



City of Westminster

Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Tuesday 29th November, 2022**

Time: **6.30 pm**

Venue: **18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**

Aziz Toki (Chair)
Tony Devenish
Paul Fisher
Jessica Toale



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 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.

If you require any further information, please contact Clare O'Keefe, Joint Lead Policy and Scrutiny Advisor on cokeefe@westminster.gov.uk.

Corporate Website: www.westminster.gov.uk

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

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations by Members and Officers of the existence and nature of any pecuniary interests or any other significant interest in matters on this agenda.

3. MINUTES

To approve the minutes of the previous meeting.

(Pages 3 - 8)

4. GENERAL PROCUREMENT UPDATE

(Pages 9 - 28)

5. CONTRACT AND SUPPLIER PERFORMANCE REPORT

(Pages 29 - 44)

6. QUARTERLY PERFORMANCE REPORT

(Pages 45 - 62)

7. CORPORATE COMPLAINTS REPORT

**(Pages 63 -
116)**

8. Q2 FINANCE MONITOR

**(Pages 117 -
146)**

9. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW

**(Pages 147 -
160)**

10. INTERNAL AUDIT PROGRESS REPORT

**(Pages 161 -
172)**

11. REVIEW OF THE INTERNAL AUDIT CHARTER

**(Pages 173 -
186)**

12. MID-YEAR COUNTER FRAUD REPORT

**(Pages 187 -
204)**

13. REVIEW OF ANTI-FRAUD POLICIES

**(Pages 205 -
228)**

14. WORK PROGRAMME

**(Pages 229 -
238)**

15. ANY OTHER BUSINESS

**Stuart Love
Chief Executive
17 November 2022**

This page is intentionally left blank



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Monday 31 October, 2022**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Aziz Toki (Chair), Paul Fisher and Md Shamsed Chowdhury.

Also Present: Gerald Almeroth (Executive Director Finance and Resources), Jake Bacchus (Director of Finance), Phil Triggs (Tri-Borough Director of Treasury and Pensions), Joanne Brown (Grant Thornton), Matt Dean (Grant Thornton) and Jack Robinson-Young (Cabinet and Committee Coordinator).

1 MEMBERSHIP

- 1.1 The Committee noted that Councillor Md Shamsed Chowdhury was attending 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 7 September 2022.

RESOLVED:

That the minutes of the meeting held on 7 September 2022 be signed by the Chair as a correct record of proceedings.

4 AUDIT UPDATE ON STATEMENT OF ACCOUNTS

- 4.1 The Committee was informed that the Councils external auditors Grant Thornton UK LLP had performed their external audit of the Pension Fund accounts, subject to ongoing audit quality review by the Engagement Lead.

- 4.2 The Committee was informed that the Council expects an unqualified opinion on its accounts by the end of November 2022, the national audit sign-off deadline line, subject to the Department of Levelling Up, Housing and Communities issuing a statutory override to the Local Authority Capital Finance and Accounting Regulations to change accounting and reporting requirements on Infrastructure Assets.
- 4.3 The Committee was informed of a further aspect, the Value for Money audit, which is underway and is expected to conclude by the end of this calendar year. This report, plus the final External Audit Annual Findings Report will be presented to Committee in January 2023, alongside the audited statements of accounts.
- 4.4 The Committee was informed of the challenges facing the sector with only a small percentage (9%) of English Authorities having had their 2020/21 accounts signed off by the November 2021 deadline. Westminster was one of the few authorities having their 2020/21 accounts fully audited by the statutory deadline.
- 4.5 The Committee was informed by the auditors, Grant Thornton, of key changes that had been identified and now were reflected in the updated accounts:
- 4.5.1 **Collection Fund:** The Council has an annual collectable business rates liability of c£2.5bn, with some rates payable being subject to appeal. The audit review has led to changes in the appeals provision based on “Check, Challenge and Appeal” system. On further analysis, it was discovered that this excludes “Checks” and has therefore pushed the Council deeper in to its business rates safety net position, as such, the Council is owed a further £14.2m from central Government. This amount has been passed into earmarked reserves.
- 4.5.2 **Pension Upfront Payment:** A change in accounting treatment was required this year as the pension deficit payments over the last two years were deemed to related to future time periods. These should therefore be transferred to the pension liability on the balance sheet to be amortised over the next 13 years. Whereas previously the Council had financed £22.7m as an expense in 2020/21 and 2021/22, this should be financed over the coming 13 years, resulting in earmarked savings increasing by £45m. This will be used to support the Councils 15-year capital programme.
- 4.5.3 **Financial Instruments:** The 2020/21 debtors balance has been restated to include loans to the Council’s subsidiaries, Westminster Housing Investment Ltd and Westminster Community Homes. The loans were previously excluded as they were interpreted to be an interest in an entity within the group and disclosed elsewhere in the accounts. The CIPFA code is not entirely clear about IFRS9 in respect of this issue, and it is now considered that interests do refer to loans to group entities. They have been disclosed and the effect is to restate the 2020/21 financial asset position by £33.229m and adjust the draft 2021/22 position by £78.845m.

- 4.6 The Committee was informed of the Infrastructure Assets and the ongoing issues, nationwide, in local government accounting and audit related infrastructure. Particularly on highways, where a challenge has arisen about how authorities have not been derecognising the asset value of highways that have been replaced. This issue stems back to 1994 and at the time it was deemed too expensive for Local Authorities to maintain these accounting records. This year, the FRC argued the historic spend for material assets when new spend is incurred should be removed.
- 4.7 Grant Thornton informed the Committee they are expecting to issue unqualified opinions on both the main accounts and pension fund accounts, subject to infrastructure asset override and conclusions of the external audit. Final certification will be given when the Value for Money assessment and Whole of Government Accounts are audited.
- 4.8 The Committee asked for more clarification on the new interpretation of IFRS9 and was informed that the CIPFA Code is not completely clear, and that the Council would feed back to CIPFA to request the Code be made more robust. However, it was also noted that this is a technical adjustment and not one that impacts the financial standing of the Council.
- 4.9 The Committee asked that of the changes to the collection fund appeal provision, if there was a possibility of the reverse happening, and then what the implications would be. Committee Members were informed that this is a can happen as economic conditions change, but that there is contingency to smooth out any changes without creating a sudden pressure in the General Fund budget.
- 4.10 The Committee asked on the auditing of the accounts as to why some Local Authorities are struggling, while understanding that Westminster was not. Grant Thornton informed the Committee that some do not have the staff available combined with increasingly complex accounts across the board. There are movements to utilise time better by using data more effectively, to then free up personnel to consider issues around risk and exposure.

RESOLVED:

- 4.11 That the Committee considered the interim findings outlined in Grant Thornton's Audit Progress Reports of the Statement of Accounts and Pension Fund report.
- 4.12 That the Committee noted the key changes set out in paragraph 5.2 of the report that will be reflected in the final set out accounts to be approved by this Committee at a later date.
- 4.13 That the Committee delegated authority to the Executive Director of Finance and Resources for any technical accounting adjustments to the accounts prior to final publication, taking into account materiality and any impact on the Council's financial outturn and that a final noting item taken to this Committee summarising said changes.

- 4.14 That the Committee delegated authority to the Executive Director of Finance and Resources to make any necessary technical accounting adjustments in respect of Infrastructure Assets accounting following the Parliamentary statutory override expected in December 2022.
- 4.15 That the Committee noted the Value for Money assessment by approved by this Committee at a later date.

5 TREASURY MANAGEMENT STRATEGY OUTTURN 2021/22

- 5.1 The Committee was informed of the current treasury management debt and investment position, organised by the Tri-Borough Treasury Team to ensure security of capital and adequate liquidity. As of 31 March 2022, net cash invested was £156.3m, an increase of £29.1m on the position at 31 March 2021.
- 5.2 The Committee was informed of the Annual Investment Strategy for 2021/22 which was approved by the Council on 3 March 2021. The policy objective is the prudent investment of balances to achieve security of capital, liquidity and optimum returns on investment.
- 5.3 The Committee was informed of the huge economic impact that the coronavirus pandemic had caused and the low interest rates because of it. Investment returns for 2021/22 had recovered from the lows experienced in 2020/21.
- 5.4 The Committee was informed of the underlying need to borrow for capital expenditure, as termed in the Capital Financing Requirement (CFR). The CFR results from the capital activity of the Council and represents the 2021/22 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure not yet financed from external loans.
- 5.5 The Committee was informed of a key part of the Council's treasury activity is to address the funding requirements for borrowing needs and how this may be sourced. Standing at £298.2m as of 31 March 2022, this level was within the Prudential Indicator for external borrowing and should not exceed £998m, the CFR's final 2021/22 estimate. As such, the Council maintained an under-borrowed position of £700m.
- 5.6 The Committee was informed of the anticipated forward borrowing and that the Council took no additional long-term borrowing for the financial year due to the high level of cash holdings. Due to the overall financial position and the need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, while maintaining some flexibility. During the financial year 2019/20, £400m of forward borrowing had been arranged by the Council. This has allowed the Council to agree competitive rates in advance of need, eliminating the "cost of carry".

- 5.7 The Committee was informed of the Capital Expenditure and Borrowing Limits which totalled £351m as of 31 March 2022 for the General Fund and the HRA against a forecast for the whole year of £436m. The Committee was further informed that the Council has embarked on an ambitious capital programme with a plan to invest up to £2.862m over the next 15 years.
- 5.8 The Committee asked regarding forward borrowing, if the Council foresaw any need to undertake any additional borrowing. Officers explained they take advice from the treasury consultant, Link, and, given our significant cash reserves, the Council is able to wait for the inflationary period to come under control and the resultant reduction in interest rates.
- 5.9 The Committee asked about the headroom outlined in paragraph 3.30 and if borrowing without further approval may take place if interests rates are deemed favourable. The Committee was keen to know who would take this decision and how it would be made. The Executive Director for Finance Resources explained his delegated authority was laid out in the TMSS and he would take these decisions in consultation with the Cabinet Member for Finance and Council Reform.
- 5.10 The Committee asked about long-term lenders and why almost 50% of the £400m forward loans was borrowed from Rothesay PLC, at a higher rate of interest. It was explained that the interest rate derived is decided on the day of the loan transaction and is aligned with the corresponding UK gilt yield. It is common practice to not trade the entire amount needed on one single day at one single trade. The four loan tranches were transacted within a 3-month time period in 2019.

RESOLVED:

- 5.11 That the Committee noted the annual treasury management final outturn for 2021/22.

6 WORK PROGRAMME

- 6.1 The Committee held a discussion on the draft Work Programme for 2022/23 and noted that the remaining scheduled meetings for the current municipal year are 29 November 2022 and 23 February 2023.
- 6.2 The Committee reflected on the agenda items for the upcoming meeting on 29 November 2022.

RESOLVED:

- 6.3 That the Committee agreed the agenda items for its meeting on 31 October 2022, as set out in the report and in Appendix 1.
- 6.4 That the Committee considered items for the future Work Programme for 2022/23.

7 ANY OTHER BUSINESS

7.1 There were no additional items of business to be heard.

The meeting ended at 20:05.

CHAIR: _____ **DATE** _____



City of Westminster

Meeting or Decision Maker:	Audit & Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Procurement and Commercial Services Annual Update
Wards Affected:	N/A
Policy Context:	The Council spends over £550 million each year on third party contracts. Procurement and contract management are therefore key enablers to delivering a Fairer Westminster and ensuring maximum value for Westminster and its residents and partners from its supply chain. This includes using our significant spend to influence and create positive action on tackling the climate emergency, contributing to local and national economic recovery, leveraging community benefit, and driving forward greater diversity and inclusion.
Cabinet Member:	Councillor Boothroyd
Key Decision:	N/A
Financial Summary:	N/A
Report of:	Gerald Almeroth, Executive Director Finance & Resources

1. Executive Summary

This is an annual report to the Committee, which provides an update on the procurement and contract management activity at Westminster, including:

- progress of the procurement transformation programme;
- an overview of current activity, and how Procurement is helping to deliver a Fairer Westminster;
- a retrospective view of how well the Council is complying with its procurement policy; and
- an overview of the procurement forward plan.

It seeks to ensure that the Committee has the information and data it needs to carry out its obligation to maintain oversight of procurement and contract activity at the Council.

2. Recommendations

It is recommended that the Committee notes the contents of this report and provides feedback on whether it meets their needs, as well as suggesting any changes or additional content they would like to see in future annual reports.

3. Reasons for Decision

N/A – this report is for update only, no decision is required.

4. Background, including Policy Context

4.1 Procurement Transformation Programme

a) A review of Procurement Services at Westminster in 2018 identified the need for change and improvement. In April 2020, a new target operating model was launched, which replaced the historic category-focused approach with a business partnership model, offering improved alignment to directorates and increased focus on business outcomes. The service is now structured around four specialisms:

- Business Partners – provide commercial support to business areas and develop robust forward pipelines;
- Tendering Services – manage tendering activity for high value and more complex procurements;
- Contract and Supplier Management – providing dedicated support for contract managers and monitoring supply chain risk;
- Policy, Performance and Systems – providing Responsible Procurement expertise, systems, data, policies, governance, and monitoring effectiveness of the procurement policy.

Since 2020, a new team has been recruited into the transformed function, bringing experience and best practice from a range of industries and sectors. The team has moved from being made up mainly of temporary workers (with only 36% permanent staff in November 2020) to over 95% of the team being permanent members of staff today. This progress has been a critical milestone for driving forward transformation and improvement.

- b) People development and staff engagement continues to be a priority, and the Procurement Staff Reference Group have taken the lead in implementing initiatives on diversity & inclusion, wellbeing and personal development, through workshops, training sessions and a monthly team newsletter, all of which have been positively received. Team development has continued with over 20 training sessions delivered to the team this year. Study for professional qualifications is encouraged and supported, and we have launched an in-house training scheme to enable team members to obtain professional qualifications from CIPS (Chartered Institute of Procurement & Supply).
- c) Good progress has been made this year in respect of diversity and inclusion within the team, with over 38% of the current team identifying as BAME, and 59% female. The pay gaps for both B.A.M.E. and gender have reduced by 9% and 13% respectively with concerted effort to ensure this is closed fully by 2025.
- d) Significant volumes of procurement activity have been delivered in the last year, with 115 'Invitation to Tenders' being released to the market, and 138 contracts valued at over £100,000 being awarded by the Council. Pre-procurement engagement with suppliers has increased, in particular pre-market testing via questionnaires, face to face events and workshops, to ensure that an understanding of the supply market conditions informs our procurements.
- e) The Procurement team has focused on building links throughout the organisation, with Heads of Commercial (Business Partners) developing strong relationships across their portfolios. Each Directorate now holds regular Procurement Boards, where Executive Directors and their leadership teams oversee procurement activity within their areas, including pipelines of work and policy compliance. Positive feedback has been received from stakeholders about the support provided to them, and awareness of procurement has increased within the Directorates.
- f) Engagement with Contract Managers across the Council has increased, with the development of tools and guidance shared via an improved Intranet hub, regular forums, and "walk-in" sessions for contract managers to seek advice on contractual matters and disputes. An "E-Learning" module for contract managers was launched, including a test, to promote a consistent understanding of good contract management practice.
- g) Significant improvements have been made to commercial governance, including a new suite of simplified governance templates & guidance, which

will ensure that risks involved in procurements are more clearly articulated and the Council's decision makers are fully informed. Risk management processes have been enhanced with the introduction of a Procurement Risk Log and a monthly leadership review of all open governance actions across the team, to ensure timely resolution.

- h) Training sessions have been delivered to increase awareness of the Council's procurement Code and governance processes. This has been supported by new directorate-specific reporting, where individual monthly compliance reports are shared with Executive Directors to highlight how well their Directorate is complying with procurement policies, and areas where exceptions have been requested. This, combined with increased focus and pushback on exceptions at the commercial governance forum (CGRB), have resulted in a significant increase in directorate compliance with the policies of delivering responsible procurement benefits through contracts, and 100% compliance with the policy of new contracts awarded including a commitment to pay living wage (further details are provided in section 4.4).
- i) A new cloud-based eSourcing procurement and contract management system has been procured this year, and implementation is currently underway. Benefits of the new system to the Council will include more efficient delivery of procurement processes, improved reporting and data analysis especially relating to contract management, and improved risk management and transparency in relation to the Council's contracts.
- j) A highlight of the team's activity this year has been the development of the Responsible Procurement and Commissioning Strategy, which includes action on climate, modern slavery, diversity & inclusion in our supply chain, social value, and tax, and will be a key enabler supporting the delivery of a Fairer Westminster. This has involved significant engagement both internally and externally, with colleagues across the Council as well as Council Members, ELT, current and prospective suppliers, other local authorities, and specialist external organisations. Further details of this work are provided in section 4.2.
- k) Supplier engagement has been focused on developing a more diverse and representative supply chain for the Council and supporting local businesses. Events have included 'Meet the Buyer' days, where the Council shares its pipelines of upcoming procurement activity with suppliers, and events targeting SMEs, which focused on: low carbon SMEs; SME perspectives of our new Supplier Charter and RPC approach; and SMEs in the construction sector, our highest spend category. Our latest event on 14th November was targeted towards developing relationships with minority-led SME organisations and assisting them to develop relationships with our Tier 1 suppliers and become part of the Council's supply chain.

4.2 Fairer Westminster

As a significant buyer in the borough spending over £550m p/a, there is an opportunity to use this spend to deliver the Fairer Westminster priorities and

ensure maximum value and benefit is delivered to the borough and our residents, delivering a social return wherever possible on every pound we spend. The Procurement and Commercial Service will play a key role in delivering the Fairer Westminster strategy. Some examples are set out below:

- a) **Fairer Council:** i) Our procurement is responsible and ensures ethical treatment of people, and our investment activity takes account of environmental impacts: Our Ethical Procurement Policy, detailed later in this report, will demonstrate to suppliers the commitments we expect to improve ethical practices. The overarching RPC strategy includes significant action on the climate emergency.
- b) **Fairer Council:** ii) we make decisions more transparently in a way that makes residents feel listened to: Involving residents and service users in the procurement process through the design of service specifications, the evaluation of parts of tender submissions and in annual contract reviews to ensure ongoing contracts are also meeting local need. We will also encourage engagement with residents and service users in both any grant funding applications the Council makes for additional income, or any grant programmes the Council funds, to ensure all grant activities meet ongoing and emerging community need.
- c) **Fairer Economy** - Small businesses are supported to grow and remain, whilst our local high streets are prepared to face the future, becoming more vibrant and accessible, at the heart of communities & **Fairer Communities** - Community and voluntary sector organisations are empowered to prosper in Westminster: We will maximise opportunities to buy local via small businesses and local voluntary sector through active and regular market engagement and potential ringfencing of opportunities. We are also building on the existing relationships we have developed with internal and external organisations including:
 - o MSDUK - to see more minority led businesses working in Westminster
 - o One Westminster - to build more voluntary sector capacity;
 - o Westminster Business Council - to develop small business market in areas of Council need.
- d) **Responsible Procurement and Commissioning**

The original Responsible Procurement & Commissioning (RPC) Strategy was launched in February 2022 following extensive consultation workshops across the council as well as almost 100 suppliers. It was framed on the previous administration's City for All strategy.

Following consultation with relevant Councillors since May 2022, the RPC Strategy has been updated to ensure alignment with 'Fairer Westminster' and to reflect the priorities of the new administration. Some elements of the strategy are now more ambitious, and more clarity is provided on the delivery and expected outcomes of the strategy. The revised RPC Strategy along with the accompanying Ethical Procurement Policy, Supplier Charter and Westminster's

first Modern Slavery Statement, will be going to the council's Cabinet in December for approval.

The new RPC Strategy is focused on 12 objectives. Each of the objectives:

- Supports the delivery of at least one of the 'Fairer Westminster' outcomes
- Sets out how the work helps the council contribute to the UN Sustainable Development Goals (SDGs)
- Lists the principle internal partners and peer organisations that will help deliver the strategy
- Links to relevant council and external strategies, policies and initiatives that the work supports
- Details initiatives already underway and future areas of strategic work that underpin the delivery of each objective
- Sets out Procurement and commissioning areas of action – specific interventions to achieve each objective within tender design, supplier election and evaluation, and how this will be monitored and reported on.

To enable implementation of the RPC Strategy, three supporting documents have been developed:

1. Modern Slavery (MS) Statement

This will be the first Modern Slavery Statement published by Westminster City Council. It focuses on tackling forced labour; how we as an organisation ensure that this has no place within our business, the steps we have taken so far to try and ensure that it forms no part of our supply chains, and the actions we will continue to take to improve our approach to due diligence.

This MS Statement will go to December Cabinet for endorsement and will be formally signed by Cllr Jessica Toale as the Council's Single Point of Contact for Modern Slavery, Cllr David Boothroyd as Cabinet Member for Finance and Council Reform, Cllr Adam Hug as Leader of the Council and Stuart Love as Chief Executive.

2. Supplier Charter

The Supplier Charter requires suppliers to confirm their technical and professional ability to deliver the contract to responsible business standards. It can be used to select (or deselect) suppliers who share the Council's values and are suitable for the Council to work with. To ensure proportionality and avoid creating barriers to smaller businesses, each Supplier Charter requirement is tailored according to contract type, duration and value, and allows sufficient time to evidence compliance. Detailed guidance for suppliers and contract managers is provided to communicate the Council's expectations.

The Council consulted with almost 100 local businesses, both existing tier one contractors and interested and current SME suppliers, on the content of the Supplier Charter. Amendments were made in response to this consultation, including setting thresholds so that more complex requirements are expected only

of suppliers with contracts of longer durations, and extending the period of time for suppliers to submit evidence of compliance.

3. Ethical Procurement Policy

In addition to the above, there are a number of other areas which are set out in the Labour Party's Manifesto commitments, which seek to ensure that the Council works with suppliers that share our Fairer Westminster values. These are requirements relating to working conditions, freedom of association & collective bargaining, regular employment, humane treatment & blacklisting and payment of the Living Wage. Under public procurement regulations and UK Employment law, the council has very limited ability to insist that suppliers comply with these requirements as part of its procurement selection processes, and therefore they cannot be used as selection criteria. However, they are a set of values that we expect our suppliers to abide by. Discussions are currently progressing on how this will be implemented.

e) Insourcing Framework

Procurement, working closely with Cllr Ormsby, Deputy Cabinet Member for Procurement, and Finance colleagues have drawn up an Insourcing Framework. The draft framework proposes an organisational approach to support insourcing decisions which is consistently applied across the council.

There is a three-stage process in the framework:

- Horizon scanning annually with relevant Members the commercial pipeline to consider which contracts to target
- An initial checklist analysing the potential for insourcing and recommending whether it should proceed to full analysis
- A Make vs Buy Option Appraisal under five themes carried out by a multi-disciplinary team providing a scored weighted analysis of the two options.

This draft framework has been shared with ELT who will be having discussions with their respective cabinet leads to identify possible projects to investigate the insourcing option. A corporate virtual team will be established to support this work coordinated by an Insourcing Programme Board which will be put in place. We will pilot this approach with identified projects before refining and launching the framework.

f) Community Outreach

The Procurement & Commercial Services team are committed to working with our communities to better understand their needs and provide early involvement on projects. We have implemented this already in the follow areas where it is viable:

- Local community representatives on evaluation panels
- Pre-market engagement with the local community
- Closer working with council representatives
- Events for SMEs to see pipeline opportunities.
- Mixer events for SMEs and Tier 1 contractors

- Transparency data released each quarter on Westminster external website.
- Future pipelines to be released on external website.

4.3 Priority Areas for the Coming Year

In addition to the above, other key areas of focus over the coming year include:

- **Responsible Procurement:** embedding the RPC Strategy and Fairer Westminster throughout the Council's procurement and contract management activity, by continuing progress on all of the areas above.
- **Systems & Data:** Developing the data required to support Fairer Westminster, including measures and reporting of how well suppliers are delivering against their responsible procurement obligations and completing the implementation of the new system.
- **Policy & governance:** Further work to improve and streamline governance processes, ensuring a risk-based approach with an appropriate balance between necessary scrutiny and effort required for governance; and developing improved guidance and controls around lower value procurement activity (below £100,000);
- **Contract Management:** External guidance for suppliers on our website; further events aimed at learning from our existing and potential suppliers, increasing supplier diversity, awareness raising and upskilling.

4.4 Compliance Reporting

At contract award stage, the Procurement team tracks via Key Performance Indicators (KPIs) how well the Council is complying with four key areas of its own procurement policy:

- Value for Money (competitive selection of suppliers);
- supplier commitment to paying Living Wage;
- supplier commitment to deliver Responsible Procurement outcomes; and
- signed contracts in place prior to purchase orders being raised.

These KPIs are shared with each Directorate monthly.

A summary of the Council's performance over the 12 months from 1st October 2021 to 30th September 2022 is included below, along with comparisons to the previous period*. Further details can be found in Appendix 1.

**Previous period relates to data from April 2021 – September 2021, which has been prorated to enable a comparison against the current full year results.*

Reporting was only introduced in April 2021, therefore a full year comparison is not yet possible.

a. Value for Money

The Council's Procurement Code requires that contracts valued above £10k are awarded via a competitive process, to ensure value for money is achieved. Occasionally, business risks or urgency mean that this is not possible, and a contract must be awarded directly to a supplier without competition. In these cases, a 'waiver' from the requirements of the Procurement Code must be requested, which requires approval from the Executive Director of the requesting Directorate, and the Director of Commercial Partnerships.

During the last 12 months, a total of 88 waivers were requested, an average of 7 per month. This represents an increase compared to the monthly average of 4 per month during the previous period. It is likely that some of this increase can be explained by the Procurement team having increased visibility of procurement activity in the directorates, and increased awareness across the Council of commercial governance processes and when waivers are required. Business Partners are working in partnership with the Directorates to reduce the need for waiver requests, through development of a detailed pipeline, earlier engagement and improved forward planning of procurement activity.

b. Living Wage commitments

As part of its Living Wage accreditation, the Council's contracts must obligate suppliers to pay the Living Wage. New contracts include this requirement as standard, whereas for extensions and renewals of existing contracts, the provisions are negotiated in where possible. Some existing contracts do not contain provisions which allow the Council to insist upon this, and for these contracts Living Wage will not be mandated until the contract is retendered or renegotiated.

During the last 12 months, 100% of contracts awarded contained a commitment to pay Living Wage. This is an improvement compared to 91% during the previous period, the result of increased focus on this area in the Council's commercial governance process and increased awareness of the Council's Living Wage policy.

c. Responsible Procurement Commitments

The Procurement Code requires that new contracts contain responsible procurement commitments by the supplier, which are allocated a minimum of 10 - 20 % of the marks in evaluating supplier bids. These commitments are recorded in the contract. New contracts include this requirement as standard, whereas for extensions and renewals of existing contracts, the provisions are negotiated in where possible. Some existing contracts do not contain provisions

allowing the Council to insist upon this, and for these contracts responsible procurement commitments may not be included until the contract is retendered.

During the last 12 months, 87% of contracts awarded contained such commitments. This is an improvement compared to 71% during the previous period, the result of increased focus on this area in the Council's commercial governance process, and the introduction of a new Responsible Procurement Manager role in the Procurement team in March 2021.

d. Purchase Orders Raised Without a Valid Contract in Place

The Council's Financial Regulations and Procurement Code require that a signed contract must be in place before any purchase orders (POs) are raised or payments made to the supplier. New functionality was introduced in the IBC system in September 2021, which allows Procurement approval to be mandatory for purchase orders valued at over £100,000. POs raised without a supporting contract are rejected or require an exemption to be approved by both the relevant directorate's Executive Director and the Executive Director of Finance & Resources. These are then investigated with the relevant service area, with the aim of putting a contract in place as soon as possible.

During the last 12 months, a total of 74 non-compliant POs were raised, an average of 6 per month. This represents an increase compared to the monthly average of 3 per month during the previous period. The trend across the Council since May 2022 has in fact been improving, but the numbers are impacted by 14 POs relating to complex housing needs, which were raised in July without supporting contracts in place. This was due to delays in the Rough Sleeping Initiative funding announcement, meaning contractual arrangements could not be made in time. With three-year funding arrangements released in September by the government, we are working in partnership with the service to have contracts in place for these services before end of December 2022 and to develop future commissioning arrangements.

4.5 Procurement & Commercial Services Forward Plan

Appendix 2 includes details of the most significant procurement projects which are coming up over the next year, and the procurements risks and opportunities across the Council.

5. Financial Implications

No specific financial implications arise from this report. However, all contract awards will need to consider the financial impact, including budgetary limits, value for money, inflationary increases, links to the MTFP and align to the financial regulations. (*Rikin Taylor, 2/11/22*).

6. Legal Implications

There are no direct legal implications arising from the report. Any third-party expenditure must comply with the Procurement Code and any relevant

procurement legislation. Legal Services will be available to assist officers on the projects set out in the report. (*Kar-Yee Chan, 2/11/22*).

7. Carbon Impact

N/A – this report is for update only, no decision is required. However, please see section 4.2 for details of how Procurement & Commercial Services are contributing to reducing carbon through the Council's supply chain.

8. Equalities Impact

N/A – this report is for update only, no decision is required.

9. Consultation

N/A – this report is for update only, no decision is required.

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

Caron Smith, Head of Procurement: Policy, Performance & Systems
Contact Details: csmith@westminster.gov.uk

APPENDICES

- 1: Procurement Key Performance Indicators October 2021–September 2022
- 2: Overview of the Procurement & Commercial Services Forward Plan

APPENDIX 1:

Procurement Key Performance Indicators October 2021–September 2022

KPI Definition	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	This period	Previous period	Comments
Contracts with Responsible Procurement Commitments	75%	75%	95%	86%	100%	75%	100%	100%	92%	50%	89%	75%	87%	71%	Remained relatively high with some monthly fluctuation, in particular July 2022, which was driven by direct award of a high number of urgent contracts without RP commitments.
Awarded Contracts Paying Living Wage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	91%	All contracts awarded this year which are in scope of Living Wage (as defined by Living Wage Foundation) and valued at over £100k included Living Wage commitments.
Purchase Orders Raised Without a Contract	8	7	5	1	4	7	8	8	7	14	3	2	Average 6 per month	Average 3 per month	There has been a positive downward trend from April 2022, other than July, when 10 connected POs for complex housing needs were raised prior to contract due to funding delays.
Approved Waivers of Procurement Code	11	5	4	12	2	13	6	5	8	7	7	8	Average 7 per month	Average 4 per month	The majority of these waivers relate to contracts being awarded via Direct Awards (without competition). It is likely that some of this increase can be explained by increased awareness across the Council of commercial governance processes.

APPENDIX 2 - PROCUREMENT & COMMERCIAL SERVICES FORWARD PLAN

1. Environment and City Management

The Environment and City Management directorate aims to provide the safest, cleanest and greenest environment. The directorate's vision is to help make Westminster the best city in the world. Services include waste and parks, city highways including parking, public protection and licensing.

Over the last 12 months the directorate has delivered a number of high profile parking and highways procurements with the team reaching award stage on parking back office and on street marshal contracts, as well as awarding contracts that should lead to a further 1000 on street Electric vehicle charging points by the end of 2023.

The Commercial Pipeline for ECM has over 45 items of procurement over the next six years, with an estimated cost of over £1 billion. Large strategic procurement projects include waste collection and highways

1.1. Environment & City Management procurement risks:

- With significant spend on large contracts the directorate is susceptible to changes in its cost base due to inflation/indexation provisions within major contracts and the risk that changes will need to be made to delivery to manage budgets across the service.
- Waste services face difficulty in re-procuring collection and cleansing contracts due to a lack of available land to offer to potential suppliers in Westminster and the surrounding area and due to changes in legislation. The Council are currently undertaking a soft market testing exercise to understand more about these issues.

1.2. Environment & City Management procurement opportunities:

- The directorate is working on many transport related procurement projects that will have a positive impact on people movement and the environment. For example the council continues to roll out significant EV charging infrastructure, is continuing to find new locations for cycle hangers and is maintaining its provision of cycle training. The council is also trialing innovative solutions to freight management such as cargo bike hire schemes and bay reservation systems.
- As well as the aforementioned risk to waste services, there is a real opportunity to re-shape the way waste collection services and contracts are delivered in Westminster. Waste collection remains one of the largest spend areas within the Council but an area of continued innovation. Working alongside external support and smart cities initiatives there is the opportunity to drive change and innovation in the delivery model.

1.3. Environment & City Management Pipeline

- Waste - The Council last tendered its Waste collection contract in September 2010, awarding a contract to Veolia with an initial contract period of seven years, with the option to extend for any period to a further seven years. The council is currently considering its strategy post 2024 and will make the market aware of the proposed way forward in due course. The Council currently spends circa £50m per year on waste collection and cleansing.
- Highways – The Councils Highways maintenance and public realm improvement contracts are due to be re-procured over the coming years with current contracts ending in 2026. It is envisaged that we would go to market for these services in 2024. Contracts are currently worth circa £55m - £60m per year.
- Arboricultural services – Related to the greening agenda the Council will potentially be going back out to market for a contractor to support with arboricultural services. We maintain our 9,000 street trees by inspecting and pruning on a regular cycle and removing trees where necessary. An annual street tree planting programme also takes place, to ensure the continued benefits of trees for future generations.

2. Adult Social Care and Public Health

Adults and Public Health promote and support the health and wellbeing of adult residents of Westminster and Kensington and Chelsea, to enable them to live as independently as possible within their community. Services are commissioned to support over 4000 residents across bi-borough provided by social care providers and the voluntary sector. Over the last year the largest procurement carried out was the Community Equipment consortium on behalf of 21 London boroughs. This crucial service worth up to £350 million across the consortium see aids to daily living delivered and installed to residents who need them.

2.1. Adults Social Care & Public Health Procurement risks:

- Adult Social Care reforms – The new White Papers 'Integration and innovation: working together to improve health and social care for all' & 'People at the heart of care social care' have now received Royal Assent. Together, these introduce major reforms to adult social care, including further integration with health care, changes to the means test for social care, a cap on social care costs and an intervention in the social care market intended to ensure local authorities pay a 'fair price' for care. Throughout the Summer, staff and providers worked to gather and analyse current and "fair" cost estimates across the care home and homecare markets, using a prescribed tool from Government. These analyses were submitted to government at the end of September, along with a provisional report on market sustainability measures, to be finalised in February 2023. The latter focused predominantly on workforce. No changes have been announced to the starting dates for these reforms, which are currently scheduled as April 2023 for new service users.

- Financial pressures and demand – In addition to preparation for national reforms to Adult Social Care, commissioners have worked with providers to identify, negotiate and agree an approach to inflationary pressures that were not anticipated in planning for this financial year. In addition to increases in energy and borrowing costs, contracted social care providers are required to pay staff the London Living Wage, which has increased by 10.1%. Whilst these pressures may ease in the long-term it is prudent to plan for ongoing inflationary pressures in future years. Negotiations with providers have been undertaken on the basis that increases in Council grant are likely to be well below the rate of inflation, and that providers need to bring some of their contingency and margins to the table as well.

2.2. Adults Social Care & Public Health Procurement opportunities

- Continuing strong provider relationships – Westminster has long standing relationships with many providers including voluntary sector partners delivering quality services across bi-borough. Where services are performing well and are considered value for money, tendering the service can destabilise service provision without improved outcomes. In day opportunities, the challenge of making savings while continuing well regarded services has been shared with the current providers at a recent engagement event. The challenge has been set to see if the current market can respond innovatively within the financial envelope.
- Resident and Provider Involvement – In line with Fairer Westminster and the refreshed Responsible Procurement and Commissioning Strategy, we will look first to local markets by sharing opportunities and working closely with voluntary sector and small business enabling organisations. The principles of service design are central to the new Integrated Adult Commissioning function. For this to succeed enhanced resident involvement is required, not only designing services but helping select providers during tenders.

2.3. Adults Social Care & Public Health Procurement Pipeline

Over the next three years, several large-scale procurement projects will be carried out. The largest projects include:

- Learning Disabilities Housing Care and Support – Setting up a new framework to support 150 residents living with learning difficulties live at home. This will include a quality and outcomes framework.
- Care and nursing at Beachcroft House – Options are being considered for long term care provision at Beachcroft House.
- Home care – A new home care model is being finalised. The model includes geographical patches delivering outcome focused care, a vibrant personal assistant market and a digital care coordination model.

- Carlton Dene Extra Care – Following the opening of Beachcroft House, it has been proposed that Carlton Dene is developed into a modern extra care housing development. Options are being looked out for delivery models for the build and operation of the scheme.

3. Children’s Services

Children’s Services have a variety of contracts and grants across Westminster City Council and the Royal Borough of Kensington and Chelsea providing statutory and non-statutory services that improve outcomes for children, young people and their families. Commissioned services include those that deliver early intervention, allowing for positive outcomes and to prevent cases from escalating, as well as delivering some of our statutory offer to our more vulnerable children and young people. Over the last year, several significant procurements have been undertaken including the 0-5 Healthy Child Programme and Children Centre Outreach, both of which link to the pre-birth to five transformation programme, the Children’s Case Management System, and the refresh of the Special Needs Passenger Transport framework for taxi provision.

3.1. Children’s Services procurement risks:

- Financial pressure and impact on local provision - The rising cost of living, increasing inflation and on-going effects of Brexit, Covid and wider market forces, has had a direct impact on our providers’ ability to continue delivering services at contractually agreed prices. Both local voluntary community groups who are delivering grant-based services as well as providers in specific sectors, namely Passenger Transport providers have reported significant financial pressure.
- Volatility in passenger transport market - We have seen volatility in the passenger transport market in recently months with pressure on the availability of drivers, the rising cost of fuel, new clean air charges being introduced. This is alongside continued high demand for services, creating difficult operating environments for many providers.
- Rising demand for services - The rising demand for statutory services such as local Looked After Services may be attributed to the cost of living crisis and the pressures felt by families with children residing in the borough. This may mean an increase in placement numbers and costs, a pattern which is likely to be reflected across the sector.

3.2. Children’s Services procurement opportunities:

- Grant standardisation - Working across Directorates to standardise the Council’s approach to utilising grant funding agreements for local voluntary and community sector (VCS) organisations. The aim is to have a fair and transparent approach to investing in the local voluntary sector and providing resilience to the sector.

- Holiday Activity Fund - With the established expansion of the Holiday Activity Fund, there is an opportunity to support local VCS providers with up to two years' worth of grant funding to deliver activity events with food during school holidays to eligible school aged children across the borough.

3.3. Children's Services Procurement pipeline:

Over the next 3 years, several procurement opportunities will be considered for recommissioning including:

- Statutory and preventative Speech and Language Therapy
- School health (school nursing) - led by Public Health
- Youth provision – currently have a range of grants in place
- Short breaks – assessed service to allow parents and carers of children with disabilities to have a break
- Travel care and support Minibus provision
- Emotional Health and Wellbeing provision – currently integrated teams in place with NHS.

4. **Growth, Planning & Housing**

Growth Planning and Housing (GPH) brings together the council's Place Shaping & Town Planning, Regeneration & Development and Housing teams.

Most contracts are capital contracts for stand-alone large-scale regeneration and development programmes. This includes Ebury Bridge and Church Street which are two multi-phase long-term regeneration schemes with several procurement workstreams..

The housing team utilise term contracts for a variety of housing requirements. These long-term contracts are used for repair and maintenance of the housing stock which include specialist services for mechanical, electrical, heating and lifts, but also major works for different geographical areas of Westminster. There are seven term contracts that are due to be re-procured between 2025 and 2027.

The council also implemented several homelessness support services at speed during the pandemic. Over the next three years these short-term arrangements will be turned into more sustainable, procurement compliant arrangements. Council teams should be able to respond to the funding released by the government quickly with trusted providers with flexible procurement mechanisms.

4.1. GPH procurement risks

- Volatile Market – The impact of Brexit, Covid, Russian War and the Energy Crisis are all particularly acute in the construction sector. There have been large

scale concerns around material and labour availability, however the concerns are now more specifically about price. Over the last quarter steel prices have been at an all-time high cost per ton. The council has focused on procurement approach and enhanced its market engagement and supplier relationship to ensure risks are understood and appropriate mitigation is in place.

- Demand for affordable housing - The demand for housing comes with significant pressure to build new homes. Many of the Westminster regeneration schemes are replacing housing with considerably more units. As always, there is a target deadline that the council must meet, that in turn causes programme pressures in respect of procurement and delivery.

4.2. GPH procurement opportunities

- Social Value & Community Benefit - The council has already made great progress in delivering social value through contracts, however working with the council's supply chain to ensure they share the same values as the council will help to expand the benefit. The Responsible Procurement & Commissioning Strategy helps to frame this approach to the supply chain. The opportunity sits with the largest spend and longest-term Contracts: Ebury Phase 2 and Church Street Site A Joint Venture.
- Engaging with SME's - The council has a great opportunity to engage with the SME community within the borough. This includes both direct engagement and engagement through tier one supply chain.

4.3. GPH procurement pipeline

The commercial pipeline has over 75 procurement projects over the next seven years, with a value of circa £1billion. Some of the largest upcoming procurements include:

- Church Street Site A Joint Venture Partner (The total capex for Site A is c.£364m of which the Joint Venture (J/V) development partner would be funding c.£170m)
- Ebury Bridge Phase 2 Main Contractor (circa £300m)
Other upcoming procurements with GLA funding implications include:
- Westmead (circa £32m project cost, circa £4m GLA funding)
- Carlton Dene (linked to Adults, above)

5. Finance and Resources, People Services, Innovation and Change (I&C)

The procurement team have been leading on several key projects in the Finance and Resources directorate, the first being the re-procurement of the Legal Framework for the London Borough Legal Alliance (LBLA), with Westminster being the lead authority for all 25 London boroughs who have signed up to join. This framework allows for a fast response, value for money and a consistent approach when requiring external legal services. Further projects in this directorate include emerging leadership programme, Mailroom services, insurance and the out of hours contact center.

Over the last 12 months the procurement team have worked closely with ICT stakeholder to support on contractual and procurement issues while the disaggregation with RBKC is taking place. This includes updating our Microsoft licensing, emergency management system, library systems and data centers to keep the council and the communities moving. This work has continued in our People services pillar with new procurements in Career transitions, volunteering, first aid and mental health awareness and our employee assistant programme.

Under the Corporate Property Portfolio the service have aggregated projects and requirements to allow for procurement of a single contractor for services to promote better value for money

The Councils existing facilities management contract has an initial expiry of 2024, market and performance analysis is being undertaken to help understand whether it might be preferable to let smaller contracts instead such as cleaning, security guarding, mechanical & electrical). The Council will go to market with its proposed procurement strategy in early 2023.

5.1. Finance and Resources procurement risks

- Separation of RBKC and WCC IT department. -The IT department for both councils are currently working with procurement to separate current contracts with joint sovereignty. The current program means a number of contracts are being extended or directed awarded to make sure there is continuation of services but means the procurement risk is increased due to lack of competition.
- Financial Pressures and demand – Cost of innovation, inflation, financial pressures
- Construction cost- as well as many other sectors faces pressure on prices with materials and labor costs increasing at rates never seen before

5.2. Finance and resources procurement opportunities:

- Innovative solutions- Several pilot projects have been underway within both IT and Innovation and change to allow for new innovative solutions to be used as well as a focus on local SME to support these pilots.
- Capital Projects – To assist with ongoing refurbishment and maintenance of the operational and investment portfolio the Council will shortly go out to market for a term contractor to support with minor works programs across the portfolio offering a value for money solution.
- Low value spend-As an authority we have several low value agreements with the same suppliers for ongoing services, e.g., minor works, architects, and consultancy. This is being reviewed with an opportunity for a strategic approach to consolidate spend and across directorates.

5.3. Finance and Resource, People Services, and I&C Procurement Pipeline

Over the next 3 years, several procurement opportunities will be considered for re-procurement including:

- Facilities Management contract
- Managed Services for Temporary Agency Resources
- Inbound and Outbound mail
- Provision of enforcement services.
- ICT Manage service.



City of Westminster

Meeting or Decision Maker:	Audit and Performance Committee
Date:	29 th November 2022
Classification:	The report is General Release however Appendix 1 and 2 will be declared exempt from publication as the business to be transacted involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, as amended, in that they contain information relating to information relating to the financial or business affairs of any particular person (including the authority).
Title:	Annual Contracts Review FY 2021/22
Wards Affected:	All
Policy Context:	The Council spends over £550 million each year on third party services and contracts. Procurement, commercial activities, and contract management are therefore key enablers in ensuring the delivery of maximum value for Westminster and its residents and partners
Cabinet Member:	Not required for Cabinet Member reports
Key Decision:	N/A
Financial Summary:	N/A
Report of:	Gerald Almeroth, Executive Director Finance & Resources

1. Executive Summary

- 1.1 This report is the Annual Contracts Review for 2021/22 for consideration by the Audit and Performance Committee, in accordance with their Terms of Reference. In September last year we reported on the performance of contracts and compared them to National Audit Office (NAO) best practice guidelines for the first time. This report was well received by the Committee. This year's report has a similar format supplemented with a deep-dive into how our highest value and risk contracts are being managed.
- 1.2 Within WCC, day-to-day operational contract management is undertaken by managers within the directorates, while expert support and guidance is provided by a team in the Procurement and Commercial services. The Supplier Relationship Management team within procurement aim to improve contract management practice across the council as well as demonstrate how suppliers are helping to deliver Fairer Westminster.
- 1.3 Core to effective contract management at WCC is the Contract Management Framework (CMF), a set of operating principles based on the NAO good practice, used by staff who are managing supplier relationships and contracts. Principles of good contract management such as consistency and value of money have been applied to the council's largest 23 major suppliers and contracts ("Platinum"), which account for 50% of the council's total third party annual spend. A regular contract management survey has shown several areas of strength and consistency. It has also highlighted areas that need to be further enhanced, either through training or better systems support. The operational performance of these suppliers and outlook, are largely satisfactory.
- 1.4 In addition, we are working with our major contracts and suppliers to support the 2030 Net Zero target, by baselining the carbon attributed to these contracts, and implementing ambitious plans to reduce carbon through the contract lifespan.

2. Recommendations

- 2.1 It is recommended that the Committee:
 - 2.1.1 note the contents of this report and provide feedback on whether it meets their needs, as well as suggesting any changes or additional content they would like to see in future reports.
 - 2.1.2 note that Appendix 1 & 2 attached to this report be exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 as amended, in that they contain information relating to the financial or business affairs of the Council.

3. Reasons for Decision

N/A

4. Contract Management Approach at WCC

Overall Context of Procurement Transformation & Contract Management

- 4.1 Given the council spends over £550 million each year on third party services and contracts, the Procurement and Commercial Service has a vital role to ensure the delivery of key contract outcomes, value for money and social value for the city, it's residents and partners.
- 4.2 Contract management supports the Fairer Westminster strategy in a number of ways. For instance, 10 of our highest carbon intensity contractors have established a system of accurately baselining, monitoring and reducing carbon in their contracts, with the ultimate aim of establishing a net zero carbon target. This directly supports the Fairer Environment goals.
- 4.3 We have also engaged in a series of Supplier Engagement events, targeted at Small Suppliers and Minority Owned businesses, so that such businesses in our community can aim to get a larger share of our contracts, thus supporting Fairer Economy. In many cases, we have influenced our Tier 1 contractors to do the same with such suppliers. See section 5.8 for more details.

Contract Management Framework (CMF)

- 4.4 The CMF was created to set out best practice principles that could be applied to all external third-party relationships across WCC. The aims of the CMF are:
- a) A consistent approach and awareness of contract management activity
 - b) Ensure value for money, drive savings throughout the contract period and mitigate any risks with suppliers.
 - c) Define roles and responsibilities of Contract Managers, Budget Holders, Procurement teams, etc. who play a major role in contract management.
 - d) Define the key controls that need to be applied to each contract, depending on the level of risk and criticality.
 - e) Ensure that resources are in place and have the necessary skills, to manage key contracts and suppliers.
- 4.5 The CMF, originally created in 2019 was re-launched in January 2022, via channels such as the Contract Managers' Forum and the intranet. A 'community of practice' forum has now been created for contract managers

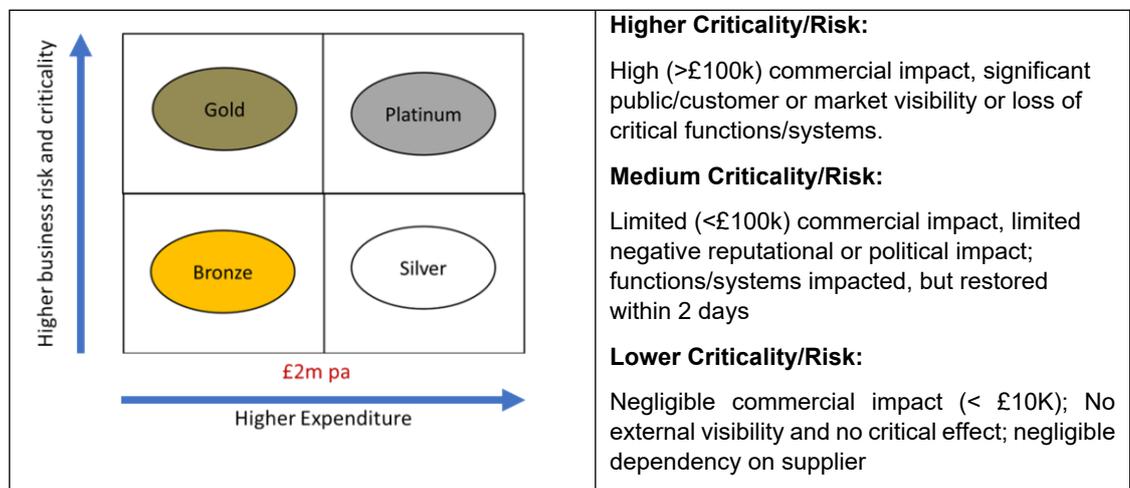
(now with over 200 members) providing access to contract, supplier information and guidance.

Supplier Segmentation

- 4.6 In line with the CMF, supplier contracts are categorised into one of four designated groups according to value and risk. This guides the level and intensity of contract management required and ensures the council can allocate resources, skills and governance proportionately taking account of commercial impact, contract, and supplier risk.

Contracts Segmentation principles

- 4.7 Contracts are assessed by risk and expenditure and categorised into four areas, as set out overleaf:



- 4.8 WCC's 2021-22 third party expenditure was £576m, as set out below:

Segment	No of suppliers	Spend	% Share
Platinum	23	£ 320,587,997.23	56%
Silver	23	£ 87,887,014.60	15%
Gold	97	£ 26,847,911.16	5%
Bronze	2156	£ 140,898,520.71	24%
Grand Total	2299	£ 576,221,443.70	100%

The majority of the spend is concentrated in the Platinum and Silver groups where 71% of spend falls to only 46 suppliers.

5. Contract performance

- 5.1 Our suppliers' performance are central to the council objectives of providing a value for money and good service outcomes for residents and stakeholders. Regular contract performance measurement and monitoring

provides the assurance that suppliers are delivering their contractual obligations.

- 5.2 This year, we have a more comprehensive reporting of performance, taken from the contract managers themselves. In addition, since June 2021, we have begun to measure how well contracts are being managed, using the CMF requirements, based on NAO principles, and online surveys. This process is repeated quarterly.

Results from survey of Platinum Supplier Contract Managers

- 5.3 We reviewed the performance and outlook of the 23 Platinum suppliers, via their Contract Managers, through a comprehensive online survey. In addition, we reviewed how well Contract managers are undertaking each of the key tasks defined in the CM Framework for such critical contracts. All statements are taken directly from the contract managers.

Overall Performance

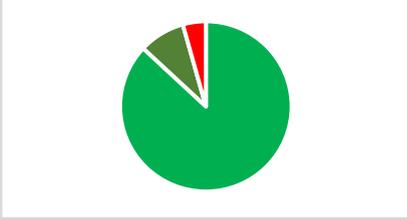
- 5.4 The contract managers were asked to rate their suppliers on the quality of their performance. The table below reflects their view. 95% of suppliers are performing well or satisfactorily, and generally meeting standards. While there may be operational issues in some cases, these are managed and resolved through regular dialogue with suppliers.

Directorate	Good - meets or exceeds requirements	Satisfactory - generally meets but some minor issues	Poor - falling short of requirements though not critically	Unsatisfactory - often falling short of requirements sometimes critically	Grand Total
Adults Services	4	3	0	0	7
Children's Services	0	0	0	0	0
ECM	4	1	0	0	5
Finance & Resources	2	1	0	0	3
GPH	4	3	0	0	7
Corporate Property	0	0	0	1	1
Grand Total	14	8	0	1	23
%	61%	34%	0%	5%	100%

- 5.5 From the survey of contract managers, one of the council's top suppliers were rated as Poor or Unsatisfactory in their day-to-day operational performance. Information on each of these is given in Appendix 1 (restricted document).

Forward Outlook

- 5.6 Contract managers were asked to state how they viewed their suppliers performing during the next quarter.

Topic	Survey Result
Performance outlook for the next quarter 	<p>Of the 23 suppliers surveyed, Contract Managers rated 20 as “Improving” their current delivery during the next quarter.</p> <p>1 supplier (also rated as currently poor) may be at risk of deteriorating services. There are active steps in place to manage their performance, with escalation routes and review meetings taking place regularly.</p> <p>2 other suppliers are rated as stable in their outlook</p>

Contract Management Framework Principles and Status

- 5.7 The table below shows the results and findings of the CMF Activities. (see appendix 2 for supplier-wise details)

CMF principle	Survey & Interview Findings
Contract administration <i>(Keeping the physical contract kept up to date and managing variations & compliance)</i>	Most contracts have a dedicated person who undertakes tasks such as maintenance of records, managing variations, costs etc.
Operational Management <i>(Day to day service management such as Quality Assurance, delivery, financial administration)</i>	The Contract Manager and in some cases, their teams, undertake the day-to day operational reviews. Cost/Budget variances are done by Finance representatives
Contract review meetings <i>(Regular review meetings with the supplier focusing mainly on delivery, social value, KPI's, risk)</i>	Reviews with suppliers are held either weekly or monthly, with suppliers providing regular reports. These reports are usually stored locally and sometimes in shared folders
Supplier performance review <i>(Strategic review of performance, risk, etc)</i>	KPIs are reviewed regularly – weekly in some cases. The focus is on service levels and deliverables against contract, with corrective action being taken quickly.
Improvement initiatives & innovation <i>(Formal review of improvement, innovation, or cost saving initiatives)</i>	Some contracts have defined and structured improvement plans such as Carbon reduction, and process improvement. But many others either do not measure improvement or are focused solely on operational deliver.
Responsible Procurement deliverables <i>(Review of achievements against responsible procurement obligations, including Social Value)</i>	Social Value is a deliverable in most contracts, but many managers tend to rely on the Social Value team to monitor and report on such obligations. More attention is being given to this area, and managers are measuring it along with operational KPIs. This is a key development area with the launch of the refreshed Responsible Procurement and Commissioning Strategy
Supplier risk monitoring <i>(Risk log, regular Credit Checks, horizon scanning of new or emerging risks)</i>	Currently, risk monitoring is limited to supplier’s financial and credit ratings, along with a monthly review of suppliers in potential financial distress. Risk registers exist in many cases. Other risks such as Sanctions on

	foreign ownership, or Adverse Media reports are not currently monitored
Business continuity plan	While most suppliers have a business continuity plan, which is kept updated, there are some instances where such plans are missing or not reviewed.
Dedicated relationship Senior Responsible Officer <i>(SRO provides oversight and governance on strategic contracts)</i>	This is an area that deserves more attention as a significant number of contracts do not have a named SRO.
Relationship strategy <i>(defined strategy and governance with a focus on value and innovation)</i>	As this is linked to the above factor, many contracts do not have senior-level reviews on an annual basis, which would review and direct the supplier strategy, and get better value from the contract.

Other Contract Management Initiatives:

5.8 We have also supported contract managers in the following areas:

- a) **Risk Management:** Through the Risk Governance Forum which meets every 6 weeks, we maintained a regular review of any issues that might affect suppliers. Primarily we focused on risk of financial insolvency using tools such as Creditsafe, and our own monitoring tools. During 2021-22, only a few suppliers were flagged to be at potential risk, but these were mainly due to them not reporting their annual statements to Companies House. Whenever a supplier we use is flagged as a risk we contact the contract manager to further understand (and mitigate) the risk
- b) **Supplier Engagement:** We have held two major cross-cutting supplier events this year (outside market engagement events for specific projects). The first one was an inaugural event attended by a cross-section of nearly 100 suppliers, large and small. The purpose was to introduce them to our team and some of our top suppliers, get their feedback on the Responsible Procurement & Commissioning strategy, and showcase our pipeline of contracts. Following the success of this event, we held another event aimed at SMEs and Minority Owned businesses based in Westminster in the construction sector where we held detailed workshop sessions to determine how our Tier 1s could work with smaller suppliers and share some of our contracts.
- c) **Climate Emergency:** The top 10 suppliers we are working with have now disclosed their direct carbon emissions associated with our contracts. We are determining appropriate annual reductions targets for all similar upcoming contracts and running projects which will help us reduce carbon in these contracts. We are aiming to learn from these contracts and roll them out across other areas too.

- 5.9 We are continuing to explore how we collect 'real time' reporting of contract performance, including Social Value KPIs, which are currently done manually. This corporate approach will further enhance our contract management approach and provide more visibility on the performance of contracts. It is important that the system is intuitive and easy to use for suppliers and contract managers.

Conclusions and observations

- 5.10 The following conclusions and observations are following this exercise:
- a) Overall, 87% of Platinum suppliers are rated as "performing satisfactorily, or good". Contract managers will continue to monitor operational performance of their suppliers
 - b) In three cases where their performance has been "Poor", there are mitigations and corrective measures in place which are demonstrating improvements.
 - c) As we do not yet have a system to monitor KPIs or SLAs, we are reliant on the views of contract managers. Independent assurance is therefore required, and we are continuing to look at a system that will work best for the council.
 - d) While Contract managers are aware of their responsibilities and take adequate steps in the operational performance of their contracts, there are areas of improvement in the storing and reporting of performance metrics.
 - e) Non-operational factors such as Responsible Procurement obligations and Innovation are not consistently measured in a number of platinum contracts.
 - f) Risk management of key suppliers needs to be enhanced to include emerging risks such as sanctions, anti-bribery and corruption, data privacy, cyber security, modern slavery, etc. Investment in commercially available tools is recommended.
 - g) Appointment of Senior Responsible Officers to each Platinum contract is a requirement and should be addressed without delay.

6. Key actions and next steps - platinum suppliers

- 6.1 The following actions will take place in the final two quarters of 2022/23:
- a) For non-performing suppliers, or those with a weak outlook, we will take more stringent corrective and improvement action, to ensure the right service levels are being met. If these interventions do not work, we will consider re-procurement, where necessary.
 - b) Launch of Procurement & Contract management eLearning modules, to enhance skills and capabilities of Contract Managers across WCC.

- c) Work with the relevant contract managers to ensure innovation, responsible procurement objectives, and improvement activities are being monitored and managed.
- d) Investigate external tools and present a business case for enhancing supplier risk measurement.
- e) Ensure that every platinum contract has a named SRO.
- f) Working with the social value team, we will engage with 15 top suppliers to start tracking their Social Value obligations, test and learn from feedback we receive and then look to roll out the learnings across our supply chain .
- g) We will investigate ways of engaging with our residents in order to get better feedback on how to improve supplier services to them.
- h) We will hold further supplier engagement events focused on the voluntary sector and micro/small businesses. We are jointly hosting a “Meet the Buyer” event on November 17 with the City of London Corporation and Metropolitan Police, which will bring together growth oriented and innovative Ethnic minority businesses working in the Buildings/ Facilities Services, Business/ corporate services & ICT sectors.

7. Financial Implications

- 7.1 There are no financial implications associated to this report.

Comments provided by Kim Wreford SFM Corporate Services

8. Legal Implications

- 8.1 Under section 3 of the Local Government Act 1999 the Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. It must comply with relevant procurement legislation and rules governing tenders and the award of contracts as set out in the Procurement Code.
- 8.2 It is essential that contract managers are familiar with the contract terms and understand the processes (for example when a default notice should be served) and remedies available when a supplier defaults. Failing to understand and comply with the contract terms could expose the Council’s legal position. Legal advice should be sought where necessary.

Comments provided by Kar-Yee Chan, Principal Solicitor (Contracts)

9. Carbon Impact

N/A

10. Equalities Impact

N/A

11. Consultation

N/A

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

Tony Roy, Head of Supplier Relationship Management

Contact Details: troy@westminster.gov.uk

Appendices - Confidential

- Appendix 1: Details of contracts rated unsatisfactory in performance
- Appendix 2: Summary of results - Comparison with contract management Framework

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Tuesday 29th November 2022
Classification:	General Release
Title:	Quarterly Performance Report – Quarter 2 (1st July to 30th September 2022/23)
Wards Affected:	All
Key Decision:	No
Financial Summary:	Not applicable
Report of:	Pedro Wrobel, Executive Director for Innovation and Change

1. Executive Summary

This performance report summarises the council's performance and progress at the end of quarter two 2022/23. It presents the latest cumulative results available for each key performance indicator (KPI) at the end of quarter two where possible (July 2022 – September 2022).

Please note the availability of results for some Key Performance Indicators (KPIs) vary and may not align to the quarterly performance reporting cycle. In these cases, the latest position available is reported – this primarily affects Public Health KPIs – several of which are only available a quarter in arrears.

The report covers:

- **Top Achievements from around the council** – prioritised so that committee see information on the highest impact initiatives.
- **Challenges and Issues** – focused and prioritised so that committee see detail on the most significant issues or potential threats identified from horizon-scanning and what the impact could be.
- **Top Risks and Contextual Pressures** prioritised operational risks, so that committee see detail on the most significant risks. The risk register will be available to Committee at any time should Members require access. Top pressures will be informed by broader contextual analysis.
- **Key Performance Indicators (KPIs) by Directorate** - metrics that are important to monitor to ensure the council is providing effective services and value for money but having recently been reviewed by the business. This will include new targets for 2022/23.

2. Recommendations

- Committee to note the performance updates at Quarter 2.
- Committee to indicate any areas where they require more information or clarification.

3. Quarterly Performance Report

Headline Achievements

This section highlights the council's headline achievements for quarter two. These will be achievements by exception, drawn from delivery against key initiatives, and projects and programmes.

Health, Care and Wellbeing

- ✓ **Community Health and Wellbeing Worker (CHWW) Model.** This initiative launched in the summer of 2021 in Churchill Gardens. Employing residents, this is a unique partnership between local communities and GP practices providing hyper-local prevention outreach to improve population health. After 12 months of operation the four part-time CHWWs have already helped in reducing unnecessary visits to GPs and increasing the uptake of vaccines, immunisations, screenings, and health-checks. Imperial College London are leading the evaluation of the initiative and a full report is expected to be available in the autumn.
- ✓ **Mental Health Plan 2023.** There have been increases in demand for Mental Health (MH) services since the pandemic, mainly around depression and anxieties but also within the number of people experiencing a MH crisis and requiring a MH service intervention. In light of the ongoing service demand, we have agreed working in collaboration with all key stakeholders to review the current MH service provided to our local people in Westminster, in order to identify gaps and enhance the quality of service delivered. We continue to hold a series of engagement meetings with stakeholders, service users and local people. As a first step, we will produce a MH Position Statement before the end of the year and then a wider MH Plan by 2023.

Children and Families

- ✓ **Successful GCSE and A-Level results across Westminster.** This summer, 65.8% of GCSE students achieved a good pass (grades 5 - 9 in English and Maths). This is well above the Inner London average of 56.4% and the national average of 49.8%. For A-level, provisional results show 67% of students graded at A* - B grade- over 10% higher than pre-pandemic A-level results. Across all the grade ranges, students have performed higher than the national average.
- ✓ **Children and Young People's Plan (CYPP)** Officers in Children's Services have developed a new CYPP for Westminster and Kensington Chelsea which will serve as the framework that we will use to track and improve outcomes for children and young people, with a focus on the most vulnerable. The draft CYPP and priority outcomes are subject to discussion with executive officers and Members and are due to be shared with Cabinet in November and once finalised and agreed, will be adopted as a Key Decision in December 2022.
- ✓ **Successful Emergency Re-provision of SEN Transport Provider** - In August 2022, HCT Operations, a transport provider to children, young people and adults with Special Educational Needs and Disabilities (SEND) decided to cease services to WCC and RBKC. This required an immediate review and recommissioning of the service on an emergency basis. An Emergency Key Decision in both boroughs was approved and Travel Care worked with the new provider, HATS, to mobilise 24 SEN routes across the bi-borough, serving 108 pupils in Westminster from the start of the academic year in early September 2022. No concerns or complaints have arisen from the change in provider.

Community Safety and Enforcement

- ✓ **Trading Standards (Candy Stores).** The latest crackdown on suspected fake goods being sold from US-style candy and souvenir shops in Oxford Street has netted around £215,000 in suspected fake goods. Trading standards officers were part of a multi-agency team supported by the police which went to two addresses on Oxford Street. 14,000 items suspected of breaching labelling and trademark offences were taken away. It is the largest haul to date from operations targeting candy and souvenir shops, including:
 - 8,069 disposable vapes and 183 Shisha products,
 - 3,534 Mobile phone covers that were suspected to be counterfeit
 - 256 Toys reaching warning/safety labelling guidelines,
 - 851 pieces of counterfeit jewellery including 25 fake Rolex watches,
 - Over 1,400 chargers and power banks with no safety labelling or UK company details.
- ✓ **The Night Safety Programme** has been approved and now moves into delivery. The Women's Safety Forum met for the first time and is providing oversight and advice to the programme. A new Night Safety Project Delivery Officer is currently being recruited and they will work with our Night Stars service, which supports anyone who finds themselves requiring assistance or support during a night out. The role will assist with recruitment, on-boarding, training and deployment of the Night Stars volunteer workforce.
- ✓ **Reoffending Rickshaw Operators handed huge fines in latest round of pedicab prosecutions.** There were 4 cases heard at the City of London Magistrates Court under the Control of Pollution Act 1974 in relation to pedicabs on the 21 August 2022. The 4 pedicab riders received considerable fines, costs and victim surcharges totalling £4,230. Two riders were handed larger fines after being found guilty of the same offence earlier in the year. This followed a previous 5 cases that were heard in Quarter 1 (May – July 2022), which resulted in a total of £5,682 fines, costs, and victim surcharges being issued. The council hopes these actions will act as a deterrent to further anti-social behaviour.
- ✓ **The first WCC Anti-Social Behaviour Strategy** has been drafted and goes out to public consultation on the 17th October. The eight-week consultation plan will revisit the initial workshops during the engagement phase, supported by consultation with core Strategic Boards and targeted community engagement through a variety of mediums including surveys, residential workshops, and media publications. The strategy sets out how we plan to tackle Anti-social Behaviour using a combination of prevention and intervention. It also ensures that victims of crime can access support and that we ensure that perpetrators are brought to justice. A working group will be formed to create the ASB Strategy action plan and it is intended to publish a statement of achievements following each year's delivery.

Environment

- ✓ **Food Waste Rollout.** We have continued our permanent city-wide food waste recycling service roll out during this quarter. The rollout was briefly paused so that the second weekly rubbish collection registration service could be further promoted to kerbside residents. Our engagement teams revisited and delivered promotion communication materials to around 8,400 households in Abbey Road, Regent's Park, Queen's Park, Harrow Road, Westbourne (north) and Church Street wards during August and September 2022. Due to the volume of requests received second weekly rubbish collections were reintroduced across Queen's Park ward to kerbside properties.
- ✓ **In September we launched the food waste recycling service for suitable properties in Maida Vale (2,557 households in total).** This included 1,282 communal properties (such as housing estates or mansion blocks) and 1,275 kerbside households. Maida Vale kerbside residents were also allowed to request to register to keep their second weekly

rubbish collection. During this quarter we collected 268 tonnes of food waste to be recycled.

- ✓ **Smart City – Clean Tech.** The council has successfully secured a budget and a preferred supplier for the development of the first phase of the Smart City platform, with air quality being the first use case. The work on the build of this project is due to commence imminently with delivery expected in the first quarter of 2023. This is a significant achievement for the council because it is the first time that we brought together all the air quality data into one place digitally and it has been very well received by our users during our initial research and engagement. The data platform will provide a mechanism to help monitor, report and target interventions to assist in reaching our net zero carbon target and reaching WHO standards for air quality.

Business and Economy

- ✓ **Federation of Small Business (FSB) Award.** Westminster came out top at the Federation of Small Business Local Government Awards 2022, securing the award for “Best Programme of Business Support” in London for the Pop-ups and Meanwhile Activations initiative. A curated programme of retail and cultural activations to enliven vacant premises and provide opportunities for local small businesses and artists to occupy rent and rate-free space in the West End. Supporting over 43 brands across 12 spaces to date, with next phase set to tackle low-quality retail on Oxford Street and wider West End, whilst bringing forward activations in high streets across the city. The Business & Enterprise Service was also shortlisted for the Future Ready and Best All-round Small Business Friendly Borough categories.
- ✓ **Westminster Adult Education Service (WAES) - Good achievement of qualifications and progression to work, further learning and higher education.** The achievement rate for 2021-22 is 92%, a significant improvement on last year, which was 88%. The GCSE results for adults with 4-9 grades are very good at 59% for English and 55% for maths. Although for English this is a reduction on last year’s results of 61% and remains the same for maths, it is in line with the national picture due to adjustments from Centre and Teachers’ assessed grades required in the previous two years. In terms of learners on childcare programmes, over the last three years, WAES has consistently had achievement rates of 92%, with all learners at level 2 and 3 having placements, and with the majority being accepted into work at the end of the programme.

Housing and Built Environment

- ✓ **Affordable Housing.** During the quarter, significant progress has been made under the Truly Affordable Housing workstream which aims to align housing delivery with the council’s new manifesto, meet the demands of the housing waiting list and increase the number of truly affordable homes in the borough. A report was presented at Cabinet on 17th October outlining initial proposals which included a change of tenure from intermediate rent to social rent at the council’s developments at Luton Street, Ashbridge, Luxborough, West End Gate, Torridon and Carlton Dene, and a change of tenure from market homes to affordable rent, and within affordable tenures, at 300 Harrow Road and Westmead development schemes.
- ✓ These initial tenure changes result in an additional 143 social rent homes, primarily larger family sized homes. In addition, work is underway to purchase additional homes under the RTBBB programme which will be used for social rent as well as Temporary Accommodation. The council will allocate £2.1m from the Affordable Housing Fund to The Passage to bring 20 non habitable single person units into use November 2022. The target group for this accommodation will be rough sleepers who are 40+. In addition, the GLA have confirmed grant funding of £4.6m towards the delivery of 71 homes for the council to use as temporary accommodation.

- ✓ **Luton Street reached practical completion in August 2022.** Of the 171 modern new homes delivered, 109 are for sale and 62 designated affordable, including 12 townhouses, with three additional affordable townhouses that were completed in Fisherton Street by the project earlier in 2022 which are now occupied by local families. The feedback on the design and quality of the overall project has been tremendous. The development also includes the first section of a new green spine; a landscaped pedestrian route that will better link Church Street with Marylebone and re-establish connectivity within the neighbourhood and encourage healthy living through opportunities for walking, cycling, play and exercise.

4. PRESSURES, ISSUES AND RISKS

This section presents the top pressures and risks facing the council and the City at Quarter 2. The first part of the section focusses on contextual challenges as identified by council Directorates or through analysis of our operating environment. The second part of the section presents the current top risks as reported by Directorates and recorded on the council's Corporate Risk Register.

1. Housing Pressures

Affordable Housing.

There are various pressures on our affordable housing ambitions. Inflation impacts building supply costs and labour market on economic viability of developments in progress. New requirements impacts developers' perception of schemes' viability.

We have a target to deliver 493 affordable housing units by the end of 2022/23 (in year). An additional 100 units have been delivered this quarter – a total of 129 at the end of September. Against the annual target 26% of units have been delivered.

Homelessness.

Recent interest rates increase and rents combined with cost of living pressures could lead to more residents requiring housing or related support services. Westminster has around 45% of homes in the private rented market. Private landlords pass on costs, with increases the average rental price in the city and evictions.

Homelessness prevention interventions are increasing compared to the same period last year – this could indicate more residents in difficulty. When compared to the same quarter in 2021, landlord possession claims across the UK increased from 6,997 to 18,201 (160%), orders from 5,431 to 14,319 (164%), warrants from 3,786 to 7,728 (104%) and repossessions from 1,582 to 4,900 (210%).

The latest from the ONS on repossession of houses (in Westminster) is at its highest level (quarter 2 2022/23) in recent years, the previous highest being 18 (Q4 2019/20). Current news of mortgage arrears is growing. The Bank of England predicts many homeowners will probably face higher mortgage repayments in the next two years, and fixed-rate deals (about 80% of mortgages) will face an increase in repayments when their fix comes to an end.

Mitigation - The council has made a great deal of progress with its Truly Affordable Homes programme and taken other actions such as pausing the sale of council homes and purchasing more affordable properties (through funds related to Right to Buy Back and resident ballots) to help boost supply.

2. Cost of Living

The rising cost of living presents the most significant challenge to living standards for many years and comes after a period of social and economic uncertainty resulting from the Covid-19 pandemic. The Bank of England (BoE) now thinks the economy already entered a recession this summer and predicts it will continue next year and into the first half of 2024. BoE predicts unemployment rate in the UK is set to rise significantly over the next two years to 6.4% This is a significant strategic pressure for the council, as the financial impacts are difficult to measure.

For example, some of the Covid-19 related policy interventions alongside recent government interventions in the cost-of-living crisis have led to an increased level of national borrowing. This coupled with the recent increase in interest rates, will put pressure on government expenditure that could feed through to reduced funding for local government.

Children and Young People Context

In schools, we are seeing a rise in the estimated gap between school funding and overall cost pressures on schools. Although there will be a 3.3% overall increase in the Dedicated Schools Grant for 2023- 2024, the Schools Block increase is at only 2.1%, equating to £2.7m, and has had to fund an estimated cost pressure of £5.8m across our schools. This cost pressure is made up of estimated pay increases (£4.7m) and other inflationary increases (£1.1m). These calculations show average pay and price increases of £60k for primary schools and £315k for secondary schools which on the basis of the school returns we have received can be used as the averages across both boroughs.

The five Youth Hubs in Westminster have been raising the issue of the cost-of-living crisis over the previous months. Energy bills for the Avenues hub are likely to increase from £13,000 to £32,000 this year, which represents a 146% increase. This rise is anticipated across the other Hubs. If food and energy prices do continue to escalate this will continue to impact on the offer that Youth Hubs can provide and may potentially lead to a reduction in service provision. The council contributes to core funding these organisations – (£300,000 in total per annum). Young Westminster Foundation and the council will continue to monitor the financial situation of the youth hubs and will provide support and guidance as needed.

Westminster has seen a significant drop in the number of reception class applications submitted over the last two years. This is partly due to the pandemic, but also falling birth rates and the fewer number of resident families. Since 2020, there has been a 17% fall in the number of on-time applicants. The council continues to work closely with schools and the respective Diocesan Boards for faith schools to look at permanent reductions to PANs where there have been temporary capping agreements in place for some time. Pending approval from governing bodies, several schools are likely to agree this way forward as part of the formal consultation process on changes to admissions arrangements for the 2024 year of entry.

Families and households Context

Around 32,000 households in Westminster are particularly exposed because they are low-income workers or in receipt of benefits (WCC Economic Analysis, 2022). We are also seeing indicators of increased financial hardship such as a three-fold increase in the number of residents accessing North Paddington Food Bank in 6 months to May 2022. We are seeing an increase in the cohort of Children eligible for Free School Meals, which is now up 30% in the last two years.

As we enter the winter period there is naturally an increased risk of more residents being affected by the high fuel costs and day to day cost increases across most goods and services. Other impacts include increasing pressure on NHS and Social Care services if people are not heating their homes as they would normally.

Mitigation – The council has launched a cost-of-living strategy launched with financial support available across a range of customer/resident profiles and promoted energy advice to all

residents and have targeted those who are struggling to pay fuel bills with offers of vouchers and advice from the Morgan Sindall energy cafes.

The council has successfully awarded 42,468 council Tax Rebate payments of £150 under the Mandatory Scheme. We issued 15,875 direct payments of £150 to our residents who are in Band A-D and pay by Direct Debit. For our 26K residents who are in Band A-D but do not pay by Direct Debit we have awarded the £150 as a payment to their council Tax account and written to them to confirm that they can either leave it on their council tax account or complete the application form for a direct payment. The council has also successfully awarded 10,951 council Tax Rebate payments of £150 under the Discretionary Scheme, these have either been awarded as a payment to their council Tax account with the option to have the amount paid to their bank account.

3. Carbon reduction pressures

There are ongoing challenges around WCC emissions data quality and ensuring consistently accurate readings from main emissions sources. The main issue is around data quality seen at Pimlico District Heating Undertaking / Communal Housing – in the past year or so there have been a couple of problems with faulty meters, missing data and getting data in a timely fashion. It's important that we have confidence in our data to be able to accurately forecast our emissions and strategically plan where action is needed. There is a mitigation plan in place to address these problems, and we are looking at how we can further enhance monitoring.

The council is behind profile to meet the 2030 and 2040 commitments for net zero. The latest annual data for Westminster Citywide emissions is 3.1% above target for 2019. The Westminster City council carbon emissions (across its estate and operations) trajectory as of 2021/22 is currently 7,949 tonnes CO₂e (23.8%) above target. Areas which have seen an increase include; WCC owned fleet, Leisure Centres, Veolia fleet, WCC Grey Fleet, and vehicles fleets used by our housing contractors. Pimlico District Heating Undertaking project benefits appear to have been overstated after data review.

Mitigation - Corporate property are expected to reduce their emissions by 1,700 tonnes CO₂e in 2023 through the Carbon Management Programme. Veolia vehicles is expected to reduce its total emissions by 2,041 tonnes CO₂e through the electrification of the main fleet and the street cleansing vehicles. We will develop an emissions trajectory based upon future projects in each emissions area and reviewing the carbon impact of capital programme and future projects – this is now being reported in this report. See Growth, Planning and Housing KPIs.

TOP RISKS

This section highlights the council-wide risks identified by Directorates currently scoring 12 or above on the council's Risk Register. Risks are scored from a minimum of 1 to a maximum of 25 for the most serious risks.

Construction Industry Pressures continue in the light of Brexit, COVID19 and the conflict in Ukraine. Construction inflation is already running much higher than in other sectors and recent oil price and inflation increases will put further pressure on the industry.		Score 20
Impact	We are now experiencing considerable movements in pricing and construction inflation rates that is challenging the viability position on schemes and the council's business plan projections. Contractors are less willing to fix prices and unwilling to hold any commercial position for long which challenges our governance and approval process and timescales. The combined pressures are directly affecting schemes not yet in contract, such as the Infills Programme, Balmoral and Church Street. Prices are in flux and many contractors and suppliers will only fix quotes for a short period. A large percentage of steel is fabricated in Ukraine, and we have seen unprecedented price rises as a result of the recent conflict. Labour costs and skilled labour shortages are also impacting all construction projects and pressure is affecting the supply chain. We are seeing incidences of supply chain insolvency and the combined impact makes programme forecasting difficult and creates risk of delay and prolongation.	
Mitigation	The team continues to work closely with the supply chain and monitoring industry advice / forecasts to mitigate the impacts as much as possible. Work is also underway with finance and procurement colleagues to understand specific impacts across the programme and mitigations are underway including isolating specific procurement risk items, stockpiling materials where possible, and seeking additional external grant funding. Development and Finance teams have arranged a working group to review inflation and cost increases across the programme, in order to highlight schemes most effected so that additional mitigations can be introduced. Discussions are also underway with contractor partners to better understand and challenge specific cost increases where applicable.	

Health Protection Incidents including infectious disease outbreaks causes wide-spread impact on and disruption to health and care services		Score 16
Impact	The council has statutory health protection powers and duties, some of which are drawn on or undertaken in response to major pandemics such as flu and COVID-19, legionella outbreaks and extreme weather risk of mortality or adverse health implications for residents as well as economic, social and political disruption. The council ensures co-ordination of response and that Public Health messaging, information and advice to professionals and residents is provided to ensure the effective management of local health protection incidents.	
Mitigation	Pandemic flu plan aligned with London and UK Health Security Agency. Health protection / immunisations campaigns including seasonal flu. COVID-19 - Outbreak Management Plan in place. Health Protection protocol and board in place which adopts an 'all hazards approach'. Local Health Protection plans outlines local response for both hot and cold weather. Vaccine uptake remains the primary prevention measure against Covid and we will continue to promote via our comms routes. Autumn Booster vaccine uptake in care home residents and staff is being monitored and care homes have been offered outreach to staff to encourage uptake.	
Impact of surface water flooding in the City causes damage to buildings and other structures.		Score 16
Impact	As we move through autumn and into winter risk of flooding in parts of the city tends to increase. This can be exacerbated by seasonal factors such as leaf-fall that can lead to clogged drainage. Surface water flooding can cause damage to buildings and other structures. It can lead to transport disruption and possible local power outages. These factors can present additional risks to vulnerable people in the city in the most serious instances of flooding.	
Mitigation	The council follows the GLA's London Strategic Flood Framework and Environment Agency Guidance, the Serpentine Reservoir Inundation Plan, and it also has its own Westminster Plan for Major Emergencies, WCC Staff 10 Point Plan for Business Continuity, and test exercises. Our Multi-Agency Flood Plan has been revised and sign-offed at Borough Resilience Forum. The Thames Barrier is also a major existing control against flood events. Wider risks are subject to our Health Protection protocol and board which adopts an 'all hazards approach'. Business Continuity exercising and testing will be undertaken WCC Property & Estates, Bouygues, WCC Facilities Management, WCC Housing Management. This is being extended to included registered housing providers in Westminster.	

Building Regulations Part B and Building Safety Act		Score
		12
Impact	<p>The Building Safety Act (BSA) was enacted in April 2022. This places a significant burden on WCC Building Control as around 12% of national premises in scope of the new requirements are in Westminster. The Act also requires ALL staff involved in Building Control to be licenced with the new Building Safety Regulator (BSR) and to show validated competence to operate at the Level they are working at. This is similar to the licencing of doctors and a very significant new burden on the team.</p> <p>There is an estimated requirement for 25-30 Level 6 Qualified Surveyors for the relevant projects within Westminster (LABC figures); the team currently has 4. There is a significant shortage of qualified staff in the market and recruitment of more junior staff to be upskilled will be required. The proposed Career Development Framework (CDF) needs to be established and recruitment authorised. Central government has promised this new regime will be cost neutral to WCC once fully operational and qualified staff will be charged out at a premium rate to the BSR.</p>	
Mitigation	<p>Heads of London Borough Building Controls (LDSA – London District Surveyors Association) are liaising with the BSR to establish a Pan-London arrangement for BSA related work. This HUB will assist in sharing the burden of BSA work until authorities have the capability to cover the work within their area. The Building Control Team has been upskilled with the addition of a Fire Engineer, a Training and Quality Manager, a Structural Engineer and 2 additional Surveyors undertaking training to reach the Level 6 criteria. Existing Team members are undertaking training (funded by central government) to enable competence validation within the next year.</p>	

Reduced development sector activity and reduced development viability.		Score
		12
Impact	<p>Continued reductions in monthly departmental income from application fees and other discretionary fees. This could lead to pressure to reduce resources within Town Planning and/ or greater pressure on local authority resources to deliver the planning service. Increased requests to renegotiate S106 agreements and submission of more S73 applications to renegotiate previously permitted schemes leading to reduced planning obligations including affordable housing provision.</p>	
Mitigation	<p>Continue to monitor application and income levels and address budget shortfall through review of discretionary fees and charges via annual review and identify cost savings from 2023/24 onwards via financial MTP process. Adopt new Planning Obligations SPD in early 2023 to support and strengthen rationale for securing planning obligations.</p>	

Financial Pressures and increased demand in Adult Social Care		Score
Overall increase in the complexity of care needs and increase in referrals for ASC Services.		12
Impact	<p>Lack of /delay of NHS treatment may result in a surge of demand. This could come from both hospitals as the NHS clears through backlogs of routine procedures as well as people who have not been treated and as a result present with more complex care needs. Inflationary pressures for social care providers. Increases in acuity of client needs (higher package costs); Increases in numbers of service users, (demand increases); Inability to meet agreed savings targets. Potential budget overspends. Financial pressures resulting in inability to fund services to required level.</p>	
Mitigation	<p>Close monitoring of demand. Monthly finance and performance information to look at trends and potential impacts on budgets. Improved financial and performance monitoring in place to ensure alignment of service provision and financial commitments. Winter plans in place and funded to meeting seasonal demands. Working with NWL NHS and Directors of Social Care to monitor and escalate pressures. Demand and capacity modelling - financial projections. Discharge and continuing health care monitoring in place.</p>	

Key Performance Indicator results by Directorate

These are KPIs that have been selected by directorates to help us track how well the council is delivering on its core and statutory services.

RAG Status	■ KPIs that are off track to meet/ failed to meet target	Trend	Better	KPIs that have shown positive movement/ rate of change compared to last quarter
	■ KPIs that are at risk of missing target levels		Same	KPIs that have shown static movement/ rate of change compared to last quarter
	■ KPIs that are on track to meet/ met target		Worse	KPIs that have shown negative movement/ rate of change compared to last quarter
	■ N/A – No target		N/A	KPIs that do not lend themselves to comparison

Note: targets that are yearend rather than quarterly are marked with an asterisk*

ADULT SOCIAL CARE

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG
KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS					
1 % of carers (caring for an adult) who have received an assessment or review of their needs	29.10% (231/793)	92%*	47.7% (465/974)	Better	
2 % of adult social care service users receiving an annual assessment or review of their care needs	19% (531/2693)	95%*	39.40% (1650/2722)	Better	
3 No. of new permanent admissions to residential and nursing care of people aged 65 years and over (by yearend)	19	122*	53	Worse	
4 No. of active Community Champions volunteers providing neighbourhood health and wellbeing support	80	80	96	Better	
5 % of people in receipt of reablement packages that maximises independent living and reduces or eliminates need for an ongoing care package	76.10% (197/259)	80%	77.30% (440/569)	Better	

PUBLIC HEALTH

* Public Health – Please note that Public Health indicators are latest available (Q1 2022/23) and are only available in lag due to the reporting cycle.

KPI Description	Yearend 22/23	Target	Q1 22/23	Trend	RAG
KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS					
1 Total no. of smokers (per annum) successfully completing 4 week quits after approaching NHS stop smoking services help you quit	1,083	1000* (250 Q1)	126	Worse	
2 % of opiate drug users that left drug treatment successfully who do not re-present to treatment within 6 months	7.87% (45/572)	8.5%	8.77%	Better	
KPIs THAT DO NOT HAVE A TARGET LEVEL					
3 % of children overweight (obese) in reception	21.1%	N/A	20.6%	Better	
4 % of children overweight (obese) in year 6	37.8%	N/A	39.7%	Worse	

CHILDREN'S SERVICES

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG	
KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS						
1	% of primary school vacancies (surplus places) across Westminster	23.10%	10%	23.40%	Worse	
▶ Service Commentary/ Mitigating Action: Westminster has seen a significant drop in the number of reception class applications submitted over the last two years. This is partly due to the pandemic, but also falling birth rates and the fewer number of families in Westminster.						
2	% uptake of free early education funded placements for 3 and 4 olds	48%	85%	47%	Worse	

KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS						
3	% of Looked After Children in care for more than 2.5 years and of those, have been in the same placement for at least 2 years	57%	75%	63%	Better	
4	% of schools rated by Ofsted as good or outstanding	93% (54/58)	98%	95% (54/57)	Better	
5	No. of young people that were known to the Youth Offending Team and were continuing to re-offend	28	22	25	Better	
6	% of appointments to register births available within 5 days of enquiry	90.50%	95%	89.7%	Worse	
▶ Service Commentary/ Mitigating Action: While there is availability for anyone wanting to have an appointment in 5 days, behavioural patterns have shifted following COVID. Parents tend to now book further in advance and often leave the registration beyond the 5 days as this is more convenient for them.						

KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS						
7	% of Looked After Children placed within 20 miles from where they used to live in Westminster	78%	85%	82.4%	Better	
8	% of referrals to children's social care that are within 12 months of an earlier referral (re-referrals)	15.20%	15%	15.20%	Same	
9	% of care leavers (aged 17-24) placed in accommodation suitable for their needs (for children not homeless or in prison)	96.10%	94%	97.10%	Better	
10	% of care leavers (aged 17-24) in education, employment or training (EET)	77.70%	80%	76.2%	Worse	
11	% increase in real and virtual visits to libraries	27.1%	2%	17.50%	Worse	
12	% of children re-registered on a protection plan within 2 years	0%	N/A	0%	Same	
13	Attainment 8 score - average score obtained by a student for their best 8 GCSE results.	57.6	58	57.3	Worse	
14	% of Education and Health Care Plans completed within 20 weeks	100%	90%	100%	Same	

KPIs THAT DO NOT HAVE A TARGET LEVEL						
15	% of children on free school meals	35.70%	N/A	36%	N/A	

ENVIRONMENT AND CITY MANAGEMENT

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG	
KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS						
1	No. of Category 1 hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	41	375*	107	Better	
▶ Service Commentary/ Mitigating Action: Likely to be significant increase as HMO conditions inspections commence (July 22). A proportion of Category 1's are normally removed through responsive complaint led work (non-HMO)						
2	Household waste recycling rate (%)	24%	25%	24%	Same	
▶ Service Commentary/ Mitigating Action: Temporary delay to roll out of food waste service due to new administration review and Queens funeral - recommencing in Maida Vale/Little Venice October.						
3	% of carriageway and footway defects repaired or made safe within target timescales	99%	98%	94%	Worse	
▶ Service Commentary/ Mitigating Action: Backlog of jobs associated with OLB, Just Stop Oil and getting around the City to fix jobs. Officers are reassured that the backlog is coming down. There are additional resource employed to bring down the backlog.						
4	Total participation in play, physical activity, leisure and/or sport facilities and activities	1.1m (23%)	4.6m/annum*	1.9m (44%)	Worse	
▶ Service Commentary/ Mitigating Action: Based on previous years data, there is a trend in variation in usage across quarters which may account for the slightly lower percentage rate in quarter 2. In addition, one sensor gate for PRG is down resulting in incomplete data for previous months and no data for September.						
5	% of missed bin collections per 100,000	4%	3%	4%	Same	
KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS						
6	% of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision	100%	80%	80%	Worse	
7	% of licensed premises that are safe and well managed following a single inspection	96%	90%	90%	Worse	
8	% of streets in Westminster that pass the street score survey for litter	95%	95%	95%	Same	
9	No. of parks and open spaces awarded with green flag status	28	28	29	Better	
10	% of urgent lighting defects returned to service within agreed service levels	100%	98%	99%	Worse	
11	No. of vulnerable residents supported to continue living in their homes	205	500*	260	Worse	
12	% of all high-risk food premises inspected (rated category A-B)	100%	100%	100%	Same	
13	No. physical activity providers that have been awarded the Active Westminster mark	27	70*	54	Same	
14	Percentage of cycle lane asset condition assessments completed as scheduled.	25%	98%*	50%	Same	
15	Ratio of public EV charging places to Resident ECO Permits held	01:3.7	01:08	01:3.7	Same	
16	Number of HMOs improved	15	200*	46	Better	
▶ Service Commentary/ Mitigating Action HMO licence conditions compliance inspections only commenced July 2022. likely to increase significantly (~850 properties with additional conditions attached). In Quarter 2 we have seen significant increase in numbers of HMOs improved. This follows the commencement of our checks for completion of licence conditions at the start of the year. This is forecast to continue and the target will be reached by yearend.						
17	No. of visits to outdoor learning services	6,760 (29%)	23,000*	12,910 (56%) (6,150 Q2) (27%)	Worse	

FINANCE AND RESOURCES

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG	
KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS						
1	% of Stage 2 complaint responses despatched within 20 working days	49%	75%	43%	Worse	
<p>► Service Commentary/ Mitigating Action: The corporate complaints team have met the target (77% of stage 2 complaints responded to in target). However, Housing management have only responded to 32% of their stage 2 complaints in target. This is due to the backlog of old cases which was being cleared in September.</p>						
2	Carbon savings achieved from portfolio of companies receiving pension fund investments compared to the 2018/19 baseline	65%	75%	65%	Same	
3	Housing Revenue Account (HRA) Rent collection	97.2%	98.50%	97.2%	Same	
4	% of premises with access to full fibre broadband in Westminster	67.2%	80%	63.7%	Worse	
<p>► Service Commentary/ Mitigating Action: Percentage of premises in Westminster with access to Full Fibre is reported as being 63.7% (104,848 premises). This is down 3.5% from Q1 as the premises counts for each local authority have been updated. This report includes all premises as of May 2022. The council is working with its communities to understand areas of poor connectivity and conveying this demand to networks to bolster the business case for fibre rollouts. As well as continuing to push the residential voucher scheme with networks.</p>						
5	% of contracts (over £100k) with Responsible Procurement commitments (e.g. to reduction to carbon footprint)	97%	90%	74%	Worse	
<p>► Service Commentary/ Mitigating Action: Contracts with Responsible Procurement commitments has remained relatively high with some fluctuation month on month. This has been due to a number of specific factors which include the original tender being prepared and evaluated against prior to the inclusion of our revised Responsible Procurement commitments, the framework being utilised to procure – the service did not include Responsible Procurement commitments and the service being procured was a pilot, with no specific quantifiable commitments able to be achieved during the contractual period.</p>						
KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS						
6	% of unpaid sundry debt (raised by invoice on IBC) over 30+ days	9%	16%	8%	Better	
7	% of invoice payments made to creditors within 30 days	98.2%	95%	98.2%	Same	
8	Time taken to process benefit claims and benefit changes of circumstance (days)	9	9	11	Worse	
<p>► Service Commentary: Changes of circumstances continue to be processed within an acceptable number of days. Performance levels are expected to be back at 9 days processing time as was seen in Q1.</p>						
9	Corporate Contact Centre % Calls abandoned <10%	9.9%	<10%	9.1%	Better	
10	Out of Hours Contact Centre % Calls abandoned <10%	8.1%	<10%	7.4%	Better	
11	% of Business Rates Collected (National Non Domestic Rates)	31.5%	95%*	56.2%	Better	
12	% of council Tax Collected	34.7%	93%*	57.4%	Better	
13	% of High Value Suppliers rated at Good or Satisfactory by contract managers	96%	90%	96%	Same	
14	% increase in total income generated from the council's investment property portfolio	14.3%	2%	6.4%	Worse	
<p>► Service Commentary: The income collected from the councils investment portfolio from the general fund was £5,854,341 from July - September 2021 and this increased to £6,227,844 from July - September 2022 this is an increase of 6.38% for the rent collected.</p>						
15	% of contract awards (over £100k) to Small Enterprises or Voluntary and community social enterprises	22%	25%	39%	Better	
KPIs THAT DO NOT HAVE A TARGET LEVEL						
16	% of digitally excluded residents because of lack of skills, connectivity or accessibility	4%	N/A	4%	Same	

GROWTH, PLANNING AND HOUSING

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG	
KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS						
1	Average % of zero carbon emissions target for major planning permissions that is met by on site measures (new measure)	43%	60%	56.5% (47.8% YTD)	Better	
▶ Service Commentary/ Mitigating Action: Although performance has improved from Qtr 1, schemes coming through to decision now were submitted prior to focus on this KPI in 22/23, meaning that the Minimum Target of 49% is likely to be achieved by year end.						
2	No. of residents securing jobs through the Westminster Employment Service (WES)	60	320*	104	Better	
▶ Service Commentary/ Mitigating Action: During quarter 2 the team has focussed on generating more referrals to the Service through outreach in the community, promotion of the service in our estates, through social landlords and directly to our own housing tenants. As a result of this activity, the volumes of residents being supported by the Service are now at a similar level to last year. Our focus in Q3 is connecting clients that are job ready to a pipeline of job and work placement opportunities brokered including via the Westminster Job Fair on 31st October (postponed from Sept due to the Queen's funeral); Construction Job Fair and council roles including apprenticeships, TechLions. With the Westminster Works Project starting, we will also expect a flow of London Living Wage hospitality roles and community recruitment events with employers to further support our efforts to secure good employment for residents.						

KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS						
3	Westminster residents supported into work focused training and skills opportunities	39	300*	146	Better	
4	No. of businesses receiving meaningful business support	1,084	2,250*	1,816	Better	
5	Businesses actively engaged and/ or contributing financially or in kind (or amount of contributions (£) from business to support our communities, residents and young people	40	180*	107 (YTD)	Better	
6	% of 'major' planning applications determined within 13 weeks i.e. larger scale development	90%	70%	93.3%	Better	
7	% of Westminster residents supported into jobs through WES who are sustained in employment for a minimum of 6 months	44%	45%	44%	Same	
8	% of 'non-major' planning applications determined within 8 weeks	78%	75%	76.5%	Worse	
9	% planning appeals determined in favour of the council (Excluding telephone boxes)	68%	65%	70%	Better	
10	% of residents satisfied with anti-social behaviour case handling (on housing estates) by the council	61%	65%	66%	Better	
11	No. of cases of homelessness prevented	158	545*	294	Worse	
12	% of calls answered by the Housing Customer Services Centre within 30 seconds	76%	70%	72%	Worse	
13	% of tenants' satisfied with housing repairs service	77%	75%	78%	Better	
14	Voids brought back to use with improved energy efficiency	25	80*	49	Worse	
15	No. of affordable Housing units delivered	29	493*	129	Better	
16	No. of social housing units delivered	10	189*	74	Better	

INNOVATION AND CHANGE

2022 Resident Survey results will be available for quarter three. Perception measures relevant to I&C are:

- Residents feel informed about services and benefits
- Residents feel informed about plans for your local area
- Residents have seen the Westminster Reporter

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG
KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS					
1 Subject Area Request responded to in line with statutory deadlines (targets based on ICO guidance)	82%	90%	63%	Worse	
▶ Service Commentary/ Mitigating Action: It is normal to see a drop off in these rates in the summer months where officers from across the council tend to be on leave. Performance is expected to have improved in Quarter 3 data.					

KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS					
2 FOIs responded to in line with statutory deadlines (targets based on ICO guidance)	87%	90%	84%	Worse	
▶ Service Commentary/ Mitigating Action: It is normal to see a drop off in these rates in the summer months where officers from across the council tend to be on leave.					

KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS					
3 Committee agendas published in line with statutory deadlines	87%	90%	84%	Worse	
▶ Service Commentary/ Mitigating Action: It is normal to see a drop off in these rates in the summer months where officers from across the council tend to be on leave.					

KPIs THAT DO NOT HAVE A TARGET LEVEL					
4 No. of people assisted by Night Stars	253	TBC	221	Worse	

PEOPLE SERVICES

KPI Description	Q1 22/23	Target	Q2 22/23	Trend	RAG
KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS					
1 % of staff turnover is managed at appropriate benchmark levels (excluding redundancies)	13%	11%	14%	Worse	
▶ Service Commentary/ Mitigating Action: Turnover has increased but there are signs that leaver numbers are reducing following a spike in leaver numbers in Q4, 2021-22.					

KPIs THAT ARE AT RISK OF MEETING TARGET LEVELS					
2 % of BAME employees in senior leadership roles (band 5 and above)	26%	28%	26%	Same	
3 Gender median pay gap in the council workforce (difference in median hourly rate as % of men's pay)	10%	9%	10%	Same	
4 Ethnicity median pay gap in the council workforce (difference in median hourly rate as a % of white employees' pay)	12%	11%	12%	Same	
▶ Service Commentary/ Mitigating Action: Chief Executive has set new corporate target to eliminate pay gaps by 2024/25. People Services are leading a review of the data to review targeted action.					

KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS					
5 % of women in senior leadership roles (band 5 and above)	45%	47%	48%	Better	
6 % of workforce that are Temporary Agency Contractors	7%	8%	8%	Worse	

5. Financial Implications

N/A

6. Legal Implications

N/A

7. Carbon Impact

N/A

8. Equalities Impact

N/A

9. Consultation

N/A

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

Mo Rahman, Head of Strategy and Performance

MRahman@Westminster.gov.uk

Or

Nick Byrom, Strategic Performance Manager

NByrom@Westminster.gov.uk

This page is intentionally left blank



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Annual Complaints Review 2021-22
Wards Affected:	All
Key Decision:	For noting only
Financial Summary:	There are no financial implications from this report
Report of:	Gerald Almeroth

1 Executive Summary

- 1.1 The purpose of this report is to present to the Audit and Performance Committee the Council's Annual Complaints Review for 2021/22 (**see Appendix 1**).
- 1.2 The attached report (**Appendix 1**) summarises the Council's complaints performance (complaint stages 1 & 2), complaints received from the Local Government and Social Care Ombudsman (LGSCO). A copy of the Local Government and Social Care Ombudsman Annual Letter/Review for the year ended 31 March 2022 (**Appendix 2**) is also attached.
- 1.3 Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced (**Appendix 3 and 4**).

2 Recommendations

- 2.1 Members are requested to review and note the information about complaints set out in the Annual Complaint Review 2021/22 (**Appendix 1**) and review the Local Government and Social Care Ombudsman Annual Letter/Review (**Appendix 2**).

3 Complaints Handling

3.1 The Council has a two stage complaints procedure. The two-stage procedure is as follows:

- **Stage 1** - Complaints are addressed by the local service manager (10 working day turnaround).
- **Stage 2** - A Chief Executive's review (20 working day turnaround). This is currently delegated to ELT members.

If the complainant remains dissatisfied, they can take their concerns to the Local Government and Social Care Ombudsman (LGSCO)

3.2 The procedure covers most council services. However, Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced for Member and Officer oversight (**Appendix 3 and 4**).

3.3 The Council's definition of a complaint is:

'Dissatisfaction, however expressed by the customer, which they wish to be treated as a complaint.'

3.4 It should be noted that most contacts from the members of the public are dealt with outside the Council's complaints procedure, and there can be confusion about what constitutes a complaint. Generally, when an initial request from a customer is received this is not usually considered a formal complaint. The request becomes a complaint should the person make further contact if they consider the matter has not been dealt with satisfactorily, or to protest the Council's policies and procedures. Departments apply common sense when deciding what is a complaint as the majority of customers simply wish the Council to put something right and a service area may attempt to do this a couple of times before the matter is put into the formal complaint's procedure.

3.5 There are some concerns which cannot be dealt with under the Council's corporate complaints procedure. These include issues where there are separate statutory appeals procedures such as disputes over parking tickets, planning applications appeals and Housing Benefit appeals, as an appeals process takes precedence over the complaint's procedure. Issues which are, or have been subject to Court action, complaints about staff and issues involving insurance claims against the Council also cannot be addressed in our complaints procedure. For this reason, the complaints included in this report only relate to allegations of service failure which constitute a formal corporate complaint, and where there is not a legal, statutory procedure or an alternative complaint procedure to deal with the specific issue.

4 Findings from the Annual Complaints Review (Appendix 1)

Stage 1 summary

- 4.1 Complaint Volume – 2198 stage 1 complaints were received which is a 43% increase on the previous year. This is generally due to the increase in Housing Management complaints, specifically complaints about the repairs service.
- 4.2 Response times – The 10-working day response target has been met in 62% of stage 1 complaints which is a 7% reduction on the previous year. It is likely that the increase in volume in the Housing management service has impacted the ability to meet the target.
- 4.3 Complaint Learning – Item 5 of the Annual Complaints Review provides some examples of how complaint data has been used for complaint learning.

Stage 2 summary

- 4.4 Complaint Volume/Escalation – 422 stage 2 complaints have been received which represents a 74% increase on the previous year. This is due to the increase in Housing Management complaints at stage 1.
- 4.5 Response Times – 55% of stage 2 complaints were responded to in target response time (20 working days) against 17% in the preceding year. This is a significant improvement
- 4.6 Complaint Escalation Rate – across all services the escalation rate from stage 1 to stage 2 is 19%.

Local Government and Social Care Ombudsman (LGSCO)

- 4.7 Complaint outcomes – 108 LGSCO complaints and enquiries were received in 2021/22. 81 were referred back to the Council's complaints procedure or the case was closed after initial enquiries were made, the remaining 27 were formally investigated and of those, 23 were upheld and 4 were not upheld.
- 4.8 There were no public reports issued against the Council in 2021/22.

5 The Management of Complaints

- 5.1 The Housing Management service continue to manage their own stage 2 complaints. All other stage 2 complaints are handled by the Corporate Complaints team.

5.2 The Housing Management service will be launching their own complaints management CRM tool during 2022/23. All other Council services will continue to use icasework to manage their complaints.

6 Financial Implications

There are no financial Implications associated with this report.

7 Legal Implications

7.1 There is a statutory requirement for the Council to have a complaints process in relation to certain established services, for example, Children's Services under the Children Act 1989 and Adult Social Care services under the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009.

7.2 The Local Government and Social Care Ombudsman, set up under the Local Government Act 1974; and the Housing Ombudsman, under the Housing Act 1996, are independent and responsible for dealing with complaints about local authorities that there has been maladministration causing injustice or a service failure.

7.3 Section 5A of the Local Government and Housing Act 1989 requires the Monitoring Officer to report annually on any relevant Ombudsman complaint decisions against the Council. The October 2020 Local Government and Social Care Ombudsman guide says the Ombudsman will support a flexible approach to how the council will discharge this duty as long as the intent is fulfilled in some meaningful way, and a council's performance in relation to Ombudsman investigations is properly communicated to elected members.

8 Carbon Impact

N/A

9 Equalities Impact

N/A

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

Zoe Evans, Complaints and Customer Manager

E-mail: zevans@westminster.gov.uk

APPENDICES

- Annual Complaints Report 2021-22
- LGSCO annual letter 2021-22
- Children's services annual report 2021-22
- Adult's services annual report 2021-22

BACKGROUND PAPERS

None

This page is intentionally left blank



City of Westminster

Annual Complaints Review 2021/22

September 2022

For further information contact: Zoe Evans,
Customer and Complaints Manager
Email: zevans@westminster.gov.uk

1. Introduction

This report presents complaints performance trends for 2021/22, and a comparison of performance between 2020/21 and 2021/22, where applicable across stage 1 and stage 2 of the corporate complaints procedure, with limited information on Children's and Adults Services statutory complaints. It also includes a performance review of Local Government and Social Care Ombudsman (LGSCO) first time enquiries.

Data used in this report has been taken from iCasework, which is the Council's complaints database.

2. Background

The Council's two stage complaints procedure is as follows:

Stage 1 - Complaints are addressed by the local service delivery manager (10 working day target turnaround).

Stage 2 - A review by a senior officer delegated by the Chief Executive can be requested (20 working day target turnaround).

LGSCO - If the complainant remains dissatisfied with the stage 2 reply they can take their concerns to the LGSCO.

The Council's corporate complaints procedure covers most Council services although Adults and Children's Social Care Services must adhere to separate statutory complaints procedures for some complaints as defined under the relevant legislation. There is limited information about statutory complaints within this report as separate reports are produced for Member and Officer oversight. Data about Children's Services complaints which can be addressed within the corporate complaints procedure is included in this report.

3. The Management of Complaints

A change was made to the Council's complaints policy and on 16 June 2021 the target response time for completing a stage 2 complaint increased from 10 working days to 20 working days. The Council recognised that meeting the 10-working day target for stage 2 responses had been a challenge for a number of reasons and as a consequence very few stage 2 complaint responses were meeting this target. The target was also not consistent with other Local Authorities.

The Housing Management service continue to investigate and respond to their own stage 2 complaints. All other stage 2 complaints are handled by the Corporate Complaints team.

4. Headline findings

Stage 1 Summary

Complaint Volume - 2198 stage 1 complaints were received which was a 43% increase on the previous year. This was mainly attributable to an increase in complaints about the housing management service, in particular the repairs service.

Response times –The 10-working day response target has been met in 62% of stage 1 complaints which is a 7% reduction on the previous year.

Complaint Learning – Item 5 provides examples of how complaint data has been used for complaint learning.

Stage 2 Summary

Complaint Volume – 422 stage 2 complaints were received which represents a 74% increase on the previous year. The increase is generally due to a significant increase in Housing Management Services complaints; however, most services saw an increase.

Response Times – 55% of stage 2 complaints were responded to within the target response time, against 17% in the preceding year.

Complaint Escalation Rate – Across all services the escalation rate from stage 1 to stage 2 is 19%.

Local Government and Social Care Ombudsman (LGSCO)

The Council received 17 first time enquiries in 2021/22 against 23 enquiries in the previous year.

Compensation – In 2021/22 a total of £6,350 was offered which was a significant decrease from 2020/21 when a total of £15,200 was offered.

No formal reports were published against the Council in 2021/22.

LGSCO Annual letter 2021/22

Complaint Outcomes – the LGSCO received 108 complaints in 2021/22. 81 of those were either referred back to the Council's complaints procedure or the Ombudsman closed the case after initial enquiries were made. The remaining 27 were formally investigated and of those 23 were upheld and 4 were not upheld.

Complaint Volumes across all Stages and Directorates

As indicated in **Table 1** 2198 stage 1 complaints and 422 stage 2 complaints have been recorded (withdrawn complaints not included). When all the statutory complaints are included, the totals are 2311 for all stage 1 complaints, 425 for all stage 2 complaints and 2 Children's stage 3 complaints.

The statutory complaints procedure for Adults Services is a one stage process after which the complainant can escalate to the LGSCO. The statutory complaints procedure for Children's services has three stages.

Table 1 – Complaints (both corporate and statutory) across Stage 1 and Stage 2 for 2021/22

Directorate/ Division	Stage 1 Total for 2021/22	Stage 2 totals for 2021/22	Children's Statutory Stage 3	% escalated to Stage 2
Finance and Resources	180	22	N/A	12%
<i>Housing Benefit</i>	67	4	N/A	6%
<i>Council Tax</i>	41	4	N/A	10%
<i>Business Rates</i>	65	12	N/A	18%
<i>Corporate Property</i>	1	2	N/A	200%
<i>Electoral Services</i>	5	0	N/A	0%
<i>Coroner Services</i>	1	0	N/A	0%
ECM	331	37	N/A	11%
<i>Waste and Parks</i>	162	3	N/A	2%
<i>Public Protection and Licensing</i>	91	15	N/A	16%
<i>Parking Services</i>	46	12	N/A	26%
<i>Highways and Public Realm</i>	12	2	N/A	17%
<i>Community Services (Sports & Leisure)</i>	20	5	N/A	25%
Growth, Planning and Housing	1589	355	N/A	22%
<i>Development Planning</i>	55	6	N/A	11%
<i>Housing Solution Services</i>	228	50	N/A	22%
<i>Housing Mgt</i>	1306	299	N/A	23%
Innovation and Change	8	0	N/A	N/A
<i>City Promotions</i>	4	0	N/A	0%
<i>Campaigns</i>	4	0	N/A	0%
WAES	1	0	N/A	0%
Children's Services	89	8	N/A	9%
Adults Services	0	0	N/A	N/A
Sub Total for all Corporate Complaints	2198	422		19%
Children's Statutory Complaints	10	3	2	
Adults Statutory Complaints	103	N/A	N/A	N/A

NB: The reason that the escalation rate for Corporate Property is 200% is because the complaints that escalated to stage 2 were received in the preceding year.

NB: In 2020/21 the Libraries service came under ECM but in 2021/22 had moved over to the Children's directorate.

Table 2 indicates that this represents an overall increase in complaint volumes.

Table 2 – A comparison of corporate complaint volumes 2020-21 and 2021/22 across all services

	2020/21	2021/22	Variance
Stage 1	1541	2198	657
Stage 2	243	422	179

5. Stage 1 complaints

Total number of Stage 1 Complaints received by directorate (withdrawn complaints not included) – 2198

Table 3 – Comparison of Stage 1 totals by Divisions within Directorates for 2020/21 and 2021/22. Adults and Children’s statutory complaints data is not included.

Directorate/ Division	Total for 2020/21	Total for 2021/22	Variance
Finance & Resources	194	180	-14
<i>Housing Benefit</i>	53	67	14
<i>Council Tax</i>	78	41	-37
<i>Business Rates</i>	63	65	2
<i>Corporate Property</i>	0	1	1
<i>Coroner Services</i>	0	1	1
<i>Electoral Services</i>	0	5	5
ECM	265	331	66
<i>Waste and Parks</i>	107	162	55
<i>Public Protection and Licensing</i>	62	91	29
<i>Parking Services</i>	62	46	-16
<i>Highways and Public Realm</i>	16	12	-4
<i>Community Services (Sports)</i>	18	20	2
Growth, Planning and Housing	1016	1589	573
<i>Development Planning</i>	43	55	12
<i>Housing Solution Services</i>	242	228	-14
<i>Housing Mgt</i>	731	1306	575
Policy, Performance and Communications	0	8	8
<i>Campaigns / Engagement</i>	0	4	4
<i>City Promotions, Events and Filming</i>	0	4	4
Westminster Adult Education Service (WAES)	3	1	-2
Children's services (inc. Libraries)	63	89	26
Total	1541	2198	657

Table 3 (above) indicates that overall, there has been a significant increase in the number of stage 1 complaints (43%), however this can be mainly attributed to the increase in complaints for the housing management service. The main driver for housing complaints in Westminster continues to be repairs. With over 90,000 repairs raised in the financial year 2021/22 this is by far the biggest service provided by the housing team and the number of repairs complaints received represents a small proportion of the jobs completed.

During 2020/21 the repairs service was impacted by Covid restrictions with all non-urgent repairs put on hold. This created a backlog of repairs which the team cleared over the end of 2020/21 and into 2021/22. Many of the repairs complaints received in 2021/22 were regarding delays in completing work and the impact that outstanding repairs had on families.

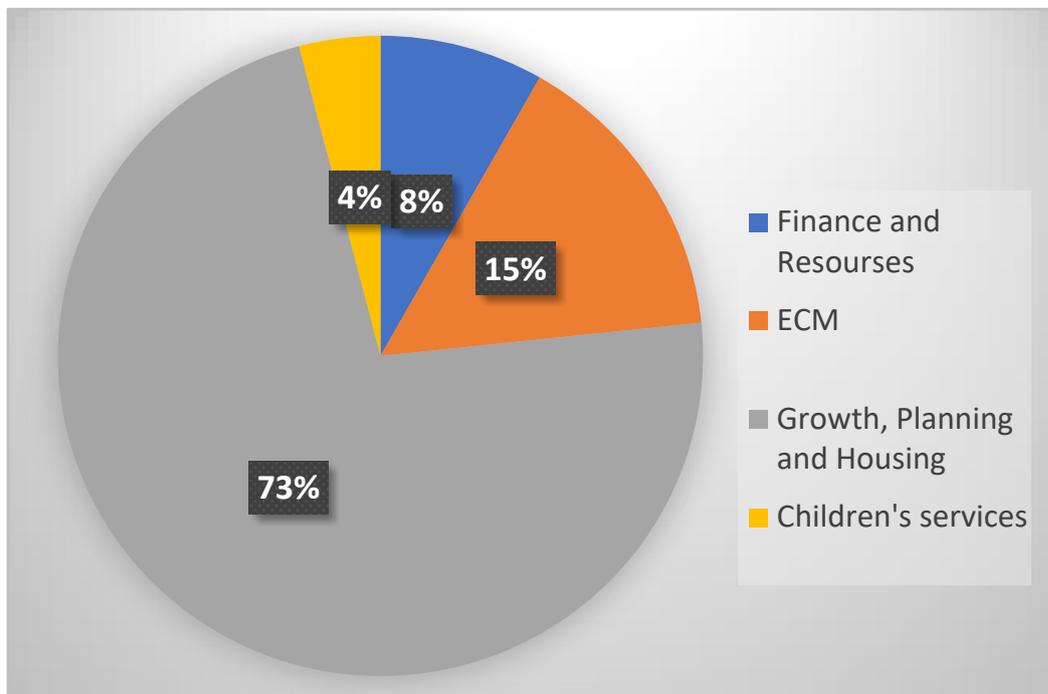
The repairs service was also tested by torrential rain in July 2021, which caused widespread flooding in North Westminster. Many homes were flooded, and tenants were provided with temporary accommodation while homes were dried out and repaired. Again, this was a source of complaints from residents, with many residents seeking compensation for inconvenience and damaged personal possessions.

The housing management service has undergone a restructure which has increased resourcing in the area housing offices, specifically housing officers and surveyors. The number of properties managed by these officers has been cut to allow them to get to know all of our tenants and leaseholders and to be the first point of contact in resolving potential complaints. This should help reduce the volume of formal complaints received as well as improve the response rate to complaints within the formal complaints process.

The service is also introducing customer relationship management software (CRM) for complaints management so that our contact centre can view complaints, to reduce administration and to provide better performance management tools.

The other significant increase was for Waste and Parks. This was partly due to an increase in complaints about public toilets which included the 50p charges, lack of staff, ASB and broken fittings. There was also an increase in complaints about bulky waste collections due to the confusion over the change in policy that accompanied the end of Covid measures.

Chart 1 - Profile of complaints made by directorate with a total of 10 complaints or over in 2021/22



As seen in **Chart 1** complaints from Growth Planning and Housing (GPH) represent 73% of all stage 1 complaints received and the situation was similar in 2020/21 as GPH represented 66% of all stage 1 complaints.

Stage 1 response time by Directorate

The target response time for replying to a stage 1 complaint is 10 working days. Performance is therefore measured by:

- Complaints completed in target response time (0 to 10 days)
- Those completed in 11 to 20 days
- Those complaints that took over 20 days.

As indicated in **Table 4** (below) the average response time for all complaints completed within target response time across all directorates in 2021/22 is 62% against 69% for the preceding year. It is likely that the pandemic continued to slow down response times in 2021/22 however it is disappointing that the performance was down on the previous year.

Steps need to be taken during 2022/23 to improve the performance and specific service areas will be targeted and asked to put an action plan in place.

Table 4 - Percentage of Stage 1 complaints completed in target response time for 2021/22 and 2020/21

Percentage Total for 2021/22	62%
Percentage Total for 2020/21	69%

Table 5 - A breakdown of stage 1 response times for all directorates 2021/22

Directorate/ Division	% in target time
Finance and Resources	78%
<i>Housing Benefit</i>	97%
<i>Council Tax</i>	83%
<i>Business Rates</i>	56%
<i>Corporate Property (1 complaint)</i>	0%
<i>Electoral Services</i>	80%
ECM	66%
<i>Waste and Parks</i>	72%
<i>Public Protection and Licensing</i>	54%
<i>Parking Services</i>	67%
<i>Highways and Public Realm</i>	40%
<i>Community Services (Sports & Leisure)</i>	90%
Growth, Planning and Housing	59%
<i>Development Planning</i>	50%
<i>Housing Solutions Service</i>	87%
<i>Housing Mgt</i>	54%
Westminster Adult Education Service (WAES)	100%
Children's services	56%
Total	62%

NB: The reason that performance was low for Business Rates complaints was because staff were undertaking additional duties managing the business support grants.

Adults and Children’s Services statutory complaint response times

Statutory Complaints	Stage 1 totals	% in target response time	Stage 2 totals	% in target response time	Stage 3 totals
Children's Statutory Complaints	10	60%	3	100%	2
Adults Services Statutory Complaints	103	67%	N/A	N/A	N/A

NB: Children’s Statutory complaint procedure has three stages and the Adults complaints procedure has one stage. Stage 3 of the Children’s statutory complaints procedure has various timescales relating to Stage 3 complaints which include:

- Organising the Panel within 30 working days of the complainant’s request
- The Chair should produce the panel’s report within 5 working days of the Review Panel
- Sending the Local Authority’s response to the complainant within 15 working days of the Panel’s report

Complaint Outcomes

Each complaint response should indicate what is the complaint outcome (finding), explain if the Council considers that anything went wrong and if it did what has/will be done to put it right. Complaint outcomes are usually expressed as Upheld, Not Upheld or Partially Upheld.

An Upheld decision indicates that we accept that there was fault. A Partially Upheld complaint decision is reached if the majority of the complaint concerns are Not Upheld, but there are some minor lapses in service delivery which did not have a significant impact in reaching the complaint decision. A Not Upheld complaint indicates that there has been no fault.

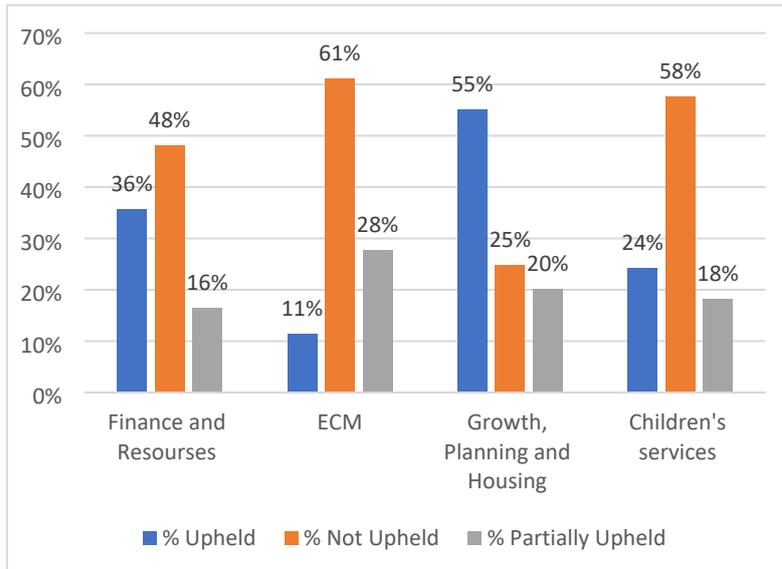
It is generally accepted that at stage 1 there will be a higher percentage of complaints that are upheld or partially upheld as the main purpose in investigating a complaint is to try and find any mistakes and put right any wrongs. This should then prevent the need for the complainant to escalate to the final stage of the complaint procedure.

As seen in Table 6 below across all directorates the percentage of Partially Upheld remains similar to the previous year but there are more upheld decisions. This is mainly due to the high number of Upheld complaints (55%) in the Housing Management service (see figure 2). Decisions on their own say little about the quality of the complaint response and should be viewed with the escalation rate from stage 1 to stage 2, as we expect small volumes escalating to the next stage of the complaints procedure if service faults found have been rectified at stage1. This issue is addressed under Item 7.

Table 6 – A comparison of stage 1 outcomes for 2020/21 and 2021/22 across all Directorates

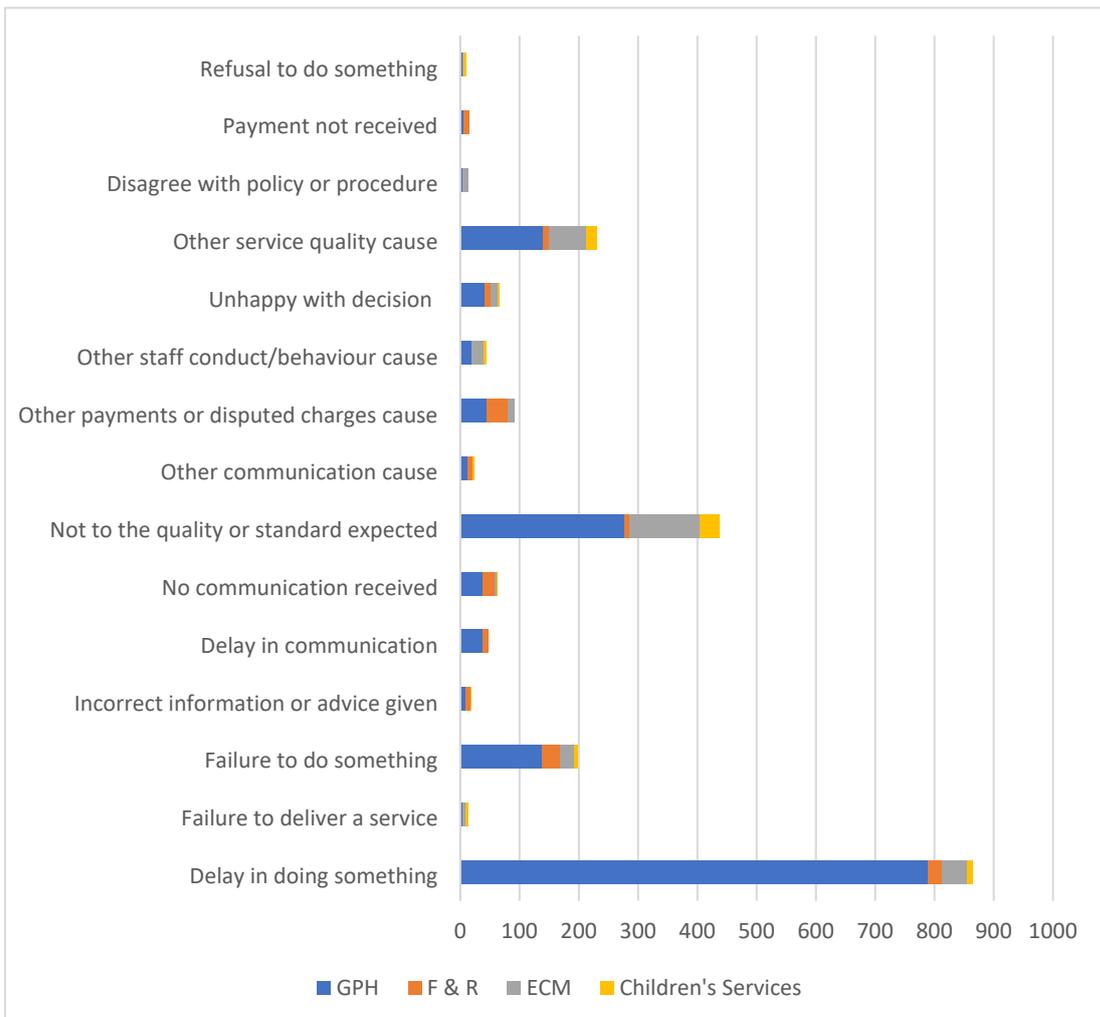
	2020/21		2021/22
Not Upheld	40%		33%
Partially Upheld	22%		21%
Upheld	37%		46%

Figure 2 – Outcome by Directorate



Reasons for Complaining

Figure 3 - Cause of complaint by Directorate where there were more than 10 complaints per cause



In view of the complexity of all the different services offered by each directorate, generic causes are used so we can track at a corporate level the overarching cause of complaint. As seen in Figure 3 service quality, delay in doing something, and not done to the quality or service standard expected are the most common cause of complaint.

Complaints Learning

The following Council-wide learning was identified:

- All services must use the standard complaints templates including the correct escalation text.
- Recommendations and agreed actions need to be tracked to ensure that we keep our promises to customers.
- The importance of communication and keeping customers updated, returning calls as promised and responding to correspondence and complaints in accordance with our SLAs.
- Ensuring that Council policy and procedures are followed.
- Ensuring that appropriate levels of compensation are awarded in line with the Ombudsman guidelines and payment is made in a timely fashion.

The below provides some service-specific examples of complaint learning.

Housing Management Service - the tenant's handbook was reviewed to ensure the wording around repair timescales was clearer. The advice in the Knowledgebase (which is used by the contact centre advisors) was reviewed. Following an Ombudsman complaint changes were made to the ASB procedures and policies, notably around signposting customers to the community trigger process.

Housing Solutions Service –the Admin hub now proactively chase all requests for medical information and going forward this year, the whole medical assessment process will be streamlined. Regarding complaints about homeless applications, additional resource was agreed which will allow the team to better manage demand. The team were provided with additional training and new reports were developed to improve the management and oversight of cases.

Parking Service – learning focused on individual feedback, with case studies created in some instances and team discussions and communications being conducted to prevent similar errors. Additional permit training has been provided to the telephony and Reps teams, along with case studies, workshops, and team communications.

Council Tax – the service continues to review upheld complaints in detail to ensure we efficiently address any necessary changes in procedures/processes. During this period there were no trends identified and this will continue to be monitored closely in the new financial year.

Business Rates - the majority of the complaints received still relate to the Covid Business Support Grants or Expanded Retail Relief entitlement. The service is aiming to review complaint responses in depth over the next couple of months and will be checking that all the individual points raised are responded to.

Housing Benefit - continued emphasis was placed upon maintaining good lines of communication with customers so that enquiries were dealt with in as timely a manner as possible. The "Trust and Protect" DWP initiative ended on 1 April 2022, and standard levels of evidence are once again required to support any new applications or changes of circumstance. The Council has continued to proactively contact vulnerable customers on the phone/email to request further information where needed to speed up this process.

Sports & Leisure – improvements were made around the handling of complaints to contractors and third parties and how that aligns with the Council's Complaints procedure.

Adults Services – given the increase in complaints in the homecare service provision the team are focusing on this with partner agencies and commissioning colleagues to support the care providers in delivering good quality care in the home.

6. Stage 2 complaints

Volume of Complaints by Directorate

Total number of Stage 2 Complaints in 2021/22 – **422** (withdrawn and statutory cases not included). There were 243 stage 2 complaints received in the preceding year and this represents a percentage increase of **74%**.

The increase in stage 2 volumes is generally due to the significant increase in Housing Management Services complaints at stage 1 which has then had a knock-on effect on the volume of stage 2 complaints (see item 6).

Table 8 - A comparison of stage 2 volumes by Divisions within each directorate for 2020/21 & 2021/22

Directorate/ Division - Stage 2	Total for 2020/21	Total for 2021/22	Variance
Finance & Resources	10	22	12
<i>Housing Benefit</i>	2	4	2
<i>Council Tax</i>	1	4	3
<i>Business Rates</i>	7	12	5
<i>Corporate Property</i>	0	2	2
City Management and Communities	23	37	15
<i>Waste and Parks</i>	1	3	2
<i>Public Protection and Licensing</i>	7	15	8
<i>Parking Services</i>	12	12	0
<i>Highways and Public Realm</i>	3	2	-1
<i>Libraries and Archives</i>	0	0	0
<i>Community Services (Sports)</i>	0	5	5
Growth, Planning and Housing	205	355	150
<i>Development Planning</i>	4	6	2
<i>Housing Solution Services</i>	48	50	2
<i>Housing Mgt</i>	153	299	146
Children's Services	5	8	3
Total	243	422	179

Stage 2 – Responses times

As indicated in **Table 9** below response times have significantly improved on the previous year. This has been due in part to the change in the target response time to 20 working days which was effective from July 2021 but also a quicker Director sign off process.

Table 9 - Response Time (target of 20 working days from July 2021, previously 10 working days)

Stage 2 - within target response times	2020/21	2021/22
	17%	55%

Stage 2 Outcomes

As with stage 1 each stage 2 complaint response should indicate what the complaint outcome is.

Table 10 below, indicates that the percentage of Partially Upheld decisions for 2021/22 has decreased when compared with 2020/21, but there has been an increase in the overall percentage of complaints that have been Upheld. This appears to be attributable to an increase in upheld complaints for the Housing Management service.

There is a discrepancy in the number of stage 2 complaints received (422) and the number of stage 2 outcomes (401) due to the fact that Housing Management had 21 stage 2 complaints that were still outstanding and had not been responded to at the time of writing.

Table 10 - A comparison of % Complaint decision by Directorate and overall % totals for 2020/21 and 2021/22

	2020/21 Upheld decision	2020/21 Not Upheld decision	2020/21 Partially Upheld decision		2021/22 Upheld decision	2021/22 Not Upheld decision	2021/22 Partially Upheld decision
F&R	10% (1/10)	50% (5/10)	40% (4/10)		9% (2/22)	64% (14/22)	27% (6/22)
ECM	4% (1/23)	74% (17/23)	22% (5/23)		3% (1/37)	67% (25/37)	30% (11/37)
GPH	27% (56/205)	28% (58/205)	44% (91/205)		41% (137/334)	26% (87/334)	33% (110/334)
Children's	20% (1/5)	0% (0/0)	80% (4/5)		25% (2/8)	25% (2/8)	50% (4/8)
Totals	24% (59/243)	33% (80/243)	43% (104/243)		35% (142/401)	32% (128/401)	33% (131/401)

Reasons for complaint escalation

The Council has an open complaints procedure and welcomes complaints even if the complainant does not fully explain their dissatisfaction with the stage 1 response. **Figure 4** below indicates that 36% of stage 2 complaints cited no specific reason(s) for escalating their complaint other than to generally disagree with the stage 1 finding. Of those complainants who did cite specific reasons for escalating their complaint 26% said that the stage 1 response failed to address all the issues raised in the complaint.

Table 12 indicates that the escalation rate from stage 1 to stage 2 across all directorates, is 19%. This is a good performance given that there are only two stages in the complaints procedure, and the volume of stage 1 complaints. This is therefore a reasonable indicator that stage 1 complaint handling is effective, and faults are being identified and rectified at this stage.

Figure 4 – Reasons for complaint escalation

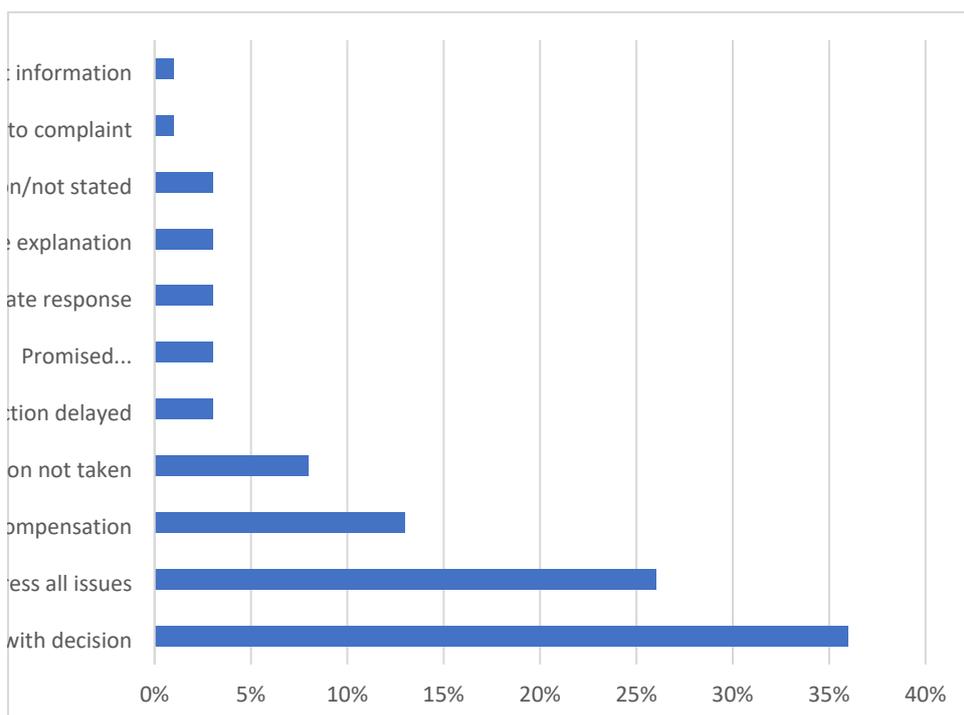


Table 12 – The Escalation rate from stage 1 to stage 2 across all directorates for 2021/22

Directorate/ Division	Stage 1 Total for 2021/22	Stage 2 totals for 2021/22	% escalated to Stage 2
Finance and Resources	180	22	12%
<i>Housing Benefit</i>	67	4	6%
<i>Council Tax</i>	41	4	10%
<i>Business Rates</i>	65	12	18%
<i>Corporate Property</i>	1	2	200%
<i>Electoral Services</i>	5	0	0%
<i>Coroner Services</i>	1	0	0%
ECM	331	37	11%
<i>Waste and Parks</i>	162	3	2%
<i>Public Protection and Licensing</i>	91	15	16%
<i>Parking Services</i>	46	12	26%
<i>Highways and Public Realm</i>	12	2	17%
<i>Community Services (Sports & Leisure)</i>	20	5	25%
Growth, Planning and Housing	1589	355	22%
<i>Development Planning</i>	55	6	11%
<i>Housing Solution Services</i>	228	50	22%
<i>Housing Mgt</i>	1306	299	23%
Innovation and Change	8	0	N/A
<i>City Promotions</i>	4	0	0%
<i>Campaigns</i>	4	0	0%
WAES	1	0	0%

Children's Services	89	8	9%
Total	2198	422	19%

NB: The reason that the escalation rate for Corporate Property is 200% is because the complaints that escalated to stage 2 were received in the preceding year.

7. Local Government and Social Care Ombudsman (LGSCO)

First Time Enquiries

When the LGSCO decide that they wish to investigate a complaint about Council services they can do so by simply reviewing the information the complainant has provided and/or use information from various websites or set out in legislation. If they want to obtain specific information from a local authority, such as asking questions or requesting copies of correspondence to assist in an investigation they will write to the relevant Council with their request. This is known as first time enquiries.

As shown in **Table 13** there has been a decrease (-6) in the number of first-time enquiries when compared with the preceding year.

Table 13 - LGSCO total First Time Enquiries for the years 2020/21 and 2021/22

	First Time enquiries Totals 2020/21	First Time enquiries Totals 2021/22
F&R - HB	2	0
F&R- Council Tax	0	1
F&R- Business Rates	1	0
GPH - Planning	2	1
ECM - Parking	1	2
ECM - Highways & Infrastructure	1	0
ECM - Public Protection & Licensing	4	1
Adult Services	2	3
Housing Solution Services	8	3
Housing Management	0	2
Children's Services	2	4
Totals	23	17

Compensation

The LGSCO can award financial payments as part of a remedy for the complaint. The term "injustice remedied" is used to describe decisions where the Council remedied or agreed to remedy any injustice to the LGSCO's satisfaction during the investigation so allowing the complaint to be closed. These remedies can include the payment of financial settlements.

A comparative breakdown of LGSCO financial remedies for 2020/21 and 2021/22 can be found below (**Table 14**).

Table 14 – Comparison of LGSCO compensation settlements

Financial Local Settlements	2020/21	Nos of complaints offering compensation	2021/22	Nos of complaints offering compensation
GPH - HSS	£14,400	5	£4,800	8
GPH - HM	£0	0	£400	2
GPH - Planning	£0	0	£100	1
Adult Services	£250	1	£250	1
Children Services	£150	1	£800	1
ECM - Highways & Infrastructure	£300	1	£0	0
ECM - Parking Services	£100	1	£0	0
Totals	£15,200	9	£6,350	13

When applicable compensation is usually paid by the relevant contractor/provider and not from the Council's purse.

It is difficult to make performance comparisons between financial years as each complaint is dealt with on its merits.

In the majority of cases for 2021/22 each single award is for payments of £500 or less. However, there were three payments over this amount which are detailed as follows:

- HSS - £650 - the complaint related to temporary accommodation which was unsuitable for the complainant's medical needs and also delays in processing her homeless application and medical assessment. The Council agreed to apologise, make a financial payment of £650 and transfer her to a more suitable temporary home while she continued to bid for a property.
- HSS - £1800 – the complaint related to the failure to provide suitable temporary accommodation. The Council agreed to apologise and pay £150 for every month she was in unsuitable accommodation and also £300 for distress and uncertainty. The Council was also ordered to produce an action plan detailing how we will reduce the number of families in temporary accommodation.
- Children's - £800 – the complaint related to the provision of school transport for the complainant's son. The Ombudsman decided, on balance, there was no fault in the Panel's decision-making. However, the Ombudsman found fault in the way the Council considered a subsequent application for assistance with school transport. This caused the complainant uncertainty, and she missed out on having her application fully considered by the Council. The Council agreed to apologise, make a payment of £800 and make several service improvements.

LGSCO – Annual Letter 2020/21

Attached at **Appendix 1** is the Local Government and Social Care Ombudsman Annual Letter for 2021/22.

The Annual letter says very little about performance and refers the reader to the statistical information available via a tool on the LGSCO web site. The LGSCO data will not match the data held by the Council as the LGSCO captures all the contacts, enquiries, and complaints made to them about a local authority and most of these complaints are not formally investigated by the LGSCO. Also, the LGSCO only reports on those cases decided in 2021/22, and some of those complaints were received by the Council in 2020/21. The Council tracks what it has received in a financial year and what is decided in that same year.

Public Report

No public reports were issued against Westminster City Council in 2021/22.

LGSCO data

The LGSCO data records 108 complaints and enquiries against the Council. Of those 75% were either not formally investigated as they were either returned to the authority to answer within our own complaints procedure or were closed after initial enquiries. The remaining 25% were formally investigated and the outcomes are detailed below. It should also be noted that the annual letter is referring to all the decisions made in 2021/22 and some of these complaints were received in the preceding year.

Table 15 – a comparison of all the LGSCO Complaint decisions & Enquiries for 2020/21 and 2021/22

	2020/21	2021/22
Total number of complaints and enquiries decided	79	108
Cases referred back to Council or advice given or cases not completed for valid reasons	38 (48%)	43 (40%)
Cases closed after initial enquiries made	18 (23%)	38 (35%)
Cases Upheld	12 (15%)	23 (21%)
Cases Not Upheld	11 (14%)	4 (4%)

The LGSCO either finds a complaint is Upheld or Not Upheld. When a complaint is Upheld, the Ombudsman will decide if there was injustice, or no injustice caused by the fault(s) they have found. To uphold a complaint some fault must be found, and this means that if a stage 2 complaint has been either upheld or partially upheld then the LGSCO decision will also find the complaint to be upheld.

Compliance

When a case is closed, and a remedy agreed the LGSCO will track whether the local authority completes the remedy, and if this was done in time. The statistics held on the LGSCO system indicates that we have complied with 100% of their recommendations (15 agreed remedies).

8. Financial Implications

None

9. Legal Implications

None

Zoe Evans
Complaints and Customer Manager

**Appendix A: Local Government and Social Care Ombudsman Annual Report
2021/22**

20 July 2022

By email

Mr Love
Chief Executive
Westminster City Council

Dear Mr Love

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

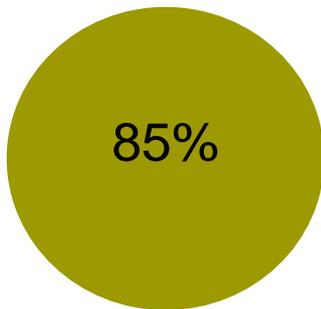
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



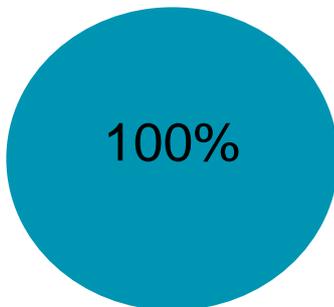
85% of complaints we investigated were upheld.

This compares to an average of **71%** in similar organisations.

23
upheld decisions

Statistics are based on a total of **27** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



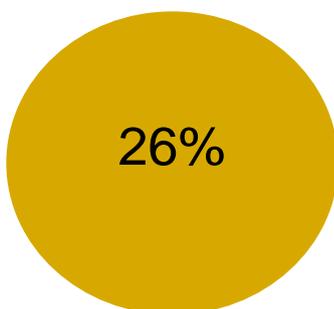
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **15** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **26%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **11%** in similar organisations.

6
satisfactory remedy decisions

Statistics are based on a total of **23** upheld decisions for the period between 1 April 2021 to 31 March 2022

This page is intentionally left blank



City of Westminster

Family Services

Children's social care Annual Complaints report - from 1st April 2021 to 31st March 2022.

Adetoro Ojewale

Bi-Borough Customer Relationship Manager

Children's service

1. Introduction

- 1.1 This report is produced annually as a statutory requirement for Westminster Council: it provides a summary of the social care complaints received in Children's services.
- 1.2 There is a duty on all local authorities to maintain and operate a complaints procedure for Children's social care services.
- 1.3 The focus of this report is on all complaints about Children's Services (statutory and non-statutory) and on the themes, trends and volumes of complaints received between 1st April 2021 and 31st March 2022. It also highlights the compliments received as well as learnings identified and the service changes that have already been implemented in response to learning from complaints.
- 1.4 The Customer Relationship Team (The team) manage Westminster Council's children's social care complaints, both Statutory and non-statutory.

2. Legislation

- 2.1 The Children's Social Care Statutory Complaints Procedure stipulates that an annual report must be produced for complaints made under the Children's Act 1989 Representation Procedure (England) Regulations 2006. The procedure further requires that the report should provide a mechanism by which the Local Authority can be kept informed about the operation of its complaint and representations procedure, and that it should be presented to staff; the relevant management committee and be made available to the regulator and the public.

3. Overview of the Children's Complaints procedure

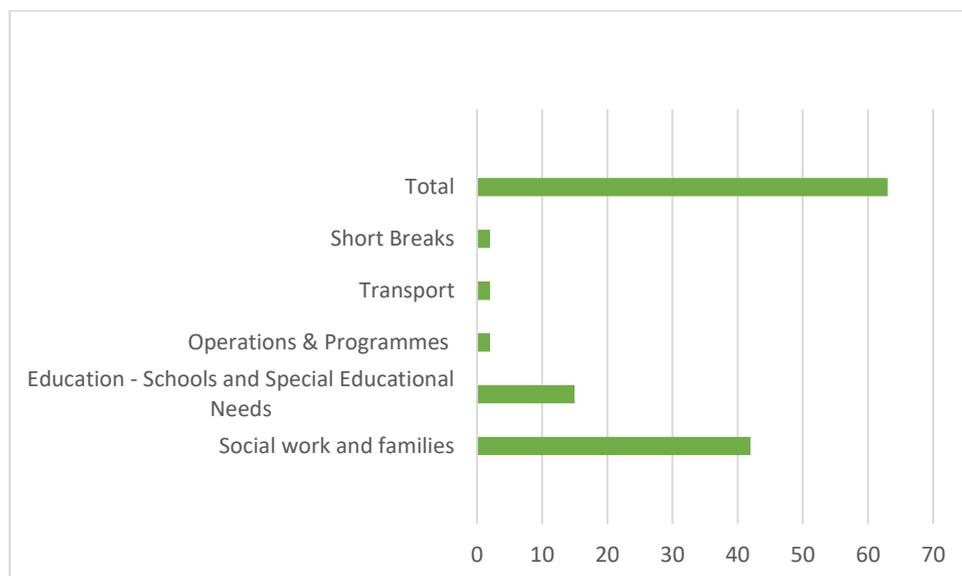
- 3.1 A complaint accepted under the **Statutory Children's complaints** procedure is one that considers services provided to children and young people under Part 3 and some of parts 4 & 5 of the Children's Act 1989, as well as some adoption and special guardianship services, under the Adoption and Children's Act 2002. These could be complaints about contact or accommodation issues or an assessment decision involving looked after children for example. These types of complaints are considered under the Statutory three stage complaints process. See Appendix **A** for an explanation of the various stages of the Statutory complaints process.
- 3.2 Complaints that are outside of part 3 of the Children's Act as well as some parts of part 4 & 5 are categorised as **non-statutory complaints**. These complaints including those about Special Educational Needs (SEN), Transport and Commissioned services are considered under the Council's

two stage corporate complaints procedure. See Appendix B for an explanation of the various stages of the non-statutory complaints process.

- 3.3 Complaints will be considered if they are made within 12 months of the incident happening although, the team can apply their discretion to waive this time limit in some instances.
- 3.4 Advocacy is provided in house to assist children and young people when making a complaint or representation.

4. Children's Social care complaints received

- 4.1 The team welcome all feedback, including complaints, compliments, and representations about its services. Service users, families and carers can provide their views in an open and transparent way and can easily access the complaints procedure.
- 4.2 In 2021/22, the Customer Relationship Team (the Team) received 75 complaints about Children's services. Of the 75 complaints received, 12 were recorded as Statutory Children's services complaints covered by the Children's Act 1989 and the remaining 63 were considered under the non-statutory complaints process.
- 4.3 Of the 75 complaints received, 12 complaints were rejected as they were not relevant to Children's Services, and some were duplicate complaints. This takes the total number of complaints received to 63. This represents a 9% increase from last year (2020/21) total complaint number of 58. Some of this increase can be attributed to the Team receiving 14 complaints in a month from the same complainant.
- 4.4 The table below shows the breakdown of complaints received by departments and responded to in this reporting year, from 1st April 2021 to 31st March 2022.



4.5 Whilst we always look to deliver the best quality service and avoid the need for a complaint as much as possible, the volume of complaints may also reflect the awareness raising that the Team have continuously been engaged in.

4.6 The table below shows the breakdown of complaints received from stages one through to three and the outcome at each stage.

Stages	Volumes received	Statutory	Non-statutory	Upheld	Not upheld	Partially upheld
1	63	12	51	12	45	11
2	12	4*	8	1	1	0
3	1	1	0	0	1	0

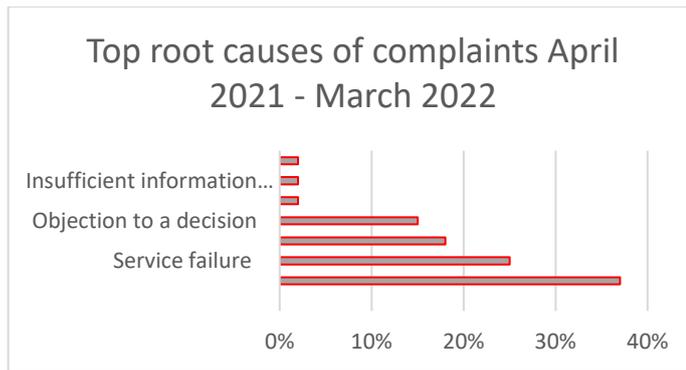
Key: * only two of the four statutory complaints received have concluded. The outcomes of the outstanding two complaints will be reported in the 2022/23 report.

4.7 The team has continued to strengthen their direct engagement with complainants to further explore the issues raised in complaints. During this reporting period, meetings with complainants continued virtually via teams while face to face meetings are now being reintroduced.

4.8 The Team's focus very much remains continuous engagement with complainants prior to accepting complaints at the various stages. This has enabled officers not only to make the complaint experience a good one for the complainants but also to build and sustain rapport with service users. The Team officers have transparent and honest conversations about realistic outcomes and help to manage expectations. These actions taken have helped to reduce the number of requests received to escalate complaints to the next stage.

5. Performance overview

5.1 This section of the report provides an overview of the top reasons for making a formal complaint across the total volume of complaints processed.



5.2 37% of the complaints received were about the quality of service provided not being to the standard expected, while the failure to take an action accounted for 25% of the complaints received. These two top root causes continue to be a common theme in the complaints received.

5.3 Complaint issues allow us to better understand how the service is perceived and what can be learnt from complaints to improve the service provided to its users.

5.4 Some complaints received covered more than one primary category. For example, complaints about the quality of services and lack of communication, sometimes also raised issues with perceived bias towards the alleged victim in Domestic abuse complaints. Where this has happened only the primary concern has been captured on the case management system.

6. Response times and outcomes of complaints

6.1 In this reporting year, Children's services responded to 81% of stage 1 complaints within the statutory timescales, compared to 74% in 2020/21. This represents a 7% increase in the timeliness of responses at stage 1. Stage 1 complaints should be investigated and completed within ten working days, and this can be extended for another 10 working days for more complex cases.

6.2 Where delays are likely to occur due to ongoing investigations, the Team maintains contact with the complainant providing them with updates and working towards an agreed revised deadline.

6.3 Of the total number of complaints investigated 36% were either upheld or partially upheld. A complaint is upheld where it has been identified that process or practice did not happen as it ought to. For example, some of the complaints identified not receiving regular updates about their children as previously agreed in some child protection (CP) cases.

7. Complaints at stage 2

- 7.1 In this reporting year, 12 complaints (statutory and non-statutory) of those responded to, at stage 1, were considered at stage 2.
- 7.2 Of the 12 stage 2 complaints received, four were considered under the Statutory complaints process. These four complaints ranged from allegations of sexism, religious discrimination, subterfuge, and dismissive behaviour against a social worker, to inaccuracies in a report presented to the Court and consent not given in the completion of a Multi-Agency Referral Form (MARF) before sharing the information with other professionals.
- 7.3 Two of the stage 2 statutory complaints investigations have concluded with a partially upheld outcome in both cases.
- 7.4 Recommendations made by the investigating team in relation to the two complaints already concluded are listed below:
- a) The necessary steps are to be taken to ensure that, in all cases going forward, emails and a summary of telephone discussions (relevant to the decision making in an individual case) are entered into the case file records.
 - b) Children's services to review and provide guidance for relevant staff that relates to the way consent is obtained from a service user. In all circumstances Children's Services must ensure that where verbal consent is agreed the person giving that consent is:
 - made aware that verbal consent has been obtained and advised of this within a short period of time and
 - provided with written information outlining what the consent relates to
 - c) in relation to the Multi Agency Referral Form (MARF) Children's Services may wish to:
 - Review the wording of the MARF form in so far as it relates to consent
 - Remind their partner agencies on the use of consent.
- 7.5 The details of the outstanding stage 2 complaint will be reported in the 2022/23 complaints report.

8. Complaints at stage 3

- 8.1 The number of stage 3 complaints has remained consistent with only two stage 3 statutory complaint review requests received this reporting year.
- 8.2 Recommendations made following the stage reviews are listed below:

- The leaving care team to provide the care leaver with details of the up-to-date breakdown of her Leaving Care Grant.
- An apology to be tendered to the complainant for the delay in providing her with details of the grant when initially requested.
- staff to be reminded of the need to be sensitive to the circumstances of individuals at the point of first contact.
- Compensation to be made to the complainant in recognition of the avoidable distress the unfair impact caused.

9 **Ombudsman cases**

- 9.1 A complainant has the right to refer their complaint to the Local Government and Social care Ombudsman (LGSCO). The Ombudsman will seek to ensure that the Local Authority has been provided with the opportunity to first respond to the complainant in accordance with the Council's own complaints process.
- 9.2 In this reporting year, six new Ombudsman complaints were received compared to three received last year. Three of these were not investigated due to one complaint being out of the Ombudsman's jurisdiction to investigate, in the other complaint, the complainant had the right of appeal which had not yet been exercised, and in the 3rd case, which was about the decisions made by the Council's Local Authority Designated Officer (LADO), the Council's complaints process had not yet been exhausted.
- 9.3 This brings the total number of cases investigated by the LGO with outcomes to three. The table below shows the breakdown and summary of the three complaints investigated by the LGO.

Complaint details	LGO decision	Recommendations
Mishandling of an application for assistance with school transport	Fault found with the Council the way the application was handled.	the Council was asked to pay the parent £800 for transport costs incurred between the time the application was made and when the transport provision subsequently started.
the Transport Independent Appeal Panel's refusal to help with home to school transport for a child.	Fault found with the Council for not clearly stating reasons why the application was refused.	Revision of the Home to School transport policy to make sure it is clear to staff that decision letters should include the full reasons why an application does not meet the eligibility criteria (with clear referencing of the

		applicable part of its policy;
Complainant unhappy with the support she has received from the Care Leaving team	Fault found with the Council for the delay in processing the stage 3 request in 2020.	Pay the complainant £300 for the delay in arranging the stage three panel between September 2020-2021

10 **Learning from Complaints**

- 10.1 Westminster Council is a learning organisation, and it recognises that complaints are valuable as they provide an opportunity to improve on services for the individual and to improve practice to prevent repeating the same mistakes.
- 10.2 Outcomes from stage 2 complaints are shared with Heads of service so that practitioners and managers across the service can reflect on the learning from complaints to help improve their own practice and the team's performance. Listed below are some of the key learnings taken at all stages of complaints during this reporting year:
- 10.3 Giving services users enough time to read and comment on an assessment report. In some complaints, the service recognised that it is important for service users to have had the opportunity to read and comment on reports before the final version is issued and signed.
- 10.4 In one complaint, it was recognised that there is sometimes an issue with the timeliness of complaint investigations. This was in the case of a complaint where the Team took longer than usual to organise a stage 2 investigating team. Officers have been reminded about the need to promptly process escalation requests.
- 10.5 The need for social workers to be aware that men may sometimes be the victim as opposed to being the perpetrator in domestic abuse cases. Training sessions on domestic abuse have been arranged for social care teams.
- 10.6 The need to review and update the information contained in the appeal section of the home to school transport assistance policy. This exercise was completed in January.
- 10.7 Included in this report are also some of the learnings identified in the 2020/21 reporting year and the improvements put in place. This shows that the service is actively listening and is proactive in making the changes as is required.

Learnings identified and service improvements introduced in 2020/21

- **Recommendation:** The need to provide domestic abuse training for social workers to enable them to identify male survivors of domestic abuse and signpost them to relevant support as required.
- **Service Improvement:** As a participant local authority in the Restart Programme, we now have access to very comprehensive training using the Safe and Together model of domestic abuse, a model which incorporates both men and women as potential victims. We now have a male worker embedded as part of the Restart programme, who in addition to delivering training also provides consultation to practitioners in the social work teams and Early Help teams.
- **Recommendation:** The need for Social Workers to produce a leaflet that details information on how an assessment is carried out and which informs the service user of their right to view the draft report and make comments where they disagree with what has been written.
- **Service Improvement:** The assessment team has been working on the process of how assessments are carried out, thinking particularly about better engagement with referrers, and how to improve engagement with families and professionals together. The leaflet which explains what an assessment entails and what the service can expect has been produced, social workers take copies of this leaflet with them to give to families they meet with on a first visit.

11 Compliments

- 11.1 In addition to learning from complaints, Children's services also welcome compliments and feedback from its service users. These act as indicators of good practice and are reflective of the type of service that families find helpful. These compliments and feedback enable the service to further improve on the activities that are working well. Some examples of the compliments and feedback received by different teams within the service is listed in Appendix C.
- 11.2 In this reporting year, 58 compliments were sent to the Team. These compliments highlight the compassion and dedication to duty shown by social workers and in some cases going the extra mile in assisting families.
- 11.3 The chart below shows the distribution of these compliments received across the various teams. The Early Help team recorded the highest number of compliments with 14 in total while the Access and Assessment team followed closely with 10 compliments received.



12 Customer Relationship Team – Delivery against Service priorities for 2021/22.

Information on the progress made against the priorities set for the Team in the last financial year is outlined below:

- **To review the current process being adopted when a new complaint is received to ensure that the investigation and drafting of the response happens at the earliest possible stage. This will assist in reducing the number of cases responded to out of time.**
- In reviewing the current process, the Team uses the complaints maturity model in processing all new complaints received. The model sets out the various actions required to investigate a complaint and provides a good complaint experience for the complainant. Using the model has served to improve the overall quality and timeliness of responses.
- **To reduce the number of complaint escalation requests received for stage 2 and 3 complaints.**
- This has been achieved by active engagement with the complainant. The Team calls, emails, arranges virtual meetings with the complainant to better understand their concerns where needed, keep them updated where delays are likely to occur, promptly assesses of a complaint received and rejects it where appropriate. The Team also ensures that complaint responses are fair and honest, where things have gone wrong, we encourage the service to put measures in place to prevent a reoccurrence, we inform the complainants of what actions have been taken as a way of service improvement.

- **To promote good systemic practise within social care teams and among service users.**
- The team regularly communicates with the complainant to better understand their concerns and facilitate meetings between them and the relevant team. This leaves the complainant feeling listened to and in some cases, the complainants are satisfied with the outcome of the meeting and will not take the complaint any further.
- **To seek continuous improvement by attending relevant courses and training sessions as required.**
- The Team continues to improve on the services offered to the public by attending relevant training sessions and courses such as the Ombudsman's Effective complaints handling course, effective writing etc. The learnings from these courses enhance the quality of complaint responses.

13 Customer Relationship Team – Service Priorities for 2022/23

- 1) The Key priorities for the Customer Relationship team over the next 12 months are as follows:
- 2) To continuously improve on using the newly introduced maturity model to provide a positive complaint experience and outcome for service users. This is measurable by the scores received each quarter.
- 3) To track complaint outcomes on the Integrated Casework System (ICW the inhouse recording system used to record complaints received, lessons learnt, remedies and responses)-where lessons have been learnt and to ensure that proposed measures put in place are firmly embedded in practise – to check with the service that what was promised has been carried out.
- 4) To continue to share learnings identified with the relevant Heads of service and Director quarterly to drive change where needed.
- 5) Prompt acknowledgment of complaints within three working days to assist in achieving prompt resolutions within the statutory deadlines of 10 working days for all stage 1 complaints.

APPENDIX A

COMPLAINTS PROCEDURES FOR STATUTORY COMPLAINTS

The Children's Act 1989 Representations Procedure (England) Regulations 2006, Children (Leaving Care) Act 2000, Adoption and Children Act 2002 and the Health and Social Care Acts 2003 require the Local Authority to have a procedure for resolving complaints and representations received by, on behalf of, or relating to children and young people.

To facilitate the procedure in a fair and consistent way the Local Authority follows guidance provided by the Local Government and Social Care Ombudsman (LGSCO), who also provide practical information on how processes can be improved. The Council also follows the principles outlined in the publication 'Getting the Best from Complaints' which was produced by the Department for Education.

The Statutory complaints procedure has three stages and has a strong emphasis on resolving complaints quickly and informally.

Stage 1 – Local Resolution

This is the most important stage of the complaint's procedure, and we aspire to resolve as many complaints as possible at this initial point; within ten working days, but no more than 20 working days as this is the maximum extension that is permitted.

Stage 2 – Investigation

This stage is usually initiated when the complainant is dissatisfied with the findings of Stage 1, has not received a response within the timescales and or because it has been agreed that Stage 1 is not appropriate. An independent Investigating Officer (IO) is commissioned to investigate the complaint, and an Independent Person (IP) to oversee the fairness and transparency of it. Both the IO & IP are not employees of the Council. Following their reports, the Council will write an adjudication letter responding to the findings and any recommendations made. The end-to-end process should take no more than 65 working days.

Stage 3 - Independent Review Panel

Where complainants remain unhappy with the Stage 2 Investigation, the Council will consider arranging a complaints Review Panel. These are made up of three independent panel members, who will ask the IO, IP, and representatives of the Council (normally a Head of Service) questions to establish if the Stage 2 Investigation was robust and findings were reached in full consideration of all available information. The panel makes recommendations to the Executive Director of Children's Services who then reaches a decision on the matter and any actions to be taken.

There are various timescales relating to Stage 3 complaints which include:

- Organising the Panel within 30 working days of the complainant's request
- The Chair should produce the panel's report within 5 working days of the Review Panel

APPENDIX B

Non-Statutory complaints

In line with the Council's complaints procedure, the Team also accepts complaints that are not covered by the Children's Act 1989 but relate to the involvement of Family Services. For example, complaints made by the grandparent of a child who does not have parental responsibility but is unhappy with the actions taken by Family services or a complaint about the length of time taken by an allocated worker to return calls which is dissatisfaction with the service provided.

The Council has a two stage complaints procedure for non-statutory complaints.

Stage 1

This is the most important stage of the complaint's procedure, and we aspire to resolve as many complaints as possible at this initial point; within ten working days. This stage is signed off by the Head of Service

Stage 2

This stage is usually initiated when the complainant is dissatisfied with the findings of Stage 1 or has not received a response within the timescales and or because it has been agreed that Stage 1 is not appropriate. The stage 2 response is signed off by the Director and has a 20 working days deadline.

Advocacy

We observe best practice, in line with "Getting the best from complaints." The Team provides children and young people with information about advocacy services and offer them help to get an advocate. Advocacy can be provided by friends, relatives, advocacy groups or legal representatives.

Local Government and Social Care Ombudsman

If the complainant is not satisfied with the outcome of a statutory or non-statutory complaint, they have the right to take their complaint to the Local Government and Social Care Ombudsman (LGSCO).

Complainants can refer their complaint to the Ombudsman at any time, although they may be referred to the Local Authority if the complaint has not been considered or escalated through the Council's complaint process.

APPENDIX C

Access and Assessment

the support you have provided has be amazing and I saw A yesterday and he seems in a better place. He told me he is now speaking with T, and I have no doubt that is down to your hard work.

"The meeting was great. I am very happy to have been included, I want to thank you!! And everyone that attended the meeting, please convey this message to as many of the participants as you can, including my sister J for having me present. Thank you again for your support, you are and have been very helpful."

Thank you for your care and support. Z is amazingly improving. I really appreciate your help.

Short Breaks

I want to thank you for the support from the local offer as it has been a massive help in my recovery and as I am gradually getting better, I can see I could not have done without it.

You offer amazing opportunities and a safe place to play for Children.

SEN

Thank you very much for this and the hard work that you and F have put in to get LM's EHCP in place.

L stopped the conversation to tell me how fantastic you have both been. She said she can really see how great the service is and how much it has grown over the last few years

Just a quick note to say thank you for listening to me, for your suggestions and words of reassurance. It makes a very big difference

Northeast Social Work team

she experienced J as a highly professional social worker who is willing to be flexible and has a good understanding of the needs of the young person and the family she is working with. She stated that she has been impressed and finds her the best social worker with whom she has ever worked.

Thank you for trusting me and for the sweets

This was a positive conference; C said she has a positive relationship with C and enjoys working with C and spoke highly of you. Well done C – this is lovely feedback from C.

Early help

fantastic service - S and P was amazing. they helped me so much .

Before I met R things were very different; I wasn't getting on very well at school. I look at things very differently since R has been working with me. She is the best. On a scale of 1 – 5 (1 being not very good – 5 being amazing) I would rate things being 4.5. The young person shared that R 'helped me a lot, makes things better'. She 'helped me think differently and I have changed so much since working with R'.

Dear M, it has taken me so long to send this email. I think about you all the time and what you have done for me and my kids. You believed in me from the start, you helped me, and my kids get away from domestic violence. I owe my life to you. The kids are doing well. T was put forward for a maths masterclass in Mayfair and it is going so well. Whenever I feel like I am failing as a parent I think about you and the words you told me. We really miss u so much (well I do) and would love to speak to you for a catch up. Thanks again for saving me and my family.

South Social work team

They asked me to pass on their best wishes and gratitude to the whole team for our support.

E has a real passion for my children and wants the best for them....."

"Feels that Westminster have a really caring attitude towards the children in their borough and a passion in the work they do"

Northwest Social Work team

I spoke with RS today – mother of HA. A and I wanted to pass on the positive feedback she offered regarding previous involvement. She offered really lovely feedback, particularly in relation to NE and her support. R expressed that she felt N 'really understood the family and their situation'

Thank you so much. The support we have received from you and your team has been amazing.

It has been a pleasure being able to get to know you both professionally over the past eight months.

Looked After Children and Leaving Care

Thank you so much for help and support you have done it to me since I came to uk I really appreciate everything; I would like to thank everyone in Westminster who did something for me 😊🙏🙏

Since you came into my life it changed for the better

I have just been on the phone to A, and he informed me that his SW M has been brilliant and very supportive – he was appreciative of her support through this difficult time.

Customer Relationship team

Hello again. I cannot believe how quick you all work. I wish one or two other Local Authorities (who shall remain nameless) were equally efficient. THANK YOU

Home to School transport

that you are always so responsive and helpful

Thank you for your care and I hope you have a good weekend

I must say that you guys are always super helpful! Thank you very much.

Disabled Children's team

I just wanted to comment on how positive the RCPC went this morning and how well S is doing, despite the challenges and difficulties in this case. L you clearly have a good working R/ship with Mother and are doing a great job on the case - well done.

ADULT SOCIAL CARE ANNUAL COMPLAINTS REPORT

2021-2022



Table of contents

At a glance	3
About this report	4
About the process	4
Volume of complaints	4
Nature of complaints	5
Complaints activity by team	5
Outcomes	6
Local Government and Social Care Ombudsman activity	7
Member enquiries	7
Compliments	8
Learning from complaints	9
Future development work	10
Final comments	10



Volume
103 Statutory Complaints
Received



Complaints by nature of issue
13% of total complaints were
about Charging Matters
42% of total complaints were
about Service Quality



Complaints by Service Area
35% of total complaints
relate to Care & Assessment
Teams
29% of total complaints
relate to Home Care
Provision



Outcomes
17% Upheld
44% Not Upheld
35% Partially Upheld



Member Enquiries
We received 207 enquiries
this year.



Escalations
2 Local Government and
Social Care Ombudsman
Investigations Completed

About this report

This report provides an overview of complaints, compliments and investigations between April 2021 and March 2022. The report highlights how various services within Adult Social Care (ASC) have performed in line with key principles outlined in the Local Authority Social Services and National Health Complaints (England) Regulations 2009 and the complaints process.

About the process

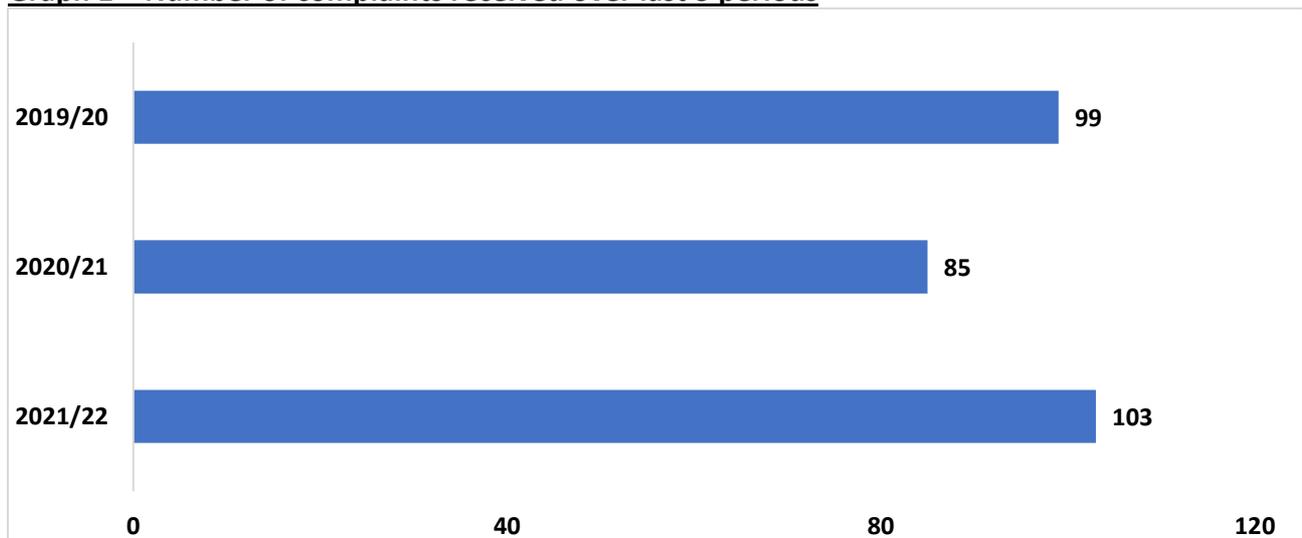
Our process for statutory complaints is in line with the Department of Health and Care's legislation and guidance. This is a one stage process. All complaints are logged and acknowledged by the Customer Engagement Team (CE Team) within 3 working days. The Council will try to resolve the complaint as soon as possible, and no later than within 10 working days. If more time is required, this is agreed with the complainant.

Anyone who has received a service, is currently receiving a service, or is seeking a service from us can make a statutory complaint. This includes anyone who is affected by decisions we may make about social care, including a service provided by an external provider acting on behalf of the Council. We will conduct a thorough and fair investigation into the concerns raised and provide a comprehensive written response with clear findings and recommendations. We will also set out the complainants right to escalate to the Local Government and Social Care Ombudsman (LGSCO) should they remain dissatisfied with our response.

Volume of complaints

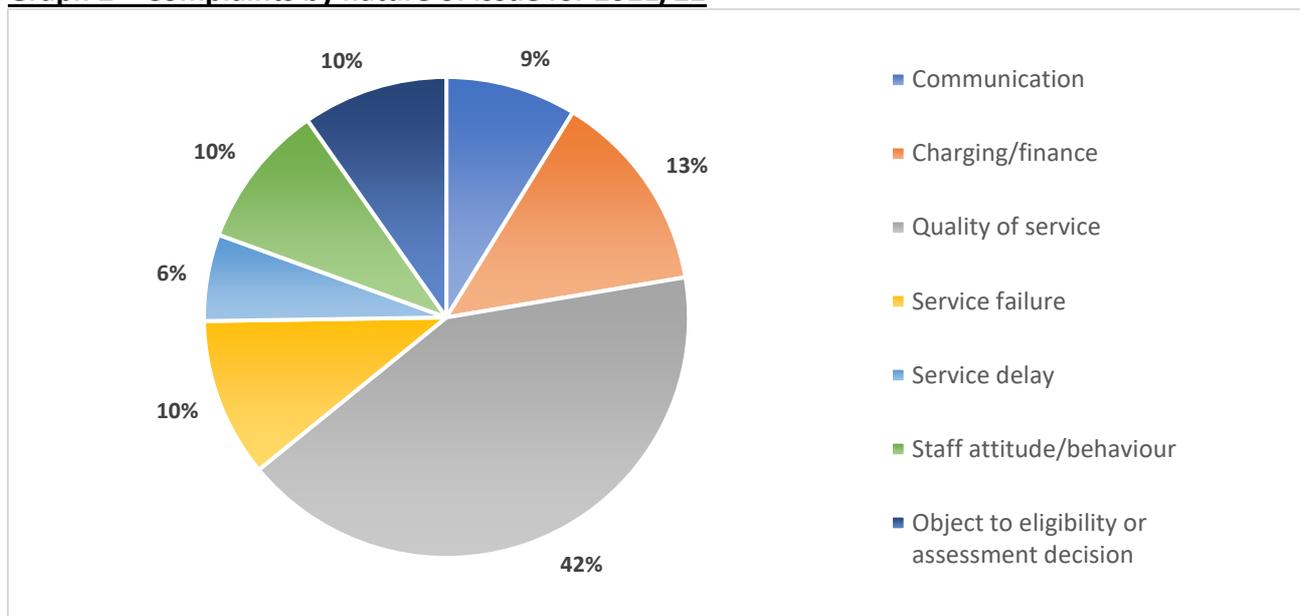
The CE Team recorded and investigated 103 complaints in 2021/22. This number is 12% higher than the complaints received last year. The reduction last year was down to the pandemic and numbers can be seen to be normalising now that there is better accessibility to making complaints with face to face contact having resumed.

Graph 1 – Number of complaints received over last 3 periods



Nature of issue

Graph 2 – Complaints by nature of issue for 2021/22



Quality of service can refer to many things, in terms of home care it can mean lack of cleanliness, inconsistency in carers, not completing care tasks and/or to a good standard, loss/breakage of items to name a few. Staff attitude are allegations about the way staff have dealt with an assessment or how homecare staff have conducted themselves whilst providing care. 10% of the complainants raised concerns about the assessment or its outcome not being implemented and 9% about the way we communicated with residents.

Complaints activity by team

Majority of the complaints (35%) in 2021/22 were about assessment and care services. The nature of these complaints relates to service failure, objection to eligibility or assessment decision or the quality of service that has been offered.

This year 29% of complaints in WCC were about homecare services. Most homecare complaints have been about the quality of service or service failure. We are committed to work with providers and the Contract Monitoring Team to ensure issues are identified and dealt with in line with contractual arrangements and the guidelines issued by the Local Government and Social Care Ombudsman.

The complaints that are made to the Council are investigated and resolved in line with statutory guidance. These are separate to the complaints received directly by the provider and resolved under a Care Quality Commission (CQC) compliant process directly by these organisations. The LGSCO advises that it is the responsibility of the Local Authority to ensure there is oversight on such complaints as well as those made directly to us. We work in partnership with the providers to investigate these complaints and ensure that action is taken to resolve the complaint and prevent recurrence of the issue.

In line with the LGSCO's categorisation we have tabulated all the complaints we have received in 2021/22 in the table on the next page.

Table 1 – Number complaints by the LGSCO breakdown in 2021/22

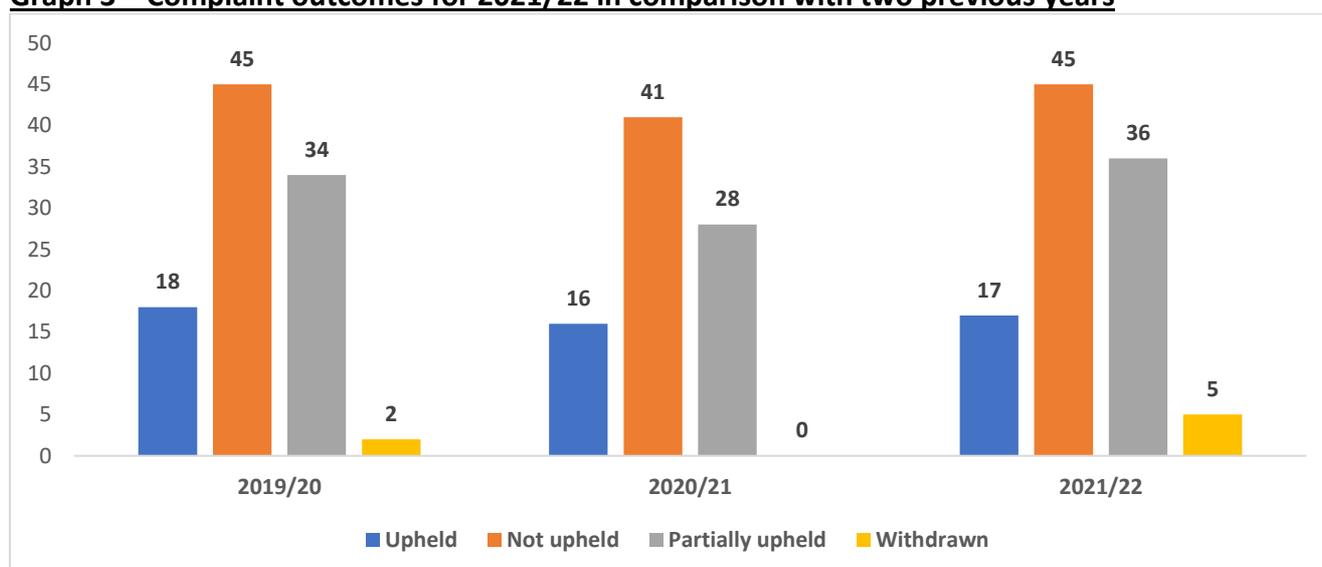
	Area	Total no of complaints	% of total complaints	% of cases Upheld*	LGSCO cases
Arranging Social Care	Assessment & care planning	36	35%	44%	0
	Charging/Finance	13	13%	38%	1
	Hospital SW Team	4	3%	50%	0
	Mental Health	4	3%	25%	0
	Older People’s MH	2	2%	50%	0
	OT	7	7%	57%	0
Providing Social Care	Residential Care	2	2%	50%	0
	Homecare	30	29%	70%	1
	Reablement & CIS	5	5%	40%	0

*cases fully or partly upheld.

Outcomes

The graph below shows the outcomes of all complaints made to ASC, and comparisons with the previous two years. Just over half of the complaints (51%) received have been either fully or partly upheld and more specifically only 17% were fully upheld. Most of the complaints that were upheld were in relation to the quality of service or staff attitude and were related to external providers commissioned by the Council. Where the complaint has been upheld, we (or our commissioned partners) have offered an apology for things that have gone wrong, with a commitment to improve the service, clearly explained reasons for delay and addressed ineffective communication if that was identified as an issue.

Graph 3 – Complaint outcomes for 2021/22 in comparison with two previous years



The Department of Health’s regulations on statutory complaints stipulate that the method and timeframe for responding must be commensurate to the seriousness of the complaint and completed within 6 months. We always seek to resolve the complaint as soon as possible, and in the absence of a prescribed timescale use an internal **Page 14 10 working days**, in consultation with the

complainant. 67% of the complaints were responded to within 10 working days. A further 23% needed an additional 10 working days and only 10% took more than 20 working days to complete. This is in line with last year.

We always aim to investigate and resolve complaints as quickly as possible however, some delays are unavoidable and reasons for this include;

- Complexity of the case.
- Co-managed cases i.e. with health partners, commissioned providers etc.
- Provision of supplementary/additional response
- Availability of key staff to participate in the investigation.

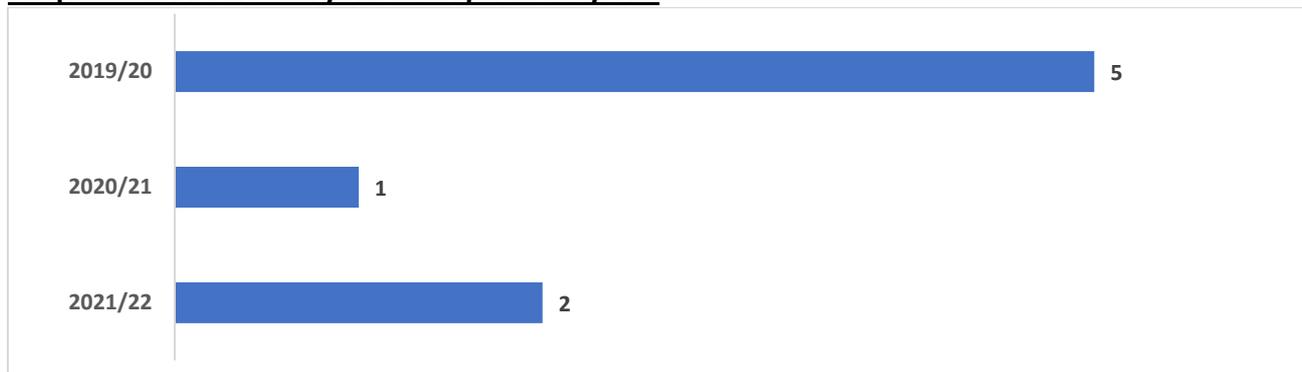
When it has not been possible to meet the timescale the complainant is kept up to date with the progress of the investigation and advised of revised timescales.

Local Government and Social Care Ombudsman (LGSCO) activity

The LGSCO referred 5 enquiries in total to the Department, however, only 2 progressed to investigations and the others were closed due to satisfactory resolution by the department.

The investigations this year were about homecare provision and a financial assessment process. The complaint about the homecare provision was upheld with recommendations. These were completed. The other complaint against financial services was not upheld.

Graph 4 – LGSCO activity over the previous years

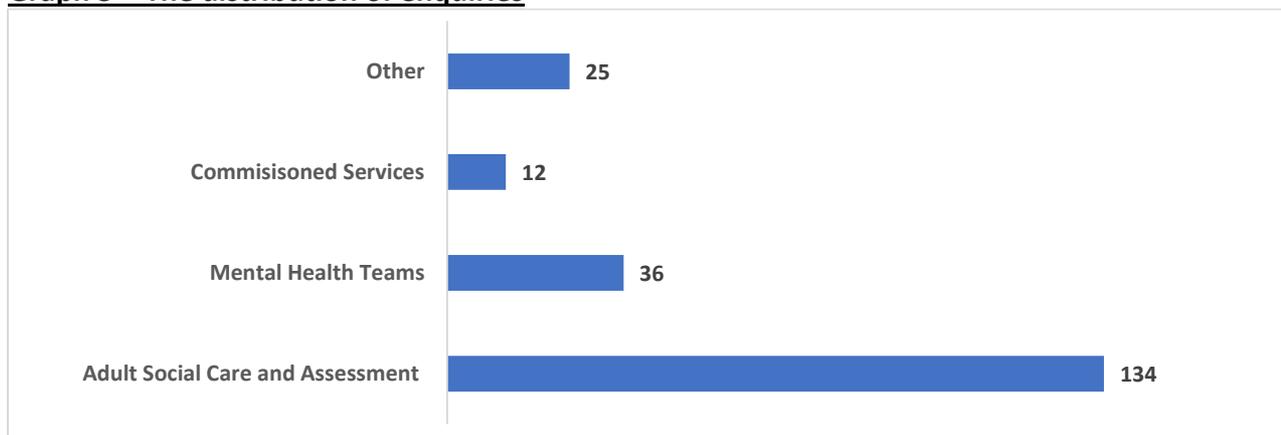


The number of cases sent to WCC for investigation continue to be low compared to previous years. All complainants are informed of their right to escalate their complaint if they remain dissatisfied and due to our proactive approach in trying to provide a resolution to complaints when they are with us, we believe the numbers continue to be low.

Member enquiries

Member enquiries are defined as enquiries received from Elected Members of the Council or Members of Parliament acting on behalf of their constituents. The CE Team facilitated 207 Member Enquiries in 2021/22. A significant proportion of the enquiries have been on behalf of constituents and in relation to either a request for care and support or about existing arrangements within Adult Social Care and Mental Health Teams. 22% of these were received from Members of Parliament. The graph on the next page shows these enquiries by service area.

Graph 5 – The distribution of enquiries

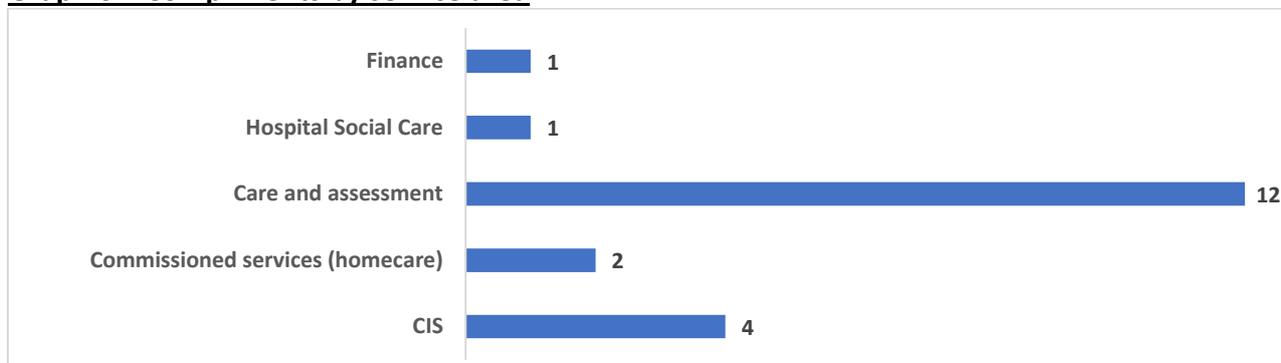


96% of enquiries were responded to within the agreed Council wide 5 working day timescale, which is in line with last year. In some cases, where the issue being raised is complex, requires consent or involves input from a different Department the response may take longer to complete. In such cases elected members are advised of the delay and provided an expected date for response. The teams are committed to working together to ensure that there is one cohesive response for the resident as well as providing updates where possible.

Compliments

Customers and their representatives are encouraged to tell the Council if they are happy with their care or to highlight a good service. They can complete a feedback form as well as contact the relevant social care team to express this. 20 compliments were recorded this year for WCC.

Graph 6 – Compliments by service area



Below are a few examples of what our service users and/or their relatives have shared with us in terms of their positive experience about the service they receive.

From a service user about a member of the WCC North Complex Team; “I have never in my whole life had someone so caring and supportive towards me – my social worker has supported me with my health and my care needs, she so professional at her job, I know she works super hard and the fact she's always checking in on me and given me the right advice and telling me my rights and how to go about achieving my goals! Its just been amazing! She is very kind professional and is the best by far”!

From a service user who received a service form the WCC South Complex Team; ‘Thank you so much for all your hard work. You have heled all of us so much and made our lives better. I hope the best for your future and that you are as happy as you have made us”.

From a service user about a member of the Hospital Social Work Team; ‘I just wanted to thank your department for the Social Worker who was assigned to my husband. She has been incredible. She has been supportive, kind and always clear about my husband’s rights. His case was quite complicated, and she was always there to advise and guide. Unfortunately, my husband passed away but the social worker was there to support me and I just wanted to tell you that she is a credit to your service and we are all very lucky to have her working in Social Care’.

Learning from complaints

Learning from complaints provides opportunities for services to be shaped by customer experience. Staff and managers responding to complaints are required to identify learning’s that can lead to service improvement and Learning Outcome Action plans are completed for the more complex complaints received. Lessons learnt, actions and the themes drawn from complaints are presented regularly for discussion and challenge at meetings with Heads of Service and Operational Teams to improve the quality of social care practice.

Some of the more generalised learning actions are as follows;

- The teams have been reminded that all complaints, especially those made verbally, must be logged with the Customer Engagement Team to ensure due processes are followed and complaints are not left to escalate as a result.
- Working with homecare providers to ensure all complaints handled under their own CQC compliant processes are also reported to the ASC Customer Engagement Team to ensure a satisfactory resolution is achieved and in line with the LGSCO’s directive that the Council is aware of what has been actioned in relation to their service users.
- Given the increase in complaints in the homecare service provision the team are focusing on this with partner agencies and commissioning colleagues to support the care providers in delivering good quality care in the home. Especially, preventing recurrence of issues and following up on the remedial actions promised as we have seen repetitive issues from the same service users.
- The Complaints lead has advised Heads of Service to ensure for complex multi-disciplinary complaints a meeting must take place early on to ensure a good investigation plan is implemented and we can also prevent escalation to Ombudsman investigations.

Some more specific instances are shared below;

You complained:

about the way charges for your relative’s care home fees were being pursued and wanted help with a request for health funding assessment.

We:

Investigated this carefully and found that there had been delays from the health side in expediting an assessment due to communication issues. We explained the charges and proactively helped you get in touch with the correct health body to accelerate your request for an assessment. This was done and you were provided with correspondence in relation to the outcomes and as a result some of the charges were adjusted.

You complained:

that you experienced delay in having support being put in place for your family member who has dementia and was having difficulty with daily living activities and had to make a complaint as a result.

We:

conducted an internal investigation and upheld your complaint because of the time it took us to contact you and your family member to assess their needs. The case had to be transferred to a different team and a package of care was put in place swiftly to support with every day activities and a social worker was allocated to your case to be the point of contact in case of any problems and monitor progress.

You complained:

that you were concerned about your relative's homecare and reported that carers were regularly turning up late to deliver care and the agency/carer were failing to update the service user in case of delay as well as sending different people which was unsettling for them.

We:

worked with the provider to establish the facts and explore why the care was not being delivered as expected. The agency advised that they had some rota issues and apologised to you that the carers were unable to keep time for their visits. These issues have been resolved and care was resumed effectively.

Future development work for 22/23

In 22/23 we will be making further developments in the following areas;

- Continuing to develop the work we do with all our partner providers via contract monitoring meetings and provider forums to ensure there is effective complaints handling in line with the Ombudsman's guidance on third party complaints.
- Continue to work with Social Care Managers and Market Managers to improve access to the complaints process, improve complaints investigations and responses as well as implementing learning outcomes consistently.
- Working with the new inhouse Contact Centre to handle service issues via local resolution processes and prevent them turning into complaints.
- Continue to undertake service user consultation activity on behalf of the Department where services are being transformed.
- Working with our Principal Social Worker and Learning and Development Team to develop and provide effective training on complaints resolution and dealing with difficult customers.

Final comments

We hope you have found our report informative. Please contact us if you have any further questions or suggestions about this report.

Adult Social Care Customer Engagement Team

ASCCustomerfeedback@westminster.gov.uk

020 7361 2552 – 0800 587 0072



City of Westminster

Audit and Performance Committee

Decision Maker:	Audit and Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	2022/23 Quarter 2 Financial Monitor
Wards Affected:	ALL
Key Decision:	No
Financial Summary:	The report summarises the Council's 2022/23 Quarter 2 financial position
Report of:	Gerald Almeroth, Executive Director – Finance and Resources

1. Executive Summary

- 1.1 This monitoring report presents the Council's summarised 2022/23 quarter 2 financial position to date and the forecast for the remainder of the year, based on activity trends and analysis to date.

Revenue Summary

- 1.2 The forecast revenue outturn at the end of quarter 2 is an overspend of £5.762m compared to a reported overspend of £4.465m at quarter 1.
- 1.3 The main changes since quarter 1 are:
- £9.82m of further inflationary pressures above the corporate allowance arising from the national pay award, contracts and utilities;
 - £5.8m overspend on Temporary Accommodation due to rising rents mainly caused by a significant contraction of supply and increases in rental rates;

- £1.3m further reduction in planning income as activity continues to be well below pre-pandemic levels;

These are partially offset by:

- £13.0m improved treasury management income arising mainly from further and more significant interest rate rises by the Bank of England rate;
- £1.8m improved net income from commercial waste as the service emerges from the pandemic.

Capital Summary

- 1.4 The quarter 2 Capital Programme forecast position is £107.330m gross expenditure variance and £86.383m net variance. A key movement since Q1 is a £20m slippage on Oxford Street following the review of the programme. Variances are outlined in Section 15 of this report.

Inflation

- 1.1 Inflation in September 2022 rose to 10.1% which was an increase on the August 2022 inflation rate of 9.9%. At quarter 1 inflation pressures were reported at £3.172m over the £6.8m budgetary provision made at the beginning of the year, this has increased to £9.82m in quarter. This increase is predominately due to additional contract inflation requests from suppliers and the conclusion of contract negotiations.

Savings

- 1.2 Savings achieved year to date are now reported as £4.341m which is an increase of £1.466m from quarter 1; 81% of savings are on target or achieved.

2. Recommendations to Audit and Performance Committee

- 2.1 That APC notes the current monitoring and forecast position at Quarter 2 for 2022/23.

3. Revenue Budget Overview

3.1 In March 2022 Full Council approved the 2022/23 budget which included £16.671m of savings and £5.789m of investment and pressures. As at Quarter 2 of the 2022/23 financial year the General Fund revenue position is reporting a forecast overspend of £7.877m against a budget of £184.862m.

3.2 The table below summarises the Quarter 2 General Fund position.

Table 1.
Revenue Finance Position and Forecast – Quarter 2 Financial Year 2022-23
(£'m)

Executive Directorate	2022/23 Budget £m	2022/23 Forecast £m	2022/23 Variance £m	Risks Identified £m	Opportunities Identified (£m)	Projected Variance inc Opps and Risks (£m)
Adult Social Care	50.570	50.470	(0.100)	2.000	-	1.900
Public Health	(1.141)	(1.141)	0.000	-	-	0.000
Growth, Planning & Housing	19.596	28.712	9.116	2.944	(0.450)	11.610
Finance and Resources	29.213	13.848	(15.365)	0.910	(1.500)	(15.955)
Corporate Items (including inflation)	31.451	41.271	9.820	-	-	9.820
Environment and City Management	(0.667)	0.130	0.797		(1.400)	(0.603)
Children's Services	38.279	40.088	1.809			1.809
Innovation and Change	13.530	13.215	(0.315)	-	-	(0.315)
Other Corporate Directorates	4.032	4.032	0.000	-	-	0.000
NET CONTROLLABLE BUDGET	184.863	190.625	5.762	5.762	(3.350)	8.266

4 Inflation

- 4.1 Inflation continues to remain a significant challenge across the public sector in 2022/23, with the CPI rate reported at 10.1% in September 2022. CPI inflation at Q2 is now nearly double the 5.4% level experienced at the point of setting the budget. The sharp rise in inflation presents the biggest financial risk to the Council's budgets.
- 4.2 Inflation forecasts for the remainder of 2022/23 and 2023/24 are uncertain at present. Updated forecasts are due to be published by the Office of Budget Responsibility on 17 November, this will provide the OBRs latest outlook on the UK economy and public finances. Details of this publication will be used to support the Council's Medium Term Financial Plan development.
- 4.3 The table below summarised contract inflation pressures currently identified by directorates.

Table 3 details the directorates identifying impact of inflation increases in 2022/23

- 4.4 The inflation forecasts for all service areas have not been included in the Revenue outturn summary. At the beginning of the financial year a corporate provision was made for inflation increases of £9.307m across all services, however due to the rate in which inflation has risen there will be impacts on service budgets in addition to the corporate provision. Set out in the table below are the forecast impacts of inflation by directorate against the budget set aside, as at the end of Quarter 2 a £9.82m overspend is forecast against the corporate budget that will need to be met within directorate budgets.

Directorate	Forecast Impact of Contract Inflation £'m	Forecast Impact of Pay Award Inflation £'m	Total Inflation Pressure £'m
Adults Social Care	2.113	0.779	2.892
Children's	0.465	1.453	1.918
Environment and City Management	6.001	1.234	7.235
Finance & Resources	2.220	1.401	3.621
Growth, Planning and Housing	1.701	1.036	2.737
Innovation and Change	0	0.548	0.548
Other Corporate Directorates	0	0.176	0.176
Total Forecast	12.500	6.627	19.127

Budget Provision for Inflation (at March 2022, £m)	9.307
Forecast Inflation Pressure (£m)	19.127
Overspend	9.820

- 4.5 **Finance and Resources** are forecasting an inflation increase of £2.2m with £1.850m being in corporate property. The inflation pressures are due to unprecedented utilities inflation and additional increased in other contract inflation within Finance and Resources.
- 4.6 **Adults Social Care** are forecasting £2.113m, with the largest pressures within homecare markets with workforce pressures and uplifts to various suppliers. Negotiations to reduce inflationary exposure have taken place but the costs are still above the budget provision made at the time of setting the budget,
- 4.7 **Children’s Services** are forecasting inflation increases of £0.465m, this figure does not include a potential increase to Family Services – Placement and Accommodation. The other areas for Children’s relate to the increases in SEN transport. Inflation increases have also been agreed within commissioning and short breaks.
- 4.8 **Environment and City Management** reported an inflation increase of £6.001m at the end of quarter 2, this is based on the contract inflation within Parking and Waste. Some of the increase relates to introduction of the full London Living Wage. The Council has a clear commitment for its supplier to pay London Living Wage on its contracts.
- 4.9 **Growth, Planning and Housing** have identified further increases in costs of Temporary Accommodation which has been reported in the revenue outturn. The impact of these inflation increases is £1.701m.
- 4.10 Inflationary pressures and subsequent costs are a significant risk to the Council’s financial position for 2022/23 and future years. Each contract has a different inflationary uplift metric (e.g. CPI or RPI), but on average each 1% increase could add a further c£1.6m cost to the current adverse variance. Discussions are being held with suppliers to reduce the impact of inflationary uplifts, where possible.
- 4.11 This year’s pay award has now been agreed. The majority of staff will receive an additional flat rate increase of £2,355 and this represents an average pay increase of 5%. The total increase of on the general fund element of the salary budget is £4m and this is included in the £9.820m inflation pressure overspend.

5. Medium Term Financial Plan Monitoring – Savings

- 5.1 Details of progress against approved savings are outlined in the commentary for each directorate in the table below. Where savings are not on track, the directorates continue to consider mitigations to bring the budget back on target for this year.
- 5.2 Of the total savings targets Innovation and change have reported a slight over achievement against their targets. Of the savings 81% are either achieved or on target.

Table 4 Approved Savings Progress

ELT	Saving Achieved £000	Part Achieved/ On Track £000	Part or Completely Reprofiled £000	Part or Completely Unachievable £000	Total £000
Adult Social Care	460	2,150	-	-	2,610
Children's Services	-	1,133	-	800	1,933
Environment and City Management	1,670	3,198	900	100	5,868
Finance and Resources	575	1,100	400	-	2,075
Growth, Planning and Housing	1,040	1,370	-	1,100	3,510
Innovation and Change	596	16	-	-	612
Total	4,341	8,967	1,300	2,000	16,608

- 5.3 Further information relating to reprofiled and unachievable savings, as well as the mitigating actions can be found in Appendix 1.

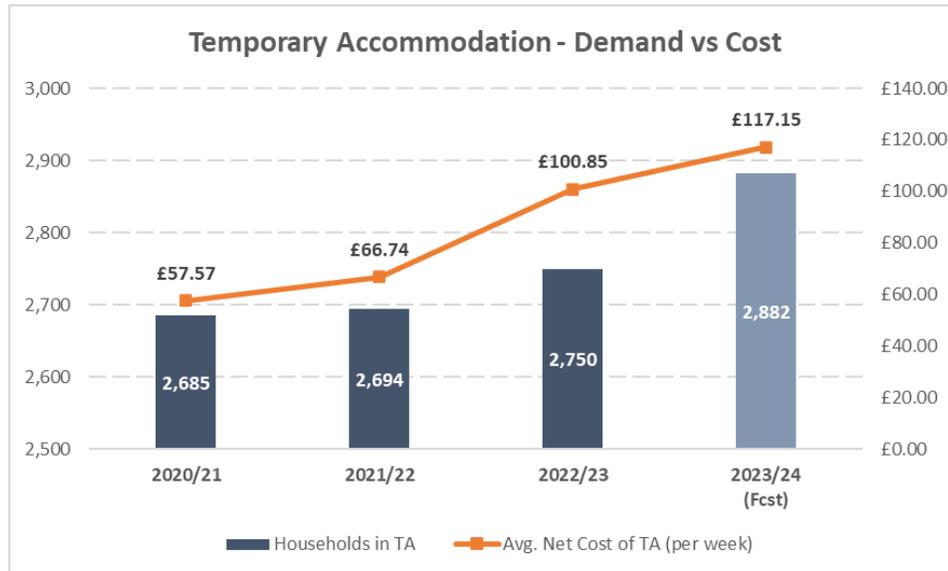
Revenue Summary

6. Growth, Planning & Housing (GPH) Overspend £9.116m

6.1 The increased Quarter 2 overspend forecast is because of significant cost pressures on Temporary Accommodation of £7.517m, combined with income projections in Development Planning being a further £1.300m lower than reported at Q1.

Temporary Accommodation

6.2 The key driver of the £5.816m overspend forecast on Temporary Accommodation (TA) relates predominantly to an uplift in the average weekly cost of TA supply. There has been a small increase in demand in 2022/23 (with 56 more households in TA), as shown in the table below, but the main driver of the budget pressure is an increase in the average net cost per week of a unit of TA.



6.3 The net cost of TA is defined as the difference between the cost of sourcing accommodation and the rent that can be recovered by the Council. One of the challenges facing all local authorities is that TA rent is mostly received via Housing Benefit but the amount that can be recovered has been capped at the same rate for a decade (at 90% of 2011 LHA rates). Meanwhile the cost of procuring accommodation has steadily increased in line with the private rental market.

6.4 WCC sources accommodation through a range of different providers. Roughly 27% of WCC supply is directly owned or supplied by Registered Providers (RP) which provides security over cost. The remaining 73% is sourced from private providers. More than half of this supply has been subject to re-negotiation in

2022/23, with a scarcity of available supply in the market driving prices up. This is why there has been such a pronounced spike in the average cost of supply in the current financial year (with many landlords recovering market increases over multiple years where they had previously committed to longer-term fixed price arrangements). With some providers also opting to leave the market, the service has also had to start using higher cost hotel accommodation in order to meet need in some cases.

- 6.5 The net cost of TA has been steadily rising over the last 2-3 financial years. However, the Council has largely been able to mitigate these cost increases using residual grant (particularly during the pandemic). However, the balance of surplus grant from prior years is heavily depleted and projected to be fully exhausted at the end of 2022/23. This means that the pressure on TA spend will need to be carefully considered as part of the 2023/24 budget setting process given that the increases in the cost of supply are unlikely to ease.

Planning

- 6.5 Planning income remains significantly lower than budget (forecasting a £3.300m adverse variance at Q2) which has remained the case since Covid. The position is primarily driven by a continued reduction in the number of “major applications” which carry significant fees. Major applications activity to Quarter 2 is 67% lower than the same period in 2019/20 (pre-pandemic year).

7. Children's Services

Overspend £1.809m

7.1 Children's Services is reporting a forecast overspend of £1.809m at Quarter 2. This represents an adverse movement of £0.263m when compared to Quarter 1, due to changes in Education, Family Services and Libraries as set out below.

Education

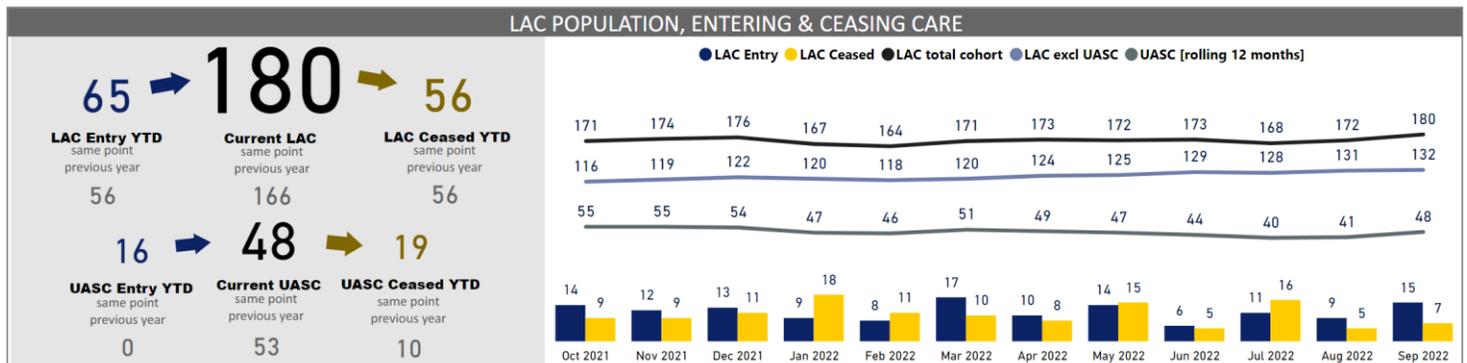
7.2 Education is forecast to overspend by £1.471m at quarter 2. The Short Breaks overspend continues to increase and is the main driver for the movement in Education this month, having increase by a further 32 provisions since Quarter 1. Care Package and Direct Payment pressures (£0.635m) – which relate in part to the cost of social care cases reported in Short Breaks, are further exacerbated by the impact of reduced Integrated Care Board (ICB) joint-funding contributions.

7.3 Staffing pressures (£0.330m) have doubled this month as additional agency staff were needed to provide additional cover relating to the current multi-site arrangement linked to Tresham Centre building issues. This represents a four-fold increase in spend on cover arrangements when compared to 2021/22. Additional premises cost pressures (£0.042m) are also impacting the forecast.

Family Services

7.4 Family Services is forecast to overspend by £0.086m at quarter 2. The position has improved following a review of Unaccompanied Asylum Seekers (UASC) act of rising child protection numbers on placement expenditure coupled with reduced ICB joint-funding contributions and the increasing cost of supporting families with no recourse to public funds continues to cause pressures (£0.640m).

7.5 Numbers of LAC (non-UASC) increased by 16 when compared to the same period last year. This presents the risk of further pressures on placement budgets.



- 7.6 Pressures are further exacerbated by the rate at which UASC are ageing into the Care Leaver population – with Former UASC numbers increasing by 18 over the last 12 months.



Registrars

- 7.7 Registrars is forecast to underspend by £0.322m at quarter 2. Registrars is reporting an overachievement of income from ceremonies (£0.624m improvement), partly offset by increased staffing expenditure (£0.222m) and other running costs incurred in meeting the high demand (£0.080m).
- 7.8 Birth registrations and certificates, notices, ceremonies and new citizen numbers have reduced - by 13%, 4%, 18%, 9% and 10% respectively - compared to Q2 21/22, with only the number of death notices increasing - by 5%.

Libraries and Archives

- 7.9 In Libraries, income pressures arising from undeliverable savings (previously reported as a risk) are now included in full and the service is reporting an overspend of £0.574m. The service is reviewing other cost saving measures in order to reduce this.

8. Environment and City Management

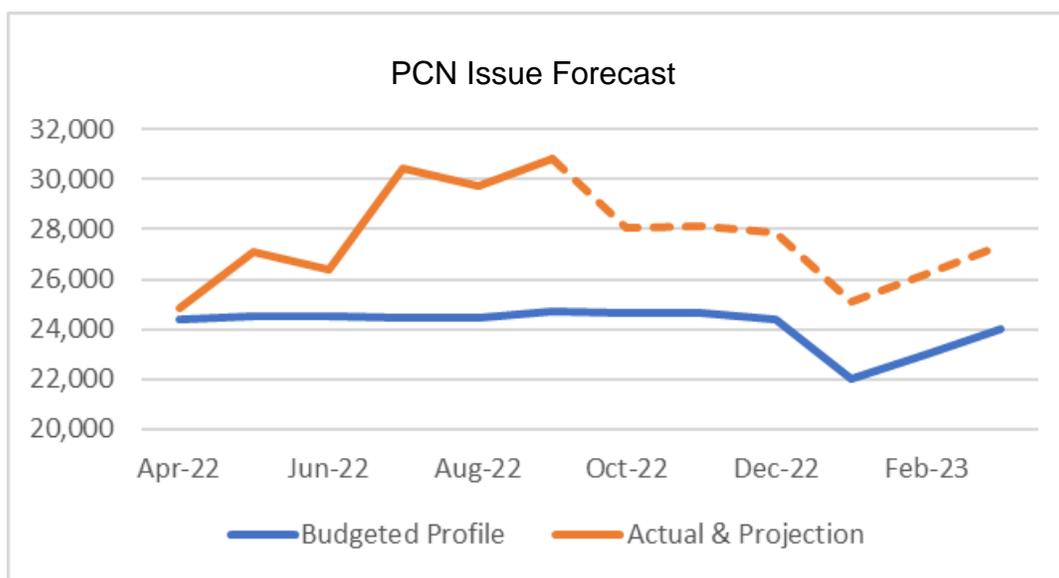
Overspend £0.797m

8.1 ECM reports an overspend at Quarter 2 of £0.797m against the budget of (£0.667m), comprised of offsetting variances within individual services as below.

Parking

8.2 At the end of Quarter 2 parking is forecasting an adverse variance of £1.935m compared to a nil variance at Quarter 1.

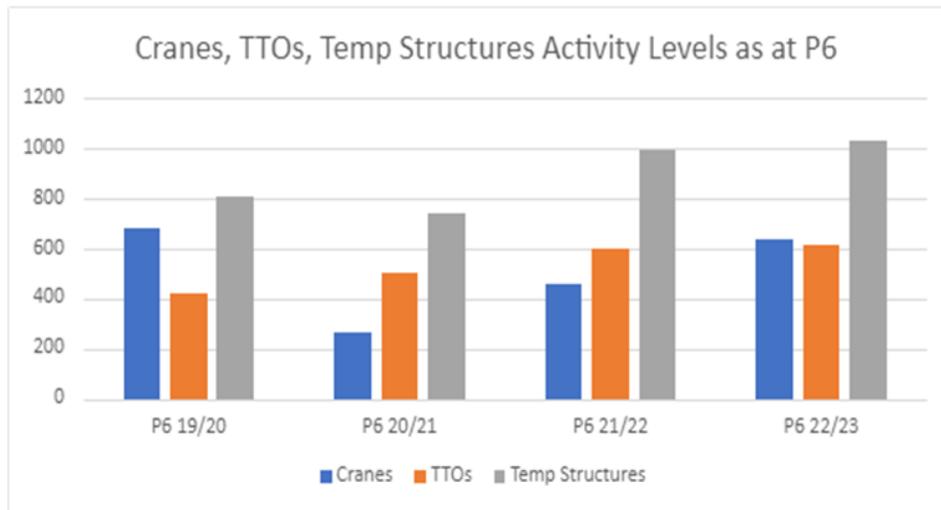
8.3 Parking's primary income streams are forecast to under-recover by £1.325m at Quarter 2, albeit a favourable movement of £1.090m from Quarter 1. PCN income is forecast to increase by £1.500m following additional targeted enforcement on street, with the assumption that activity will continue above budgeted profile as shown in chart:



8.4 Increased enforcement brings additional costs for on-street hours and related activity. These costs are forecast at £0.875m overspend, an increase of £0.725m on the Quarter 1 forecast.

Highways Infrastructure & Public Realm

8.5 Highways forecast overspend has reduced by £0.032m to £0.140m as more information has become available on the TFL precept for traffic signals maintenance. Roads Management income is now forecast to over recover by £0.600m, improved by £0.400m from Quarter 1 and reflecting activity levels at Quarter 2 which are 13.4% higher compared to 21/22 (2,744 vs 2,419) and are 27.6% higher (2744 vs 2150) than pre-pandemic levels.

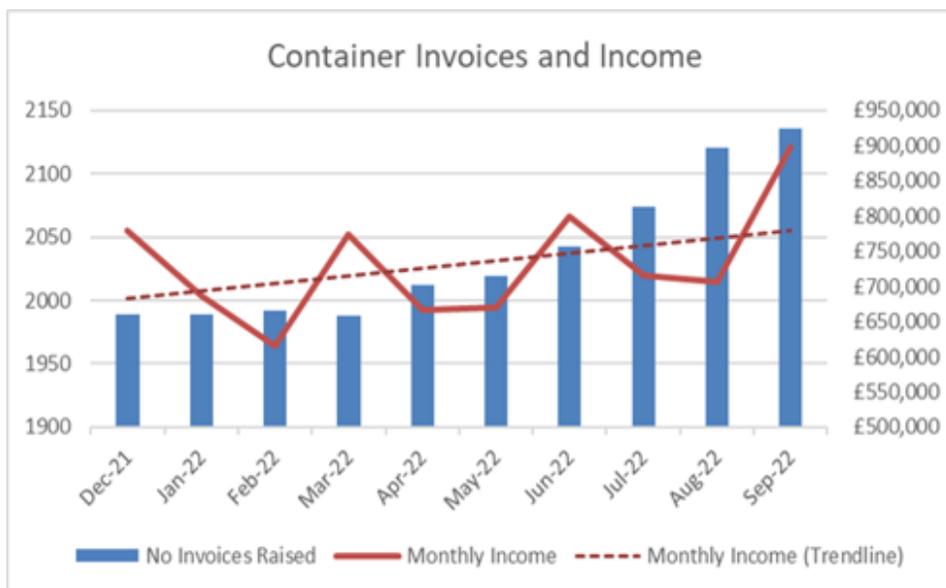


Public Protection and Licensing (PP&L)

- 8.6 As at Quarter 2, PP&L forecast £0.900m employee cost overspend due to delayed delivery of service redesign savings, now expected to be in place from 1 April 2023.
- 8.7 There is a £0.661m adverse movement in forecast relating to income streams which are now forecast to under-recover including Massage, Street Trading and advice giving and inspection services. This is driven by a reduction in the number of operators and Street traders, and generally the current business environment adversely impacts the levels of discretionary business expenditure for advice work.
- 8.8 The risk reported at Quarter 1 in respect of Tables and Chairs income has been realised and included in the forecast, an under-recovery of £0.330m. A Government New Burden grant of £0.270m has offset the majority of the income shortfall for this income stream.

Waste and Cleaning

- 8.9 Commercial waste forecasts to over-recover by £2.500m, increased by £1.800m since Quarter 1. There is a YTD over-recovery of £1.500m which is a 23% variance over the YTD Budget, and income to Quarter 2 is 48% higher this year than last. This increase is due to there being no covid restrictions in place this financial year resulting in higher footfall into Westminster along with growth in new business. As activity rises, the cost of collection rises too, with £0.380m additional costs forecast.



- 8.10 Additional disposal income of £0.500m is forecast due to the unusually high income being generated by the sale of recyclable material this year. Material prices are typically volatile, with mixed paper reaching a high of £135 per tonne and a low of £35 per tonne in the past 4 months.

Sports, Leisure & Active Communities

- 8.11 A net overspend of £0.260m is now forecast in respect of the Leisure Contract current Deed of Variation, resulting from increased energy and other cost pressures faced by the provider. This realises the risk presented at Quarter 1.
- 8.12 Cemeteries income forecasts to over-recover by £0.230m, primarily due to higher activity levels.
- 8.13 Other smaller cost pressures of £0.070m are primarily linked to Sayers Croft, however the site forecasts to slightly over-recover against income budgets in this first full operating year since the pandemic. The Council is currently exploring options to improve the offer at Sayers Croft as well as all costs are recovered.

9 Finance and Resources Underspend £15.376m

9.1 Finance and Resources is reporting a favourable variance of £15.663m against the budget of £29.213m at Quarter 2.

Treasury and Pensions

9.2 Investment income is expected to be £15.767m greater than budget.

Increased cash balances alongside increasing Bank of England base rates (increasing from 0.75% to 2.25% by 30 September) have improved the investment position which has partly mitigated the overall Council pressures arising from inflation.

Revenues and Benefits

9.3 This service is reporting a variance to budget of £0.300m due to staff resource pressures and increased postage costs.

10. Adult Social Care (ASC) Underspend £0.100m

10.1 ASC is projecting an underspend for Quarter 2 of £0.100m, which is more positive than the previous breakeven projection for Quarter 1, as discharge to assess processes were initially anticipated to continue for the full year. However, following agreement with health services to revert to pre-pandemic care act assessments, a reduction in placements and packages is anticipated.

10.2 During Quarter 2, demand for homecare services increased higher than previous assumptions with expenditure increasing by £1m, mainly due to 15 more clients and complexity increasing with more hours of care being delivered. However, this is offset by favourable movements in other areas. Overall, ASC is forecasting higher income from Health, other local authorities, and client contributions. This is estimated to be in the region of £0.500m. Furthermore, a net reduction in projected spend of £0.600m is anticipated on a range of different care services.

10.3 The forecast continues to assume funding from health partners is received to offset expenditure, as is, the financial risk reported previously is £2m. If the Council is not in receipt of this funding, then this will likely have a negative impact on the financial position. The claim for the first two quarters of the financial year is £0.945m. Currently, there is uncertainty as to the level of funding ASC will get, and no monies have been received to date but dialogue continues with the ICB to agree our claim.

10.4 There is a potential of additional funding from central government, however, this is not reflected as details of the allocations are yet to be announced. In September, the Department of Health and Social Care (DHSC) announced a

£500m ASC Discharge Fund that is expected to offset cost pressures from hospital discharges for local authorities. There is some concern as to the split of funding between LAs and Health services and the impact on LAs as result of NHS waiting list and winter pressure.

- 10.5 Implementation of the ASC reforms is continuing to build momentum. A key milestone was reached in mid-October with the completion and submission to the DHSC of the Fair Cost of Care exercise. The results of the exercise indicated a care gap of 24% for domiciliary care and an average of 40% for 65+ care homes. If this is accepted, this would see an increase of £13m. However, due to the sample size and data quality issues, the output of this exercise should not be seen as fully complete and any uplift to care costs cannot be underpinned by this exercise. The concerns regarding the limitation of this exercise are shared across London and discussions are due to take place with DHSC and London Councils about the next steps. The key point being lobbied now with DHSC is that any final care gap should be fully funded. In 2023/24, there is an expectation that £600m will be distributed to local authorities to help bridge this care gap. However, currently the methodology to distribute this fund is still to be published. Recent events within the UK economy and political landscape may result in the Government postponing the reforms as part of their spending reviews.

Public Health

£nil variance forecast

- 10.6 The service is reporting a net underspend of £0.105m which will be taken to reserves, leaving a net nil variance. Within the commissioning services, there is £0.365m net underspend due to activity levels being lower than what had been anticipated and budgeted for. This drop is prevalent across several demand-led services such as GUM, Health Checks and Smoking Cessation services and is a continuation from last year, where actual activity levels being lower than the maximise usage that is anticipated and budgeted each year.
- 10.7 This was a direct result of the COVID-19 pandemic, and it is anticipated that the uptake of these services will continue to improve in 2022/23. The service will continue to encourage for the uptake of services. This is offset by a £0.260m overspend within the non-commissioned services, which include Cross-Council investments and all other overheads.
- 10.8 The department has made a commitment to invest in Cross-Council initiatives which address health inequalities in the local population. These programmes will target key vulnerable groups to offer increased winter resilience and support with mental health and wellbeing.

11 Innovation and Change Underspend £0.315m

11.1 Innovation & Change is reporting a favourable variance of £0.315m against a budget of £13.530m at Quarter 2. This is the result of a £0.050m underspend in Executive Director and Business Support, a £0.200m underspend in Corporate PMO and a £0.065m underspend in Governance & Councillor Liaison on allowances and part year vacancies and secondments not being backfilled. Income to date is on target and being closely monitored.

12 Other Corporate Directorates £nil variance forecast

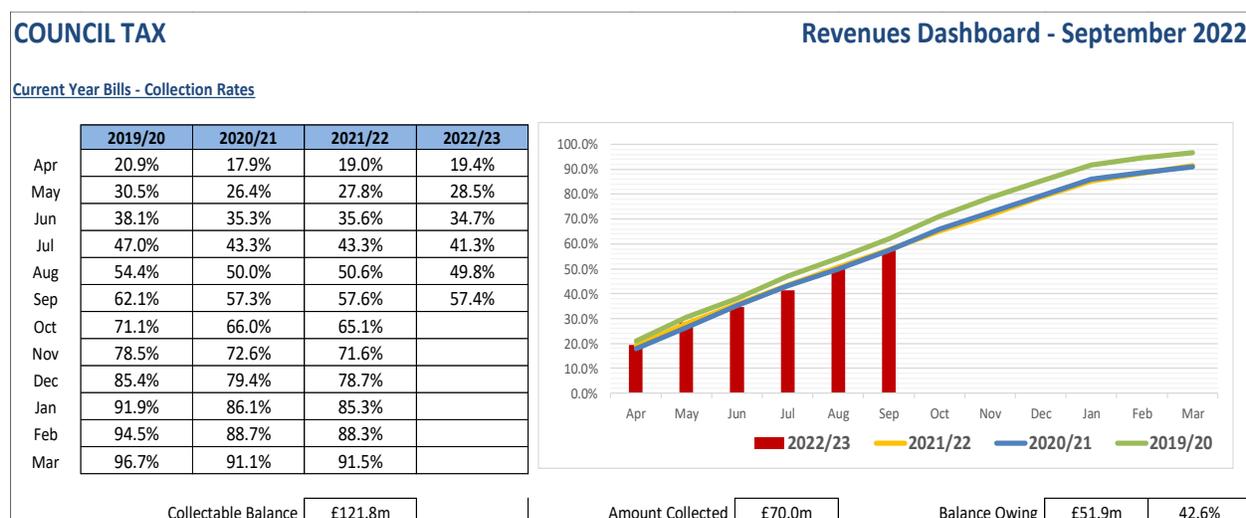
12.1 There is currently a forecast favourable variance of £0.060m in People Services linked to an underspend on part year vacancies and secondments.

13 Housing Revenue Account £nil variance forecast

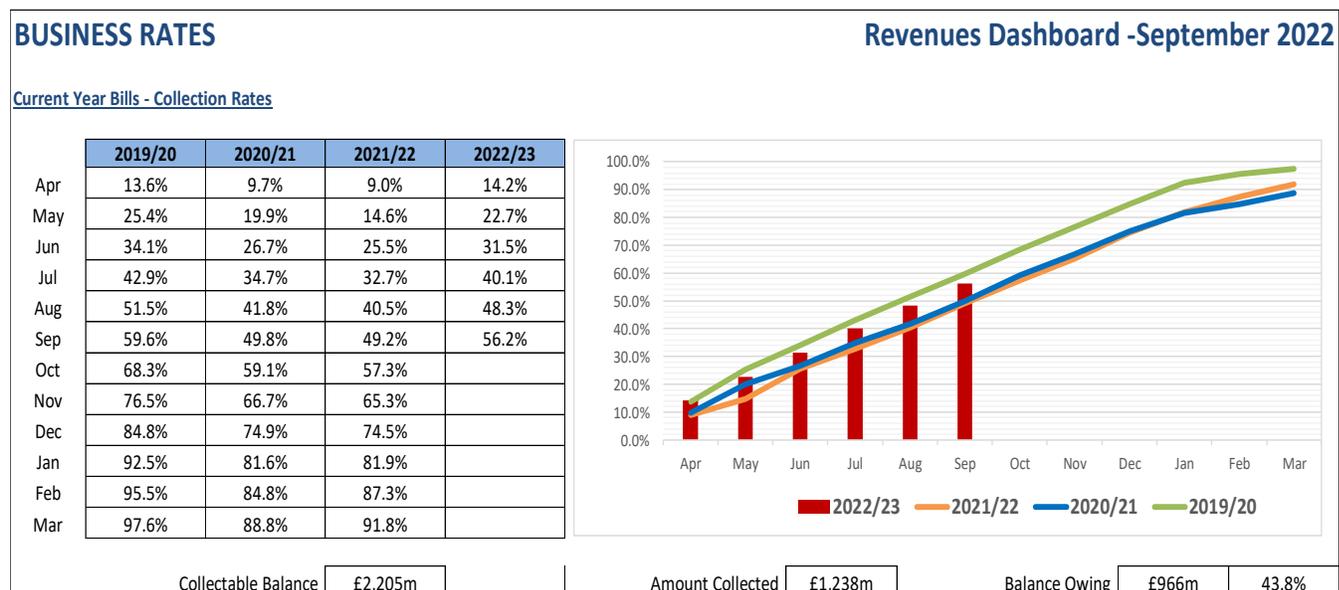
13.1 At Quarter 2 the Housing Revenue Account (HRA) is forecasting a balanced outturn despite some significant challenges in relation to the cost of repairs and maintenance (£4.460m). This variance is driven by an increase in job costs linked to the rising rate of inflation and the impact on materials.

13.2 A favourable variance has been reported in relation to staff spend (£1.395m), recruitment has been taking place over the first six months of the year with fewer vacancies forecast for the remainder of 2022/23 with more staff in post than at the start of the year.

14 Council Tax and Business Rates



14.1 At the end of Quarter 2 the Council Tax collection rate is 57.4% which is 0.20% lower than the same month last year, this is an improvement on the Quarter 1 deficit of 0.9%. The full statutory recovery process for 2022 non-payers is pending until such time as the £150 energy rebate/refund programme has been cleared and this is likely to be in the ensuing quarter. A further improvement is therefore expected next quarter once the current year summons recovery programme has commenced.



14.2 The Business Rates collection rate continues to improve post-COVID, for September 2022 it was 56.2% which is 7.0% higher than the same month last year.

15 Capital Budget 2022/23

15.1 The table below summarises the Council's budget and forecast position on the 2022/23 capital programme, which reflects a projected £107.330m gross expenditure variance and £86.383m net variance.

ELT Directorate	2022/23 Expenditure Budget £m	2022/23 Income Budget £m	2022/23 Net Budget £m	2022/23 Expenditure Forecast £m	2022/23 Income Forecast £m	2022/23 Net Forecast £m	2022/23 Expenditure Variance £m	2022/23 Income Variance £m	2022/23 Net Variance £m
Adult's Services	0.980	(0.880)	0.100	0.960	(0.960)	0.000	(0.020)	(0.080)	(0.100)
Children's Services	10.466	(8.049)	2.417	10.333	(8.567)	1.766	(0.133)	(0.518)	(0.651)
Growth, Planning & Housing	138.667	(28.107)	110.560	107.740	(25.659)	82.081	(30.927)	2.448	(28.479)
Environment & City Management	125.404	(36.514)	88.890	81.302	(18.250)	63.052	(44.102)	18.264	(25.838)
Finance and Resources	54.752	(5.960)	48.792	55.737	(5.127)	50.610	0.985	0.833	1.818
Westminster Builds	50.633	0.000	50.633	17.500	0.000	17.500	(33.133)	0.000	(33.133)
Net Controllable Budget	380.902	(79.510)	301.392	273.572	(58.563)	215.009	(107.330)	20.947	(86.383)

15.2 As can be seen in the table below, 12 projects contribute to the majority of the expenditure variance. By way of comparison there are over 250 projects in the 2022/23 capital programme, and therefore, just 5% of the projects are causing 53% of the expenditure variance.

Project	2022/23 Forecast Variance to Budget £m	Comments
Westminster Builds	(31.320)	There is lower investment required in Westminster Builds due to Truly Affordable Housing changes which impacts some schemes including 300 Harrow Road and Westmead.
300 Harrow Road	17.945	This is primarily due to the decision to remove private sale units on the 300 Harrow Road & Westmead schemes, meaning the scheme will now be delivered in the General Fund rather than through Westminster Builds (£17.945m overspend). This is offset by an underspend in the loans made to Westminster Builds, as the Council will no longer need to invest funds in Westminster Builds to finance the development.
Oxford Street	(20.449)	£20.449m is being reprofiled to 2023/24 as the programme is currently under review. A full business case is being prepared with a Cabinet Member Report to follow in early 2023.
Rough Sleeper (RS) Programme	(9.465)	The acquisitions are being affected by market conditions. The Rough Sleeper Acquisition programme of 30 homes (15 x In Borough, 15 x Out of Borough) will be delayed and funding of £9.465m will be slipped from 2022/23 into 2023/24. Spend will commence when external market factors have settled.
Temporary Accommodation	(7.850)	<p>The variance at Quarter 2 primarily reflects conveyancing timeframes which are expected to complete in 2023/24. WCC purchased 26 in-borough TA units in 2021/22. The authority has completed 17 additional acquisitions so far in 2022/23, with terms agreed on a further 33 properties (bringing the total number of committed acquisitions to 76).</p> <p>The average conveyancing period for purchases is currently running at 3-6 months, and the variance at Quarter 2 reflects an expectation that about 12 of the properties with terms agreed may not complete until the new financial year (albeit in April or May). The programme is now entirely focussed on in-borough purchases (reducing the overall target for the current budget approval from 227 to 168) and the team continues to work at pace with the aim of having terms agreed on a high percentage of the 168 target purchases by the end of the financial year (with completions to follow next year).</p>
Ceremonial Streetscape	(7.767)	£7.767m is being reprofiled and due to occur in early to mid-2023/24. Issues outside of the control of WCC such as access to land to commence works and specialised material availability due to general shortage in the construction industry has resulted in re-profiling of this scheme to future years.

Project	2022/23 Variance to Budget £m	Comments
Placeshaping schemes	(6.810)	£6.810m is to be reprofiled into 2023/24. This is mainly due to pauses in the Paddington, Victoria and Pimlico place strategies while the current administration ambitions/priorities are worked through.
Main Fleet Replacement Programme – Electric Refuse Vehicles	(5.761)	Negotiations with securing a revised lease agreement have taken longer than expected and this has resulted in a delay in some of the site infrastructure works. Therefore £5.761m will be reprofiled into 2023/24.
Zero Emissions Street Cleansing Vehicles	(5.510)	Acquiring a suitable site has taken longer than anticipated, therefore infrastructure works cannot begin until a lease is finalised. Site infrastructure works and orders for vehicles will take place next financial year resulting in the forecasted slippage.
Stimulating the Economy	(3.955)	£3.955m will be slipped into 2023/24 as the priorities of the current administration are worked through to delivery.
Public Conveniences Renovation Programme	(3.061)	£3.061m will be reprofiled into 2023/24. The change in leadership required a further review of public convenience priorities which has resulted in a number of changes to the programme. Once design proposals and site specifications are agreed works will proceed next financial year.
Property Investment Acquisitions	27.094	£27.094m is being brought forward into 2022/23 from 2024/25. Purchases of properties in Vauxhall Bridge Road and the head lease in Berwick Street were completed in Q1 which requires the acquisitions budget to be brought forward.
Total	(56.909)	

16 Housing Revenue Account

16.1 The HRA capital budget and forecast position is summarised in the table below:

HRA Capital Programme	2022/23 Budget (£m)	2022/23 Forecast (£m)	2022/23 Variance (£m)
Planned Maintenance	57.826	49.985	(7.841)
Regeneration & Development	125.823	128.683	2.860
Other Projects	18.153	17.103	(1.050)
Total	201.802	195.771	(6.031)

16.2 The HRA is forecasting an outturn position for the year that is marginally below the in-year budget (resulting in an expenditure variance of **£6.031m** overall). The 2022/23 budget includes £4.294m of slippage from 2021/22 (due to be approved in October 2022).

16.3 The HRA is forecasting an in-year underspend on its capital expenditure of (£6.031m). This is mainly due to the programme reprofiling into future years due to contractors work schedule and resource plan which caused delays to project completion date. Some of the key variances on individual projects are set out in the tables below.

16.4 The Council is currently experiencing some cost pressures in respect of schemes at Ashmill, Ashbridge and Cosway. These predominantly relate to additional costs and the cost of delay from the installation of Air Source Heat Pumps and enhanced fire safety installation as a result of the change in building safety legislation. The Council is currently working with its consultants to understand the nature and extent of these claims before entering into further negotiations with its contractor. Any additional payments agreed to the contractor would result in an overall overspend for the scheme.

16.5 Key variances within **HRA Planned Maintenance:**

Project	2022/23 Variance to Budget (£m)	Comments
Delivery Adjustment	(8.889)	<p>Each element of the programme has an agreed schedule of projects and the cashflows for each have been reviewed in detail with contractors. Despite this careful planning, delays are inevitable for which a delivery adjustment has been applied to the overall programme (in lieu of knowing which projects might be affected at Q2). This reduces the outturn estimate versus what was included in the HRA business plan but would still result in an outturn that is 25% higher than 2020/21. This will be updated throughout the year as forecasts are adjusted to reflect known delays across the different programmes of work.</p>
Voids	1.700	<p>There is an anticipated increased number of voids in 2022/23 (329 vs 297 in 2021/22). In addition, there are a further 28 voids that had been earmarked for disposal but will now be put back into operation (bringing the total to 357 for 2022/23 - a 20% year-on-year increase). These voids are generally in worse condition and are therefore more expensive to repair (up to £39k in some cases). This has increased the average cost per void from £14,500 in 2021/22 to £15,700 in 2022/23.</p>

16.6 Key variances within HRA regeneration and development:

Project	2022/23 Variance to Budget (£m)	Comments
Ebury Acquisitions	4.983	Forecast increase to reflect the estimated number of acquisitions in 2022/23
Church Street Phase 2 Acquisitions	3.400	Forecast increase to current estimates for direct acquisitions on Site A and increase in the average property price.
Ashbridge	1.613	Forecast increase due to approval for the air source heat pumps for the scheme to be installed
Queen's Park Court	(1.909)	A revised cost plan is being worked through due to cost inflation affecting viability of the current plan. This will delay the scheme by up to nine months.
Churchill Gardens (Pimlico)	(1.821)	Forecast increased due to new cost plan received for variations which is now being reflected. This scheme will be delayed due to the current cost plan being affected by inflation and affecting affordability.
Lisson Arches	(1.744)	Project reprofiling due to delay in practical completion date resulting in delay in construction cost
Paddington Green	(1.537)	The scheme is currently under review and reprofiled into 2024/25
Contingency	(1.050)	It is anticipated that the HRA contingency will be needed to manage inflation across the programme (with a detailed piece of analysis being undertaken to assess the level of exposure, which will be largely felt on schemes that are not yet in contract) suggest to Cabinet Approval, however there was an approval for increased budget for Ashbridge associated to the Air source Heat pump
Other Minor Variances	(0.777)	
Total	(6.031)	

17 Subsidiaries Overview

17.1 This report provides a financial overview of the wholly owned Westminster Builds, Westminster Community Homes (WCH) and Westminster Communications (WestCo) up to August 2022/23.

Westminster Builds

P&L Summary £000's	Actual YTD	Budget YTD	Variance YTD	Year End Forecast	Full Year Budget
Total Income	150	280	(130)	934	1,122
Total Expenditure	(114)	(478)	364	(814)	(1,178)
Operating Surplus/(Deficit)	36	(198)	234	120	(56)
Net Interest	(154)	(99)	(55)	(658)	(619)
Profit/(Loss) Before Tax	(118)	(297)	179	(538)	(675)

17.2 The operating surplus of £234k is mainly due to: (£130k) lower than forecasted income due to delays in attaining full occupancy in Jubilee, Parsons North and West End Gate offset by £364k lower than forecasted expenditure mainly due to lower than forecasted staff and agency costs of £135k, zero expenditure against the contingency budget of £117k which is available to grow the business and lower than forecasted housing related expenditure of £77k as a result of the delays mentioned above.

Westminster Community Homes

P&L Summary £000's	Actual YTD	Budget YTD	Variance YTD	Year End Forecast	Full Year Budget
Total Income	1,800	1,876	(76)	4,301	4,301
Total Expenditure	(1,084)	(1,158)	74	(2,793)	(2,793)
Operating Surplus/(Deficit)	716	718	(2)	1,508	1,508
Net Interest	(150)	(161)	11	(360)	(385)
Gain on Sale of Assets	333	-		45	(288)
Amortisation & Depreciation	(518)	(593)	75	(1,424)	(1,424)
Profit/(Loss) Before Tax	381	(36)	417	(231)	(579)

17.3 The operating deficit of £2k is mainly due to:

- (£76k) adverse to budget income is primarily due to £28k favourable to budget income from miscellaneous income. These are offset by (£105k) lower than forecasted rental income

- £74k lower than budgeted expenditure is primarily due to (£60k) overspends in service charges and (£13k) overspends in miscellaneous expenditure being offset by the favourable variance of £118k for refurbishment expenditure.

Westco

P&L Summary £000's	Actual YTD	Budget YTD	Variance YTD	Year End Forecast	Full Year Budget
Total Income	1,260	1,900	(640)	3,024	3,800
Total Expenditure	(1,414)	(1,754)	340	(3,136)	(3,508)
Operating Surplus/(Deficit)	(154)	146	(300)	(112)	292
Net Interest	-	-	-	-	-
Profit/(Loss) Before Tax	(154)	146	(300)	(112)	292

- 17.4 The operating deficit of £154k is mainly due to (£640k) lower than forecasted income due to:
- Some projects ending before new workstreams have begun to replace them causing a drop in billable hours. A key area of income in the past year is the Campaigns Hub. This area of work has been significantly less than in the current financial year but there has still been resources deployed there. The resources put towards the Campaigns Hub partnership will be significantly reduced from September 22 onwards

18 Financial Implications

The financial implications are set out the main body of the report.

19 Legal Implications

There are no legal implications arising from this report.

19 Carbon Implications

There are no carbon implications arising from this report.

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

Jake Bacchus (jbacchus@westminster.gov.uk)

Appendix 1 – Schools Forecast

- 1.1 The Bi-Borough Schools' Finance team provides support to 40 maintained schools and nurseries in the borough of Westminster. Schools in Westminster face a number of challenges, particularly, primary schools with falling rolls. The 2022/23 headcount for schools in the borough reduced by 241 pupils; primary school numbers fell by 212 (to 8,828) and secondary schools numbers fell by 30 (to 9,050).

Dedicated Schools Grant

- 1.2 Westminster City Council receives an allocation of Dedicated Schools Grant (DSG) from the Education and Skills Funding Agency (ESFA) to fund maintained schools and academies and items of central expenditure. The DSG finances schools, central services, early years and high needs expenditure.
- 1.3 Westminster's Schools funding has increased by 5.7% per pupil for 2022/23, including the schools supplementary grant funding.
- 1.4 The DSG reserve deficit is £1.167m as at 31 March 2022. This is a decrease in reserve of £3.554m from the £2.387m surplus as at 31st March 2021, due to a net in year overspend mainly attributable to the significant and increased spend pressures in the High Needs Block (which relates to children with Special Educational Needs and Disabilities), as well as school restructures.
- 1.5 The Council's Deficit Management Plan was agreed by the Schools Forum in September 2022 and the deficit should be cleared within two years before going back into deficit in 2025/26 due to the estimated increase in Education Health Care Plans (EHCPs), and will recover again in 2026/27 as a result of planned new provision and related capital investment.

Schools with Deficit Balances

- 1.6 There are eleven schools (including one maintained nursery) that ended 2021/22 in deficit. This compares with thirteen schools at the end of 2020/21.
- 1.7 The eleven schools shown with deficits in table 1 are all RAG rated as red to highlight the urgent need for a sustainable position to be maintained in order to return to a balanced budget position. Collectively, these schools had an aggregate deficit of £1.779m at 31 March 2022.

Table 1 – Schools requiring licensed deficit recovery plans

School Name	Licensed Recovery Plan
Portman	Yes
All Souls' CE Primary School	Yes
Burdett Coutts CE Primary School	Yes
Soho Parish CE Primary School	Yes
St George's Hanover Square	Yes
St Luke's CE Primary School	Yes
St Mary Of The Angels Catholic School	Yes
St Saviour's CE Primary School	Yes
St Stephen's CE Primary School	No
St Vincent De Paul Catholic School	Yes
Westminster Cathedral Catholic School	N/A (amalgamation)

- 1.8 Of the eleven schools, nine have licensed deficit recovery plans in place and one is being pursued. The remaining school, Westminster Cathedral, has amalgamated with St Vincent de Paul from September 2022 and their deficit will not be recovered. As this deficit is chargeable to the Council and not the DSG, a provision of £270k was made in the 2021/22 accounts for this liability; the latest forecast is predicting a deficit of £278k and should be finalised soon.

Schools at Risks – risk rating and reserves balances

- 1.9 Schools RAG rated red have no reserves or a deficit balance and require a deficit recovery plan. Schools with amber RAG ratings are at risk of future financial difficulty due to their reserves having reduced by prior or in year deficits to the extent that a further reduction of similar magnitude would result in a deficit balance within 2 years and so need to take action to reverse the trend.
- 1.10 These schools have also been offered support with financial management, ranging from cross-departmental training delivered to staff and governors (involving School Standards and Finance colleagues) to assistance with producing recovery plans and budget monitoring and requests received vary according to the school's needs.
- 1.11 Green RAG rated schools have enough reserves to cover a future in year deficit equal in value to a current year deficit, should this occur.
- 1.12 Table 2 shows a summary of the RAG rating and school balances for both 2021/22 outturn and 2022/23 forecast.

Table 2 – RAG Ratings and Balances Summary

RAG Rating	2021/22 Outturn	2021/22 Balance (surplus) / deficit	2022/23 Forecast	2022/23 Forecast Balance (surplus) / deficit
Red	11	1,779	11	1,914
Amber	6	-686	10	-192
Green	23	-5,177	19	-4,624
Total	40	-4,085	40	-2,902

Schools Forecasts

1.13 Table 3 sets out year end balances as at 31/03/22 and the forecasts for 2022/23 received from schools. Deficit schools are required to provide monthly updates, with other schools providing quarterly finance reports.

Schools	Ward	(Surplus)/Deficit @ 31/03/22 £000	In Year Movement £000	Forecast (Surplus) / Deficit @ 31/03/23 £000	Licensed Recovery Plan	School Type
Dorothy Gardner	Queen's Park	(21)	(33)	(53)		Nursery
Mary Patterson	Harrow Road	(6)	(99)	(105)		Nursery
Portman	Church Street	44	(5)	40	Yes	Nursery
Tatchbrook	Tatchbrook	(328)	93	(234)		Nursery
NURSERY SCHOOLS		(310)	(43)	(353)		
St Augustine's CE High School	Maida Vale	(1,188)	(62)	(1,251)		CE VA
SECONDARY SCHOOLS		(1,188)	(62)	(1,251)		
College Park	Bayswater	(416)	137	(279)		Community
QE2	Harrow Road	(898)	404	(494)		Community
SPECIAL SCHOOLS		(1,314)	540	(773)		

Schools	Ward	(Surplus)/Deficit @ 31/03/22 £000	In Year Movement £000	Forecast (Surplus) / Deficit @ 31/03/23 £000	Licensed Recovery Plan	School Type
All Souls' CE Primary School	West End	110	(62)	48	Yes	CE VA
Barrow Hill Junior School	Regent's Park	(43)	13	(30)		Community
Burdett Coutts CE Primary School	Vincent Square	221	(21)	199	Yes	CE VA
Christ Church Bentinck CE Primary School	Church Street	(155)	50	(105)		CE VA
Edward Wilson Primary School	Westbourne	(515)	(122)	(637)		Community
Essendine Primary School	Maida Vale	(155)	(3)	(158)		Community
George Eliot Primary School	Abbey Road	(192)	152	(40)		Community
Hallfield Primary School	Lancaster Gate	(379)	6	(373)		Community
Hampden Gurney CE Primary School	BDS	(110)	109	(1)		CE VA
Our Lady of Dolours Catholic Primary School	Westbourne	(129)	75	(54)		RC VA
Queen's Park Primary School	Queen's Park	(220)	90	(130)		Community
Robinsfield Infant School	Abbey Road	(90)	82	(8)		Community
Soho Parish CE Primary School	West End	234	(30)	204	Yes	CE VA
St Augustine's CE Primary School	Maida Vale	(63)	(31)	(95)		CE VA
St Barnabas CE Primary School	Churchil	(49)	29	(20)		CE VA
St Clement Danes CE Primary School	St James	(75)	15	(60)		CE VA
St Edward's Catholic Primary School	BDS	(222)	67	(155)		RC VA
St Gabriel's CE Primary School	Churchil	(67)	13	(54)		CE VA
St George's Hanover Square	West End	20	167	187	Yes	CE VA
St James' And St John CE School	Lancaster Gate	(100)	12	(87)		CE VA
St Joseph's Catholic Primary School	Little Venice	(38)	20	(18)		RC VA
St Luke's CE Primary School	Queen's Park	240	(45)	195	Yes	CE VA
St Mary Magdalene's CE Primary School	Westbourne	(5)	5	0		CE VA
St Mary Of The Angels Catholic School	Bayswater	171	(59)	112	Yes	RC VA
St Mary's Bryanston Square CE School	BDS	(116)	(26)	(142)		CE VA
St Matthew's CE Primary School	St James	(19)	14	(5)		CE VA
St Peter's CE Primary School	Harrow Road	(93)	41	(52)		CE VA
St Peter's Eaton Square CE School	Warwick	(11)	(5)	(16)		CE VA
St Saviour's CE Primary School	Little Venice	334	(60)	274	Yes	CE VA
St Stephen's CE Primary School	Bayswater	85	63	148	No	CE VA
St Vincent De Paul Catholic School	Vincent Square	81	148	230	Yes	RC VA
St Vincent's Catholic Primary School	Marylebone High St	(160)	0	(160)		RC VA
Westminster Cathedral Catholic School	Tachbrook	238	40	278	N/A (amalgamation)	RC VA
PRIMARY SCHOOLS		(1,273)	748	(525)		
ALL SCHOOLS TOTAL		(4,085)	1,184	(2,902)		

Appendix 2 - Savings

2.1 Of the £17m savings target 81% are either achieved or on target. Reprofiled and under achievable savings have been reflected in the medium term financial plan.

2.2 The total reprofiled savings of £1.300m have been reflected in the 2022/23 medium term financial plan.

Directorate	Description/Service	Re-profiled (£000's)	Mitigating Actions
Environment and City Management	Future City Management	200	Safe Cities transformation programme of which the saving for Public Protection and Licensing is included are still being discussed and it is anticipated that these will be implemented from 1st April 2023 therefore achievement of the 2022/23 saving of £900k will be delayed.
Environment and City Management	Public Protection and Licensing	700	
Finance and Resources	Planned move of ASC from NHS premises	400	The service will see to mitigate this in 2022/23 through an agreement to reduce the number of desks before the end of the financial year and the identification of one off savings or income.
Total		1,300	

2.3 In the total there are £2.m of savings not achievable which are also reflected in the medium term financial plan

Directorate	Description/Service	Unachievable Savings in 2022/23 (£000's)	Mitigating Actions
Children's	Libraries Transformation	450	Service is reviewing feasibility into commercial revenue streams.
Children's	Pre-Birth to Five Service Redesign	350	Working with public health to determine if any funding available.
Environment and City Management	Public Protection and Licensing	100	No demand for this advice service. Service is reviewing other income budget lines to determine whether mitigating actions can be taken. Please note that this advice was previously provided free of charge by the Licensing team.
Growth, Planning and Housing	Planning Income	1000	The drop in planning applications is due to the pandemic and current wider economic climate. This is being closely monitored to understand if this is a longer term position. A review is also on-going regarding charges but there are concerns about the impact this may have on activity volumes.
Growth, Planning and Housing	Procurement efficiency savings	100	We are currently reviewing the regen and development programmes in response to general economic pressures. This planned saving will need to be reviewed in conjunction with this.
Total		2,000	



City of Westminster

Decision Maker:	Audit and Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Treasury Management Strategy Mid-Year Review 2022-23
Wards Affected:	All
Policy Context:	To manage the Council's finances prudently and efficiently
Cabinet Member:	Cabinet Member for Finance and Council Reform
Financial Summary:	This report forms part of the monitoring of the treasury function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. It reviews the implementation of the strategy to date and allows for any changes to be made depending on market conditions.
Report of:	Gerald Almeroth Executive Director for Finance and Resources
Report Author:	Kelly Martin Treasury Manager

1. EXECUTIVE SUMMARY

1.1. The purpose of this report is to:

- update Members on the delivery of the 2022/23 Treasury Management Strategy approved by Council on 2 March 2022; and
- approve the recommendations in paragraph 2.1.

1.2. Treasury management comprises:

- investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially, before considering optimising investment return.
- managing the City Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3. This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:

- A review of the amendment made to the Treasury Management Strategy approved by full council;
- a six-monthly review of the Council's investment portfolio for 2022/23 to include the treasury position as at 30 September 2022;
- a review of the Council's borrowing strategy for 2022/23;
- a review of compliance with Treasury and Prudential Limits for the first six months of 2022/23; and
- an economic update for the first part of the 2022/23 financial year.

1.4. The Council has complied with all elements of the Treasury Management Strategy Statement (TMSS).

2. RECOMMENDATIONS

2.1. The Committee is asked to note the annual treasury strategy mid-year review 2022/23.

3. TREASURY MANAGEMENT STRATEGY STATEMENT UPDATE

3.1. The underlying TMSS approved on 2 March 2022 was amended by Full Council on 21 September 2022. The Council approved an amendment to the Council's borrowing strategy, allowing greater flexibility in the range of long-term financing options available.

3.2. The suggested amendment allows the immediate adoption of community municipal investments which will help facilitate the Council's commitment to lower carbon in the Council's strategy reference global climate change.

4. TREASURY POSITION AS AT 30 SEPTEMBER 2022

4.1. As at 30 September 2022, the net cash position was £627.8m, an increase of £471.5m on the position at 31 March 2022 as shown below:

	30 September 2022 (£m)	31 March 2022 (£m)
Total Borrowing	(387.9)	(298.2)
Total Cash Invested	1,015.7	454.5
Net Cash Invested	627.8	156.3

4.2. The increase of £471.5m reflects the forecast pattern of the Council's cashflows and is mainly dependant on the timing of precept payments, receipt of grants, council tax and business rates, and progress on the capital expenditure programme.

Investments

4.3. The Council's Annual Investment Strategy, which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2022/23, was approved by the Council on 2 March 2022. The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.

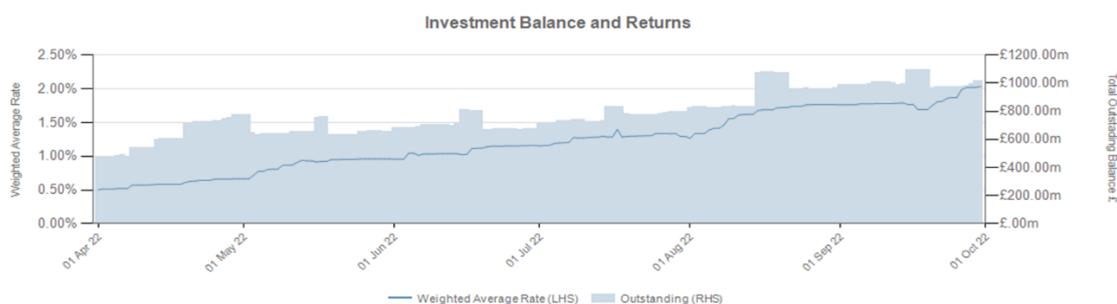
4.4. The table below provides a breakdown of investments with comparisons for the previous financial year end.

	Investment Balance 30 September 2022 (£m)	Investment Balance 31 March 2022 (£m)	Movement (£m)
Money Market Funds	264.3	71.5	192.8
Notice Accounts	0.0	30.0	-30.0
Term Deposits	632.5	353.0	279.5
UK Government Treasury Bills	118.9	0.0	118.9
Total:	1,015.7	454.5	561.2

- 4.5. In the current economic climate, it is considered appropriate to keep new investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions. Given this environment and the fact that Bank Rate will rise, before mid-2023, investment returns are expected to increase significantly.
- 4.6. Liquid balances are managed through Money Market Funds, providing same day liquidity. Cash has been invested in alternative and less liquid instruments, particularly term deposits and UK Government Treasury Bills. The average level of funds available for investment in the first six months of 2022/23 was £781.9m.
- 4.7. The table below provides a more detailed breakdown of the Council's treasury investment position and interest rate generated as at 30 September 2022.

	Investment Balance (£m)	Interest Rate (%)
Money Market Funds	264.3	2.09
UK Banks	200.0	1.92
Non UK Banks	135.0	2.04
UK Government	398.4	2.07
Local Authorities	18.0	1.74
Total:	1,015.7	2.04

- 4.8. The shaded area in the chart below shows the daily investment balance from 1 April 2022 to 30 September 2022. The line shows the weighted average return of the investment portfolio, which has increased steadily throughout the first half of 2022/23. The daily investment balance is shown by the grey shaded area. This balance rises and then falls slightly each month but follows a monthly upwards cycle.
- 4.9. Daily investment balances have increased from £473.3m at 1 April 2022 to £1,015.7m at 30 September 2022. Investment returns which had been lower during 2021/22, have increased steadily during 2022/23 and the Council's return on 30 September 2022 was 2.04%



- 4.10. The Monetary Policy Committee (MPC) has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the US Fed and European Central Bank raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively mild. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- 4.11. Since the government's 'fiscal event' on 23 September 2022, we now expect the MPC to increase interest rates further and faster, from 2.25% currently, to a peak of 5.00% in February 2023. The combination of the government's fiscal policy, the tight labour

market and future inflation expectations mean we expect the MPC to raise interest rates by 75bps at the policy meetings in November (to 3.00%) and 100 basis points in December (to 4%) followed by further 50 basis point hikes in February and March 2023 (to 5.00%).

- 4.12. Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- 4.13. The latest forecast sets out a view that both short and long-dated interest rates will be elevated for some time, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal support to try and protect households and businesses from ultra-high wholesale gas and electricity prices.
- 4.14. The recent increase in PWLB rates reflects a broad sell-off in UK sovereign bonds internationally but more so the disaffection global investors have with the position of the UK public finances after September's 'fiscal event'. To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation, as measured by wage rises, under control, but its job is that much harder now.
- 4.15. The table below shows the forecast investment income to be achieved in the year: budget versus actual and the variance. The Council's budgeted investment return for 2022/23 is £2.013m, and performance for the year is expected to be £13.309m above budget. The total portfolio weighted average yield performance for the first half of 2022/23 to 30 September 2022 was 1.29%

	Budget £000	Forecast £000	Variance £000
Investment Income	2,013	15,322	13,309

- 4.16. Appendix 1 provides a full list of the Council's limits and exposures as at 30 September 2022.

Borrowing

- 4.17. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 4.18. At £387.9m, the Council's borrowing was well within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the CFR for 2022/23 of £1,193m.
- 4.19. During 2022/23, the Council maintained an under-borrowed position of £793m. This meant that the capital borrowing need (the CFR) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an

interim funding measure. These reserves are expected to remain part of the Council's balance sheet throughout the remainder of 2022/23 and 2023/24.

4.20. The table below shows the details around the Council's external borrowing as at 30 September 2022, split between the General Fund and HRA.

	30 September 2022 (£m)	31 March 2022 (£m)
HRA	175.6	175.6
General Fund	212.3	122.6
Total Borrowing	387.9	298.2

4.21. The breakdown of the existing loans is shown below:

	Loan Balance 30 September 2022 (£m)	Loan Balance 31 March 2022 (£m)	Movement (£m)
PWLB	130.6	130.6	0.0
LOBO	70.0	70.0	0.0
Private Placement	187.3	37.5	149.8
Local Authority	0.0	60.0	-60.0
Mortgage Annuity	0.0	0.1	-0.1
Total:	387.9	298.2	89.7

4.22. During 2022/23, the Council repaid £60.288m of loans using investment balances. This consisted of short-term local authority loans and the principal element of mortgage annuity and private placement loans.

4.23. Gilt yields and PWLB rates were on a rising trend between 1 April and 30 September, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September. The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit rates are forecast to fall back to 3.10% by the end of September 2025.

4.24. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. The Council's borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

Forward Borrowing

4.25. As anticipated in the 2022/23 TMSS, the Council took no additional long-term borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow if a requirement is identified for either the General Fund or Housing Revenue Account (HRA). The monitoring process includes the setting of various trigger points, the breaking of which will require officer consideration of borrowing requirements and market conditions.

4.26. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, while maintaining

some forward flexibility as projects may or may not proceed within the expected timeframes.

4.27. During the financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments. The loans for 2022 have all been received and are included in the borrowing figures detailed above.

4.28. An analysis of these loans can be found in the table below.

Counterparty	Amount (£m)	Start Date	Maturity Date	Rate (%)	Profile
Phoenix Group	37.5	15 March 2022	15 March 2062	2.706	Annuity
Barings LLC	150.0	15 August 2022	15 August 2052	1.970	Maturity
Phoenix Group	12.5	15 March 2023	15 March 2063	2.751	Annuity
Rothsay Life Plc	200.0	08 May 2023	08 May 2063	2.887	Equal Instalment of Principal
Weighted average interest rate	400.0			2.579	

5. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

5.1. During the financial year to 30 September 2022, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 2 March 2022 as set out below.

5.2. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy Statement for 2022. The Executive Director of Finance and Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

PI Ref		2022/23 Indicator	2022/23 Forecast	Indicator Met?
1	Capital expenditure	£500m	£500m	Met
2	Capital Financing Requirement (CFR)	£1,333m	£1,193m	Met
3	Net debt vs CFR	£933m underborrowing	£793m underborrowing	Met
4	Ratio of financing costs to revenue stream	GF (11.67)% HRA 44.98%	GF 21.42% HRA 34.62%	Met
5a	Authorised limit for external debt	£1,382m	£1,242m	Met
5b	Operational debt boundary	£449m	£449m	Met
6	Working Capital Balance	£0m	£0m	Met
7	Limit on surplus funds invested for more than 364 days (i.e. non specified investments)	£450m	£0m	Met
8	Maturity structure of borrowing	Upper limit under 12 months: 40% Lower limit 10 years and above: 35%	Upper limit under 12 months: 0% Lower limit 10 years and above: 78%	Met

Capital expenditure and borrowing limits

- 5.3. The capital expenditure forecast to 31 March 2023 totals £500m for both the General Fund and the HRA. The initial capital expenditure budget at the time of the approval of the annual Treasury Management Strategy Statement 2022/23 was £500m.
- 5.4. The programme's delivery objectives continue to take place against the background of financial challenges. Covid has had a significant impact on the Council, from delays caused to existing projects meaning budgets being reprofiled and reviewed. The programme reflects the Council's approach to support the rebuilding of the economy and ensure all our residents have access to employment opportunities.
- 5.5. External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary as shown in the table above:
- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that if the planned capital programme required new borrowing to be raised over the medium term, interest rates were deemed favourable and the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
 - The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place.
- 5.6. The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if, in any one particular period, there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2022 was within the limits set and does not highlight any significant issues.

Actual Maturity at 30 September 2022	Duration	Upper Limit	Lower Limit
0	Under 12 Months	40	0
5	12 Months and within 24 Months	35	0
3	24 Months and within 5 Years	35	0
14	5 Years and within 10 Years	50	0
78	10 Years and Above	100	35

- 5.7. The Council is not subject to any adverse movement in interest rates in its current loans portfolio as it only holds fixed interest borrowing.
- 5.8. The average rate on the fixed interest borrowing is 3.20% with an average redemption period of 23 years. This reflects the historical legacy of borrowing taken out some years ago. Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that

the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

- 5.9. The Council's borrowing portfolio contains £70m of Lender Option Borrower Option loans (LOBOs). These are long-term loans of up to 60 years, which are subject to periodic rate re-pricing. The rates are comparable with loans for similar durations provided by the PWLB. There is some refinancing risk associated with these loans because of the lender option to increase interest rates. Some banks are offering premature repayment or loan conversion for LOBOs to fixed term loans and officers will remain alert to such opportunities as they arise.

Investment limits

- 5.10. Investment in non-specified investments at £0m does not break into the limit of £450.0m for such investments. This reflects the fact that all of the Council's investments have a life of less than 12 months. The highest level of non-specified investments during the year was £18.0m.
- 5.11. Whilst the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer duration investments and marginally lower credit ratings is likely to increase the yield the Council generates from its investments.

6. THE ECONOMY AND INTEREST RATES

- 6.1. The second quarter of 2022/23 saw:

- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being.
- Signs of economic activity losing momentum as production fell due to rising energy prices.
- CPI inflation easing to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term.
- The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply.
- The Bank Rate rising by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come
- Gilt yields surge and sterling fall following the 'fiscal event' of the new Prime Minister and Chancellor on 23 September.

- 6.2. The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels. There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the

drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

- 6.3. There are some signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for the second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- 6.4. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average of £4.6bn.
- 6.5. The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- 6.6. CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- 6.7. However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- 6.8. Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- 6.9. Concerns around government finances has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's 'fiscal event', it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a rise in interest rates at the policy meeting on 3 November and the government will

lay out a credible medium-term plan in the near term. With concerns over a global recession growing, there are downside risks to the pound.

7. BACKGROUND

7.1. The Local Government Act 2003 (“the Act”) requires the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable. These are contained within this report.

8. FINANCIAL IMPLICATIONS

8.1. Financial implications are contained in the body of this report.

9. LEGAL IMPLICATIONS

9.1. The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. This report assists the Council in fulfilling its statutory obligation under the Act to monitor its borrowing and investment activities.

10. BACKGROUND PAPERS

Full Council Report

Treasury Management – Annual Strategy for 2022/23, including Prudential Indicators and Statutory Borrowing Determinations – 2 March 2022.

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

Kelly Martin, Treasury Manager

Email: kmartin3@westminster.gov.uk

Tel: 07971 920515

Limits and exposures as at 30 September 2022

Appendix 1

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)	Interest Rate (%)
UK Local Authorities	£100m per local authority; £500m in aggregate	3 years	Cardiff Council	8.0	1.80
			Dudley Metropolitan Borough Council	10.0	1.70

Money Market Funds	£70m per fund. £300m in aggregate.	Three day notice	Aberdeen Sterling Liquidity Fund	70.0	
			Deutsche Platinum Sterling Liquidity Fund	54.3	
			Federated Sterling Liquidity Fund	70.0	
			Morgan Stanley Sterling Liquidity Fund	70.0	
UK Government	Unlimited	Unlimited	Debt Management Office	37.8	3.24
			Debt Management Office	70.0	2.15
			Debt Management Office	30.0	2.095
			Debt Management Office	70.0	2.05
			Debt Management Office	30.0	1.96
			Debt Management Office	11.7	1.825
			Debt Management Office	30.0	1.35
			Treasury Bill	29.6	3.05
			Treasury Bill	29.7	1.85
			Treasury Bill	29.8	1.37
Treasury Bill	29.8	1.25			
UK Banks (A-/A3/A)	£50m	3 years		10.0	4.51
			Goldman Sachs International	20.0	2.47
				20.0	1.65
				20.0	2.25
			National Westminster Bank	10.0	0.82
				20.0	0.62
				20.0	2.70
			Santander UK Plc	10.0	1.60
				20.0	1.34
			Standard Chartered	30.0	2.18
Non-UK Banks (AA-/Aa2/ AA-)	£50m	5 years		25.0	2.61
			Svenska Handelsbanken	25.0	2.30
				20.0	2.21
			Toronto Dominion Bank	10.0	0.86
				20.0	0.75
				20.0	2.88
Non-UK Banks (A/A2/A)	£35m	3 years	Australia & New Zealand Banking Group	10.0	2.36
				5.0	0.86
			TOTAL	1,015.7	2.04

This page is intentionally left blank



City of Westminster Committee Report

Meeting:	Audit and Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Internal Audit Progress Report 2022/23 (to September 2022)
Wards Affected:	All
Policy Context	Internal audit provides assurance to the Council that it has robust systems and controls in place to support the ambitions contained within the Fairer Westminster Strategy.
Cabinet Member:	Councillor David Boothroyd, Finance and Council Reform
Key Decision:	No
Financial Summary:	Action is being taken to minimise the risk of error and maximise the recovery of amounts due to the Council.
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

1. Executive Summary

- 1.1 This report summarises the status of the work included in the 2022/23 Internal Audit Plan as at the end of September 2022. Three audits have been finalised with a further four issued as draft reports. Although no overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls, the Committee can be assured that sufficient internal audit work is planned to ensure an appropriate assurance opinion can be provided by the end of the financial year.
- 1.2 **Appendix 1** shows the finalised audits as at the end of September 2022 and the status of the remaining planned audits.

2. Recommendation

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

3. Reasons for Decision

The work undertaken by the Internal Audit Service is reported to the Committee during the financial year to enable the Committee to consider the progress made against the Internal Audit Plan and the outcomes of the completed audits which are considered as part of the Annual Assurance Opinion provided by the Shared Services Director for Audit, Fraud, Risk and Insurance.

4. Background, including Policy Context

- 4.1 The Committee are provided with updates on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.
- 4.2 The Audit Plan for 2022/23 was reviewed by the Committee in February 2022. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.
- 4.3 Four assurance levels are used and when an audit is completed, an assurance opinion is provided. A description of each of the assurance levels is summarised below:

Assurance Level	Description
Substantial Assurance:	There is a sound system of internal control designed to achieve their objectives and the control processes tested are being consistently applied.
Satisfactory Assurance:	While there is generally a sound system of internal control, there are weaknesses which put some of the objectives at risk; and/or there is evidence that the level of non-compliance with some of the control processes may put some of the objectives at risk.
Limited Assurance:	Weaknesses in the system of internal control are such as to put the objectives at risk; and/or the level of non-compliance puts the objectives at risk.
Nil Assurance:	Control processes are generally weak, leaving the processes/systems open to significant error or abuse; and/or Significant non-compliance with basic control processes/systems open to error or abuse.

5. Internal Audit Outcomes (to September 2022)

5.1 Since the last report to the Committee three audits have been completed:

Audit	Assurance	RAG
Children's Placements: Operational & Financial Procedures (2021/22) – see paragraphs 5.3 to 5.7.	Limited	Amber
St Edward's Primary School (2021/22)*	Satisfactory	Green
Additional Restrictions Grants*	Satisfactory	Green

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

In addition, reviews have been completed on two Covid grant funded areas: Contain Outbreak Management Fund (public health); and Protect and Vaccination (housing). These reviews were required as part of the grant funding conditions.

5.2 Four audits have been issued as draft reports and are due to be finalised shortly.

Children's Services – Placements (Limited Assurance)

5.3 Children's placements are procured and paid for by the bi-borough Placements team. The team uses a 'database' called Art DB to record and maintain case data across both boroughs which can include the financial details of placements. Art DB has been in use for a number of years and has been customised specifically for use by the team. Children's Services also use a case management system call Mosaic.

5.4 Payments to placement providers are made through the Council's payments system (IBC) from case data information generated automatically within Mosaic. Due to the misalignment of the information held on the Art DB database and Mosaic case management system, there have been historic overpayments (dating back to 2017) to some placement providers. A service and finance led review was completed and in December 2020, the total value of identified overpayments was £509,548. At the time of completing the audit fieldwork in June 2022, this overpayment figure had been reduced to £203,328. To date, in October 2022, £391,279 of the £509,548 has been recouped. However, further review work has also identified additional historical overpayments meaning that the total outstanding payments figure is currently £242,729. Based on the success of the last year in recouping historical overpayments this work will continue.

5.5 The Service was aware of the limitations of the existing systems prior to the audit and in November 2021, a decision was made to introduce an enhanced version of Mosaic which will address the known issues, which were also identified in the audit. The work to introduce an enhanced version of Mosaic has been in train for some time and the new system is expected to be fully operational by April 2023.

5.6 The audit confirmed that a number of good practices were now in place to ensure robust financial management including:

- Policies and procedures in place that cover all areas of the placements and payments process which were reflective of the processes in place at the time of the audit.
- Overpayments are identified promptly, the Finance team is notified and the Children's Commissioning team are responsible for recovery actions.

- The Placements Team Manager meets monthly with the Finance team to review any changes of placements. This includes reconciling start and end dates, weekly fees, any changes of placements and any proposed future changes. The report is maintained and circulated by the Finance team. Additional checks are undertaken by the Business Intelligence team who produces a monthly exceptions report to reconcile any discrepancies between the Art DB and finance data. We confirmed that all elements of this process take place.
- 5.7 Three high, one medium and two low priority recommendations were made to address the following weaknesses identified from the audit:
- Testing identified a lack of evidenced scrutiny on Art DB, with the only cases confirmed as reviewed being those that went to the Placements Panel for approval. Whilst it was generally seen that value for money (VFM) was considered, this was not recorded systematically, and it was often difficult to see evidence of this on Art DB. From a sample of twenty, budgetary approval was not confirmed on the system for six cases and in sixteen cases, case notes to evidence the basis of approval and /or the approval emails from the Head of Service were not available. The Service have confirmed that the use of Art DB to record placement information will be phased out and with the introduction of an updated version of Mosaic. Placement information will be recorded directly on the child's file in Mosaic. The Service also confirmed that a placement search is not commenced unless the team is satisfied that Head of Service approval has been given, and although it is not reflected on the database, VFM is always considered (high priority).
 - From a sample of twenty placements reviewed, there were no contracts in place in 18 cases. The service confirmed that all placements made via Mosaic generate a purchase order which contains a summary of the provider's details and includes the weekly fee, start and end dates. This, in conjunction with the email correspondence, was used to record the placement agreement. It was noted that the team was under considerable pressure due to the challenging nature of finding placements in the first year of the pandemic. This coupled with the need to focus on the disaggregation of what was a tri-borough team, meant greater priority was given to the day-to-day operation of the service which, in some cases, resulted in a delay in the issuing of a contract (high priority).
 - For the same sample, we found discrepancies between placement end dates noted on Art DB / Mosaic and those in case notes, emails and/or purchase orders for four placements. It is acknowledged that the database recording system (Art DB) was built for the Council 20 years ago and the Placements team had already identified, prior to the audit, that there was insufficient scrutiny of end dates of care packages and has been taking steps to address this shortfall via manual processes. The database is due to be replaced with an updated version of Mosaic which will enable the introduction of automatic processes. In the meantime, additional manual checks have been introduced to manage this risk. It is envisaged that with the implementation of the new child file record system on Mosaic, the Placements Team will directly record placements information on Mosaic (high priority).
 - From a sample of 20 WCC placements, in nine cases, the purchase orders were not raised in a timely manner and eight payments were late. The Placements team had already identified, prior to the audit, that there was a

delay in purchase orders being raised and had taken steps to address this shortfall. Several of the late payments were due to discrepancies identified within the supplier invoice which required investigation. As there is currently no integrated recording system, there are a range of tools used by the service to ensure the accuracy of the finance position. The introduction of the updated version of Mosaic will enable the introduction of automatic processes (medium priority).

As indicated above, the move to an improved version of Mosaic will assist the service to automate some processes as well as enabling them to record relevant placement information in one place. In the meantime, key manual measures, identified above, have been put into place to avoid future overpayments. The new version of Mosaic is expected to be fully implemented by April 2023.

Follow up

- 5.8 Four follow-up reviews were undertaken in the period which confirmed that 91% of recommendations made had been fully implemented, with the implementation of the remaining recommendations in progress:

Audit	Recs Made*	Implemented*	In Progress*	Not yet actioned*
St Edward's Primary School	4 (1H, 1M, 2L)	4 (1H, 1M, 2L)	0	0
Soho Parish Primary School	7 (4M, 3L)	6 (4M, 2L)	1 (L)	0
Hampden Gurney Primary School	2 (L)	2 (L)	0	0
Client Affairs	9 (8M, 1L)	8 (7M, 1L)	1 (M)	0
Totals	22	20 (91%)	2 (9%)	0
Total High Priority	1	1	0	
Total Medium Priority	13	12	1	
Total Low Priority	8	7	1	
Totals	22	20	2	

*Recommendations categorised as High(H), Medium(M) or Low (L) priority

- 5.9 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

6. Financial Implications

With reference to paragraph 5.4, a Children's Services and Finance-led review was completed in December 2020, and the total value of overpayments identified at the time was £509,548. At the time of completing the audit fieldwork in June 2022, this overpayment figure had been reduced to £203,328.

However, further review work identified additional historical overpayments and the total outstanding figure is currently £242,729.

Total overpayments recouped to date equal £391,279 and work to further reduce this figure is ongoing.

Any decision taken to write off the overpayment risk wholly or in part will impact the Children's Services reported position. A further account will be provided at the end of the current financial year

7. Legal Implications

There are no legal implications from this report.

8. Carbon Impact

The decision will have no carbon impact.

9. Equalities Impact

There are no equalities implications from this report.

9. Consultation

The Internal Audit Plan and the work undertaken by the Internal Audit Service is prepared in consultation with the Council's Executive Leadership Team and officers within the Council and supports the Executive Director's responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council's financial affairs.

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

Moira Mackie on 07800 513 192 Email: Moira.Mackie@rbkc.gov.uk

or

David Hughes on 07817 507 695 Email: David.Hughes@rbkc.gov.uk

APPENDICES

Appendix 1 Completed Audits and Status of Planned Audits

Appendix 2 Additional Information on Assurance Audits

BACKGROUND PAPERS:

Internal Audit Reports

Completed Audits:

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Med. Priority Recs	No of Low Priority Recs	Reported to Committee
Adult Social Care & Public Health	Contain Outbreak Management Fund Compliance	Jun-22	n/a	0	0	0	Oct-22
Children's Services	Children's Placements: Operational & Financial Procedures (2021/22)	Jun-22	Limited	3	1	2	Oct-22
Schools	St Edward's Primary (2021/22)	Jul-22	Satisfactory	1	1	2	Oct-22
Growth, Planning & Housing	Protect & Vaccine Grant Compliance	Jun-22	Advisory	0	0	0	Oct-22
Growth, Planning & Housing	Additional Restrictions Grant (ARG)	Sep-22	Satisfactory	0	4	4	Oct-22

Definitions of Recommendations:

Priority	Description
High (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Medium (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Status of Planned Audits:

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not Yet Due	TBC
Cross-cutting				<ul style="list-style-type: none"> • Business Continuity – Compliance • Review of Constitution • Scheme of Delegated Authority • Register of Officers’ Interests • Politically Restricted Posts
Adult Social Care		<ul style="list-style-type: none"> • Continuing Healthcare (Q2) 	<ul style="list-style-type: none"> • Homecare (Q3) • Contract Management (Q3-4) • Market Management (Q4) 	<ul style="list-style-type: none"> • Discharge to Assess (D2A)
Children’s Services		<ul style="list-style-type: none"> • Supporting People Claims (on-going) • Implementation of New Case Management System (on-going) 	<ul style="list-style-type: none"> • Registrar Service (Q3 into Q4) 	<ul style="list-style-type: none"> • Libraries Asset Management
Schools	<p>2021/22:</p> <ul style="list-style-type: none"> • Burdett Coutts Primary (Jun-22) • St Augustine’s Federated Schools – Secondary (Jun-22) <p>2022/23:</p> <ul style="list-style-type: none"> • All Souls Primary (Jul-22) • St Mary’s Bryanston Sq (Sep-22) 	<ul style="list-style-type: none"> • Schools Thematic Work (VAT) • Queens Park Primary (Q2) • St Joseph’s RC Primary (Q2) • Westminster Cathedral Primary – Closure Audit (Q2) 	<ul style="list-style-type: none"> • Our Lady of Dolours (Q3) • Portman Early Childhood Centre (Q3) • St Barnabas Primary (Q3) • St Clement Danes Primary (Q3) • St Mary of the Angels Primary (Q3) • Dorothy Gardner Nursery (Q4) • Mary Paterson Nursery (Q4) • Tachbrook Nursery (Q4) • St Peter’s Primary (Q4) 	<ul style="list-style-type: none"> • St George’s Hanover Sq Primary • St Mary Magdalene (defer to Q1 2023/24) • QEII Jubilee and College Park (Advisory)
Finance & Resources		<ul style="list-style-type: none"> • Finance Compliance Testing (on-going) • Corporate Property • Management of Debt (IBC) • IT Audit Needs Assessment (ANA) 	<ul style="list-style-type: none"> • Pensions Investments (Q3) • IT: following ANA 	<ul style="list-style-type: none"> • Commercial Partnerships

Page 170

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not Yet Due	TBC
People Services		<ul style="list-style-type: none"> • Payroll Compliance Testing (on-going) 	<ul style="list-style-type: none"> • Pensions Admin (Hants Assurance plus in-house monitoring) (Q3-4) 	
Growth, Planning & Housing		<p>2021/22:</p> <ul style="list-style-type: none"> • Housing H&S - Lifts Maintenance • Housing H&S - Electrical Safety <p>2022/23:</p> <ul style="list-style-type: none"> • Procurement of Temporary Accommodation • Leaseholders (Major Works) • Housing Repairs 	<ul style="list-style-type: none"> • Recharges: HRA (Q3) 	<ul style="list-style-type: none"> • Housing Health & Safety (check cyclical reviews)
Environment & City Management		<p>2021/22:</p> <ul style="list-style-type: none"> • Contract Management • Contract Extensions <p>2022/23:</p> <ul style="list-style-type: none"> • Markets and Street Trading • Coroners & Mortuary Assurances 	<ul style="list-style-type: none"> • Environmental Health & Safety 	<ul style="list-style-type: none"> • Procurement
Innovation & Change		<ul style="list-style-type: none"> • Risk Management 	<ul style="list-style-type: none"> • Effectiveness of the Audit Committee (Q3) • Projects/ Programmes – Evaluation (Q3/Q4) • Equalities (Q3) • S106/CIL Advisory (Q4) 	<ul style="list-style-type: none"> • Climate Emergency

Additional Information on Assurance Audits

(main report paragraph 5.1)

1. Schools (Satisfactory Assurance)

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

1.2 In the reporting period, one final report has been issued in respect of St Edward's Primary School which was provided with Satisfactory assurance. Four recommendations were made (one high, 1 medium and 2 low priority) in respect of the following:

- Improving the School's Expenses Policy and ensuring clarity on the use of official funds and governor's funds (high priority).
- Including financial cost and resource requirements in the School Development Plan (medium priority).
- Additional detail required on the asset register (low priority).
- Including a Policy on staff Season Ticket Loans (low priority).

All of the recommendations were accepted and have been confirmed as implemented (see 5.8 in main report).

2. Growth, Planning & Housing: Additional Restrictions Grants (Satisfactory Assurance)

2.1 The Additional Restrictions Grant (ARG) was made available by central government's Department for Business Energy & Industrial Strategy (BEIS), to all Local Authorities (LAs) in England to support businesses that were severely impacted by the Covid-19 restrictions and were ineligible for the mandatory Covid-19 grant schemes. In total central government made available total funding of £925m to be distributed to all qualifying LAs in England. This was distributed over a number of tranches. BEIS provided a deadline of 31st March 2022 to all LAs for their funding allocations to be fully defrayed. The total allocation given to the Council was £18,861,984 with a spend of £18,862,022.

2.2 The Council's ARG scheme predominantly involved the disbursement of the funding allocations in the form of individual grant awards to eligible business recipients. However, the tranche 3 allocation was split into two schemes – a 4th round of ARG grants and then a suite of ARG-funded Business support schemes. Tranche 3 of the City Council's ARG allocation saw £2.1m ringfenced to be used to fund a suite of business support programmes and schemes to be delivered directly by the City Council's Business & Enterprise Service or to be commissioned for delivery by third-party business support providers. For commissioned services, the Council underwent procurement processes and a grant-call process. A total of 3 providers were appointed to deliver the new

Additional Information on Assurance Audits

(main report paragraph 5.1)

business support schemes. The audit reviewed the governance and compliance against central government requirements as well as effectiveness of the administration of the ARG Grant Scheme.

- 2.3 The audit confirmed that, in general, the processes put in place to administer the grants were documented, well controlled, and complied with. It should be noted that the processes put in place to deliver the grants were established in an emergency context and the service utilised the functionality of the systems and programmes that were available to them at the time with some enhanced system functions only becoming available during the last round of grant.
- 2.4 Eight recommendations were made (4 medium and 4 low) in respect of the following:
- Spot checking undertaken to ensure the accuracy and validity of payments should be recorded (medium priority).
 - Whilst payment authorisation was in accordance with financial regulations it would be prudent to have an additional layer of senior management sign off for payments when dealing with such large amounts (medium priority).
 - Improving the central storage of electronic documents (medium priority).
 - Documenting the action to be taken for appeals and complaints (medium priority).
 - Whilst a number of documented procedures were in place, there was no workflow that covered the entire ARG process (low priority).
 - Training slides were not created nor was any training documentation retained once the application process commenced (low priority).
 - Due to the emergency nature of the delivery, service standards relating to response times were automated but there was no other “light-touch” monitoring to provide assurance that automated processes were working and service standards were being maintained (low priority).
 - Improving the functionality of the case management system such as streamlining workflows (low priority).

The service accepted the recommendations and moving forward will ensure that, when they are designing schemes, there will be workflows or procedure notes for all aspects of the process and are already working on templates which could be adapted for future projects.

This page is intentionally left blank



City of Westminster

Committee Report

Meeting:	Audit and Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Internal Audit Charter and Strategy
Wards Affected:	All
Policy Context	Internal audit provides assurance to the Council that it has robust systems and controls in place to support the ambitions contained within the Fairer Westminster Strategy.
Cabinet Member:	Councillor David Boothroyd, Finance and Council Reform
Key Decision:	No
Financial Summary:	Not applicable
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

1. Executive Summary

- 1.1 In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Council has an Internal Audit Charter which is maintained by the Shared Services Director for Audit, Fraud, Risk and Insurance. The Charter is reviewed annually to ensure that it reflects the Standards. The Strategy sets out the approach to the delivery of the Internal Audit Service.

2. Recommendation

- 2.1 The Internal Audit Charter and Strategy are approved by the Committee.

- 2.2 To note the commencement of a review of the effectiveness of the Committee in line with the recent guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on Audit Committees and that a report will be provided on the outcome of the review at a future meeting.

3. Reasons for Decision

The Internal Audit Charter is subject to annual review and, in accordance with the Public Sector Internal Audit Standards, it should be periodically approved by the Audit and Performance Committee. The Internal Audit Strategy is included as an Annexe to the Charter and sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Charter.

The Audit and Performance Committee consider the Council's compliance with its own and other published standards and controls as part of their Terms of Reference.

4. Background, including Policy Context

- 4.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013. The Standards are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). The Local Government Application Note has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) primarily as sector-specific guidance to local government organisations that previously fell within the remit of the CIPFA Code of Practice for Internal Audit in Local Government in the UK, and it provides further explanation to the PSIAS and practical guidance on how to apply the Standards.
- 4.2 The objectives of the PSIAS are to:
- Define the nature of internal auditing in the UK public sector.
 - Set basic principles for providing internal audit services that add value to the organisation, leading to improved organisational processes and operations.
 - Establish the basis for the evaluation of internal audit performance and to promote continuous improvement.
- 4.3 The Standard incorporates a code of ethics governing the integrity and conduct of internal auditors and the requirement for objectivity, confidentiality, and competency, including regard to the seven principles of public life.
- 4.4 There are also detailed performance standards on the actual conduct of internal audit work including audit planning, performance of individual audits, progress monitoring and the communication of results.
- 4.5 Included within the Standard is a requirement for regular review and assessment of Internal Audit's conformance with the Standard. This is done as part of the Annual Report of the Shared Services Director for Audit, Fraud, Risk and Insurance which is reported to the Audit and Performance Committee. The Annual Report to the Audit and Performance Committee for 2021/22 (reported in July 2022) included the following statement:

“The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). During 2021/22 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. Some improvements in reporting and planning have been identified which have been implemented in 2021/22.”

- 4.6 The London Audit Group (LAG) has organised a system of independent externally validated self-assessments across the London Boroughs. It has been agreed that self-assessments against the Standards, and where appropriate the CIPFA Local Government Application Note (LGAN) will be completed and that these will be externally validated by suitably qualified individuals or teams from other members of LAG. An externally validated assessment of the Internal Audit Service was planned for earlier this year but had to be postponed due to the availability of the assessor and it is now expected to take place in the final quarter of this financial year. The outcome of this assessment will be reported to the Committee in due course.
- 4.7 The Charter and Strategy have been reviewed with no amendments made other than some minor typos and the date.
- 4.8 Attention is drawn to paragraph 7.4 of the Charter which explains the role of the Shared Services Director for Internal Audit, Fraud, Risk and Insurance to contribute to the effectiveness of the Audit Committee. As the Chartered Institute of Public Finance and Accountancy (CIPFA) has recently updated their guidance for Audit Committees for local authorities, it is proposed that a review of effectiveness is undertaken by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance which will include discussions with the Chair of the Committee, the Committee Members as well as some officers including the S151 and Monitoring Officers. The outcome of this review will be reported to the Audit and Performance Committee and can then be reported as part of the Chair’s Annual Report.

5. Financial Implications

There are no financial implications from this report.

6. Legal Implications

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council’s responsibility for ensuring that it has a sound system of internal control which:
 - a. Facilitates the effective exercise of its functions and the achievement of its aims and objectives.
 - b. Ensures that the financial and operational management of the authority is effective; and,
 - c. Includes effective arrangements for the management of risk.
- 6.2 Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

7. Carbon Impact

The decision will have no carbon impact.

8. Equalities Impact

There are no equalities implications from this report.

9. Consultation

The Internal Audit Charter and Strategy are prepared in consultation with the Council's Executive Director of Finance and Resources and support the Executive Director's responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council's financial affairs.

APPENDIX

Appendix 1 Internal Audit Charter and Strategy

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

Moira Mackie on 07800 513 192 Email: Moira.Mackie@rbkc.gov.uk

or

David Hughes on 07817 507 695 Email: David.Hughes@rbkc.gov.uk

BACKGROUND PAPERS:

CIPFA Local Government Application Note

Public Sector Internal Audit Standards

CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations

APPENDIX 1

Westminster City Council

Internal Audit Charter 2022



1. Introduction

- 1.1 This Charter establishes the purpose, scope, authority and responsibilities for the internal audit service for Westminster City Council, in accordance with the mandatory UK Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations.
- 1.2 The Internal Audit Strategy (Annex A of this Charter) sets out how the Council's internal audit service will be developed and delivered in accordance with the Internal Audit Charter.
- 1.3 The Charter and Strategy will be reviewed annually and presented to the Council's Executive Leadership Team and to the Audit and Performance Committee to Approve.

2. Definitions

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

3. Purpose of Internal Audit

- 3.1 Internal audit provides independent and objective assurance to Westminster City Council through its Members, the Executive Leadership Team and, in particular, the Executive Director of Finance and Resources, to help discharge responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 3.2 In addition, the Accounts and Audit Regulations (2015) specifically require the provision of an internal audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy of the Council's governance, risk management and internal control systems.
- 3.3 The Internal Audit Service is led by the Shared Services Director for Audit, Fraud, Risk and Insurance and delivers audit reviews across three Councils: Westminster City Council, the Royal Borough of Kensington and Chelsea (the host borough) and the London Borough of Hammersmith and Fulham.

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

- 4.1 The Shared Services Director for Audit, Fraud, Risk and Insurance is a senior and independent role within the Council and is responsible for:
 - ensuring that internal audit work is risk-based and aligned to the Council's strategic objectives and will support the internal audit opinion;
 - Identifying where internal audit assurance will add the most value or do most to facilitate improvement;
 - Producing an evidence-based annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
 - Demonstrating the benefits of good governance and working with the Council to promote and support this and helping the Council to understand the risks to effective governance;

- Giving advice to Senior Management and others on the control arrangements and risks in relation to proposed policies, programmes and projects;
- Promoting the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality;
- Offering advisory services where appropriate and providing advice on risk and internal control arrangements for new and developing systems, including major projects, programmes and policy initiatives whilst maintaining safeguards over independence (see section 9).

5. Role of the Council's Senior Management

5.1 To enable internal audit to fulfil their role, the Council's Senior Management:

- Engage constructively with the internal audit service, facilitating their role throughout the organisation and recognising the role that audit can play in providing advice and assurance;
- Commit to the principles of good governance, recognising its importance for achieving the Council's strategic objectives; and
- Take account of advice provided by the Shared Services Director for Audit, Fraud, Risk and Insurance in respect of new and developing systems.

5.2 The Executive Director of Finance and Resources (S151 Officer), supports the role of the Shared Services Director of Internal Audit, Fraud, Risk and Insurance by:

- Establishing an internal accountability and assurance framework including how internal audit works with other providers of assurance and ensuring internal audit is independent of external audit;
- Setting out how the framework of assurance supports the annual governance statement (AGS) and identifying internal audit's role within this (the Shared Services Director for Audit, Fraud, Risk and Insurance contributes to, but is not responsible for, the AGS);
- Ensuring the Audit and Performance Committee's terms of reference includes oversight of internal audit including the monitoring of adherence to professional standards and the performance of the service;
- Ensuring the Shared Services Director for Internal Audit, Fraud, Risk and Insurance has clear lines of reporting to Senior Management;
- Ensuring the annual internal audit opinion and report is issued by the Shared Services Director for Audit, Fraud, Risk and Insurance in their own right;
- Ensuring that the Internal Audit Charter and Audit Plan are approved by the Audit and Performance Committee in accordance with the PSIAS; and
- Ensuring that an external review of internal audit quality is carried out at least once every five years and the Audit and Performance Committee provides support for and participates in the quality assurance and improvement programme as set out in the PSIAS.

6. Authority & Access to Records

6.1 Internal audit's remit extends to the entire control environment of the organisation.

6.2 In undertaking their duties and responsibilities, Internal Audit (which includes in house staff and contractors) and the Corporate Anti-Fraud Service shall be entitled to have full access to all of the Council's data, records, cash, stores, property, assets, personnel and information whether manual or computerised, it considers necessary to fulfil its responsibilities. Audit and Investigation staff may enter Council property and have unrestricted access to all locations and officers where necessary, on demand, and without prior notice. Council staff are expected to provide every possible assistance to facilitate the progress of audits and investigations.

6.3 Access rights apply equally to third parties and organisations, as permitted through the associated contract and partnering arrangements. Right of access to other bodies funded by the Council should be set out in the associated conditions of funding.

- 6.4 All records, documentation and information accessed during the course of audit reviews and investigations shall be used solely for that purpose. All audit and investigation staff are responsible for maintaining the confidentiality of information received in the course of their work and compliance with GDPR.

7. The Audit and Performance Committee

- 7.1 The Shared Services Director for Internal Audit, Fraud, Risk & Insurance is required to provide the Council and the Executive Director of Finance and Resources with an annual opinion, reported through the Audit and Performance Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. To achieve this, the internal audit function has the following objectives:

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

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

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

- 7.4 The Shared Services Director for Internal Audit, Fraud, Risk & Insurance contributes to the review of the effectiveness of the Audit and Performance Committee, advising the Chair and relevant managers of any suggested improvements.

8. Reporting

- 8.1 The UK Public Sector Internal Audit Standards require the Shared Services Director for Internal Audit, Fraud, Risk and Insurance to report directly to the top of the organisation and those charged with governance. This is achieved through the following framework:

- The Internal Audit Strategy and Charter and any amendments to them will be reported to the Audit and Performance Committee;
- The Internal Audit Plan is compiled by the Shared Services Director for Audit, Fraud, Risk and Insurance, taking account of the Council's risk framework and following discussions with stakeholders, including senior managers. The Audit Plan is subject to review by the Council's Executive Leadership Team and will be reported to the Audit and Performance Committee for noting and comment;
- The Internal Audit budget is reported to the Full Council for approval, as part of the overall Council budget;

- The adequacy, or otherwise, of the level of internal audit resources as determined by the Shared Services Director for Audit, Fraud, Risk and Insurance and the independence of service will be reported to the Audit and Performance Committee (see also the Internal Audit Strategy);
- Internal audit outcomes and progress with the Internal Audit Plan will be reported regularly to the Council's Section 151 Officer and to the Council's Senior Managers;
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work will be reported regularly to the Audit and Performance Committee;
- Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit and Performance Committee;
- Any instances of non-conformance with the Public Sector Internal Audit Standards will be reported to the Audit and Performance Committee and will be included in the annual report of the Shared Services Director for Audit, Fraud, Risk and Insurance. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

9. Independence

- 9.1 The Council's governance arrangements give the Shared Services Director for Audit, Fraud, Risk and Insurance free and unfettered access to the following:
- The Chief Executive;
 - The Chair of the Audit and Performance Committee;
 - The Monitoring Officer;
 - All Members of the Executive Leadership Team.
- 9.2 The independence of the Shared Services Director for Audit, Fraud, Risk and Insurance is further safeguarded by ensuring that any appraisal of personal performance is not unduly influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chair of the Audit and Performance Committee have an opportunity to contribute to, and/or review the appraisal of the Shared Services Director for Audit, Fraud, Risk and Insurance. The Shared Services Director has responsibility for Fraud and Insurance at the Council. Independence is maintained by ensuring that internal audit reviews of these functions are carried out and supervised independently of the Shared Services Director, including the scoping of the review and provision of the draft and final reports.
- 9.3 All Council and contractor staff in the Shared Services Internal Audit Service and Corporate Anti-Fraud Service are required to make an annual declaration of any potential conflicts to ensure that auditors' objectivity is not impaired and that any requirements of the Council are complied with.
- 9.4 Undertaking internal audits is the primary purpose of the internal audit service to provide an objective assessment of the framework of governance, risk management and control to inform the annual internal audit opinion. Consulting engagements (also known as advisory engagements) are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control. This may include providing advice and guidance on current best practice in governance, risk management, systems design and development, internal controls and management.
- 9.5 Non-audit consulting services may impair, or appear to impair, the independence of the internal audit activity or the individual objectivity of the internal auditor and therefore safeguards will be implemented to avoid this.
- 9.6 Any significant consulting activity (over 5% of planned annual audit days) which might affect the level of assurance work undertaken, will be reported to the Audit and Performance Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.
- 9.7 Internal Audit must remain independent of the activities that it audits to enable auditors to make impartial and effective professional judgments and recommendations. Internal auditors have no operational responsibilities towards the systems and functions audited. If additional responsibilities are taken on by the Shared Services

Director for Audit, Fraud, Risk and Insurance, appropriate safeguards will be put in place to ensure that these responsibilities do not compromise the independence and objectivity of the service.

- 9.8 Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Shared Services Director for Audit, Fraud, Risk and Insurance has the freedom to report without fear or favour to all officers and particularly to those charged with governance.
- 9.9 Accountability for the response to the advice and recommendations of internal audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.
- 9.10 The Shared Services Director for Internal Audit, Fraud, Risk and Insurance is responsible for escalating any concerns about maintaining independence through the Chief Executive, the Audit and Performance Committee and the Executive Leadership Team or the external auditor as appropriate.

10. Counter Fraud, Corruption & Irregularity

- 10.1 Managing the risk of fraud and corruption is the responsibility of management. Internal audit procedures alone cannot guarantee that fraud or corruption will be prevented or detected. Auditors will, however, be alert in their work to risks and exposures that could allow fraud, corruption or other irregularity.
- 10.2 The Council has a shared Corporate Anti-Fraud Service as part of the Shared Internal Audit, Fraud, Risk and Insurance Service and the Service has a protocol for close working relations with Internal Audit. The policies and procedures of the Corporate Anti-Fraud Service are detailed in the Council's Anti-Fraud and Corruption Strategy.

11. Due Professional Care

- 11.1 The Internal Audit Function is bound by the following:
- Institute of Internal Auditors' (IIA) International Code of Ethics
 - Seven Principles of Public Life (Nolan Principles);
 - UK Public Sector Internal Audit Standards;
 - The CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations (2019);
 - All Council Policies and Procedures;
 - All relevant legislation.
- 11.2 All staff and contractors are required to sign an annual statement confirming their compliance with the IIA code of Ethics.
- 11.3 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.
- 11.4 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. This is managed through the performance management and appraisal process. Both the Shared Services Director for Audit, Fraud, Risk and Insurance and the Head of Internal Audit are required to hold a professional qualification (CCAB or CMIAA) and be suitably experienced.

Internal Audit Charter and Strategy Reviewed and Agreed:

Date	Reviewed by	Comments	Approved by
Oct 2022	Moira Mackie Head of Internal Audit	Reviewed, only changes minor typos and changed the date of the document.	David Hughes Shared Service Director for Audit, Fraud, Risk & Insurance
Oct 2021	James Graham, Audit Manager and Moira Mackie Head of Internal Audit	Reviewed and updated to reflect the requirements of the PSIAS	David Hughes Shared Service Director for Audit, Fraud, Risk & Insurance
Sep 2020	Moira Mackie Head of Internal Audit	Reviewed no material change	David Hughes Shared Service Director for Audit, Fraud, Risk & Insurance
Sep 2019	Moira Mackie Senior Audit Manager	Reviewed no material change	David Hughes Shared Service Director for Audit, Fraud, Risk & Insurance
Sep 2018	Moira Mackie Senior Audit Manager	Revised Charter	David Hughes Shared Service Director for Audit, Fraud, Risk & Insurance

ANNEXE A

INTERNAL AUDIT STRATEGY

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

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

Internal Audit Objectives

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

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

Internal Audit Remit

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

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

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

Service Delivery

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

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

Internal Audit Planning

Strategic Audit Plan

A strategic audit plan is maintained to document significant, persistent risks that the Council faces and outlines, in broad terms, business areas or themes to be covered over a five-year period. This plan is intended to support the annual planning process and ensure that, in being agile and responsive to a changing risk and assurance environment, internal audit continues to provide assurance over the breadth of the Council's operations and does not become a purely reactive function.

Annual Audit Planning

Historically the full annual audit plan was prepared for submission to Committee prior to the start of the financial year. The traditional annual audit planning approach has become unsuitable as the original plan fails to keep pace with the organisation's changing assurance needs.

From 2021/22 onwards, the approach to audit planning changed, moving to a '3 plus 9' annual audit plan. We plan out the next three months in detail whilst keeping the remaining nine months more flexible. The plan will then be revisited each quarter to firm up the following quarter's work. Areas for consideration in the plan include:

- Risks to achieving strategic objectives;
- Issues currently affecting the department including emerging risk areas;
- Core operations / Business as usual/ Business Continuity;
- Governance;
- Transformation (Programmes, projects and new initiatives);
- Procurement and Contract Management;
- Information Management, IT and Continuity;
- Compliance;
- Areas where Internal Audit input may be helpful (including outside of that department); and
- Previous Internal Audit Coverage (or lack of) and alternative sources of assurance.

The audit plan will be presented to the Audit and Performance Committee each quarter.

Follow Up

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

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

Reporting

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

This page is intentionally left blank



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Tuesday 29 th November 2022
Classification:	For General Release
Title:	Counter Fraud 2022/23 – Half Year Progress Report
Wards Affected:	All
Financial Summary:	No direct financial implications arising from this report.
Report of:	Gerald Almeroth, Executive Director of Finance and Resources
Report author:	Andy Hyatt, Tri-borough Head of Fraud email: Andrew.hyatt@rbkc.gov.uk 020 7361 2777

1. Executive Summary

- 1.1 The Audit and Performance Committee's Terms of Reference require that the Committee receive reports on internal and external fraud investigated by the Council. This report is intended to brief members of the Committee regarding work undertaken by the fraud service from 1 April 2022 to 30 September 2022.

2. Recommendations

- 2.1 The Committee notes the content of the report.

3. Reasons for Decision

- 3.1 To inform Members of how the City Council is delivering its anti-fraud and corruption strategy.

4. Background

- 4.1 This report provides an account of counter-fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2022 to 30 September 2022.

- 4.2 CAFS remains a shared service providing Westminster City Council with a complete, professional counter-fraud and investigation service for fraud attempted or committed against the authority.
- 4.3 All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and to have an effective system of preventing and detecting fraud and corruption.
- 4.4 For the period 1 April 2022 to 30 September 2022, CAFS identified 76 positive outcomes. The fraud identified has a notational value of £278,000, detailed in the following table. The table also compares the achievements against those for the first six months of 2020/21 and 2021/22.

Activity	Half-year 2020/21		Half-year 2021/22		Half-year 2022/23	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	1	2,000	8	24,210	10	29,547
Right to Buy	17	22,700	1	3,500	-	-
Preventative Activity (incl.pro-active)	-	-	5	6,500	7	27,000
Prevention subtotal	18	24,700	14	34,210	17	56,547
Tenancy Fraud (Council and Registered Providers)	1	17,500	13	194,000	12	150,512
Insider fraud	-	-	3	37,000	1	2,500
High/Medium risk fraud (e.g. NNDR, Procurement, Duplicate invoices)	1	3,500	9	39,638	2	35,000
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	5	4,888	3	1,323	21	5,527
Disabled Parking	20	21,406	50*	89,175	20	26,660
Resident's Parking	57*	28,912	6	7,176	3	1,560
Detection subtotal	84	76,206	84	368,312	59	221,759
Proceeds of Crime (POCA)	2	36,262	-	-	-	-
Business Grant clawbacks	-	-	5	67,800	-	-
Deterrence subtotal	2	36,262	5	67,800	-	-
Total	104	137,168	103	470,322	76	278,306

**results from a special data matching exercise*

- 4.5 CAFS investigated 393 cases, including 131 new referrals, and concluded 186 investigations during the period. A conclusion could mean support of a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and prevents it from continuing, an action that deters fraud, or no further action where there is no case to answer.

- 4.6 CAFS commenced the second half of the financial year with 207 live investigations, of which five cases are being investigated jointly with external enforcement agencies and stakeholders.
- 4.7 The table below shows this activity and details the fraud types that make up the closed cases and the active caseload from 1 April 2022 to 30 September 2022.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/22	262	Tenancy & Housing cases	53	122
New referrals received	131	Insider fraud	6	4
Closed investigations (Positive outcomes 76)	186	Other Corporate	109	45
		Parking and Blue Badges	18	34
Live cases as at 30/09/22	207	POCA	0	2

- 4.8 Noteworthy fraud case details are reported in Appendix 1.

5. Whistleblowing

- 5.1 The Council is committed to achieving the highest service standards, including honesty, openness, and accountability. Our stated position is one of zero tolerance of any malpractice or wrongdoing in the administration and delivery of services and of encouraging individuals to speak up.
- 5.2 The Council's whistleblowing policy continues to be the primary support route for staff reporting concerns. Since April 2022, CAFS has received one new whistleblowing referral, which is currently under investigation.

Allegation	Outcome	Case status
i. Anonymous letter alleging abuse of position	The investigation remains ongoing.	Ongoing

- 5.3 Although the number of whistleblowing claims remains low, the Council's whistleblowing policy and guidance continue to deter wrongdoing. It provides an essential safeguard for those who speak out. It is an important strand of the Council's overall approach to risk management and protection against fraud

6. Anti-Fraud and Corruption Strategy

- 6.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes:
- i) Govern
 - ii) Acknowledge
 - iii) Prevent
 - iv) Pursue
 - v) Protect
- 6.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds. It contains an action

plan to provide management with a tool to ensure progress and transparency concerning counter-fraud activities.

i) GOVERN

A robust framework of procedures and policies

- 7.1 Minimising any losses to fraud and corruption is essential to ensuring that all of the Council's resources are used for their intended purposes and maintain stewardship of public funds.
- 7.2 Staff are often the first to spot possible cases of wrongdoing early and are therefore encouraged and expected to raise any concern they may have without fear of recrimination. Any concerns raised will be treated in the strictest confidence and appropriately investigated.
- 7.3 A well-publicised anti-fraud and corruption strategy and framework of policies help build and develop a robust anti-fraud culture. This culture encourages staff and service users to participate in fraud prevention and report suspicions.
- 7.4 Therefore, CAFS must update anti-fraud policies to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. The key anti-fraud policies are regularly reviewed, revised and presented to the Audit and Transparency Committee for review and approval.

ii) ACKNOWLEDGE

Committing support and resource to tackle fraud

- 8.1 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud.
- 8.2 All CAFS investigators are members of the Government Counter Fraud Profession (GCFP), which provides a professional structure with common standards and competencies for those in counter-fraud roles.
- 8.3 CAFS has also recruited two apprentices undertaking the CIPFA Level Four Counter Fraud Apprenticeship. The two-year apprenticeship combines CIPFA learning activities with on-the-job training, including a range of knowledge and skills development-based tasks to ensure competence and progression.

Demonstrating that it has a robust anti-fraud response

- 8.4 Counter-fraud activity is reported to the Audit and Transparency Committee twice per year, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. The annual performance report also describes the activity, achievements, and outcomes against the strategic objectives.

- 8.5 CAFS report on investigation outcomes, including successful prosecutions, prevention activity, actions that deter fraud, or no further action where assurance is obtained that there is no case to answer.

iii) PREVENT

- 9.1 The "Prevent" element of the strategy focuses on detection and prevention activities. It highlights the importance of enhancing fraud controls and processes, and CAFS continue to provide anti-fraud advice and support across the organisation, including the Council's partners and contractors.
- 9.2 CAFS continues to remind staff and management of their responsibilities to prevent fraud and corruption and raise awareness training highlighting fraud's risks and consequences against the Council and the wider community.
- 9.3 CAFS offer bespoke fraud awareness training that helps employees better connect the training messages to their daily responsibilities. It also helps staff identify suspicious activity and feel empowered to act against potential fraud.

Corporate investigations

- 9.4 Corporate investigations cover a wide range of different counter-fraud activities, including, but not limited to, financial investigations, complex third-party fraud investigations, contractor or employee fraud, or actions and activities that contribute towards a practical assurance framework.
- 9.5 Since 1 April 2022, corporate investigation work has included:
- **Personal Budgets:** Allegation received from the Financial Assessment Team following suspicions that the service user, or his partner acting on his behalf, had failed to declare assets and income to assess his liability for care home costs. CAFS enquiries showed that the service user had fulfilled his duty to report any additional income. However, searches via the Land Registry identified five properties which he had not previously declared. These properties were commercial properties which formed part of a pension investment scheme. Ownership and current value needed to be clarified and could not be confirmed. The department wrote to the service user and his partner and invited them to make a new declaration, including all details of these properties. CAFS took no further fraud action due to the properties' nature and the service user's ill health, which would make an interview or prosecution inappropriate.
 - **Assurance activity** – CAFS was asked to support an Internal Audit review of historical documents and other records concerning an Outdoor Education Centre. Concerns included the relationship between the Centre, a local Trust and the Council. In particular, the misuse of funds, including Council income, is being diverted to the Trust. A subsequent review, including bank statements, bank rec records and invoices, showed that the

Trust held these funds because they had been paying for activities at the Centre. The income was unrelated to Council funds. Advice at the time from Legal Service supported these actions. The audit is now complete, and various recommendations are being implemented.

- **Mandate Fraud** – A mandate fraudster who attempted to divert TV Licensing payments using a fake email and invoices was thwarted by vigilant finance officers. The scammer had sent three invoices totalling £6,678. However, the bank account provided for payment did not correspond to a genuine bill previously paid by the Council or to the one published on the TV licensing website. CAFS traced the bank account used by the scammer, which revealed it was a personal account in the name of an unknown third party, possibly a mule account commonly established by fraudsters to receive illicit funds. CAFS reported the matter to the National Anti-Fraud Network, Action Fraud (to get the account shut down) and TV Licensing.
- **Malicious emails** - CAFS was asked to review a series of emails sent to Westminster mailboxes that contained inappropriate images. The contents suggested potential offences under the Malicious Communications Act. However, the written content of the messages demonstrated signs of mental illness, and there was no evidence the individual had sent the emails with any intent to cause distress. Nevertheless, CAFS made a referral to mental health services.
- **Assurance Activity** – A member of the public raised concerns regarding parking issues in and around the Mayfair area. They suggested that private clubs and bars were coercing Civil Enforcement Officers to ignore the illegal parking of their customers, and bribery was mooted. CAFS found no evidence to substantiate the allegations. However, to ensure such risks were mitigated, CAFS recommended that the contractors regularly swap and change the patrol routes of their officers, especially around the Mayfair area. Since they imposed these changes, no further issues have been raised.
- **Council Tax:** Following a Right to Buy application for a property in Frith House, CAFS undertook due diligence checks and found no significant discrepancies. However, these checks established that the tenant received Council Tax Single Persons Discount (SPD) even though several adults lived at the address. As a result, the SPD was removed immediately, Council Tax calculated a revised liability, and they invoiced the tenant for the increased bill.

Housing/Tenancy Fraud

- 9.6 Given the desperate shortage of affordable homes, demand for social housing continues to grow. It is an asset to the public and often a lifeline to the people it's meant for. Finding and stopping social housing fraud can rapidly reduce homelessness and poverty among families living in rented properties.

- 9.7 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches, and right-to-buy verification.
- 9.8 By effectively helping to prevent and detect housing tenancy fraud and verifying applicants' eligibility for housing services, CAFS work in this area contributes to the Council's strategy for fairer housing.
- 9.9 From 1 April 2022 to 30 September 2022, CAFS successfully recovered twelve properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community.
- 9.10 Where investigative actions result in the return of keys and vacant possession, the Council can obtain control without requiring lengthy and costly legal action, ensuring properties are promptly reallocated.
- 9.11 Full details of the successful investigation activity regarding social housing are detailed below:

Landlord	Location	Postcode	Size bedrooms	Reason for recovery	Outcome
Council	Missenden House	NW8	1	non-residence	Court possession
Council	Lambourne House	NW8	1	non-residence	Court possession
Council	Severn Avenue	W10	1	non-residence	Court possession
Council	Oversley House	W2	1	subletting	Surrendered keys
N/Hill Genesis	Hereford Road	W2	1	non-residence	Surrendered keys
Council	York Street Chambers	W1H	1	non-residence	Surrendered keys
Council	Brewers Court	W2	1	false succession	Property recovered
Council	Probyn House	SW1P	2	false succession	Property recovered
Council	Lapford Close	W9	1	false succession	Property recovered
Temporary Accommodation	Norfolk Court	RM6	2	non-residence	Surrendered keys
Council	Keyham House	W2	1	subletting	Surrendered keys
Council	Hide Tower	SW1P	Studio	false statement	Court possession

Parking investigations

- 9.12 CAFS continue to investigate the misuse of disabled parking badges and fraudulently claimed residents parking permits. Although the direct monetary value of parking fraud is relatively low, the reputational risk concerning this area is significant for Westminster City Council.
- 9.13 For 1 April 2022 to 30 September 2022, CAFS successfully prosecuted six offenders for misusing disabled parking badges. In addition, CAFS has also cautioned offenders in two separate incidents, seized twelve badges and issued penalty charge notices to lesser offenders.
- 9.14 CAFS also investigate the misuse of residents' parking permits and any suspicious applications. For the period, CAFS intervened and cancelled three permits where CAFS gathered evidence that individuals had fraudulently obtained the permit even though they did not live in Westminster.

9.15 Cases of note are reported in Appendix 1.

Making better use of information and technology to detect fraud

9.16 A vital component of the anti-fraud and corruption strategy is making better use of information and technology. To this effect, the Council participates in the biennial National Fraud Initiative (NFI), an electronic data-matching exercise coordinated by the Cabinet Office. Data for the next exercise has been collated and uploaded, and we await the outputs in early 2023.

London Fraud Hub

9.17 In addition to the National NFI exercise, Westminster City Council has joined the London NFI Fraud Hub. This cost-effective solution combines data from across London to prevent and detect fraud. To date, 18 London boroughs, including Westminster City Council, have joined.

9.18 The Hub places no limits or restrictions on the volumes or frequency to which councils can upload datasets to the Hub. Once data is uploaded, matches will continue to be generated, providing a real-time fraud identification tool.

9.19 CAFS will require an additional resource (one investigator) to support and manage the Hub, and as a shared service, the cost of this resource will be jointly funded with RBKC and H&F.

9.20 The other post will use the Hub to develop counter-fraud data analytics. It will identify datasets to tackle new and emerging fraud risks, support directorates to get their data into the Hub and work with frontline services to utilise the fraud prevention tool AppChecker (included free with the membership). The role would be fundamental to ensuring the Council gets the most out of its participation.

iv) PURSUE

10.1 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.

Sanctions

10.2 The Council will always seek the strongest possible sanction against any individual or organisation that defrauds or attempt to defraud the Authority. Since April 2021, CAFS has successfully prosecuted six offenders and issued two formal cautions where appropriate.

v) PROTECT

- 11.1 This aspect of the Strategy covers counter-fraud activity to protect public funds, saving the Council from fraud and protecting itself from future scams.
- 11.2 CAFS remains an active member of the National Anti-Fraud Network (NAFN), disseminating national fraud alerts that CAFS circulates to the appropriate departments. CAFS also offers support and advice to ensure proper action is taken in response to the warnings and to protect the Council and the community from fraud.
- 3.1 CAFS also works with various registered social landlords and statutory agencies to help detect fraud and ensure that those living in affordable housing across the borough are correctly entitled. Tenancy fraud in affordable housing reduces the number of units available for those in genuine need of assistance. By supporting local housing associations, CAFS try to protect all affordable housing in the borough.
- 11.3 A case was referred to CAFS by Notting Hill Genesis, asking for CAFS assistance to investigate a possible tenancy breach at a property in Hereford Road, W2. The subsequent CAFS investigation led to the relinquishment of the tenancy. Under a local agreement, this property can now be allocated to someone from the Council's waiting list.
- 11.4 Cases of note are reported in Appendix 1.

David Hughes
Director of Internal Audit, Risk, Fraud & Insurance

Local Government Access to Information Act – background papers used:
Case Management Information

Officer Contact:

Andy Hyatt

Tri-borough Head of Fraud

Telephone 0207 361 3795

Email: andrew.hyatt@rbkc.gov.uk

Source	Fraud Review	Details
<p>Risk Review</p>	<p>The service area (WCC contracts) received a report stating that contractors had raised concerns regarding Public Conveniences. The contractor had identified sites where attendants may have altered the entry mechanism to stop the coins (entry fee) from going into the collection box. This prevented members of the public from automatically opening the gates. The contractors were concerned attendants were intentionally tampering with the mechanism so they could collect entry fees directly from the public, bypassing the collection box, and pocketing the monies.</p> <p>CAFS conducted an investigation providing a report and risk review containing remedial recommendations for the service.</p>	<p>Investigation and findings</p> <ul style="list-style-type: none"> • CAFS contacted the contractors and the cleaning service who employ the attendants to review processes. • The main contractor collects the cash at the end of the week and conducts other routine inspections to check for maintenance issues. They reported finding too many instances where the entry mechanism had parts removed and became suspicious that attendants were doing this intentionally to steal the money customers should deposit into the machines. • There was no substantive evidence that this was occurring, and the contractors could not confirm if takings were down because of reduced visitor numbers in Central London following the pandemic. • CAFS investigators visited seven sites to find all mechanisms working bar one. At one of the sites, money was taken by a staff member to allow access, but it was not established where it went other than not appearing to be placed in the machine. • This was the only incident identified, and therefore findings were inconclusive. The investigation failed to reveal substantive evidence to support the initial theft concerns. <p>Recommendations</p> <ul style="list-style-type: none"> • The service should complete the transition to NIAX (cashless) devices as soon as possible. • Until cashless devices are installed, the service should instruct the Cleaning Service to create a log for whenever the mechanism is changed or affected. Each incident should include a time and date, creating an auditable record for checking. This action will improve record keeping and should deter any inappropriate removal.

Risk Review	<p>Referral from the Local Support Payments (LSP) Team following a complaint from a service user who had received payments via an eGift card, but when she tried to use the card, it had already been used.</p> <p>LSP is provided to help those in need following an emergency or a crisis. Payments are not given as cash but as goods or store vouchers for specific goods in response to a particular need.</p> <p>The qualifying criteria include individuals claiming a qualifying benefit such as universal credit, ESA, JSA, Incapacity benefit, DLA, etc.</p>	<p>The eGift to the value of £1,210 has been spent, and a balance of only £51 remains. The system showed that someone other than the correct recipient had used it to purchase electrical items from two stores located in Liverpool.</p> <p>Although the team passed the matter to the Police, they said they would not be taking further action regarding the missing funds.</p> <p>CAFS tried to locate the possible offender, but an alias appears to have been used, which was untraceable.</p> <p>Attempts were made to obtain communication data from the contact details provided by Argos. However, following receipt of the information, it was determined that there was insufficient evidence to identify a suspect CAFS could pursue. Accordingly, all reasonable lines of enquiry were exhausted, and the investigation was closed.</p> <p>CAFS undertook a risk review of the fraud controls, including changes made because of this fraud. This information was used to update the risk register, including lowering residual risk.</p>
Risk Review	<p>CAFS received information from the Head of Internal Audit that a library in Westminster had reported a cash theft (£200) from the safe at Westminster Library.</p> <p>An initial meeting was held with the Library Service Delivery Manager and Finance Managers, where it was established that there was no realistic prospect of identifying a suspect or obtaining evidence to prove theft. It was therefore agreed to conduct a review of the controls in place to assist in preventing further incidents and to assure the authority that mitigation was in place.</p>	<p>Following an onsite inspection and walkthrough of the processes</p> <p>CAFS found that weaknesses in cash control may have contributed to the theft of money from the site. However, since the incident, the Service Delivery Manager has been proactive in identifying and implementing additional controls and has been responsive to further suggestions.</p> <p>Following the review, CAFS final report made two recommendations around regular reconciliations and a process to maintain a rolling record of cash balances which will inform and enhance the reconciliation process.</p> <p>The library had implemented some additional controls before the risk review visit, and the two further recommendations detailed in the final report have been agreed upon and implemented by the Service Delivery Manager.</p>

Case Description	
1.	<p>HOUSING OPTIONS SUPPORT (Intermediate Rent Scheme): CAFS received a referral from Westminster Community Homes (WCH) regarding an application for housing through the Intermediate Rent scheme, which provides accommodation at a discount against the average market rent in Westminster. It supports working households who would otherwise not be able to afford to live within Westminster, where they have local ties through residency or employment.</p> <p>The applicant had applied as both resident and employee of Westminster City Council. However, WCH were concerned that the applicant's mobile phone evidence, a letter from his communication provider, was linked to an address in the London Borough of Hammersmith & Fulham. When challenged, the applicant said it was an error by the phone company.</p> <p>CAFS began enquiries to verify the application further and did not find any evidence to suggest residency outside of Westminster. But financial searches did uncover a County Court Judgement (CCJ) even though the applicant declared they had none on the form. A CCJ disqualifies applicants from the scheme, and this discovery automatically quashes the application.</p> <p>The discovery of a CCJ raised an additional concern that withholding its existence may have been deliberate. Therefore, because the applicant was also an employee, CAFS shared the findings with the Council's Employee Relations. However, the subsequent management investigation found no evidence of intentional wrongdoing; the employee had assumed the CCJ was irrelevant, given the associated debt had been repaid. Therefore, it was deemed a misunderstanding, and they had not withheld the information to deceive.</p> <p>The Council took no further action, WCH refused the application, and the matter was closed.</p>
2.	<p>BLUE BADGES: A case was initially referred to CAFS as part of the tenancy succession process. Housing had received an application when the tenant of an address in Ebury Bridge Road, and his partner, passed away.</p> <p>Routine checks were completed, and there were no issues with the application. However, CAFS identified disabled parking permits active from the address when conducting enquiries. As a result, CAFS cancelled the badges to prevent potential misuse and sent a letter to the next of kin asking for the return of the badges. They were duly sent back and securely destroyed.</p>

3.	<p>FALSE IDENTITIES: Electoral Services received two online applications via the Government Gateway for postal voting registration. Electoral Services had concerns over the legitimacy of the identity proofs supplied as part of the registration process and referred the applications to CAFS for investigation.</p> <p>An initial review of the application revealed they were both for the same address, submitted four minutes apart, and both had the same scanned signature.</p> <p>The supplied identity proofs for the two applications used fake UK photo driving licences with both nationalities recorded as Austrian. The images of both 'driving licences' have the exact reverse view with identical serial numbers and dates and the front of each 'licence'. In addition, the photograph of the licence holder is known to CAFS. It had been seen previously being used on various known counterfeit blue badges that have been in circulation and are known to enforcement agencies.</p> <p>A review of all Council systems confirmed no record of any applications for resident parking permits, welfare benefits, housing or other service using the fake identities.</p> <p>CAFS believe the attempt was to enable identities to be created linked to the Westminster address that could then facilitate external fraud and potential money laundering. A finance search of both parties identified a Santander current account that the fraudsters had created at the address. These details were referred to the Santander fraud team for further action as appropriate.</p> <p>There was no evidence of fraud against Westminster City Council, so there was no scope to investigate further. However, the incident was referred to the National Anti-Fraud Network to enable an intelligence alert to be raised to protect other local authorities regarding the false identity documents being presented.</p>
4.	<p>SUCCESSION FRAUD - An individual applied for a discretionary succession to a two-bedroom property in Probyn House, Page Street, SW1, following the tenant's death. The applicant claimed to be the tenant's partner. To be considered for a discretionary succession, the applicant must prove that the address was his primary and principal home for one year before the tenant's death.</p> <p>CAFS investigation quickly discovered that the applicant had successfully submitted a homeless application several years prior. As a result, he was accepted for housing and placed, by the Council, in temporary accommodation at an address in Hounslow, west London. However, the dates of his housing application and residency in Hounslow contradicted the information supporting his discretionary succession. It also proved that Probyn House was not his main and principal home.</p> <p>Westminster Housing Services refused the succession and served a notice to quit on the property. The failed successor declined to vacate the address, culminating in a court hearing in May 2022. The Council were awarded outright possession, and the tenant eventually returned the keys without the need to engage bailiffs.</p>

5.	<p>OLDER PERSONS FREEDOM PASS: A fraud hotline tip-off suggested that two residents had fraudulently obtained older person Freedom Passes through Westminster Council even though they now lived in Hampshire. The referral also claimed their daughter fraudulently used the pass when she was in London. The older persons Freedom Pass allows persons over 60 to travel for free on public transport in the capital if their sole or principal residence is in London.</p> <p>The subsequent investigation confirmed that both named individuals were no longer Westminster residents and were now living in Hampshire as per the tip-off. In addition, the investigator obtained details of usage for both passes travel was extremely limited, with little use on only one.</p> <p>The investigator sent a letter to both individuals advising that the Council held evidence to suggest they were not living in Westminster and reminded them that misuse and wrongfully obtaining the passes were criminal offences.</p> <p>Both passes were returned immediately with no explanation. Therefore, it was not in the public interest to pursue any further action, recovery of the passes to prevent potential misuse was sufficient, and the case was closed.</p>
6.	<p>BLUE BADGE: A parking investigator observed a red Vauxhall Corsa parked in a designated disabled bay on Vere St, W1. In the car's windscreen was displayed a blue disabled badge issued by the London Borough of Hackney. Enquiries revealed that the badge had been issued to a male who had since reported it lost. The vehicle also displayed a London Borough of Hackney resident's parking permit.</p> <p>A female entered the driver's seat, and a male entered the passenger seat. The investigator intervened and asked about the badge. The driver stated that it was her sister's.</p> <p>The driver's explanation of the badge's owner differed from the information obtained. Therefore the investigator cautioned her and asked to inspect the badge in more detail, especially the reverse, where the badge holder's photograph is positioned. She declined to say that she did not need to and immediately drove off before the investigator could see the inspect the badge or ask further questions.</p> <p>Subsequent enquiries identified the vehicle's keeper, which enabled the officer to collate a criminal prosecution file for offences under the Road Traffic Regulations Act and the Chronically Sick and Disabled Persons Act.</p> <p>In April 2022, at the City of London Magistrates Court, the driver pleaded guilty to the misuse of a disabled parking badge and failure to provide a disabled badge for inspection. She was sentenced to a fine of £338 and ordered to pay costs and a victim surcharge of £219.</p>

7.	<p>ABANDONMENT (Octavia): Octavia requested the assistance of CAFS to investigate a possible abandonment at one of their properties. The caretaker at York Street Chambers had raised a concern that one of the tenants was no longer resident and had seen another male at the address who claimed he was the tenant's brother.</p> <p>The rent was paid up to date, and searches by the investigator covering financial records, Council databases and third-party records and welfare benefits, failed to reveal any information that might link the tenant to an alternative address or suggest he had abandoned the property.</p> <p>The investigator then tried to engage the tenant at the address. However, visits to the property were unsuccessful, with no answer when the investigator called either during the day or evening.</p> <p>The tenant was therefore asked to attend an informal interview to discuss the concerns raised, but he subsequently failed to turn up for the meeting.</p> <p>Officers continued to attempt to contact him, but only when Octavia served a notice to quit the property did he eventually reply, asking to relinquish the property. The investigator discussed his offer with Octavia, who agreed that repossession without legal proceedings was the most viable course of action. The tenant returned the keys after that, and Octavia obtained vacant possession.</p>
8.	<p>ADULT SOCIAL CARE (ASC): Allegation received from ASC that the service user may have failed to declare assets in the form of properties for financial assessments for residential care.</p> <p>Enquiries with the Land Registry identified five additional properties that had not previously been declared as part of the financial assessment but were held in trust for the service user as part of pension planning arrangements.</p> <p>A further meeting was held with ASC to understand the end-to-end process for applying for financial assistance, including the thresholds for capital and other issues, which provided an enhanced understanding for CAFS investigators.</p> <p>Further enquiries with HMRC showed that the service user had no other additional income beyond what had been declared.</p> <p>Due to the service user being an older person in residential care and his partner having been involved in the application process, it was not deemed in the public interest to prosecute. Instead, the matter was passed back to ASC to carry out a new financial assessment with all relevant details.</p> <p>The service user became liable for total care contributions, with an additional £34,000 billed. ASC has advised that this will be recovered via charges on the properties if it is not correctly paid.</p>

9. **SUCCESSION:** An investigation commenced following a referral from the local Housing Officer regarding a possible false succession at a flat in Brewers Court. The tenant's son had applied to succeed the tenancy of his father, who had passed away, although the Housing Officer did not believe the son ever lived at the address.

Succession is a legal term used when a person takes over a tenancy when the tenant dies and the right of certain people to succeed in the tenancy. For example, a qualifying family member can succeed if residing with the late tenant for 12 months before death.

Initial checks showed that the deceased tenant received welfare benefits and a single-person discount, and he had never declared anyone living at the property. Additionally, Electoral Service had no record of the son at the address until he registered to vote in December 2020, five months after his father's death.

When investigators conducted a finance check, they found a few financial links for the son to the Brewers Court address. However, his primary finance records, including his current account, credit card and mobile phone contract, were all linked to his mother's address in the London Borough of Hammersmith and Fulham (LBHF).

The investigator found other anomalies. For example, he claimed that he left his mother's home and moved to Brewers Court in 2012; when he registered his father's passing, the death certificate in July 2020 gave his LBHF address. The investigator also revealed that he recorded his taxi and driving licenses there.

Due to the inconsistencies, the son was interviewed by investigators, but he could not provide any plausible explanations for the discrepancies. Neither could he offer further evidence to prove his residency at Brewers Court up to one year before his father's death.

During the interview, he said the financial records were incorrect but could not explain why the credit reference agencies would have gotten the details wrong. He also could not explain why his LBHF address was on the death certificate. He initially tried to say that his mother had dealt with this process. However, when investigators pointed out to him that the registrar would have verified he was supplying the information, he stated that his cousin helped with the telephone call to register the details. He was also asked why he had not updated his driving licence, given his occupation. He said he could not afford the fee.

The evidence amassed was presented to the housing officer. Housing refused the succession, and the property was repossessed. It has since been allocated to someone in genuine need of assistance.

<p>10.</p>	<p>TENANCY FRAUD: CAFS commenced an investigation in August 2021 following a referral from the Housing Officer covering the W10 area where the tenant of a flat in Severn Avenue, W10, failed to arrange access to her home for the annual gas safety check despite sending three appointment letters. The housing officer followed this up with several unsuccessful visits and telephone calls. Conversations with the neighbours suggested non-residency and heightened suspicion. The matter was referred to CAFS.</p> <p>Financial enquiries indicated that the tenant may have moved to Uxbridge, including the link to a specific address. However, when the investigating officer approached the local Council, Hillingdon, they confirmed she had been registered for council tax in their borough.</p> <p>Concerned the tenant may have been sub-letting her Westminster property, the investigator obtained her bank statements. However, they did not show any signs of a sub-letting income, but they did clearly show the transactions were now taking place in the Uxbridge area.</p> <p>With no evidence of sub-letting (only abandonment), the investigator sent two letters to the tenant asking her to attend an interview. The investigator sent one to the Westminster address and the other to Uxbridge. However, the tenant refused the interview but did say she would return the keys, although this failed to happen, and CAFS presented the case evidence to Legal Services.</p> <p>In March 2022, in Court, the Judge granted a possession order based on the evidence amassed by CAFS. Because the hearing was unchallenged, Housing could end the tenancy immediately without needing an eviction order or bailiffs.</p>
<p>11.</p>	<p>COUNCIL TAX SUPPORT: Following a fraud hotline tip-off, CAFS investigated a possible abandonment at a Council property in Elgin Avenue, W9. The allegation suggested that the tenants had been living overseas for approximately the last nine months.</p> <p>Border checks showed they had travelled to Kurdistan in October 2021 but returned to the UK in June 2022. Therefore, investigators visited the property to confirm they had returned and to ensure the property had not been sublet while overseas. Officers were satisfied this was not the case and could verify the tenant's residency.</p> <p>However, they had continued to receive Housing benefits and Council Tax Support whilst overseas and had yet to notify the benefits department of their absence. Because they were out of the UK for over four weeks, the benefits service cancelled their claims between October 2020 and June 2021, creating an overpayment of £3,876.10 for housing benefits and a CT support overpayment of £424.84. No further action was required, and the debt is being recovered from ongoing benefit entitlement.</p>

12. TENANCY FRAUD (Notting Hill Genesis): A case was referred to CAFS by Notting Hill Genesis asking for assistance to investigate a possible tenancy breach at a property in Hereford Road, W2. They had received information to suggest the tenant was not living at the property and that it was being used as a business address by a dog grooming company.

Initial enquiries showed the tenant was a director of a dog grooming and walking business registered to an address in Somerset. The business website showed images of the tenant walking dogs in rural settings.

The investigator also discovered that an unknown female was registered at Hereford Road. She held a parking permit at the address for a van which was observed parking outside the property. It was a company vehicle with a dog grooming livery.

It also transpired that the tenant and his partner owned another property in Westminster (purchased after the NHG tenancy commenced in Hereford Road). In addition, a further permit had been claimed at this address by an unknown male, who was also driving a company vehicle with the same dog grooming livery.

Finally, financial enquiries revealed that the tenant's records were listed at the Somerset address. Given the information gathered, he was invited to attend a formal interview to explain the tenancy and the parking permits. However, in response, the tenant relinquished the residence and, when further challenged, agreed to return both parking permits.

NHG was satisfied with the recovery of vacant possession and chose not to pursue criminal charges.



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Tuesday 29 th November 2022
Classification:	For General Release
Title:	Counter Fraud Policy Review 2022/23
Wards Affected:	All
Financial Summary:	There are no direct financial implications arising from this report. However, the application of approved anti-fraud policies is intended to protect the Council against loss through fraud and corruption.
Report of:	Gerald Almeroth, Executive Director of Finance and Resources
Report author:	Andy Hyatt, Tri-borough Head of Fraud email: Andrew.hyatt@rbkc.gov.uk 020 7361 2777

1. Executive Summary

- 1.1 The Audit and Performance Committee is responsible for the effective scrutiny of anti-fraud arrangements and activities, the Committee:
- review and approve anti-fraud policies
 - is responsible for gaining assurance that policies are kept up to date and are fit for purpose.
- 1.2 This paper contains three revised anti-fraud policies for review and approval. They are:
- Fraud Response Plan (Appendix 1)
 - Anti-Bribery Policy (Appendix 2)
 - Anti-Money Laundering Policy (Appendix 3)

2. Recommendations

2.1 The Committee approve the revised anti-fraud and corruption policies.

3. Reasons for decisions

3.1 To inform the Committee of policy revisions and to provide assurance that policies are kept up to date and are fit for purpose.

4. Anti-fraud policies

4.1 Minimising any losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purposes for which they are intended.

4.2 Staff are often the first to spot possible cases of wrongdoing at an early stage and are therefore encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be properly investigated.

4.3 It is therefore vitally important that anti-fraud policies are kept up to date to support and guide Council staff, ensuring compliance with laws and regulations, giving guidance for decision-making, and streamlining internal processes.

David Hughes
Director of Internal Audit, Risk, Fraud & Insurance

Local Government Access to Information Act – background papers used:
Case Management Information

Officer Contact:

Andy Hyatt

Tri-borough Head of Fraud

Telephone 0207 361 3795

Email andrew.hyatt@rbkc.gov.uk

WESTMINSTER CITY COUNCIL

FRAUD RESPONSE PLAN



City of Westminster

Date of Issue	Date of last issue	Next Review
November 2022	December 2021	November 2023

1. Introduction

- 1.1 The Council is committed to sound corporate governance and to protecting the public funds with which it has been entrusted. In discharging its responsibilities, the Council wish to discourage fraud and corruption, whether this is attempted by internal or external sources.
- 1.2 The Fraud Response Plan provides guidance on the action to be taken when a fraud is suspected or discovered and enables the Council to:
- Minimise and recover losses;
 - Establish and secure evidence necessary for criminal and disciplinary action;
 - Take disciplinary action against those involved; and,
 - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures, controls and prevent recurrence.
- 1.4 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation.

2. Responsibilities

ALL EMPLOYEES

- 2.1 Individual members of staff, including agency staff, are responsible for:
- Acting with propriety in the use of resources and in the handling and use of public funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers; and,
 - Reporting immediately to their line manager or those named in this policy, if they suspect that a fraud has been committed or see any suspicious acts or events.

MANAGERS

- 2.2 In addition to those individual responsibilities, managers are responsible for:
- Identifying the risks to which systems and procedures are exposed;
 - Developing and maintaining effective controls to prevent and detect fraud; and,
 - Ensuring that controls are complied with.

3. Reporting a suspected fraud

ACTION BY EMPLOYEES

- 3.1 Staff are encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be properly investigated.
- 3.2 Staff are often the first to spot possible cases of wrongdoing at an early stage. Staff should not try to carry out an investigation themselves. This may damage any subsequent enquiry.
- 3.3 In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:
- Director of Audit, Fraud, Risk and Insurance;
 - Head of Fraud; or,
 - Executive Director – Finance and Resources.
- 3.4 Staff may choose to report concerns anonymously or request anonymity. While total anonymity cannot be guaranteed, every endeavour will be made not to reveal the names of those who pass on information.
- 3.5 The council is committed to tackling modern slavery and exploitation and we encourage you to report any concerns you identify. You can alternatively contact the Modern Slavery & Exploitation helpline on 08000 121 700.

ACTION BY MANAGERS

- 3.6 If you have reason to suspect fraud or corruption in your work area, or received information that might suggest wrongdoing, you should do the following:
- Listen to the concerns of staff and treat every report seriously and sensitively.
 - Obtain as much information as possible from the member of staff including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept secure.
 - **Do not** attempt to investigate the matter yourself or covertly obtain any further evidence as this may adversely affect any criminal enquiry.

- Report the matter immediately to the Director of Audit, Fraud, Risk and Insurance or Head of Fraud.

REVIEWING ALLEGATIONS

- 3.7 Once reported the referral should be addressed by the Corporate Anti-Fraud Service and HR function to review any allegation, establish the facts of the statements made, and to recommend an investigation strategy (see flowchart at appendix 1).

MALICIOUS ALLEGATIONS

- 3.8 If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the person raising the concern. If, however, the allegations are malicious or vexatious, the action may be taken against the person making the allegation.

4 Investigation process

- 4.1 The Corporate Anti-Fraud Service is responsible for initiating and overseeing all fraud investigations and have a dedicated team of trained investigators who will lead the enquiries.
- 4.2 In accordance with Section 67(9) of Police and Criminal Evidence Act, officers of the Corporate Anti-Fraud Service are referred to as, "charged with the duty of investigating offences or charging offenders".
- 4.3 Investigations will be undertaken with consideration for the relevant legislation, regulations and codes. In certain circumstances, investigation work may be carried out by Departmental Management following agreement and liaison with Corporate Anti-Fraud Service and Human Resources.
- 4.4 Investigation results will not be reported or discussed with anyone other than those who have a legitimate need to know. Where appropriate the person raising the concern will be kept informed of the investigation and its outcome.
- 4.6 On completion of the investigation, the investigating officer, will prepare a full written report setting out the background, findings of the investigation, and recommendations to reduce further exposure if fraud is proven.

- 4.7 A brief and anonymised summary of the circumstances may be published in the half-yearly Corporate Anti-Fraud Report to the Audit and Performance Committee.

5 Disciplinary/Legal action

- 5.1 Where evidence of fraud is discovered, and those responsible can be identified:
- Appropriate disciplinary action will be taken in line with the disciplinary procedure.
 - Where legal action is considered appropriate, full co-operation will be given to investigating and prosecuting authorities, including the police if appropriate.

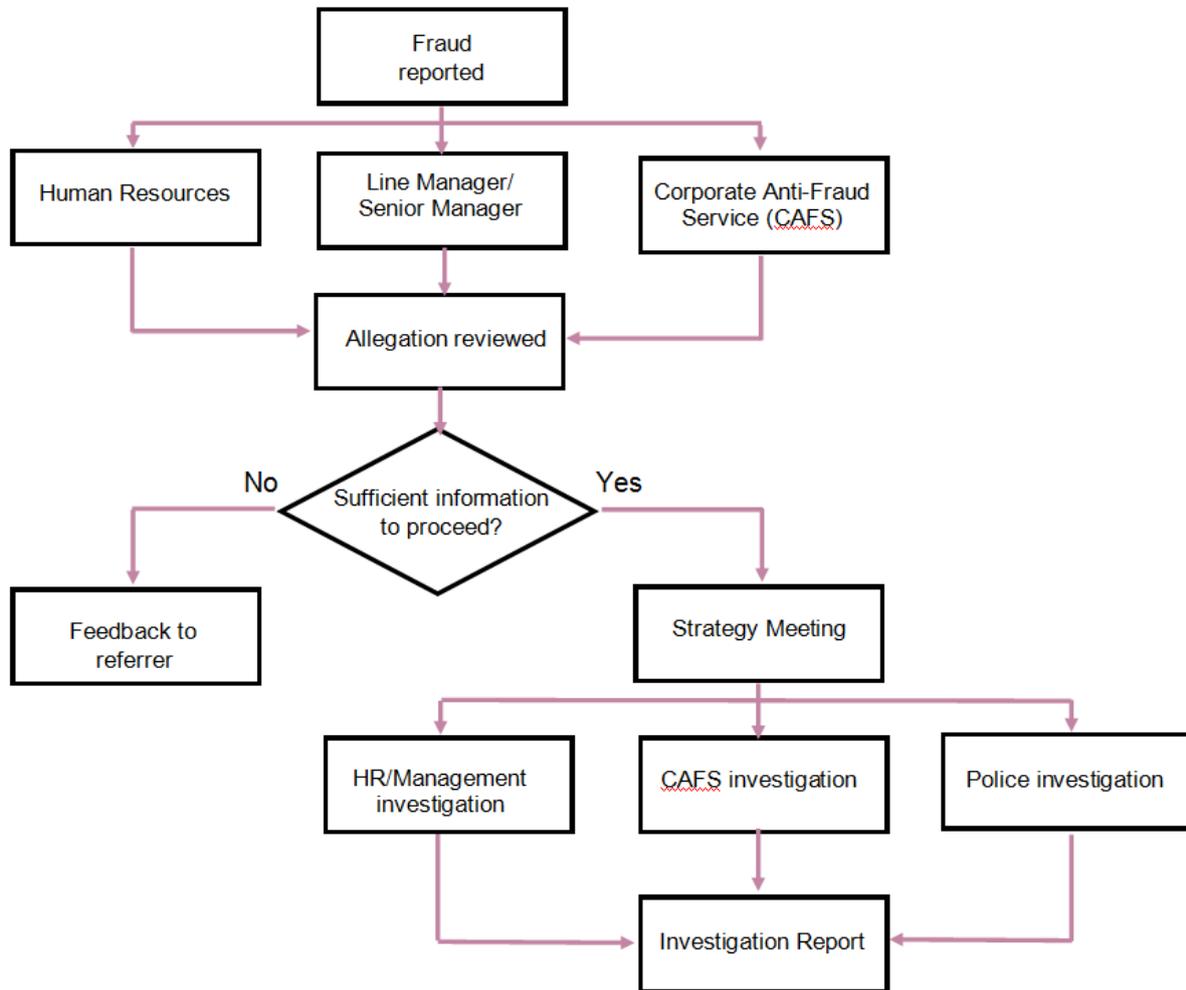
6 Recovery of loss

- 6.4 Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained, and the recovery of costs will be sought from an individual(s) or organisations responsible for fraud.
- 6.5 The Corporate Anti-Fraud Service will utilise all relevant powers to recover fraud losses including the use of Financial Investigators working within the realms of the Proceeds of Crime Act.
- 6.6 Where an employee is a member of Council's Pension scheme and is convicted of fraud, the Council may be able to recover the loss from the capital value of the individual's accrued benefits in the Scheme, which are then reduced as advised by the actuary.
- 6.7 The Council may also consider taking civil action to recover the loss.

7 Internal contacts

- 7.1 Advice or guidance about how to pursue matters of concern regarding potential fraud or corruption may be obtained from any of the following contacts:
- Executive Director – Finance & Resources: Gerald Almeroth
galmeroth@westminster.gov.uk, 020 7641 2904
 - Director of Audit, Fraud, Risk and Insurance: David Hughes,
David.Hughes@rbkc.gov.uk, 07817 507695
 - Head of Fraud: Andy Hyatt, Andrew.Hyatt@rbkc.gov.uk, 07739 313817

APPENDIX 1: The procedure for reviewing allegations (flow chart)



WESTMINSTER CITY COUNCIL

ANTI-BRIBERY POLICY



City of Westminster

Date of issue	Date of last issue	Next review date
November 2022	December 2021	November 2023

1. Introduction: Policy statement

- 1.1 Bribery is an inducement or reward offered, promised or provided to gain a personal, commercial, regulatory or contractual advantage. Bribery is a criminal offence and punishable for individuals by up to ten years' imprisonment.
- 1.2 It is the Council's policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our activities.
- 1.3 We are committed to the prevention, deterrence and detection of bribery. We aim to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise.
- 1.4 Those employed by or acting as agent for the Council and its schools will not pay bribes nor offer improper inducements to anyone for any purpose. Nor will those individuals accept bribes or improper inducements.
- 1.5 To use a third party as a conduit to channel bribes to others is a criminal offence. The Council does not, and will not allow its staff or Members engage indirectly in or otherwise encourage bribery.

2. Objective

- 2.1 The purpose of this policy is to:
 - (a) Set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and,
 - (b) Provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

3. What is bribery?

- 3.1 A "**Bribe**" means a financial or other inducement or reward for action which is illegal, unethical, a breach of trust, or improper in any way. Bribes can take the form of money, kickback, gifts, loans, fees, hospitality, services, discounts, the award of a contract, or any other commercial or personal advantage or benefit.
- 3.2 "**Bribery**" includes offering, promising, giving, accepting or seeking a bribe.

3.3 All forms of Bribery are strictly **prohibited**. If you are unsure about whether an act constitutes bribery, raise it with your manager or contact People and Talent.

3.4 Specifically, you **must not**:

- give or offer any payment, gift, hospitality or other benefit in the expectation that a business advantage will be received in return, or to reward any business received;
- accept any offer from a third party that you know or suspect is made with the expectation that we will provide a business advantage for them or anyone else;
- give or offer any payment (sometimes called a facilitation payment) to a government official in any country to facilitate or speed up a routine or necessary procedure (even if these payments are common in certain countries); or
- threaten or retaliate against another person who has refused to offer or accept a bribe or who has raised concerns about possible bribery or corruption.

4 Conflicts of interest

4.1 All employees need to declare whether they have any personal interests that may conflict with the interests of the Council. Outside activities, additional employment or voluntary work can all create the potential for the interests of the employee to come into conflict with those of the Council.

4.2 Conflicts of interests can be damaging for the Council and those concerned, potentially leading to accusations of corruption and impropriety. In such situations the mere perception of wrongdoing can cause huge embarrassment, regardless of whether such accusations prove to be well founded or not.

4.3 All employees need to read the Council's advice regarding declarations of interest (**[click here](#)**) and decide whether they have any conflicting personal interests and to agree to inform the Council if these circumstances change. A copy of the [declaration of interest and out of work activities form](#) is attached at **Appendix 1**.

- 4.4 Because declarations of interest are fundamental to the effective operation and reputation of the Council, failing to declare an interest will always be dealt with by the Council as a disciplinary matter and is likely to be deemed gross misconduct which may result in your dismissal.

5 Gifts and hospitality

- 5.1 The acceptance of gifts and hospitality, even on a modest scale, may arouse suspicion and must be capable of public justification.
- 5.2 We must exercise discretion in offering and accepting gifts and hospitality. We consider how it might affect our relations with the party offering it and how elected Members, the public and other staff, might perceive it. If in any doubt we will discuss with our line manager.
- 5.3 Employees are therefore required by the Officers' Code of Conduct to record gifts or hospitality offered to them (whether accepted or not) and hospitality provided to others outside the Council. This should preferably be recorded as it happens, rather than at the end of a fixed period. In any case, it must be recorded within one month of the event (or the date of an offer of hospitality, if refused). Regular nil returns are not required.
- 5.4 Because 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 created – you can access the Council's policy ([here](#)) and access the register and further information by following this [link](#).

6 Reporting your concerns

- 6.1 If in the course of your duties someone attempts to influence the outcome of a project, procurement or decision, you must politely refuse and immediately;
- Report the matter to your line manager, their manager or the Head of Service. If for any reason this is not possible you should speak to those named below.
 - You should make a note of who attempted to influence you and what was offered, who they work for, their contact details and the date and time of the incident. Also you should note any witnesses, if any.
 - Members should report the incident immediately to the Leader of the Council.

- 6.2 If an incident of bribery, corruption, or wrongdoing is reported, the Council will act as soon as possible to evaluate the situation. The Council has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind.
- 6.3 Employees can also raise their concerns in accordance with the Council's Whistleblowing Policy.
- 6.4 If you have any questions about this procedure, please contact:
- Executive Director – Finance & Resources: Gerald Almeroth, galmeroth@westminster.gov.uk, 020 7641 2904
 - Director of Audit, Fraud, Risk and Insurance: David Hughes, David.Hughes@rbkc.gov.uk, 07817 507695
 - Head of Fraud: Andrew Hyatt, Andrew.Hyatt@rbkc.gov.uk, 07739 313817

Declaration of Interests and Out of Work Activities Form

We are committed to being an open, transparent and accountable organisation. When completing this form please consider whether an external observer might reasonably think that you could be influenced by any interest. If in doubt, complete the declaration and discuss with your line manager.

Completing the Form

All parts of the form must be completed (enter “nil” or “N/A” as appropriate if you have no interests to declare under that heading). This form should be completed if your circumstances change. Attach additional sheets as required.

On completion of the Form,

Send to your line manager who will work with you to ensure any conflict of interest is avoided and upload a copy to your SAP electronic personal file.

1. Financial Interests	
Name of any other employer	
Name of organisations in which I am a partner or company of which I am a remunerated director	
Name of any incorporated body in which I have a beneficial interest	
Description of any contract for goods, services or works between WCC and myself or any organisation I am connected with.	
Address or other description (sufficient to identify the location) of any land in Westminster in which I have a beneficial interest.	
Address or other description (sufficient to identify the location) of any land where WCC is the landlord and the tenant is an organisation who I am connected with.	

2. Other Interests

Membership or position of general control of public authorities or bodies exercising functions of a public nature	
Membership or position of general control of companies, charities or bodies directed to charitable purposes	
Membership or position of general control of bodies whose principal purposes include the influence of public opinion or policy	

3. Indirect Interests

Any interest which my partner or other relative may have in WCC or in any organisation which may have an interest in WCC.	
---	--

4. In addition, if a holder of a designated post (Band 5 and above or any role with a significant involvement in contract matters or other work which requires a high level of transparency)

Any paid or unpaid activity or work outside WCC employment (including appointments to organisations which are funded or grant-aided by the council)	
Any financial and/or non-financial interest I have in any Council business	
Any relationship with an organisation (or people who work for that organisation) where I may be required to provide advice on the management or funding of that organisation	
Any relationship (business or private) I have, or had, with an external contractor or potential contractor	

5. Additional Employment

Any paid or unpaid activity or work outside WCC employment (including appointments to organisations which are funded or grant-aided by the council)	
---	--

Name	
Job Title	
Department	
Signature	
Date	

WESTMINSTER CITY COUNCIL

ANTI-MONEY LAUNDERING POLICY AND PROCEDURE



City of Westminster

Date of issue	Date of last issue	Next review date
November 2022	December 2021	November 2023

1. Introduction

- 1.1 The Council will take measures to prevent the organisation, its Members and officers being exposed to money laundering, to identify areas where money laundering may occur and to comply with legal and regulatory requirements.
- 1.2 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on the Council and its employees to establish internal procedures to prevent the use of their services for money laundering and the prevention of terrorist financing. The Council must also appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity.
- 1.3 It is the responsibility of staff and Members to be vigilant and act promptly where money laundering is suspected. Failure to comply with this Policy, and accompanying procedures, may lead to disciplinary action being taken against them. Failure by a Member to comply with the procedures may be referred to the Monitoring Officer.

2. What is Money Laundering?

- 2.1 Money laundering is a process of converting cash or property derived from criminal activities to give it a legitimate appearance. It is a process of channeling 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity, and often involves three steps:
 - **Placement** - cash is introduced into the financial system by some means. For example, depositing the cash into bank accounts, exchanging currency or simply changing small notes for large notes (or vice versa).
 - **Layering** - a financial transaction to camouflage the illegal source; transfers between accounts including offshore, offering loans, investments and complex financial transactions.
 - **Integration** - acquisition of financial wealth from the transaction of the illicit funds. For example, buying residential and commercial property, businesses and luxury goods.

3. What is Terrorism Financing?

3.1 Terrorism financing is the act of providing financial support, funded from either legitimate or illegitimate source, to terrorists or terrorist organisations to enable them to carry out terrorist acts or will benefit any terrorist or terrorist organisation.

3.2 While most of the funds originate from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenues generated from legitimate business or the use of non-profit organisations to raise funds through donations.

4. What are the main offences?

4.1 There are three main offences:

- **Concealing:** knowing or suspecting a case of money laundering, but concealing or disguising its existence.
- **Arranging:** becoming involved in an arrangement to launder money, or assisting in money laundering.
- **Acquisition, use or possession:** benefiting from money laundering by acquiring, using or possessing the property concerned.

4.2 None of these offences are committed if:

- the persons involved did not know or suspect that they were dealing with the proceeds of crime; or,
- a report of the suspicious activity is made promptly to the Money Laundering Reporting Officer (MLRO).

5. What are the obligations on the Council?

5.1 The main requirements of the legislation are:

- To appoint a money laundering reporting officer (Nominated Officer);
- Implement a procedure to receive and manage the concerns of staff about money laundering and their suspicion of it, and to submit reports where necessary, to the National Crime Agency (NCA);

- To make those staff most likely to be exposed to or suspicious of money laundering situations aware of the requirements and obligations placed on the organisation, and on them as individuals; and,
- To give targeted training to those considered to be the most likely to encounter money laundering.

5.2 Providing the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of failure to disclose and tipping off do not apply. However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

5.3 The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

6. Nominated Officers

6.1 The regulations require the Council to appoint a Nominated Officer, sometimes known as Money Laundering Reporting Officer ("MLRO").

6.2 The MLRO and their appointed Deputy MLRO are responsible for receiving internal suspicious transaction reports (also known as disclosures), deciding whether these should be reported to the National Crime Agency (NCA), and making the report when required.

6.3 The Nominated Officers within the Council are;

- **MLRO: Section 151 officer: Gerald Almeroth** Executive Director
– Finance and Resources, galmeroth@westminster.gov.uk
- **Deputy MLRO: Andy Hyatt**, Shared Services Head of Fraud
(Andrew.hyatt@rbkc.gov.uk) 07739 313817

7. High value cash transactions

7.1 Those receiving or arranging to receive cash on behalf of the Council must ensure they are familiar with the Council's Anti-Money Laundering Policy.

7.2 The first stage of money laundering, placement, is where vigilance can often detect and prevent it happening, because large amounts of cash are pretty conspicuous.

7.3 No cash payment in excess of exceeds **£10,000** should be accepted, without referral to the MLRO or Deputy MLRO.

8. What should I do if I suspect money laundering?

8.1 Staff who know or suspect that they may have encountered criminal activity and that they may be at risk of contravening the money laundering legislation, they must report this as soon as practicable to the Money Laundering Responsible Officer (MLRO) or Deputy MLRO to advise of their concerns.

8.2 The disclosure should be at the earliest opportunity of the information coming to your attention, not weeks or months later.

- Refer to the Council's Anti-Money Laundering Procedures
- **Do not** tell the customer about your suspicions. "Tipping off" is a criminal offence
- Report your suspicions immediately to the Council's MLRO or Deputy MLRO
- Keep all records relating to the transaction(s). If you are unsure about what records or information to keep, please ask the MLRO.

8.2 More information about making a report to the MLRO is detailed at **appendix 1** and a flow chart illustrating the procedure for reporting money laundering is at **appendix 2**.

9. Suspicious Activity Report (SAR)

9.1 Once a suspicious transaction or activity is referred to the Nominated Officer it is their responsibility to decide whether they need to send a report or 'disclosure' about the incident to the NCA. They do this by making a Suspicious Activity Report (SAR).

9.2 The nominated officer must normally suspend the transaction if they suspect money laundering or terrorist financing. If it's not practical - or not safe - to suspend the transaction, they should make the report as soon as possible after the transaction is completed.

9.3 The NCA receives and analyses SARs and uses them to identify the proceeds of crime. It counters money laundering and terrorism by passing on important information to law enforcement agencies so they can take action.

APPENDIX 1: Making a report to the MLRO

If you suspect that money laundering activity is taking place (or has taken place), or think that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as possible to the MLRO or the Deputy MLRO. Considerations of confidentiality do not apply if money laundering is at issue.

In the first instance, the report may be made informally to allow the MLRO to assess the information and decide whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency (NCA).

You should provide as much detail as possible, for example:

- Details of the people involved – name, date of birth, address, company names, directorships, phone numbers etc;
- Full details of the nature of the involvement;
- A description of the activities that took place;
- Likely amounts of money or assets involved; and,
- Why you are suspicious.

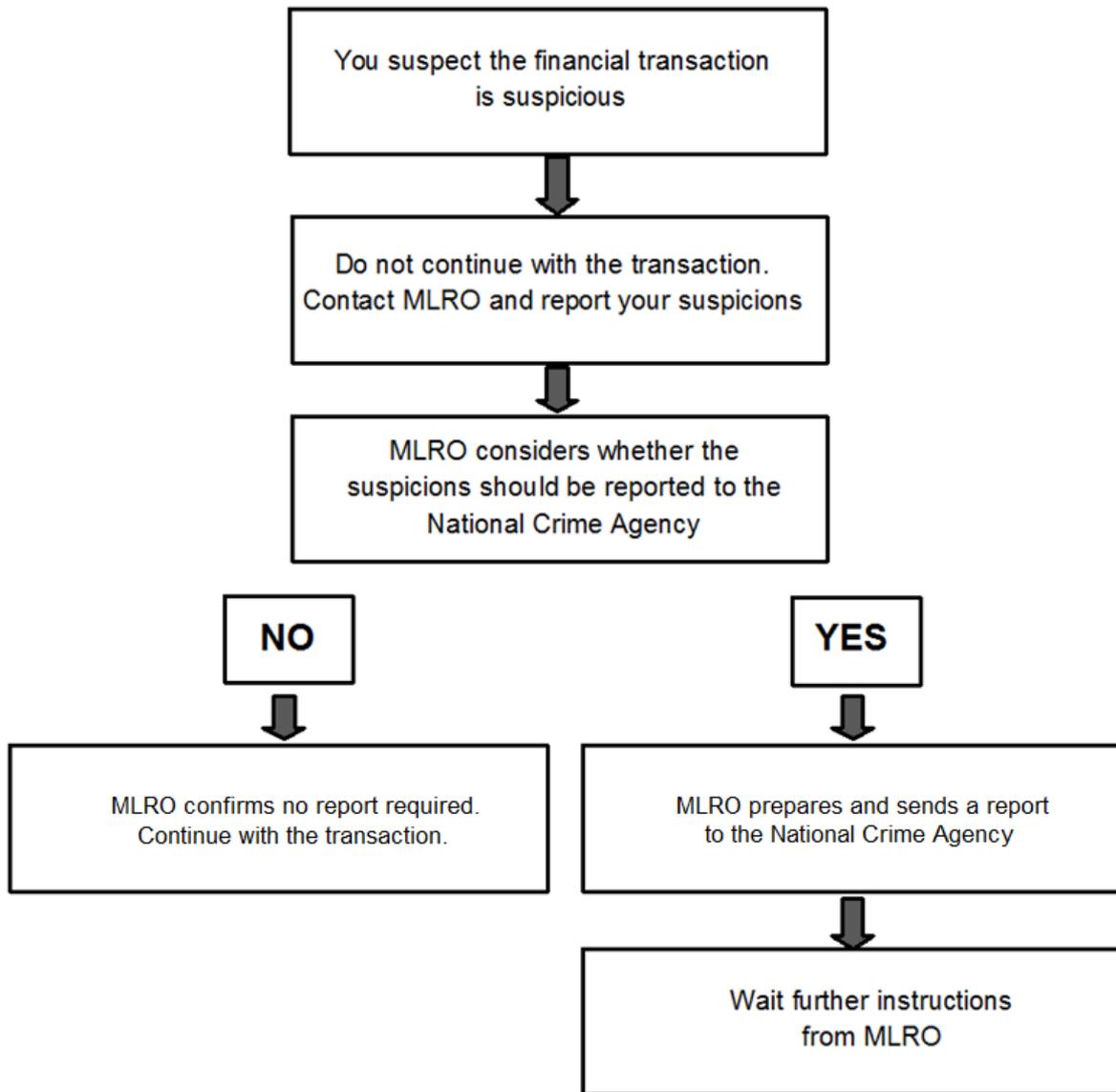
This will assist the MLRO to make a judgement as to whether there are reasonable grounds for assuming knowledge or suspicion of money laundering. The MLRO may initiate an investigation to enable him to decide whether a report should be made to the NCA.

In cases where legal professional privilege may apply, the MLRO must decide (taking legal advice if required) whether there is a reasonable excuse for not reporting the matter.

Once the matter has been reported to the MLRO, you must follow any directions they may give you. ***You must not make any further enquiries into the matter yourself.*** Any investigations will be undertaken by the NCA. You should not make any reference on a client file to a report having been made to the MLRO – the client might exercise their right to see the file, and such a note would tip them off to a report having been made, and might make you liable to prosecution.

If the NCA has any queries on the report, responses to those queries should be routed via the MLRO to ensure that any reply is covered by appropriate protection against claims for breaches of confidentiality.

APPENDIX 2: The procedure for reporting (flow chart)



This page is intentionally left blank



Audit and Performance Committee Report

Date:	29 November 2022
Classification:	General Release
Title:	2022/2023 Work Programme
Report of:	Head of Governance and Councillor Liaison
Wards Involved:	N/A
Report Author and Contact Details:	Clare O'Keefe cokeefe@westminster.gov.uk

1. Executive Summary

- 1.1 This report requests the Committee Members to consider the Work Programme for the 2022/2023 municipal year attached at Appendix 1, and to confirm the agenda items for its next meetings on 31 January 2023 and 23 February 2023.

2. Recommendations

It is recommended that the Committee:

- 2.1 Agree the agenda items for its next meetings on 31 January 2023 and 23 February 2023, as set out in this report and Appendix 1; and
- 2.2 Consider items for the future Work Programme for 2022/2023.

3. Selecting items for the Work Programme

- 3.1 The draft Work Programme for 2022/23 is attached at Appendix 1 to the report. The remaining scheduled meeting for the current municipal year is:
- 31 January 2023; and
 - 23 February 2023.
- 3.2 Members' attention is drawn to the Terms of Reference for the Audit and Performance Committee (attached to this report as Appendix 2) which may assist the Committee in identifying issues to be included in the Work Programme.
- 3.3 As members are aware, the Work Programme will be reviewed at each meeting of the Committee and items can be removed or added as necessary.

- 3.4 The Committee is asked to reflect on agenda items for its next meetings on 31 January 2023 and 23 February 2023.
- 3.5 Members also may wish to suggest items for inclusion in the Work Programme, subject to the Committee's terms of reference.
- 4. Task Groups**
- 4.1 There are no Task 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 Clare O'Keefe.

cokeefe@westminster.gov.uk

Appendix 1: Work Programme
Appendix 2: Terms of Reference
Appendix 3: Action Tracker

Work Programme – Audit and Performance Committee

ROUND 5 29 November 2022		
Agenda item	Purpose	Officer
Q2 finance monitor	To monitor the City 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.	Gerald Almeroth Jake Bacchus (Finance)
Quarterly Performance Report (July-Sept 22/23)	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Review of the Internal Audit Charter	To review the Council's Internal Audit Charter which is maintained by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).	David Hughes Moira Mackie (Internal Audit)
Internal Audit Progress Report	To update the committee on the recruitment of an independent member.	David Hughes Moira Mackie (Internal Audit)
Mid-Year Counter Fraud Report	To oversee and monitor the success of the Counter Fraud Service.	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Review of Anti-Fraud Policies	To review and approve the following which are maintained by the Corporate Anti-Fraud Service: - Whistleblowing Policy; - Fraud Response Plan; - Anti-Bribery Policy; and - Anti-Money Laundering Policy (including procedures).	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Treasury Management Strategy Mid-Year Review	To review the Treasury Management Mid-Year Strategy.	Phil Triggs (TriBorough Director of Treasury and Pensions)
General Procurement Update	To update the Committee on the Council's Procurement service.	Caron Smith (Procurement)
Contract and Supplier Performance Report	To review a report on the Council's Contract and Supplier Performance.	Caron Smith (Procurement)
Corporate Complaints report	To consider the Corporate Complaints Annual Review.	Zoe Evans (Complaints and Customer Services)
Work Programme 2022/2023	To review the work programme for the remainder of the municipal year.	Clare O'Keefe (Joint Lead Policy and Scrutiny Advisor)

Identify some time to undertake the Review of Effectiveness of the Audit Committee (could be reported separately in February 2023 or included in Annual Report in June/July 2023).
Review to be undertaken between September and January.

Extraordinary Meeting 31 January 2023		
Agenda item	Purpose	Officer
Audited accounts and final Statement of Accounts	To receive and review the audited Statement of Accounts for the Council and the Pension Fund following a public inspection period of the accounts.	Gerald Almeroth Jake Bacchus (Finance) Phil Triggs (Treasury and Pensions)

ROUND 6 23 February 2023		
Agenda item	Purpose	Officer
Q3 finance monitor	To monitor the City 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.	Gerald Almeroth Jake Bacchus (Finance)
Quarterly Performance Report (Oct – Dec 22/23)	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Internal Audit Progress Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework	David Hughes Moira Mackie (Internal Audit)
Internal Audit Plan 2023/24	To review and comment on the draft audit plan for 2023/24	David Hughes Moira Mackie (Internal Audit)
Ethical Standards report	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the City Council.	Parveen Akhtar/ Hazel Best/ Joyce Golder / David Hughes / Lee Witham
External Audit Plan	To receive an overview of the planned scope and timing of the statutory audits of the City of Westminster and the Westminster Pension Fund	Gerald Almeroth (Finance)

Work Programme 2022/2023	To review the work programme for the remainder of the municipal year	Clare O’Keefe (Joint Lead Policy and Scrutiny Advisor)
--------------------------	--	--

ROUND 7 TBC 2023		
Agenda item	Purpose	Officer
Internal Audit Progress Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework	David Hughes Moira Mackie (Internal Audit)
Work Programme 2023/2024	To review the work programme for the 2023/ 2024 municipal year	Clare O’Keefe (Joint Lead Policy and Scrutiny Advisor)

Suggestions for June/ July 2023		
Agenda item	Purpose	Officer
Internal Audit Progress Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework	David Hughes Moira Mackie (Internal Audit)
Counter Fraud End of Year Report	To oversee and monitor the success of the Counter Fraud Service.	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Annual Report of the Committee (for submission to Full Council)* *not completed last year due to timing/ elections etc	To receive the Annual Opinion report on overall adequacy and effectiveness of the organisation's framework of governance, risk management and control	Report of the Committee Chair can be supported by David Hughes and Moira Mackie (Internal Audit)

This page is intentionally left blank

AUDIT AND PERFORMANCE COMMITTEE

COMPOSITION

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 Audit Commission 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 Director of Law 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

Appendix 3 - ACTION TRACKER
Audit and Performance Committee

ROUND 1 27 June 2022		
Agenda Item	Action	Status/Follow Up
No actions.		

ROUND 2 21 July 2022		
Agenda Item	Action	Status/Follow Up
Item 4 Update on Performance Management	That the Committee would receive the next Quarterly Performance Report ahead of publishing and ask any relevant questions of officers.	Complete
	That the Chair would meet with report authors ahead of the next meeting of the Committee.	Complete
Item 5 Revenue and Capital Outturn 2021/2022	That the case of improving the service of Sayers Croft would be investigated.	In progress
Item 6 Statement of Accounts 2021/2022	That the Committee would receive a summary of the last five years of changes to the balance sheet from the Director of Finance.	Complete
Item 8 Counter Fraud End of Year Report 2021/2022	That the Committee would be provided with background information setting out how the team figure out notional values.	Complete
	That the Committee would be provided with more information regarding the changing landscape of fraud when the six-monthly report is presented to the Committee.	Complete
	That the Committee would receive a breakdown of the work solely undertaken by Council officers and jointly with other organisations.	Complete
	That the Committee would be updated on the figures presented in 6.18 and 7.5 of the report.	Complete
	That the Committee would be provided with an update on the actions taken to recover funds noted in 6.19 of the report.	Complete

Item 9 Any other business	The Committee commented that they would find it useful to have an additional agenda item to set out the Committee's work programme. The Policy and Scrutiny Advisor and officers agreed to work together, and with the Chair, to pull a work programme together.	Complete
	The Committee advised that they prefer to receive the agenda and papers at least 7 full days in advance to the Committee meeting.	Complete

ROUND 3 7 September 2022		
Agenda Item	Action	Status/Follow Up
Item 4 Quarterly Performance Report 2022/23	That the Committee would receive a briefing on the status of the census negotiations.	Complete
	That the Committee would be informed of the status of feedback of Future of Westminster Commission meeting on 21 June 2022.	Complete
	That the Committee would receive KPI projections in the next Performance Report.	Complete
	That the Committee would be updated on candy stores, Council tax and infills in the next Performance Report.	Complete
	That the Committee would receive a synopsis of the work Children's Services is undertaking in relation to looked after children and placement costs.	In progress
Item 5 Quarter 1 Financial Monitor	That the Committee would receive a breakdown of staff turnover in the next report.	Complete
	That the Committee would receive a breakdown of costs on each refurbishment component of the Public Conveniences Renovation programme.	Complete

ROUND 4 31 October 2022		
Agenda Item	Action	Status/Follow Up
No actions.		