



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 7th September, 2022**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Aziz Toki (Chair), Tony Devenish, Paul Fisher and Patrick Lilley.

Also Present:

Gerald Almeroth (Executive Director Finance and Resources), Jake Bacchus (Director of Finance), Angela Bishop (Head of Stakeholder Engagement and Transformation - GPH), Nick Byrom (Strategic Performance Manager), Ian Clarke (Performance Manager), Sarah Crouch (Deputy Director of Public Health), Annelie Drabu (Director of Strategy and Intelligence), Abbey Gough (FM Deputy Head of Corporate Finance), Damian Highwood (Chief Analyst), Debbie Jackson (Executive Director of Growth, Planning and Housing), Moira Mackie (Head of Internal Audit), Sarah Newman (Bi-Borough Executive Director of Children), Mohibur Rahman (Head of Strategy and Performance), Visva Sathasivam (Bi-Borough Director of Social Care), Neil Wightman (Director of Housing), Lee Witham (Director of People Services), and Clare O'Keefe (Temporary Joint Lead Policy and Scrutiny Advisor).

1 MEMBERSHIP

- 1.1 Councillor Jessica Toale sent apologies.
- 1.2 Councillor Patrick Lilley attended as substitute for Councillor Jessica Toale.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MINUTES

- 3.1 The Committee approved the minutes of its meeting on 21 July 2022.

3.2 RESOLVED:

That the minutes of the meeting held on 21 July 2022 be signed by the Chair as a correct record of proceedings.

4 QUARTERLY PERFORMANCE REPORT 2022/23

- 4.1 The Committee received an overview of the Quarterly Performance Report 2022/23 from Nick Byrom (Strategic Performance Manager). The Committee understood that the report summarises the Council's (Westminster City Council) performance and progress at the end of Quarter 1 2022/23. The Committee also noted the latest cumulative results available for each key performance indicator (KPI) at the end of Quarter 1 where possible (April 2022 – June 2022).
- 4.2 The Committee questioned the impact of the cost-of-living crisis on Council services. Sarah Newman (Bi-Borough Executive Director of Children) stated that it is expected there will be an increase in referrals to children's social care, in particular relating to mental health issues (parental as well as children's) and there is likely to be a rise in domestic abuse issues as well. The Committee was advised that child poverty at the time of the Committee was at 30 percent and the eligibility of free school meals had risen by 30 percent over the last two years and this is expected to rise further. The Committee was also informed by Visva Sathasivam (Bi-Borough Director of Social Care) that adult mental health referrals will increase due to the cost-of-living crisis, and there will be an impact on numbers of carers as the Council will be asked to top up care for residents if informal carers have to work more hours to offset the cost of living.
- 4.3 The Committee was informed by Debbie Jackson (Executive Director of Growth, Planning and Housing) that, from a Housing Services perspective, further demand for homeless services is expected as a result of the cost-of-living crisis. The Council relies on the work of the private rented sector to provide homes for people through the homelessness service, both in terms of emergency housing and temporary accommodation. The Committee was concerned to note that as the cost of rented accommodation is going up, this will have a profound effect on residents, the dynamics of the Housing Service's cost base, and will impact on how services are delivered to residents. Nick Byrom informed the Committee that 24 percent of the population in Westminster receive means tested benefits and could be acutely affected by the cost-of-living crisis depending on measures the Government takes to alleviate financial hardship pressures.
- 4.4 The Committee asked how the impact of the cost-of-living crisis is being factored into long-term planning. Gerald Almeroth (Executive Director Finance and Resources) informed the Committee that the current medium-term financial planning is picking up a four-year plan. This will not only focus on budget issues but will also take into account the administration's policy objectives as well as observations of external events, where demand is likely to be and what mitigations should be considered.
- 4.5 The Committee noted the timing of the Quarterly Performance reports and asked if projections for the following Quarter could be presented in the next report. Nick Byrom informed the Committee that whilst it is potentially difficult from a performance management point of view to give a trajectory, indicators could be given to the Committee. The Committee emphasised that the next

meeting of the Committee is, in the context of the current environment, a substantial time in the future and it would be appreciated knowing what Directorates are doing differently to reach KPIs.

- 4.6 The Committee enquired about the Housing Service's Community Thursdays and that it would be appreciated if feedback from residents could be communicated. Debbie Jackson provided the Committee with an overview of Community Thursdays. Neil Wightman (Director of Housing) informed the Committee that residents are happy with the face-to-face engagement and the introductions to the new Housing Officers. Residents would however prefer there to be more communication and, face-to-face conversations and early engagement, especially around major works. The Committee was pleased to note that the Housing Service had knocked on over 2.5 thousand doors in 10 weeks and had spoken to over 700 residents in that time through the Community Thursdays initiative. It was agreed that a printed copy of resident statements and perhaps a monthly bulletin would be investigated.
- 4.7 The Committee raised a query about the Future of Westminster Commission meeting on 21 June 2022 and whether feedback would be publicly available. The Committee was informed that Members would be updated in due course on this.
- 4.8 The Committee questioned the status of efforts to rectify the census results of the number of people who live and work in Westminster. The Committee was informed by Damian Highwood (Chief Analyst) that bi-lateral discussions had been held with ONS (Office for National Statistics) over the summer and ONS has acknowledged that the census is an undercount of Westminster's normal and true population. The Committee understood that this does not necessarily mean that the Council will agree with the ONS figures that will eventually be adjusted. It was agreed that the Committee would receive a briefing on the status of the census negotiations.
- 4.9 The Committee enquired about the rollout of the Monkeypox vaccinations and what was being done with partners to advertise the vaccine. Sarah Crouch (Deputy Director of Public Health) informed the Committee that the vaccine is effective, and the number of residents being vaccinated is being monitored. The Committee understood that the rollout followed a selective strategy as there had not been enough vaccine supply, but now that the recommended dosage has changed, an increased number of residents can be vaccinated with same amount of vaccine. The Committee was advised that the strategy focuses on reducing the exposure of people who are at the highest risk. The Committee acknowledged that there is potential for health inequalities and outreach is being undertaken to reach those who might not come forward for vaccines.
- 4.10 The Committee also asked what is being done to reduce health inequality in the context of the cost-of-living crisis. The Committee was advised by Sarah Crouch that specific residents are being identified based on current information and immediate demands, but upstream intervention is also being investigated as well as increasing the availability of green doctors. The

Committee noted that reducing inequalities is a common theme against everything the Public Health service undertake.

- 4.11 The Committee commented that vaccine uptake is generally low in Westminster and asked what is being done to mitigate this. Sarah Crouch advised that the Monkeypox take up is quite good but more needs to be done around outreach and ensuring it is an equal access offer. In terms of the COVID-19 vaccine, the response partially relates to the census and the number of residents who were available to take up vaccine and Officers are continuing to evaluate this. Whilst child vaccines are a concern, the Council has no direct responsibility for child immunisations as this now sits under the NHS but Officers have coordinated a pilot to interrogate the data, establishing what the Council can do to reach residents and hold partners to account. The Committee was also informed that flu clinics have been launched and NHS communications are being amplified and Officers are working across the Council, using networks and communication mechanisms available to reach communities.
- 4.12 The Committee asked a question around market practitioner events and how contractors and individuals had been selected for the events. Gerald Almeroth provided an overview of the Responsible Procurement Strategy which aims to engage with markets better. The Committee was informed that feedback had been given by the markets which included the establishment of industry-specific events. Debbie Jackson advised the Committee that the construction-specific event on 26 July 2022 was well attended and the Economy team used their sector-specific networks to spread the word. The Committee noted the importance of transparency and Gerald Almeroth stated it is recognised that public procurement is something that smaller companies find quite difficult, so the events allow small and medium enterprises to connect with the larger ones and facilitate opportunities to sub-contract with the larger contracts.
- 4.13 The Committee made an enquiry about the Queens Park Court, Adpar and Torridon construction stage. Debbie Jackson informed the Committee of the affordable housing delivery between the three schemes. The Committee was advised that the focus is on how the Council can maximise truly affordable housing, so Officers have been looking across the programme to see how the delivery of affordable housing can be most effective, for social rent homes in particular. The Committee understood that there is a full report which is going to go to Cabinet in October which will set out the programme and the work which is being done and it will include recommendations for detailed decisions relating to schemes.
- 4.14 The Committee stated that the report which has been provided is alarming and brought home how difficult the next quarters and years are likely to be. The Committee noted that Officers are doing their best to protect the vulnerable in Westminster and prioritise those who are going to be most affected by the cost-of-living crisis.
- 4.15 The Committee advised that they would like for the next quarterly report to include items such as: candy stores, Council tax and infills.

4.16 RESOLVED:

- 4.16.1 That the Committee noted the performance updates at Quarter 1.
- 4.16.2 That the Committee would receive a briefing on the status of the census negotiations.
- 4.16.3 That the Committee would be informed of the status of feedback of Future of Westminster Commission meeting on 21 June 2022.
- 4.16.4 That the Committee would receive KPI projections in the next Performance Report.
- 4.16.5 That the Committee would be updated on candy stores, Council tax and infills in the next Performance Report.

5 QUARTER 1 FINANCIAL MONITOR

- 5.1 The Committee received a summary from Jake Bacchus (Director of Finance) of the Council's 2022/23 Quarter 1 financial position to date and the forecast for the remainder of the year, based on activity trends and analysis to date. The Committee noted that, as at Quarter 1 of the 2022/23 Financial Year, the General Fund - Revenue is reporting a forecast overspend of £4.465m against a budget of £184.862m. As at Quarter 1, the capital programme for 2022/23 reflected a projected £69.296m gross expenditure variance and £47.541m net variance.
- 5.2 The Committee noted concern about the impact of the increased inflation rate and what the Council plans to do to meet this challenge. Jake Bacchus informed the Committee that there are management actions in train to mitigate the challenge of increased inflation. When the budget was set, CPI inflation rates were 5.4 percent but, at the time of the report being written in July 2022, rates were 10.1 percent. At the time of setting the budget, there was a provision put aside to match the 5.4 percent but there is now an overspend. The Committee was advised that to meet this challenge, Officers need to ensure approved savings targets are met in full and on time to contain the pressures of inflation. Other drivers of inflation are around contractors and suppliers, so Officers are undertaking proactive conversations and building relations to drive value out of contracts and operating in a granular method regarding how inflation is applied to contracts. The Committee was advised that there is a continuous feedback loop between contractors, procurement and Officers.
- 5.3 The Committee enquired about a scenario where the Government could cap the Housing Revenue Account (HRA) rent increase, but the Council is not reimbursed for additional costs. Gerald Almeroth advised the Committee that there is a consultation out at present that suggests different rent caps. The Committee understood that the Council has a 30-year business plan but if rents do not go up to cover increased costs or inflation, then this could impact other services, deplete the HRA and reduce borrowing ability. The Committee

was content to note that each contract manager is discussing this with suppliers.

- 5.4 The Committee noted that Children's Services is, at present, high risk. The Committee was informed by Sarah Newman that the Service is seeing increasing demand for support in families where children have SEN (Special Educational Needs). This is through the health and education care plans but also through transport costs and breaks to allow families to cope. The Committee understood that the Service is undertaking a review because whilst the child population is declining in Westminster, Officers are seeing an increased need for SEN support. Officers are also looking at how short breaks are facilitated to make it more cost effective.
- 5.5 The Committee also noted that the other challenge for Children's Services is looked after children and their placement costs. Over the last two years, the proportion of looked after children who are unaccompanied minors reduced and the number of children who are becoming looked after is increasing. The Council receives a grant from central Government to cover the cost of looked after children who are unaccompanied minors, but it does not receive a grant from those who are looked after generically, so the Service is seeing increased pressure around placement costs for those children. The Committee was concerned to note that these issues are only going to increase with the cost-of-living crisis and more pressure on family life. The Service is however mitigating this pressure by utilising local placements as opposed to purchasing independent placements, favouring extended family placements and, if the Service is commissioning external placements, then this is being done as economically as possible. The Committee was pleased to note that the Service is working with Councils across London to ensure that the commissioning framework is as economic as possible whilst providing the best care it can. It was agreed that the Committee would receive a synopsis of this work.
- 5.6 The Committee asked about the reserve for the Public Health department and was advised by Sarah Crouch that the reserves are around £4m but there is a strategy to bring the reserves down to the benchmarked £1.5m to alleviate the ongoing issue of non-recurrent funds. The Committee was informed of the strategy in place to invest £3.75m in a range of actions which will address issues like fuel poverty, homelessness, the environment residents live in and ensure that healthy choices are made easier.
- 5.7 The Committee made enquires on Council staff pay rises and the number of vacant full time equivalent posts. Jake Bacchus informed the Committee that the current pay rise proposal, which is based on current data, has been put to unions and this offers a flat increase rather than a percentage increase. The Committee understood from Gerald Almeroth that historically Westminster City Council has had a low turnover and Officers are working hard to reduce agency costs. The Committee was informed that this is not likely to change as the Council is still seen as an attractive and safe employer, but Officers are remaining confident rather than complacent. It was agreed that the Committee would receive a breakdown of staff turnover in the next report.

5.8 The Committee asked a question on the impact of inflation on Council reserves. The Committee was advised by Gerald Almeroth that the total cash portfolio reserve is managed through the Treasury Management function. The Council has significant flows of cash (around £1bn in cash) but, whilst, high risk investments are not viewed favourably, at present it is difficult to match high inflation with modest, safe returns. The Committee understood that the inflation rate has an effect on services that the Council purchases, and services are different, based on people and other external factors and indices. The Committee was also informed by Gerald Almeroth that interest gained from savings is potentially due to rise, however, borrowing plans for future funding and future capital schemes are made more expensive by inflation and risks the viability of the schemes.

5.9 The Committee queried the sum for the refurbishment of the Broadwick Street Auto Public Convenience under the Public Conveniences Renovation programme, and it was agreed that the Committee would receive a breakdown of costs on each refurbishment component of the programme. The Committee also asked about the Oxford Street District project and the underspend associated with the new administration reviewing the capital commitments that were underway.

5.10 RESOLVED:

5.10.1 That the Committee noted the current monitoring and forecast position at Quarter 1 for 2022/23.

5.10.2 That the Committee would receive a synopsis of the work Children's Services is undertaking in relation to looked after children and placement costs.

5.10.3 That the Committee would receive a breakdown of staff turnover in the next report.

5.10.4 That the Committee would receive a breakdown of costs on each refurbishment component of the Public Conveniences Renovation programme.

6 WORK PROGRAMME

6.1 The Committee held a discussion on the need for a potential emergency meeting in the context of the new Prime Minister and what is happening with the wider national economy. The Committee decided to wait to see projections which are due to come to the next meeting of the Committee.

The meeting ended at 19:45.

CHAIR: _____

DATE _____

