The service is working to understand the issues and implement process to reduce the debt and signs of improvement are now visible. They have also been working with services to reduce the debts over 365 days outside of ASC.

Target range definitions <sup>1</sup>	Minimum Ideal	Absolute minimum KPI that will allow service to deliver a level which is acceptable for service continuity	Q2 Target assessment definitions <sup>2</sup>	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

Strategic risks have been identified by the Chief Executive and the Executive Leadership Team. The updates below are suggested to provide a view of the level of each risk and are taken from operational risk registers and from directorate submissions.

Strategic Risk	Risk Owner	Update against Risk												
The council fails to meet its safeguarding responsibilities for a child, young person or adult	Children's Services	<p>Employees working with children and families have enhanced Disclosure Barring Service checks. There are ongoing safety, reliability and quality assurance process in place and Local Safeguarding Children's Board activities to ensure quality assurance. In addition, lessons learnt are reviewed from cases and the department ensures appropriate safeguarding training is given to 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 most appropriate actions taken.</p> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>% of CQC inspections found inadequate</td> <td>-</td> <td>7.1% (1/14)</td> </tr> <tr> <td>Percentage of service users receiving an assessment/review of their needs</td> <td>80%</td> <td>85%</td> </tr> <tr> <td>Proportion of Education, Health and Care assessments completed within 20 weeks</td> <td>35%</td> <td>69%</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	% of CQC inspections found inadequate	-	7.1% (1/14)	Percentage of service users receiving an assessment/review of their needs	80%	85%	Proportion of Education, Health and Care assessments completed within 20 weeks	35%	69%
KPIs	16/17 Outturn	17/18 Outturn												
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Percentage of service users receiving an assessment/review of their needs	80%	85%												
Proportion of Education, Health and Care assessments completed within 20 weeks	35%	69%												
A significant incident occurring in Westminster (e.g. weather event, fire, terror attack, etc.)	CMC	<p><b>Prevent</b> - Since April 2018, 1,115 people have been trained in the Prevent concept in 37 sessions delivered by the Prevent team. Also this quarter we achieved our end of year target for having delivered training in 96% of the state funded schools in the City.</p> <p><b>BCU Merger</b> - The Council is working closely with the Borough Commander who has committed to working with partners in the development of the new BCU. 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.</p> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>Terrorism - MET police alert level</td> <td>-</td> <td>Severe</td> </tr> <tr> <td>GP Consultations for Influenza like illnesses - rate per 100,000 (at week 13)</td> <td>3.8</td> <td>9.9</td> </tr> <tr> <td>London Fire Brigade flooding call outs</td> <td>415</td> <td>449</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	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
KPIs	16/17 Outturn	17/18 Outturn												
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	Corporate Services	<ul style="list-style-type: none"> <li>• Extension of WCC &amp; RBKC telephony service contracts to April 2020</li> <li>• Microsoft license covering our security software renewed for a further three years</li> <li>• Windows 10 rollout to be completed by April 2019 to further secure end-user devices and avoid data breach instances</li> <li>• IT Security Governance process and policies completed</li> <li>• Public Services Network (PSN) compliance secured for a further year until June 2019</li> </ul> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>No. of major business impact Priority 1 incidents</td> <td>16</td> <td>22</td> </tr> <tr> <td>No. of anti virus detections</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	No. of major business impact Priority 1 incidents	16	22	No. of anti virus detections	-	-			
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No. of anti virus detections	-	-												

Strategic Risk	Risk Owner	Update against Risk												
Accidental or malicious loss of Council data	Corporate Services	<ul style="list-style-type: none"> <li>Windows 10 rollout (completing Apr 19) to further secure end-user devices and avoid data breach instances</li> <li>All existing contracts with suppliers who are 'data processors' and in place, following the introduction of GDPR, will be brought in line with the new data protection regulations. We have now established key principles of data privacy which remain relevant in the new Data Protection Legislation</li> <li>Improvement to be seen by 31<sup>st</sup> April 2019</li> </ul> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>Data breaches reported</td> <td>-</td> <td>-</td> </tr> <tr> <td>Staff GDPR training completions</td> <td>N/A</td> <td>938</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	Data breaches reported	-	-	Staff GDPR training completions	N/A	938			
KPIs	16/17 Outturn	17/18 Outturn												
Data breaches reported	-	-												
Staff GDPR training completions	N/A	938												
Financial pressures resulting in an inability to fund services for resident, businesses and visitors	All	<p><b>CMC Libraries</b> - Achievement of income continues to be a risk for libraries and registration services, due to declining income from traditional sources in libraries, and withdrawal of services by central government in registration (e.g. nationality), as well as long lead -in times to introduce alternative sources. This is managed by careful budget monitoring and control of costs and mitigated through development of new commercial strategies for both services.</p> <p><b>Growth, Planning and Housing</b> - There has been a significant decline in the number of major planning applications and associated income from Planning Performance Agreements. The first two quarters of the year have seen 18 applications compared with 29 in the same period of 2017-18.</p> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>Reserve balance</td> <td>£48.8m</td> <td>£52.886m</td> </tr> <tr> <td>Variance between budget and actual spend</td> <td>-£17.201m</td> <td>£-10.088m</td> </tr> <tr> <td>Percentage of business rates collected</td> <td>98.4%</td> <td>98.4%</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	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%
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Failure of a major contract resulting in the council being unable to provide services or meet its health and safety obligations	All	<p><b>Annual Contracts Review</b> - The 2018/18 annual contracts review found that there were 127 active contracts of which 65 (51%) were assessed and performance rated. 59 (46%) were assessed and rated as 'Meets Expectations', 2 (2%) as 'Above Expectations', 4 (3%) 'Below Expectations', while no contracts were performance rated as 'Critical Failure'. The total value of contracts operating below expectations was £91.8m, with the majority tied up in the Amey contract valued at £62m. The contract performance monitors have raised concerns with Amey regarding some of their services. This is being managed through various Boards and Senior Management meetings at CEO level and a recovery plan is agreed and this is monitored to ensure full contract compliance.</p> <table border="1"> <thead> <tr> <th>KPIs</th> <th>16/17 Outturn</th> <th>17/18 Outturn</th> </tr> </thead> <tbody> <tr> <td>Risk level of council's top strategic contracts</td> <td>-</td> <td>TBD</td> </tr> <tr> <td>% of suppliers (over £100k) under contract on capitalEsourcing</td> <td>-</td> <td>57%</td> </tr> </tbody> </table>	KPIs	16/17 Outturn	17/18 Outturn	Risk level of council's top strategic contracts	-	TBD	% of suppliers (over £100k) under contract on capitalEsourcing	-	57%			
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## 4. Organisational health scorecard

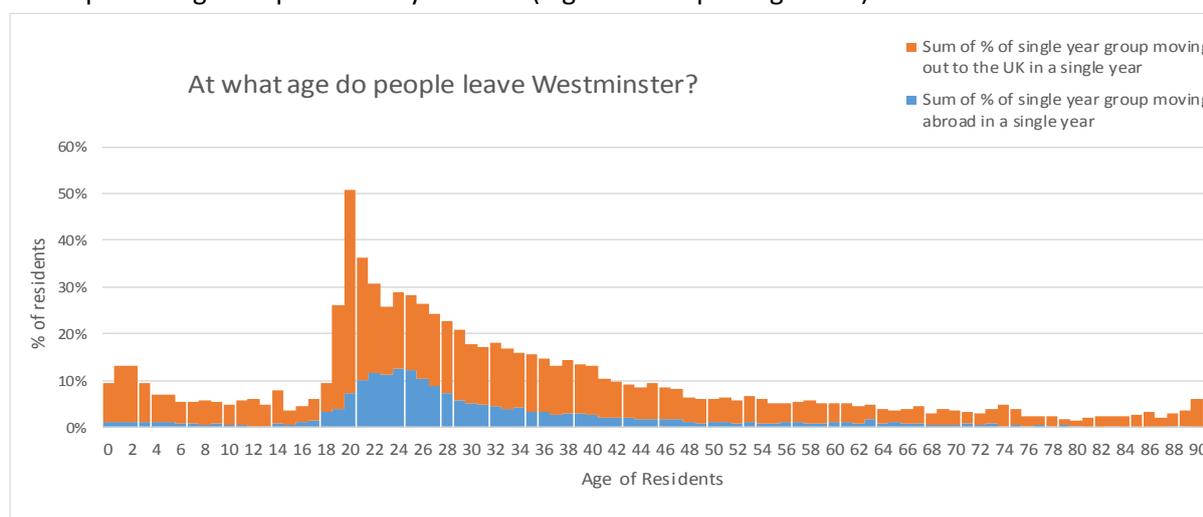
The scorecard (taken from the online performance dashboard) provides a diagnostic summary of some key measures of organisational efficiency and effectiveness, at Quarter 2.

Workforce	Finance
<p><b>Employees:</b> A total of 1,989 posts (1,763.2 FTE) in the Council (Q1: 1,958)</p> <p><b>Contractors:</b> 300 (Ideal target: 203) temporary agency staff in use in the Council (Q1: 292)</p> <p><b>Retention:</b> Staff turnover currently stands at 18% (Q1: 15%)</p> <p><b>Sickness:</b> Average working days of sick per full time equivalent is 2.7 days (Q1: 3.1)</p> <p><b>Diversity:</b> 28% of staff are BME The mean gender pay gap is 9.8% (April 2017)</p> <p><b>Perception (Our Voice 2017):</b> 89% committed to our goals and objectives 82% feel fairly treated by colleagues 38% of staff felt negative about their pay</p>	<p><b>Spend:</b> Services area revenue budgets are projected to underspend by £1.751m at Q2</p> <p><b>Capital programme:</b> The forecast outturn for variance between capital and full year forecast is a £50.924m positive variance</p> <p><b>Debt:</b> The proportion of sundry debtors (more than 1-year-old) of total gross sundry debtors was 20% (up from 12.58% at Q1)</p> <p><b>Stability:</b> It is reported that 98.6% of invoices received are paid via purchase order (down from 99.4% at Q1)</p>
Delivery	Customer
<p><b>Key Performance Indicators:</b> 79% (49) of KPIs have met the target for service delivery and 21% (13) have not met the target.</p> <p><b>Transformation:</b> City Hall – Build is on track to complete on time, recant now expected to start in February 2019 to account for our own fit-out.</p>	<p><b>Perception (City Survey 2017):</b> 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><b>Customer Contact:</b> 78.96% of total customer calls were answered in 30 seconds by the council up until the end of Q2</p>

## 5. Featured analysis: Leaving Westminster

### Introduction

- An analysis was conducted on Westminster's population churn based on population figures produced by Office of National Statistics in July 2018. The analysis was primarily undertaken to understand the impacts of attrition on a business case being constructed for an Early Years intervention proposal, but there are numerous wider applications for the figures
- From 2016 to 2017, Westminster's overall churn was 27% (churn being the total number of people who died / were born / left or arrived during the year divided by the population at the start of the year). One in eight people leave or die in Westminster each year. In an average local authority in England and Wales it is 1 in 40
- This high rate of churn has significant impacts on the Council's delivery of services and how it transforms its operations. With such a high turnover in population, it can be difficult to accurately record customer needs in business cases (e.g. services to tackle worklessness) or predicting the uptake of key services (e.g. online reporting forms)



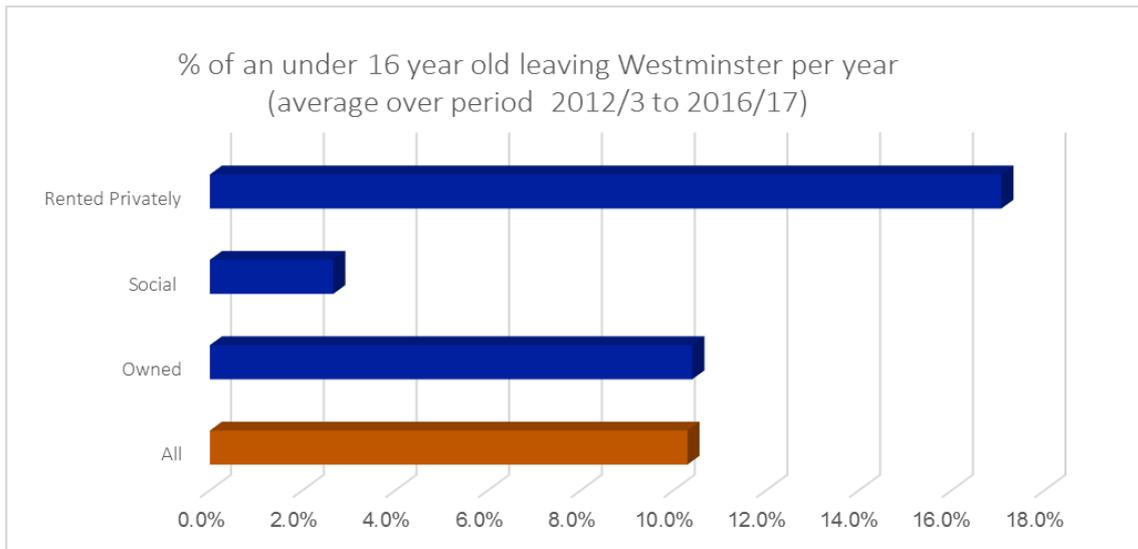
### Why do people leave Westminster?

#### Age

- A 2007 Joseph Rowntree Foundation report on population turnover found that “the most important factor driving turnover, however, is not neighbourhood deprivation but demographic mix, particularly the proportion of the population who are young adults or very young children”
- This importance of population age mix is represented in Westminster with high churn amongst young adults, leaving a relatively stable mix of older people and families with older children. The data showed that:
  - Half of all 20 year olds leave the City each year and young people in their 20's are by far the greatest leavers. The population is then respectively boosted by very high migration of 17-28 year olds, (almost 2,400 net additions)
  - The City then loses 2,000 29-47 year olds with peak losses occurring of residents in their mid-30's. After this age net migration impacts are relatively minor – cumulatively the city gains 450 more people
  - Migration has almost no impact on the numbers of over 65's
- Young adults are the group with the highest turnover in Westminster, likely due to a high student population (13% of the Westminster total at the last census) and average house prices double that of the London average. As such, a 20 year old living in Westminster is ten times more likely to leave the LA, than one in an average LA in England and Wales each year

## Housing Tenure

- The 2011 Census suggests that Housing Tenure is also a strong predictor of whether an under 16 will leave the borough. The chances of a child leaving Westminster each year is 1 in 10 and this holds for those in owned properties – property owners quizzed in the City Survey (2017) were more likely to feel that services will improve over the following 12 months
- This rises to almost 1 in 6 children in private rented housing and renters asked in the City Survey were less likely to think that services will improve in the following 12 months. A child living in Bayswater, where private rented housing is more common, is more than 3½ times more likely to leave the city than a child is in Church Street
- Only 1 in 38 children in Social Housing will leave – when asked in the City Survey, tenants of City West Homes were equally satisfied compared with tenants from other landlords



## Overall findings

- Westminster's population is extremely mobile. Factors such as the cost of housing, cost of living and the instability of private renting encourages population churn. A third of residents (of the 5% of total residents who said they were likely to leave) asked in the City Survey stated reasons linked to the cost of housing or living
- There are clear age spikes in people leaving Westminster, which is likely to be student related and although many people who have children leave, it does not appear that impending school starts or finishing work life is a major factor
- People leaving the borough in such high numbers presents real challenges for those tasked with transforming the business in calculating cost/benefits and analysts assessing the impacts of service intervention. For example, business intelligence analysts use the audience segmentation tool Acorn (using market survey data) to predict how certain customer groups behave. Population churn may reduce the efficacy of this type of predictive analytics if the population is constantly changing

## Next steps

- The 2018 City Survey (results and analysis in the Quarter 3 report), and the upcoming Social Mobility Survey should provide another layer of data on the factors driving people to leave Westminster. This will offer a more concrete evidence base for Council strategy and operations in the future

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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 2018/19 commitments

### ELT Directorate sections:

1.1	Adult Social Care and Public Health	Page 2
1.2	Children’s Services	Page 7
1.3	City Management and Communities	Page 13
1.4	Growth, Planning and Housing	Page 21
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

## Achievements

### **Establishment of the Quality Assurance Team**

To help support the delivery of our key priorities a Quality Assurance Team has been established. The team is Bi-Borough and works with social care providers to improve quality in the market with the overall aim of all providers having a Care Quality Commissioning (CQC) rating of Good or above. They work with and support providers where they are failing to meet CQC standards. This includes working directly with the CQC, local CCG's and internal teams across Adult Social Care to ensure a joined up approach. In addition, the team has established a Bi-Borough Local Account Group (LAG) that is central to the strategic development of Adult Social Care and the implantation of our 6 key priorities. The group includes 12 members from different user groups in adult social care. The group will be involved in our future plans to improve Adult Social Care and attended our Staff Conference in December.

### **Outputs delivered**

Best practice examples and an evidence based approach (e.g. National Institute of Clinical Excellence (NICE) guidance and best practice standards) are used by the Quality Assurance team to improve quality with providers. A RAG Rating System for providers to is in place to ensure resources are directed appropriately.

### **Outcomes to be achieved**

The establishment of the Local Account Group has ensured that service users are at the centre of everything that we do, including key decision-making, where items will be taken to the Local Account Group as part of a co-production approach. Implementation of the Quality Assurance Team has led to improvements in the quality of care across the care and support market. For example, St Georges Nursing Home has moved up from CQC Rating Inadequate to CQC Rating Requires Improvement.

### **Personalisation**

Personalisation is about putting the service users at the heart of what we do, thinking about care and support services with people at the centre of the process of working out what their needs are, choosing the support they need and having control over their life.

### **Outputs delivered**

To drive forward this work an Executive Board has been established and a strategic work plan has been developed and signed off by the Board. Key elements of the plan include:

- Developing a personalisation strategy: The first draft has been completed and will be worked up into a full document for consultation in 2019. The strategy focusses on putting people at the centre of the process that will lead to transactional and corrective changes. In addition to developing policy and monitoring processes around personal budgets and direct payments and transformational work including digital development, culture change and market development.
- Digitalisation: The development of a strategic approach to move towards a fully digitalised social care pathway, this will ensure that people are enabled to exercise full choice and control and maintain their independence. Market testing with potential providers is nearing completion and requirements workshops are taking place with internal stakeholders to build on the skeleton design.

### **Outcomes to be achieved**

All services will be personalised and outcomes focussed. All providers will be able to monitor and evidence their own effectiveness and how this relates to the Bi-Boroughs 'priorities. The workflow will produce a diverse and innovative market place thriving and able to meet residents' needs because it is innovative. The Provider Market, across all Sectors, will be more financially independent, enterprising and self-sustaining, and have a robust business-like approach.

## **Social Return on Investment report on the community champions published**

The Social Return on Investment report on the community champions has been published, highlighting the benefits of the projects to all stakeholders and recommending developments for the future.

### **Outputs delivered**

The five community champions projects in Westminster deliver health campaigns, regular weekly activity and social groups, volunteering opportunities, groups for expectant parents and for older people, community choirs, parental employment signposting, men's walking football, cook and eat classes, large events and newsletters to promote health and wellbeing. The Social Return on Investment asked residents, children, the volunteers themselves and stakeholders what they thought the benefits were, and then set out to measure the value of the outcome, and the proportion of that outcome that could be attributed to the Community Champions programme.

### **Outcomes achieved**

The Social return on investment of this programme is £5-£6 for every £1 invested.

- For residents, the main outcomes are: reduced isolation, improved health, increased physical activity, improved wellbeing, improved social cohesion, weight loss,
- For children, the main outcomes are: improved oral hygiene, improved school readiness, increased physical activity
- For champions, the main outcomes are: improved belonging, improved problem solving, improved wellbeing, increased employability, weight loss
- For services, the main outcomes are: delayed/prevented care needs through preventing diabetes, sustained tenancies, better use of health services
- For DWP, the main outcomes are reduced benefits through residents finding employment, and increased taxes

## **Sexual Health Week**

As part of Sexual Health Week, our community sexual and reproductive health provider, Support and Advice on Sexual Health (SASH) commissioned an art installation produced by service users living with HIV.

### **Outputs delivered**

SASH has worked with 2,000 residents across the bi-borough in offering a wide range of support from counselling and peer support. Of these 2,000 people, 74% left the services in a positive way and believed their care plan goals had been achieved. During the past year alone 20,000 Westminster residents were screened for STIs and in 2017, 92 residents were diagnosed with HIV which is vital in getting the necessary treatment and support. At the moment, we have 1647 residents accessing vital HIV treatment. Launched by Cllr Heather Acton, the installation was on display at St Paul's Church, Covent Garden between 24 and 28 September. Facilitated by artist Charlotte Newson, the installation sought to raise awareness of HIV, living with the virus and its impacts on mental health. The installation took the form of a small garden, featuring audio of playing residents' experiences of living with the virus, interactive objects and text.

### **Outcomes achieved**

The installation links with Westminster City Council's aims to improve residents' mental health and wellbeing, following on from last year's Director of Public Health's Annual Report as well as improving sexual and reproductive health across the borough. As put by one of the participants, "HIV isn't always doom and gloom, it's growth and beauty too. Although at times it might be complicated, our stories are positive."

## **Integrated Healthy Lifestyles service tendered**

The Integrated Healthy Lifestyles service has successfully been tendered, with Thrive Tribe winning the tender January 2019.

### **Outputs delivered**

The service will aim to meet Public Health Outcomes by:

- Reducing health inequalities
- Helping residents make healthy lifestyle choices in order to prevent early deaths
- Ensure residents find health and wellbeing support easily through digital connections and community connections
- Target specific groups to access services according to need

### **Outcomes to be achieved**

The Integrated Healthy Lifestyle Service will include face-to-face support for those most in need. This will include one to one support work, group sessions and links to other services that will help improve residents' health. These interventions will improve residents' clinical outcomes. It is an outcomes based model that will include a workforce training element. The service will link with a Westminster-specific website based on PHE's 'One You' platform. The service will work with Primary Care to encourage referrals from health checks and from GP registers, monitor delivery of the service that takes place in those locations, and administer the invoicing to GPs and pharmacies for, Nicotine Replacement Therapy (NRT) and for NHS health checks.

## **Adult Social Care and Public Health Risks and issues:**

### **Flu pandemic**

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**

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 ring-fence is reviewed.

### **Impacts and consequences**

A reduction in funding will impact the capacity of Public Health to deliver services.

### **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 Q2 (April 2018 – Sept 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	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	Ideal	Aspirational			
<b>Adult Social Care</b>							
1. Delayed transfers of care, acute days attributed to social care (cumulative)	540	1,213	→ 1,103	→ 1,047	305	On track	Reporting date: April - August 2018
2. Total number of new permanent admissions to residential/nursing care of people aged 65 years and over	98	105	→ 95	→ 85	45	On track	
3. Number of carers (caring for an adult) who have received an assessment of review of their needs	90%	75%	→ 85%	→ 90%	51% (472/925)	On track	
4. Percentage of service users receiving an assessment/review	85%	75%	→ 85%	→ 90%	44.9% (1,177/2,622)	On track	
<b>Public Health – Q2 data unavailable for KPIs below at time of reporting.</b>							
5. Percentage of children who receive a 2-2.5 year development review	81%	75%	→ 80%	→ 85%	74.3% (447/602)	Minimum standard met	Insight: Cumulative data – is marginally below the quarterly service spec target of 75%
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> The service was impacted by vacancies in hard to recruit to roles, impacting on the capacity to deliver on this KPI</li> <li><b>Mitigation:</b> An action plan is in place and monthly meetings are held to track and monitor performance. The commissioner continues to work with the service to ensure improvement</li> <li><b>Timeframe for improvement:</b> We expect improvement over the next two quarters while recruitment takes place and staff are embedded</li> </ul>						
6. Proportion of alcohol misusers in treatment, who successfully completed treatment and did not re-present within 6 months	18%	Mid Percentile	→ 30%	→ 35%	22% (127/560)	Minimum standard met	
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> Our commissioned service for alcohol misuse had run into issues around quality and staffing. This coupled with the GP provider not recording successful completions led to a drop in successful completions. Both these issues have now been resolved, however due to the 6 month lag in this measure we will see these improvements over the next two quarters</li> <li><b>Mitigation:</b> The commissioner worked with the service and implemented an improvement plan at the end of 2017. This improvement plan has been embedded now and latest figures show levels should reach around the 35% mark</li> <li><b>Timeframe for improvement:</b> By Q3 18/19 (Improvement has already occurred, however lag in recording method means we will not see this till Q3)</li> </ul>						

Key performance indicator [S] - Statutory indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	Ideal	Aspirational			
7. Community Champions -Number of residents reached through activity	13,855	2,500	3000	3500	3,638	Exceeding target	Insight: This is a quarterly target - it is not fixed into any contracts but rather an aspirational level the service aims to achieve.
8. Proportion of opiate misusers in treatment, who successfully completed treatment and did not re-present within 6 months	7.30%	Mid Percentile	7%	7.37%	7.7% (42/549)	Exceeding target	
9. Stop Smoking Services – number of 4 week quits	1,513	275 (quarterly target)	310 (quarterly target)	345 (quarterly target)	310	On track	
10. Total Sexual Health Screens Undertaken through E-services	New KPI	600	800	1000	835	On track	This is a new indicator, and will be reviewed at the end of 18/19 both for scope and targets
11. Screening Positivity rate (% screens resulting in diagnosis)	New KPI	Target to be defined at end of first year			2.20% (59/2,750)	N/A	This is a new indicator, and will be reviewed at the end of 18/19 both for scope and targets

Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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 Q2 (September 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
<b>Caring and fairer city</b> We will be opening a new 84-bed home to provide specialist care for people living with dementia as part of a wider dementia strategy to support those and their families living with this difficult illness.	On track	<ul style="list-style-type: none"> <li>The home and strategy are both progressing and more detail will be provided in Quarter 3</li> </ul>
<b>Healthier and greener city</b> We will launch a new healthier schools programme, bringing together action on air quality, oral health and obesity to make sure the 42,600 children who live, learn and grow up here get the best start in life.	On track	<ul style="list-style-type: none"> <li>New Healthy Schools contract awarded from Sept 2018. Need to progress on planning future whole system approach. Proposals for whole system approach are being developed. This is in very early stages</li> </ul>

## 1.2 Children's Services

### Achievements:

#### **Ofsted focused visit feedback**

Two of the activities planned for 2018/19 as outlined in the Children's Services Business Plan are to ensure a successful inspection outcome under the new Ofsted inspection framework (ILACS) and to embed systemic practice. On the 7th and 8th August, Ofsted conducted a two-day "Focused visit" looking at the Council's 'front door' (or access point into services) with a focus on Children in Need, first response, child protection and early help services.

#### **Outputs delivered**

Practitioners and Senior Leadership met the inspectors who visited the Multi-Agency Safeguarding Hub (MASH), Access and Assessment and the Integrated Gangs Unit (IGU). The Council was well prepared and provided Ofsted with the key evidence, documents and performance data they requested. Six cases which were previously audited during Practice Week were selected for scrutiny by Ofsted. Inspectors also met with the case workers and/or their managers to assess the quality of social work.

#### **Outcomes achieved**

Overall, we had some very positive feedback about the quality of social work in Westminster. Inspectors noted that systemic practice was embedded and evidenced as follows:

- Appropriate decision making after contact meaning children and families receive the right support at the right time even out of hours
- Early help referrals are proportionate, there is a good range of support and inspectors saw good use of brief interventions preventing escalation of concerns about children
- Child protection concerns are quickly identified leading to timely interventions to safeguard children
- Thresholds of need are appropriately applied and well embedded in practice
- The Multi-Agency Safeguarding Hub (MASH) shares referral information promptly leading to effective risk analysis and appropriate decision making
- The Integrated Gangs Unit adds real value with workers being tenacious in their efforts to engage young people
- Staff morale in Westminster is high, social workers who spoke to inspectors were very positive about their experience of working in Westminster

We also had some helpful recommendations about areas for development and improvement:

- The focus of case files audits on the impact of practice on outcomes for children
- Partner engagement in strategy discussions and meetings

Focused visits result in a written letter highlighting strengths and areas for development. They do not result in any change to a Local Authority's grading. Our letter has been published on the [Ofsted website](#). Debrief sessions and an Ofsted reflections workshop with all staff involved in the focused visit took place on 13th September. Following the workshop an action plan is being developed to address Ofsted's recommendations. An Outstanding Practice Group Meeting has been established to ensure we continue to provide outstanding services to children and young people, to monitor practice improvement and ILACS inspection readiness.

#### **School tests and examinations: exam results continue to be well above national averages**

##### **Outputs delivered**

The Bi-Borough School Standards Service supports the performance of schools and delivers interventions where needed in schools maintained by the local authority to ensure excellent performance. 97% of schools in Westminster City Council are graded 'Good' or 'Outstanding', which is well above the national average of 89%. The results place WCC in the top quartile. Further updates were provided by DfE in December (primary) and January (secondary).

## **Outcomes achieved**

Following this year's school tests and examinations, we are able to report some excellent outcomes for our children and young people in Westminster. 72% of children in the final year of their primary school achieved the expected level in reading, writing and mathematics, which demonstrated a 4% improvement on 2017 results and 8 percentage points above the national average.

Initial analysis shows that the results in our secondary schools continue to be well above national averages. In terms of GCSE results, the percentage of student pass grade in Mathematics and English is 74%. This is 15 percentage points above the national average. Furthermore, the percentage of student pass grade in EBACC subjects (English baccalaureate performance measure) is 35 % compared to 22% nationally. The percentage of A-levels graded A\* -C is 86%, compared to 82 % in 2017. This demonstrated a 4% improvement on 2017 results and 9 percentage points above the national average. For the top A\*/A grades, Westminster City Council was also above national averages with 30%, which demonstrated a 2% improvement on 2017 results and 4 percentage points above the national average.

## **Passenger Transport - A new taxi service commenced in September 2018**

Passenger Transport services are provided for children and young people with Special Educational Needs and Disabilities (SEND) who are eligible for home to school travel assistance. Transport is provided by taxi and minibus depending on the route and needs of the child or young person. Of particular note was the work of the Commissioning team which successfully reduced the impact of Starbus minibus company ceasing to trade, by undertaking a tender process at pace with little notice to source an alternative minibus provider; to deliver the service from the beginning of the new School term.

## **Outputs delivered**

Parents, carers and schools were consulted to inform the new taxi contract specification and have been engaged throughout the procurement and mobilisation process. Parents and carers have also been written to directly by the Council to confirm the specific arrangements in place for their child(ren) from the start of term. For taxi routes where there has been a change of provider or staff, parents and carers have been contacted with offers of 'meet and greets'

## **Outcomes to be achieved**

A new taxi service commenced in September 2018: this follows a procurement exercise and Council approval to appoint a number of taxi providers onto a Framework for Passenger Transport Taxi services. The new taxi arrangements include a clearer pricing schedule and quality enhancements across a number of areas; including staff continuity, staff training and improvements to the fleet. The taxi providers successfully mobilised ahead of the start of term, taking into account the individual needs of each child based on their unique travel plan.

Children's Commissioning team successfully reduced the impact of Starbus minibus company ceasing to trade: On Friday 17th August 2018, the Council was informed that one of two minibus providers, Starbus, went into administration. A competitive three -stage tender process, to replace the provider, was undertaken at pace and the contract was awarded to CT Plus. In their tender submission the interim contract with CT Plus will be in place for 12 months while a planned procurement for all minibus provision takes place. The recommendations for the new minibus contract award is expected in May 2019, for the service to commence from September 2019. The longer mobilisation timescales (May – Sept 2019) will enable providers to work with parents and pupils to ensure the impact of transition to the new provider is as smooth as possible.

## **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 of the child or the incident as well as the associated emotional impact for anyone else involved (relatives, community and staff). There is also the potential reputational impact if the Council and/ or partner agencies were seen to be at fault.

#### **Mitigation and progress**

The Directorate manages the risk by ensuring controls are in place so no serious harm comes to a child or young people to whom we have a duty of care for. The Local Safeguarding Children's Board is responsible for monitoring all activities to ensure quality assurance. Other ongoing safety, reliability and quality assurance processes in place include Practice Week and focused audited activities. All employees working with children and families have enhanced Disclosure Barring Service Checks. Lessons Learnt are reviewed from cases and staff are expected to attend safeguarding training. In the event of an incident there would be a co-ordinated response (including corporate teams) and working with other agencies to ensure the most suitable 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 may lead to reductions in funding and cause schools to change their operations e.g. changes in staffing structure (both teaching and non-teaching), reduced range of courses available. These changes have an impact on outcomes for children e.g. worsening of exam results
- This may also have a financial and reputational impact for the council with the supporting schools to put in place financial strategies. When schools are autonomous the Council will have no control over total school funding. If they go into deficit the Council will be portrayed on how it has been supporting and challenging schools

#### **Mitigation and progress**

- The council will continue to supply minimum pupil funding per head during the transitional period and all Westminster Schools will receive funding above this level in the local formula.
- The council needs to ensure effective financial standards and processes are in all schools by continuing engagement via workshops, schools' forum papers and support and challenge sessions with individual schools
- The National Funding Formula will not be introduced until 2021/22 at the earliest allowing us longer to prepare
- The School Forum (and subgroups) are statutory bodies that include representatives from schools. Consultation with schools has taken place on the 10<sup>th</sup> October. We are also working closely with schools with deficits and took a paper to the WCC Schools Forum on the 15<sup>th</sup> October

## Key Performance Indicators

The table below presents the latest cumulative outturns for Q2 (April 2018 – Sept 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	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	Ideal	Aspirational			
<b>Children's Services</b>							
1. Percentage of Westminster schools judged to be outstanding by Ofsted	35% (21/59)	35%	→ 38%	→ 40%	<b>34%</b> (20/59)	<b>Minimum standard met</b>	<b>Insight:</b> Please note that there may be potential risk as many of our outstanding schools have not had an Ofsted inspection in more than six years (c.f. The Grey Coat Hospital School, Ofsted Inspection 2009)
↳ • <b>Service Commentary:</b> 34% of Westminster Schools are currently judged outstanding by Ofsted. This is in line with minimum targets for the service and compares with 21% nationally							
2. Percentage of Westminster's pupils who achieve 9 - 4 (A*-C) in English & mathematics	<b>74%</b> (2017 academic year)	74%	→ 76%	→ 78%	<b>74%</b> <b>(2018 academic year)</b>	<b>Minimum standard met</b>	<b>Service Commentary:</b> The 74% percentage in 2018 was above the 2017 national average of 59%, which matches the minimum target level for service continuity.
3. Increased proportion of Education, Health and Care assessments which are completed within 20 weeks [S]	<b>69%</b> (109/159)	60%	→ 70%	→ 75%	<b>86%</b> (67/78)	<b>Exceeding target</b>	<b>Reporting date:</b> Overall performance for April to September 2018 was 86%. Which demonstrates significant improvement from 69% in 2017-18. Performance for Q2 improved to 93% from 79% in Q1.
4. Improve % of children who reach expected levels for reading, writing and maths at the end of primary school	<b>68%</b> (2017 academic year)	58%	→ 68%	→ 73%	<b>72%</b> <b>(2018 academic year)</b>	<b>On track</b>	<b>Benchmark:</b> 72% 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 64% nationally.
5. % care leavers in education, training or employment (at age 19, 20, 21) (excluding those not in touch)	57%	50%	→ 60%	→ 80%	<b>60%</b> (65/108)	<b>On track</b>	<b>Reporting date:</b> April - June 2018, Next reporting date is Q3, once enrolment in September is confirmed. Nationally, Westminster achieves higher rate of Care Leavers aged 19-21 in EET when compared with the most recent England rate of 50% in 2017 and is placed in the second quartile.
6. To promote independence of young people by offering Independent Travel Training	New indicator	2	→ 3	→ 4	Update in Q3	<b>N/A</b>	This indicator is based on academic year reporting. First reporting point will be at the end of Q3.
7. Children subject to a child protection plan for a second or subsequent time	4% (4/100)	15%	→ 10%	→ 5%	<b>0%</b> (0/24)	<b>On track</b>	Overall performance for April to September 2018 was 0%. Which demonstrates improvement from 4% in 2017-18 and compares well with national rates for England 18.7% and London 14.8%.

## City for All Tracker

The table below provides a progress update at the end of Q2 (September 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
<b>City of opportunity</b>		
We recognise that we have some of the best schools in the country. We will do all we can to make sure they continue to receive the support needed to maintain the highest standards.	On track	<ul style="list-style-type: none"> <li>34% of Westminster Schools are currently judged outstanding by Ofsted. This is in line with minimum targets for the service and compares with 21% nationally. Please note that there may be potential risk as many of our outstanding schools have not had an Ofsted inspection in more than six years (c.f. The Grey Coat Hospital School, Ofsted Inspection 2009)</li> <li>72% 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 64% nationally. The percentage of 74% in 2018 was above the 2017 national average of 59%, which matches the minimum target level for service continuity</li> </ul>
<b>City that offers excellent local services</b>		
We will continue to invest in and maintain the highest standards in our outstanding children's services as rated by Ofsted.	On track	<ul style="list-style-type: none"> <li>On the 7th and 8th August 2018, Ofsted conducted a two-day "Focused visit" looking at the Council's 'front door' (or access point into services) with a focus on Children in Need, first response, child protection and early help services. Overall we had some very positive feedback about the quality of social work in Westminster</li> <li>An Outstanding Practice Group Meeting has been established to ensure we continue to provide outstanding services to children and young people, to monitor practice improvement and ILACS inspection readiness</li> </ul>
<b>Caring and fairer city</b>		
We will prioritise resources to support our most vulnerable children. We are offering a package of help to the 700 children with special education needs and their families, including a short breaks offer. We will pilot a new approach to tackling the root cause of exclusion from primary school, helping every child thrive in the classroom	On track	<ul style="list-style-type: none"> <li>A new short break play scheme was successfully piloted in South Westminster during the summer 2018 and is informing future planning</li> <li>Our Early Help pilot to reduce exclusions is underway and training for schools (Attachment, Regulation, Competency) is delivered alongside wraparound plan of intervention for families</li> <li>We have established a multi professional collaborative for vulnerable children to review and target support for individual children</li> <li>The register of Disabled Children is in place to support service planning and improve communication with families</li> <li>Support for staff in schools to create capacity and reskill staff to put interventions in place is being provided by Education Psychology and Outreach Services</li> </ul>

## 1.3 City Management and Communities

### Achievements:

#### **London in Bloom - Borough of the Year**

The council won the London in Bloom 'Borough of the Year' award for the second year running. This is the first time a council has ever retained this top award. Criteria assessed against a wide range of areas including horticulture, biodiversity, physical activity, community engagement.

#### **Outputs delivered**

In addition to winning the overall title, Westminster was also category winner for Park of the Year (Victoria Embankment Gardens) and Cemetery of the Year (East Finchley Cemetery). Seven 'gold' and five 'silver gilt' awards were also secured for individual parks and gardens.

#### **Outcomes achieved**

Residents consistently rate Parks and Open Spaces as the most important service the council provides. In the 2017 City Survey parks also secured the highest satisfaction rating (93%) of any council service.

#### **Prevent training**

Providing training to frontline professionals within the Council, within external organisations and also to the community and voluntary sector is the main way by which the Prevent team can explain what Prevent is seeking to achieve and how they can contribute to safeguarding some of our most vulnerable individuals. The team have devised a variety of training packages so that it is tailored to the needs of the audience as much as possible.

#### **Outputs delivered**

Since April 2018, 1,115 people have been trained in the Prevent concept in 37 sessions delivered by the Prevent team. Also this quarter we achieved our end of year target for having delivered training in 96% of the state funded schools in the City.

#### **Outcomes achieved**

The Channel Panel is the statutory multi-agency panel for safeguarding individuals at risk of extremism and radicalisation. The panel is reliant on frontline staff and community members identifying when a person is at risk and referring them to services. Training is a key to improving their understanding and encouraging those referrals. Since 2014 the team has delivered training to over 6000 people. The effectiveness of this training is measured at a national level but locally feedback is collated in order to adapt and improve the training offered, ensuring that it meets the needs of services.

#### **Implementation of Effective Neighbourhood Working**

Implementation of a new neighbourhood structure for Public Protection and Licensing where multi-disciplinary teams and an integrated area-based City Highways Inspectorate deliver front line services that better appreciate and understand the different characteristics and demands of the city and focus resources accordingly.

#### **Outputs delivered**

The Effective Neighbourhood Working Programme has delivered a successful reorganisation consultation with high levels of engagement for over 360 colleagues. The programme resulted in the implementation of neighbourhood based multi disciplinary teams (with training in noise, residential, markets, food safety with further sessions on waste and ASB planned) to provide dedicated support to resolve local issues and identify opportunities to work better with local communities and stakeholders. Two City-wide teams will deliver consistent services and for those services that have a special need and/or where the function of the service does not align to a neighbourhood approach.

Effective Neighbourhood Working has also delivered £1.65m of MTP savings without any compulsory redundancies, with internal promotion to permanent or temporary roles for over 30 members of council staff and 11 new, externally funded posts (funded by BIDS, Public Health, Home Office, Roles include City Inspectors, EHO's and Prevent) with the opportunity for further funded positions. Circa 95% of roles within the teams have been filled with final recruitment taking place and additional training and development provided. The process has operated with excellent communications and stakeholder engagement and Health and Wellbeing sessions were provided for staff to support during the change.

### **Outcomes to be achieved**

The transformation will deliver:

- More efficient and effective delivery of services, measured by improved response times, reduced level of complaints and service requests providing resources based on demand and with the flexibility to respond to changes in demand
- New dedicated shift-based City Inspector teams for North and South areas and the implementation of shift working for City Highways providing additional capacity out of hours
- A clearer escalation route through neighbourhood managers and area heads of service for complex and strategic issues
- Enhanced community focus and civic leadership. The new structures better appreciate and understands the different characteristics and demands of the city and communities and focus resources accordingly with better support to Ward Councillors in their communities
- A focus on collaborative partnership working and more effective community engagement with a wider range of officers available to work with key stakeholders in the community
- Expanded capacity to deal with noise complaints, by training all City Inspectors to respond. This will enable dedicated noise officers to deal with the most complex issues
- Highways have also created roles that can be flexed based on demand for externally funded public realm schemes created to support flexible deployment levels based on changing demand
- Close working relationship between City Inspectors and Highways Inspectors maintained by retaining Ward-based area ownership. Further integration to be arranged including training on reciprocal reporting of urgent issues and sharing of reporting/escalation channels
- Integration of Inspectorate outputs with the development of annual maintenance programmes to ensure smarter use of resources and a more joined-up connection between minor maintenance and the new 3-year major works programme
- Highways Inspectors empowered to own the standards for their area of the City but it fosters greater proactive management of the highway and direct engagement with stakeholder concerns

## **Risks and Issues:**

### **Policing resources following the planned Basic Command Unit (BCU) merger with Westminster, Kensington & Chelsea and Hammersmith and Fulham.**

The new BCU's 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 February 2019. 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.

#### **Impacts and consequences**

There is a potential that the impact of the BCU changes will deliver an increase in crime and anti-social behaviour affecting the communities within the City, especially the most vulnerable. There is also a possibility that a reduction in police resource will have a disproportionate impact on council staff working within the statutory partnership arrangements and that the council will be placed in a position of having to fill any gaps created by the introduction of the BCU model.

#### **Mitigation and progress**

Senior politicians within the council and externally are proactively lobbying the Senior Ranks of the Metropolitan Police Service and the Home Office to re-model the structure based on current and expected data sets. As of the end of October 2018 Westminster Police have completed their assimilation of staff to posts in the new model and have now begun to liaise with partners as to how it will actually look at go-live. Potential mitigation can now be considered now that the council has the actual numbers of officers in the new model and where they will operate. The move to ENW and blended neighbourhood teams will assist with responding to the local need. A policy and scrutiny task and finish group met in late November 2018 with the Borough Commander attending. A Police Performance list has been provided and made accessible to monitor police performance around response times, detection rates and crime in order to support the scrutiny process. The police are working closely to understand how the new BCU model works alongside collocated and integrated teams, such as the Integrated Gangs Unit. The planned BCU merger will go live February 2019.

### **Downturn on demand – parking payments**

#### **Impacts and consequences**

A decline in income from paid for on street parking has been experienced this financial year and a year end deficit against budget of £1.20m is currently forecast. A further deficit of £0.24m against budget is also forecast in respect of resident parking permits. There is a £547k shortfall to date on income against profile, however the majority of this is currently being mitigated by underspends on expenditure resulting in a net deficit to date of £46k as at the end of the 2nd quarter.

#### **Mitigation and progress**

Contract and other savings on expenditure will mitigate the underperformance on income by £0.54m and Suspensions income is also ahead of budget which will provide further mitigation. There will be no impact on service quality as the projected underspend is mainly as a result of contract efficiencies within the service. Work is underway to analyse parking trends which will provide the basis for future alignment of parking income budgets for 2019/20 onwards. This analysis should be available for Q3 reporting.

## Key Performance Indicators

The table below presents the latest cumulative outturns for Q2 (April 2018 – Sept 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	→	Ideal			
<b>City Highways</b>							
1. % of urgent lighting defects made safe within agreed timescale	99%	95%	→	98%	→	100%	98% On track Reporting date: July – Sept 2018
2. % of carriageway and footway defects repaired or made safe within 24 hours	98%	95%	→	98%	→	100%	100% On track Reporting date: July – Sept 2018
<b>Public Protection and Licensing</b>							
3. Number of Houses of Multiple Occupation improved (buildings with more than one household including shared facilities)	59	50	→	65	→	75	27 Minimum standard met Service insight: We are on track to improve 50 HMOs by year end
<ul style="list-style-type: none"> <li><b>Service Commentary:</b> The service is currently on track to meet the minimum target in respect of HMOs improved</li> <li><b>Mitigation:</b> Resource issues have impacted on the service, alongside additional work brought about by the Building Services Programme in addressing fire safety in cladded buildings. The recent Effective Neighbourhood Working service re-modelling has also had a short-term impact</li> <li><b>Timeframe for improvement:</b> Recruitment to fill vacancies after the recent restructure is underway, with a raft of new officers arriving from December onwards. In addition, the new Housing Standards Taskforce are progressing a number of cases involving improvement of HMOs. It is expected that the ideal target of 65 improved HMOs will be reached by the end of the financial year</li> </ul>							
4. Percentage of women accessing specialist domestic abuse services who report a reduction in abuse	90%	75%	→	95%	→	100%	92% Minimum standard met Reporting date: As of mid-July 2018. Awaiting further data from provider
5. Number of hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	371	400	→	500	→	600	255 On track Service insight: We are on track to remove 400 hazards by year end
6. Percentage of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision.	55%	70%	→	80%	→	90%	83% On track
7. Percentage of licensed premises that are safe and well managed following a single inspection.	85%	65%	→	70%	→	100%	83% (152/184) On track Service insight: Targets will be reviewed in the next reporting process
8. Number of vulnerable residents supported to continue living in their homes	926	600	→	800	→	1,000	343 On track Reporting date: July – August 2018

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	→	Ideal			

Sports and Leisure										
9.	Total participation in Council sports, leisure and wellbeing activities	3.8m	3.5m	→	3.7m	→	3.8m	1,470,600	On track	

Parking										
10.	Ensuring parking compliance across the City is over 97%	98%	97%	→	98%	→	99%	98.4%	On track	Reporting period: Bi Annual data as of April 2018
11.	Ratio of residential permits issued against parking bays available on the street	97%	85%	→	90%	→	95%	99.2%	On track	

Waste & Parks										
12.	% of streets in Westminster that pass the street score survey for litter	98%	98%	→	98%	→	98%	98.25%	On track	Reporting period: September 2018

Libraries & Registration Services										
13.	% of appointments to register births available within 5 days of enquiry	86%	95%	→	95%	→	98%	94% (2,113/2,241)	On track	
14.	2% increase in real and virtual visits to libraries	1.98m	1%	→	2%	→	3%	1% (996,923 visitors)	On track	
15.	% of satisfied users across the Libraries Services	N/A	85%	→	90%	→	95%	N/A		Reporting Date - Annual (March 2019)

City Management and Communities										
16.	Number of Emergency planning exercises completed	N/A	6	→	7	→	10	8	On track	
17.	Reduction in offending by those who have engaged with our commissioned support services			→		→		N/A		Service insight: Only 9% of the cohort have reoffended since leaving the cohort. We don't have reoffending data (there is an 18 month delay on this data being calculated)

Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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 Q2 (September 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
<b>City that offers excellent local services</b>		
By the end of 2019 we will license buskers and street entertainers to make sure that residents and visitors get the best experience, and that new performers have a chance to shine.	On track	<ul style="list-style-type: none"> <li>PPC began stakeholder engagement in October and engagement plan being implemented</li> </ul>
We will extend our Licensing Charter across the whole of the city, working in partnership with the industry to set the standards for how venues take care of the welfare of patrons and be good neighbours.	On track	<ul style="list-style-type: none"> <li>Work continues on expanding the Licensing Charter beyond the pilot to other areas of the city. Discussions are ongoing with BID's and large landowners relating to the adoption and promotion of the Charter</li> </ul>
We have established the Housing Standards Task Force which has the dedicated job of making sure private renters are protected from rogue landlords and unlawful nightly letting does not overrun the city.	On track	<ul style="list-style-type: none"> <li>Tenant Focus groups workshops have been held and results produced via Westco. The Housing Taskforce in conjunction with TS ran its first seminar for letting agents. The talk was funded by the Controlling Migration Fund. It took agents through their responsibilities in relation to the Right to Rent requirements (introduced by the Immigration Act 2014) and other related Housing and Trading Standards legislation. It was also good refresher of existing laws and new ones as well as putting agents on notice of raft of new legislation around the corner. A further submission was made to the CMF fund for additional funding for year 2019/20. Enforcement has resulted in 24 formal notices being served. One prosecution and two civil penalty notices are expected from these action</li> <li>Notices – Unauthorised short term letting April 2018 to date (26/09/2018) financial year – 4 Enforcement Notices Issued</li> <li>Total number of inspections April 2018 to (26/09/2018) – 299 New STL Cases received and total number of inspections, would be in excess of the number of new cases as each case would have multiple visits, currently working on an Intelligence package to report on visit data from Uniform</li> <li>Total cases closed April 2018 to date (26/09/2018) – 255 cases closed (NFA – No Further Action)</li> <li>Total ongoing STL cases: 1493</li> </ul>
We will ask all power and utility companies to sign up to a new protocol to coordinate works so our streets and traffic are not needlessly disrupted.	On track	<ul style="list-style-type: none"> <li>The protocol will be ready by the end of the financial year following stakeholder engagement</li> </ul>
<b>Caring and fairer city</b>		
We will consult on a new gambling policy, leading the way nationally on setting the standards for the industry and protecting the most vulnerable in our neighbourhoods by providing better regulation of betting shops across the city.	On track	<ul style="list-style-type: none"> <li>The consultation on the new gambling policy approach will begin before the end of the year. The consultation will be the second phase of the development of a new gambling policy for the city to meet the City for All pledge. The consultation will enable the council to engage with residents, businesses and stakeholders on gambling related harm and the councils proposed approach to gambling policy development</li> </ul>

City for all Pledge	Delivery Status	Progress update
We will fund a dedicated officer to support the work of our local neighbourhoods and the police to combat hate crime and discrimination as part of a new anti-hate crime strategy	On track	<ul style="list-style-type: none"> <li>• Strategy being developed by Policy, Performance &amp; Communications and they are dealing entirely with the development of the policy, community engagement, launch of the hate Crime Commission and associated communications with the cabinet member. PPL are supporting until the policy is launched in Summer 2019</li> </ul>
<b>Healthier and greener city</b>		
Our new four year ActiveWestminster strategy will ensure all our neighbourhoods have access to open spaces and sports facilities through developments like the new £28m Moberly Sports Centre	On track	<ul style="list-style-type: none"> <li>• Strategy formally launched in March 2018 and key commitments of the strategy are now beginning to be implemented</li> <li>• The Sport &amp; Leisure Team have now been restructured to the Physical Activity, Leisure &amp; Sport (PALS) team with the new structure went live on 1st July 2018 to support the implementation of the new strategy. 5 x Apprentices are being recruited into the PALS team - 2 of these are specialists in Digital Marketing and Insight to help support key commitments within the strategy. In Dec, following implementation of IBC we will now look to create two new posts 1 x for Marketing and 1 x for Insight. We will however continue to recruit for 1 x Apprentice Business Administrator – Level 3,. These will then be recruited to start in Jan 2019</li> <li>• New website &amp; app went live at the ActiveWestminster Awards on the 7th Dec 2018 live</li> <li>• As part of the ActiveWestminster strategy we will develop and implement the #MyWestminster ActiveStreets programme across Westminster to enable physical activity, leisure and sport opportunities on the doorstep in our neighbourhoods by children, young people and families</li> <li>• ActiveStreets programmes has begun - no Ball Games (prohibitive signage) work has begun</li> <li>• ActiveWestminster networks now formalised and staffing allocated to location based working following the PALS restructure, along with colleagues from Everyone Active</li> <li>• The new £28m Moberly Sports Centre opened in June 2018. 3,000 members have joined to date and the centre is attracting approximately 50,000 visits per month which is ahead of business plan</li> </ul>
We will launch a new Recycling Information Hub and roll out five neighbourhood pilots including the expansion of our In It To Win It campaign, working with local neighbourhoods to achieve a step change in recycling rates across the city.	On track	<ul style="list-style-type: none"> <li>• Proposals for potential recycling pilot schemes have been submitted to Cabinet Member and are currently being considered</li> </ul>
We will expand our network of 165 electric charging points by 25%, making it as easy as possible for people to switch to electric vehicles.	On track	<ul style="list-style-type: none"> <li>• There are currently over 148 electric vehicle charge points including over 50 lamp column chargers as well as 44 charge points serving the car club. The lamp column charging programme is on-going supported by external funding. An electric vehicle strategy was completed in summer 2018. Eight rapid chargers alongside taxi rest ranks to complement the transition of the London taxi trade to Zero Emission Capable taxis were installed autumn 2018. Planning permission has been granted for a further 40 7kW charge points across the City and a decision on installation will follow the issue of the strategy. New car club contracts started in July for continued provision of the fixed point service and also for the introduction of flexible car sharing services. Flexible car sharing will be introduced across the summer through Drive Now and Zipcar and will double the number of car club vehicles available in the City, with the EV profile for car club in Westminster will be about 35%</li> </ul>
We will deliver a new £1m Schools Clean Air Fund, giving schools the resources they need to tackle poor air quality.	On track	<ul style="list-style-type: none"> <li>• Clean air audit has been completed. Action Plan initiatives to be implemented before end of financial year.</li> <li>• Please refer to full reports that can be accessed <a href="https://www.london.gov.uk/what-we-do/environment/pollution-and-air-quality/mayors-school-air-quality-audit-programme#acc-i-52544">https://www.london.gov.uk/what-we-do/environment/pollution-and-air-quality/mayors-school-air-quality-audit-programme#acc-i-52544</a></li> </ul>
We will launch a new Green for 18 campaign to raise awareness and make it easy to reduce our reliance on single use plastic. Westminster City Council has already banned single use plastic containers in meetings.	On track	<ul style="list-style-type: none"> <li>• Provision of reusable water bottles (sponsored by Veolia) should have reduced the number of single use/disposable water bottles used by staff</li> </ul>

City for all Pledge	Delivery Status	Progress update
We will expand #DontBeldle, setting the ambition for 1,000 businesses to sign up and play their part in reducing their own and their customers' emissions.	On track	<ul style="list-style-type: none"> <li>The trial diesel surcharge has now been operational for a year in Westminster's F-Zone. There has been a 16% reduction in the number of older diesel vehicles parking in the LEN, without any obvious displacement to nearby zones. We are consulting on expansion of the surcharge. Residents, businesses and visitors are being given the chance to give their views on the diesel parking surcharge in a city-wide consultation running between 18th July and 12th September. The #DontBeldle campaign has now reached over 14,000 pledges and 24,000 interactions with drivers to switch off their engines. The focus is now on businesses to sign up and play their part in reducing their own and their customers' emissions</li> </ul>
<b>City that celebrates its communities</b>		
We are consulting on a new markets strategy, listening to the views of residents, shoppers, visitors and traders on how we can keep the city's eight thriving local markets at the heart of local neighbourhoods. The new strategy will roll out in 2019.	On track	<ul style="list-style-type: none"> <li>The consultation has run from the 1st August to 31 October 2018. There are a variety of ways in which views are being collected, through online and paper surveys, drop in sessions at each market, and using on street researchers. Traders have been written to twice to inform them about the surveys and the ways in which they can put their views forward. As of 8<sup>th</sup> October, there were 623 responses to the consultation survey – 200 via the online survey and 423 on-street surveys. This number included 90 responses from traders. Further dates are planned with on street researchers at Church Street and a drop in session at Tachbrook Street. After the consultation a report was presented to the Licensing Committee in November, setting out the results of the consultation and seeking a decision from Members on the revised fees and charges for markets a presenting the next steps in the development of a wider strategy for markets</li> </ul>
We will retain and support Westminster's libraries at the heart of our neighbourhoods.	On track	<ul style="list-style-type: none"> <li>The Libraries Advisory Board issued its draft report for consideration by the Council in December 2018</li> </ul>
We will introduce a new licensing policy by 2020 to ensure that Westminster remains a major night time destination, balancing the needs of residents, visitors and businesses.	On track	<ul style="list-style-type: none"> <li>Work continues on expanding the Licensing Charter beyond the pilot to other areas of the city. Discussions are ongoing with BID's and large landowners relating to the adoption and promotion of the Charter</li> </ul>
We will introduce 20mph speed limits where residents tell us they want them.	On track	<ul style="list-style-type: none"> <li>A report setting out options for the way forward will be presented in the New Year. The 36 20pmh speed limits in the borough were introduced under an experimental traffic order and now require review as part of the process. Further speed counts are being undertaken and the feedback received from resident as part of the process are being reviewed. The vast majority of feedback received to date has been positive and there have been many requests to extend areas and introduce 20mph speed limits in other areas of the borough. A report setting out options for the way forward will be presented in the New Year. To note TfL's Vision Zero action plan sets out planned 20mph speed limits on the TLRN (all TLRN in Westminster except Park Lane proposed 30mph)</li> </ul>

## 1.4 Growth, Planning and Housing

### Achievements:

#### **Oxford Street District**

On 25 October, Cabinet endorsed a Public Consultation on a draft Place Strategy and Delivery Plan and approved the expenditure of up to £2.5m capital from an existing Oxford Street/West End budget as per the approved Capital Strategy from March 2018 to progress the project to an Outline Business Case (OBC). The new Capital Strategy includes a budget of £150m for Oxford Street District. This relates to the Council's investment in the district and includes a previously approved Oxford Street/West End budget.

#### **Outputs delivered**

The draft strategy promotes a set of 15 overarching place based principles with over 90 suggested projects. Examples of the principles include supporting economic growth across the district, having a flexible approach to design and management and making the most of the district's amazing assets.

Actions in the delivery plan include prioritising pedestrians and Oxford Street maintaining two-way vehicle movement, retaining buses on Oxford Street 24 hours a day and ensuring they are zero emission, and having more trees, planting and pop up parks.

The consultation, which ran from 6 November to 16 December 2018, included a number of ways to engage and respond to the Council, including a dedicated website, as well as exhibitions and presentations to residents' associations and key stakeholders. All responses will help to inform the final Place Strategy and Delivery Plan that will be subject to Cabinet decision in early 2019, with implementation to follow thereafter.

#### **Outcomes to be achieved**

The overall ambition is to strengthen the world-renowned status of the entire Oxford Street District to ensure it will be a great place to live, work and visit and to secure its long-term future.

#### **Mobile Connectivity**

Finance, Economy and City Management and Communities worked collaboratively to procure an organisation to market our on-street assets to mobile operators to place small cells on our lamp posts and generate an income to the Council.

#### **Outputs delivered**

The scheme will allow the use of 11,000 assets to be used to install small cell connectivity to support the infill of not-spots in the borough and provide a £10m guaranteed income and £11m revenue share. Ontix is responsible for installing the equipment on the lampposts and will be using Conway to undertake this work. Ontix will receive an income from a mobile operator for every small cell that is deployed with part of this income being shared with the Council.

#### **Outcomes to be achieved**

Improved mobile connectivity in Westminster, supporting local businesses and the local economy, whilst also generating a significant income for the Council.

#### **CityWest Homes (CWH) brought back in house**

After a thorough review by the Housing, Finance & Customer Services Task Group and an independent assessment, it has been decided to bring the management of housing services back in house by 1st April 2019 and under the direct control of the Council.

### **Outputs delivered**

This will assist in bringing the culture of CWH into alignment with the Council's and ensure that back office areas such as digital, HR and finance integrate with these internal services.

### **Outcomes achieved**

The changes will enable a review of the way in which housing services are provided and involve residents in improving housing services.

### **Risks and Issues:**

#### **Homelessness**

Increase in singles approaching Housing Options as a result of the Homelessness Reduction Act.

#### **Impacts and consequences**

Pressure on the supply of temporary accommodation and decision making staff with the increased number of singles presenting and owed a relief duty.

#### **Mitigation and progress**

Officers have directed a 'deep dive' exercise on a section of the singles who have presented to better understand the reasons behind their homelessness combined with increasing the supply of studio accommodation and focusing on alternative housing solutions. It is expected that by the end of Q3, we will have comprehensive picture of those who have presented, what interventions have worked and where we need to invest more in preventative work.

#### **CityWest Homes performance**

There is a risk of CityWest Homes (CWH) performance dropping during the transition to an in-house service.

#### **Impacts and consequences**

There is a risk that key staff could leave and that service levels could deteriorate, leading to reduced resident satisfaction. It will be important that residents and staff are kept up to date with progress through excellent communications and engagement programmes.

#### **Mitigation and progress**

Significant mitigations are in place including a new managing director having been appointed, as well as a number of key staff. A weekly task group and a programme manager are in place, covering all appropriate work streams; including contact centre and repairs. A draft engagement plan has been established and a general communications programme. A Corporate Transition Board is reviewing progress monthly and the Cabinet Member receives weekly updates.

### **Standing Items – relevant items that fall out of the scope of the above sections**

#### **Ebury Bridge Estate Regeneration**

Following the Cabinet decision in July, approving Scenario 7 (extended boundary with 750 homes), work has now commenced on the delivery options. This has involved financial modelling to consider the affordability and viability of a shift from 408 for sale units to a blend of sale and market rent housing; positively impacting on the City for All affordable housing target. A Cabinet briefing is in preparation that will consider four delivery models as well as update members in respect of land assembly, demolition and CPO timeline. Further community engagement is now planned with resident leaseholders regarding the right to return, as well as the statutory compensation payments and valuation process. The cost of 'right to return' has been factored into the delivery model options.

**Rough Sleeper Count** - the street count was conducted at the end of September and saw 340 people sleeping rough. With 48% of people found falling into the 'flow' category (people who have never been rough sleeping prior to April 18), we continue to deal with a huge issue of new people coming to the streets of Westminster after multiple interventions across the UK and Europe have failed. There is an increase of 41 people since the May count. There were 134 UK Nationals, 132 EEA Nationals, 19 from the Rest of the World and 55 recorded as 'Not Known'.

### **Fire safety works**

In late August, the MHCLG issued advice on how composite fire doorsets should be tested and classified. All such doorsets should be replaced, unless adequate test data can be provided. The in-depth fire doorset inspections at buildings over 6 storeys with enclosed communal parts are now complete. The Warwick and Brindley estate towers' doorsets require action first and work will start this year.

We are currently awaiting the results of the cladding system test we commissioned in July. In the meantime, we are preparing alternative insulation options for Warwick and Brindley estate towers and moving forward with other important fire safety work including balcony resurfacing and fire doorset replacement. The London Fire Brigade visited in November to test new equipment and water pressure in the dry risers.

Whilst the precautionary cladding replacement work at Glastonbury House remains on hold, we are moving forward with the retrofitting of sprinklers to flats and other fire safety improvements including fire stopping, creation of a scooter store, installation of new fire signage and front entrance fire doorset replacement. All 65 blocks with infill panels forming part of their façades have been given the all clear, except Torridon House, where we are awaiting planning approval to proceed with façade replacement. Residents within high rise blocks are being given a copy of their building's fire safety improvement plan, as a communications pilot.

### **City Hall**

The City Hall Refurbishment Programme is completed. The redevelopment includes new windows, double decker destination-controlled lifts, raised access floors, male & female WCs and shower/changing room facilities, new furniture and meeting room AV, an extension to the 19th floor, creation of a new Civic Event Space and staff canteen with floor to ceiling windows, a feature stair connecting the 17th, 18th and 19th floors and new Mechanical & Electrical plant including a life safe sprinkler system. The building will be rated BREEAM Excellent and with an EPC rating of B (Previously G/H), demonstrating reduced emissions, energy consumption and costs by up to 60%.

In addition to delivering an attractive, efficient, flexible workspace with over 2,000 "opportunities to work", which will assist in the recruitment and retention of staff, the refurbishment will also improve the visitor experience, enhance the street scape, complete the public realm works started by Land Securities and demonstrate the Council's commitment to technology and sustainability. The programme will also release the lower 10 floors for subletting to further reduce running costs and generate additional income. There have been a number of viewings to date, with interest expected to increase as we near practical completion. A formal marketing launch and agent tours will take place in January/February. Members and staff will move back into City Hall in February/March.

## Key Performance Indicators

The table below presents the latest cumulative outturns for Q2 (April 2018 – Sept 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
<b>Housing Service</b>							
1. Number of households where statutory housing duty is discharged into the private rented sector	New KPI	75	→ 100	→ 125	40	Minimum standard met	
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> Summer activity is always less as households are away. Numbers expected to increase in coming months</li> <li><b>Mitigation:</b> Additional investment in Real Lettings private sector discharge scheme, work with Ethical Lettings to increase supply of outer and out of London properties such that 7-10 properties are available for letting at any one time; challenges in terms of demonstrating properties are suitable, and affordable to households remain within complex decision making process within legislation</li> </ul>						
2. Affordable Housing units delivered in 18/19 (1,850 by 2023)	New KPI	TBA	→ 201	→ TBA	9	On track	
3. No families in Bed & Breakfast for more than 6 weeks [S]	0	0	→ 0	→ 0	0	On track	<b>Benchmark:</b> 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
4. Reduction in rough sleepers spending more than one night out	75%	70%	→ 75%	→ 80%	82% (241/294)	Exceeding target	<b>Reporting period:</b> Q4 2017/18 (January - March) - (KPI reported a Q in arrears)
<b>Development Planning</b>							
5. % of 'non-major' planning applications determined within 8 weeks [S]	78%	68%	→ 68%	→ 70%	79% (5,880/7,442)	On track	<b>Reporting Period:</b> Q1 October 2016 – Sept 2018 (MHCLG requirement)
6. % of 'major' planning applications determined within 13 weeks i.e. larger scale development. [S]	64%	60%	→ 60%	→ 62%	82% (91/111)	Exceeding target	<b>Benchmark:</b> London and inner London average was 83% for 2016/17 <b>Reporting Period:</b> October 2016 – Sept 2018 (MHCLG requirement)
7. % planning appeals determined in favour of the Council (Excluding telephone boxes)	69%	55%	→ 60%	→ 65%	69% (51/74)	Exceeding target	<b>Insight:</b> 2017/18 outturn was 70% (145/206), although Qtr 1 performance is ahead of equivalent period in that year (63%). <b>Planning Reporting Period:</b> April 2017 – March 2018

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			

Property and Estates										
8.	Increase total income generated from the council's investment portfolio	£721,000	TBA	→	£600,000	→	TBA	£934,121	Exceeding target	Insight: 'Gross income at start year £25,730,283. At Qtr 2 £26,664,404.
Growth and Economy										
9.	1,000 businesses significantly engaged (incl vouchers issued, CSR activity)	New KPI	TBA	→	1,000	→	TBA	551	Exceeding target	
10.	Connect businesses to super and ultrafast broadband (Based on vouchers redeemed).	0	TBA	→	250	→	TBA	99	On track	
11.	Westminster Employment Service to achieve 750 job starts of which 300 long-term unemployed	442	TBA	→	750 (300)	→	TBA	206 (119)	On track	Insight: 'The performance figures for Q1&Q2 do not currently include partners' contributions e.g. Westminster Adult Education Service. Overall the Service is on track to deliver the target.
12.	Number of businesses advised about the apprenticeship levy and developing apprenticeship schemes	New KPI	TBA	→	100	→	TBA	40	On track	
13.	2,000 young people engaged in enterprise and sector-based experiences	New KPI	TBA	→	2,000	→	TBA	0	On track	Insight: Although no outputs have been delivered to date we have a programme for Westminster Enterprise Week for 1,500 young people which took place in November. Bloodhound will be delivering activities to Westminster Academy inspiring young people in science activities. Hospitality Week which took place in January 2019. STEM week will take place in March 2019. National Apprenticeship Week will take place in March 2019.

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Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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 Q2 (September 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
<b>City of opportunity</b>		
We will deliver the most ambitious house building programme in the city for a generation. We are on track to deliver nearly 2,000 new council and affordable homes by 2023 and have identified sites for a further 2,000 homes.	On Track	<ul style="list-style-type: none"> <li>160 affordable homes have been delivered since the start of 2017/18 with a further 592 units currently on site. We are on track to deliver the 2023 target</li> </ul>
We will support 750 people into jobs per year. We also will make sure people have the best chance of finding work by ensuring our housing and children's services work together to enable parents to return to work	On Track	<ul style="list-style-type: none"> <li>Overall the service is performing well and on track to achieve 750 people into jobs per year with 206 people into jobs to date. Notable highlights include presenting research on our homeless employment and learning project (HELP) at a FEANTSA academic event on homelessness in Budapest. Our research findings will also be published in the European Journal of Homelessness. The Housing department has agreed to fund the continuation of HELP from the flexible homelessness prevention grant</li> <li>The performance figures for Q1&amp;Q2 do not currently include partners' contributions e.g. Westminster Adult Education Service. Overall the Service is on track to deliver the target</li> </ul>
We will launch a new enterprise partnership bringing together businesses from across the city to shape a new economic development strategy.	N/A	<ul style="list-style-type: none"> <li>Work on this will commence in the New Year</li> </ul>
We will work with businesses, residents, schools, colleges, and policy makers to build a new model of vocational education and, by 2020, launch a new city skills framework. This will support people develop their talents – and learn entirely new ones – from birth to well after retirement.	N/A	<ul style="list-style-type: none"> <li>Work on this will commence in the New Year</li> </ul>
<b>City that offers excellent local services</b>		
We will deliver a step change in the quality of CityWest Homes customer service so that it is the standard that our tenants and lessees deserve	On Track	<ul style="list-style-type: none"> <li>See main report. The bringing of CWH in house will, despite short term risks, lead to an improvement in performance through the closer alignment of services and the involvement of residents in the review</li> </ul>
<b>Caring and fairer city</b>		
We will continue to support our new £6m state-of-the-art assessment centre, outreach services and accommodation for rough sleepers, helping people to get off the streets at night	On Track	<ul style="list-style-type: none"> <li>We have just been awarded additional money from the MHLCG to support the running costs of the rough sleepers' assessment centre for another year. The situation with high numbers on the streets continues to be challenging but a joint approach has been agreed with all partners to reduce the numbers.</li> </ul>

City for all Pledge	Delivery Status	Progress update
We have earmarked five schemes chosen by residents that will receive a combined investment of nearly £400,000 raised through our voluntary community contribution scheme. This will include helping rough sleepers off the streets at night, tackling loneliness and isolation across all age groups and supporting youth services.	N/A	<ul style="list-style-type: none"> <li>Progress to be updated in Qtr 3</li> </ul>
Healthier and Greener City		
We will plant 3,000 trees by 2020.	On Track	<ul style="list-style-type: none"> <li>The service is currently working on a plan to deliver this City for All objective. A combination of funding streams will look to deliver an enhanced planting regime for the city. A draft has been submitted for approval and is currently being considered</li> </ul>
City that celebrates its communities		
We are reforming the planning system so that, for the first time, members of the public will be able to speak at planning meetings. This is one of a range of measures to make the UK's busiest planning authority more transparent.	On Track	<ul style="list-style-type: none"> <li>The Planning Advisory Service has submitted its draft report to the Leader of the Council and Chief Executive. The Council's response will be forthcoming in due course</li> </ul>
We will remove unwanted and misused phone boxes from our streets.	N/A	<ul style="list-style-type: none"> <li>Progress to be updated in Qtr 3</li> </ul>

## 1.5 Corporate Services

### Achievements:

#### **Launch of the new People Services Strategy – The Westminster Way**

The Westminster Way is a strategy that brings all of our employee programmes together in one place. The aim is to demonstrate our holistic approach to employees' personal and professional development and promote a diverse and modern work environment.

#### **Outputs delivered**

The strategy was created and agreed with Cabinet 18 months ago and was agreed with the Leader, Chief Executive and ELT. It has been launched during October via communications from the Chief Executive and at a number of face to face meetings, including senior leadership team meetings. The KPIs have been created with a view to measuring impact and engagement scores is a key element.

#### **Outcomes to be achieved**

There are three main pillars to the Westminster Way:

- Personal development - we believe everyone has talent. We will create opportunities for everyone to thrive
- Value our people and diversity - we want everyone to feel valued. We will celebrate and embrace our differences, using them to bring new perspectives to future challenges
- The Westminster Way of working - we believe everyone is a leader. Everyone will be empowered to take a lead in their role

#### **IT Organisational Change**

##### **Outputs delivered**

There have been a number of personnel changes with a new IT leadership team now in post. The Adults IT function has been transitioned in to the IT Department with a new manager appointed. WCC Digital Programme transitioned to IT. An organisational development programme is underway and focussed on strengthening line management. An independent review of the programme was carried on behalf of the Chief Executive. This has enabled us to learn lessons and the approach going forward will see much stronger ownership and accountability for IT enabled transformation by departments and Executive Directors. The budget review has led to a number of changes to control spend within the current financial year. Recruitment is underway for an IT Business Programmes Delivery Lead who will be part of the IT Management Team. A detailed review of the programme budget has been completed and changes made to control spend within the current financial year.

##### **Outcomes to be achieved**

The new IT leadership team has put the IT organisation on a stronger to deliver against ambitious business transformation planned over the next 2 years. Our Voice results show an increase in engagement scores three times the Council average (albeit from a low base) with the greatest improvements relating to line management.

#### **Re-tender of Revenue and Benefits Services resulting in an intended award to Capita**

Terms and conditions of this contract now offer more robust monitoring on the supplier's performance which in turn will enhance services and provide the Council with reassurance in terms of future contingencies. The development of a mitigation plan to reduce the effect of any future financial distress issues with the contractor. Capita have accepted that, whilst in their view the potential for a future financial distress event is extremely unlikely, the mitigation plan is a sensible way forward for both parties. PwC have worked with the Council's legal team to include additional provisions with the terms & conditions documentation to enhance the financial distress provisions and to make the elements of the mitigation plan that cannot be completed prior to the contract award (1<sup>st</sup> Nov), to be a contractual commitment on Capita to complete within 3 months of contract award. PwC submitted

recommendations to develop a mitigation plan, which will reduce the effect of any future financial distress issues with the contractor. This currently mirrors actions being taken by central Government in relation to all of their Strategic Partner/Supplier contracts. The contract management of the services / contract will be led by the Assistant City Treasurer – Revenues & Benefits reporting in to the City Treasurer. This will include:

- The development of a Contract Monitoring Manual
- Specific monitoring of the bidder's Improvement / Implementation plan
- Day to day service management
- Contract cost / budget management
- Monitoring of the contractor's financial stability in line with PWC's recommendations

#### **Outputs delivered**

- There is a robust responsible procurement process in place
- 2017/18 Budget for the service previously stood at £13.838M
- The Council committed to MTP savings of £1,320K for 2018/19 and £250k for 2019/20
- After deducting other spend items from the budget (i.e. not covered by the new contract), new comparable budget after MTP savings stands at £10,840K

#### **Outcomes to be achieved**

The new contract started on 1 November 2018 and will result in 5 months impact of lower charges over 2018/19.

#### **Our Voice 2018 Survey**

##### **Outputs delivered**

- Westminster City Council's Engagement Index for 2018 is 70%.
- This is an increase of 4% from last year (66% in 2017)
- This result is 4% above the local government average and a positive indicator that people are increasingly engaged by our vision of City for All and that that we are making positive progress in making this a great place to work

##### **Outcomes achieved**

Comparison with Local Government (LG) benchmark: The survey has continued to be benchmarked against the LG average as our prime comparator and next year we will be measured against the top quartile. Within the Employee Index, Westminster are ahead in 5 questions and in line on 1 question.

PACE Index: Through Our Voice, we are also able to measure our PACE index, which shows the commitment to, and demonstration of, our values: Productive, Ambitious, Collaborative and Enterprising. For WCC, the overall PACE index is 62% which is an increase of 3% compared to 2017 (59%).

## **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 which in the case of GDPR can be up to 20 million Euros or 4 percent of annual turnover 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. This will be key in future improvements to security
- 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**

- Windows 10 rollout (completing Apr 19) to further secure end-user devices and avoid data breach instances. This is critical in the future improvement of security
- All existing contracts with suppliers who are 'data processors' and in place, following the introduction of GDPR, will be brought in line with the new data protection regulations. We have now established key principles of data privacy which remain relevant in the new Data Protection Legislation
- Improvement to be seen by 31<sup>st</sup> April 2019

## Key Performance Indicators

The table below presents the latest cumulative outturns for Q2 (April 2018 – Sept 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight																																	
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<b>ICT</b>																																								
1. Number of major business impact Priority 1 incidents per quarter such as total loss of network connectivity at a site, major security breach or a major business application being unavailable or inability of users to log-on	22	22	18	12	5	Minimum standard met																																		
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> 5 Priority 1s in period across a range of IT services - in decreasing scale - Mastercard Payments / BT network outage / Small Sites network / LAGAN / Netloan - two failed SLA (Mastercard and BT network outage) but business impact was minimal</li> </ul>																																							
2. Significant incident attracting fines under new GDPR legislation such as Information Commissioner intervention regarding handling of data protection	New KPI	3	1	0	0	Exceeding target																																		
<b>Complaints</b>																																								
3. Percentage of stage 2 responses signed by Chief Executive with no need to return	New KPI	95%	98%	100%	98%	On track																																		
<b>People Services</b>																																								
4. Ensure staff turnover is managed at appropriate benchmark levels (excluding redundancies)	14%	15%	14%	13%	18%	Off track																																		
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> Turnover at Westminster Council stands at 18%, 3 percentage points higher than the London median of 15% (London Councils). The table below shows the number of leavers by Executive Directorate during the period October 2017-September 2018. The average time these people had been working for the Council was just over 9 years.</li> </ul> <table border="1"> <thead> <tr> <th>Executive Directorate</th> <th>Number Of Leavers</th> <th>Staff Turnover</th> </tr> </thead> <tbody> <tr> <td>Tri-Borough Public Health</td> <td>17</td> <td>54.8 %</td> </tr> <tr> <td>Chief Executive's Office</td> <td>13</td> <td>51.0 %</td> </tr> <tr> <td>Policy, Performance and Communications</td> <td>40</td> <td>28.3 %</td> </tr> <tr> <td>Tri-Borough Corporate Services</td> <td>40</td> <td>24.9 %</td> </tr> <tr> <td>City Treasurer's</td> <td>22</td> <td>22.9 %</td> </tr> <tr> <td>Tri-Borough Children's Services</td> <td>65</td> <td>20.4 %</td> </tr> <tr> <td>City Management and Communities</td> <td>77</td> <td>17.8 %</td> </tr> <tr> <td>Bi- and Tri-Borough ASC and NHS Integrated Commissioning Department</td> <td>31</td> <td>11.0 %</td> </tr> <tr> <td>Growth, Planning and Housing</td> <td>26</td> <td>11.0 %</td> </tr> <tr> <td>Tri-borough Libraries and Archives</td> <td>15</td> <td>8.8 %</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><b>Mitigation:</b> We have launched the new parental leave policies, are revamping our recruitment strategy and about to start reviewing our pay &amp; reward offer to make sure we attract and retain staff and are competitive on the job market</li> </ul>							Executive Directorate	Number Of Leavers	Staff Turnover	Tri-Borough Public Health	17	54.8 %	Chief Executive's Office	13	51.0 %	Policy, Performance and Communications	40	28.3 %	Tri-Borough Corporate Services	40	24.9 %	City Treasurer's	22	22.9 %	Tri-Borough Children's Services	65	20.4 %	City Management and Communities	77	17.8 %	Bi- and Tri-Borough ASC and NHS Integrated Commissioning Department	31	11.0 %	Growth, Planning and Housing	26	11.0 %	Tri-borough Libraries and Archives	15	8.8 %
Executive Directorate	Number Of Leavers	Staff Turnover																																						
Tri-Borough Public Health	17	54.8 %																																						
Chief Executive's Office	13	51.0 %																																						
Policy, Performance and Communications	40	28.3 %																																						
Tri-Borough Corporate Services	40	24.9 %																																						
City Treasurer's	22	22.9 %																																						
Tri-Borough Children's Services	65	20.4 %																																						
City Management and Communities	77	17.8 %																																						
Bi- and Tri-Borough ASC and NHS Integrated Commissioning Department	31	11.0 %																																						
Growth, Planning and Housing	26	11.0 %																																						
Tri-borough Libraries and Archives	15	8.8 %																																						

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>				Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	Ideal	Aspirational				
5. Reduce the total population of TACs	263	237	203	<200	300	Off track		
↳	<ul style="list-style-type: none"> <li><b>Service Commentary:</b> TAC numbers have steadily increased from the original peak in April 2016 and are now at their highest. The main reasons for this are; interims employed while the new Bi-borough structure is finalised following Texit, TACs filling vacancies due to be deleted for savings in planned reorganisations, TACs backfilling roles for staff seconded to the Hampshire project, TACs with specialist skills being engaged on the Digital Programme</li> <li><b>Mitigation:</b> ELT are asked to renew efforts to reduce the number of TACs, in particular those costing more than £100k and those who have been engaged for more than 12 months. Support to explore other resource strategies, in particular for hard to fill roles, is available from People Services</li> </ul>							
6. Increase the number of BAME employees in senior leadership roles (band 5 and above)	7%	8%	10%	12%	9%	On track	<b>Insight:</b> 9% represents a good improvement from 2017/18 at Quarter 2	
7. Closing the gender pay gap	9.8% (2016/17)	9.5% mean	9% mean	8% mean	N/A		<b>Insight:</b> Results will be available in March 2019	
8. Increase the number of women in senior leadership roles (band 5 and above)	42%	43%	45%	47%	45%	On track		
9. Percentage of the 2018 Talent cohort to gain a promotion or make a planned development move during 2018/19	New KPI	15%	20%	30%	35%	Exceeding target	A number of our talent pool have made the most of their development opportunities. This is a very positive return on investment with 9 promotions / Acting up arrangements.	

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Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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

### New Income Management System

The Integrated Business Centre (IBC) solution does not have a module which offers income management (IM) as the other partners in the other partners in the existing partnerships are Precepting Authorities and not Billing Authorities.

Transfer to the IBC means that a new IM solution is required. WCC and RBKC sourced an income management and banking transaction management solution which successfully went live in WCC on 24th September 2018. The system currently interfaces with SAP.

### Outputs delivered

From implementation at the end of Monday 24th September to end of day processes on Tuesday 9th October, the IM solution had successfully processed over 39,000 transactions with a value of £539.9m. In terms of customer payments this breaks down to 1,343 transactions with a value of £0.416m via Automated Telephone Payments, 1,973 transactions with a value of £0.399m via Telephone Payments and 6,022 transactions with a value of £1.898m via internet payments.

### Outcomes achieved

Cutover process was successful for all payment methods, and entirely seamless for our customers.

### Teachers' payroll provider

Both WCC and RBKC councils have transferred to the Integrated Business Centre (IBC) provided by Hampshire County Council. However, IBC were unable to provide Teachers' payroll on a different date to council staff. Therefore, the decision was taken to move schools off this system to a more suitable Finance and payroll provider.

### Outputs delivered:

Schools transition project plan which was agreed by both Councils in early 2018.

### Outcomes achieved

Schools transition plan was successful and transition to finance and payroll was achieved by the end of July 2018. The issues encountered related to the bank account changes and problems with how Lloyd's were not responsive and made a number of errors - with a lot of effort and badgering they managed to get the bank to complete what was needed. Contingency plans were in place if the payroll didn't run properly and thanks to close work with the new payroll provider the payroll transition operated without problem.

### 2019/20 HRA savings and capital programme proposals

The 2019/20 savings and capital programme proposals secured political approval and were ready for scrutiny. The HRA business plan has been completed for noting in October, which is over 2 months earlier than in previous years. The latest announcement from the government about the removal of the HRA borrowing cap will require further review when more detail is released. This was expected as part of the budget in late October.

### Outputs delivered

The 2019/20 savings and capital programme proposals available for scrutiny and HRA business plan completed 2 months earlier than previous years.

### Outcomes to be achieved

The early completion of the HRA business plan provides additional time for scrutiny and challenge. This provides increased assurance on the capital programme and likelihood of deliverability.

### **Interest rates: impact on Pensions Management**

The Team has continued to monitor investment income with flexing of the budget to take account of the increases in base rate from August 2018, with an increasing forecast outturn for the current year.

Enhanced yields could also result from the appointment of a manager for the asset backed securities. The procurement process for the manager has been concluded with a preferred manager selected however the appointment process has been suspended, pending further due diligence on the asset class and the timing of the placing of funds and required additional briefings for the Cabinet member.

A procurement process for an asset backed securities manager was undertaken and concluded earlier this year. The appointment process has been suspended, pending further due diligence on the asset class and the timing of the placing of funds.

### **Outputs delivered**

Consistent output of accurate forecasts for treasury investment income.

### **Outcomes to be achieved**

Regular accurate forecasts will ensure more concise outturn reporting processes and facilitate the budget process. This will give reassurance to our members that the budget reported is as close accurate as possible.

### **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.

#### **Mitigation and progress**

The council is engaging closely with the Ministry of Health and Local Government to understand the potential impacts to the council and how to mitigate this.

#### **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 Ministry of Housing, Communities & Local Government (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 Valuation Office Agency 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.

**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 IBC go-live date will be on 1st December. The resources required to ensure an effective cutover in such a short timeframe are significant and staff will need to be refocused on the cutover during November and December so that financial and HR data is thoroughly checked and approved before loading into SAP
- Any incorrect data migration could affect confidence levels at the critical go-live period and reduce productivity of services
- Understanding of the new system could also lead to reduction in confidence

**Mitigation and progress:**

- Since implementation, it has been identified that some payments to childminders were not processed properly. Once this was identified the situation was rectified and attention has now been turned to ensuring that the process is addressed so as to operate smoothly.
- A significant amount of work has been undertaken to learn the lessons of the BT project and ensure the whole council is informed of the change
- As a result there has been a high focus on council communications and roadshows, focus groups and wider training (face-to-face and video guides) have been created to highlight the impending changes in the system and by extension to working practices
- There has been CT specific training in a “train the trainer” style to allow finance staff to support their services over the next few months and beyond

**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. The system go-live date is 1st December. There will be a concentrated support in the period after go-live to support services.

## Key Performance Indicators

The table below presents the latest cumulative outturns for Q2 (April 2018 – Sept 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	Ideal	Aspirational			
<b>City Treasurers</b>							
1. Percentage sundry debtors (more than 1 year old) of total gross sundry debtors	£2.675m	20%	5%	0%	<b>20%</b> (£3,289,000 /16,141,000)	<b>Minimum standard met</b>	
							<ul style="list-style-type: none"> <li><b>Service Commentary:</b> 75% of the year's old debt relates to Adult Social Care. This has been a Tri borough service operating out of Hammersmith and debt recovery had also been kept in-house at Hammersmith. ASC debt recovery has been disbanded to RBKC and WCC corporate finance but only over the last couple of months</li> <li><b>Mitigation:</b> We are now working to understand the issues and implement process to reduce the debt and signs of improvement are now visible. The services has also been working with services to reduce the debts over 365 days outside of ASC and are hoping that we should be showing positive movement</li> </ul>
2. Variance between budget and full year forecast	£17.201m underspend	On budget	<£5m underspent	As per ideal	<b>£1.751m underspend</b>	<b>On track</b>	
3. Variance between capital budget and FY forecast	£23.513m	On budget based on forecast	On budget based on forecast	On budget based on forecast	<b>£50.924m net underspend</b>	<b>On track</b>	
4. % of payments made via Purchase Order	76.90%	96%	98.00%	99.00%	<b>98.60%</b>	<b>On track</b>	
5. Percentage of council tax collected	96%	95%	97%	99%	<b>62.26%</b>	<b>On track</b>	
6. Percentage of business rates collected	98%	96%	99%	100%	<b>59.62%</b>	<b>On track</b>	

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Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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:

#### Draft City Plan 2040

Westminster's draft City Plan, which sets out the proposed future approach for the city, was launched for consultation on 12<sup>th</sup> November. Underpinned by the City for All vision, it sets out a blueprint for how Westminster will enter the next few decades in a strong and competitive position.

#### Outputs delivered

The draft City Plan, is based on three key themes linked to our City for All aims; growth, homes and community and a healthier and greener city.

#### Outcomes to be achieved

- The draft city plan:
  - Sets out the Council's proposed aim to build 1,495 new homes every year, nearly 50 per cent higher than required under the Mayor of London's "London Plan", and will insist that six in every ten new homes built are for middle-income families
  - Aims to create more green and open space as well as ensuring new major developments are air quality neutral. By continuing to support electric vehicle charging to encourage the move away from petrol and diesel cars with all developments which generate a car parking spaces required to provide some electric vehicle charging points
  - Aims to encourage and attract the delivery of enough new business floor space to accommodate 75,000 new jobs

#### New planning process approved by Cabinet

Westminster's Cabinet has endorsed a major shake-up of planning in the city that will usher in a new era of openness and which puts residents at the heart of the decision making process.

#### Outputs delivered (from Q3)

The changes are to ensure that residents and local councillors have a bigger say earlier on in the planning process. There will also be a greater emphasis on place shaping which will be achieved by working with ward councillors, Amenity Societies and Neighbourhood Forums to scope out what they want for their areas and then reflecting that in planning. The council will also insist that developers engage with interested parties at pre-application stage.

#### Outcomes to be achieved

The key changes that have been approved include:

- agree that public speaking rights should be included at planning sub-committee meetings so residents' voices are heard, with further work requested to set out the proposed detail
- improve the way the council explains policies and decisions
- record planning sub-committee meetings and make coverage available as well as live stream when possible
- create a new Place Shaping and Planning Directorate which reflects the ambitious agenda set by the Leader and cabinet to deliver a City For All

#### ActiveWestminster Awards 2018

The 9<sup>th</sup> annual ActiveWestminster Awards took place in December attracting over 200 attendees including residents, partners and clubs in the borough. The awards celebrate Westminster residents achievements in sport and leisure.

#### Outputs delivered

Communications supported the running and promotion of the event via social media, marketing and various email campaigns.

### **Outcomes achieved**

We secured 170 nominations across 10 categories. Social media activity across the nominations and ceremony period (September -December) generated 758 total engagements on Twitter and 3475 accounts reached on Instagram, with over 300 viewers not being followers. Email generated 187 call-to-action clicks across four campaigns and calls to action compared to the 76 from 2017.

### **City Lions**

City Lions, part of the #MyWestminster campaign, is a newly launched programme for 13-16 year olds in Westminster. It provides young people the opportunity to discover and participate in cultural events taking place in the borough and the chance to find out about how to secure a career in the creative industry.

### **Outputs delivered**

Following a successful pilot in the summer that saw over 50 participants take part in various activities across Westminster, City Lions launched in September 2018 to Westminster's young people and organisations, complete with new branding and microsite.

### **Outcomes achieved**

The programme has seen 107 young people passed through City Lions who have participated in free events and activities taking place in the city. Organisations including NFL, BFI and the V&A have signed up to City Lions to engage Westminster's young people. The programme has also successfully completed three lots of 3-day workshops hosted by Somerset House with pupils from Marylebone Girls School and Paddington Academy. To date, 56 organisations have been engaged with 13 looking to be vetted to offer experiences of work as part of the programme.

### **Westminster Enterprise Week 2018**

Campaigns supported the Business Unit's Westminster Enterprise Week, engaging over 1000 young people aged 11-25 to participate in activities in Westminster. Support was largely across social media channels, particularly on Instagram, to drive awareness about the week of events amongst this audience.

### **Outputs delivered**

A variety of social media content with advice led videos from business professionals was created featuring the likes of London Zoo, David Miller Architects and a panel of female entrepreneurs who hosted the sold out – Women in Enterprise event. We also hosted an Instagram competition on our Westminster account throughout the week.

### **Outcomes achieved**

Advice-led social media videos at the Women in Enterprise event reached 237 accounts, with 10 per cent of those not being Westminster followers. The Instagram competition generated an increase in engagement with 37 per cent of click backs to the Westminster website being from Instagram.

### **MyWestminster day**

MyWestminster Day is an annual community event hosted in July at Paddington Recreation ground to bring people from different neighbourhoods from across Westminster to meet people from different backgrounds, feel part of their community and feel proud to live in Westminster.

### **Outputs delivered**

- We increased the number of exhibitor spaces from 32 in 2017 to 44 in 2018 and bought new organisations on board
- There were nine performances on the bandstand from 60 local performers representing north, central and south Westminster
- Five market traders sold food that represented the diversity of our neighbourhoods: Greek2Go, The Circus Bros (Spanish food), Laila's Creole Cuisine, Zoya's Arabic Food and Heavenly Crepes

- Filmed by local youth employment organisation, The Screen Community
- Helped by 30 volunteers from across the council plus 15 Team Westminster Ambassadors through our volunteering programme
- Two community sports groups came together as a result of the event to run an under 15's football match during the day at Pad Rec: QPG Sports Hub and Protouch SA
- MCC ran their first cricket activity outside of Lord's Cricket Ground
- We hosted a sustainable event – no plastic was used in the catering and no printed programmes
- Attended by 44 community and voluntary sector exhibitors representing community projects
- 10 performances on the open air dance floor from community groups:
- Visitors contributed to a #MyWestminster community collage based on their favourite memories of Westminster, which is now on display at Maida Vale Library. Last year's #MyWestminster artwork is on display at Bessborough Family

### **Outcomes achieved**

- Attended by 3,000 people from across Westminster
- Social Enterprise Maida Hill Place served 900 covers representing food from across the world in the #MyWestminster food tent.
- Disposable plastic was not used by any of the event caterers.
- Westminster Employment Service registered 40 people on the day to take part in the employment programme – double the number they would usually expect at an event of this size
- Westminster Early Years spoke to around 150 families about childcare, children's centres, parent champions and child development and connected with 20 organisations about collaborative working to support parents
- One Westminster spoke to 100 people about volunteering

### **Soho Angels and Night Hub**

The Soho Angels and Night Hub are a team of volunteers and safe space that operate on Friday and Saturday nights to help people who become vulnerable while on a night out. The initiative is led by Westminster City Council, working alongside partners including LGBT foundation, St John Ambulance, MET police, Drinkaware and others.

### **Outputs delivered**

The communications campaign focused on three broad areas – recruiting volunteers, engaging with stakeholders, and promoting the service to potential users. Alongside promoting the Soho Angels, the campaign promotes the message 'end the night right' – calling on people to take care of themselves and each other while out at night.

Prior to the project launch, the team developed Soho Angels branding and campaign material, engaged with partners and stakeholders through events, meetings, letters and briefings, advertised to potential volunteers and attended recruitment fairs, distributed social media and marketing materials to partners and stakeholders.

### **Outcomes achieved**

- The project helped more than 160 people and prevented at least 16 ambulance call outs.
- We achieved broad positive media coverage across TV, radio and print, including Evening Standard, Metro, BBC.
- Tweets from WCC relating to Soho Angels and End the night right had over 4250 engagements.
- During the campaign, we secured additional offers of support, including funding from the NHS and free door staff from a security company.

### **Risks and Issues:**

#### **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 Q2 (April 2018 – Sept 2018), unless indicated. The KPIs presented here have been selected to monitor performance against key service activities within the directorate.

Key performance indicator	2017/18 position	2018/19 target ranges <sup>1</sup>			Position at Q2 <sup>1</sup>	Target assessment <sup>2</sup>	Other contextual insight
		Minimum	→ Ideal	→ Aspirational			
<b>Policy, Performance and Communications</b>							
1. Total customer calls answered in 30 seconds by the council (new contract agreement)	80.17%	= last year	→ > last year	→ +2% on last year	78.96%	Off track	
2. Number of views on the Open Forum website	11,300	12,500	→ 15,000	→ 17,500	8,000	On track	
3. Less than 4% of calls abandoned	3.78%	<4%	→ <4%	→ <3%	3.14%	On track	
<b>City Survey</b>							
4. Residents feel informed about services and benefits	65%	= last year	→ > last year	→ +5% on last year	N/A		
5. Residents feel informed about plans for your local area	60%	= last year	→ > last year	→ +5% on last year	N/A		<b>Insight:</b> Full City Survey results and analysis will be included in the Quarter 3 performance report
6. Residents have seen the Westminster Reporter	54%	= last year	→ > last year	→ +5% on last year	N/A		

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Target range definitions <sup>1</sup>	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

Q2 Target assessment definitions <sup>2</sup>	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 Q2 (September 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
<b>City of opportunity</b>		
We will roll out our #MyWestminster City Lions Programme for 13 to 16 year olds, making sure that young people from a variety of backgrounds have access to all of the opportunities the city has to offer	On track	<ul style="list-style-type: none"> <li>10 young people from Westminster who signed up to City Lions, received the chance to attend the premiere screening of the new animated film from Warner Bros, Smallfoot, which took place on Sunday 7th October in Leicester Square</li> </ul>
We will consult on and adopt a new City Plan, putting in place the biggest change in policy for a generation to support the building of more affordable homes and making sure residents are at the heart of all new developments.	On track	<ul style="list-style-type: none"> <li>Westminster's draft City Plan, which sets out the future approach for the city, was launched on 12th November. Underpinned by the City for All vision, it sets out a blueprint for how Westminster will enter the next few decades in a strong and competitive position.</li> </ul>
<b>Caring and fairer city</b>		
We have earmarked five schemes chosen by residents that will receive a combined investment of nearly £400,000 raised through our voluntary community contribution scheme. This will include helping rough sleepers off the streets at night, tackling loneliness and isolation across all age groups and supporting youth services.	On track	<ul style="list-style-type: none"> <li>Currently in process of scoping service options in collaboration between adult social care and public health services. This will link in with the additional services to be offered through the City of Westminster Charitable Trust using the revenue generated from the Community Contribution</li> </ul>
<b>Healthier and Greener City</b>		
We will launch a new Green for 18 campaign to raise awareness and make it easy to reduce our reliance on single use plastic. Westminster City Council has already banned single use plastic containers in meetings.	Off track	<ul style="list-style-type: none"> <li>This campaign will now be taken forward into 2019</li> </ul>
We will expand #DontBeldle, setting the ambition for 1,000 businesses to sign up and play their part in reducing their own and their customers' emissions.	On track	<ul style="list-style-type: none"> <li>The trial diesel surcharge has now been operational for a year in Westminster's F-Zone. There has been a 16% reduction in the number of older diesel vehicles parking in the LEN, without any obvious displacement to nearby zones. We are consulting on expansion of the surcharge. Residents, businesses and visitors are being given the chance to give their views on the diesel parking surcharge in a city-wide consultation running between 18th July and 12th September. The #DontBeldle campaign has now reached over 14,000 pledges and 24,000 interactions with drivers to switch off their engines. The focus is now on businesses to sign up and play their part in reducing their own and their customers' emissions</li> </ul>
<b>City that celebrates its communities</b>		
More than 3,000 people from all over Westminster celebrated the second #MyWestminster Day at Paddington Recreation Ground on 1 July, cementing it as a major annual event to celebrate the city's neighbourhoods.	Achieved	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>

City for all Pledge	Delivery Status	Progress update
<p>We will continue the roll out of the #MyWestminster Fund, making up to £10,000 available to grassroots organisations across the city to help make a difference in their neighbourhoods.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>• The #MyWestminster Fund has now granted funding to 48 local organisations. Safe Haven Basketball were awarded funding in the scheme's second of four rounds, which saw 19 organisations share in £123,000 of funding</li> <li>• A basketball association providing weekly training sessions for young adults with learning disabilities is one of nineteen organisations set to benefit from funding. Safe Haven Basketball, which trains young people between the ages of 12-25 in Little Venice, will put £2,500 in funding toward everything from basketballs to training its coaching staff and volunteers</li> <li>• Applications for round three opened in January 2019</li> </ul>
<p>We will work with our neighbourhoods and businesses to make sure our valued EU residents remain welcome and the local economy continues to thrive as the UK prepares to leave the European Union.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>• A seminar event intended to help EU nationals learn more about their rights was organised for 5 March and was fully booked with a substantial waiting list. A second event is being scoped out with the Home Office, although there are clearly national demands for such events now so officers are negotiating Home Office input to a future Westminster focused event</li> <li>• The EU citizen's advice hotline run by the CAB has been established. The website has attracted 1,635 individual visits and 303 advice appointments/assessments have taken place. The majority of service users report an improved capacity to manage future problems, increased knowledge and confidence regarding their rights and responsibilities and feeling better about their future. The service is now also available for Westminster City Council staff to use</li> </ul>
<p>We will work with residents to develop new proposals for the Oxford Street District, which includes the reduction of pollution levels, control of deliveries, protection of resident parking bays, ensuring traffic will not 'rat run' down residential roads and effective management of pedestrian areas and surrounding streets.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>• Westminster City Council's Cabinet has approved the draft Oxford Street District Strategy which was taken forward for public consultation in November. The Council's fresh Place Strategy and Delivery Plan has identified 96 projects across 87 streets and spaces in nine zones, including proposals for major improvements at Oxford Circus, Marble Arch and Cavendish Square. It has looked in depth at every street in order to understand what makes the place so special and what needs to be done to enhance the heritage and character that makes the district unique and gives it the edge as a 'must visit' destination over domestic and international rivals</li> <li>• As a result, the city council is planning on setting aside £50 million each year for the next three years in order to provide a massive kick start to turn the strategy into reality and is calling on private and public partners to back the improvements. A draft of the detailed Place Strategy has been developed over the summer following rounds of discussion with 50 stakeholder groups, including residents, businesses, workers in the district, young people and special interest groups. The consultation ran from 6th November to 16th December 2018 with a series of exhibitions across the district and plenty of opportunities for people to get involved and to have their say</li> </ul>

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## Audit and Performance Committee Report

<b>Date:</b>	5 February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	Maintaining High Ethical Standards at the City Council
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	N/A
<b>Report of:</b>	Tasnim Shawkat, Bi-Borough Director of Law and Monitoring Officer.
<b>Author:</b>	Andrew Palmer Senior Committee and Governance Officer Email: <a href="mailto:apalmer@westminster.gov.uk">apalmer@westminster.gov.uk</a> Tel: 020 7641 2802

### 1. Executive Summary

- 1.1 This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's term of reference as follows:

*"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 Director of Law".*

The Director of Law also serves as the Council's Monitoring Officer which is a statutory appointment under the provisions of Section 5 of the Local Government and Housing Act 1989. One of the roles of the Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

- 1.2 'Ethical governance' lies at the very heart of the way in which an organisation is run, how its business is transacted and how its decisions are taken.
- 1.3 At the City Council we recognise that ethical governance is not simply a matter for the 'decision-makers at the top' but is applicable to all those who work for or in conjunction with the organisation – our elected Members, our staff and our contractors are all expected to adhere to the highest standards of conduct and

behaviours. In this context the report will detail how we maintain ethical governance in each case. In compiling this report the Director of Law relies on information provided by or on behalf of Directors of a number of services. The areas covered in this year's report are the following:

- Tri-Borough Internal Audit Service;
- Ethical governance complaints monitoring
- Ethical governance at Member-level;
- Ethical governance in relation to staff and service areas
- Ethical governance in relation to the Council's contractors and procurement.

## **2. Recommendations**

- 2.1 That the annual report and actions taken to maintain high standards of ethical governance throughout the authority be noted
- 2.2 That the Committee suggest any areas of ethical governance which have not been addressed in this report, for inclusion in the next annual report

## **3. Tri-Borough Internal Audit Service**

- 3.1 The Council's Internal Audit & Fraud Investigation Service reviews policies, procedures and governance arrangements across the Council's Services and promotes a culture of zero tolerance in respect of fraud, corruption and mismanagement. Fraud awareness training is available to service areas where a need has been identified and a quarterly newsletter entitled *Fraud in Brief*, informs staff of emerging fraud risks, encourages fraud reporting and to maintains awareness ([Fraud Home Page](#)).

### **How Ethical Governance Complaints are dealt with**

- 3.2 The Council's [Anti-Fraud & Corruption Strategy 2016-2019](#) sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately.
- 3.3 The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's Whistleblowing at Work policy and the Fraud Response Plan.
- 3.4 Support from members of the public is also important in combating fraud and corruption, and facilities are provided to enable them to report their concerns, including an electronic "Report a Fraud" facility on the internet and a more

traditional Fraud Hotline. The majority of referrals via these channels provide information regarding unlawful subletting, the abuse of residents' or disabled parking badges and possible fraud in respect of welfare benefits (which are redirected to the Department for Work and Pensions).

- 3.5 The Council's Fraud Response Plan provides guidance on the action to be taken when a fraud or corruption complaint is received, and details action to be taken to ensure the Council can;
- Minimise and recover losses
  - Establish and secure evidence necessary for criminal and disciplinary action
  - Take disciplinary action against those involved
  - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures and prevent recurrence.
- 3.6 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation including the Fraud Act 2006.

#### **4. Ethical Governance Complaint Monitoring**

- 4.1 As part of the arrangements in place for maintaining high ethical standards throughout the Authority, on 15 March 2007 the Standards Committee endorsed a definition of what constitutes an ethical governance complaint so that Departments can identify and refer any ethical governance complaints to the appropriate persons, and consistently record such complaints.

The definition of an ethical governance complaint as endorsed by the Standards Committee is as follows:

*"An alleged breach of the high standards of ethical conduct set out in the codes of conduct for officers and Members"*

- 4.2 As the Tri-Borough Internal Audit Service investigate allegations of fraud, bribery and corruption, it is not appropriate for such ethical governance complaint issues to be investigated under the Council's normal complaints procedure. However, if such a complaint is raised under the complaints procedure, the complainant will be advised that the matter will be referred to the Fraud Investigation Team to take the appropriate action.
- 4.3 The Corporate Complaints Team is a distinct service to that of the Fraud Investigation Team and is based within the Corporate Services Department. The team has overall responsibility for the management and development of the Corporate Complaints procedure and for the compilation of the Annual Complaints Review. The Annual Complaints Review for 2017/18, which went to Audit and

Performance Committee on 14 November 2018, did not report on any complaints which meet the definition of an ethical governance complaint as none were reported to the Complaints Team. Adults and Children Social Care Services each have their own separate statutory complaints procedure. Neither have received any complaints which meet the definition of an ethical governance complaint.

- 4.4 As part of monitoring ethical governance complaints service areas are reminded on a quarterly basis what constitutes an ethical governance complaint, and they are also asked if any ethical governance complaints have been dealt with under the Council's complaint procedure. It is not unusual for Departments to report that no ethical governance complaints have entered the complaints procedure and as already explained it is a matter of general practice that allegations of this nature are usually referred to Internal Audit for investigation as appropriate.

## **5. Ethical governance at Member-level**

- 5.1 The Council's Standards Committee meets three times per annum. In March 2018, the Standards Committee had reviewed arrangements for dealing with complaints alleging a breach of the Members' Code of Conduct, and had extended the deadline for complaints from 3 to 6 months where allegations involved bullying, harassment and intimidation.
- 5.2 Members of the Standards Committee had also taken part in the stakeholder consultation on local government ethical standards, which were carried out by the Committee on Standards in Public Life.
- 5.3 The Monitoring Officer had considered three complaints about Member conduct, one of which was a service complaint and so not pursued for investigation; while the other two did not proceed as one of the Members ceased to be a Councillor, and the other resigned. There was no pattern of vexatious complaints.
- 5.4 At its meeting on 25th October, Cabinet considered an independent review of the City Council's planning function, and agreed to restate to both Officers and Members their responsibilities set out in the Council's gifts and hospitality policies.
- 5.5 Ethical standards had been included in the Members' Development Programme, as part of a mandatory Code of Conduct session following the local elections in 2018. All re-elected councillors and newly elected Councillors have attended the mandatory session led by or on behalf of the Monitoring Officer.

## **6. Ethical Governance in relation to staff and service areas**

- 6.1 The public is entitled to expect the highest standards of conduct from all Westminster City Council employees.

- 6.2 The law, the Council’s Constitution, Code of Governance, Terms and Conditions of Employment, policies and procedures all bear on the way Council employees carry out their duties. The main provisions are summarised in the Council’s Code of Conduct for employees. The employee guide to the Code of Conduct details source documents such as HR Policies where more comprehensive information can be found.
- 6.3 Breaches of the Code may result in action under the Council’s Disciplinary Code. The Code is published on the Council’s intranet and forms part of corporate induction for all new starters

## People Services

### Details of Staff Disciplinary Cases and Whistleblowing / Grievance issues

- 6.4 Details of staff disciplinary cases, grievance cases and whistleblowing issues throughout the authority, excluding schools, categorised by issue, are set out below. Details of all cases are monitored by People Services who review these and flag up any issues arising. The level of disciplinary cases are regarded as normal in an organisation the size of the City Council.

An overall three-year trend:

	2015 - 2016		2016 - 2017		2017 - 2018		Trend
	Closed	Open	Closed	Open	Closed	Open	
Disciplinary	13	4	11	1	9	8	Increased
Staff employed	1861		1809		1869		

- The Council concluded 9 disciplinary cases in total in the 2017/2018 financial year (this excludes schools).
- There were 8 cases opened in 2017/2018 all were closed within the reporting financial year.
- The outcome of those disciplinary matters closed in 2017/18 were:

<b>Outcome</b>	No Case to answer	Formal Written Warning	Final Written Warning	Dismissal	Resigned	Left by mutual agreement
<b>Closed Cases</b>	2	3	0	0	3	1

There were 3 cases which would fall under the remit of ethical governance and these were in relation to the following:

- Failure to disclose a substantial overpayment
- Submitting inaccurate timesheets for payment via WCC's Agency provider.
- Misappropriating council resources through the misuse of the Council's procurement procedures.

These cases were within CMC and Adult Social Care. Given the small number of cases there is no evidence that there are systemic weaknesses or problems of unethical conduct in the Council or in any particular department.

In 2017 / 2018 there was 1 whistleblowing matter raised and one that was carried forward from the previous financial year. Both complaints were concerns of bullying and harassment and other issues with line management. Neither case was upheld.

There were 10 individual grievance cases opened within the stated period and 4 brought forward from the previous year, 7 cases in total were closed and 7 remained open going forward to the next financial year. These cases have all now been concluded.

The outcome of those cases closed within 2017/2018 were;

Outcome	Not Upheld	Upheld	Partially Upheld	Dealt with Informally	Withdrawn
Closed Cases	3	0	4	0	0

- The general themes to the grievances do not highlight any concerns of unethical conduct. To summarise the grievances were in relation to complaints of bullying and harassment behaviour from line management.
- Although over half the cases closed are indicated as being partially upheld we do not deem there to be a widespread cultural issue of harassment and bullying across Westminster's management. For these cases there were management learnings highlighted and implemented. We continually monitor this important matter in our annual staff survey so that any particular areas of concern can be highlighted to senior officers.
- The below table shows the results for the September 2018 staff survey. The 'yes' figure has decreased by 2% and the 'prefer not to say' has increased by 2% also.

In the last year, whilst working for the council, I have personally experienced bullying and/or harassment	2018	2017	Trend
Yes	9%	11%	-2%
No	81%	81%	0
Prefer Not To Say	10%	8%	+2%

### Staff Declarations of Interest and Receipt of Gifts and Hospitality

- 6.5 The Council requires all employees to disclose any interests which may conflict with their public duty by completing a Declarations of Interests Form. The form is accessible from the Council's intranet, The Wire. The Council also requires all employees in specified designated<sup>1</sup> posts to complete a Declarations of Interests Form on taking up the post and on any change in personal circumstances. Employees are further prompted to disclose whether they have any such interests when completing their annual performance appraisal form.
- 6.6 ELT members or their nominated officer will use the information on Declaration of Interests Forms to compile and maintain a register of pecuniary and personal interests for their area of responsibility. Each ELT member will review their register and consider whether any steps need to be taken to avoid conflict when relevant employees complete and resubmit forms. The register is not available for public inspection and there is no statutory requirement to make them available. However, subject to any exemptions which may apply, information contained within the register will be disclosed in accordance with the Freedom of Information Act 2001.
- 6.7 Every endeavour is made to keep the registers up to date but the onus is on employees to ensure that their registration details are accurate and up to date. Information will be maintained and held on the register during the employees' employment and for six years thereafter. In addition to completion of the declaration of interests form, employees must also declare any interests at meetings as appropriate. Failure to disclose such interests may lead to disciplinary action under the council's policies.

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#### <sup>1</sup> Designated Posts

- all posts at Band 5 or above level or their non-Reward equivalent
- any post referred to on a Directorate / Unit Scheme of Delegation for contract purposes; and
- any other post as determined by the EMT member or their nominated officer where the post holder has a significant involvement in contract matters or other work which requires a high level of transparent probity.

## **Staff Receipt of Gifts and Hospitality**

6.8 The Council also provides managers and employees with guidance as to when they can legitimately receive or give gifts and hospitality during the course of their duties. Without exception all gifts and hospitality given and received, whether accepted or declined, must be entered in the designated corporate register immediately after the offer is made. Given that the Council is a public body it is essential that all such items are recorded in an easily accessible and efficient way. To this end, an online Gifts and Hospitality Register has been implemented and been used since 19 December 2006. The corporate Gifts and Hospitality Register is maintained and reviewed by the designated monitoring officer on a regular basis. This is currently the Audit Manager.

## **7. Ethical Governance guidance and safeguards in relation to the Council's contractors and procurement**

- 7.1. The Council's [Standing Orders](#) and the [Procurement Code](#) set out the requirements which must be followed in respect of all procurement and contract management activity. The Code states that the Council expects all officers involved in procurement activity to ensure they are aware of and comply with all legislation, corporate strategies and policy; to take the necessary action to formally disclose situations of potential, perceived or actual conflict of interest; to behave with the highest levels of probity and integrity, making specific reference to the Bribery Act 2010 and the Council's Code of Conduct.
- 7.2. The Code informs officers of the appropriate governance and procurement assurance processes to be followed, as well as the approvals that must be obtained to ensure good business practices are applied and risks are minimised. *It reflects the EU Treaty principles to drive competition and to ensure compliance with public procurement law.*
- 7.3. Procurement Services support officers with best practice advice, guidance through the stages of the procurement and contract lifecycle and will lead on all procurement activity valued at £100,000 or more.
- 7.4. Whilst these safeguards are in place a complete review of the service and the model for Procurement as it current operates across the Council is underway. It is envisaged that this will further strengthen the governance of procurement and the Council's contractors.

The review is being undertaken by a small team of external consultants, working very closely with the Heads of Service. This group forms the leadership team for the service. The scope of the review and subsequent change programme falls into five workstreams:

- Target Operating Model
- Strategy and Governance
- Systems and Processes
- Structure and Capabilities
- Engagement, Development and Culture

## **8. Conclusion**

- 8.1 This report provides the Committee with an overview of the arrangements in place across the Council to maintain high standards of ethical governance and highlights the work which has been undertaken in this respect during the 2017 - 2018 municipal year. As detailed in this report, action has been taken to ensure the Council is fully compliant with legislation relating to ethical governance and to ensure Officers' and Members' responsibilities in this context are communicated accordingly. Appropriate systems are in place to facilitate the reporting of ethical governance complaints and defined mechanisms and procedures exist to ensure any such complaints are dealt with in the correct way.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:  
 Andrew Palmer, Senior Committee & Governance Officer  
 Policy, Performance & Communications  
 Email: [apalmer@westminster.gov.uk](mailto:apalmer@westminster.gov.uk)**

### **BACKGROUND PAPERS:**

- Anti-Fraud, Bribery and Corruption Strategy
- Member's Code of Conduct
- Arrangements for Dealing with Complaints alleging a Breach of the Members' Code of Conduct
- Monitoring Officer Protocol
- Localism Act 2011

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## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	Tuesday 5 <sup>th</sup> February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	Housing Directorate Performance Update
<b>Wards Affected:</b>	<i>All Wards</i>
<b>Financial Summary:</b>	<i>N/A</i>
<b>Report of:</b>	Tom McGregor, Interim Director of Housing
<b>Author:</b>	Justin Hunt, Project Manager

### 1. Executive Summary

**1.1** This report provides information on the performance of the Housing Directorate for Quarter 2. This follows on from the September report which provided information for performance for 17/18 and Quarter 1. The performance for Quarter 3 was available on the day the report was published so this was included in the table and shows improvement in performance in most areas against Quarter 2.

**1.2** Performance information has been provided in relation to:

**1.2.1** Operational Performance

**1.2.2** Contract Management

**1.2.3** Complaints

**1.2.4** Risk

**1.3** The report also sets out an interim proposal on Key Performance Indicators for 2019/20.

### 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
- Committee provide their views on the proposed changes to the Key Performance Indicators for the housing service.

### **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 negatively impacted. In October 2018, the decision was taken for the CWH services to be integrated back into the Council. CWH and the Council are 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.
- 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.

## **4 Operational Performance**

### **4.1 CityWest Contact Centre**

- 4.1.1 After a challenging few months the investment made in this team is starting to deliver an improved service in almost all parts of the service including the speed of call answering, responding to emails and stage 1 complaints.
- 4.1.2 The training program has now been completed which means that we now have a higher number of call handlers available to take calls. In addition, Agilysis are in place, until March 2019 or beyond, to manage the calls relating to new repair issues.
- 4.1.3 This double prong approach has led to an improvement in the average waiting time from 7 minutes in September to 2 minutes in November and just over a minute at the start of December. This is by far the best performance so far this year. Another success is the number of calls now answered within 30 seconds. This has gone from 22% in September to 58% in November and 76% at the start of December.

	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
Calls offered	19,210	22,986	23,555	16,543
Calls % answered	74%	68%	87%	95%
Average wait time	7:19	6:29	2:35	1:13
% calls answered in 30 seconds	22%	13%	58%	77%
% calls abandoned	26%	25%	13%	5%

4.1.4 It should be noted that from November there is now a survey completed by Bright, which asks callers about their experience with the call they made. Early results have been very positive with overall satisfaction levels of 82% in the first 6 weeks. This is however based on a small sample. Of the 518 residents invited to take part just over half of them actually did.

4.1.5 Email traffic continues at steady rate of c.200 per day. During November 3,881 emails were received and 100% of them responded to within 2 days as set out in the Service Level Agreement.

**4.2 Parking - Use of Traffic Management Orders (TMO)**

4.2.1 A proposal to provide a payment ‘holiday’ to parking permit holders on the Churchill Gardens Estate, prior to moving to the new enforcement arrangements, has been agreed and the residents notified. This will stay in place until the TMOs are implemented by WCCs Parking Team.

4.2.2 At the moment, a very small number of claims have been made for compensation from individuals in other areas, but a distinction can be drawn between Churchill Gardens and other locations for the following reasons:

4.2.3 Churchill Gardens is one of only two estates where parking is by permit only, and there are no allocated spaces. This makes it susceptible to unauthorised parking, as drivers do not need to be concerned about parking in another person’s space. (27 spaces at Queens Park Court are also structured this way but there are no reports of problems in this location.)

4.2.4 In addition, Churchill Gardens is openly accessible to third parties as there are no barrier gates which make it even more susceptible to unauthorised parking.

4.2.5 We will continue to work with the WCC Parking Team to accelerate the programme, but at this stage the next steps are with them to implement the Traffic Management Orders.

### **4.3 Estate Services**

4.3.1 The team's main function is to ensure that our estates are clean, safe, free from graffiti and generally well maintained. These officers play a major role in keeping communal areas clear of anything that may be combustible or a trip hazard. The policy and process for this issue is being developed with a pilot starting in April 2019 following resident consultation.

4.3.4 CityWest Homes provides estate services (cleaning, grounds maintenance and concierge services) through three contracts, which have been extended to 31<sup>st</sup> March 2019. Tenders have now been evaluated and recommended awards have been identified. The new contract prices vary from area to area with increases and reductions against current costs, but the overall contract sums fall within current budgetary provision. The majority of costs are recoverable from leaseholders and tenants through service charges. The new contracts will be let in the name of the Council, rather than CityWest Homes (as they currently are).

4.3.5 Section 20 'Notices of Proposal' was issued to all leaseholders on 4 January 2019 with a closing date of 8 February 2019. These will set out the recommended awards for each service and will invite observations during this period. Leaseholders will be able to inspect the contract documentation in each of the four area offices. Details will also be published on the website and tenants will be able to inspect the documentation. Although the new contracts include the absorption of the in-house gardening team at Lillington and Longmoore Gardens, this is being reviewed following a petition received from residents.

### **4.4 Local Offer**

4.4.1 The approach to the Local Offer discussed with local Councillors at a recent meeting consists for the following elements:

- Estate Inspections – ensuring the estates are clean and safe through monthly inspections by Estate Services Staff.
- Estate Inspections – ensuring the estates are well maintained through monthly inspections by the Surveyors.
- Tenant Data – A review of tenant data for each estate to ensure that services are adapted to the resident profile.
- Tenant Survey – Understanding the specific responses from residents for the individual estates to identify any specific estate issues.

- Property Data – A review of the data base of repairs and historic planned maintenance to identify patterns of repairs for each block and estate to help inform the repair programme.
- Feedback from Councillors and housing staff.
- Estate Plan – A long term strategic review of the estates taking account of the future housing needs of the City, the profile of the stock, the future maintenance requirements and any development opportunities.

4.4.2 Many of the activities listed above form part of the business as usual, but they need to be reviewed as a partnership with the residents on the estate. The programme is being piloted on one estate during the spring and will be extended to all estates during the summer. Each estate is likely to need an initial 3 meetings in consecutive months followed by follow up meeting on a quarterly basis as the agreed work is implemented.

4.4.3 This approach is new because it brings together a number of key elements for discussion with residents and Councillors and provides transparency for the first time on all the operational aspects of service delivery. Residents, Councillors and staff can then work together to co-design the future services for the specific estates.

#### **4.5 Income Recovery**

4.5.1 The Income team continue to perform well even with the increasing number of Universal Credit (UC) claimants. The current performance stands at 98.46% which is an improvement on this time last year which was 98.28%. However, there has been a slight dip in performance as a result of the holiday period.

4.5.2 As a result, the team held an away day to develop an action plan. This plan includes such initiatives as tackling tenants with low arrear balances and increasing the number of visits by working some evenings and weekends.

4.5.3 As mentioned above, Universal Credit is being closely monitored in relation to its impact on performance. There are now in excess of 400 households in receipt of UC. Of these, almost 75% are in arrears with a total arrears balance of c£200k, a good proportion of these were already in arrears. In an effort to tackle this growing issue, additional staff have been employed to perform outreach work to do debt management advice and are working closely with the WCC Trailblazer team. This team will work closely with these residents and where needed deal with the application of Alternative Payment Arrangements.

#### **4.6 Anti-Social Behaviour (ASB)**

4.6.1 The performance of the team (74% satisfaction against a target of 83%) is not where we would like it. The team have been impacted by a high level of vacancies and the long term absence of the head of the department. A recruitment program is underway but the team will not be fully staffed until mid-way through January.

4.6.2 In advance of the start date for the new recruits, an action plan has been developed which includes increased face to face contact with those suffering from ASB.

#### **4.7 Resident engagement**

4.7.1 The main challenge for this team is the delivery of the five Open Door events. The first two events have successfully taken place with a further three planned for early next year. In total, in excess of 250 residents attended and were able to access services, complete the WCC survey and raise any issues they had. In addition, 11 listening events are being held by Council with residents during January and February so residents can feed back face to face their views on the council's housing and these events will also be attended by CWH staff.

4.7.2 Other issues include the cost of running the community halls and managing the Tenant Management Organisations.

4.7.3 Westminster City Council (WCC) currently has eight TMOs who manage 1,446 properties.

4.7.4 Seven of the TMOs have had performance audits carried out by the bi-borough audit team. After the audits were undertaken, an action plan for each TMO was put together with a variety of high, medium and low recommendations for improvement.

4.7.5 All the TMOs have actions still outstanding and for some the actions have been outstanding, however most are attempting to tackle the long outstanding ones.

4.7.6 WCC has recently issued a Warning Notice to Torrington Residents Co-op as its outstanding actions were seriously overdue. Since the receipt of the warning the TMO have greatly reduced the number of outstanding actions.

#### **4.8 Tenancy Reviews**

4.8.1 We are now up to 238 tenancy reviews at which we either review or put in place the support a resident may need. This is especially important during the winter months and this issue is currently being highlighted on the web site.

4.8.2 In addition, the housing teams are reviewing our approach to illegal subletting. Contact has been made with other social landlords to ascertain good practice and their use of 3<sup>rd</sup> party data providers. In particular, there is development underway of a piece of software that will help to identify properties that are let on sites such as Airbnb. To date there have been 9 tenanted properties recovered and costs of £20k recovered from one case that went to court.

4.8.3 The training for flexible tenancy reviews has now been completed so that staff can start the reviews in January. There are 9 tenancies up for review in January.

## **4.9 Repairs**

4.9.1 Following the last report to Audit and Performance Committee in September, the repairs service is making encouraging progress as we implement the Repairs Improvement Plan across the directorate. This together with the improvements being made within the Contact Centre and joint working with Housing and Estate management are all feeding into a much improved repairs service.

## **4.10 Planned Preventative Maintenance**

4.10.1 One of the main reasons contributing to the high volume of repairs being raised, was the lack of a planned preventative maintenance programme being in place, which addresses, leaks and water ingress.

4.10.2 This has been addressed and a planned preventative maintenance programme of works has commenced and is being rolled out across the borough. The programme involves inspecting, rodding and clearing drains, gutters and downpipes. A detailed analysis was completed of the repairs being raised across the borough, relating to water ingress, roof leaks and blocked drains.

4.10.3 These 'heat maps' identified those areas we need to concentrate on in the first instance.

4.10.4 The initial estates identified for PPMs will be completed by February 2019.

4.10.5 These programmed works involve inspecting and clearing out all debris from stacks and waste pipes. Specialist CCTV / camera surveys are being completed which identify any fractured/broken stacks or failures in the drainage system. This will then form part of our 2019/20 capital asset strategy investment plan to carry out the replacement or major repairs to the drainage system which will turn off or reduce repair demand for these types of repairs across the City of Westminster.

4.10.6 As a result of the PPMs (particularly on Churchill Gardens) CWH have only recorded 2 call outs for leaks potentially associated with a roof over the last two months, which is a positive indication that the clearances are progressing well and resulting in reduced blockages.

## **4.11 Management of Contractors**

4.11.1 The operational areas of the contract are monitored via 4 area operational management meetings who meet on a weekly basis. These are chaired by the relevant Area Property Manager.

4.11.2 The agenda will include the KPI's and Work in Progress (WIP) relating to area performance at a local level.

4.11.3 In addition, Morgan Sindall’s surveyors have been decentralised and relocated to work alongside CWH staff area repairs teams.

4.11.4 Each area team member has been allocated a village (or multiple estates) to maintain and carry out all pre / post and block inspections. This allows direct accountability and responsibility for repair issues on blocks and provides continuity of delivery across all Term contracts.

4.11.5 The full benefit of this change will be seen in February / March 2019 as the changes are embedded, however, already, there are indications of reduced follow on jobs and complaints in November and into December 2018.

4.11.6 The area team managers focus on the following at the weekly operation meetings:

- Orchard and service delivery issues
- Live delivery review of Emergencies and Urgent repairs
- Work in progress
- Service provider’s resource reviews and sub-contractor reviews
- Weekly commercial meetings
- Customer satisfaction reviews

#### **4.12 Repairs Performance in November 2018**

4.12.1 Service delivery for November 2018 has confirmed the highest achievement and delivery levels across both the Repairs and M&E contracts since the contract commenced in August 2017.

4.12.2 The KPI’s below illustrate the steady level of improved performance beginning to come through the service, as we start to embed the Repairs Improvement Plan and other changes. The improvement is a result of introducing the area delivery model and operational management of the contract, introducing PPM’s, the impact of co-location of Morgan Sindall and CWH Surveyors, Morgan Sindall’s structural change, data reviews and training of the Call Centre staff.

<b>Property Services KPIs</b>	<b>Target</b>	<b>Dec</b>
Repairs first time fixes	85%	85%
Overall satisfaction with repairs service	90%	85%
Satisfaction with quality of repair	88%	84%
% of repairs completed within timescale [Immediate]	1 day	95%
% of repairs completed within timescale [Appointed]	20 working days	85%

4.12.3 In addition, the total number of repairs orders currently with Morgan Sindall is under 2,500 and the total number of repairs outside of SLA is 176 representing 6% against a target of 10%. (Morgan Sindall receives an estimated 4,000 repairs per month).

#### **4.13 Statutory Services December 2018**

4.13.1 Statutory Services and Compliance is an area of the business that continues to sustain and improve month on month with 100% recorded and verified across gas, water and electrics in November with an increase of in dwelling electrical testing within the month.

#### **4.14 Strategic Options Appraisal – Supported Living**

4.14.1 Morgan Sindall and City West Homes in conjunction with Westminster Adult Services, are looking to tailor a repairs services directly for the Sheltered schemes. It will encompass a direct and dedicate repairs service into Morgan Sindall for all M&E and repairs across the city so as to improve the experience of our scheme managers and our residents that live in the supported housing blocks.

4.14.2 The focus of the delivery will be on:

- The health and wellbeing of residents, including statutory requirements.
- Ensure that all properties meet all minimum requirements for the occupants with full in dwelling surveys for the sheltered homes commencing in January 2019.
- Environmental efficiency to make the buildings easier to heat for residents, and to reduce energy costs and emissions.
- Involve residents in meaningful liaison with a dedicated RLO and weekly scheme manager meetings, targeting realistic agreements on service delivery based upon available resources and scheme manager aspirations.
- Ensure that all CWH and WCC properties are managed in an efficient, effective and affordable manner with the support of the Scheme managers.
- To create and maintain long term investment programmes based on comprehensive stock condition data.

4.14.3 The objective of the new repairs function based on initial discussions in relation to the servicing of CWH's 23 Supported Living Schemes (circa 1,200 units) will be focused on opportunities to enhance the customer experience through the development and delivery of a bespoke model.

4.14.4 Our proposals also include for the delivery of discretionary decoration and regular planned preventative maintenance works to Supported Living Schemes.

4.14.5 CWH and Morgan Sindall propose to hold 'Meet the Contractor' events at all 23 Supported Living Schemes in order to introduce our team and proposals to residents in January 2019.

4.14.6 The key change in this service is that the residents will contact their scheme managers for all their service requests who will then work with the separate housing service departments to resolve the concerns on behalf of the tenants.

#### **4.15 Fire Safety**

##### **4.15.1 Fire doors**

4.15.2 In March 2018 the council organised proactive and independent inspections of fire doors in blocks of six storeys and above, which has now been completed. While doors were fully compliant at the time of installation, many have deteriorated over time. As a result, more than 10,000 doors need to be replaced or upgraded because they no longer meet current building regulation standards (FD30 self-closing fire door). Some doors need minor upgrades to comply with standards and others need to be fully replaced. A programme of remedial works is being developed and residents will be kept fully advised of progress. Residents remain safe in their homes as up to date fire risk assessments are in place and work is being prioritised.

4.15.3 As a result of this work so far, doors across Warwick and Brindley estate towers have been identified as requiring action first and work is expected to start in spring 2019.

4.15.4 All other buildings will be addressed as required and in most cases, in conjunction with planned major works.

4.15.5 Leaseholders are responsible for ensuring that their own fire doorsets are to standard. We will be writing to them individually to ensure we have confirmation that doors meet current performance requirements.

4.15.6 We can offer leaseholders the opportunity to opt-in, via written agreement, to have their fire doorset replaced by the same manufacturer, in buildings where we are also replacing tenanted doors as part of planned major works.

4.15.7 In cases where we cannot offer opt-in, we will suggest leaseholders contact the manufacturer directly, or make their own arrangement as long as the doorset is compliant.

##### **4.16 Cladding (General)**

4.16.1 There is no significant update on cladding systems since the last update and following the governments review.

4.16.2 We are now consulting with residents on the alternative cladding solutions, including non-panel based systems such as insulated render systems.

4.16.3 A final decision will be made on the future systems, once outstanding test reports are received and residents are consulted.

#### **4.17 Warwick and Brindley estate towers**

4.17.1 Residents and councillors were invited to a progress meeting 6 December 2018. The purpose of the meeting was to provide information on planned balcony resurfacing and fire doorset replacement work, how it may affect residents and approximate timescales. These two large scale projects have taken longer than expected to coordinate, as there has been a change in contractors, from Wates to Axis, and the proposed cladding design. At this stage, balcony work is due to start in January and the doorset replacement and the insulation work is now anticipated to start in spring 2019, subject to the outcome of resident consultation.

#### **4.18 Torridon House**

4.18.1 Planning permission has now be received. Work is expected to start on site at the end of February 2019.

#### **4.19 Glastonbury House and Glarus Court**

4.19.1 The precautionary cladding replacement work at Glastonbury House remains on hold whilst alternative insulation options are considered. In the meantime, we are moving forward with the other important fire safety work, including the retrofit of sprinklers to flats and the provision of mobility scooter storage facilities. This work remains on track for completion by December 2019.

4.19.2 In addition, Glarus Court (low rise, extra care scheme) will also have sprinklers retrofitted to its 20 flats, within the next 12 months. Works are likely to start in the spring following resident consultation and complete by the end of 2019.

#### **4.20 Fire Safety Improvement Plans**

4.20.1 The Fire Safety Improvement Plan (FSIP) pilot continues with 17 of the 24 pilot high-rise blocks FSIP packs posted and emailed to date.

4.20.2 Once we complete this pilot in December 2018, we will evaluate and review feedback from residents and councillors on the content of the plans; the amount of detail and format of the plan and supporting documents, before FSIPs become part of our business as usual operations.

#### 4.21 Sprinklers

Glastonbury House has been approved as the first sprinkler installation. Glarus Court, an extra care scheme, will also be recommended for approval early in 2019. Work is expected to complete by the end of 2019 for both projects. It is recommended that any lessons learnt from these installations are incorporated into the wider roll-out across WCC stock. It is proposed to prioritise the remaining sheltered housing (community housing schemes) ahead of the tall buildings. The full costs of installation to the remaining sheltered and tall buildings is £28m. This is made up of £6m to complete the sheltered housing schemes and £20m for tall buildings. Funding will need to be considered and agreed as part of the HRA business plan from the 2020/2021 financial year. The £2m for Glastonbury House and Glarus Court sprinklers is already included in the business plan for 2019/2020.

### 5. Complaints

- 5.1 The table below shows that the number of complaints and members enquiries remains high, however, the number of complaints for quarter 3 have reduced. Response times remain below target, but again have shown a upturn in performance in quarter 3.

	Q1	Q2	Q3
Complaints received	175	190	153
% responded to in target (target 97%)	Not recorded	52%	58%
Members enquiries received	409	240	304
% responded to in target (target 100%)	71%	77%	77%

- 5.2 A dedicated resource from our main repairs contractor is co-located with the complaints team, providing assistance to customers and resolving service failures.
- 5.3 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.
- 5.4 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 have provided additional customer service training for the team and will continue to develop our quality framework.

5.5 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

For the period July to December, one Housing Ombudsman investigation has been completed. The determination stated that there had been a service failure.

Nature of complaint	Outcome
Repairs – delay in carrying out repairs to the roof	Recommendation – pay £200 in compensation and provide an update on the repairs to the roof. This has been completed.

## 7 Contract management review

7.1 The annual review of the Morgan Sindall contract is currently being concluded, with both parties agreeing to several contractual changes and amendments which will put measures in place to improve contract delivery, financial management and more focus on customer satisfaction.

7.2 Some of the improvements to the management of the contract include:

- The core group membership, terms of reference and agenda have been amended to reflect the strategic priorities of the contract, i.e. to achieve acceptable performance standards in line with KPIs and to oversee tighter spending controls
- Management Information being reviewed weekly and focused review on works in progress
- Post inspections and % of service delivered against KPI's
- Financial forecasts produced every month with quarterly actuals signed off against budgets and providing spend profiles against Revenue and Capital.
- Customer satisfaction reviews

7.3 Improved financial regulations are in place for payments including weekly commercial meetings and quarterly final account reviews.

## **8 Risk**

### **8.1 Recruitment and retention of skilled/experienced staff**

Difficulty in recruiting and retaining specialised staff due to high market demand for key skills and the additional pressures associated with a major change process. This is particularly relevant at this time as the TUPE consultation started on 21<sup>st</sup> January and staff have been provided with new structures.

#### **Impacts and consequences**

A high turnover of staff, even when backfilled with interim staff, leads to a gradual loss in corporate memory. This can lead to drops in efficiency/performance and trust between staff and with residents who are required to revisit previously solved issues or restate current concerns. It also leads to increases in staffing costs due to recruitment and agency fees.

#### **Mitigation and progress**

- Improvements to on-boarding new staff, including an increased communication with and support 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
- Careful management of TUPE and the restructuring of corporate services.

### **8.2 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 the 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 with residents including a bespoke communications plan for residents living in blocks requiring specific fire safety works.
- Detailed work to improve fire safety is set out in the operational update report.

### **8.3 Impact of Universal Credit roll-out on rent payment**

The second phase of rollout of Universal Credit commenced in June 2018. 400 of the Council's tenants are UC recipients (as at the end of December 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. Before the final managed migration phase is implemented there will be a slow incremental increase in the number of tenants receiving UC.

### **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 payments 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.
- Additional staff recruited to carryout debt management advice and proactively interview tenants.

## **8.4 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**

- Review of approach to IT as part of the transformation programme. Gradual integration of service into the Council.
- 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.

## **8.5 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**

- Integration of the approach to GDPR with the Council as part of the transition process.
- 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.

## **8.6 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.

## **9. Review of Key Performance Indicators**

9.1 The Audit and Performance Committee are asked for their views on the proposed changes to the Key Performance Indicators as part of the ongoing review of the Housing Service. The review of the KPIs by the Audit and Performance Committee is an annual discussion which is part of the Council's role in clienting the CWH management agreement. As the management agreement is ending, the proposed changes in KPIs are interim pending a more detailed review of services.

9.2 The operational housing services currently report performance against 33 KPIs. The proposal is to move 6 indicators from KPIs to PIs and introduce 2 new KPIs.

9.3 Some of the KPIs differ from the KPIs in the main body of the report as it has sometimes been necessary to use more detailed information on performance to show a trend or provide more context on the service.

9.3 Attached as appendix 1 are the current KPIs, with Quarter 2 and Quarter 3 performance against them and an indication on whether or not they should continue as a KPI in 2019/20.

## **10 Current and future governance**

- 10.1 The Board of CityWest Homes is responsible for governance, scrutiny and oversight of CityWest Homes' activities and holding housing performance to account. The CityWest Board operates a number of committees for these purposes.
- 10.2 Following the Council's decision in October 2018 to take housing management services back in house, CWH's board has mutually agreed with the Council to hand back the housing management services function to the Council and this will take effect on 1 April 2019.
- 10.3 Following the decision of the CityWest Board to hand back housing management services to the council, the Chair of the board has stood down together with a number of other board members and a smaller board now chaired by Daniel Astaire has been re-established to oversee CityWest homes activities during the transition period until the housing function comes back into the Council. This includes a Termination Agreement Committee Chaired by Daniel Astaire. The interim Director of Housing also undertaking the role of interim Managing Director of CWH is also a member of the board.
- 10.4 Once City West's housing function comes back into the Council it is proposed that the Council's committee system will hold housing to account on its performance with a role also given to resident panels for this purpose. Performance Boards have been established in other areas of the Council's activities to fulfil this function and a similar approach could be used in housing.

Reporting Period	Performance Indicator	Target for 18/19	Performance 17/18	Performance @Q1 YTD	Performance @ Q2 YTD	RAG	Performance @Q3 YTD	RAG	Comments	Exiting Target 2018/19	Proposed targets 2019/20	Target for 19/20
<b>Contact Centre &amp; Complaints</b>												
M	Call abandonment % over 60 seconds	8%	3%	4%	11%		13%			√	√	8%
M	Calls resolved on the first contact	60%	61%	66%	64%		n/a		This KPI does not actually reflect fully whether issues raised by residents are fully resolved once a call is finished and therefore is not considered a useful measure	√	N	
M	Calls answered within 30 seconds	70%	74%	70%	59%		56%			√	√	70%
M	Satisfaction with call handling								The contact centre focused on the recruitment and training of call handlers during Q1 & 2 and will launch a new customer survey to measure satisfaction with call handling during Q3/4.	√	√	
M	Complaints responded to in target	97%	n/a	n/a	52%		58%			√	√	97%
M	Satisfaction with complaint handling	80%	75%	60%	53%		54%			√	√	80%
<b>Repairs &amp; Voids</b>												
M	Repairs completed on the first visit	85%	85%	80%	79%		82%			√	√	85%
M	Overall satisfaction with repairs	90%		82%	81%		81%			√	√	85%
M	Properties with valid gas safety certificates	100%	98.73%	100%	99.95%		100%			√	√	100%
M	Satisfaction with quality of repairs	88%	80%	80%	80%		80%			√	√	85%
M	Routine voids keys in to re-let (calendar days)	28		54	58		57			√	√	28
<b>Asset Management</b>												
M	Key schemes >£250k on site within 3 months of target	75%	9	22%	35%		48%		This will now be a monitoring target rather than a KPI	√	N	
M	Tenant satisfaction with major works	88%	88%	74%	78%		78%			√	√	88%
M	Tenant satisfaction with major works consultation	80%		68%	74%		74%			√	√	80%
M	Lessee satisfaction with major works	64%	27%	50%	53%		53%			√	√	65%
M	Lessee satisfaction with major works consultation	66%	36%	43%	45%		45%			√	√	65%
<b>Neighbourhoods</b>												
M	Resident satisfaction with ASB case handling	83%	77%	81%	71%		75%			√	√	83%
M	Fire risk assessments in target	85%		93%	99%		95%			√	√	85%
<b>Income Collection</b>												
M	Rent collected as a proportion of rent owed	98.93%	98.84%	97.95%	98.05%		98.30%			√	√	99%
M	Lessee service charge collection	98%	97.50%	97.03%	97.37%		97.70%			√	√	98%
<b>Incentive</b>												
M	Former tenant arrears collection	£150,000	£192,631	£49,094	£99,351		£155,358		This will now be a monitoring target rather than a KPI	√	N	
M	Unlawfully occupied properties recovered			4	7		10			√	√	25
M	Collection of aged lessee debt	£1.5m		£334,215	£648,840		£978,195			√	√	£1.5m
<b>Annual Audit</b>												
	Achieve high standard of internal audit report outcomes	60% satisfactory, 40% substantial assurance	Satisfactory assurance	n/a	n/a		n/a		This will now be a monitoring target rather than a KPI	√	N	
<b>Quarterly Satisfaction Measuring</b>												
Q	Tenant satisfaction with landlord	86%	55%	70%	71%		68%			√	√	86%
Q	Tenant dissatisfaction with landlord	9%	33%	20%	18%		20%		This KPI is a duplication of the satisfaction KPI , but dissatisfaction responses will be monitored separately	√	N	
Q	Tenant satisfaction with opportunities to participate	74%							CWH changed the tenant satisfaction surveys from annual to quarterly surveys with reporting to be available Q4/2019	√	√	74%
Q	Tenant satisfaction with keeping residents informed	81%								√	√	81%
Q	Resident satisfaction with neighbourhood	88%	74%	77%	77%		74%			√	√	88%
Q	Lessee satisfaction with landlord	65%							CWH changed the tenant satisfaction surveys from annual to quarterly surveys with reporting to be available Q4/2019	√	√	65%
Q	Lessee dissatisfaction with landlord	21%							This KPI is a duplication of the satisfaction KPI , but dissatisfaction responses will be monitored separately	√	N	
Q	Lessee satisfaction with opportunities to participate	56%								√	√	56%
Q	Lessee satisfaction with keeping residents informed	64%								√	√	64%
<b>Additional targets 2019</b>												
M	Rent loss from voids	2%							No more than 2% of total rent collection	N	√	2%
M	Numbers of tenants in receipt of UC with arrears of more than 7 weeks	10%							To ensure that impact of UC on rent collection is mitigated	N	√	10%

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City of Westminster

## Audit and Performance Committee

<b>Date:</b>	5 <sup>th</sup> February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	Hampshire County Council Partnership and BT Managed Services Exit
<b>Report of:</b>	David Hodgkinson
<b>Cabinet Member Portfolio</b>	Cabinet Member for Finance, Property and Regeneration
<b>Wards Involved:</b>	All
<b>Report Author and Contact Details:</b>	<b>David Hodgkinson – Assistant City Treasurer</b> <a href="mailto:dhodgkinson@westminster.gov.uk">dhodgkinson@westminster.gov.uk</a>

### 1. Background

- 1.1 In November 2017 the Leadership Team approved the recommendation that WCC, together with RBKC should join the Hampshire Partnership as a replacement for the BT Managed Services. The Partnership is known as the Integrated Business Centre or “IBC”. The Leadership Team 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. Deloitte were contracted by the Hampshire Partnership but then charged back to WCC and RBKC as part of the implementation costs.
- 1.2 The council’s aim was to have implemented a new solution by 1st December 2018 at the latest. It can now be reported to Committee that the project was successfully implemented as planned on this date:
  - Programme implementation delivered on budget and timetable
  - The number of issues reported at Go Live was minimal
  - Feedback from across the organisation has been very positive and there is high engagement with the new system and service

- The payroll run is at 99.9% accuracy
- 80% of the organisation has engaged with the self-service functionality and has registered for ESS Lite on their mobile devices.
- IBC team is closing over 90% of requests within a week
- IBC call answer rate is at 96% and calls are answered within 40 seconds

## 2. Post Go-Live

2.1 Following the successful go live of the project, the post go live activity has been broken down into 3 phases:

### **Hypercare** (December 2018)

2.2 This was a period of intensive support and regular review to ensure the service was functional and any issues could be resolved quickly. This included a range of activities provided both in-house and by Hampshire to support the organisation with the new system and service:

- Daily board calls to discuss and resolve issues
- Daily peer to peer calls to discuss and resolve issues between the programme functional leads (HR, Finance, Payroll, Business Deployment)
- Daily Go Live surgeries run by functional subject matter experts and Business partners
- 100+ floorwalkers that had been trained around how to triage different types of issues
- Co-ordination of access, functionality and structure changes that were required to enable these to be resolved as quickly as possible
- Delivery of further focused training sessions for end users – employees / line managers / requisitioners / budget managers
- Regular key communications to the business on areas that were creating the most queries
- Availability of help and guidance - step by step PowerPoint guides and 'how to' bitesize videos available to all staff and 3<sup>rd</sup> party organisations using the new system

### **Stabilisation** (January to March 2019)

2.3 At the end of this period a report will be produced setting out an agreed KPI list, additional stabilisation indicators – e.g. query resolution / call volume, go-live stabilisation issues and resolutions, outstanding system fixes and development plan, outstanding issues and action plan. The activities in this phase include:

- Weekly partnership board meetings
- Weekly Stabilisation and Performance Monitoring calls with all functional leads
- Weekly meetings between the Hampshire Partnership Manager and the WCC Business deployment lead to discuss ongoing communications required to the business

- All staff communications to the business for key messages – weekly throughout January, fortnightly during February and ad hoc in March
- Provision of budget manager and requisitioner focus training sessions
- Organisational structure sessions for line managers led by Westminster HR

### **Business as usual (April onwards)**

2.4 At this point a new governance structure will be put in place for the councils which will be based on strategic monitoring of the partnership. Resourcing and reporting of this is currently being considered. Meetings will likely include:

- Monthly Partnership Board meetings
- Monthly Performance Monitoring calls between functional leads

## **3. Payroll**

3.1 The first payroll in the new solution was run successfully in December. The December payroll close was 5pm on 4<sup>th</sup> December. This was challenging given most staff engaged with the new system for the first time on Monday 3<sup>rd</sup> December which gave two days for all pay related requests to be submitted and approved.

3.2 To ensure that all staff were aware of the deadlines, communications were issued in the weeks and days leading up to go live and after go live.. The Business Deployment Team utilised a range of communications methods including staff communications bulletins, posters, tailored communications to areas where timesheets volumes are high (e.g. libraries, sayers croft, WAES, registrars), utilised the IBC Change advocates and Floorwalkers to ensure that all actions were completed in time and sent direct communications to the Senior Leadership teams.

3.3 Payslips were loaded onto the system early in December (6<sup>th</sup>) to allow staff the opportunity to review them and raise any issues ahead of payments being made. The payroll was then run earlier (14<sup>th</sup>) to allow time to resolve any pay issues ahead of the usual pay date of 20<sup>th</sup> of the month. The number of issues raised was low. Only a few individuals did not receive overtime payments on time, due to timesheets not being approved in the system.

## **4. Outcome of Data Migration**

4.1 One of the key risk areas in the programme was the transformation and migration of data from Agresso to SAP and this has been a success. The scale of the data involved in this project was extensive and it was imperative that the data was also stored and shared securely through encryption. To give some context to the volume of data involved in this project:

- BT provided data via 7 monthly “data drops” plus 3 mid-month “data drops” to support payroll comparison work. In addition, 9 data drops to support the

two Dress Rehearsals and Final Load processes – significantly more than first envisaged

- Every data drop from BT included over 85 million lines of data
- Just under 11.5 million lines of data transferred to HCC in the final data transfers all covered by control documents (DVRs)
- Over 2800 files were securely transferred to HCC

4.2 There were 3 issues identified after go live relating to data, none of which were Payroll impacting:

### **Annual leave**

4.3 Due to a minor data cut issue annual leave balances were taken as at 31<sup>st</sup> December. Anyone who had future booked leave would see the deduction in their balance but would not see the booking in the new system. If they were to re-book then the balance would deduct the amount for a second time. This affected approximately 260 staff. All line managers now have the functionality in manager self-service to edit annual leave balances of their team members in the IBC Portal. Communications and guidance has been issued to the business enabling this to be resolved quickly and easily where necessary.

### **Organisational structure**

4.4 A significant amount of time was spent cleansing the organisational structure before it was imported into the new system. There was an expectation that this would require additional work after go live. This is for several reasons:

- The structure of the data within the 2 system is different and it was not a straight forward lift and drop between systems. Whilst every precaution was taken to map the data correctly, some mapping was not correct
- The organisational structure is constantly changing and so there would have to be updates made particularly given the data freeze period which was in place for over 2 months.

4.5 HR have been holding organisational structure workshops with Managers across the departments throughout December and January to work with the business to resolve these structure issues. Considerably more self-service functionality is available in the IBC Portal compared to Agresso which gives managers more control over their structures and the ability to make changes quickly and in real time. Very few changes need to be processed by the IBC teams which is hugely positive.

### **Access and functionality**

4.6 During data migration the HR and Finance teams were asked to supply all the access and functionality requirements for all members of staff in the Council. This included whether they should have access to just employee self-service or whether they needed the additional functionality in the full IBC portal for activities such as line managing staff, raising requisitions, budget management, customer invoicing, recruitment and reporting.

4.7 Access requirements provided to Hampshire were in the main based on the access that employees already had within Agresso. This meant that the set up was largely correct. However, where the organizational structure wasn't correct, i.e. where someone was a line manager but where this was not correctly mapped then they were not given access to the IBC Portal at go live. Where this happened, these access requests have been resolved with the business either through the HR / Finance teams during the Hypercare period or by the IBC teams subsequently.

## **5. 3rd Party access**

5.1 In the lead up to go live there was a small project team working on access requirements for WCC 3rd party organisations. Staff based in WCC offices would be able to access the IBC Solution through Westminster laptops when on the Westminster IT network. However, users working from different locations and networks and on different devices would not be able to access without being given an additional piece of hardware called a VPN token which would enable them to get into the Westminster network and therefore access the IBC Solution. It was identified that around 200 users across all 3rd party users including WAES, NHS, City West Homes and Sayers Croft would require a VPN token to get access. There were some issues initially getting these set up and this was mostly due to local IT configuration however issues have now all been resolved, and all users are able to access the system.

5.2 There are some outstanding issues affecting these users including users currently unable to view pdf documents in the IBC Portal (this affects requisitioners), exporting data into excel (this affects budget managers) and importing data (this affects forecast planners). IT are working on a resolution and we are also in discussions with Hampshire around interim workaround processes.

## **6. Accounts Payable – Paying our Suppliers**

6.1 This area manages all payments to suppliers, individuals and those seeking refunds from Parking, charges / fines, Council Tax, NNDR etc. The volume of payments is high and as at 8th Jan, 27 days since go live, more than 12,000 individual payments were made. Officers also raised c.1200 new Purchase Orders to facilitate auto processing of invoices directly in SAP.

6.2 During the “hypercare” period, suppliers / payees are being paid on immediate payment terms to manage any non-payment risk whilst SAP stabilises and embeds and whilst colleagues and managers adapt to the new processes and workflows.

6.3 To expedite SAP stabilisation, the finance team have held workshops for sales/ invoice requisitioners and have held drop in sessions to help users navigate around SAP which has also been supplemented with training videos/documents on the IBC share-point site.

6.4 Finance are currently reviewing the communications around supplier self-service to prepare our suppliers for the to move to self-service, which allows suppliers to track their invoices once in SAP and enables them to manage their own information, which in turn reduces demand on WCC and IBC colleagues.

## **7. Customer Invoicing and Debt Management**

7.1 This area primarily raises invoices to customers for commercial and non-commercial activities provided by the council. It also covers raising credit notes and making sure income is collected.

7.2 There are a number of changes to our business practices as shown below:

- Invoices no longer require approval, which removes the second check on accuracy by the budget manager
- Credit Notes can only be raised for the whole amount of an invoice and not a partial amount. This also results in the need for a further invoice to be raised. These changes have been highlighted in the business workshops rolled out highlighting the implications for:
  - debt management (as it will change the aged debt profile) where a replacement invoice is raised
  - potentially introduce further delays to receipt of payment where a new invoice needs to be raised and re-processed by the customer following the issue of a credit note. In the 12 months to the 31<sup>th</sup> December 2018, 1,436 credit notes were raised for a total value of £15.2m out of a population of 22,500 invoices with a value of £144m. Reporting does not exist to show whether credit notes were raised for the full or partial amount of the invoice originally raised. However, extrapolation of sample testing suggests partial credit notes issued are estimated at 220 out of the total of 22,500.
  - Whilst the impact of SAP functionality on the majority of credits notes raised appears limited, we will continue to press for the development of the partial credit note function to support full business functionality.

## **8. IT**

8.1 The ICT aspects of the post go-live period have generally gone smoothly with no major problems affecting significant numbers of people. SAP Employee Numbers were emailed to all users ahead of go-live to allow them to sign up for Employee Self Service. Single sign-on has worked well for the IBC Portal and the performance of the system has been good. Most users have been able to access the various modules of the system efficiently and easily.

8.2 There has been a small number of users who have had problems accessing the IBC Portal, mainly for two reasons. Firstly, there was a problem with a browser cookie that Hampshire were able to fix during December. Secondly, there were issues matching some people to the correct SAP employee number

which affected their ability to log on. ICT have been fixing these data matching issues quickly once reported.

- 8.3 All the interfaces between line-of-business systems and SAP are running reliably now after a few minor issues in the first couple of weeks of live running. Changes in interface processes compared to Agresso have caused some confusion within the business as to how to deal with any transactions that fail to load into SAP due to coding errors. However, the situation continues to improve, and monitoring procedures are being tweaked to handle this.

## 9. Income Management (IM)

- 9.1 The Income Management (IM) and Bank reconciliation solutions were implemented on time and to budget and with zero down-time. Feedback from end users in the business has been very positive and the solution is working successfully.
- 9.2 As part of the closing of the programme, the project team will be handing over the ownership of the solution to the Finance department.

WCC IM stats since 25/09		
Till/Area	No. of Receipts	Amount
Automated Telephone Payments	6990	£2,331,114
Agent Assisted Telephone Payments	11838	£2,258,171
Chip & PIN (customer present)	73	£2,312
DWP – Benefits received	1223	£166,373
Bank account transactions	93401	£336,592,645
<b>Total</b>	<b>113525</b>	<b>£341,350,615</b>

## 10. Historic Solution

- 10.1 The Historic solution is in place and data was provided by BT at the end of transactional service and was successfully copied to the archive. This has also been signed off by external audit.

## 11. BT Exit

- 11.1 In general BT performed far better throughout the formal exit process than predicted particularly around our data requirements which changed significantly during the exit window.

- 11.2 An issue arose around the condition of the data to support the pension returns – particularly around the impact of the late adjustments that were processed which can have very complex impacts on Pensions data. There were also historic shortcomings in the BT Agresso solution that meant that much of this work was manual. A joint project across the 3 Councils is being undertaken to complete the annual pension returns for the period 1st April 2018 – 30th November 2018. IBC will prepare from 1st December 2018.
- 11.3 A full Exit document will be prepared and provided to key stakeholders by end January. BT will be decommissioning the servers and destroying our data in the period from now through to end January 2019



## Report to Audit and Performance Committee

<b>Report Title:</b>	<b>Future of Procurement Services</b> <b>Appendix: Contract Performance Report</b>
<b>Report Author(s):</b>	Kevin Goad            Director, City Highways Jonathon Noble     External Consultant Graham Collins     External Consultant
<b>Date:</b>	5 <sup>th</sup> February 2019

### 1. Purpose

- 1.1 This report briefs Committee on a review of the council’s Procurement Services, outlining the recommendations and actions so far taken. The standing contract performance report has been incorporated into this agenda item.
- 1.2 Audit and Performance Committee is invited to:
- Note the progress of the review, its findings and recommendations and provide comment on areas for further attention that are of interest or concern to committee members
  - Comment on the matters raised relating to the contract performance report

### 2. Background

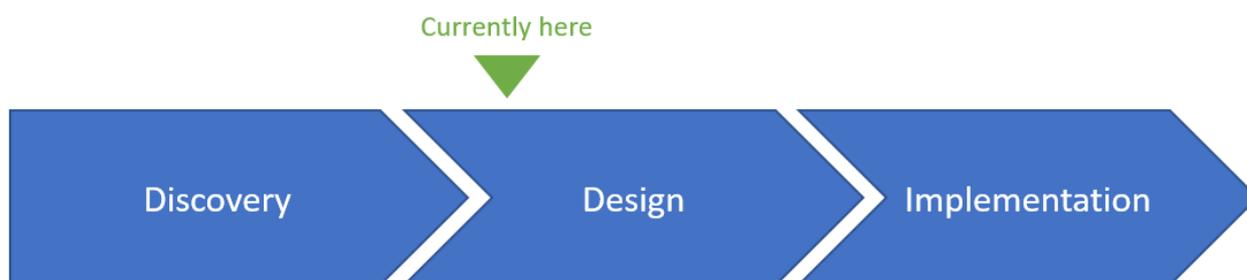
- 2.1 Procurement Services has transferred to the Director, City Highways, who has initiated a ‘root and branch’ review of the service area and the model for procurement as it currently operates across the council. The review will include a recommendation for the future organisational location of the service.
- 2.2 The service has a staffing establishment of around 30, around half of which are currently agency interim workers. It is structured as two teams – Category Management, which undertakes procurement activity, and Procurement Development, which provides governance, policy and systems support.
- 2.3 The review is being undertaken by a small team of external consultants, working closely with the Procurement Services team. Executive Leadership Team (ELT) has been presented with the initial findings of the review and has given a steer as to type of service the council requires from Procurement going forward. The Cabinet Member for Finance, Property and Regeneration and her Deputy have also been briefed on the work undertaken to date.
- 2.4 Audit and Performance Committee has historically received a report on contract performance generated from the council’s contract management system. That report is appended to this paper. Given the strategic and fundamental nature of the review currently underway, the relevant Officers and Members are particularly keen that Committee be briefed on developments and has the opportunity to provide steer and comment.

### 3. Scope of Review

3.1 The scope of the review and subsequent change programme falls into five workstreams:

1. Target Operating Model
2. Strategy and Governance
3. Systems and Processes
4. Structure and Capabilities
5. Engagement, Communications and Culture

These workstreams proceed in parallel across three phases:



### 4. Discovery

- a. Discovery work took place between October and December. This included establishing the baseline for the service across a broad range of factors and implementing quick fixes where there were obvious opportunities for improvements.
- b. The key findings of the Discovery phase are set out below by workstream:

<b>Target Operating Model</b>
<b>Strengths:</b> <ul style="list-style-type: none"><li>• Some areas of the council see enough value in procurement to pay for additional services</li><li>• The makings of a good contract management programme are in place – but this needs an injection of leadership and a change in organisational focus from compliance to adding value for the business</li></ul>
<b>Areas for Consideration:</b> <ul style="list-style-type: none"><li>• The team has the appearance of a category management structure but there is no meaningful category management taking place</li><li>• Adults and Children’s services currently operate under different governance and processes to Place-based and Corporate services</li><li>• A key benefit of having a centralised procurement function is the ability to flex resource to meet organisational demand – but this is not happening as there is little to no collaboration across category teams</li><li>• Contract management programme has not gained enough traction to have a positive impact.</li><li>• The model for contract management in the organisation is unclear – Procurement Services manages a small selection of contracts for ICT and HR centrally but contract management is otherwise devolved (with no common framework to drive consistency and standards)</li></ul>

## **Strategy and Governance**

### **Strengths:**

- Good work has been done on social value, linked to the council's strategic priorities for the city

### **Areas for Consideration:**

- There has historically been no single forward plan of procurement activity to allow resource planning or to give advance notice of potential opportunities to join up contracts
- There is no prioritisation of projects based on their contribution to Westminster's strategic priorities or the City for All vision
- Purpose and value of Procurement Assurance Board not clear to procurement team or its clients
- PAB and CoCo ostensibly perform parallel roles for different categories of expenditure but the terms of reference are not consistent – CoCo has a broader remit that looks at wider aspects of the commissioning cycle, while PAB is largely limited to assessing procurement route and contract award decision
- Standing Orders have been over-prescribed and limit flexibility, e.g. the price/quality weighting. This is leading to an artificially high number of 'self-inflicted' waivers (1 in 5).
- Depth of commercial analysis and strategic thinking to inform procurement approach is less developed than it should be given the scale and complexity of the organisation's purchasing

## **Systems and Data**

### **Strengths:**

- 96% of the council's third party expenditure is in amounts over £100k – this means that the council's spend is generally consolidated and concentrated rather than heavily fragmented
- Procurement is now making a positive and proactive contribution to the SAP IBC project

### **Areas for Consideration:**

- There are no data flows from Capital E-sourcing to P2P systems, meaning that contract data is not linked to actual financial data
- The council's contracts register is substantially incomplete and does not align to its published expenditure – only 47% of spend can be matched to a contract, dropping to 4% for blocks of spend below £100k
- Intranet resources for internal customers are poor and not being used effectively to improve self-service and demand management

## **Structure and Capabilities**

### **Strengths:**

- The Category Management team is adequately resourced for demand - based on typical resource and productivity values, the team should have capacity for 102 projects at any one time and there are 103 currently underway
- The Procurement Development team is well resourced, which has allowed it to do some good work on policy issues such as Social Value and Modern Slavery.
- CIPS Centre of Excellence

### **Areas for Consideration:**

- The service being delivered is reactive and addressing this requires changes not only to the Procurement team but to the council's overall model for commissioning and procurement
- Job descriptions are out of date (in some cases significantly)
- There is an inconsistency in use of pay grades that staff perceive as unfair
- There are obvious career pathways (e.g. from Assistant Category Manager to Category Manager) but staff feel that progression opportunities have not been open and transparent

## **Engagement, Development and Culture**

### **Strengths:**

- Our Voice results were relatively good – 66% engagement based on 76% response rate. This is up 10% from previous survey and consistent with Corporate Services overall.
- There is loyalty and attachment to the team and council – some interim staff have expressed a desire to become permanent and some permanent staff who have had job opportunities elsewhere have chosen to stay and see out the change
- There is an appetite for change and, on the whole, a strong desire to actively participate
- Ex-City West Homes procurement staff are keen to integrate to the central team

### **Areas for Consideration:**

- There have historically been inconsistent management practices across the team
- There are pockets of cynicism about change – will things really be different this time?
- The team has had a number of senior management changes in short succession, which would be destabilising under any circumstances

Since the commencement of the review, a number of actions have been taken to improve performance and engagement. These include:

- i. Introduction of a Procurement Services Leadership Team
- ii. Single overview of procurement activity developed (Commercial Activities Register)
- iii. Introduction of 'gate 0' checkpoint for better visibility of incoming work
- iv. Baseline position established for resource and demand
- v. A transitional structure has been put in place, strengthening the support around each of the areas the team supports
- vi. Contract management programme refocused (less on compliance, more on adding value) with clear accountabilities within Procurement Services for taking it forward
- vii. Working groups established for staff to participate in the service transformation

## **5. Design**

- 5.1 The initial findings of the review were presented to the ELT on 20<sup>th</sup> November.
- 5.2 ELT gave a clear steer as to the future model for the service, directing the team explore the benefits of moving from a category management model to a business partner approach, in line with the council's other support services such as HR and Finance.
- 5.3 ELT also asked that the focus of the team be on excellence in project delivery and transactional services and ensuring that the council's data on third party expenditure and contracts is well maintained and a reliable source of insight for the council's departments when developing market strategies. The Cabinet Member for Finance, Property and Regeneration is keen that the service retains and grows a strategic capability to add value to the council's priority activities.
- 5.4 The current programme of work to design and implement the new model is as follows:

	Discovery October – December	Design January - February      March - April	Implementation May - June	
Target Operating Model	<ul style="list-style-type: none"> <li>Analysis of as-is operating model</li> <li>Agree high level operating model (ELT)</li> <li>Cabinet Member sign off of next phase</li> </ul>	<ul style="list-style-type: none"> <li>Develop Target Operating Principles and measures</li> <li>Complete functional design – Cabinet Member sign off</li> </ul>	<ul style="list-style-type: none"> <li>Complete detailed design</li> </ul>	
Strategy and Governance	<ul style="list-style-type: none"> <li>Review of governance, including Standing Orders and Procurement Code</li> <li>Introduce workload management</li> <li>Review of contract management</li> </ul>	<ul style="list-style-type: none"> <li>Embed forward planning and prioritisation process</li> <li>Harmonisation of project governance (subject to ELT steer)</li> <li>Design new contract management framework</li> </ul>	<ul style="list-style-type: none"> <li>Implement new contract management framework</li> </ul>	
Systems and Data	<ul style="list-style-type: none"> <li>High level third party spend analysis</li> <li>Identify contracted spend gap</li> </ul>	<ul style="list-style-type: none"> <li>E-procurement system review</li> <li>Development of intranet resources</li> <li>Development of purchasing catalogues</li> <li>Develop and agree KPIs and metrics for the service</li> </ul>	<ul style="list-style-type: none"> <li>Implement systems improvements</li> </ul>	
Structure and Capabilities	<ul style="list-style-type: none"> <li>Assess capacity and demand profile</li> <li>Clarify budget position</li> <li>Identify high performers and potentials</li> </ul>	<ul style="list-style-type: none"> <li>Functional model design</li> <li>Identify skills gaps</li> </ul>	<ul style="list-style-type: none"> <li>Job descriptions – design and evaluation</li> <li>Structure design</li> </ul>	<ul style="list-style-type: none"> <li>Staff consultation and restructure</li> </ul>
Engagement, Development and Culture	<ul style="list-style-type: none"> <li>Establish new leadership team</li> <li>Introductory 121s with all staff</li> <li>All-staff away day – feed into review</li> </ul>	<ul style="list-style-type: none"> <li>Functional model – business engagement</li> <li>Functional model – staff engagement</li> </ul>	<ul style="list-style-type: none"> <li>Structure – early staff engagement</li> </ul>	<ul style="list-style-type: none"> <li>Staff consultation and wellbeing support</li> <li>Team rebuilding activities</li> <li>Refresh personal development plans</li> <li>Comms to wider organisation</li> </ul>

**Key**

- Activity - complete
- Activity – underway / upcoming
- Milestone / decision

## 6. Contract Performance Data

6.1 Audit and Performance Committee has historically received a report on contract performance, which is appended to this report. There are a number of issues with the completeness and quality of this data and with the underlying methodology. These are:

- That only 47% of the council's third party spend has a contract record on Capital E-sourcing. This means that the report is providing less than half of the picture of how effectively the council is managing its spend.
- The report shows data for all contracts over £100k but does not highlight contracts of particularly high risk or that are critical to the delivery of the council's priorities. There are many degrees of financial value, strategic importance, risk and complexity not currently reflected in the report.
- The performance ratings are based on self-assessment against a system of measurement that has not been recently updated. There is little in the way of tools, guidance and training to create corporate consistency so the ratings are open to interpretation by individual contract managers. They are, at best, highly subjective and, at worst, necessarily prone to unconscious bias.
- The report content is compliance focused. There is some narrative provided on an exceptions basis for contracts that have been assessed as 'below expectations' or that have not been assessed, but there is nothing in the way of quality, overarching narrative to help Members understand how well the council is performing against cross-cutting themes.
- One contract on the system has not yet been rated in the most recent period. But this is for legal advice for a specific development scheme – the dimensions along which this type of service would be 'contract managed' are limited. It is not worth making

disproportionate effort to manage a contract for which the key measures are responsiveness and quality of advice.

6.2 One of the principles of the new operating model is a service that provides more complete, more meaningful insight for senior Officers and Members. This will inform better decision making, audit and scrutiny of the council's procurement activities, its commercial position in relation to key suppliers and markets and commercial risks and issues. With further work as part of the review and more cross-council collaboration, we can provide much better quality and more meaningful insight than this, including:

- Updates on contract performance against a more consistent, more evidence-based framework supported by a community of common practice and a process of peer review
- Updates on the council's contract management improvement programme to understand adoption of the new guidance, tools and training
- Scrutiny of cross-cutting themes such as how well the council, as a whole, manages contracts for business continuity, contingency planning, ethical standards, innovation
- Deep dives into high value, high risk and/or high profile contracts
- Reports on trends and developments in key markets with which the council does business. This would include topical industries and areas where Committee has particular interest or concern, such as construction or outsourcing.

6.3 The views of Audit and Performance Committee are welcomed on the proposed changes to way in which the council's contract management activities are measured, reported and scrutinised.

**See also: Appendix to this report – Contract Performance Report**

## Appendix – Contract Performance Report

### Service area compliance in updating contract performance ratings in capitalEsourcing

This report provides an update on the latest position of contract performance ratings in capitalEsourcing. The figures below highlight the position using source data generated on the 1<sup>st</sup> December 2018. 179 out of 180 contracts have been performance rated – 99% compliance.

At the time of this report there were 302 active contracts in capitalEsourcing. It should be noted that the data below excludes all contracts that:

- commenced within the last 6 months of January 2019; and
- have a total contract value below £100,000.

This leaves 180 contracts for the purposes of this report. Table 1 below provides a breakdown.

**Table1: Contract performance ratings by directorate**

Directorate	Above Expectations	Below Expectations	Meets Expectations	Not Evaluated	Grand Total
Growth, Planning & Housing	3	2	44	1	50
Adult Social Care	2	2	44		48
City Management & Communities	1		23		24
Corporate Services	1	2	16		19
Public Health		1	18		19
Policy Performance and Communications	3		7		10
Children's Services			6		6
City Treasures Department/Finance	1		3		4
<b>Grand Total</b>	<b>11</b>	<b>7</b>	<b>161</b>	<b>1</b>	<b>180</b>

A total of 7 contracts are performance rated as 'Below Expectations'.

**Table 2: Contracts performance rated 'Below Expectations'**

Directorate	Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
Adult Social Care	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.				

<b>Adult Social Care</b>	01/11/2015	30/10/2020	Vincentian Care Plus	Provision of Home Care Services for Westminster - Vincentians	£14,700,000
	Commentary: Not inspected but on final warning notice from CQC				
<b>Directorate</b>	<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
<b>Corporate Services</b>	01/06/2013	31/05/2019	BT Global Services	Managed Services for HR, payroll and finance	£9,478,000
	Commentary: WCC have now exited the service. The contract will remain live on capitalEsourcing until final settlement (estimated to be end of January 2019)				
<b>Corporate Services</b>	18/12/2017	17/12/2018	Capita Business Services Limited	Managed Learning Services - Capita	£588,000
	Commentary: Performance has improved and is still being closely monitored against the performance plan. Service credits are currently being negotiated for previous poor performance.				
<b>Directorate</b>	<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
<b>Growth, Planning &amp; Housing</b>	01/10/2013	30/09/2023	Amey	Tri-Borough Total Facilities Management Contract and London boroughs framework agreement	£61,924,841
	Commentary: Each Council has agreed to proceed with sovereign contracts. WCC are finalising the exit arrangements and termination settlements and there may be a short overlap with the incoming supplier to ensure a smooth transition. Tenders are underway for the new FM services and it is expected that the contracts will commence early May 2019				
<b>Growth, Planning &amp; Housing</b>	14/05/2018	17/05/2019	Osborne Property Services Ltd	T158- Grosvenor & Regency London: External and communal area maintenance, anti-condensation measures and repair works to 24 blocks	£4,067,796
<b>Directorate</b>	<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
<b>Public Health</b>	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
	Commentary Sept 2018: This contract is showing signs of improvement, fortnightly action plan meetings are now monthly. We anticipate all actions to be completed by the end of October and the action plan closed				

One contract has not been performance rated on the system.

**Table 3: Contracts 'Not Evaluated'**

Directorate	Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
Growth, Planning & Housing	30/06/2018	30/06/2021	Pinsent Masons	Church Street Legal Support	£307,000

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City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	5 February 2019
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit 2018/19 – Progress Report (November to December 2018)
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	David Hodgkinson, Deputy Section 151 Officer
<b>Report author:</b>	Moira Mackie, Senior Manager; email: <a href="mailto:moira.mackie@rbkc.gov.uk">moira.mackie@rbkc.gov.uk</a> Tel: 020 7854 5922

### 1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective with four positive assurance reviews (substantial or satisfactory) being issued in the period.
- 1.2 The follow up reviews completed in the period for three audits confirmed that the implementation of recommendations has been effective with all of recommendations fully implemented at the time of review.
- 1.3 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.

## 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 four positive assurance (substantial or satisfactory) reviews being issued in the period.

## 5. Audit Outcomes (November to December 2018)

5.1 Since the last report to Members four audits have been completed, none of which identified any key areas of concern:

<b>Audit</b>	<b>Assurance</b>	<b>RAG</b>
PH – Commissioning, Planning & Delivery	Substantial	Green
CS – Office 365 Implementation	Satisfactory	Green
PPC – S106 Agreements	Satisfactory	Green
PPC – Community Infrastructure Levy (CIL)	Satisfactory	Green

Further information on these audits is contained in Appendix 2.

In addition, four advisory reports have been issued in the following areas:

- Adult Social Care – Safeguarding;
- Adult Social Care – Client Affairs;
- Public Health – Investment Fund;
- Legal Services – Alternative Business Solution.

Recommendations arising from advisory reports are followed up and the implementation of these recommendations will be reported in summary to the Committee.

## 5.2 Implementation of Audit Recommendations

Three follow-up reviews were undertaken in the period (November to December 2018) which confirmed that 100% of recommendations made had been implemented:

<b>Audit</b>	<b>No of Recs Made</b>			<b>No of Recs Implemented</b>			<b>No of Recs In Progress</b>			<b>No of Recs not yet actioned</b>		
CHS – Supplier Resilience	4			4			0			0		
PH – Supplier Resilience	3			3			0			0		
PH – Commissioning Governance	1			1			0			0		
<b>Total</b>	<b>8</b>			<b>8</b>			<b>0</b>			<b>0</b>		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	1	6	1	1	6	1	0	0	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:**

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### **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
ASC	Safeguarding (cfwd from 2017/18)	n/a	Advisory	0	3	0	February 2019
ASC	Client Affairs (cfwd from 2017/18)	n/a	Advisory	0	6	0	February 2019
ASC	Public Health Prioritisation Framework (cfwd from 2017/18)	Green	Satisfactory	1	2	0	November 2018
ASC	Public Health – Commissioning, Planning & Delivery (cfwd from 201/18)	Green	Substantial	0	0	0	February 2019
ASC	Public Health – Investment Fund	n/a	Advisory	2	3	2	February 2019
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
School	St Mary Magdalene (cfwd from 2017/18)	Green	Satisfactory	0	3	3	November 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
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
CS	IT – Office 365 Implementation (cfwd from 2017/18)	Green	Satisfactory	0	0	2	February 2019
CS	HR – Pensions Admin (cfwd from 2017/18)	Green	Satisfactory	0	1	4	September 2018
CS	HR – Off Payroll Working (IR35) (cfwd from 2017/18)	Green	Substantial	0	1	0	November 2018
CS	Legal Services (cfwd from 2017/18)	n/a	Advisory	0	1	3	February 2019
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
PPC	Section 106 Agreements	Green	Satisfactory	1	2	1	February 2019
PPC	Community Infrastructure Levy	Green	Satisfactory	1	3	0	February 2019

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

### **Adult Social Care:**

#### **1. Public Health - Commissioning, Planning & Delivery (substantial assurance)**

The Public Health Team Commissioning Principles include:

- Focusing on prevention and enabling residents to make informed decisions;
- Commissioning high quality services which are sustainable and which embed an asset-based approach whilst delivering value for money;
- Delivering effective interventions which protect and promote the health and well-being of residents;
- Using evidence-based approaches to develop services;
- Innovating and sharing/learning ideas in relation to best practice;
- Empowering service users to be independent and productive;
- Building individual and community resilience;
- Jointly commissioning and collaborating effectively with key partners across the statutory and voluntary sector; and
- Reducing health inequalities through a targeted segmented approach.

This audit focussed on Adult Healthy Living and the contracts surrounding it. At the time of the audit, the Public Health Commissioning team had recently undertaken a commissioning exercise for the integration of Public Health Contracts into one Integrated Healthy Lifestyles Service.

The audit confirmed that appropriate controls were in place to ensure that due diligence and communication took place throughout the procurement process. The procurement was aligned with the Council's Commissioning Strategy and appropriate deliverables were identified which could be measured and monitored and no audit recommendations were made.

### **Corporate Services:**

#### **2. IT: Office 365 Implementation (satisfactory assurance)**

Office 365 is a cloud-based email and collaboration service providing secure access across platforms and devices. It also allows users to access the core Microsoft applications: Word, Excel, Powerpoint and Outlook. The Council used a third party service provider to implement Office 365 using a phased approach. Support is provided by BT who are responsible for the end to end management of incidents, end user requests and problems.

The audit confirmed that the project to introduce Microsoft Office 365 was appropriately aligned to the Council's ICT Strategy. Training before the rollout was appropriate and documented procedures maintained in a Shared Drive. There is a standardised Service Level Agreement (SLA) with Microsoft to guarantee uptime and support with Office 365. The SLA details how cloud servers are backed up across different data centres, with multiple copies being made for resilience.

Microsoft provide an assessment tool called 'Secure Score' that any organisation can run to produce a report which evaluates their security controls in place around Office 365. The assessment covers a wide range of areas from the security of IT administrator accounts to settings on email mailboxes to detect potentially compromised accounts. At the time of the audit the Council's Secure Score was 126 out of 364. This is in comparison to the global average of 30 out of 364.

Two low priority recommendations were made in the following areas which have been accepted by management:

- The management of project records could be improved as well defined User Acceptance Testing cases were not used for testing and lessons learned from the project implementation were not documented;

- The aim of the Microsoft assessment tool is to identify opportunities of improvement that can be implemented, after considering any operational impact. The results of the assessment were reviewed and key ones that the Council should consider implementing have been recommended.

## **Policy, Performance & Communications:**

### **3. Section 106 Agreements (satisfactory assurance)**

S106 of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding planning obligation with a developer in association with the granting of planning permission. The obligation is termed a S106 Agreement. Agreements under S106 are normally required to mitigate impacts arising from large scale developments, and provide the means of ensuring the provision of necessary services and infrastructure, such as highways, recreational facilities, education, health and affordable housing to support new large scale developments. S106 agreements can be used for the following purposes:

- To restrict the development or use of land;
- To require specific operations or activities to be carried out in relation to the land;
- To require payment of a sum or sums of money - e.g. towards future maintenance costs; and
- To require land to be used in a certain way.

The obligation can either be a bilateral agreement between the Council and the land owner or unilateral undertakings by the land owner or developer. The scope of such agreements must meet the following three tests as set out in the Community Infrastructure Regulations 2010:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

The audit confirmed that the system for processing Section 106 agreements was generally well controlled with one high and three medium priority recommendations made to improve controls in the following areas:

- Demand Notices are issued to developers to request the payments and inform them of the payment due date. Testing of a sample of ten cases found that:
  - In one case, email records indicate that the original Demand Notice had to be re-issued as it remained unpaid and new RPI figures had to be applied. However, evidence of the original Demand Notice had not been saved on the system to provide a clear audit trail of the actions taken;
  - In two cases, the payment requested had not yet been received by the Council and no recovery action had been taken in either case;
  - In two cases, the payment was received by the Council after the due date of the Demand Notice; however, no interest penalty was applied for the late payment.
- Debt recovery is undertaken by the S106 officers. Outstanding debt reports are now run regularly on the system (Exacom) to monitor overdue payments. However, due to this being a relatively new practice, officers have not had a chance to follow up on all old outstanding payments for which recovery action has not yet been taken;
- The Exacom system is used to monitor both financial and non-financial obligations. For each S106 agreement, details of all non-financial obligations will be on the system, such as clause number and wording from the agreement, trigger point, whether this is a pre-commencement obligation and whether it has been delivered. All supporting documentation to confirm that the obligation has been satisfied should be kept on Exacom. Testing of a sample of ten cases found three where there were some pre-commencement non-financial obligations that were not delivered, but the development had already started. In one of those cases, a Reminder Notice had been sent because the developer had commenced the works without informing the Council. However, no further enforcement action has been taken since then and the obligations were not satisfied. For the other two cases, no enforcement action had been taken (high priority recommendation made).

All of the recommendations have been accepted and a follow up review will be undertaken to ensure that they have been implemented as agreed.

#### 4. Community Infrastructure Levy (satisfactory assurance)

The Community Infrastructure Levy (CIL) is a charge, introduced by the Planning Act 2008 and implemented through the Community Infrastructure Levy Regulations 2010 (which have been substantially amended since 2010). The CIL is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area and came into force nationally on 6 April 2010.

Default liability for the CIL rests with the owner of the land on which development will be situated, although the levy may be “assumed” and paid by any parties involved in the development. Developments which add 100m<sup>2</sup> or more of new floor space or create a new dwelling are potentially liable for CIL, with rates (which can differ by use and location) set by the charging authority (in London, the boroughs and the Mayor). The CIL Regulations (which are highly prescriptive) provide for a range of exemptions and reliefs. They also set out detailed requirements relating to administration, collection and how receipts should be spent.

CIL operates alongside planning obligations, commonly known as section 106 Agreements (S106s). Since the CIL took effect, the Council continues to negotiate Section 106 obligations where necessary to make development acceptable in planning terms and enable planning permission to be granted. They are used to mitigate the impact of developments, including through provision for affordable housing, site-specific infrastructure, and some forms of infrastructure the council has made clear it will not use CIL to fund.

CIL rates are set through a formal document called a charging schedule. Although the Council’s own CIL Charging Schedule became effective in May 2016, the Council has been administering CIL since 1 April 2012 when the Mayor’s CIL (intended to help pay for Crossrail) came into effect. The Council has decided to make a number of discretionary reliefs available (for some forms of affordable housing, for example) and has a policy allowing payment by instalments for larger developments.

The CIL process starts with information submitted by developers about their proposals, usually as they apply for planning permission. Developments become liable for CIL upon planning permission being granted at which point the Council issues a Liability Notice to the applicant. The relevant person(s) then submits a Commencement Notice to the Council setting out when development is going to start. The Council will issue a Demand Notice to the relevant person(s) setting out the payment due dates in line with the payment procedure (including the possibility of paying by instalments). All the forms used are nationally prescribed and are available from the national Planning Portal. To date the Council has issued Liability Notices totalling £87m, demand notices of £25m and have received £15m in income. Not all Liability Notices will translate into income as not all developments go ahead and some income has not yet been received as instalment payment arrangements are in place.

The service utilises the same system for managing CIL as they do for managing S106 agreements (Exacom). The audit confirmed that the system for processing CIL was generally well controlled with one high, two medium and one low priority recommendations made to improve controls in the following areas:

- Sample testing confirmed that in all cases tested, a Liability Notice was issued to the developer and the time taken to issue the Liability Notices after planning permission was granted ranged from between 19 and 144 days. It was also noted from a review of all planning applications since April 2017 marked as being potentially CIL liable, 205 planning applications had not yet been assessed and issued with a Liability Notice;
- Sample testing of overdue CIL payments was undertaken to ensure that Demand Notices were issued promptly. It was noted that in three cases tested (3/10), Demand Notices were delayed as the developer had not issued the Commencement Notice before beginning the works. A surcharge was applied in two of these cases but not in one case, despite the developer not issuing the Commencement Notice until six months after development had started;
- Debt recovery is undertaken by the CIL officers. Outstanding debt reports can be run on Exacom, which show the amount due and the due date but at the time of the audit these debt reports were not being used. Sample testing identified examples (3/10) where effective debt recovery action was not evident (high priority recommendation made).

All of the recommendations have been accepted and a follow up review will be undertaken to ensure that they have been implemented as agreed.

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City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	5 February 2019
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit Plan 2019/20
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	David Hodgkinson (Deputy Section 151 Officer)
<b>Report author:</b>	Moira Mackie, Senior Manager; email: <a href="mailto:moira.mackie@rbkc.gov.uk">moira.mackie@rbkc.gov.uk</a> Tel: 020 7854 5922

### 1. Executive Summary

- 1.1 The Internal Audit Plan has been reviewed to reflect the changes in the Council's structure and to ensure that our audit work addresses key risks during a period of change and general financial constraints. The Audit Plan will include sufficient audit coverage to enable us to provide an overall opinion on the Council's control framework and is sufficiently flexible to allow for additional reviews to be added in areas where support and/or advice may be required.
- 1.2 The draft Audit Plan for 2019/20 is contained in Appendix 1 to this report.

### 2. Recommendation

That the Committee review the draft internal audit plan for 2019/20 as set out in Appendix 1 and consider:

- Does the plan cover the organisation's key risks as they are recognised by the Members of the Audit & Performance Committee?
- Does the plan reflect the areas that the Members of the Audit & Performance Committee believe should be covered as priority?
- Are the Members of the Audit & Performance Committee satisfied that sufficient assurances are being received to monitor the organisation's risk

profile effectively, including any emerging issues / key risks not included in our annual plan?

### 3. Background, including Policy Context

3.1 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. Internal Audit is required to provide the S151 Officer, the Executive Leadership Team and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

A description of each level of assurance is shown below:

<b>Assurance Level</b>	<b>Details</b>
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

3.2 The draft Internal Audit Plan for 2019/20 is attached as Appendix 1 to this report. It should be noted that this Plan is an early draft, intended to identify key areas of risk for audit focus, and will be subject to some amendment before the final Plan is published in March 2019. In addition, it is recognised that changes in priorities arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes. Changes to the Plan will be reported to the Committee during the year as they arise.

- 3.3 The Internal Audit Plan, once finalised, will include sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework as well as including a contingency allowance for additional reviews in areas where support and/or advice may be required, as agreed with the Council's Section 151 Officer.
- 3.4 The Audit & Performance Committee Members are reminded that internal audit is only one source of assurance and through the delivery of our plan, we will not, and do not, seek to cover all risks and processes at the Council. We will however, seek to work closely with other assurance providers, such as External Audit, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

**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](mailto:moira.mackie@rbkc.gov.uk)**

#### **BACKGROUND PAPERS**

Internal Audit Planning Files

Business Plans and Strategic Risk Registers

Westminster City Council

Draft Internal Audit Plan

2019/20

VI - JANUARY 2019



City of Westminster

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**1. Introduction**

- 1.1 The draft Internal Audit Plan identifies the key areas within the Council where we expect to utilise our resources during 2019/10. The content of the draft Plan is informed by the Council's key priorities, significant emerging and current risks as identified in the Council's Risk Registers (see final page of this report) as well as changes made to Council systems, structures and service delivery. Areas of high risk have been identified and included in the Plan as well as cyclical and thematic reviews in areas of lower financial risk (e.g. schools).
- 1.2 The draft Plan will be discussed with Senior Managers at the Council and individual audits identified for completion during the year. The Plan is flexible to allow for change where areas of higher priority are identified whilst ensuring that sufficient internal audit coverage is provided to enable the Director for Internal Audit, Fraud, Risk and Insurance to provide the Council with an opinion at the end of the year on the adequacy of the Council's internal control, risk management and governance arrangements.
- 1.3 In addition, areas of fraud risk have been identified and evaluated by the Corporate Anti-Fraud Service and this information will be used to inform and focus the scope of some of the planned audits as well as identifying areas where pro-active exercises and data analytics can provide additional assurance that fraud risks are effectively managed (see Section 3 of this report).

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**Audit Resources**

- 2.1 The table below shows an **estimate** of the audit resources required to fulfil the Council's Audit Plan for the 2019/20 financial year (with 2018/19 figures for comparison purposes). In areas where services are provided on a shared basis with other councils, the number of days assigned to the audit is shared across the Councils.

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

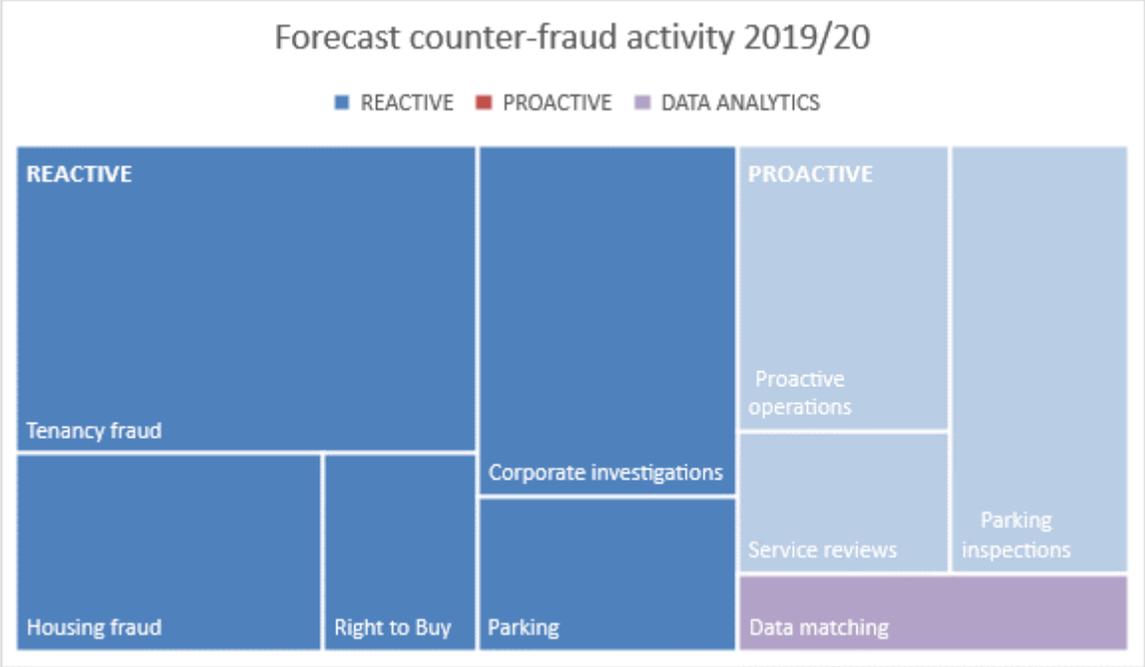
Audit Coverage	Westminster Council Estimated Planned Audit Days	
	2019/20	2018/19
Adult Social Care & Public Health*	130	130
Children's Services*	130	130
Finance & Resources (including IT and Procurement)*	470	415
HR	80	180
Legal Services	30	35
Policy, Performance and Communications	30	45
Growth, Planning Housing	180	150
City Management & Communities*	180	150
Contingency/ Management	195	195
<b>Audit Days</b>	<b>1,425</b>	<b>1,425</b>

\*These areas include Shared Services audits. The days for shared service audits are apportioned across the councils.

**Draft Audit Plan**  
 (reviewed by Audit & Performance Committee – 5 February 2019)

**3. Corporate Anti-Fraud Service**

3.1 The work undertaken by the Corporate Anti-Fraud Service (CAFS) complements the work of Internal Audit and provides additional assurance to the Council that fraud risks are being managed effectively. Reactive and proactive work is planned during 2019/20 by CAFS in the following areas:



**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

3.2 The table below shows the different areas of CAFS activity planned during 2019/20 together with an **estimate** of the resources planned against each activity:

<b>Anticipated reactive referrals (days)</b>	
Tenancy fraud	280
Right to Buy	60
Housing fraud	120
Corporate investigations	180
Parking	80
<b>Proactive activity (days)</b>	
Service reviews (fraudits)	60
Proactive operations	120
Parking inspections	150
<b>Data analytics (days)</b>	
Data matching	50
<b>Total days allocated</b>	<b>1,110</b>

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

The draft Audit Plan for each of the Council’s Departments is shown below. Where possible, the auditable area is aligned with risk(s) identified from reviewing the Council’s Risk Registers (see final page of this report).

**Adult Social Care (ASC) & Public Health (PH):**

Auditable Area:	Potential Scope:	Quarter	Priority	Risk Ref
Service Change	Following the disaggregation of services to bi-borough from tri-borough, review the system and controls in place in areas such as: <ul style="list-style-type: none"> <li>• Client Affairs;</li> <li>• Direct Payments;</li> <li>• Financial Assessments.</li> </ul>	2	High	4
Information Management & Continuity of Systems	Review of compliance with statutory requirements on the use of control over sensitive data (ASC, PH and CHS).	3	High	2
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul>	1 to 3	High	3
Cyclical Compliance and/or establishment reviews	To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR (see also Information Governance review);</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4 2 5

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**Children’s Services:**

<b>Auditable Area:</b>	<b>Potential Scope:</b>	<b>Quarter</b>	<b>Priority</b>	<b>Risk Ref</b>
Service Change	Review systems and controls following review of service provision. Areas to be considered for review include: <ul style="list-style-type: none"> <li>• Early Help – Q3;</li> <li>• Early Years – Q3;</li> <li>• Youth Service - TBC.</li> </ul>	2 to 3	High	4
Information Management & Continuity of Systems	Review of compliance with statutory requirements on the use of control over sensitive data (ASC, PH and CHS).	3	High	2
Family Services, Safeguarding Social Work	Potential areas to include: <ul style="list-style-type: none"> <li>• Review of Supporting People claims;</li> <li>• Safeguarding (work of the Safeguarding Board and sovereign based Committees).</li> </ul>	1 to 4	High	1 4, 5
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul>	1 to 3	High	3
Cyclical Compliance and/or establishment reviews	To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR, Caldicott Guardian (see also Information Governance review);</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4  2  5

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**Schools:**

<b>Auditable Area</b>	<b>Potential Scope</b>	<b>Quarter</b>	<b>Priority</b>	<b>Risk</b>
Targeted Reviews: <ul style="list-style-type: none"> <li>• To be agreed with Schools Finance?</li> </ul>	All schools previously receiving limited assurance or identified with issues from Ofsted reviews or projected budget deficit. Schools to be included not yet confirmed.	1-4	Medium	1, 4
Thematic Reviews:	Undertake thematic reviews across the school population to review compliance. Potential areas to include: <ul style="list-style-type: none"> <li>• Health &amp; Safety Compliance;</li> <li>• Recruitment;</li> <li>• IR35 Compliance;</li> <li>• GDPR &amp; IT Security.</li> </ul>	1-4	High	various

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**Finance & Resources:**

**Finance Related Audits:**

<b>Auditable Area:</b>	<b>Potential Scope:</b>	<b>Quarter</b>	<b>Priority</b>	<b>Risk Ref</b>
Financial Management System	Assurances on the adequacy of security and controls within the new HR, Payroll and Finance systems will be discussed with the provider and will form part of the audit work undertaken in these areas.	2	High	1, 4
Budgetary Control, Accounts Payable, Accounts Receivable & Income Management	Review of effectiveness of controls within the Services and the Council's Finance Teams following implementation of the new financial management system.	2 to 4	High	1, 4
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul>	1 to 3	High	3
Revenues & Benefits	Cyclical programme of audits to be agreed with the Director of Finance & Resources. To supplement not duplicate work undertaken by external audit covering: <ul style="list-style-type: none"> <li>• Council Tax;</li> <li>• Housing Benefit;</li> <li>• NNDR.</li> </ul>	3 to 4	Medium	1
Cyclical Compliance and/ or establishment reviews	To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4 2 5

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**ICT Related Audits:**

<b>Auditable Area:</b>	<b>Potential Scope:</b>	<b>Quarter</b>	<b>Priority</b>	<b>Risk Ref</b>
Information Management & Continuity of Systems	<p>Areas that may be reviewed:</p> <ul style="list-style-type: none"> <li>• IT Governance - Risk management, investment appraisal, culture and training;</li> <li>• Cyber Security;</li> <li>• IT Resilience and service continuity;</li> <li>• Access Management;</li> <li>• Data Analytics – Data Governance and Data Quality;</li> <li>• Asset Management (hardware and software) and ownership or applications.</li> </ul>	2 to 3	High	2.
Procurement & Contract Management	<p>To review a sample of:</p> <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul>	1 to 3	High	3
Cyclical Compliance and/ or establishment reviews	<p>To consider a programme of compliance reviews covering areas such as:</p> <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4 2 5

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**Procurement Related Audits:**

<b>Auditable Area:</b>	<b>Potential Scope:</b>	<b>Quarter</b>	<b>Priority</b>	<b>Risk Ref</b>
Procurement - Governance	Arrangements in place for the appropriate governance and management of procurement. This is a systems review focused on the work undertaken within the Procurement Team (compliance with procedures and governance arrangements for a sample of individual procurements will be reviewed across the Departments).	1	High	3
Programme/ Project Management/ New Systems	Placeholder. Any programme or project involvement will be identified as required.	TBC	TBC	3, 4

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**HR**

Auditable Area:	Potential Scope:	Quarter	Priority	Risk Ref
Pensions Admin	Consideration of new managed service provider and integration with the service provided by Surrey CC (including production of pension returns)	1 to 2	High	1, 4
Payroll	Scope of audit to be determined following discussion with new service provider (focus will be on Council compliance with system controls and may involve some form of continuous auditing).	1 to 3	High	1, 4
Learning & Development Tools	Review of new system, controls and compliance.	1 to 2	High	4, 5
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul>	1 to 3	High	3
Cyclical Compliance and/ or establishment reviews	Assurances on the adequacy of security and controls within the new HR, Payroll and Finance systems will be discussed with the provider and will form part of the audit work undertaken in these areas.  Areas where compliance reviews may be undertaken within the departments but may impact on the HR service are summarised below: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4  2 5

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**Legal Services:**

Auditable Area:	Potential Scope:	Quarter	Priority	Risk Ref
Governance	Review the processes for ensuring that the Council's governance arrangements are robust and are reviewed and reported on at the appropriate level and frequency. May include a review of the role of the S151 Officer and completion of the CIPFA toolkit for Effective Audit Committees – review likely to include some areas of the Policy, Performance & Communications Department.	2	High	5
Cyclical Compliance and/ or establishment reviews	To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4 2 5

**Policy, Performance & Communications:**

Auditable Area:	Potential Scope:	Quarter	Priority	Risk Ref
Governance	See Legal Services Plan – likely to involve both Departments.	See Legal Services Plan	See Legal Services Plan	See Legal Services Plan
Risk Management	Review of the processes in place for the effective identification and reporting of risks and how these risks are being managed – sample review of departmental risk management processes.	3	High	5
Cyclical Compliance and/ or establishment reviews	To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2	High	1, 4 2 5

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**Growth, Planning & Housing:**

Auditable Area:	Potential Scope:	Quarter	Priority	Risk Ref
Housing Management	To review processes following the move of housing management functions from CWH to the Council. Audits could include: <ul style="list-style-type: none"> <li>• Major Works, lessee and service charges (deferred from 2018/19);</li> <li>• Management of TMOs - appropriate support and oversight is provided to the TMOs (deferred from 2018/19) and follow up on previous audit work within the TMOs;</li> <li>• Repairs Service.</li> </ul>	1 to 3	High	4
Property Services	Ongoing review of the effectiveness of arrangements for ensuring Health & Safety requirements are in place and appropriately inspected (cross over with CMC) – audit review commenced in 2018/19.	1 to 3	High	4
Property Services	To review the processes in place following the transfer of responsibility for TFM from Amey to the Council, including a review of contracts, property records, health and safety responsibilities etc...	1 to 2	High	4
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul> May include: <ul style="list-style-type: none"> <li>• Housing Related Support Contracts;</li> <li>• Place Shaping.</li> </ul>	1 to 3	High	3
Income – Property & Housing	Identify major income generating areas. Review a sample as to how effective they are at achieving income targets and identifying areas of strength and weakness to inform decision making.	2	High	1
Cyclical Compliance and/ or establishment reviews	<b>Establishments:</b> To be discussed with the service but may include housing TMOs, estate managed community facilities etc. <b>Compliance:</b> To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	2 to 4	High	1, 4  2 5

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**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**City Management & Communities:**

Auditable Area:	Potential Audit Scope:	Quarter	Priority	Risk Ref
Health & Safety	Ongoing review of the effectiveness of arrangements for ensuring Health & Safety requirements are in place and appropriately inspected (cross over with GPH) – audit review commenced in 2018/19.	1 to 3	High	4, 5
Effective Neighbourhood Working	Governance, operating model, compliance with legislation etc. (Similar to review of Libraries operating model previously undertaken).	2	Medium	5
Contingency Planning	Major Incident Management: Business Continuity and Emergency Planning.	1	High	1, 2, 5
Procurement & Contract Management	To review a sample of: <ul style="list-style-type: none"> <li>• current procurements for compliance with the requirements of the Procurement Code;</li> <li>• existing contracts to ensure that appropriate contract management arrangements are in place.</li> </ul> May include: <ul style="list-style-type: none"> <li>• Public Realm Schemes (highways risks);</li> <li>• Waste Strategy.</li> </ul>	1 to 3	High	3
Registrar Service	Review of effectiveness of service improvement and impact on income generation.	1	Medium	1, 4, 5
Library Service	Effectiveness of the TOM for the service and impact of separating the service from tri-borough to bi-borough.	3	Medium	1, 5
Cyclical Compliance and/ or establishment reviews	<p><b>Establishments:</b></p> <ul style="list-style-type: none"> <li>• Mortuary;</li> <li>• Coroners.</li> </ul> <p><b>Compliance:</b></p> To consider a programme of compliance reviews covering areas such as: <ul style="list-style-type: none"> <li>• budgetary control and implementation of new finance, hr and payroll systems;</li> <li>• GDPR;</li> <li>• Ethical governance including conflict of interest reporting, receipt of gifts &amp; hospitality.</li> </ul>	1 to 3	Medium  High	1, 2, 5

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

**Risks identified from the Council’s Risk Registers**

The risks identified from the Council's Risk Registers are summarised below. Where possible, audits in the plan will be linked to identified risk(s).

Risk Ref	Risk Description
1.	<p><b>Financial</b> - pressures resulting from increase in demand for services, reduced funding or predicted income, slowdown in the economy and inflationary pressures:</p> <ul style="list-style-type: none"> <li>• Financial pressures resulting from the increases in demand in Adult Social Care, the fragility of the market and the increasing complexity of cases;</li> <li>• Adverse impact on Public Health Investment in other Council departments due to departmental budget pressures;</li> <li>• Increasing demand for placements if Looked after Children numbers rise, due to increases in Unaccompanied Asylum Seekers (UASC);</li> <li>• Delivery of core service in Children’s Services within budget, identification of growth bids and identification of budget savings.</li> <li>• Budgets not balanced, services overspend, delays to projects and under-achieving income targets;</li> <li>• Increase in business rates appeals;</li> <li>• Review of funding formula;</li> <li>• Ability to deliver the capital programme;</li> <li>• Managing public expectation during a time of austerity (see also change);</li> <li>• Increase in pressure on Housing Options as a result of the requirements of the Homelessness Reduction Act;</li> <li>• Supply of private sector housing affordable to households on benefits does not meet demand from the Council's statutory requirements;</li> <li>• Ability to deliver savings in respect of Supported Housing;</li> <li>• Viability of Regeneration schemes - a scheme may not be attractive in commercial terms and/or provide the appropriate outcome for the residents, visitors and businesses;</li> <li>• Decline in income from on street parking.</li> </ul>
2.	<p><b>Information Management and Continuity of Systems:</b></p> <ul style="list-style-type: none"> <li>• Management of information in compliance with the requirements of GDPR and minimising the risk of loss of information or inappropriate disclosure;</li> <li>• Weaknesses in Information Governance structures could result in data breaches or accidental loss of key information;</li> <li>• Loss of systems due to either systems failure or cyber- attack;</li> <li>• Strong security hygiene policies and user awareness;</li> <li>• IT Health Checks and compliance such as PCI;</li> <li>• Implementation of Windows 10;</li> </ul>
3.	<p><b>Procurement and Management of Suppliers:</b></p> <ul style="list-style-type: none"> <li>• Compliance with Standing Orders, the Procurement Code and regulatory framework for procurement to minimise the risk of provider challenge;</li> <li>• Weak supplier resilience which could result in supplier bankruptcy or other service failure;</li> <li>• Effective management of contracts to ensure deliverables are received and value for money achieved.</li> </ul>

**Draft Audit Plan**  
(reviewed by Audit & Performance Committee – 5 February 2019)

Risk Ref	Risk Description
4.	<p><b>Impact of change:</b></p> <ul style="list-style-type: none"> <li>• Failure in service continuity/ safeguarding arrangements arising from changes in shared service arrangements;</li> <li>• Effective operating models and financial standards need to be maintained in schools in readiness for the introduction of the National Funding Formula, to minimise the risk of schools developing budget deficits;</li> <li>• Implementation of the Family Story Phase 2 Programme;</li> <li>• The effectiveness and accuracy of information must be maintained following the implementation of the new Enterprise Resource Planning system and Managed Services model (relating to HR, Payroll and Finance);</li> <li>• Managing public expectation during a time of austerity (proactively communicate changes to residents);</li> <li>• Support to services with Policy and programme management relating to change;</li> <li>• Impact of Brexit on the Council and local economy;</li> <li>• Maintaining an effective housing management service post transfer of responsibilities from CWH to the Council;</li> <li>• Effective transfer of services from Amey to the Council (including responsibility for health and safety compliance);</li> <li>• The effectiveness of the Safer Westminster Partnership (SWP) and resources needs to be maintained following the changes in the Police Basic Command Unit (BCU).</li> </ul>
5.	<p><b>Council Priorities:</b> Civic Leadership, Opportunity &amp; Fairness and World Class City:</p> <ul style="list-style-type: none"> <li>• Maintaining appropriate and effective governance and high ethical standards by all staff and Council Members;</li> <li>• Ensure compliance with statutory requirements and provide a safe environment for staff, residents and visitors;</li> <li>• Effectiveness of partnership arrangements and the multi-agency approach to support vulnerable people using the streets during the day and to reduce anti-social behaviour and criminality;</li> <li>• Implementation of an effective Waste Strategy that has a positive impact on residents, businesses and visitors to the City;</li> <li>• Effectiveness of Council's work with responsible agencies to support the delivery of the Government's Counter-Terrorism Strategy (CONTEST).</li> </ul>



City of Westminster

## Audit & Performance Committee Report

<b>Meeting:</b>	<b>Audit &amp; Performance Committee</b>
<b>Date:</b>	<b>5 February 2019</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Work Programme</b>
<b>Wards Affected:</b>	<b>N/A</b>
<b>Financial Summary:</b>	<b>There are no direct financial implications arising from this report</b>
<b>Report of:</b>	<b>Acting Head of Committee &amp; Governance Services</b>
<b>Report Author:</b>	<b>Andrew Palmer, Senior Committee &amp; Governance Officer. Tel: 020 7641 2802 or email: <a href="mailto:apalmer@westminster.gov.uk">apalmer@westminster.gov.uk</a></b>

### 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 May.
- 1.2 The Committee is asked to note the actions which arose from the meeting on the 14 November 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 2 May 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:

**Andrew Palmer, Senior Committee and Governance Services Officer**

**Tel: 020 7641 2802 or email: [apalmer@westminster.gov.uk](mailto:apalmer@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
<b>Annual Statement of Accounts and Outturn 2017-18</b>	To formally receive and approve the final accounts with any update arising from the public inspection period.	Steve Mair (Finance)
<b>Grant Thornton Audit Finding Reports 2017-18</b>	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**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Annual Contracts Review 2017/18</b>	To review of the City Council's contracts, including details of contracts awarded, waivers and performance.	Maria Benbow (Procurement)
<b>2017/18 End of year Performance Business Plan Monitoring and Period 2 (May) Report</b>	<p>The year-end report presents detailed performance results for the year April 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>
<b>Annual Counter Fraud Monitoring Report</b>	To oversee and monitor the performance of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
<b>Annual Report on Internal Audit and Internal Control - 2017/18</b>	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)
<b>Work Programme 2018/19</b>	The Committee is invited to agree its work programme for the 2018/19 municipal year.	Reuben Segal

**18 September 2018**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2018/19</b>	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
<b>Grant Thornton Annual Audit Letter 2017/18</b>	To consider Grant Thornton's assessment of the Council's financial statements and its arrangements to secure value for money in its use of resources.	Paul Jacklin Paul Dossett (Grant Thornton)
<b>Progress and Update on 2018-2019 Audit</b>	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)
<b>Finance (P3) &amp; Performance Business Plan Monitoring Report</b>	To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.  To monitor Quarter 1 performance results against the 2017/18 business plans	Steven Mair (Finance)  Cathy Mullins/ Mo Rahman (Performance)
<b>Update on HRA Capital Programme Slippage</b>	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)
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)

<b>Internal Audit Charter</b>	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)
<b>Managed Services Update</b>	To receive an update on the transition arrangements from BT to Hampshire County Council.	John Quinn (Corporate Services)
<b>Update from CityWest Homes</b>	To receive a report from the Council's Housing Directorate and CWH on: <ul style="list-style-type: none"> <li>• Operational Performance</li> <li>• Contract Management</li> <li>• Complaints</li> <li>• Risk</li> <li>• Financial Standing</li> </ul>	Sandra Skeete (CWH)
<b>Procurement Update</b>	To receive an update on contract management programme and outcomes/achievements delivered to date.	Maria Benbow

**14 November 2018**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2018/19</b>	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
<b>Progress and Update on 2018-2019 Audit</b>	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)
<b>Corporate Complaints 2017/18</b>	To report on the volume and details of complaints received by the Council and CityWest Homes in 2018/19.	Sue Howell (Complaints)
<b>Finance Monitoring Report</b>	To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.	David Hodgkinson (Finance)
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)
<b>Mid-Year Counter Fraud Monitoring Report</b>	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)

<p><b>Update on Bi-Borough Arrangements</b></p>	<p>To monitor the key operational issues in Adults, Children's and Public Health Services following the transition from Tri-Borough to Bi-borough arrangements.</p>	<p>Melissa Caslake Bernie Flaherty</p>
<p><b>Review of Anti-Fraud Policies</b></p>	<p>To review and approve the following which are maintained by the Corporate Anti-fraud Service:</p> <ul style="list-style-type: none"> <li>• Whistleblowing Policy</li> <li>• Fraud Response Plan</li> <li>• Anti-bribery Policy</li> <li>• Anti-money Laundering Policy (including procedures)</li> </ul>	<p>Andy Hyatt (Corporate Anti-fraud Service)</p>
<p><b>Update on Hampshire County Council Partnership and BT Managed Services Exit</b></p>	<p>To receive an update on the transition arrangements from BT to Hampshire County Council.</p>	<p>David Hodgkinson (Finance)</p>

## 5 February 2019

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2018/19</b>	The Committee is invited to review its work programme for the 2018/19 municipal year.	Reuben Segal
<b>Grant Thornton Certification of Claims and Returns Annual Report (Audit 2017/18)</b>	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
<b>Grant Thornton Annual Audit Plan 2018/19</b>	To set out the audit work that Grant Thornton proposes to undertake for the audit of the financial statements and the value for money (VFM) conclusion 2018/19.	Paul Jacklin Paul Dossett (Grant Thornton)
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.  To monitor Quarter 2 performance results against the 2018/19 business plans	David Hodgkinson (Finance)  Mo Rahman/ Damian Highwood (Performance)
<b>Maintaining High Ethical Standards at the City Council</b>	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority	Tasnim Shawkat (Monitoring Officer)
<b>Update from CityWest Homes</b>	To receive a report from the Council's Housing Directorate and CityWest Homes on: <ul style="list-style-type: none"> <li>• Operational Performance</li> <li>• Contract Management</li> <li>• Complaints</li> <li>• Risk</li> </ul>	Barbara Brownlee/ Sandra Skeete (CWH)

<b>Managed Services Update</b>	To receive an update on the transition arrangements from BT to Hampshire County Council.	Dave Hodgkinson (Finance)
<b>Procurement Update</b>	To receive a quarterly update on Procurement activity by Service Directorate	Mandy Gado
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	David Hughes (Internal Audit)
<b>Internal Audit Plan 2019/20</b>	To review and comment on the draft audit plan for 2019/20	David Hughes (Internal Audit)

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Draft Annual Statement of Accounts and Outturn 2018/19</b>	To review the draft 2018-19 Annual Statement of Accounts and outturn.	David Hodgkinson (Finance)
<b>Pensions Administration Update</b>	To receive an update on any changes to pensions administration to assist Councillors in reviewing the draft Statement of Accounts for the City of Westminster Pension Fund	Phil Triggs (Finance)
<b>Draft Audit Findings Report 2018/19</b>	To review the reports from the Council's external auditors on the key findings arising from their audit of the councils 2017-18 financial statements (Council and Pension Fund)	Paul Dossett Paul Jacklin (Grant Thornton)
<b>Performance Business Plan Monitoring Report</b>	To monitor Quarter 3 performance results against the 2017/18 business plans	Damian Highwood/ Mo Rahman (Performance)
<b>Integrated Investment Management Strategy</b>	To review the performance of the integrated investment management strategy.	Finance
<b>Review of Effectiveness</b>	To consider the outcomes of the following reviews: <ul style="list-style-type: none"> <li>• The CIPFA Took Kit on Effective Audit Committees;</li> <li>• The CIPFA Statement on the Role of the Head of Internal Audit;</li> <li>• The CIPFA Statement on the Role of the Chief Financial Officer;</li> <li>• The Public Sector Internal Audit Standards (PSIAS) Self-Assessment.</li> </ul>	David Hughes (Internal Audit)

<b>Procurement Update</b>	To receive a quarterly update on Procurement activity by Service Directorate	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: 14 November 2018**

ACTION	OUTCOME	LEAD OFFICER
<b>ANNUAL CORPORATE COMPLAINTS 2017 - 2018</b>		
1. The Committee has requested that future complaint reports cover all of the Council's services including the statutory complaints from Adults and Children's and Family Services and the Housing provision currently being delivered by CityWest Homes, once this has been bought back in-house, in order to obtain a complete picture of complaints received by the Authority.	This will be actioned.	<b>Sue Howell, Customer and Complaints Manager</b>
2. The Committee asked for detailed information on Adult complaints that were either fully or partially upheld.	This information was circulated on 7 January.	<b>Gary Hamilton, Head of Operations, Adult Social Care</b>
<b>FINANCE PERIOD 6 MONITORING REPORT</b>		
1. Provide the Committee with a note on progress in leasing the ten lower floors of City Hall which will contribute to revenue savings through the generation of rental income	This information was circulated on 18 January.	<b>Guy Slocombe, Director of Property Investments and Estates</b>
<b>COUNTER FRAUD 2018-2019 HALF YEAR MONITORING REPORT</b>		
1. The Committee requested that the information on disabled parking badge fraud prosecutions is shared with Ward Councillors and that future reports include a breakdown of which streets are affected	Information will be shared with Ward Councillors at the end of the financial year, when sufficient data (including street and road information) will make reporting more meaningful and useful.	<b>Andy Hyatt, Tri-borough Head of Fraud.</b>

ACTION	OUTCOME	LEAD OFFICER
<b>COUNTER FRAUD POLICY REVIEW</b>		
<p>1. To obtain an understanding of the levels of cash transactions received by the authority and the potential for suspicious transactions the Committee would like a breakdown of cash payments over the last 12 months as follows:</p> <p>(ii) £10,000            (iii) £5,000 - £10,000            (iv) £2,500 - £5,000</p>	<p>This information was circulated on 28 January.</p>	<p><b>Dave Hodgkinson, Assistant City Treasurer</b></p>
<b>UPDATE ON BI-BOROUGH ARRANGEMENTS IN CHILDREN'S SERVICES, ADULT SOCIAL CARE AND PUBLIC HEALTH</b>		
<p>1. To assist Members with monitoring performance, the Committee would like future reports to include the key performance indicators and outturn under each divisional update.</p>	<p>This will be actioned.</p>	<p><b>John O'Sullivan, Head of Business Intelligence and Strategy, Children's Services).</b></p>
<b>UPDATE ON HAMPSHIRE COUNTY COUNCIL PARTNERSHIP AND BT MANAGED SERVICES EXIT</b>		
<p>1. The Committee would like the next update to include a breakdown of performance against agreed targets.</p> <p>2. The Committee would like details at the end of Q1 of the volume and sum of new invoices raised and re-produced due to the raising of queries and requests for a partial credit note.</p>	<p>This will be included in the report to Committee on the 5 February.</p> <p>This will be circulated shortly after Q1.</p>	<p><b>David Hodgkinson, Assistant City Treasurer</b></p>
<b>WORK PROGRAMME AND ACTION TRACKER</b>		
<p>1. The Committee would like to review the draft key performance indicators for the Council's housing service that is being bought back in-house to consider whether the targets are appropriate.</p>	<p>This will be included in the report to Committee on the 5 February.</p>	<p><b>Barbara Brownlee, Executive Director, Growth, Planning and Housing)</b></p>