



City of Westminster

Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Monday 24 July, 2023**

Time: **6.30 pm**

Venue: **Rooms 18.01-03, 18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**

Aziz Toki (Chair)
Paul Fisher
Jessica Toale
Alan Mendoza

Independent Member:
Mark Maidment



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 the Committee Officer, Clare O'Keefe, Lead Policy and Scrutiny Advisor.

**Email: 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 meeting held on 23 February 2023.

(Pages 5 - 14)

4. MATTERS ARISING AND WORK PROGRAMME 2023/2024

To discuss any matters arising from the previous meeting, including new or unresolved matters and shape the Committee's work programme for the municipal year 2023/24.

(Pages 15 - 24)

5. 22/23 YEAR END PERFORMANCE REPORT

To receive the performance updates at quarter 4 and indicate any areas where more information or clarification is required.

(Pages 25 - 48)

6. YEAR END FINANCE REPORT

To note the outturn position for 2022/23.

(Pages 49 - 68)

7. INTERNAL AUDIT ANNUAL REPORT

To note the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment and to consider whether there are any areas the Committee would like to explore further.

(Pages 69 - 88)

8. COUNTER FRAUD END OF YEAR REPORT

**(Pages 89 -
108)**

To note the Counter Fraud 2022/23 End of Year report.

9. REVIEW OF DRAFT STATEMENT OF ACCOUNTS

**(Pages 109 -
116)**

To approve the draft 2022/23 statement of accounts and draft Annual Governance Statement subject to the public inspection period and the audit.

10. EXTERNAL AUDITOR'S AUDIT PLAN

To follow.

11. ANNUAL REPORT OF THE COMMITTEE

**(Pages 117 -
126)**

To receive the annual report on overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

**Stuart Love
Chief Executive
14 July 2023**

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CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 23rd February, 2023**, Rooms 18.01 - 18.03, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Aziz Toki (Chair), Paul Fisher, Alan Mendoza, Jessica Toale

Also Present: Gerald Almeroth (Executive Director for Finance and Resources), Jake Bacchus (Director of Finance), Joanne Brown (Grant Thornton), Nick Byrom (Strategic Performance Manager), Matt Dean (Grant Thornton), Debbie Jackson (Executive Director for Growth Planning and Housing), Sarah Newman (Bi-Borough Executive Director of Children's Services), Moira Mackie (Head of Internal Audit), LeVerne Parker (Chief Solicitor and Monitoring Officer), Anna Raleigh (Director of Public Health), Jack Robinson-Young (Committee Clerk), Jonathan Rowing (Head of Parking), Rikin Tailor (Head of Corporate Finance), Phil Triggs (Tri-Borough Director of Treasury and Pensions), Lee Witham (Director of People Services), Pedro Wrobel (Executive Director of Innovation and Change)

1 MEMBERSHIP

1.1 There were no changes to the membership.

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 29 November 2022.

3.2 RESOLVED:

That the minutes of the meeting held on Tuesday the 29th of November 2022 be signed by the Chair as a correct record of proceedings.

4 QUARTERLY PERFORMANCE REPORT

- 4.1 The Executive Director for Innovation and Change, Pedro Wrobel, introduced their report summarising the Councils performance and progress at the end of quarter three 2022/2023. They informed the Committee that some of the Key Performance Indicators (KPIs) varied and may not have aligned directly to the reporting cycle, primarily with regard to Public Health KPIs.
- 4.2 Their report covered the headline achievements of the Council, insight highlights, pressures and risk as well as KPIs by directorate.
- 4.3 The Strategic Performance Manager Nick Byrom informed the Committee that the city-wide survey was now complete and had yielded positive results. This was conducted by a third-party company and all data is requested through a strict standard. Data sampling is done to reflect the socioeconomic spread of Westminster residents and is only considered complete if every metric for representation has been met. Questions are kept uniform throughout the years this has been undertaken to ensure comparisons drawn are accurate.
- 4.4 The Committee asked if there was anything of particular concern or to be highlighted within the results of the City Survey. Pedro Wrobel, the Executive Director for Innovation and Change replied explaining they are now going through the results and the next set of analysis but did alert the Committee to a wider point that the results were a marked improvement than previous years, and this may be from a post-pandemic bout of optimism which was to be noted for next year's results. The Executive Director for Innovation and Change also commented that the environmental indicators did not seem to be where they had expected to be. The Committee welcomed this, whilst understanding that there may have been inflated rise in results from the removal of government restrictions, and also requested more information on the survey as a whole.

ACTION

That the Committee will be provided with a further top-level briefing on the City Survey from the Strategic Performance Manager.

- 4.5 The Committee asked Sarah Newman the Executive Director of Bi-Borough Children's Services and Debbie Jackson, the Executive Director for Growth, Planning and Housing about mould and damp in homes arising from the death of a child from a respiratory condition. The Executive Director for Growth, Planning and Housing informed the Committee of the work underway to ensure the Council is fully responsive to the issue of mould and damp in residents' homes, and that a further update will be provided to future meetings of the Committee. The Executive Director of Bi-Borough Children's Services informed the Committee that information and signposting was dispatched to all primary care settings.

ACTION

That the Executive Director for Growth, Planning and Housing to provide further detail for a future meeting on the Council's response to mould and damp in residents' homes.

- 4.6 The Committee asked the Executive Director of Bi-Borough Children's Services what can be done from the high caseload numbers mentioned within the report. In reply, the Committee were informed that where caseloads become too high there can be an investment in recruiting more social workers. Where caseloads see a short spike, temporary staff are used as a short-term relief.
- 4.7 The Committee asked of the Executive Director of Bi-Borough Children's Services what the next steps would be from the funding coming from the Mayor of London for Free School Meals, as this was already being provided by Westminster City Council. The Executive Director of Bi-Borough Children's Services explained that this money can now be used to extend the offer wider.
- 4.8 The Committee asked the Executive Director of Bi-Borough Children's Services if there was a timeline for the proposed amalgamation of two primary schools and was informed that there is a timeline being led by the board of governors, with an expectation to be completed later this year.
- 4.9 The Committee asked Officers present if any of the top-level risks outlined in the report had seen a significant increase upward. The Strategic Performance Manager informed the Committee that there were no significant or quick rises.
- 4.10 The Committee asked the Executive Director for Growth, Planning and Housing how to ensure that there was no dip in service levels again for housing management services. In reply, the Committee was reassured that resources and systems had been altered accordingly.
- 4.11 The Committee asked the Executive Director for Finance and Resources why data showed that there was a four-day delay in delivering on financial benefits and commented that this was particularly worrying given the current cost-of-living crisis. The Executive Director explained that this was due to a combination of processing changes in current claims and new claims, but this was at a normal level.

4.12 **RESOLVED**

That the Committee noted the performance updates.

5 ETHICAL STANDARDS REPORT

- 5.1 LeVerne Parker the Chief Solicitor and Monitoring Officer was present before Committee and gave apologies for Parveen Akhtar Director of Law and Governance explaining that they had come to Committee in their place.

- 5.2 The Ethical Standards Report was presented to Committee, outlining how the Annual Report was conducted in line with the Terms of Reference and how ethical governance applies to all Westminster City Council employees, including staff and contractors, and Members.
- 5.3 The Committee asked about the Member/Officer Protocol and whether this had been agreed, and it was confirmed to the Committee that this had been agreed.
- 5.4 The Committee asked for more information on the details on staff disciplinary cases. The Director of People, Lee Witham, explained that the spike seen after lockdown restrictions were lifted is unwanted but has been seen across the board in local government. Since this period, new cases are at pre-lockdown levels, further showing this to be a time-limited spike due to restrictions being lifted. The Committee asked if the full report on the staff survey could be brought to Committee, and the Director of People confirmed they would present this to a future Committee.

ACTION

That the Director of People to bring the full report on staff survey results to Committee.

- 5.5 The Committee asked about the background on the recruiting of the three independent members of the Council. The Chief Solicitor and Monitoring Officer informed the Committee that these three roles are advertised for publicly and then appointed by the Standards Committee.
- 5.6 The Committee praised Officers present and those who had worked on reclaiming lost Pension funds. The Committee asked if the Councils anti-fraud and corruption statement reflected the lessons learned from the investigation. The Chief Solicitor and Monitoring Officer informed the Committee that this will be reviewed and shared with the Committee.

ACTION

That the review of the Councils anti-fraud and corruption statement will be shared with the Committee by the Director of Law and Governance.

- 5.7 The Executive Director for Finance and Resources informed the Committee that their teams constantly look to update their processes and learn from past mistakes with regular reviews to identify potential issues as soon as possible.
- 5.8 **RESOLVED**

That the Committee noted the 2021/22 Annual Report and actions taken to maintain high standards of ethical governance throughout the Council.

6 INTERNAL AUDIT PROGRESS REPORT

- 6.1 The Head of Internal Audit, Moira Mackie, introduced their report outlining the work included in the 2022/23 Internal Audit Plan as at the end of January 2023. They informed the Committee that four audits have been finalised with a further twelve at a draft report stage. They reassured the Committee that sufficient internal audit work has been planned.
- 6.2 Turning to the report, the Committee was informed that the Audit plan for 2022/23 was reviewed by this Committee back in February 2022. To ensure that the Annual Audit Plan is more responsive to changing risks, it has been developed as a '3 plus 9-month plan'. This revised plan is reported to this Committee on a quarterly basis and significant changes will be highlighted.
- 6.3 The Committee asked what lessons had been learnt to safeguard Council funds from those who may want to reappropriate them for other means. The Head of Internal Audit explained that multiple people in different roles are involved in, or overseeing, the processes where previously trust was placed with one individual. In addition, at the time of the fraud, the audit trail was paper based with the evidence lost or missing from the Council's records made backtracking considerably more difficult than the current digital approach.
- 6.4 The Committee asked why there was a difference in the £371,714 reclaimed as compensation for losses and were informed by the Head of Internal Audit that this was due to the cost applied by the Court Service when processing the compensation claim.
- 6.5 The Committee enquired about the lift response times which were not being met as identified in the Lift Maintenance review, and why there had been a poor performance response. In reply, the Head of Internal Audit explained that the contractor was experiencing a shortage of suitably qualified staff, but the service is keen to maintain their existing targets.

6.6 RESOLVED

That the Committee had considered the results of the internal audit work carried out during this period.

7 INTERNAL AUDIT PLAN 2023-2024

- 7.1 The Committee were presented with the Internal Audit plan for 2023/24 by the Head of Internal Audit which included the Strategic Audit Plan and the draft Annual Audit Plan.
- 7.2 The Committee were informed that the Strategic Audit Plan identified the significant, persistent risks the Council faces and the business areas to be covered by internal audit over a 5-year period.

- 7.3 The Committee were informed that the draft Annual Audit Plan is prepared following consultation with Directors and Heads of Service and considers the Councils corporate and department risks and priorities.
- 7.4 The Committee asked when a full Annual Plan could be brought, as there was only a draft before the Committee. The Head of Internal Audit, Moira Mackie, replied informing the Committee that this will be shared with the Committee through Council Officers at the earliest opportunity. The Executive Director of Finance and Resources explained that it is important to take a risk-based approach but to also balance the flexibility of moving events and the Annual Plan will be regularly reviewed throughout the year and reported to the Committee within the progress report.
- 7.5 The Committee asked the Head of Internal Audit how our internal audit function was resourced, and if this was appropriate given the challenges facing local government. In reply, the Committee was informed that there is enough resource to meet these challenges and being a shared service with Kensington & Chelsea Council allows for productive comparisons and learning opportunities.
- 7.6 The Committee noted that there was a large risk on development projects and that this should be taken into account by all going forward. The Director of Finance Jake Bacchus agreed and said this was a particularly poignant observation detailed in the plan given the high levels of inflation.
- 7.7 The Committee asked if there was an obligation for internal audits, and in reply the Committee were informed that the service is provided on behalf of the S151 Officer, the Executive Director of Finance and Resources, who oversees the Internal Audit Plan for the Council. Further to this, the Committee asked if there is a peer review or outside expertise brought in to scrutinise the work of Internal Audit. The Head of Internal Audit replied explaining that the Council does work with partner providers and has a peer review of processes from independent reviewers.

7.8 **RESOLVED**

That the Committee reviewed the Strategic Audit Plan, as set out in Appendix 1, and considered the persistent risks.

That the Committee also reviewed the early draft of the Annual Audit Plan, as set out in Appendix 2, and commented on the audit work to be undertaken and specific audit risks for the coming year.

8 Q3 FINANCE MONITOR

- 8.1 The Committee were presented with a monitoring report that summarised the 2022/23 Q3 financial position as at 31 December 2022, with the forecast for the remainder of the year. This forecast was based on activity trends and analysis to date.

- 8.2 The Committee were informed that the forecast revenue outturn at the end of Q3 had a projected overspend of £3.043m, 1.7% of next budget, compared to the previous overspend of £5.762m at Q2. This was a favourable movement of £2.719m.
- 8.3 The Committee asked what the remaining expose for the rest of the year from inflation might be, and the Director of Finance replied informing the Committee that over the quarter, the large contracts that the Council operators have not had negotiations start and are now in the risk register.
- 8.4 The Committee asked what the potential impact from any further rises in the Bank of England interest rate could be. The Director of Finance explained that it was clear from the figures within Q2 that temporary accommodation has been a challenge, also due to the fact the as a Borough, Westminster is an expensive place to reside. The Executive Director for Growth, Planning and Housing also added that with every living agreement coming to an end, there is an increase in rates.
- 8.5 The Committee asked why there had been a delay in some of the major contracts and noted that 7% of projects accounted for 70% of spending. The Executive Director for Growth, Planning and Housing answered in reply and explained that these projects span multiple years making the accuracy of them hard to define. Turning to a specific project, the Lisson Arches, the Committee asked why there had been such a delay. The Executive Director for Growth, Planning and Housing informed the Committee that this project had specific construction issues and aside from the usual difficulties of materials, supply and labour, inflation had been a challenge in of itself.
- 8.6 The Committee asked if inflation pressures on budgetary concerns were of a concern themselves. In reply, the Director of Finance informed the Committee there are reserve funds for times such as these and mitigations in place as ever.
- 8.7 The Committee asked why there had been a decline in the number of residents registering a domestic vehicle, Jonathan Rowing the Head of Parking informed the Committee that this is an ongoing trend for residents choosing not to have a vehicle in Westminster and a full report will be available at the next Committee meeting.

ACTION

For the Head of Parking to bring a report to the next Committee detailing the current and previous history of residents registering a domestic vehicle.

- 8.8 The Committee asked why Major Planning Applications are continuing to fall, with smaller applications increasing. The Executive Director for Growth, Planning and Housing informed the Committee that this began after the pandemic and has had a budgetary affect. Major Planning Applications are a

significant source of income for the Council, in light of their slow down, the next annual budget has been adjusted appropriately.

8.9 RESOLVED:

That the Committee noted the current monitoring and forecast position at Q3 for 2022/23.

9 AUDITED ACCOUNTS AND FINAL STATEMENT OF ACCOUNTS

- 9.1 The Executive Director for Finance and Resources introduced the report, alongside Grant Thornton, to inform the Committee that since the meeting at 21 July 2022 there has been an audit of the Council's Accounts and Pension Fund. The Committee was informed that there had been a public inspection period of the accounts from July to August and there were no objections raised during this period.
- 9.2 The Executive Director for Finance and Reform informed the Committee that this report would not normally come this late, but there had been issues which had now been resolved. Work on these issues, particularly around the balance sheet valuation of highways infrastructure since 1994, had been undertaken with Grant Thornton.
- 9.3 Joanne Brown from Grant Thornton, the Council's external auditor, addressed the Committee explaining that the external audit is in its concluding stages. Within this, they conclude and set out their approach against risks and a note on the necessary adjustments for the accounts. Since papers for this Committee were dispatched out to Committee Members, there has been work completed on a number of issues, but none needed to be urgently drawn to the attention of the Committee.
- 9.4 Speaking to the issues that had been worked on but not included within papers in time for Committee, representatives from Grant Thornton informed the Committee that there had been accounting adjustments arising from better information, and that the infrastructure asset accounting work now means that the Council is using its infrastructure asset override. The Director for Finance spoke to this issue and informed the Committee that this dates back to 1994 and has no real impact on how we operate with finances but does affect the overall reporting.
- 9.5 The Committee asked of Grant Thornton how they could improve their timeframe on reporting in order to avoid a delay again. In reply, the Committee was informed that this has been discussed internally but local government finances have become more complex every year and few Councils have as good a record in publishing as Westminster does.
- 9.6 The Committee asked for the prescribed fee and if there was a fixed number of working hours to be dedicated to Westminster. Grant Thornton representatives replied and explained that there is a pre-arrangement in place

for the fee paid and this can then be amended as needed, for example, in the situation where issues occur, and finances need to be confirmed at a later date.

- 9.7 The Committee asked how Grant Thornton keeps a focus on the public attention that local government accounts attract. In reply, representatives present at Committee from Grant Thornton informed the Committee that this work does attract attention and is specialist. As such, staff are trained for a particular skill set and Grant Thornton endeavours to plan for the future. Where a staff member may be coming to retirement, for example, the use of hierarchy planning ensures that new personnel are brought up to speed to ensure minimal disruption.
- 9.8 The Committee asked what the Financial Reporting Council's (FRC) substantive testing involved. The Director for Finance explained that generally they look to place additional risks on accounts, specific to Westminster, this means a focus on Business Rates. As Westminster has the highest value NNDR collection in the country, the FRC placed a specific risk on the accounts auditing process for this.
- 9.9 The Committee was pleased to see that there had been minimal errors and that nothing of major concern had been discovered, despite the accounts being complex and lengthy. The Committee asked how long Grant Thornton had been auditing Westminster Council's accounts. Representatives from Grant Thornton replied informing the Committee that they were appointed for a fixed five-year term, of which this is the second year. At the end of this term, the account is passed on to ensure a fresh look at the accounts from a new team.
- 9.10 With regard to the pension fund, Grant Thornton representatives informed the Committee that some pensions records from the 1980s had proven challenging in sourcing, given the timespan since then and having to work with paper-based records. Work on this area is due to be completed shortly.

9.11 **RESOLVED:**

That the Committee noted the unmodified opinion of both the Council's accounts and pension fund accounts.

That the Committee had considered the findings outlined Grant Thornton's Audit Findings Reports of both the Council's Statement of Accounts and Pension Fund accounts.

That the Committee approved the revised 2021/22 Statement of Accounts for the Council, and the Pension Fund accounts.

That the Committee delegated residual matters relating to the audit of the accounts and Pension Fund accounts to the Section 151 Officer.

10 WORK PROGRAMME

10.1 The Work Programme was presented to Committee, detailing the draft schedule for 2023/24 and the agenda items for the next two meetings to be held in May and June of this year.

10.2 The Work Programme also detailed the Terms of Reference included within Appendix 2 and the Action Tracker in Appendix 3.

10.3 **RESOLVED:**

That the Committee agreed the agenda items for the upcoming meetings to be held on 24 May 2023 and 24 July 2023 as set out in Appendix 1.

That the Committee had considered the future Work Programme for 2023/24.

The meeting ended at 20:56.

CHAIR: _____ **DATE** _____



Audit and Performance Committee Report

Date:	24 July 2023
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 2023/2024 municipal year attached at Appendix 1, to confirm the agenda items for its next meeting on 6 September 2023, and discuss the proposed extraordinary meeting in October.

2. Recommendations

It is recommended that the Committee:

- 2.1 Agree the agenda items for its next meeting on 6 September 2023, as set out in this report and Appendix 1;
- 2.2 Discuss the proposed extraordinary meeting in October to be held after the scheduled meeting on 24 October but before the end of the month and will consider the Audited Accounts and Final Statement of Accounts; and
- 2.3 Consider items for the future Work Programme for 2023/2024.

3. Selecting items for the Work Programme

- 3.1 The draft Work Programme for 2023/24 is attached at Appendix 1 to the report. The scheduled meetings for the next municipal year are:
- 6 September 2023;
 - 24 October 2023;
 - 28 November 2023;
 - 27 February 2024; and
 - 16 April 2024.

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 Members also may wish to suggest items for inclusion in the Work Programme, subject to the Committee's Terms of Reference, attached as Appendix 2.

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 2023/24 – Audit and Performance Committee

ROUND 3 6 September 2023		
Agenda item	Purpose	Officer
Q1 Year End Performance Report	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Q1 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)
General Procurement Update	To update the Committee on the Council's Procurement service.	Caron Smith (Procurement Services)
Contract and Supplier Performance Report	To review a report on the Council's Contract and Supplier Performance.	Ed Humphreys (Procurement Services)
Corporate Complaints Report	To consider the Corporate Complaints Annual Review.	Zoe Evans (Complaints and Customer Services)
Annual Complaints Review	To consider the Annual Complaints Review.	Martin Hinckley (Revenues and Benefits)
External Audit Certification of Claims and Returns Annual Audit 2021/22	To review the External Audit Certification of Claims and Returns Annual Audit 2021/22.	Martin Hinckley (Revenues and Benefits)
Work Programme 2023/2024	To review the work programme for the 2023/ 2024 municipal year.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

ROUND 4 24 October 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 Moir 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)
Treasury Management Strategy Outturn 2022/2023	To note the annual treasury management final outturn 2021/22.	Gerald Almeroth Jake Bacchus (Finance) Phil Triggs (Treasury)
Treasury Management Strategy Mid-Year Review	To review the Treasury Management Mid-Year Strategy.	Phil Triggs (Treasury)
Work Programme 2023/2024	To review the work programme for the 2023/ 2024 municipal year.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

EXTRAORDINARY MEETING October 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)

ROUND 5 28 November 2023		
Agenda item	Purpose	Officer
Q2 Year End Performance Report	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
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)
External Auditor's Annual Report	To review the External Auditor's Annual Report and management response to recommendations.	Gerald Almeroth Jake Bacchus (Finance)
Work Programme 2023/2024	To review the work programme for the 2023/ 2024 municipal year.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

ROUND 6 27 February 2024		
Agenda item	Purpose	Officer
Q3 Year End Performance Report	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
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)
Ethical Standards Report	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the City Council.	Parveen Akhtar / Joyce Golder / David Hughes / Lee Witham
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 Moirra Mackie (Internal Audit)
Internal Audit Plan 2024/25	To review and comment on the draft audit plan for 2024/25.	David Hughes Moirra Mackie (Internal Audit)
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) Phil Triggs (Treasury)
Work Programme 2023/2024	To review the work programme for the 2024/ 2025 municipal year.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

ROUND 7 16 April 2024 – TBC		
Agenda item	Purpose	Officer

Unallocated:

Review of the Effectiveness of the Audit Committee	To consider the outcomes of the review and identify any areas for improvement.	David Hughes Moirra Mackie (Internal Audit)
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AUDIT AND PERFORMANCE COMMITTEE

COMPOSITION

4 Members of the Council, 3 Majority Party Members and 1 Opposition 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

23 February 2023		
Agenda Item	Action	Status/Follow Up
Item 4 Quarterly Performance Report	That the Committee will be provided with a further top-level briefing on the City Survey from the Strategic Performance Manager.	Complete
	That the Executive Director for Growth, Planning and Housing will provide further detail for a future meeting on the Council's response to mould and damp in residents' homes.	Complete
Item 5 Ethical Standards Report	That the Director of People to bring the full report on staff survey results to Committee.	Complete
	That the review of the Councils anti-fraud and corruption statement will be shared with the Committee by the Director of Law and Governance.	Complete
Item 3 Q3 Finance Monitor	For the Head of Parking to bring a report to the next Committee detailing the current and previous history of residents registering a domestic vehicle.	Complete

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City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Monday 24th July 2023
Classification:	General Release
Title:	Quarterly Performance Report 2022/23 Year End Performance Report
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 for the financial year 2022/23 (April 2022 - March 2023). It presents the latest cumulative results available for each Key Performance Indicator (KPI) and highlights key areas of achievement, risk, and issues at the end of March 2023.

The council set out its ambitions for residents and the City in its Fairer Westminster strategy. The strategy outlines the outcomes we want to deliver for our communities in five key strategic themes. This helps us prioritise and focus our activities where they will make the most difference to improve the quality of life for all and support a thriving local economy.

Over the year, we have delivered some important projects and initiatives and made some significant improvements across a range of services. This is why we monitor the performance and delivery of the council - to ensure we are making a positive difference, and delivering the outcomes set out in the Fairer Westminster strategy. Section 3 of this report highlights some of those achievements. We also present information on our key performance indicators, with most of them meeting or exceeding our annual targets this year.

However, providing services to residents, safeguarding our most vulnerable residents, and helping businesses also presents challenges. 2022/23 has been a very challenging time for many in our communities. In this report, we set out some of our most challenging operational pressures as well as some of the risks we are facing that could affect us or our ability to deliver on our Fairer Westminster ambitions. We have seen some KPIs miss their annual targets in some key areas such as Housing - where we are taking action to improve the quality of our housing management and increase satisfaction with our service.

We are also seeing demographic changes in the City that are making it harder for us to fill our primary schools, as we have seen a reduction in the number of families. We still have more to do to ensure that we have enough capacity in our social and affordable housing stock, with strong pressure on our need to use expensive temporary accommodation to help homeless residents and those fleeing conflict around the world.

We provide narrative on all of the KPIs that we are concerned about and will continue to monitor our most challenging areas closely and implement appropriate action to mitigate these. We make sure that we use our performance information to inform our strategy and priorities and take data-driven decisions. All of these details on our Key Performance Indicators can be found in Section 6 of the report.

[Please note that some KPI results may not be available or may not align with the quarterly performance reporting cycle. In these cases, the latest position available is reported – this mainly affects Public Health KPIs – several of which are only available a quarter in arrears].

The report covers:

- Headline achievements from around the council and summary overview of KPI performance
- Information on issues, risks, and potential pressures and their impact on the council. And updates on the mitigating actions that are underway to manage these risks.
- Key Performance Indicators (KPIs) and targets used to track performance of key council services.

2. Recommendations

- Committee to note the performance updates at quarter 4.
- 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 at the end of 2022/23. These will be achievements by exception drawn from delivery against key initiatives, and projects and programmes.

Health, Care and Wellbeing

Mental Health Reablement Service - Officers have successfully piloted a new Mental Health Reablement service over the last 12 months. For up to 12 weeks, the service supports people with mental health needs to recover and gain independence after a crisis or a hospital admission. Over the year, the service has supported over 150 residents with mental health needs. Officers evaluated the impact and reach of the service, and they have recommended that it is permanently established. A reduction in weekly home care hours has been seen for these residents. 98% of people who were supported were not admitted or re-admitted to a hospital. 90% of people moved on from the service with no long-term package of care. 80% are living independently in the community. 100% were involved in setting their own goals, and 100% were confident or very confident that they could remain independent in their daily life following the Mental Health Reablement service's support. Service users' feedback also highlighted their positive experience of using the service.

New Community Equipment Service - In partnership with Kensington and Chelsea, the Council leads a consortium of 18 London boroughs to provide community equipment that keeps people safe and well in their homes. The NHS and social care providers across London use the service, through which thousands of items are prescribed, delivered, installed, and recycled every week. Following extensive recommissioning, a new service was launched with a new provider (NRS) in April 2023. This new service includes better value for money, improved delivery speeds, a refreshed catalogue of equipment available, and a new fleet of fully electric vehicles operating from three major depots across London.

Children and Families

Expansion of Free School Meals in Westminster - Children aged three to 14 in Westminster will be able to receive a free school lunch in the most ambitious expansion of the free school meals programme seen in the capital. This builds on the free lunch programme for primary pupils which launched in January this year. By September 2023, the Council will provide a free nutritious meal to all three- and four-year-olds across all early years settings across the borough offering free entitlements, and all 11–14-year-old resident children at Westminster maintained secondary schools. Additionally, two-year-olds who currently access the Free Early Education Entitlement in an early years setting will also receive a free healthy meal. Westminster's additional investment of £2m will complement the existing Government free school meals offer and recent additional Greater London Authority funding to make 14,000 children eligible for free school meals.

Positive Annual Conversation with Ofsted - On 3rd March, Children's Services Senior Leadership team met with Ofsted for our Annual Engagement Meeting, which is part of the framework for the Inspection of Local Authority Children's Services. The meeting included conversations about our education service, particularly the support we provide to children with SEND, and our social care provision.

We were able to evidence positive educational outcomes for most children in Westminster, with 95% of our schools graded good or outstanding. Whilst we have three schools currently

graded as requiring improvement, we were able to talk about the positive work we are doing to assist their improvement journey. We also spoke about the wide-ranging local offer for children with special educational needs and disabilities (SEND) and alternative provision.

Much of the conversation focused on social care, and the work we are doing to keep children safe. We were able to evidence the quality and impact of our social work practice, through the performance outcomes and the regular monthly auditing work, that includes getting feedback from young people, their carers and other key safeguarding stakeholders.

Ofsted were particularly interested in the increase of children's cases stepping up from early help to social care, and in child protection and looked after children rates reflecting a greater complexity of need. We spoke about the wide-ranging provision for children in care and care leavers and the support provided to unaccompanied asylum-seeking children. We were able to talk about the significant investment in our free school lunch offer and extended Holiday Activity and Food (HAF) offer, our continuing support to Ukrainian families and other refugees and emphasised our focus on equalities and inclusion. We were told by Ofsted to expect a full Inspection of Local Authority Children's Services (ILACS) within the next 12 to 18 months.

The Plum Pudding Riots project - Westminster Archives reached more children and adults than ever before through an ambitious local history and learning project with schools across the borough. Westminster Archives partnered with two professional theatre actors to design and deliver the Plum Puddings Riot project in 45 classes across 27 schools. These interactive workshops were based on a local story, an uprising against the Puritan Parliament who cancelled Christmas in 1647. A key theme of the project was learning the consequences of intolerance, and to highlight the importance of respecting other's beliefs to avoid repeating the mistakes of the past. The project aimed to promote the wellbeing of children by exploring how we can develop resilience and innovation from adversity and tragedy. Through this work, Westminster Archives has strengthened partnerships with local schools and reached many schools that we have either not worked with before or not for a long time. Feedback from teachers and pupils alike has been overwhelmingly positive.

Community Safety, Licensing and Enforcement

Pedicab enforcement – The first pedicab enforcement operation of 2023 was launched to educate pedicab riders as well as preventing noise nuisance. This was followed by eight successful court prosecutions regarding offences from the end of last year. City inspectors joined Police officers patrolling known hotspots in Soho, Mayfair and the West End. Prosecution against four riders will be pursued after operators were found playing overly loud music. As part of the new strategy, pedicab operators have been warned creating excessive noise after 9pm will lead to prosecution. Police shared details on the new Community Protection Notice used under the Metropolitan Police Act 1839. This aims to combat nuisances by persons on roads, pavements, and side streets. It is hoped that pedicab riders begin to be more considerate to residents and visitors. Following the enforcement operation, eight pedicab riders appeared in Court on 15th March. A total of £4,792 fines, costs, and victim surcharges were handed down under the Control of Pollution Act 1974.

Night Safety Programme - Making sure all users of Westminster's evening night-time economy stay safe is a top priority in the Fairer Westminster delivery plan, however women's safety continues to be an issue. Over the last year, there has been an 11% increase in sexual offences in the borough with a shocking 84% of those victims being women. Moreover, in a Westminster City Council survey, it was found that a third of women in the borough had had a personal experience of street harassment, and 45% reported feeling unsafe at night. The most common crimes being violence and sexual offences in 2021, this is particularly high in the West End.

Westminster City Council received the largest grant in London from the Home Office to tackle women's safety concerns in the night-time economy. The local authority was awarded

£289,600 of funding last year to deliver 6 crucial initiatives that aim to reduce the rates of sexual harassment in Westminster as Crimes against women are on the rise. The behavioural change campaign will combat illicit, unwanted, and illegal behaviour against women whilst targeting the behaviour of potential offenders of sexual offences, as well as bystanders.

Using the slogan 'It's Her City Too', the key message for men and by-standers is to take responsibility for everyone's safety and challenges us all to play a part in stopping sexual harassment. A social media campaign video and advertising on TfL services will ensure that visitors to Westminster know what to look out for and call out any unwanted behaviour. It will complement the Mayor of London's 'Have a Word' Campaign.

Night Star volunteers – widely recognised as pioneers in City safety – have also been expanded to patrol extra streets offering help, protection against sexual harassment, or steer people who have become vulnerable due to intoxication. The night safety programme encompasses the creation of safe havens around the city, a business accreditation scheme, night safety walks and women's safety training for business staff.

The training complements existing schemes such as 'Ask for Angela' and Welfare and Vulnerability Engagement (WAVE) training to encourage early interventions and support from businesses to their customers.

Environment

Climate Emergency Action Plan

Over the past year we've have installed energy conservation measures in 61 council buildings, cutting our corporate property emissions by around 1,700 tonnes of CO2 equivalent per year. 390 council homes (vs a target of 360) were improved with energy efficiency measures and clean heating systems and an energy saving show home was opened to demonstrate the process and benefits of home retrofit to over 300 visitors. We invested £58m from the council pension fund into renewable energy infrastructure and launched our Responsible Procurement Strategy to put greater emphasis on sustainability within supplier contracts. We delivered over 1500 electric vehicle charge points across the borough over the past year as part of an ongoing rollout programme. This past year also saw the launch of our Sustainable City Charter and the Westminster Green Investment bond, which reached its £1m in just 9 days.

In 2023 we will bring our community into the decision-making process on climate action, working in partnership we will deliver local policies, projects, and solutions. Over the next year we will be creating a Citizens' Climate Assembly, where residents will be randomly selected and invited to help inform climate decision-making in Westminster and establishing long term community networks for further collaboration. This year will also see the production of a Local Area Energy Plan to identify the most effective routes to transition the local areas towards net zero and the expansion of our advice services to help residents and businesses transition towards clean energy and green homes.

Westminster Green Investment - Westminster City Council, in partnership with ethical crowdfunding platform Abundance Investment, has launched Westminster Green Investment, a new scheme which gives residents a chance to invest in sustainable projects and green initiatives within the local community to support the council's Fairer Environment target of becoming a net zero Council by 2030 and a net zero city by 2040. The Westminster Green Investment is aiming to raise up to £1 million in the first round, to help fund a range of green projects within the local community to make it a greener, cleaner and healthier place for everyone to live.

The money raised will be used to make a real difference and help fund a range of energy efficiency measures for council owned buildings or community owned sites, such as schools

and community centres. Residents and businesses will be able to invest from as little as £5 and will earn returns of 4.2% interest a year, across five years. The investment pays regular instalments of capital and interest every six months. Each payment will include interest and a portion of investors' original investment. Investors will also have the option to donate back their interest to fund additional green initiatives. The investment can also be held in an Innovative Finance ISA, which offers tax free returns. The Westminster Green Investment is being launched, authorised and regulated by the Financial Conduct Authority.

The council recently published its Green Finance Framework, a voluntary standard which sets out how the council intends to manage its green projects in the future. This means that funds raised from the Westminster Green Investment can only be used to help deliver eligible green projects from within this framework.

Westminster's Air Quality data platform collates disparate data sets from across the city, in one user-friendly, freely accessible place. It is one part of a wider platform hosting other types of environmental data, starting with air quality as a use case. It aims to improve the council's data transparency, empower our communities to make decisions and change behaviour, as well as enable opportunities for wider innovation. The platform will additionally monitor "coldspots" and trends to inform future interventions.

This project was awarded a grant totalling £72,000 from Defra, to develop an app with a third party to plot clean air walking routes. Internal testing of reporting dashboards has concluded and necessary changes are underway to allow selected third-party users to review the dashboards and provide further feedback. Simultaneously, the team are developing an export file and API for third parties to directly access all AQ data we can share.

Environmental Justice Measure. Westminster won the Excellence in Local and Regional Sector category in the Geography in Government Awards 2023 this May. This outstanding achievement recognises the innovative approach we have taken to be the first local authority to create an interactive framework that covers a broad range of indicators to present transparent information for residents to better understand how environmental change impacts their local ward. Our EJM map enables residents to explore and engage with local environmental issues and consider how they can contribute to improving the area they live and work in and will be key in helping us deliver our ambitions for a carbon neutral city by 2024.

Customer and Digital

Report It tool - A series of improvements have been made to our online reporting tool, Report It that allows our residents to let us know about any street problems in Westminster, such as fly tipping, potholes, abandoned vehicles or graffiti. The upgrades will increase confidence in reporting and provide feedback to users, be they residents, businesses or visitors to the city. This is just the first step in the plan to create a better end-to-end user experience. The tool is also used to improve our service delivery in this area with the Marble Arch Street Team and the BID (Business Improvement Districts) team using Report It daily, flagging anything from abandoned vehicles to faulty streetlights. The Street Team make an average of 95 reports to Westminster Council on the platform a month. The Council receives an average of 2,800 reports a month citywide on the platform.

In recent months the Council has made a series of upgrades to the tool including increasing the level of detail in map of Westminster, so that a more accurate location can be given when reporting a problem and all individual streetlights have been added to the map. Assets that TfL are responsible for have been added so that users know which are the responsibility of

WCC to maintain and which are for TfL to address. There is also a new ability to view when a problem has been fixed or closed. This is a vital step forward to prevent multiple reporting of the same issue, which can sometimes happen. It also reassures users that steps have been taken to address the problem they have reported.

Digital Inclusion Programme - As we deliver new digital services it is crucial that we ensure that residents can benefit from the transition to digital and the council is offering tailored support for their needs. Our Digital Inclusion programme works across council services, and across sectors with our external partners to offer support to our residents and businesses according to their needs to drive the effective utilisation of technology and digital across Westminster. The programme has made strides in how it supports digitally excluded residents with their connectivity, devices, skills and confidence.

We have been able to offer a digital cost of living support package worth over £23,500 to help over 150 households initially, with scope to increase further. We have been able to offer devices and internet connections to residents as part of the cost-of-living support package. Officers piloted a scheme with the Housing Support team to test digital inclusion triage. Over 300 residents were referred and assessed over three months with over 250 people attending 16 events during Get Online Week in November, working with partners cross the sector.

We delivered five courses each lasting 10 days for businesses in Westminster with 175 businesses attending. These offer drop-in style sessions covering creating a website, social media use and marketing, networking, legal requirements and more. 13 street market traders have attended training covering use of contactless devices, SEO, reaching new customers and more. Working with NHS partners, we launched a pilot to test the Omron Hypertension app and dashboard to help patients and GPs to reduce the need for appointments and increase independence in monitoring. A social prescription model for digital inclusion is additionally being developed, with partners including Housing, Public Health, Adult Social Care, Open Age, Libraries and more, so that we continue to increase access to technology enable health and wellbeing technology that can provide important health care data back to practitioners.

Business and Economy

WES Award - Westminster Employment Service (WES) was awarded “CLF Connecting Communities Outstanding Job Start Performance” at a celebration event hosted by CLF (Central London Forward) at the Guildhall on 25 April 2023. Connecting Communities is an ESF (European Social Fund) funded employability programme; the contract being managed by CLF with twelve boroughs participating. Westminster was one of four partner boroughs to receive the recognition. Liz Millington from the CLF said “The team at Westminster City Council have been a pleasure to work with. Their quality of delivery and levels of activity are consistently high and they are always driving continuous improvement” and further that the team has “... shown real determination to overcome the obstacles and month on month the performance has been outstanding.” A WES staff member also received an individual award of ‘Inspirational Team Member’.

Successful BIDs - London Heritage Quarter has successfully renewed its Business Improvement Districts (BIDs) for Northbank, Victoria Westminster and Whitehall, with Whitehall being a renewal and alteration ballot. As part of the City Council's statutory duty, Westminster City Council were appointed to hold a ballot for the three BIDs. On 3 March, it was announced that the BIDs had been successful in their ballots. In all three cases, the vast majority of the business ratepayers in the BID area voted in favour of the proposal, both by aggregate rateable value and numbers voting.

Communities

Communities Priorities Programme - A panel of 20 residents from across the borough took part in the decision-making process over the course of a week. Panel members were recruited through a variety of means including word of mouth during earlier engagement sessions, via Ward Councillors, school newsletter bulletins and through participation in previous WCC grant panels. 100% of the panel members said they felt more included in decision making. The Council has increased funds into the VCS by £600k for the second round of the programme with 47 projects funded across the city.

Tackling Food Poverty - On the 28th of March at the Good Food for All Londoners Report Launch, Westminster City Council received an award for the 'most improved council for action on root causes of food poverty'. This year's report showed more Westminster residents have more access to affordable and healthy food, recognising all of the work on food support over the last year to address food insecurity following Covid19 and the impact of the cost-of-living crisis. As well as the award, from the 28 councils who took part in this year's survey, Westminster finished 7th in the 'Beyond the Food Bank' theme, the placement reflects councils that are leading the way in tackling food poverty.

Housing & Built Environment

Affordable Housing - During March, the Church Street development scheme received formal planning permission to proceed with the delivery of 1,200 homes for the borough, with over half of these as affordable tenure. This milestone also unlocks the potential for £29m of GLA funding, once the scheme has started construction. In addition, during February, the Ebury Bridge development scheme received a successful resident ballot outcome, with 91% of residents voting in favour, across a turnout of 67%. This unlocks GLA funding of £41m, with 95% of this now claimed, reducing the council's borrowing need for the year. Three infills projects; Melrose and Keith, Ordnance Mews, and Helmsdale House, also reached completion in the quarter, providing 15 brand new social rent homes, and the Ashmill development scheme reached practical completion, providing 2 x 4-bed family sized social rent homes for local residents. Construction activity also started at the Balmoral Castle and Darwin House, Carlton Dene and Westmead development sites, meaning that the projects have successfully met the GLA's 31st March funding deadline and, as a result, over £23m grant funding has been claimed and received.

Empty Properties - Westminster City Council has launched an Interim Empty Property Strategy Statement, introducing a range of measures, focused on properties vacant for more than 6 months, which will encourage owners to make empty space available for rent while discouraging the purchase of holiday homes or 'buy to leave' investment. An Empty Property Officer has been appointed to help take some of those issues forward. The Empty Property Officer has been working on relevant parts of the Interim Empty Property Strategy Statement including setting up a reporting tool on the council website for residents to report empty homes. They have also improved the website so that there is information for residents affected by empty dwellings and engaged with owners of empty homes referred to us by the link on the council website, highlighting the benefits of bringing their properties back into use and setting out the council's role. Further empty properties across the city have been identified and they have made contact with external agencies such as Action on Empty Homes and No Use Empty. Work will continue with the Council Tax service in order to provide a joined-up approach to tackling empty properties.

Street Naming and Numbering - To mark the 1st Anniversary of the invasion of Ukraine, the Leader and the Ambassador to the Ukraine unveiled a new street name for a section of Bayswater Road, renaming it Kyiv Road. The service enabled this by amending the street naming and numbering guidelines and then working proactively to meet the tight deadline. This attracted enormous worldwide press coverage.

Public Affairs and Council matters

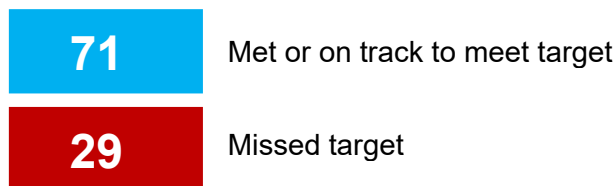
Fairer Westminster Delivery Plan. This launched in March, and is a significant step towards creating a more inclusive and fairer Westminster. The plan outlines the Council's priorities for the financial year 2023/24 and is aligned with its Fairer Westminster strategic outcomes. It is designed to ensure that resources are effectively targeted to achieve the greatest impact. The plan was developed collaboratively with Cabinet Members, council staff, and input from residents and communities, ensuring that it is accessible and reflects the views of those it will affect. To encourage engagement and accountability, regular updates against a suite of key success measures will be published on the Council's website from summer onwards, which is a first for the Council.

To build momentum and enthusiasm for collaboration, launch events were held on 21 and 23 March for residents and businesses, respectively. Throughout the year, the Council will communicate progress against the plan's goals and evaluate its overall impact, informing next year's Delivery Plan. This approach ensures continuous improvement in the Council's efforts to create a fairer and more equitable Westminster and move towards its vision of becoming a more transparent, engaging, and open Council.

Disability Confident Leader accreditation. Westminster City Council is now the third local authority to reach Level 3 of the Department for Work and Pension Disability Confident scheme. This accreditation recognised Westminster as Leader status when it comes to employment practice and recognising the talent and value that people with disabilities can bring to an organisation. It also recognises that the Council is active in promoting these values to other organisations and within, for example, its supply chains. The accreditation process for Level 3 Leader status is independently assessed requiring robust evidence and data to support the application.

Key Performance Indicators Analysis for 2022/23

This section sets out the summary analysis of the status of KPIs included in the 2022/23 performance framework for Audit and Performance Committee. Further details can be found in the directorate tables set out at section 6 below.



Total number of KPIs with a target has increased from 76 (21/22) to 84 (22/23). There are 8 KPIs with no target applicable for 22/23. The full list of KPIs and their status at yearend can be found in the directorate KPI sections set out at Section 6 below.

Indicators that missed target of note

The KPIs that failed to meet their yearend target and of most concern across all seven directorates are presented here, by exception.

KPI missing annual target	Comments and mitigation
65.9% of children achieving Good Level of Development at the end of the early years foundation stage against annual target of 78%	Comments: This is a Teacher Assessment made at the end of the Academic Year only so only appears once a year rather than by term. Mitigating Action: Review of options for further amalgamation of primary schools is underway. Demographic analysis of families in the City post Census data shows that families are leaving Westminster and those that left during the COVID pandemic are not all returning.
47% uptake of free early education funded placements for 3 and 4 olds against annual target of 47%	Comments: Appear to substantially underperform compared to the London and England averages. 2021 census shows 45% fewer 3 and 4 years olds in the city which would take performance to over 80% if census population figures were used. DfE reported data uses the 2011 census estimate and substantially reduces the apparent performance.
68.8% of care leavers (aged 17-24) in education, employment or training (EET) against annual target of 80%	Comments: We have an extensive support offer and continue to work closely with other Services and partners to create more opportunities for young care leavers. Westminster continues to have a very high percentage of care leavers in EET; well above the nation average of 55% and the London average of 63%. Data shows that Westminster has the highest percentage of 19-21 year old care leavers in EET across all London Boroughs.
226 Category 1 hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety against annual target of 375	Comments: 226 severe Category 1 hazards have been removed from residential dwellings and 184 less serious category 2 hazards. This figure is lower due to being without 2.5 posts for most of 2022/23. It is also lower due to a delay in undertaking Houses of Multiple Occupation (HMOs) compliance inspections due to a higher than predicted number of new licence applications requiring pre- licence inspections. Mitigating Action: Recruitment to vacant posts as part of restructure and uptake in HMO compliance inspections expected in 2023/24
132 Houses in Multiple Occupation (HMOs) improved against annual target of 200	Comments: The indicator reports on the number of physical inspections of HMOs undertaken. A decision was made to only formally record a HMO as improved following physical verification where a property has not previously been inspected. Compliance inspections have been pushed back into 23/24 due to a higher than anticipated number of new licence applications. Mitigating Action: No concerns moving forward as of the properties inspected to date, a high degree of compliance has been achieved. Very good evidence has been provided from the 298 self-declarations and these will be recorded as HMO's improved once a physical inspection has taken place.
47% of Stage 2 complaints responded to within 20 working days against an annual target of 75%	Service commentary: In 2022/23, 393 stage 2 complaints have been responded to (186 were in target). Corporate team responded to 78% in target, however the housing management team responded to only 38%. In total 421 stage 2 complaints were received, of which 323 were about housing management issues. Mitigating action: The housing service has been operating with a backlog of complaints for the past 2 years resulting in fewer complaints being answer on time. Over 2022/23 this backlog was addressed and performance improved over the final quarter of 22/23.

Over the course of the year 2022/23, there has been one area of performance concern that has been closely monitored and of high interest to the committee. This area has presented particular pressures or challenges for the council to address or mitigate:

Housing Management

Over 2022/23 the council only managed to reply to 47% of Stage 2 complaints were responded to within 20 working days against a target of 75%. This is also a deterioration against 2021/22 performance of 55% on time. The key driver for this low performance was complaints about our housing service (323) which accounted for the majority of the 421 Stage 2 complaints we received. Only 38% of housing related complaints were responded to within target.

Improving our management of our existing social housing is a top priority for the council. Over 2022/23 a Corporate Housing Improvement Programme (CHIP) has established to identify the areas of focus, agree priorities and plan for improvement. This work has built on the existing improvement plan and included work to create a performance framework to measure success and improvement.

The focus on housing standards was great national importance following the tragic case of the death of Awaak Ishak, a two-year old boy living in Rochdale who contracted fatal tracheobronchitis from environmental moisture in the flat where he was living. The Secretary of State wrote to all social landlords requesting details on works to control this risk happening elsewhere.

The council responded outline the various steps is taking to reduce the risks in our housing stock such as Specialist ventilation systems and air quality sensors installations underway - 68 Specialist Ventilation units installed since Nov 2022 with more planned for 2023 and a dedicated Mould and Damp team has been created to proactively manage reports of issues. A new Property MOT service has also been established where our surveyors will do a full house survey and identify repair issues and work with residents to improve their homes. This will be targeted at vulnerable residents.

It has also been recently agreed that a temporary Housing and Commercial services directorate will be established for initially a period of 12 months to provide specific capacity and focus to our Housing and Housing Needs services. The new directorate will be headed by Sarah Warman and we will be working with the management team to establish a new corporate level performance framework for the directorate that will be reported to this Committee on a quarterly basis along with the existing directorate updates.

We expect the Key Performance Indicators to be included to pick up on the requirements of the new Housing Regulator, announced by DHLUC this year. The council will be required to report a range of operational and customer satisfaction measures to the regulator on an annual basis. It therefore makes sense for this Committee to have sight of the performance of the headline indicators. The Regulator will publish data from all medium and large social housing providers next Autumn.

4. PRESSURES AND RISKS

This section presents the top pressures and risks facing the council and the City at the end of quarter 4. 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.

Temporary Accommodation - There has been significant pressure on our use of Temporary Accommodation (TA) over 2022/23 and Significant spend pressures have arisen from a combination of supply and demand and the widening gap between our increased costs and unchanged government funding. We have also seen private landlords exiting the market due to factors such as higher interest rates and the eviction of households is leading to increased homelessness. This is leading to increased use of overnight accommodation (hotels and apartments).

We have seen strong demand for accommodation from Ukrainian, Sudanese and Afghan families we are providing support for and most London authorities are experiencing similar pressures. London Council has established a pan-London working group to help address this issue. The council is also exploring a range of options to try to increase supply-side demand and to fund TA acquisitions to boost permanent availability of units. Senior officers review the programme of work to address this via Change Board and receive monthly updates on progress. We will continue to monitor this situation for impact closely over the year ahead.

The Butterworth Centre is an independent mental health service commissioned by the NHS to provide care predominantly for older people with dementia. The NHS has been unable to secure a new long-term provider for the Butterworth Centre following the departure of Sanctuary Care. As a result, a decision was made to close the Butterworth Centre. There were 26 residents within the service, 12 of whom were Westminster residents. The NHS has assessed all residents, and ensured the most appropriate alternative care settings were found for each resident, with input from adult social care staff. Follow-up welfare checks are also taking place to ensure that residents' new placements meet their needs. Social care staff will work with the NHS to help shape decisions about the future use of the Butterworth Centre building, however this closure has resulted in a reduction of available provision in the borough.

National Shortage of Social Workers and Increased Reliance on Agency Staff in Children's Services - There continues to be a national shortage in attracting and recruiting experienced Social Workers. According to the Department for Education's annual workforce census, released in February 2023, there has been an 8% decrease in the number of case holding social workers since 2020 across the nation. The national census also showed that the use of agency workers had soared and is at its highest level since the data started being collected. Our reliance on agency is 8%, which is far lower than the national rate of 17.6%, and a reduction from 15% in September 2020. The national vacancy rate is 20%, compared to 4% in Westminster. The turnover rate for permanent staff in Westminster Family Services from April 2021 to March 2022 was at 16.3% , far below the Council wide turnover rate of 27.3%.

We are in the final stages of development of the Workforce Development Strategy which seeks to ensure we attract, retain and develop high quality social workers to meet the growing demands on Family Services. In recent years we have rolled out the Social Work Apprenticeship, and the first cohort of Social Work apprentices will be graduating in 2023. We also continue to work with the Frontline Academy, Step Up to Social Work, the West London Teaching Partnership and our local universities to provide high quality student placements and subsequently recruit the best calibre social workers as well. There is also an extensive package of training and professional development available to staff via the West

London Alliance, Firstline, The Staff College and the Practice Supervisor Development Programme.

Primary School Rolls - Surplus capacity in our primary schools and its associated financial impact on schools is a continuing challenge in Westminster. A recent London Councils report states that the key driver behind the increasing surplus seen in the majority of London boroughs is a 17% decrease in birth rates between 2012- 2021. As calculated by the October 2022 pupil census, Westminster Council currently has a 25.7% surplus capacity across all its primary schools, and this is projected to increase further. Between 2018 and 2022, 7.5 forms of entry have been removed from primary provision. A form of entry is in most cases a class of 30 children and is removed at the reception point of entry. An amalgamation of two Catholic primary schools (Westminster Cathedral and St Vincent de Paul) took effect from September 2022 and removed a form of entry. A proposed amalgamation of two Church of England primary schools (St Stephen's and St Mary Magdalene's) is currently at the consultation stage and if approved would take effect from September 2023 removing a further form of entry. The Council continues its dialogue with schools, both dioceses and academy trusts to consider partnerships and possible amalgamations to address the current and projected surplus primary capacity.

New Joint Targeted Inspection Theme: Serious Youth Violence - A Joint Targeted Area Inspection (JTAI) is an inspection framework for evaluating the services of vulnerable children and young people, focusing on how the services work in partnership to effectively safeguard children and young people. It is conducted jointly by Ofsted, Care Quality Commission (CQC), Her Majesty's Inspectorate of Constabulary (HMIC) and Her Majesty's Inspectorate of Probation (HMIP). Each JTAI includes a specific 'deep dive' safeguarding theme. We have recently been informed that inspectors have chosen to focus on the multi-agency response to Serious Youth Violence (SYV). Ofsted plans to publish the inspection guidance for this theme in August 2023, with inspections being carried out between September 2023 and April 2024.

We work with a broad range of partners and commissioned services to promote awareness of SYV and effectively safeguard children and young people at risk of criminal exploitation. We have a strong Youth Offending Team whose work is complemented by the prevention work of our Integrated Gangs and Exploitation Unit, and an effective Local Safeguarding Children's Partnership (LSCP) which has been last commended by Ofsted in last years' Focused Visit. Additionally, we have a varied programme of outreach activities in Youth Hubs during term-time and during the holidays which is effective in engaging young people who are susceptible to youth crime and violence. However, a JTAI will focus on partnership working between Children's Services, Community Safety and the Police. It is a particularly challenging time for the Metropolitan Police who have considerable staff turnover, and maintaining an effective working relationship is a constant challenge for our LSCP leads. We continue to proactively engage with the Police through the LSCP and continue to inform them of duties in relation to joint inspection. It is worth noting that Ofsted have indicated that the next inspection we will receive will be a full Inspection of Local Authority Children's Services (ILACS).

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. The section is divided into two parts; 1) New risks – risks of 12 or above that have been identified over this quarter and 2) Significant risks scoring 12 and above that have previously been reported to Committee and are being monitored corporately.

1) New risks reported this quarter

Additional funding required for the council to deliver all Climate Action Plan commitments.		Score
		15
Impact	Inability to deliver CEAP actions and other carbon saving projects if funding cannot be secured. In turn, this will mean the council will fail to deliver on its 2030 and 2040 net zero targets or face a significant cost to offset.	
Mitigation	<p>Limited progress since last update - MTFP has now been signed off, a dedicated funding manager to help secure external funding was not improved - no additional help has been provided from finance to date.</p> <p>- As a result the CE Team continue to try and identify funding opportunities and support other teams with some success, but additional capacity and expertise would help secure more funding.</p> <p>- CEAP refresh has provided the opportunity to review funding requirements and better ascertain the funding gap for the delivery of the CEAP.</p> <p>Establish dedicated resource or responsibility within Finance to proactively identify and determine funding opportunities to support climate programme. Increase external funding secured to support climate action delivery.</p>	
Emissions trajectory modelling / mapping of future savings.		Score
		12
Impact	Inability to properly track and monitor the impact of the actions the council is taking. This can then impact our ability to properly forecast our emissions and make the required strategic decisions on the action to take. This also risks reputational damage if we cannot accurately report on our progress in a timely fashion.	
Mitigation	<p>The Climate Emergency Team Analyst currently reaching out to owners of the 2040 data sources to see if this data can be made more readily available - this include BEIS & Anthesis, but also Cadent, UKPN etc. who have the raw data. Reviewing what tools are available to obtain data quicker. BT currently showcasing how they are able to obtain more granular traffic data. Looking to further enhance the CIET after its first round of use in Autumn 2022 to better quantify impact of our projects.</p> <p>Established access to raw data sets to remove the reliance on organisations such as Anthesis which releases data in arrears. Continuing to explore new tools and technology to obtain raw data ourselves to help measure impact and trajectory. Ensure anticipated/quantified carbon savings are included as part of Action Owner discussions for summer refresh of CE Action Plan.</p>	

2) Significant risks previously reported to Committee

Interest Rate changes				Current Score
				16
Previous scores	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23
	16	16	16	16
Impact	There will be a large level of outperformance on the Council's cash earned vs budget due to several rate rises in 2022/23 with a further rise still expected by markets. Rates are expected to remain at these levels throughout 2023/24 but cash levels are forecast to deplete by 2024/25.			
Mitigation	The Council has a number of options available to it to mitigate these risks. The level of external borrowing has for some considerable time been significantly below the Council's capital financing requirement (CFR), meaning that the "cost of carry" has not eroded the income earned as a result of taking out long term loans. With regard to external borrowing, the Council has also managed to secure several longer-term loans at very competitive forward rates of interest. These future rate loans have helped to cushion the impact of interest rate rises throughout the year.			

Construction Industry pressures impacting forthcoming procurement				Current Score
				20
Previous scores	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23
	20	20	20	20
Impact	The construction market continues to be highly challenging. We are experiencing continued pressure on pricing, programmes and scheme viability positions. Over the next 3-6 months, this risk is likely to affect procurement across the Church St and Ebury Bridge schemes and may impact the ability to successfully secure partners for both schemes. As we embark on major procurements this may result in significant financial impact and affect the viability of future phases.			
Mitigation	Monthly monitoring and review practices enables visibility and assessment of risks, and of contractual and commercial positions. Value engineering and additional grant opportunities are being explored. External consultants appointed to independently review commercial submissions and vfm			

Building Regulations - Part B & Draft Building Safety Bill				Current Score
Part B has been re-written following an independent review of the building regulations and fire safety following Grenfell. It has far reaching impact across the Council with the requirements for safety cases for Council and private sector properties.				15
Previous scores	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23
	15	15	12	12
Impact	The Bill now has Royal Assent. The buildings "in scope" has been extended to cover many more of the properties within Westminster. The new bill sets requirements for competence and resource of the local Building Control team. Westminster has 12% of the National in scope buildings. There is a high call on local authority resources to inspect buildings and legal responsibility for licensing of buildings. There is an estimated requirement for 25-30 Level 6 Qualified Surveyors required for Westminster (LABC figures) and the team currently has 4. There is significant shortage of staffing in the market and recruitment of more junior staff to be upskilled will be required.			
Mitigation	The proposed Career Development Framework (CDF) needs to be established and recruitment authorised. 4 surveyors (incl 1 agency) have passed new Local Authority Building Control (LABC - the national representative association) competency exams. Currently developing 2 Senior surveyors who may be able to fill principal posts. WCC has signed up to the LABC Quality Management System. We are looking to recruit 1 Fire Engineer post, 1 Quality and Regulations Manager and 2 Principal Surveyors.			
	Heads of London Borough Building Controls are approaching the London Mayor to consider a Pan London arrangement for BSB related work.			

6. 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	■ Missed target at yearend (or off-track yearend target)	Direction of Travel (DoT)	↑	KPIs have improved compared to last year
	■ On track to meet yearend target (KPIs with delayed reporting cycles)		↓	KPIs have moved in a negative direction compared to last year
	■ Met yearend target		→	KPIs have stayed the same compared to last year
	■ N/A – No target set (monitoring metric)		N/A	KPIs that do not lend themselves to comparison/ metric is new as of 2022/23

Targets with an asterisk* are cumulative, annual targets.

ADULT SOCIAL CARE

KPI Description	Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
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Targets with an asterisk* are cumulative, annual targets.

KPIs THAT MET TARGET						
1	% of carers (caring for an adult) who have received an assessment or review of their needs	91%	92%*	92.6% (1,094/1,182)	↑	■
2	% of adult social care service users receiving an annual assessment or review of their care needs	95%	95%*	96.5% (2,654/2,749)	↑	■
3	No. of new permanent admissions to residential and nursing care of people aged 65 years and over (by yearend)	122	122*	120	↑	■
4	% of people in receipt of reablement packages that maximises independent living and reduces or eliminates need for an ongoing care package	76.6%	80%	80.3% (875/1,089)	↑	■

PUBLIC HEALTH

* Public Health – Please note that Public Health indicators have delayed reporting cycles.

KPI Description	Q2 2022/23	Target 2022/23	Q3 2022/23	DoT	RAG
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Targets with an asterisk* are cumulative, annual targets.

KPIs THAT DID NOT MEET TARGET						
1	% of children who received a 2-2.5 year development review from health visitors	53%	70%	65%	↑	■
Service Commentary: There is a continued focus on improving the uptake of the 2.5 year developmental reviews through regular monitoring. The service has a dedicated Integrated 0-5 Early Help and Prevention Manager in each borough to support the integrated offer. The service is looking at increasing the number of venues that the checks can be held as pilot evaluation leads to a blended approach. To support the administrative staff who contact families to invite them for the developmental checks, a written script has been developed to provide a consistent approach which emphasise the importance and benefits of the checks to families.						
KPIs THAT MET TARGET/ ARE ON TRACK TO MEET TARGET						
2	No. of active Community Champions volunteers providing neighbourhood health and wellbeing support	89	80	99	↑	■
3	Total no. of smokers (per annum) successfully completing 4 week quits after approaching NHS stop smoking services help you quit	1083	1000*	873 (Q3 367)	↑	■
4	% of opiate drug users that left drug treatment successfully who do not re-present to treatment within 6 months	8.8%	7.03-11.84%	7%	↓	■
MONITORING KPIs THAT DO NOT HAVE SET TARGETS						
5	No. of sexual health screens completed.	20,146	N/A	19,142	↑	■

CHILDREN'S SERVICES

KPI Description		Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
Targets with an asterisk* are cumulative, annual targets.						
KPIs THAT DID NOT MEET TARGET						
1	% of children achieving Good Level of Development at the end of the early years foundation stage	N/A	78%	65.9%	N/A	
Service Commentary: This is a Teacher Assessment made at the end of the Academic Year only so only appears once a year rather than by term. Review of options for further amalgamation of primary schools is underway. Demographic analysis of families in the City post Census data shows that families are leaving Westminster and those that left during the COVID pandemic are not all returning.						
2	% uptake of free early education funded placements for 3 and 4 olds	N/A	85%	47%	N/A	
Service Commentary: Appear to substantially underperform compared to the London and England averages. 2021 census shows 45% fewer 3 and 4 years olds in the city which would take performance to over 80% if census population figures were used. DfE reported data, which uses the 2011 census estimate which is reported here.						
3	% of schools rated by Ofsted as good or outstanding.	N/A	98%	93%	N/A	
Service Commentary: Due to a 17% reduction in the birth rate in London, primary school rolls continue to fall.						
4	% 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	N/A	75%	73.3%	N/A	
Service Commentary: Continuing to show improvement over the year. This is a relatively small cohort of children and subsequently more susceptible to larger variance quarter on quarter.						
5	% of care leavers (aged 17-24) in education, employment or training (EET)	80%	80%	68.8%	↓	
Service Commentary: We have an extensive support offer and continue to work closely with other Services and partners to create more opportunities for young care leavers. Westminster continues to have a very high percentage of care leavers in EET; well above the nation average of 55% and the London average of 63%. Data shows that Westminster has the highest percentage of 19-21 year old care leavers in EET across all London Boroughs.						
KPIs THAT MET TARGET						
6	% of referrals to children's social care that are within 12 months of an earlier referral (re-referrals)	24%	15%	16.5%	↑	
7	% of appointments to register births available within 5 days of enquiry	81%	95%	89.7%	↑	
8	% of care leavers (aged 17-24) placed in accommodation suitable for their needs (for children not homeless or in prison)	96%	94%	94.3%	↓	
9	% of Looked After Children placed within 20 miles from where they used to live in Westminster	N/A	85%	87%	N/A	
10	No. of young people that were known to the Youth Offending Team and were continuing to re-offend	N/A	22	20	N/A	
11	Attainment 8 score - average score obtained by a student for their best 8 GCSE results.	N/A	58	57.3	N/A	
12	% of Education and Health Care Plans completed within 20 weeks (excluding exceptions)	100%	90%	100%	→	
13	% increase in real and virtual visits to libraries	78.9%	2%	43.6%	↓	
MONITORING KPIs THAT DO NOT HAVE SET TARGETS						
14	% of children re-registered on a protection plan within 2 years	0%	N/A	0%	→	
15	% of children on free school meals	N/A	N/A	37.6%	N/A	

ENVIRONMENT AND CITY MANAGEMENT

KPI Description		Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
Targets with an asterisk* are cumulative, annual targets.						
KPIs THAT DID NOT MEET TARGET						
1	No. of Category 1 hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	375	375*	226	↓	
<p>Service Commentary: 226 severe Category 1 hazards have been removed from residential dwellings and 184 less serious category 2 hazards. This figure is lower due to being without 2.5 posts for most of 2022/23. It is also lower due to a delay in undertaking Houses of Multiple Occupation (HMOs) compliance inspections due to a higher than predicted number of new licence applications requiring pre licence inspections. 30 Financial Penalties have been issued in 2022/23 to non-compliance landlords which is the highest number to date.</p> <p>Mitigating Action: Recruitment to vacant posts as part of restructure and uptake in HMO compliance inspections expected in 2023/24.</p>						
2	Household waste recycling rate (%)	N/A	25%	23%	N/A	
<p>Service Commentary: Temporary delay to roll out of food waste service due to Queen's funeral.</p> <p>Mitigating action: City wide roll-out of household food recycling service now completed</p>						
3	Number of Houses in Multiple Occupation (HMOs) improved	32	200*	132	↑	
<p>Service Commentary: 1243 licences have had improvement conditions applied to the licence usually with 6-12 months compliance time. For 22/23, 298 have self-declared and provided evidence electronically of completion of works in addition to 132 that have been physically inspected. A decision was made to only formally record a HMO as improved following physical verification where a property has not previously been inspected. Compliance inspections have been pushed back into 23/24 due to a higher than anticipated number of new licence applications. These are physical inspections of licenced properties to sign off completed work conditions (84 in March alone). Inspections of high-risk properties prior to issuing licences has been prioritised over compliance inspections with 290 further applications currently being processed.</p> <p>Mitigating Action: No concerns moving forward as of the properties inspected to date, a high degree of compliance has been achieved. Very good evidence has been provided from the 298 self-declarations and these will be recorded as HMO's improved once a physical inspection has taken place. Prioritising pre licence issue inspections and setting licensing conditions is seen as a priority at present. This is to ensure that high risk properties are inspected without delay when an application is received.</p>						
4	Number of Cycle Hangers installed from April 2022 baseline	N/A	90	56	N/A	
<p>Service Commentary: This is relatively new initiative. Over the first year roll-out 56 hanger installations were completed. However over 2023/24 we are targeting significant expansion with location consultation started for FY23/24 programme. We will be targeting provision of 1000 new secure spaces within the hangers</p>						
KPIs THAT MET TARGET						
5	% of women accessing specialist domestic abuse services who report a reduction in abuse	N/A	75%	98% (152/155) (Q4 94%)	N/A	
6	% of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision	83%	80%	90%	↑	
7	% of licensed premises that are safe and well managed following a single inspection	99%	90%	98% (677/693) (Q4 98%)	↓	
8	% of missed bin collections per 100,000	N/A	3%	3%	N/A	
9	% of streets in Westminster that pass the street score survey for litter	95%	95%	98%	↑	
10	% of urgent lighting defects returned to service within agreed service levels	85%	98%	98.4% (3185/3236)	↑	
11	% of carriageway and footway defects repaired or made safe within target timescales	98%	98%	98.2% (5806/5913)	↑	
12	No. of vulnerable residents supported to continue living in their homes	500	500*	1026	↑	
<p>Service Commentary: This represents 833 households of older or disabled residents who have used our free Handyperson Service as well as 193 households who have received grant funding to adapt their homes to make them safer/warmer or more accessible to enable more independence in their own homes.</p>						
13	% of all high-risk food premises inspected (rated category A-B)	100%	100%	100%	→	
14	Ratio of public EV charging places to Resident ECO Permits held	N/A	01:8	1:3.16 (269 charge points for 6,538 residents with an Eco Permit)	N/A	
15	% of cycle lane asset condition assessments completed as scheduled.	N/A	98%*	90%	N/A	
<p>Service Commentary: Undertaken as part of Highways Inspectorate regime. On track and will continue as scheduled.</p>						
MONITORING KPIs THAT DO NOT HAVE SET TARGETS						
16	No. of people assisted by Night Stars	N/A	N/A	401	N/A	

FINANCE AND RESOURCES

KPI Description	Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
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Targets with an asterisk* are cumulative, annual targets.

KPIs THAT DID NOT MEET TARGET

1	% of Stage 2 complaint responses despatched within 20 working days	55%	75%	47%	↓	
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Service commentary: In 2022/23, 393 stage 2 complaints have been responded to (186 were in target). A further 5 complaints are still outstanding. Corporate team responded to 78% in target, however the housing management team responded to 38% in target. In total 421 stage 2 complaints were received, of which 323 were about housing management issues.

Mitigating action: The volume of housing complaints received in 2022/23 was very similar to levels in 2021/22. The housing service has been operating with a backlog of complaints for the past 2 years which has resulted in fewer complaints being responded to in target than is acceptable. Over 2022/23 this backlog was addressed, however the clearance of so many complaints that were overdue had a detrimental impact on performance for the year. Performance improved over the final quarter of 22/23 once complaints investigated were within target. We will continue to monitor performance closely, however now that the backlog has been cleared performance should continue to improve.

2	% of contracts (over £100k) with Responsible Procurement commitments (e.g. to reduction to carbon footprint, waste etc.)	N/A	90%	81%	N/A	
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Service commentary: Contracts with Responsible Procurement commitments has remained relatively high with some fluctuation month on month. This has been due to several specific factors:

- Direct awarded contracts or contract extensions where enhanced Responsible Procurement deliverables have not been agreed with suppliers prior to CRGB and were not in original agreements
- Responsible Procurement not applicable e.g., Private Health Insurance, consultancy contract
- Cross-borough contracts across London boroughs such as shared software

Mitigating action:

- Launch of Responsible Procurement and Commissioning Strategy in April with a delivery board set-up in June attended by senior managers.
- Contract Management Framework refreshed and relaunched July 2023 with specific section on Responsible Procurement reporting for contract managers
- Further training with commissioners and contract managers on new RPC Strategy and how to embed it in specifications and monitoring KPIs
- Reducing number of directly awarded contracts.
- For existing procurement frameworks, we are working framework hosts to explore how to improve Responsible Procurement input

KPIs THAT MET TARGET

3	% of unpaid sundry debt (raised by invoice on IBC) over 30+ days	7%	16%	10.21%	↓	
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4	% of Council Tax Collected	91.5%	93%*	93.56%	↑	
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5	% of Business Rates Collected (National Non-Domestic Rates)	91.8%	95%*	95.54%	↑	
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6	Time taken to process benefit claims and benefit changes of circumstance (days)	10	9	10	→	
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7	Corporate Contact Centre % Calls abandoned	N/A	<10%	4.3%	N/A	
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8	Out of Hours Contact Centre % Calls abandoned	N/A	<10%	7.2%	N/A	
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9	% of invoice payments made to creditors within 30 days	98.5%	95%	98.51%	→	
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10	% of High Value Suppliers rated at Good or Satisfactory by contract managers	N/A	90%	92%	N/A	
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11	% of contract awards (over £100k) to Small Enterprises or Voluntary and community social enterprises	N/A	25%	37%	N/A	
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12	Housing Revenue Account (HRA) Rent arrears	N/A	98.5%	98.18%	N/A	
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13	% increase in total income generated from the council's investment portfolio per annum	2%	2%	21%	↑	
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Service Commentary: The income collected for Q4 2023 was £7.88m and £6.22m in 2022. Income increased by 21% due to passing the arbitration period for commercial rent arrears this contributed to an increase in payments additional assets have also been acquired which has increased income

14	% of premises with access to full fibre broadband in Westminster	N/A	80%	80.3%	N/A	
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Service Commentary: The percentage of premises with access to full fibre broadband in Westminster as of May 2023.

MONITORING KPIs THAT DO NOT HAVE SET TARGETS

15	% of digitally excluded residents because of lack of skills, connectivity or accessibility	4%	N/A	2.4%	↑	
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16	Carbon savings achieved from portfolio of companies receiving pension fund investments compared to the 2018/19 baseline	65%	TBC	69%	↑	
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GROWTH, PLANNING AND HOUSING

KPI Description		Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
Targets with an asterisk* are cumulative, annual targets.						
KPIs THAT DID NOT MEET TARGET						
1	No. of residents securing jobs through the Westminster Employment Service (WES)	529	320*	319	↓	
Service commentary: In delivering the ESF Connecting Communities Programme, a significant challenge was the requirement to adopt new methods of recording and monitoring of all activities. This involved a suite of new procedures, which were highly demanding and prescriptive, requiring a completely new approach to our processes. The collection of eligibility evidence was introduced, new reporting mechanisms and the use of a bespoke CRM platform to handle case management from referral through to programme end. This required an ongoing training programme for 80% of the team to both manage clients through the programme and maintain a high-quality service for our residents.						
2	No. of affordable Housing units delivered	1209	493*	422	↓	
Mitigating action: Below annual target due to some scheme completions moving into 23/24 (Lisson Arches and Ashbridge)						
3	No. of social housing units delivered	N/A (new target)	189*	110	N/A	
Mitigating action: Below annual target due to some scheme completions moving into 23/24 (Lisson Arches and Ashbridge)						
4	Average % of zero carbon emissions target for major planning permissions that is met by on site measures	N/A (new target)	60%	46.3%	N/A	
Mitigating action: Qtr 4 major applications included a number of older applications and applications to extend existing buildings, which are typically lower performing in terms of operational carbon savings. Sustainability officers recruited in summer 2022 have now been inputting into negotiation on major applications for 9 months and we expect this to positively impact the operational carbon savings achieved in future years as decisions are made on schemes they have negotiated.						
KPIs THAT MET TARGET						
5	No. of businesses receiving meaningful business support	N/A (new target)	2,250*	2,975	N/A	
6	No. of cases of homelessness prevented (Defined as outcomes from a combination of Housing Solutions and Shelter work)	595	545*	651	↑	
7	Businesses actively engaged and/ or contributing financially or in kind (or amount of contributions (£) from business to support our communities, residents and young people	N/A (new target)	180*	324	N/A	
8	% of Westminster residents supported into jobs through WES who are sustained in employment for a minimum of 6 months	N/A (new target)	45%	47.03%	N/A	
9	Westminster residents supported into work focused training and skills opportunities	N/A (new target)	300*	396	N/A	
10	% of residents satisfied with anti-social behaviour case handling (on housing estates) by the council	67%	65%	66%	↓	
11	% of 'major' planning applications determined within 13 weeks i.e. larger scale development	89%	70%	85.2%	↓	
12	% of 'non-major' planning applications determined within 8 weeks	78%	75%	76.8%	↓	
13	% planning appeals determined in favour of the council (Excluding telephone boxes)	67%	65%	69%	↑	
14	% of calls answered by the Housing Customer Services Centre within 30 seconds	69%	70%	74%	↑	
15	% of tenants' satisfied with housing repairs service	75%	75%	77%	↑	
16	Voids brought back to use with improved energy efficiency	N/A	80*	113	N/A	
MONITORING KPIs THAT DO NOT HAVE SET TARGETS						
17	Of the residents securing employment through WES, the number of residents securing employment at or above London Living Wage.	N/A	N/A	151	N/A	

INNOVATION AND CHANGE

KPI Description		Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
Targets with an asterisk* are cumulative, annual targets.						
KPIs THAT DID NOT MEET TARGET						
1	Subject Access Request responded to in line with statutory deadlines (targets based on ICO guidance)	N/A	90%	65% (Q4 74%)	N/A	
Service commentary: Subject Access Request performance is largely dictated by volume of requests received and the capacity of the team to handle these as these are responded to centrally rather than by the lead directorate with FOIs. We know this as the number of SARs successfully responded to in statutory limits is consistently around 35-45 per quarter. Quarters with the lowest performance were consistently those with high numbers of requests received so the overall percentage dipped. Measures are being put in place to address this capacity with an extra officer being recruited to focus on SAR responses.						
2	FOIs responded to in line with statutory deadlines (targets based on ICO guidance)	N/A	90%	82% (Q4 79%)	N/A	
Service commentary: The central team continue to monitor and support including advising on exemptions and reminding about impending statutory deadlines. The FOI performance can be affected by high numbers of Subject Access Requests as responses are all co-ordinated by the same team. Measures are being put in place to improve performance, most notably specific reports by department so Executive Directors have the ability to monitor performance in their areas. A more structured escalation procedure is also now in place in the event of a request not being accepted by a lead department within 5 and 10 days as this is often a driver of poor performance where requests are cross departmental or do not directly link to an obvious council function.						
3	Total participation in play, physical activity, leisure and/or sport facilities and activities	3.7m	4.6m*	3.96m (86%)	↑	
Service commentary: The yearly target of 4.6m is in line with pre-covid levels (2019) and whilst under target, monthly reporting has shown continued recovery through the 2022/23 year compared to 2019. Further recovery is expected through 2023/24.						
4	No. of Westminster Connects volunteers (and total hours) to help their communities	N/A	1,500 (5,000 hours)*	1,120 (17,113 hours)	N/A	
Service commentary: The type of volunteering work has changed over the last year as we came out of the height of the pandemic, less mass volunteering opportunities such as food deliveries and vaccine support. However, the number of volunteering hours has exceeded target, with active volunteers supporting many residents on a regular basis with our core matching service including food shopping volunteers, walking companionship and dog fostering.						
KPIs THAT MET TARGET						
5	% of residents who feel informed about Council services and benefits	60%	69%	76%	↑	
6	% of residents who feel informed about plans for their local area	59%	69%	71%	↑	
7	Committee agendas published in line with statutory deadlines	N/A	100%	99.3%	N/A	
Service commentary: Across the whole year, only one agenda for a health and wellbeing board was published to Westminster's website late, but this was a meeting hosting by the Royal Borough of Kensington and Chelsea as the Board is organised jointly and the documents were published in good time by RBKC. Arrangements have now been put in place to avoid this occurring in the future with better flows of information between both boroughs. 151 agendas were published in line with statutory requirements.						
8	No. of parks and open spaces awarded with green flag status	N/A	28	29	N/A	
Service commentary: Next Green Flag judging in Summer 2023						
9	No. physical activity providers that have been awarded the Active Westminster mark	N/A	40	60	N/A	
10	No. of visits to outdoor learning services	27,301	23,000*	23,973	↓	
MONITORING KPIs THAT DO NOT HAVE SET TARGETS						
11	% of residents who agree the Council involves them in decisions it makes about their local area	49%	N/A	70%	↑	

PEOPLE SERVICES

KPI Description	Yearend 2021/22	Target 2022/23	Yearend 2022/23	DoT	RAG
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Targets with an asterisk* are cumulative, annual targets.

KPIs THAT DID NOT MEET TARGET

1	% of Global Majority employees in senior leadership roles (band 5 and above)	22%	30%	28%	↑	
Service commentary: 56 out of 203 senior employees are Global Majority. Overall numbers of Global Majority Staff have increased by 6 over the past 12 months, however this hasn't been enough to reach target.						
2	% of women in senior leadership roles (band 5 and above)	45%	50%	48%	↑	
Service commentary: 97 out of 203 senior employees are Female. Overall numbers of Female Staff have increased by 8 over the past 12 months, however this hasn't been enough to reach target.						
3	Westminster Way index (%) measuring the impact of the changes we are making as part of our people strategy	N/A	69%	68%	N/A	

KPIs THAT MET TARGET

4	% of staff turnover is managed at appropriate benchmark levels (excluding redundancies)	12%	11%	11%	↑	
5	Engagement: To maintain and grow the high Employee Engagement across WCC	74%	74%	77%	↑	
6	% of workforce that are Temporary Agency Contractors	N/A	8%	8%	N/A	
7	Staff Survey: % of staff who think it is safe to speak up	N/A	58%	58%	N/A	

7. Financial Implications

N/A

8. Legal Implications

N/A

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:

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City of Westminster

Decision Maker:	Audit and Performance Committee
Date:	24 July 2023
Classification:	General Release
Title:	Revenue and Capital Outturn 2022/23
Wards Affected:	ALL
Key Decision:	No
Financial Summary:	The report summarises the Council's 2022/23 year-end financial position
Report of:	Gerald Almeroth, Executive Director – Finance and Resources

1. Executive Summary

- 1.1. This report sets out the Council's 2022/23 outturn position for revenue and capital for the General Fund (GF) and Housing Revenue Account (HRA), as well as a summary of the pension fund and the Council's treasury management for the year.
- 1.2. The General Fund (GF) revenue outturn position is a net underspend of £2.967m against an approved budget of £185m. This equates to a net underspend of 1.6%. This is an improved position compared to the Quarter 3 forecast position of a net £3m overspend. This improvement was primarily due to increased income from some services within Environment and City Management and treasury investment income. The revenue underspend will increase the Council's general reserve balance by 3.5% to £60m.
- 1.3. The Council's general reserves are held as risk mitigation and allow the management of any unforeseen circumstances and economic volatility. The current level of general fund reserves is considered a sufficiently robust level to manage any in-year pressures that may arise from either cost inflation or reduced income or funding levels below those factored into the 2023/24 budget. It can also help manage the positive delivery of savings over the medium-term and cover one-off shortfalls in the annual budget setting process.

- 1.4. The HRA outturn is a surplus of £5.139m. The 2022/23 HRA budget had been set with the expectation that income would be fully balanced against expenditure, with no reserve drawdown budgeted for.
- 1.5. The general fund capital outturn is a gross expenditure variance of £69.6m against a revised budget of £267m. The HRA capital outturn has an expenditure variance of £21.894m against a revised budget of £193.777m. Detailed explanations of the reasons for the variances are set out in the report.

2. Recommendations

- 2.1. That Committee notes the outturn position for 2022/23

3. Revenue Budget

General Fund

- 3.1. The table below summarises the year end revenue position:

ELT	2022/23 Net Budget £m	2022/23 Net Outturn £m	2022/23 Net Variance £m
Adult Services	54.172	53.963	(0.208)
Children's Services	41.171	43.030	1.858
Environment and City Management	3.245	1.038	(2.207)
Growth, GF-Housing and Planning	23.268	34.371	11.103
Finance and Resources	33.093	9.983	(23.110)
Innovation and Change	19.580	18.701	(0.879)
Public Health	(1.141)	(1.141)	0.000
Other Corporate Directorates	4.237	4.024	(0.213)
Corporate Items*	7.236	17.926	10.690
Total	184.862	181.894	(2.967)

* Corporate Items includes non-specific grants, levy payments, New Homes Bonus and capital financing

- 3.2. The key expenditure variances for the final outturn position across Council services are explained in the sections below. In summary these are:

- Contract and salary inflation was a pressure across all services as inflation rates increased to above 10% over the year. Inflation was 5% at the time of setting the budget. This overspend is contained within Corporate Items in the above table;

- Growth, Planning and Housing overspent as a result of ongoing pressures on temporary accommodation combined with a higher than expected shortfall in planning income;
- Children’s Services overspent due to further demand pressures on short breaks and SEN transport, and;
- Finance and Resources showed a positive variance due to additional treasury investment income as interest rates increased rapidly in the year.

Inflation

3.3. Over the past year the Council has experienced significant inflationary pressures above those originally budgeted for. This included additional contract inflation requests from suppliers and finalisation of the 2022/23 pay award. In total these inflationary pressures totalled £10.7m as shown in the table below.

	Pay £m	Contract £m	Total £m
Adult Services	0.525	1.325	1.850
Growth, GF-Housing and Planning	0.629	0.845	1.474
Finance and Resources	0.941	0.672	1.613
Environment and City Management	0.743	2.971	3.714
Childrens Services	0.985	0.377	1.362
Innovation and Change	0.553	0.006	0.559
Other Corporate Directorates	0.118	-	0.118
Total	4.494	6.196	10.690

3.4. These inflationary pressures have been shown within the corporate items line on the outturn summary which is reporting a year end overspend of £10.690m. As part of the 23/24 budget setting process additional provision was made for service areas to manage the pay and contract price inflationary pressures experienced during 22/23. In addition the 23/24 budget includes provision for further anticipated pay and contract inflation. An uplift of 5% or £10.4m has been allowed for pay inflation and 5.5% or £12.4m for contract inflation.

Investment Income

3.5. Whilst high inflation has created cost pressures for the provision of Council services, it has been mitigated by increases in the Bank of England base rate pushing up the level of investment interest earned on Council cash balances. At the start of 22/23 bank base rate was at 0.75%. Following steady increases throughout the year it reached 4.25% by the end of year and has increased again in June to 5%.

3.6. These increases in investment income have offset the additional inflationary cost pressures but also other service pressures such as those arising from temporary accommodation, resulting in an overall underspend position for 2022/23. Whilst this has been beneficial in the short term, once interest rates reduce that benefit will no longer be there and the additional cost pressures will need to be balanced in other ways.

Major Income Streams

3.7. A summary of the Council's top income variances can be found in the table below:

Key Income Streams	Budget £m	Actuals £m	Variance £m
Parking - paid for parking	41.171	38.332	2.839
Paid for parking - motorcycles	0.625	0.627	(0.002)
Parking penalty charge notices - marshals	15.409	18.710	(3.301)
Parking penalty charge notices - cameras	4.083	4.520	(0.437)
Parking - suspensions and dispensations	21.030	21.563	(0.533)
Parking - resident permits	4.562	4.044	0.517
Parking - trade permits	1.320	1.175	0.145
Commercial Waste	13.720	17.329	(3.609)
Licensing fee income	3.211	2.833	0.378
Road management fees	9.792	10.922	(1.130)
Leisure	1.342	1.351	(0.009)
Registrars	2.401	3.243	(0.842)
Planning – development control	7.642	4.424	3.219
City Promotions, Events and Filming	1.591	2.582	(0.991)
Local Land Charges	1.444	1.491	(0.047)
Property - commercial rental income - General Fund & HRA	31.474	33.096	(1.621)
Court costs recovery income	1.908	3.620	(1.712)
Total	162.723	169.862	(7.139)

Medium-term Financial Plan – 2022/23 savings

- 3.8. In March 2022, Full Council approved £16.588m of savings as part of its balanced General Fund budget.
- 3.9. Achievement of those savings is set out in the table below. Those savings that either weren't achieved or reprofiled form part of the year-end outturn position.

Directorate	Saving achieved £m	Saving reprofiled £m	Saving unachieved £m	SAVINGS TOTAL £m
Adult Social Care	2.610	-	-	2.610
Children's Services	1.483	-	0.450	1.933
Environment and City Management	4.790	0.158	0.900	5.848
Finance and Resources	1.675	0.400	-	2.075
Growth, Planning and Housing	2.410	-	1.100	3.510
Innovation and Change	0.612	-	-	0.612
TOTAL	13.580	0.588	2.450	16.588

- 3.10. 23/24 budgets have already been amended for unachieved savings in GPH and ECM. The unachieved savings in Childrens are being reviewed and will be picked up in the monitor.

Movements from Quarter 3

- 3.11. The main movements by Directorate from the quarter 3 position is shown in the table below:

Movements by Directorate	£m
Quarter 3 Forecast (Underspend) / Overspend	3.043
Adult Services	(0.108)
Growth, GF-Housing and Planning	0.927
Finance and Resources	(3.357)

Environment and City Management	(2.422)
Childrens Services	(0.100)
Innovation and Change	(0.605)
Other Corporate Directorates	(0.173)
Corporate Items	(0.172)
Movement since Q3	(6.011)
Final Outturn for 22/23	(2.967)

Key Variances

3.12. The key expenditure variances across the Council services are explained in further detail below.

Adult Social Care and Public Health (ASC): Underspend £0.208m

- 3.13. The Adult Social Care (ASC) sector continues to face challenges linked to high demand for services and acuity of needs. However, like in past year, these challenges have been robustly managed by maximising efficiencies and lobbying health partners for additional funding. This hard work means that the ASC financial outturn is an underspend of £0.208m which is 0.3% of the net budget, £54.2m. This is £0.100m greater than the position reported previously. The positive movement is largely due to higher income achieved than previous forecast.
- 3.14. The financial position is positive because of £2m one-off funding received in year from the Integrated Care Board (ICB) and £1m from the Department of Health and Social Care (DHSC) to offset cost pressures and allow additional investment to support the hospital discharge process. Expenditure across Homecare continues to increase linked to demand and complexity. The number of Homecare clients increased by 8% in 22/23 compared to the previous year. It is expected that there will be a continuous increase in presenting need within Learning Disabilities, Mental Health, and people with complex needs in the coming year.
- 3.15. In 23/24, central government announced additional funding for the Council, through a £3.1m Market Sustainability and Improvement Fund grant and £2.5m from the Discharge Fund. These grants have conditions and reporting requirements and are expected to be spent in full.
- 3.16. The Public Health financial outturn is a break-even position. The department will continue its commitment to invest in cross-council initiatives and public health interventions which address health inequalities in the local population. The aim will be to target key vulnerable groups, offer increased resilience and support health and wellbeing.

Children's Services: Overspend £1.858m

- 3.17. A £1.858m overspend is reported for Childrens Services which represents 5% of the overall service budget of £41.171m. There was a small net movement of £0.100m since quarter 3.
- 3.18. In the Education service, a £1.420m overspend was reported as a result of short break pressures relating to care packages and direct payments, social care cases from Disabled Children's Team and Tresham-related staffing and building pressures. At the end of 2022/23 there were 97 FTE care packages of which 34 were social care cases in addition to 142 active direct payments where there was a £0.584m overspend on packages as well as £0.240m on staffing.
- 3.19. The annual pressure of operating across multiple sites has been calculated at approximately £0.350m. This is made up of mainly staffing (£0.260m), building costs (£0.050m) and transport costs (£0.040m). There are currently 154 pupils attending the Tresham site of which 32 are social care cases. Additionally, the Council is no longer receiving funding from the NHS where they would have previously funded part of care packages costs under the continuing care panel (circa £0.350m).
- 3.20. Family services overspent by £0.354m mainly due to placement costs particularly those with no recourse to public funds (NRPF).
- 3.21. The net overspend on Libraries and Archives (0.089m) was due to unachieved income targets in Libraries.

Environment & City Management: Underspend £2.207m

- 3.22. Environment and City Management reported a £2.207m underspend which is an improvement of £2.4m on the forecast position as at Quarter 3. This is due to additional income from several areas including Commercial waste, parking bay suspensions and road management.
- 3.23. Waste and Cleansing reported an underspend of £3.580m. Commercial waste collected £3.609m more than budgeted, and experienced growth in both new and existing customers. The economic recovery post pandemic was much higher than originally estimated. Disposal costs underspent by £0.253m due to an untypically high-value rebate from recyclable materials offsetting the increased waste tonnage.
- 3.24. Collection and Cleansing overspent by £0.647m due largely to an additional collection round for sorted paper and glass which also helped reduce disposal costs and additional leased vehicles.
- 3.25. Public Conveniences had an income shortfall of £0.246m which was offset by £0.236m reduced costs, but overall underspent by £0.403m due to a one-off

refund from the contractor relating to a previous financial year. There were other minor net adverse movements £0.028m.

- 3.26. Parking reported an overspend of £0.501m. This was made up of an under recovery of £2.839m on Paid for Parking, £0.517m on Resident Permits and £0.515m on other parking income, offset by over recovery of £0.533m on Suspensions, £0.516m on CCTV PCNs, and £3.256m on Marshal-issued PCNs.
- 3.27. Additional parking service costs of £1.803m were incurred, largely in respect of extra targeted on-street enforcement and other costs associated with higher PCN volumes, the increased number of CCTV cameras, and additional resourcing in the service to support the contract implementation and the ongoing Cycle Hangars scheme. A further underspend £0.868m occurred in respect of Concessionary Fares due to lower usage than anticipated.
- 3.28. Public Protection and Licensing reported a overspend of £1.745m which arises mainly from an expected staffing expenditure saving of £0.9m that was delayed, additional legal provision requirement of £0.1m and income shortfalls of £0.745m from a number of income streams including Massage, Street Trading, Advice Giving and Inspection Services.

Growth, GF-Housing and Planning: Overspend £11.1m

- 3.29. The overall GPH outturn variance to budget is £11.1m, which is broadly consistent with projections throughout the financial year.
- 3.30. Planning income has continued at below the levels of pre-pandemic times and was £3.6m below the budget. Major Applications (that attract the higher fees) are 59% below 2019/20 volumes. The table below shows a comparison of activity levels for planning and pre-planning applications:

	2019/20	2021/22	Change	2019/20 (Q3)	2022/23 (Q3)	Change
Major	67	37	-45%	58	24	-59%
Minor	2,735	3,082	13%	2,121	2,256	6%
Other	7,067	4,916	-30%	5,466	3,647	-33%
Pre Apps	1,272	843	-34%	971	637	-34%

- 3.31. There have been significant pressures in General Fund Housing that have impacted during 2022/23. In particular this has been on Temporary Accommodation, partly demand related, but more significantly driven by supply pressures that are pushing the Council to use expensive emergency accommodation to ensure that they fulfil their statutory duties. The outturn variance to budget is £6.8m (once allowing for the corporately held inflation allocation). It is worth noting that the number of households in nightly rated accommodation at the end of 22/23 had risen to 120 compared to 20 at the

equivalent point in the prior year, and that this will have an impact on the 2023/24 financial position.

- 3.32. The overall number of households housed in temporary accommodation has increased significantly during 2022/23. An average of 2,899 households were housed in TA (compared to 2,692 in 2021/22). On top of this, the average net unit cost of TA has increased from approx. £67 per week to over £113 per week. It is worth noting that the increase during 2022/23 was sharper in the final 6 months of the year, where demand grew by c30 extra households per month, and that this trend has continued into 2023/24.
- 3.33. The outturn position on Housing Benefits is a £0.9m overspend to budget. This is primarily driven by the overall HB expenditure less the HB Subsidy income received being more significantly in deficit than budgeted.

Finance and Resources: Underspend £23.110m

- 3.34. Finance and Resources is reporting a £23.110m underspend against the budget of £33.093m. This is largely due to significant interest rate increases experienced in 2022/23 and has resulted in a favourable return on investment.
- 3.35. The overall outturn position is a favourable variance of £3.357m since quarter 3, this is as a result of:
- 3.36. Corporate Property: £2.4m favourable movement of which £1.875m relates to rent reviews and collection of one-off backdated rent. Of this £1.875m, £1.300m was rent backdated to 2020/21 and £0.575m rent backdated to 2011. In addition, utilities had a favourable movement due to lower than expected energy consumption of £0.346m and there was further realisation of investment income opportunity £0.400m; offset by Queen Mother Sports Centre capital write off £0.593m.
- 3.37. Treasury and Pensions: £2.3m favourable since Q3 as a result of further investment income from increased base interest rates. Daily investment balances steadily increased from £454.5m at 31 March 2022 to £837m at 31 March 2023. Interest rate forecasts were initially suggesting only gradual rises, but the rate rises were more frequent and higher than anticipated leading to a changing position throughout the year. How far interest rates rise will be dependent upon the path of inflation.
- 3.38. Revenues & Benefits: £0.4m favourable movement since quarter 3 which is due to staffing costs coming back in line with the budget (£0.2m) and an improved underspend on benefits administration (£0.1m) and Revenue Services Contract Performance (£0.1m).
- 3.39. The favourable variances outlined have been offset by an overspend in Digital and Innovation of £1.996m. This is attributed to a change in profile on the Small

Cell contract income (£1.285m) following renegotiation (the contract will be achieving the same value, but this has now more backloaded over the 10 year period), as well as a reduction in rechargeable income from HRA staff costs and shared IT software (£0.227m) There is also an overspend in Procurement of £0.2m from reduced staff capitalisation £0.1m and management fees associated with Matrix platform £0.1m.

Innovation & Change: Underspend £0.879m

- 3.40. Overall within Innovation and Change there is an underspend position of £0.879m resulting from staff underspends from vacancies held and improved income within the City Promotions, Event and Filming team.

Other Corporate Directorates: Underspend £0.213m

- 3.41. Other Corporate Directorates have reported a £0.213m underspend which relates to staffing vacancies. The movement from quarter 3 relates largely to the inflation which had not been forecast within People Services and improved underspends on other non-pay areas.

4. Housing Revenue Account (HRA)

- 4.1. The HRA has end the year with a surplus of £5.139m against budget. The 2022/23 HRA budget had been set with the expectation that income would be fully balanced against expenditure (i.e. no budgeted drawdown of reserves).
- 4.2. The key driver of the surplus was primarily linked to a £nil borrowing requirement on the 2022/23 HRA capital programme. This was largely due to the in-year receipt of additional GLA grant for the Ebury regeneration (moving profiled borrowing back a year and into 2023/24).
- 4.3. The main HRA variances were predominantly corporate items, as follows:
 - Reduced interest costs due to £nil borrowing (£2.232m)
 - A reduced revenue contribution to fund capital (£2.200m)
 - A reduced contribution to the HRA Bad Debt Provision (£0.500m)
 - Lower than budgeted staff incentive payments (£0.348m)
- 4.4. The service delivery element of the HRA budget was balanced, with high levels of inflation on repairs spend (£4.336m) largely offset against staff underspends and increased recovery of costs via leaseholder service charges.
- 4.5. The surplus has been transferred to HRA earmarked reserves to fund known future commitments and mitigate future risk. This includes planned revenue contributions to fund capital (re-profiled from 2022/23), the HRA rent support fund and other planned MTFP initiatives.

5. Capital

5.1. General Fund Capital Programme

5.1.1. The Council's capital programme was approved by full Council in March 2022, with a General Fund expenditure budget of £301.895m and an income budget of £46.939m for 2022/23. The 2022/23 budgets were revised at 2021/22 outturn and again at P6 to an expenditure budget of £267.003m and income budget of £42.170m.

5.1.2. As part of the outturn position, budgets have also been reviewed to reprofile across years. For General Fund, this represents expenditure reprofiling from 2022/23 to future years of £69.667m and income reprofiling from 2022/23 to future years of £11.735m. This is explained in more detail below.

5.1.3. The table below summarises the General Fund capital outturn position for 2022/23:

Directorate	2022/23 Expenditure Budget £m	2022/23 Income Budget £m	2022/23 Net Budget £m	2022/23 Outturn Expenditure £m	2022/23 Outturn Income £m	Net Outturn £m	Expenditure Variance £m	Income Variance £m	Net Variance £m
Adults & Deputy Chief Executive Services	5.460	(0.860)	4.600	4.533	(0.163)	4.370	(0.927)	0.697	(0.230)
Children's Services	10.333	(10.281)	0.052	6.987	(6.977)	0.010	(3.346)	3.304	(0.042)
Environment and City Management	79.116	(19.209)	59.907	50.273	(18.347)	31.926	(28.843)	0.862	(27.981)
Finance & Resources	55.737	(5.127)	50.610	42.625	(3.507)	39.118	(13.112)	1.620	(11.492)
Growth, Planning & Housing	100.087	(6.673)	93.414	74.653	(18.619)	56.034	(25.434)	(11.946)	(37.380)
Westminster Builds	14.700	0.000	14.700	17.599	0.000	17.599	2.899	0.000	2.899
Innovation & Change	1.570	(0.020)	1.550	0.684	(0.003)	0.681	(0.886)	0.017	(0.869)
Total	267.003	(42.170)	224.833	197.354	(47.616)	149.738	(69.649)	(5.446)	(75.095)

5.1.4. In total the general fund capital programme has gross expenditure reprofiling of approximately £69.7m. The detailed reasons for the main variances are explained in the paragraphs below:

5.1.5. This report requests this net movement to be re-profiled into future years. The tables below provide a breakdown of these movements by Directorate.

Expenditure:

Directorate	Slippage from 2022/23 to 2023/24 £m	Bfwd from 2023/24 to 2022/23 £m	Slippage from 2022/23 to 2024/25 £m	Slippage to 2022/23 from 2024/25 £m	Total Slippage £m	(Under)/Overspends £m	Total 2022/23 Outturn Variance £m
Adults & Deputy Chief Executive Services	(0.556)	0.001	0.000	0.000	(0.555)	(0.372)	(0.927)
Children's Services	(2.477)	0.000	0.000	0.000	(2.477)	(0.869)	(3.346)
Environment & City Management	(34.606)	5.327	0.000	0.000	(29.279)	0.436	(28.843)
Finance and Resources	(12.049)	0.027	0.000	0.185	(11.837)	(1.275)	(13.112)
Growth, Planning & Housing	(29.828)	1.950	0.000	0.345	(27.533)	2.099	(25.434)
Westminster Builds	0.000	2.899	0.000	0.000	2.899	0.000	2.899
Innovation and Change	(0.896)	0.011	0.000	0.000	(0.885)	(0.001)	(0.886)
TOTAL	(80.411)	10.215	0.000	0.530	(69.667)	0.018	(69.649)

Income:

Directorate	Slippage from 2022/23 to 2023/24 £m	Bfwd from 2023/24 to 2022/23 £m	Slippage from 2022/23 to 2024/25 £m	Slippage to 2022/23 from 2024/25 £m	Total Slippage £m	Under / (Over) recovery £m	Total 2022/23 Outturn Variance £m
Adults & Deputy Chief Executive Services	0.482	0.000	0.000	0.000	0.482	0.215	0.697
Children's Services	2.435	0.000	0.000	0.000	2.435	0.869	3.304
Environment & City Management	4.061	0.000	0.000	0.000	4.061	(3.199)	0.862
Finance and Resources	1.915	(0.013)	0.000	0.000	1.902	(0.282)	1.620
Growth, Planning & Housing	2.899	(0.097)	0.036	0.000	2.838	(14.784)	(11.946)
Westminster Housing Investments Limited	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Innovation and Change	0.020	(0.003)	0.000	0.000	0.017	0.000	0.017
TOTAL	11.812	(0.113)	0.036	0.000	11.735	(17.181)	(5.446)

5.1.6. The table below summarises the projects with the largest gross expenditure variances to budget:

Project	Variance to Expenditure Budget £m	Comments
Main Fleet Replacement Programme	(16.711)	Delays with securing site lease agreement has resulted in slippage to 2023/24 in site infrastructure works. These are now partially complete, and work is expected to be finalised in June 2023. The 40 electric waste collection vehicles are being built and originally had a delivery date in 2022/23. However, negotiations have taken place with the manufacturer to store the vehicles under their insurance until the electrical charging infrastructure work at the site is completed, which will result in delivery in July 2023.
Westminster Community Homes Loans	(5.733)	Loan agreement between WCC and WCH has not taken place, as planned, this financial year, as legal agreements have taken longer to reach than expected. The loan is for development costs of social units. Units were switched from intermediate to social mid-year, explaining the legal related delays. New viabilities also had to be run to test whether the scheme was viable being 100% social. Agreement is expected early in the new financial year, therefore the variance will be reprofiled to 2023/24.
Temporary Accommodation	(3.877)	Of the targeted 68 acquisitions this year, 49 have been completed, with a further 10 where a sale had been agreed, but legal completion had not been achieved by 31 st March 2023 (of these, 4 completed during April 2023). The nature of this programme of acquisitions means that unspent resources will be rolled forward into 2023/24 and beyond. A review of the structure of the service is being undertaken with a view to accelerating the delivery of the overall acquisitions programme, this will form the basis of a Cabinet Member report in the summer.
Church Street Acquisitions	(3.400)	The acquisitions programme is driven by engagement from residents and negotiations are still in progress and these units are expected to complete in 2023. A certain number of homes would have been budgeted for in 2022/23, however as these were not

		purchased, all costs (the values of the properties and any associated costs) have been reprofiled to 2023/24.
Carbon Management Programme	(3.207)	The focus has been on completing the Phase 1 BEIS funded projects so most of the work on the Council/S106 funded projects has been reprofiled to 2023/24, as part of a rolling programme. These projects include Seymour Leisure Centre, Stowe Youth Centre, Maida Vale Library, George Eliot Primary School, Barrow Hill Junior School, Four Feathers, Queens Park Library and Abbey Community Centre.
Improvements Investment Properties	(2.425)	The reprofile reflects the following: <ul style="list-style-type: none"> • Orange Street (£1.072m) – changes in the specification and the time taken to agree the contract has delayed the delivery of this work. The work is now expected to complete in Q2 23/24 • Huguenot House – maintenance / refurbishment (£0.757m) – work was delayed, now expected to commence in Q2 2023/24. • Other projects (£0.596m) – an allowance for ad hoc investment portfolio projects that was not required in 2022/23
Public Realm Improvement Schemes	(2.418)	Several smaller schemes (Abel & Cleland, Wellington hotel, Connaught Village Green) which were planned to start in 2022/23 have now been rescheduled to start in 2023/24 due to project funders' request, as there were issues securing and raising funding - these have now been resolved. Therefore, expenditure has been reprofiled to 2023/24.
Highways - Protective Measures	(2.172)	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 2023/24.
Lisson Grove Programme	(1.763)	The budget assumed three acquisitions of Gayhurst House units to be completed this year. At Period 9, the best-case scenario was for one unit to be purchased this financial year, less than planned. The acquisitions programme is driven by engagement from residents and negotiations are still in

		progress and these units are expected to complete in 2023. The spend has been reprofiled into 2023/24.
Church Street Green Spine Public Realm	(1.562)	Reprofiling is due to a year's defects on the planting (standard for planting contract) and contingency kept back for 1 year from completion to ensure there are no defects or issues.
Strand-Aldwych	(1.560)	£0.8m costs for the sculptural benches to be incurred in 2023/24, £0.5m risk and contingency not utilised in year, £0.25m utility costs timing differences within the contractor's schedule. Further delays due to planning approval meaning that materials could not be ordered. Therefore, the spend has been reprofiled to 2023/24.
Planned Preventative Maintenance - Lighting	(1.548)	Structural critical columns work affected by long delays with obtaining materials due to overseas supply issues. Also, several street works notices being declined due to other utilities working in the road and some issues found on site as existing columns are on bespoke foundations. This has resulted in delays to the programme, therefore the spend has been reprofiled to 2023/24.
TOTAL	(46.376)	

5.2. Housing Revenue Account Capital Programme

5.2.1. The 2022/23 HRA capital budget was initially approved at **£197.508m** (in March 2022). Slippage of **£4.294m** from the 2021/22 outturn was subsequently added. When the capital budgets were revised at P6 to reflect in-year projections, the HRA budget was reduced by **£8.025m**. This resulted in a revised 2022/23 HRA capital budget of **£193.777m** (see table below).

HRA Capital Programme	2022/23 Base Budget £m	2021/22 Slippage £m	2022/23 Budget + Slippage £m	2022/23 P6 Reprofile Budget £m
Housing Planned Maintenance	57.826	-	57.826	49.985
Housing Regeneration	121.529	4.294	125.823	126.689
Other Projects	18.153	-	18.153	17.103
Total Capital Expenditure	197.508	4.294	201.802	193.777

5.2.2. The 2022/23 outturn resulted in a variance of **£21.894m** against the revised budget (see table below). Much of this variance reflects a need to re-profile the budgets for several the Development projects within the HRA capital programme in response to revised delivery timelines and/or amended payment schedules.

HRA Capital Programme	2022/23 Revised Budget £m	2022/23 Out-turn £m	2022/23 Variance £m
Housing Planned Maintenance	49.985	52.778	2.793
Housing Regeneration	126.689	116.197	(10.492)
Other Projects	17.103	2.908	(14.195)
Total Capital Expenditure	193.777	171.883	(21.894)

5.2.3. In most instances, the slippage reflects a simple adjustment to the 2023/24 HRA capital budget. However, there are some instances where the budget slippage has been re-profiled into later years. The proposed increase to the 2023/24 HRA capital budget because of slippage from 2022/23 into 2023/24 is £21.416m. This is summarised in the table below.

Programme Element	2022/23 HRA Capital Outturn Variance	Allocation of 2022/23 Variance		
		Slippage into 2023/24	Slippage into 2024/25+	(Under) / Overspend
Planned Maintenance	2.793	-	-	2.793
Development & Regeneration	(10.492)	(18.323)	7.431	0.400
Other Projects	(14.195)	(3.092)	(11.103)	-
TOTAL	(21.894)	(21.415)	(3.672)	3.193

5.2.4. The HRA Business Plan approved by Full Council in March 2023 approved a gross 2023/24 HRA capital budget of **£148.110m**. The proposed re-profiling of **£21.416m** of budget from 2022/23 would result in a revised total budget of **£169.526m** (see below).

HRA Capital Programme	2023/24 Base Budget £m	2022/23 Slippage £m	2023/24 Total Budget £m
Housing Planned Maintenance	60.796	-	60.796
Housing Regeneration	84.525	18.323	102.848
Other Projects	2.789	3.092	5.881
Total Capital Expenditure	148.110	21.416	169.526

5.2.5. Details of the major drivers for the re-profiling being reflected because of slippage in 2022/23 are laid out below:

- **Ebury** covers most of the proposed re-profiling into 2023/24 (£14.667m). This is due to some initially optimistic cash flow forecasts from the on-site contractors (BYCK and G&T) which caused the variance in 2022/23. However, positive progress has been delivered since and is expected to ensure the scheme remains on track for its currently projected timescales.
- The **Self- Financing programme** includes re-profiling of £3.092m (within the Other Projects heading above). Disposals of social units were ceased in 2022/23, however some acquisitions are expected to complete in this financial year (funded from historic capital receipts generated by the programme).
- **Ebury Acquisition** includes reprofiling of £1.390m of acquisition budget due to some buybacks not being completed because of conveyancing delays.
- **Cosway** shows slippage of £1.149 due to a change in practical completion (PC) date, with the scheme now due be completed in 2023/24 financial year.
- **Infill development programme** includes re-profiling of £1.044m due to revised programme on a number of the individual schemes. This was a consequence of high inflation on construction materials which delayed the tendering of contracts.
- **Cundy St Quarter** shows re-profiling of £1.000m due to a delay to the project timeline that has shifted the proposed purchase of the units into the new financial year.

6. Financial Implications

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

7. Legal Implications

7.1. Section 151 of the Local Government Act 1972 requires the Council to make such arrangements for the proper administration of their financial affairs.

7.2. Section 25 of the Local Government Act 2003 requires the Council's Chief Finance Officer to report on the robustness of the estimates made and the adequacy of the proposed financial reserves in the budget calculations. This is included throughout the report.

- 7.3. Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report if there is or is likely to be unlawful expenditure or an unbalanced budget. Failure to set an appropriate budget may lead to intervention from the Secretary of State.
- 7.4. The keeping of the Housing Revenue Account (HRA) is governed by Schedule 4 of the Local Government and Housing Act 1989. On 10 November 2020, the Ministry of Housing, Communities and Local Government (MHCLG) published guidance on the operation of the ring-fenced HRA account. The guidance updated and replaced previous guidance and the Council should adhere to such guidance in relation to the HRA.
- 7.5. Section 76 of the Local Government and Housing Act 1989 requires the Council to prevent debit balances on the Housing Revenue Account.

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)



City of Westminster Committee Report

Meeting:	Audit and Performance Committee
Date:	24 July 2023
Classification:	General Release
Title:	Annual Report on Internal Audit and Internal Control - 2022/23
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:	There are no financial implications arising from this report
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

1. Executive Summary

- 1.1 This report summarises the work of Internal Audit in 2022/23, including an update on work completed since the previous report to the Committee, and provides the audit opinion of the Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council’s framework of governance, risk management and control. This opinion is provided for the use of Westminster City Council and is used to support its Annual Governance Statement.
- 1.2 From the Internal Audit work undertaken in the financial year 2022/23, reasonable assurance can be provided that systems of internal control in place are effective with the majority of the finalised audit work receiving a positive (substantial or satisfactory)

assurance opinion. Given the way in which the Audit Plan is constructed, it is not unusual for some reviews to be given a Limited Assurance rating and this does not indicate that there are any pervasive issues with the Council's control environment but that there are actions required in specific areas to improve control.

- 1.3 In all areas where control improvements are required and compliance with agreed systems could be improved, action plans are either in place, or have already been implemented, to remedy the weaknesses identified. The Council was found to be effective at implementing recommendations, where concerns in respect of controls were identified, with 69% of recommendations fully implemented and 31% partly implemented. These will be followed up by the internal audit team until they are completed.
- 1.4 Appendices to this report are as follows:
- Appendix 1 Audits completed with assurance opinions, audits still in progress and changes made to the 2022/23 Internal Audit Plan.
 - Appendix 2 A summary of Internal Audit outcomes since the last report to Committee.

2. Recommendation

- 2.1 The Committee to note the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment (para 5) and to consider whether there are any areas the Committee would like to explore further.

3. Reasons for Decision

- 3.1 The work undertaken by the Internal Audit Service is reported to the Committee during the financial year. The outcomes of completed audits are considered as part of the Annual Assurance opinion provided by the Head of Internal Audit.

4. Background, including Policy Context

- 4.1 The Audit and Accounts Regulations 2015 require the Council to conduct a review of effectiveness of the system of internal control. The in-house internal audit team is supplemented by resources from Mazars LLP under a Framework arrangement with the London Borough of Croydon and PwC under a Framework arrangement with the London Borough of Barnet.
- 4.2 Detailed reports on the performance and outcomes of the internal Audit work undertaken, have been presented to the Audit & Performance Committee during 2022/23, with a further update provided in Appendix 2 for recently completed reviews.
- 4.3 Wherever possible, when planned audits are postponed, alternative audit work is identified or alternative sources of assurance are sought. Some of the audits could not be started until late in the final quarter of the year and these are shown as in

progress in Appendix 1 and some audits were no longer appropriate or deferred until a future year, by agreement with the service, which are also detailed in Appendix 1. The Internal Audit service has also liaised closely with the Council's senior managers to prioritise the audit work undertaken and to assist them in identifying other sources of assurance including the Director's Assurance Statements which were completed at the end of the financial year.

- 4.4 The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). One of the requirements of the PSIAS is that the Head of Audit confirms to the Committee, at least annually, the organisational independence of the internal audit activity. The [Internal Audit Charter](#) reinforces this requirement.

Declaration of independence and objectivity

The reporting and management arrangements in place are appropriate to ensure the organisational independence of the Internal Audit activity. Robust arrangements are in place to ensure that any threats to objectivity are managed at the individual auditor, engagement, functional and organisational levels. Nothing has occurred during the year that has impaired my personal independence or objectivity.

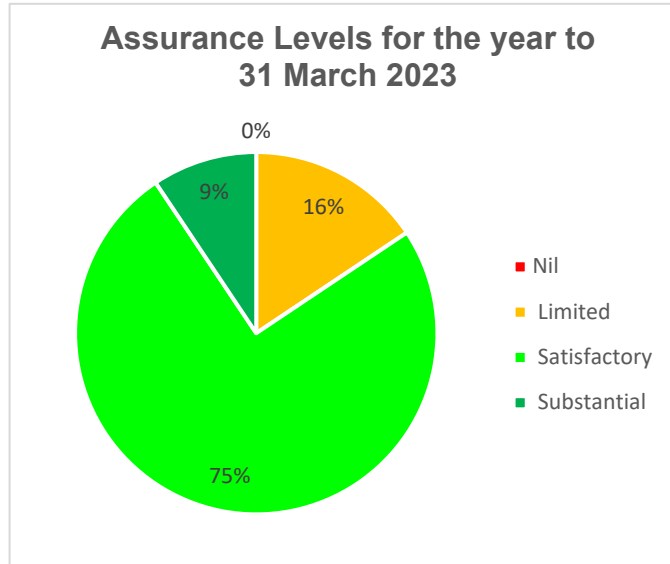
Head of Internal Audit

- 4.5 During 2022/23 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. A peer review of compliance was deferred from 2022/23 and is now due to take place during 2023/24.

5. Internal Audit Opinion

- 5.1 As the provider of the internal audit service to Westminster City Council, the Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance.
- 5.2 The opinion is that, at the time of preparing this report and based upon the work completed this year, the Council's governance, risk management and internal control systems in the areas audited were adequate. This is a positive opinion which means that the Council generally has effective internal control systems with the majority of audits receiving a positive (substantial or satisfactory) assurance opinion.

Chart showing assurance levels:



5.3 In the above context it should be noted that:

- This opinion is based solely upon the areas reviewed and the progress made by the Council to action internal audit recommendations.
- Assurance can never be absolute neither can internal audit work be designed to identify or address all weaknesses that might exist.
- Responsibility for maintaining adequate and appropriate. systems of internal control resides with Council management, not internal audit.

5.4 Issues arising from Internal Audit work which have significant implications for the Council’s control assurance framework have been included in the Annual Governance Statement which is reported separately to this Committee. The monitoring process in respect of the Annual Governance Statement also ensures that follow up action is taken to remedy the key control weaknesses found.

Substantial Assurance Reviews

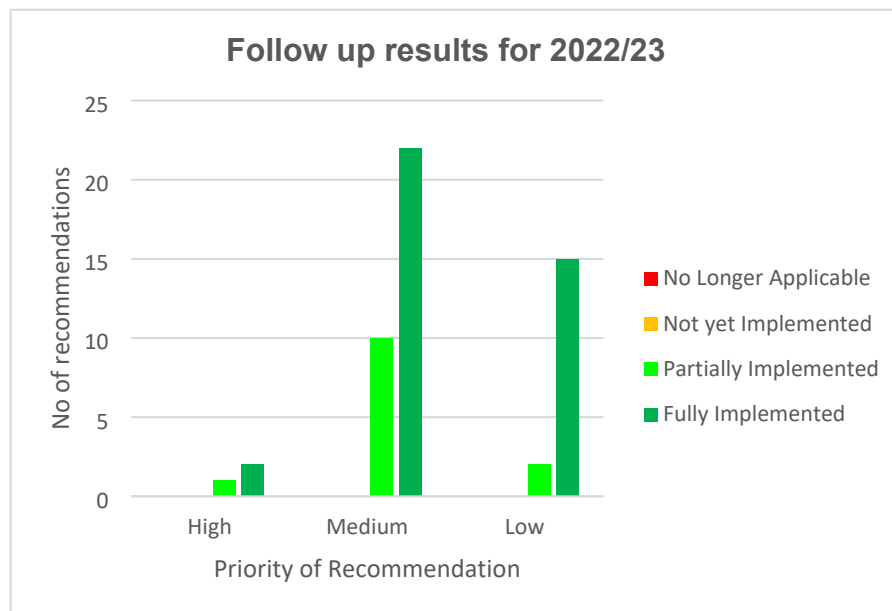
5.5 Three Substantial Assurance reviews, all in the Finance & Resources Directorate, were issued in 2022/23:

Service Area	Audited Area	Reported to Audit Committee
Finance & Resources	NNDR	July 2023
Finance & Resources	Housing Benefit	July 2023
Finance & Resources	Pension Investments	July 2023

5.6 Follow ups

- 5.6.1 The implementation of audit recommendations is reported regularly to the Audit & Performance Committee. 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 partly implemented. 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.
- 5.6.2 Fifty-two recommendations were followed up in 2022/23 and the implementation of medium and high priority recommendations had been consistently effective with 69% of recommendations fully implemented and the remaining 31% partly implemented (62% and 38% respectively in 2021/22).

Chart showing follow up outcomes:



5.7 **Managed Services - Finance, HR & Payroll Systems**

5.7.1 The Council's Finance, HR and Payroll systems are provided by the Integrated Business Centre (IBC) within Hampshire County Council (HCC). During 2022/23, HCC commissioned a Type 2 Report on the suitability of the design and operating effectiveness of service organisation controls which was prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3402. The Report covered a sample of business processes in the following areas:

- General Ledger
- Order to Cash
- Purchase to Pay
- Cash and Bank
- HR and Payroll
- IT General Controls.

The report was provided by HCC to the Executive Director of Finance and Resources and provided reasonable assurance that the control objectives would be achieved.

5.7.2 In addition to the assurances provided by HCC, the Council is required to apply complementary controls and a sample of these controls are tested during the year.

5.8 **Additional Sources of Assurance**

5.8.1 In addition to assurance audits undertaken during the year, the service has provided support and guidance in a number of areas including:

- Digital & Innovation Audit Needs Assessment
- Pensions Administration
- Contain Outbreak Management Fund
- Children's Services new case management system
- Libraries cash handling
- Financial procedures at two schools (QEII and College Park)
- Protect and Vaccinate grant claim
- LAD2 (Green Home) grant claim
- Contract extension and management (ECM)

5.8.2 This type of engagement with the services is taken into account when considering the overall opinion of the Council's governance, risk management and internal control systems together with outcomes provided from internal compliance checks and assessments from external bodies such as Ofsted and the Care Quality Commission.

6. Assurance on Risk Management

- 6.1 The Council must ensure that it is delivering against priorities and requirements (political, community and statutory), that it is managing its processes effectively (finance, procurement, governance) and making the best use of its resources (money, assets, people). To ensure that outcomes are achieved for residents, businesses and visitors, the identification, evaluation and control of risks and issues needs to be appropriate to ensure that they are managed at acceptable levels and support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.
- 6.2 Risk and issue management should be aligned to the Council's business planning, financial management, transformation activities and performance management processes to ensure that it is a live process. A combination of strategic and operational registers is used to ensure that risks and issues are captured and addressed in an integrated way and the Executive Leadership Team reviews the Council's strategic risks on a regular basis.
- 6.3 An internal audit review of risk management across the Council's departments has recently been undertaken. It was noted that horizon scanning was undertaken in some areas with associated changes and impacts discussed by the Executive Leadership Team. In addition, a Performance Board had been introduced during 2022/23, which is attended by Executive Directors. The audit identified some areas where improvements could be made to ensure there is consistency across the Council in how risks are managed and reported.
- 6.4 The Audit and Performance Committee receives regular reports on achievements against the Council's priorities, key performance indicators and risks. Directors provided additional information to the Committee during the financial year 2022-23 in the following areas:
- Approach to performance reporting (July 2022)
 - Procurement Services (November 2022)
 - Contract & Supplier Performance (November 2022)
 - Corporate Complaints (November 2022)
 - Ethical Standards (February 2023)

7. Assurance on Corporate Governance Arrangements

- 7.1 Each year, the Council's Directors complete an annual Director's Assurance Statement which is an opportunity for them to assess the governance arrangements and sources of assurance within their department. Any significant issues should be identified and would feed into the Council's Annual Governance Statement. Internal Audit periodically test the content of Director's Assurance Statements both to confirm their accuracy and to build upon our own picture of assurance across the Council.

7.2 In addition, from the work undertaken by Internal Audit, the Council's corporate governance framework is considered to comply with the best practice guidance on corporate governance issued by CIPFA/Solace.

8. Financial Implications

8.1 There are no financial implications from this report.

9. Legal Implications

9.1 There are no legal implications from this report.

10. Carbon Impact

10.1 The decision will have no carbon impact.

11. Equalities Impact

11.1 There are no equalities implications from this report.

12. Consultation

12.1 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:

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APPENDICES

Appendix 1 Audits completed with assurance opinions, audits still in progress and changes made to the 2022/23 Internal Audit Plan.

Appendix 2 Internal Audit Plan 2022/23 – Final Progress Report (a summary of Internal Audit outcomes since the last report to Committee).

BACKGROUND PAPERS

Internal Audit Reports
Committee Progress Reports

Internal Audit Plan – 2022/23

Audits completed in 2022/23

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
Cross Cutting	Finance, HR and Payroll Compliance	n/a	Satisfactory	0	0	0	Jul-23
Finance & Resources	Accounts Receivable (debt management)	Feb-23	Satisfactory	0	1	0	Jul-23
Finance & Resources	NNDR	Feb-23	Substantial	0	0	2	Jul-23
Finance & Resources	Pension Investments	Feb-23	Substantial	0	1	1	Jul-23
Finance & Resources	Digital & Innovation – Audit Needs Assessment	Mar-23	Advisory	0	0	0	Jul-23
Finance & Resources	Council Tax	Apr-23	Satisfactory	0	1	2	Jul-23
Finance & Resources	Housing Benefit	Apr-23	Substantial	0	0	1	Jul-23
Finance & Resources	Pensions Administration	ongoing	Advisory	0	0	0	Jul-23
Adult Social Care & PH	Continuing Healthcare	May-23	Limited	0	7	0	Jul-23
Children's Services	Libraries: Cash handling	Aug-22	Advisory	2	0	0	Jul-23
Children's Services	Supporting People Claims	Mar-23	Satisfactory	0	0	0	Jul-23
Children's Services	Implementation of Mosaic	ongoing	Advisory	0	0	0	Jul-23
Schools	St Joseph's Primary (now an academy)	Dec-22	Satisfactory	0	5	6	Jul-23

Internal Audit Plan – 2022/23

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
Schools	St Clement Danes Primary (draft need comments from NS)	Mar-23	Satisfactory	0	5	4	Jul-23
Schools	QEII & College Park – Process Review	Mar-23	Advisory	0	15	0	Jul-23
Schools	St George's Hanover Square Primary	Mar-23	Satisfactory	0	4	5	Jul-23
Schools	All Souls Primary	Mar-23	Satisfactory	0	2	0	Jul-23
Schools	St Augustine's Secondary (2021/22)	May-23	Satisfactory	0	5	4	Jul-23
Schools	Dorothy Gardner Nursery	May-23	Satisfactory	0	6	8	Jul-23
Schools	Tachbrook Nursery	May-23	Satisfactory	0	2	4	Jul-23
Schools	St Mary Magdalene Primary	May-23	Limited	1	9	6	Jul-23
Schools	St Matthew's CE Primary	Jun-23	Satisfactory	0	4	4	Jul-23
Schools	St Peter's CE Primary	Jun-23	Satisfactory	0	6	5	Jul-23
Schools	St Barnabas Primary	Jul-23	Satisfactory	0	3	6	Jul-23
Schools	Our Lady of Dolours Primary	Jul-23	Satisfactory	0	6	6	Jul-23
Schools	St Mary of the Angels Primary	Jul-23	Satisfactory	0	4	4	Jul-23
Schools	Mary Paterson Nursery	Jul-23	Satisfactory	1	2	6	Jul-23

Internal Audit Plan – 2022/23

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
Schools	Queens Park Primary	Jul-23	Limited	0	6	2	Jul-23
Growth, Planning & Housing	Electrical Safety (2021/22)	Mar-23	Satisfactory	0	1	1	Jul-23
Growth, Planning & Housing	LAD2 Grant	Oct-22	Advisory	0	0	0	Jul-23
Environment & City Management	Contract Management & Contract Extension	May-23	Advisory	1	5	1	Jul-23
Schools	Burdett Coutts Primary (2021/22)	Jan-23	Satisfactory	0	0	2	Feb-23
Schools	St Mary's Bryanston Square	Jan-23	Satisfactory	0	6	3	Feb-23
Schools	Westminster Cathedral School	Jan-23	Satisfactory	0	5	5	Feb-23
Growth, Planning & Housing	Lift Maintenance (2021/22)	Nov-22	Satisfactory	0	2	1	Feb-23
Adult Social Care & Public Health	Contain Outbreak Management Fund Compliance	Jun-22	n/a	0	0	0	Nov-22
Children's Services	Children's Placements: Operational & Financial Procedures (2021/22)	Jun-22	Limited	3	1	2	Nov-22
Schools	St Edward's Primary (2021/22)	Jul-22	Satisfactory	1	1	2	Nov-22

Internal Audit Plan – 2022/23

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
Growth, Planning & Housing	Protect & Vaccine Grant Compliance	Jun-22	Advisory	0	0	0	Nov-22
Growth, Planning & Housing	Additional Restrictions Grant (ARG)	Sep-22	Satisfactory	0	4	4	Nov-22

Audit work in progress

Those audits commenced but not sufficiently complete at the end of the financial year, are not included in the assurance opinion for 2022/23. The outcomes from these reviews will be reported in a future Internal Audit Progress Report, The status of these reviews is shown below:

Plan Area	Auditable Area	Status
Cross Cutting	Risk Management	Initial work complete. Further work carried forward to 2023/24
Children's Services	Registrar Service	Draft report due
Schools	Portman Early Childhood Centre	Additional testing scheduled for Q1 2023/24 prior to final report being issued
Finance & Resources	Corporate Property	Draft report due
Growth, Planning & Housing	Leaseholders – Major Works	Fieldwork in progress
Innovation & Change	S106 and CIL	Draft report due

Changes to the 2022/23 Internal Audit Plan

The table below shows audits removed from the 2022/23 plan, following discussions with management, or deferred to a future year.

Plan Area	Auditable Area	Reason Audit not Undertaken
Cross-cutting	Effectiveness of the Audit Committee	Deferred to 2023/24 to allow the Committee to become established
Cross-cutting	Business Continuity	Deferred to 2023/24 to allow compliance to become embedded
Cross-cutting	Review of Constitution	Review undertaken by the Director of Law audit not required

Internal Audit Plan – 2022/23

Plan Area	Auditable Area	Reason Audit not Undertaken
Cross-cutting	Scheme of Delegated Authority	Review after Constitution update – possibly 2023/24
Cross-cutting	Register of Officers' Interests	Expectations clear in Code of Conduct. Possible review in future year
Cross-cutting	Politically Restricted Posts	HR project underway on this, no audit required
Adult Social Care	Home Care	Delayed start so agreed to defer to 2023/24
Adult Social Care	Contract Management	Agreed with the service to carry forward into 2023/24 Plan
Adult Social Care	Discharge to Assess	High level of scrutiny at the time and no audit required
Adult Social Care	Market Management	Social Care Reform delays – consider in future Plan
Children's Services	Libraries Asset Management	Discussed with the service and audit no longer required
Finance & Resources	Governance for wholly owned companies	Delayed start so carried forward to 2023/24
Finance & Resources	Commercial Partnerships	Areas identified for inclusion in 2023/24 Plan and Directors' Assurance Statements
Growth, Planning & Housing	Procurement of Temporary Accommodation	Due to changes in the process, audit deferred with advisory support as new processes are agreed which is ongoing into 2023/24
Growth, Planning & Housing	Housing Repairs	Due to commissioned review, audit work deferred. To be considered in 2023/24
Growth, Planning & Housing	HRA Recharges	Some internal work undertaken. Consider for future Plan
Growth, Planning & Housing	Building Control	Defer to 2023/24 so scope can be considered to account for changes in legislation
Environment & City Management	Markets & Street Trading	Defer to 2023/24 due to service re-organisation
Environment & City Management	Mortuary	Defer to future year due other priorities
Environment & City Management	Coroner's Court	Defer to 2023/24 (review requested by RBKC for assurances)
Environment & City Management	Environmental Health & Safety	Defer to 2023/24 due to service re-organisation

Internal Audit Plan – 2022/23

Plan Area	Auditable Area	Reason Audit not Undertaken
Environment & City Management	Contracted Services	Changes in management of some contracts and others recently re-procured. To review which to include in 2023/24 Plan
Innovation & Change	Contracted Services	Some services moved to Communities in year from ECM so will review and consider those that are due for audit in 2023/24
Innovation & Change	Climate Emergency	Timing for review would be better in 2023/24 to determine focus of scope.
Innovation & Change	Projects/ Programmes	New processes and governance arrangements in place. Need to become embedded. Agreed with service to defer and consider in 2023/24
Innovation & Change	Equalities	Need to consider scope focus. Agreed with service to defer and consider timing for review.

Internal Audit Plan 2022/23 – Final Progress Report

1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective with three substantial, eighteen satisfactory and three limited assurance reviews completed in the period (see paragraph 2.2).
- 1.2 The follow up review completed in the period for one audit confirmed that the implementation of recommendations has been effective with 100% of recommendations being fully or partly implemented at the time of review.

2. Audit Outcomes

- 2.1 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.

Internal Audit Plan 2022/23 – Final Progress Report

- 2.2 Since the last report to Members, twenty-four audits have been completed, three substantial, eighteen satisfactory and three limited assurance:

Service Area	Audit	Assurance
Cross cutting	Finance, HR and Payroll Compliance	Satisfactory
Finance & Resources	Accounts Receivable – Debt Management	Satisfactory
Finance & Resources	Council Tax	Satisfactory
Finance & Resources	NNDR	Substantial
Finance & Resources	Housing Benefit	Substantial
Finance & Resources	Pension Investments	Substantial
Adult Social Care & PH	Continuing Healthcare (see 2.3)	Limited
Children's Services	Supporting People Claims Compliance	Satisfactory
Schools	St Augustine's Secondary	Satisfactory
Schools	St Matthew's CE Primary	Satisfactory
Schools	Dorothy Gardner Nursery	Satisfactory
Schools	Tachbrook Nursery	Satisfactory
Schools	St George's Hanover Square Primary	Satisfactory
Schools	All Souls Primary	Satisfactory
Schools	St Barnabas Primary	Satisfactory
Schools	Our Lady of Dolours Primary	Satisfactory
Schools	St Clement Danes Primary	Satisfactory
Schools	St Joseph's Primary	Satisfactory
Schools	St Mary of the Angels Primary	Satisfactory
Schools	Mary Paterson Nursery	Satisfactory
Schools	St Peter's CE Primary	Satisfactory
Schools	St Mary Magdalene Primary (see 2.4)	Limited
Schools	Queens Park Primary (see 2.4)	Limited
Growth, Planning & Housing	Electrical Safety (2021/22)	Satisfactory

Internal Audit Plan 2022/23 – Final Progress Report

2.3 Adult Social Care: Continuing Healthcare (limited assurance)

- 2.3.1 Continuing Healthcare (CHC) is a package of health and social care that is arranged and funded solely by the NHS where an individual is found to have a 'primary health need'. Such care is provided to an individual aged 18 or over to meet needs that have arisen as a result of disability, accident, or illness. Clients are identified for CHC eligibility following the completion of the Checklist and Decision Support Tool (DST). This is usually assessed on discharge from hospital and should also be kept under review when individuals are being provided with care packages either at home or in residential settings.
- 2.3.2 CHC funding is not means tested and can be provided in a range of settings, including an NHS hospital, a care home or someone's own home. Where there is a need for care that is not deemed to be NHS funded, this would need to be funded by the Council or the individual (subject to eligibility criteria). In addition, if an individual does not qualify for full funding, the NHS may still have a responsibility to contribute to meeting the individual's health and social care needs. Where these needs overlap then a flexible approach may be taken with a jointly funded package of care, with the NHS and Council agreeing their respective contributions to the overall cost.
- 2.3.3 In order to determine whether an individual has a primary health need, a detailed assessment and decision-making process must be followed, as set out in the National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care. CHC is an area of high value spend and a key area for adult social care budget management.
- 2.3.4 The audit noted areas of good practice including:
- Staff access to the current version of the Adult and Social Care Standard Operating Procedures.
 - The Integrated Care Body (ICB) issues quarterly performance monitoring outlining the performance of the North-Western London integrated care system which includes the Key Performance Indicator relating to DST Assessments being completed by the Health Service within 28 days of the case being raised.
- 2.3.5 Seven medium priority recommendations were made as a result of the audit in respect of the following:
- The Council's Standard Operating Procedures (SOPs) for Adult Social Care, which include processes relating to Continuing Healthcare, were last reviewed in December 2019.
 - A CHC checklist must be completed prior to an individual being referred for a Decision Support Tool (DST) assessment to confirm if they may be potential eligible for CHC funding. Testing identified inconsistencies in the completion of the CHC checklist and, in some cases, the checklist could not be located on the case management system (Mosaic).
 - A review of the CHC process noted that there were no clear centralised monitoring systems in place for those that had been accepted for CHC, or to record those that had been through the assessment process and had eligibility refused.

Internal Audit Plan 2022/23 – Final Progress Report

- The CHC team highlighted the need for a social worker to be involved within the Multi-Disciplinary Team, as this would allow the Council to be in a better position to dispute negative DST outcomes (where CHC funding has been refused). It was noted that there have been instances where social workers have not been provided adequate time to prepare for CHC reviews. Testing confirmed that the involvement of the local authority in the DST process could not be evidenced in a number of cases reviewed.
- There was no evidence of a defined escalation process for when DST assessments are not completed within 28 days of the initial referral and testing identified inconsistencies in how communications with the ICB are recorded on the case management system.
- The eligibility of an individual for CHC is the responsibility of the CHC Team with the ICB and should be completed three months after the initial outcome and annually thereafter. While the responsibility for the review lies with the ICB, the social worker should still have involvement with the process and this is not adequately reflected within the Adult Social Care SOPS.
- A sample test to confirm all relevant documentation was held on the case management (Mosaic) identified some instances where there was a delay in uploading relevant documentation and other cases where expected documentation was missing.

2.3.6 All of the recommendations have been accepted and all actions are due to be completed by December 2023.

2.4 Schools (limited assurance)

2.4.1 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. In the reporting period, two school audits have been issued with a limited assurance opinion.

2.4.2 St Mary Magdalene primary school: 16 recommendations (1 high, nine medium and six low priority) made in the following areas:

- Staffing/ Payroll (1 x high, 1 x low)
- Governance (4 x medium, 2 x low)
- Financial planning (1 x medium, 1 x low)
- Procurement (2 x medium, 1 x low)
- Income (1 x medium)
- Unofficial funds (1 x medium)
- Asset management (1 x low)

All of the recommendations have been accepted and all actions are due to be completed by December 2023.

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2.4.3 Queens Park primary school (draft issued December 2022): 8 recommendations (six medium and two low priority) made in the following areas:

- Staffing/ Payroll (1 x medium)
- Governance (1 x medium, 1 x low)
- Financial planning (1 x medium)
- Procurement (2 x medium, 1 x low)
- Asset management (1 x medium)

The draft report was issued in December 2022 and the management responses and agreed actions and implementation dates are being reviewed before the report is finalised.

2.5 Advisory Reviews

2.5.1 In addition, seven advisory reviews/support have been undertaken in the following areas:

- Audit Needs Assessment: Digital and Innovation
- Pensions Administration
- New Case Management System (Children's Services)
- Libraries Cash Handling
- QEII & College Park Schools
- LAD 2 (Green Home) Grant
- Contract Management & Contract Extensions (ECM)

Recommendations arising from advisory reports are followed up and the implementation of these recommendations are reported in summary to the Committee.

Internal Audit Plan 2022/23 – Final Progress Report

2.6 Implementation of Audit Recommendations

2.6.1 One follow-up review was undertaken in the period which confirmed that the implementation of recommendations had been effective with 100% of recommendations being fully or partly implemented at the time of review:

Audit	Recs Made*	Implemented*	In Progress*	Not yet actioned*
Performance Management	7	5	2	0
Total High Priority	0	0	0	0
Total Medium Priority	6	4	2	0
Total Low Priority	1	1	0	0
Totals	7	5	2	0

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

2.6.2 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.



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Monday 24 th July 2023
Classification:	For General Release
Title:	Counter Fraud 2022/23 – End of Year Report
Wards Affected:	All
Financial Summary:	No direct financial implications arise 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 31 March 2023.

2. Recommendations

- 2.1 The Committee notes the content of the report.

3. Reasons for Decision

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

4. Background

- 4.1 This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2022 to 31 March 2023 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

- 4.2 CAFS remains a shared service providing the 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 31 March 2023, CAFS identified 147 positive outcomes. The fraud identified has a notational value of £782,000, detailed in the following table. The table also compares the achievements against those for the previous two years.

Activity	Year-end 2020/21		Year-end 2021/22		Half-year 2022/23	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	9	26,860	17	77,710	16	50,191
Right to Buy	24	31,100	2	7,000	5	19,000
Preventative Activity (incl.pro-active)	-	-	3	3,000	10	30,000
Prevention subtotal	33	57,960	22	87,710	31	99,191
Tenancy Fraud (Council and Registered Providers)	12	97,000	26	301,500	31	436,746
Insider fraud	1	2,000	3	37,000	1	2,500
High/Medium risk fraud (e.g. NNDR, Procurement, Duplicate invoices)	2	6,700	4	134,742	6	23,000
Low-risk fraud (e.g. Freedom Passes, Council Tax SPD)	1	2,077	5	3,788	23	41,292
Parking (B/Badge & Residents Permits)	58	68,546	79	130,222	46	63,730
Detection subtotal	74	176,323	117	607,252	107	567,268
Proceeds of Crime (POCA) + NFI recovery	3	47,762	4	23,013	6	55,064
Press Releases	-	-	-	-	2	2,750
Business Grant clawbacks	-	-	8	97,860	1	58,222
Deterrence subtotal	3	47,762	12	120,873	9	116,036
Total	110	282,045	151	815,835	147	782,495

**results from a special data matching exercise*

- 4.5 During the financial year 2022/2023, counter-fraud activity included investigating 451 cases, including 189 new referrals. Of these, 246 investigations were concluded during the year. A conclusion could mean 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 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 31 March 2023.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/22	262	Tenancy & Housing cases	108	117
New referrals received	189	Insider fraud	3	0
Closed investigations (Positive outcomes 147)	246	Parking and Blue Badges	91	54
		Other service area	39	32
Live cases as at 31/03/23	205	POCA	5	2

4.7 The National Fraud Initiative has also generated a significant number of referrals from the 2022/23 data-matching exercise. To date, 775 matches have been reviewed. Of these matches, 684 have been closed, while 91 cases are under investigation. These are in addition to the cases detailed in the table above at 4.6.

5. Emerging fraud risk and trends

5.1 This section informs members about new fraud types, emerging trends, or risks.

5.2 Monitoring trends to mitigate fraud risks becomes even more important during economic downturns, such as the current issues impacting our cost of living. At this time, it is not uncommon to discover new fraud types that emerge from the shadows or to witness increases in existing risks.

5.3 Since 1 April 2022, CAFS has continued to monitor two significant fraud types. One is an ongoing risk that remains significant, and the other is a newly emerging threat.

1. Tenancy fraud
2. "Moonlighting"

5.4 Tenancy fraud is one such area that remains a constant fraud threat and, unfortunately, continues to increase due to the many drivers that persist.

- A need for more affordable housing in the private sector.
- Shrinking or stagnant incomes are linked to the cost of living.
- Easier short-term or holiday-letting using online platforms, feeding a shortage of longer-term tenancies.
- Continuous pressure on the affordable housing providers' budgets, staffing and skills.

5.4 CAFS has organised resources accordingly to target this ongoing risk, resulting in an increased number of detections leading to the successful recovery of 31 properties that can now be allocated to those in genuine need of assistance.

5.5 "Moonlighting" is a term used to describe working at a second job besides your regular employment. The phrase originated from an extra job being taken secretly and at night, hence "moonlighting".

- 5.6 Taking secondary employment is not a breach of the Code of Conduct, but all employees must declare any additional work outside of Westminster. Furthermore, it must not conflict with Westminster employment or the interests of Westminster City Council. This includes ensuring working hours allow for enough rest so officers can give 100% to their work for the Council.
- 5.7 However, it becomes a concern and potential theft of time and fraud when an employee knowingly collects two salaries by doing two jobs simultaneously. With their working hours overlapping, they can only dedicate half their time to each job but still collect full pay.
- 5.8 The pandemic created this risk when it normalised working from home and hybrid working. While this increases flexibility, it also creates new types of risks when during a cost-of-living crisis, a second income becomes very alluring.
- 5.9 Although there have been no instances in Westminster working across CAFS's counter-fraud networks, they have been alerted to many moonlighting instances at other Councils. For example, a solicitor was working for two different public sector organisations; A housing officer working simultaneously for a housing association; and an enforcement officer who was constantly leaving their job early (intentionally undercutting the contractual hours), so they could start their second job on time.
- 5.10 Through anti-fraud networks and contacts, CAFS is part of a London-wide data-matching exercise, collaborating with several large employment agencies to prevent and detect this emerging fraud risk.

6. Whistleblowing

- 6.1 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.
- 6.2 Staff are encouraged and expected to speak up about any concern they may have without fear of reprimand. Any raised concerns will be treated in the strictest confidence and appropriately investigated.
- 6.3 The Council publicises a clear Whistleblowing Policy to encourage those who work for the Council and have serious concerns about any aspect of the Council's work to come forward and report their concerns at the earliest opportunity; so that they can be appropriately investigated. The Council also has an independent, confidential reporting system called SAFECALL.
- 6.4 Since April 2022, the Corporate Anti-Fraud Service has received just one fraud-related protected disclosure raising concerns. Following an investigation, the matter was closed.
- 6.5 Although the number of whistleblowing claims remains low, the Council's 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.

7. Anti-Fraud and Corruption Strategy

- 7.1 The Council's Anti-Fraud & Corruption Strategy 2020-23 sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately.
- 7.2 The Council's strategy aligns with the national strategy published by the Local Government Association (LGA) based on five key themes: GOVERN, ACKNOWLEDGE, PREVENT, PURSUE and PROTECT.
- 7.3 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.

- 7.4 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.
- 7.5 Both the Council's Internal Audit and CAFS review policies, procedures and governance arrangements across the Council's Services and promote a zero-tolerance culture regarding fraud, corruption and mismanagement.
- 7.6 Counter-fraud policies are presented to the Audit and Performance Committee for approval, and the Committee receives reports on internal and external fraud investigated by the Council. These reports are intended to brief members of the Committee in respect of work undertaken by CAFS.
- 7.7 Fraud awareness training is available to service areas where a need has been identified. CAFS offers bespoke training that helps employees connect the training messages to their daily responsibilities. It also helps staff identify suspicious activity and feel empowered to act against potential fraud.

ii) ACKNOWLEDGE

Committing support and resource to tackle fraud.

- 7.8 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. This is particularly important for responding to any new and emerging risks.

- 7.9 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.
- 7.10 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 knowledge and skills development-based tasks to ensure competence and progression.

Demonstrating that it has a robust anti-fraud response.

- 7.11 Counter-fraud activity is reported to the Audit and Performance Committee twice yearly, detailing performance and action in line with the Anti-Fraud and Corruption Strategy.
- 7.12 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.
- 7.13 A fraud internet page also informs staff of emerging fraud risks, encourages fraud reporting, maintains awareness and includes the various channels for reporting fraud, including the fraud hotline and an online reporting form.

iii) PREVENT

- 7.14 The "Prevent" element of the strategy focuses on detection and prevention activities. It highlights the importance of enhancing fraud controls and processes. CAFS continues to provide anti-fraud advice and support across the organisation, including the Council's partners and contractors.
- 7.15 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.
- 7.16 In addition to the specialist investigative role, CAFS provides advice and support across the organisation regarding fraud prevention and detection, including the Council's partners and contractors.

Corporate investigations

- 7.17 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.
- 7.18 Since 1 April 2022, corporate investigation work has included:

Business Grant	During the pandemic and the issuing of Business Grants, Westminster City Council received contact from a solicitor acting for a client who claimed their landlord had taken the grant they were eligible for. The subsequent investigation found that the landlord of the premises in Strutton Ground had believed they were entitled to the grant and made a claim. However, they had rented the property to a food outlet. Therefore the food outlet was the eligible business grant recipient whose catering business had been directly affected by the pandemic and lockdown. A lengthy investigation proved that the landlord had wrongfully received £58,222 in grants due to the food outlet, who have since received their grant funds. The landlord was interviewed, and while criminal action was not proven, the debt is now being recovered.
Electoral Registration	Electoral Services received two online applications via the Government Gateway for postal voting registration at the same address. Vigilant Electoral Services officers had concerns over the legitimacy of the identity proofs supplied as part of the registration process and referred the applications to CAFS for investigation. A review of the identity documents revealed fake UK photo driving licences. Both 'driving licences' had identical serial numbers and the same facial image and signatures. The photograph of the licence holder is the same one as seen used on various known counterfeit blue badges that have been in circulation. Neither individual is known at the address in Green Street, W1, and it was suspected that the purpose for the attempted false registration was to enable identities to be created linked to residential addresses to facilitate external fraud. There had been no loss to the Council due to the fraudulent attempts to register false identities on the Electoral Roll. A National Anti-Fraud Network alert was issued to warn other local authorities of the fraudulent identification documents being used.
Staff investigation	An employee applied for an intermediate rental property based on living in the borough. The service area was concerned that the application's supporting evidence showed a Hammersmith and Fulham address. Enquiries by CAFS provided assurances that the applicant lived in Westminster, although these enquiries did reveal a new discrepancy. However, when interviewed, the employee explained the anomaly satisfactorily and closed the case.
Personal Budgets	The Financial Assessment Team, responsible for assessing social care and support financing, referred a file to CAFS. They had become suspicious that the service user's partner had failed to declare assets and income that would have been used to assess his care home costs. CAFS enquiries showed that the service user had part ownership of five properties which he had not previously declared. These properties were commercial units which formed part of a pension investment scheme. A re-assessment identified an overpayment of £34,000 which is currently being recovered. It was not in the public interest to pursue further action due to the client's ill health.
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. Still, CAFS advised the contractors to regularly swap and change the patrol routes of their officers as a control to mitigate such risks. Following this action, no further issues have been raised.
Mandate Fraud	A mandate fraudster who attempted to divert payments using a fake email and invoices was thwarted by vigilant finance officers. The scammer sent three fake invoices, but the bank account provided for payment did not correspond to a genuine bill from the same company. CAFS traced the bank account used by the scammer, which revealed it was a personal account, possibly a mule account commonly established by fraudsters to receive illicit funds. CAFS reported the matter to the National Anti-Fraud Network and Action Fraud (to get the account shut down).

Housing/Tenancy Fraud

- 7.19 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.
- 7.20 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.
- 7.21 Between 1 April 2022 to 31 March 2023, CAFS successfully recovered 31 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community. Additionally, CAFS intervened to prevent 16 false housing applications and stopped five suspicious Right to Buy applications. Also, two fraudsters were successfully prosecuted.
- 7.22 Full details of all successfully recovered properties are detailed in the table below.

Landlord	Location	Postcode	Size bedrooms	Reason for recovery	Outcome
WCC	Missenden House	NW8	1	non-residence	Court possession
WCC	Lambourne House	NW8	1	non-residence	Court possession
WCC	Severn Avenue	W10	1	non-residence	Court possession
WCC	Oversley House	W2	1	Subletting	Surrendered keys
Notting Hill Genesis	Hereford Road	W2	1	non-residence	Surrendered keys
WCC	York Street Chambers	W1H	1	non-residence	Surrendered keys
WCC	Brewers Court	W2	1	Subletting	Surrendered keys
WCC	Probyn House	SW1P	2	False succession	Surrendered keys
WCC	Lapford Close	W9	1	False succession	Court possession
Temp Accom	Norfolk Court	RM6	2	Subletting	Surrendered keys
WCC	Keyham House	W2	1	non-residence	Surrendered keys
WCC	Hide Tower	SW1P	Studio	non-residence	Court possession
WCC	Princethorpe House	W2	Studio	Subletting	Surrendered keys
WCC	Kemp House	W1F	1	Subletting	Court possession
WCC	Ainsworth House	W10	1	non-residence	Court possession
WCC	Sherborne House	SW1V	1	non-residence	Court possession
WCC	Hughenden House	NW8	1	non-residence	Court possession
WCC	Missenden House	NW8	1	non-residence	Court possession
NHG	Amberley Road,	W9	2	Subletting	Surrendered keys
Peabody	Wellington Buildings	SW1W	1	Subletting	Surrendered keys
Peabody	Wellington Buildings	SW1W	1	Subletting	Surrendered keys
WCC	St George's Square	SW1V	1	Subletting	Surrendered keys
WCC	Lawrence House	SW1P	1	non-residence	Surrendered keys
WCC	Lambourne House	NW8	1	non-residence	Court possession
WCC	Walden House	SW1W	3	non-residence	Surrendered keys
WCC	Boldero Place	NW8	1	non-residence	Surrendered keys
WCC	Willow House	W10	1	non-residence	Surrendered keys
WCC	Earl House	NW1	1	non-residence	Surrendered keys
WCC	Reynolds House	SW1P	1	non-residence	Surrendered keys
WCC	Wilkins House	SW1V	2	False succession	Surrendered keys
WCC	Casterbridge	W11	1	non-residence	Court possession

7.23 Of the 31 recoveries, 19 involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties could be promptly reallocated.

7.24 Cases of note are reported in Appendix 1.

Parking investigations

7.25 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.

7.26 For 1 April 2022 to 31 March 2023, CAFS successfully prosecuted 12 offenders for misusing disabled parking badges. In addition, CAFS has also cautioned offenders in two separate incidents, seized 25 badges, and issued penalty charge notices to lesser offenders.

7.27 CAFS also investigate the misuse of residents' parking permits and any suspicious applications. For the period, CAFS intervened and cancelled seven permits where CAFS gathered evidence that individuals had fraudulently obtained the permit even though they did not live in Westminster.

7.28 Cases of note are reported in Appendix 1.

iv) PURSUE

7.29 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

7.30 The Council will always seek the strongest possible sanction against any individual or organisation that defrauds or attempt to defraud the Authority. Since April 2022, CAFS has successfully prosecuted 14 offenders, including two for tenancy fraud, and formally cautioned two individuals.

Proceeds of Crime Act 2002 (POCA)

7.31 Prompt and efficient recovery of losses is essential in the fight against fraud, and the Proceeds of Crime Act is a crucial part of the Council's counter-fraud strategy.

7.32 For the period 1 April 2022 to 31 March 2023, CAFS received the following.

- £15,000 awarded at the City of London Magistrates Court following a successful prosecution. A Council tenant surrendered their three-

bedroom property in return for a £15,000 cash incentive. Investigations discovered the tenant had fraudulently obtained the incentive because she failed to declare property ownership.

- £6,871 awarded at the City of London Magistrates Court, where the Council were awarded an unlawful profit order following the successful prosecution for unlawfully subletting a Council property.
- £14,182 in civil recoveries linked to falsely obtained resident's permits and lost revenue.
- £19,011 was identified through the National Fraud Initiative data-matching exercise as fraud or error.

7.33 Cases of note are reported in Appendix 1.

Collaborating across departmental, geographical and sectoral boundaries

7.34 Collaboration is one of the critical themes under the "Pursue" strategic objective. Local authorities can tackle fraud locally and across geographical boundaries by collaborating effectively.

7.35 CAFS continue to actively maintain the authorities' membership of the National Anti-Fraud Network (NAFN) and the London Borough of Fraud Investigators Group (LBFIG), with officers from CAFS sitting on the Executive Board of both bodies.

7.36 CAFS's active membership of the National Anti-Fraud Network ensures we receive national fraud alerts circulated by CAFS to the appropriate departments across the organisation. CAFS also offers support and advice to ensure proper action is taken in response to the warnings and to protect the Council from fraud.

National Fraud Initiative

7.37 Another element of Pursue is making better use of information and technology. CAFS ensures the Council participates in the biennial National Fraud Initiative (NFI). This data-matching exercise helps public sector organisations identify and prevent fraudulent activity.

7.38 The NFI uses analytic techniques to compare data held by different public bodies. The data can include payroll records, council tax data and electoral registers. By comparing this information, the NFI can identify discrepancies or anomalies that might suggest fraud, passing the information on to the relevant organisations for further investigation.

7.39 The 2022/2023 NFI exercise began with a data extraction in September 2022, and initial referrals were disseminated to participants in March 2023. Since then, 775 matches have been reviewed. Of these matches, 684 have been

closed, while 91 cases are under investigation. Early outcomes are detailed below.

Matches	Fraud/Error	Amounts
Student Loans	1	£14,631
Waiting Lists	1	£4,380
	2	£19,011

iv) PROTECT

Protecting the Authority and its' residents from fraud

- 7.40 This element of the Strategy covers counter-fraud activity to protect public funds, saving the Council from fraud and protecting itself from future scams. It also includes reducing the harm that fraud can cause in the community.
- 7.41 In support of this, CAFS continue to provide an investigative capability for key stakeholders across the City of Westminster. This is no more important than working with local housing associations to protect their stock from fraudulent misuse, ensuring affordable housing is available to those in the community who need it.
- 7.42 During the year, CAFS recovered three misused properties on behalf of local providers. Two units for Peabody, one unit for Notting Hill Genesis. In both instances, the nomination rights of these properties were allocated to the Council so that they could be assigned to families in genuine need of support.

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

	Case Description
<p>1.</p>	<p>TENANCY FRAUD PROSECUTION: The tenant of a one-bedroom flat in Princethorpe House, Woodchester Square, W2, approached the Council to claim that the apartment was overcrowded with a partner and a two-year-old child. However, at the same time, a National Fraud Initiative data match suggested the tenant owned a property in Wallington, south London.</p> <p>Enquiries via HM Land Registry confirmed that the tenant purchased a house in Wallington in June 2019. This was before the tenant had succeeded the tenancy in Princethorpe House following her mother’s death. The investigation revealed that to buy the Wallington address, the tenant had obtained financial support from Homes England: a government initiative to help first-time buyers. Documentation and witness statements were duly obtained from Homes England.</p> <p>The investigation then established that all utilities and financial information for the tenant was registered in Wallington. At the same time, the Westminster property was sublet to a gentleman between August 2019 and December 2021 and then to another from January 2022 to March 2022. Given the evidence gathered, the tenant was asked to attend an interview under caution. She refused and instead handed back the Princethorpe House keys.</p> <p>Although the property had been recovered, the now former tenant was summoned to attend Court, and in November 2022, at the City of London Magistrates Court, pleaded guilty to three charges.</p> <p>At sentencing, the former tenant was ordered to repay the unlawful profit of £6,871 (the sublet rental between August 2019 and March 2022), together with the Council’s total costs of £4,582 and a £90 victim surcharge. The magistrates said they had “carefully considered immediate custody”, but they considered the family situation and instructed a two-year Community Order, including 200 hours of unpaid work. They ordered repayment of £1,000 within the next 28 days and £300 per month after that.</p>
<p>2.</p>	<p>SINGLE PERSON DISCOUNT (SPD): 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 Person Discount (SPD) even though several adults lived at the address. As a result, the SPD was removed immediately, a revised liability was calculated, and the tenant was invoiced for the increased bill.</p>

3.	<p>BLUE BADGE: In December 2022, Investigators found a black Porsche 911 parked in a designated disabled bay on Vere Street, W1. The vehicle displayed a disabled badge issued by Dudley Metropolitan Borough Council. Enquiries revealed that the badge had been issued to an elderly lady, but Dudley MBC had cancelled it following her death.</p> <p>A male and female subsequently returned to the vehicle. An investigation officer questioned them, and the driver identified himself. He confirmed that the badge belonged to his mother, who is now deceased. He was cautioned, and the disabled badge was confiscated.</p> <p>The driver was charged and prosecuted under the Road Traffic Regulations Act 1984. He failed to attend the hearing at the City of London Magistrates Court. The magistrates found him guilty in his absence. He was fined £440 and ordered to pay £775 costs and a £44 victim surcharge. The Court ordered repayment within 28 days of the hearing.</p>
4.	<p>CASH INCENTIVE SCHEME PROSECUTION: The former tenant of a flat in Cuthbert House, W2, had surrendered the 3-bedroom tenancy under the Council's Cash Incentive Scheme and received £15,000. Under the terms of this scheme, a tenant would receive an incentive payment to downsize or leave social housing.</p> <p>However, a data matching referral from the National Fraud Initiative confirmed that the ex-tenant owned property in Greenford, and a check of HM Land Registry showed she bought this property before she moved to Cuthbert House. Therefore, she would not have been eligible for the tenancy or the subsequent Cash Incentive. In particular, the application she had completed for the Cash Incentive Scheme clearly asked if she had any property ownership, and she said "no".</p> <p>The ex-tenant was invited to attend an interview under caution, where she explained that she only owned a small share of the property in Greenford with her ex-husband, who was responsible for the mortgage. She admitted she lived at her Greenford address with her children. After the interview, she provided a handwritten, unofficial document stating that she only owned a five per cent share.</p> <p>The evidence showed that the ex-tenant had made a false statement and obtained a cash incentive fraudulently, so a summons was issued. The case was heard at the City of London Magistrates Court, where the ex-tenant entered a "guilty" plea to a Fraud Act offence.</p> <p>At sentencing, the Magistrate commented: <i>"It was most unfortunate you are here in the Court today; you are an educated lady. Public funds are there to assist genuine people, and her actions have consequences on other people."</i> The ex-tenant was given credit for her early guilty plea and her previous good character, and her sentence was reduced to 20 weeks imprisonment and suspended for two years. Costs were awarded at £800, and she was ordered to pay £400 per month under a compensation order for the £15,000.00 cash incentive she received.</p>

<p>5.</p>	<p>SUBLETTING: CAFS received a tip-off from a member of the public suggesting the tenant of a flat in Kemp House, Berwick Street, had been living in Barcelona for the past two years. The informant further alleged that the property had been sub-let to a single man in 2021.</p> <p>Initial enquiries found no alternative UK address for the tenant, and all Council records remained unchanged, including records such as the electoral register and Council Tax Support. The investigator then tried early morning visits to the property, but these were unsuccessful. On the final visit, a possible telephone number for the tenant was called. It was not answered, but the investigator noted an international dialling tone.</p> <p>Using powers under the Prevention of Social Housing Fraud Act legislation, the investigator obtained the tenant's bank statements, and these revealed regular monthly payments from an unknown individual, £480 per month. The tenant received welfare benefits and should have no other income. Therefore, it was suspected that these payments were being received from a sub-tenant. Checks on this possible subtenant linked them solely to the Kemp House address with a timeline that correlated with the information supplied by the member of the public.</p> <p>The tenant was contacted and invited to an interview under caution but had initially asked for more time to seek legal advice. He then emailed saying he could not fly to London due to Covid and clinical depression.</p> <p>He called the investigator, who asked him to relinquish the tenancy due to his continued absence from the UK. He said he had planned to tell the Council about going to Spain, but the last 2 ½ years had just passed, and he cited his depression. He denied sub-letting the flat. He stated that he loaned a friend some money five years ago for plastic surgery, and the £480 monthly payments were loan repayments. He refused to relinquish his tenancy.</p> <p>Notices to quit were served on the property, and the matter was heard at County Court, where the Judge awarded outright possession to the Council. The tenant did not attend.</p>
<p>6.</p>	<p>TENANCY SUCCESSION: A succession referral was received from colleagues in Housing who were concerned as to the validity of an application. The tenant of a three-bedroom property on Queens Park Estate had died, and her sister had applied to succeed the tenancy along with her partner and three children.</p> <p>Initial checks of the information provided by the sister were verified, and there were no concerns over the legitimacy of her claim or eligibility. However, the additional applicants were traced to properties outside Westminster at addresses in Brent, Harrow, and Southwark. Confirmation was obtained from these neighbouring Councils that the individuals had ties to their borough, either currently or during the eligibility period. This suggested that additional applicants had been added to support the claim to the three-bedroom property.</p> <p>Due to her eligibility, the sister's discretionary succession was approved. Still, it did not include the household members on the application, and she was ordered to downsize to an alternative one-bedroom property.</p>

7.	<p>TENANCY FRAUD: An anonymous tip-off suggested a flat in Keyham House, Westbourne Park Road, was being sub-let. The caller claimed the property had multiple occupants and that they had not seen the known tenant for ages.</p> <p>Initial checks of Council systems showed no anomalies. The tenant was listed as the sole tenant and in receipt of welfare benefits. However, a maintenance note on file referred to an unknown individual allowing access to the flat for repairs. Then, further external data was interrogated, suggesting the tenant may be linked to an alternative address in Sheffield. Furthermore, the investigator found several unknown persons had financial links to the property.</p> <p>Early morning and evening visits to the address were unsuccessful. Eventually, an appointment was agreed upon to meet with the tenant. During the meeting, the seriousness of the issue was explained to the tenant, and he was warned that unlawful subletting was a criminal offence.</p> <p>Shortly after the meeting, the tenant contacted the investigating officer and agreed to relinquish his property and hand back the keys, which he did in September 2022.</p>
8.	<p>BLUE BADGE: Investigators found a silver Nissan Micra parked in a designated disabled bay on Mayfair Place, W1. The vehicle displayed a disabled badge issued by the London Borough of Barnet. The badge showed an expiry date of August 2022. However, when officers checked the badge with central computer records, the expiry date was showing to be August 2021. A closer examination revealed a piece of card placed over the expiry date to change the date.</p> <p>The driver subsequently returned and placed some shopping in the vehicle's boot. He was asked to provide identification, which he did, and allowed the investigator to inspect the badge. The driver explained that the badge belonged to his wife, who was "behind John Lewis". As the investigator suspected the badge was being misused, he cautioned the driver. Then he asked him about his reason for parking and the badge.</p> <p>The driver confirmed that he parked the vehicle and displayed the badge. He explained that he had parked at the location to get treatment for arthritis from a nearby specialist in Wigmore Street. The investigator then pointed out the alteration to the badge and asked if he had anything to say about it. In response, the driver stated that it was obvious that the badge had been altered but claimed it was not him or his wife who had tampered with it. He would not say who changed the badge. The badge was confiscated.</p> <p>The driver was subsequently charged and prosecuted under the fraud act 2006 for fraud by false representation and possession of articles for use in fraud. He pleaded guilty to both offences at the City of London Magistrates Court. He was fined £600 and ordered to pay £85 costs and a £35 victim surcharge. The Court ordered repayment within 14 days of the hearing.</p>

<p>9.</p>	<p>SUBLETTING (Peabody): CAFS work closely to support local housing associations to assist where potential tenancy fraud is affecting the community.</p> <p>Peabody asked for assistance with a tenancy in Wellington Buildings, Ebury Bridge Road, where they suspected their tenant was subletting through the short-term letting company Airbnb. They had found an alternative address in France and a tenancy agreement held by a former subtenant. They wanted CAFS help to recover the address.</p> <p>CAFS intelligence checks uncovered the full Airbnb advert, one of which was for the Wellington Buildings address, which had the tenant's full name and work logo displayed on it.</p> <p>The link to France provided another line of enquiry and overseas trips. The investigators found a regular travel pattern, and when they approached airlines for booking details, it revealed several alternative addresses. None of the bookings mentioned Wellington Buildings.</p> <p>When his bank accounts were obtained, using powers under the Prevention of Social Housing Fraud Act, it showed several individuals paying him monthly rent payments over a long period, which further suggested he was subletting the address.</p> <p>Having amassed a lot of evidence, the tenant was asked to attend an interview under caution, which he did. But, he gave a "no comment" interview throughout. However, he contacted the investigator the following day, confirming that he would like to relinquish his tenancy. He returned the keys to the property shortly afterwards.</p>
<p>10.</p>	<p>TENANCY SUCCESSION: CAFS received a succession application to review regarding property on the Lydford Estate, W9, where the tenant had passed away, and the tenant's nephew had applied to succeed the tenancy. Succession is a legal term used when a person takes over a tenancy when the tenant dies and relates to the statutory right of certain people to succeed in the tenancy. Sometimes, a qualifying family member can "succeed" if residing with the late tenant for 12 months before death.</p> <p>Routine checks completed on the application showed that the nephew did not meet the requirements for succession. The deceased never declared him an occupant of the property, and an interrogation of Council records and data confirmed she was the sole tenant.</p> <p>Financial checks also indicated that he resided elsewhere during the eligibility period, and Council records were checked and confirmed this. An investigation report surmised the findings, and the succession was refused.</p> <p>There was an appeal, but the Judge found it in the Council's favour. The nephew was given six weeks to vacate, and possession was granted after completing the six weeks.</p>

<p>11.</p>	<p>ABANDONMENT: A Housing Officer raised a concern with CAFS because they had not seen the tenant of a flat in Missenden House, Jerome Crescent, for some time. They were concerned the address may have been abandoned.</p> <p>All records linked the tenant to the address; however, when the investigator undertook an early morning visit, the tenant's son was at home, but not the tenant. He said that his mother was in Spain recuperating after an operation. Because of this information, the investigator checked with UK Border Agency, revealing that the tenant had left the UK in 2020 and had not returned.</p> <p>The investigator presented his findings to housing colleagues, who issued notices on the grounds of abandonment, and District Judge Greenridge heard the case.</p> <p>The Judge was satisfied that, based on the evidence, it could not be said that the defendant had a serious or arguable case. There was no material before the Court as to why the defendant had not returned to the property and no evidence that she intended to return.</p> <p>The Judge was satisfied that the tenant had lost the security of tenure by not having occupied the property as her main or principal home and awarded the Council possession.</p>
<p>12.</p>	<p>PERSONAL BUDGETS: Allegation received from Adult Social Care (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 HM Land Registry identified five additional properties which 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. Further enquiries conducted with HMRC showed that the service user had no other income beyond what had been declared.</p> <p>Due to the service user being an elderly person in residential care and his partner having been involved in the application process, it was decided that it was not in the public interest to pursue criminal action for the undeclared property. The matter was returned to ASC for a new financial assessment with all relevant details.</p> <p>This resulted in the service user becoming liable for full care contributions, with an additional £34,000 being billed. ASC has advised that this will be recovered via charges on the properties if it is not correctly paid.</p>

13.	<p>DECANT & SUBLETTING: One of the Council's Reallocation Officers referred to CAFS their concerns that a recent applicant for rehousing under the regeneration scheme was either not resident or subletting.</p> <p>Initial checks suggested that other persons were linked to the property, including an unknown male on the electoral register. Then, when bank statements for the tenant were obtained, this man was shown to be making regular monthly payments to the tenant. Finally, officers conducted an early morning visit to the address, and he answered the door and confirmed he was living at the address. He explained that the tenant lived with her husband in the USA but refused to provide a witness statement.</p> <p>The tenant was invited to an interview under caution but telephoned the investigator to say she could not attend as she was looking after her parents abroad. However, before a second invite could be sent, the tenant terminated her tenancy, returning the property to the Council and nullifying the decant request.</p>
14.	<p>SUCCESSION: CAFS received a referral regarding the succession applications from the grandson of a tenant who had passed away. There were concerns that he had never lived at the tenant's Ainsworth House, Kilburn Lane, address.</p> <p>Initial enquiries showed most of his records, including mobile phone, finance, and mail order companies, linking him to an address in W9 with just one credit card linked to Ainsworth House. In contrast, his grandmother had been liable for Council Tax at Ainsworth House since November 1992. She received a Single Person Discount throughout. The same applied to her welfare benefit, where she had always claimed to live alone. Finally, the investigator contacted Adult Social Care, whose records confirmed that the grandmother lived alone. While there were references to her grandson, these were to verify that he regularly visits to get her shopping and that he lives 10 mins away and has a key to the property.</p> <p>Repossession commenced, and the matter was heard at County Court, where the Judge reviewed the evidence compiled by CAFS and awarded the Council outright possession.</p>
15.	<p>SUBLETTING (Notting Hill Genesis): Notting Hill Genesis (NHG) received a tip-off suggesting that their tenant in Amberley Road was subletting to multiple occupants while living elsewhere. They asked CAFS to assist them with the investigation.</p> <p>The subsequent investigation quickly identified a possible sub-tenant at the address who claimed he was looking after the property for the tenant and said they both lived there together. However, immigration checks suggested that the tenant had left the UK in 2018 and had not returned. Additionally, when the tenant's bank statements were obtained, they revealed regular monthly payments from the individual officers found at the property, each narrating "rent".</p> <p>The tenant was invited in for an interview under caution. The day before the interview, the investigator received confirmation from NHG that the tenant had contacted them and would be relinquishing his tenancy. Shortly afterwards, the subtenant returned the keys to their offices.</p>

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Audit and Performance Committee Report

Date:	24 July 2023
Classification:	General Release
Title:	2022/23 Annual Accounts
Wards Affected:	All
Policy Context	The draft accounts detail the Council's financial performance for 2022/23. Further detail regarding the Council's Fairer Westminster vision, opportunities and risks can be obtained in the Narrative Statement and Annual Governance Statement
Financial Summary:	This report presents the draft Statement of Accounts for the Council for the financial year ended 31 March 2023
Report of:	Gerald Almeroth, Executive Director – Finance & Resources

1. Executive Summary

- 1.1 This is a report summarising the key aspects of the 2022/23 statement of accounts. The statement of accounts appended to this report are draft at this stage and the external auditors' workplan is to present an audited version of the accounts to the 24 October 2023 Committee. The public inspection period began on 19 June and is due to end on 28 July 2023. The published draft accounts can be found at Appendix 1.
- 1.2 These draft statements of accounts complement the financial outturn position and reports the Council's financial position in line with CIPFA reporting requirements and International Financial Reporting Standards.
- 1.3 The 2022/23 draft accounts report some large year-on-year variances compared with the previous year. This is mostly due to the £471m

reduction in the valuation of the council's pension fund liabilities as the Pension Fund is now 128% funded (up from 99% at the last triennial valuation).

- 1.4 The total value of the net assets on the balance sheet as at 31 March 2023 was £3.373bn. Overall there has been an increase of £0.558m in comparison to last year.

2. Recommendations

- 2.1 That the Audit and Performance Committee approve the draft 2022/23 statement of accounts subject to the public inspection period and the audit currently underway.
- 2.2 That the Audit and Performance Committee approve the draft Annual Governance Statement included in the statement of accounts subject to the public inspection period and the audit.

3. Background

- 3.1 The audit sector for Local Government remains under enormous pressure as the backlog for accounts sign-offs has reduced capacity to meet accounts publication deadlines and audit sign-off deadlines.
- 3.2 Due to these national issues, Westminster City Council's draft 2022/23 accounts were published two weeks after the 31 May deadline, on the 16 June. The 31 May deadline was a reversion back to the original timeframe after the publication dates were extended to 31 July during the Covid-impacted years. By 31 May, 30% of English authorities had published their draft accounts. In London, it was 25%. By 16 June, London's publication rate had increased to 30%.
- 3.3 While by the 31 May, the 2022/23 accounts (including pension and group) had been largely completed, a decision was taken to delay publication of the draft accounts to ensure that they were of the highest possible quality, as that will ultimately benefit us during the audit process.
- 3.4 Westminster's position reflects the well-documented sector-wide challenges, and the 2022/23 deadline has been impacted by these challenges - as the Chief Executive of CIPFA reported in late May. In his statement, he was of the opinion that a "balance [should be] struck between the timeliness and the quality of unaudited financial statements".

4. Update to 2021/22 accounts

- 4.1 At the point of writing, Grant Thornton is updating the final elements of their Audit Findings Report before issuing the final certificate for the accounts. The report to the Audit & Performance Committee on 23 February 2023 outlined that the final opinion was expected to be unqualified subject to the following outstanding minor matters:

- Completion of the documentation of audit testing
- Completion of subsequent events work
- Final senior management and quality reviews
- Receipt of management representation letters, and
- Review of the final sets of financial statements, Annual Governance Statement and Narrative Reports

- 4.2 While the outstanding matters in the paragraph above were completed, another national issue arose in March which has delayed accounts across England being signed-off, which was a question as to what the impact of the triennial (IAS19) valuation of Local Authority Pension Funds would be on the 2021/22 accounts. The triennial valuations were being formally issued by the actuaries in early 2023, with a valuation date of 31 March 2022.
- 4.3 The delay on providing an audit opinion on the 2021/22 Statement of Accounts meant that the updated information arising from the March 2022 triennial funding valuation potentially had an impact on the IAS19 data reported in the 2021/22 Statement of Accounts.
- 4.4 The 2021/22 IAS19 disclosures are based on membership data “rolled forward” from the 2019 triennial funding valuation and actuarial assumptions set out by the actuary as at 31 March 2022. At the time the 2021/22 Statement of Accounts were authorised for issue, the results of the March 2022 funding valuation were not available.
- 4.5 Given that the opinion on the 2021/22 Statement of Accounts has not been issued, the external auditors are required to undertake procedures under International Accounting Standards to determine whether events occurring between the date the Statement of Accounts were authorised for issue and the date of the auditor’s report should be reflected in the Statement of Accounts.
- 4.6 The Council quickly reviewed the data and drafted a procedure note (with the actuary’s assistance) and deemed this change to be £0.551m and therefore below Grant Thornton’s threshold for triviality. Grant Thornton is finalising its internal checks to sign it off. It was this note that was relied upon by the wider sector, used by CIPFA to update its national guidance and fed into the NAO’s resolution of the matter.
- 4.7 By 24 July, Grant Thornton anticipates that all work required to formally sign the 2021/22 accounts will have been completed.
- 4.8 The 2022/23 accounts will be subject to Grant Thornton’s “hot review”. This is a cyclical spot check of a number of accounts in its portfolio that will undergo additional quality assurance checks. This “hot review” on the 2022/23 accounts should not impact the 2021/22 sign-off.

5. 2022/23 Accounts Balance Sheet

- 5.1 The balance sheet in the table below shows the Council has net assets of £3.373bn. An increase of £0.558m in comparison to 2021/22.
- 5.2 The accounts follow CIPFA reporting requirements for valuation and depreciation of non-current assets. CIPFA regulations create accounting overrides of IFRS to ensure that valuation or depreciation movements are not chargeable to the General Fund.
- 5.3 The CIPFA Code also makes accounting overrides for the recognition of post-employment benefits (i.e. pension payments), whereby the charge payable to the General Fund is the cash payable each year. The real cost (i.e. the cost on a accruals basis) of post-employment benefits must be reversed out through the Movement in Reserves Statement to avoid being chargeable to Council Tax.

31 March 2022	Note	31 March 2023
£'000		£'000
ASSETS		
<u>Non-current</u>		
3,014,314	Property, plant and equipment	3,093,364
44,578	Heritage assets	44,578
462,801	Investment property	525,064
4,997	Intangible assets	7,374
33,318	Long-term investments	34,300
132,034	Long-term debtors	86,187
3,692,042	Total long-term assets	3,790,867
<u>Current</u>		
383,429	Short-term investments	656,569
138	Inventories	131
395,846	Short-term debtors	191,736
64,998	Cash and other cash equivalents	209,047
19,086	Assets held for sale	2,609
863,497	Current assets	1,060,092

31 March 2022		Note	31 March 2023
£'000			£'000
LIABILITIES			
(62,229)	Short-term borrowing	Note 21a	(12,726)
(580,393)	Short-term creditors	Note 28	(682,641)
(40,279)	Short-term provisions	Note 29	(116,252)
(49,358)	Revenue receipts in advance	Note 13	(18,938)
(732,259)	Total current liabilities		(830,557)
<u>Long term</u>			
(1,269)	Long-term creditors	Note 28	(6,051)
(91,424)	Long-term provisions	Note 29	(23,810)
(237,616)	Long-term borrowing	Note 21a	(389,398)
(577,597)	Other long-term liabilities	Note 30	(101,172)
(100,274)	Capital receipts in advance	Note 13	(127,317)
(1,008,180)	Long-term liabilities		(647,748)
2,815,100	Net assets		3,372,654
(1,101,321)	Total Usable Reserves	Note 15	(851,865)
(1,713,779)	Total Unusable Reserves	Note 16	(2,520,789)
(2,815,100)	Total Reserves		(3,372,654)

- 5.4 There has been an £197m increase in current assets. This has been driven by £144m increase in the short-term liquid deposits held by the Council.
- 5.5 Current liabilities have increased overall by £98m, mainly due to a £102m increase in short term creditors, reflecting the amount that Westminster owes to preceptors in relation to business rates income as part of the collection fund. This is similar to the experience of all other business rate local authorities due to the covid reliefs given by central government.
- 5.6 The Council's has reported overall increase in the net asset position due to Pension liabilities that have reduced following the triennial revaluation which assessed the Pension Fund as being 128% funded, compared to 99% funded in 2019. This is partly due to improved investment returns and partly the result of the Council making upfront payments into the Fund of £80m during 2021/22.

- 5.7 Alongside changes to the discount rate, this improved funding position has reduced pension fund liabilities in the Balance Sheet from £561m at 31 March 2022 down to just £85m at 31 March 2023.
- 5.8 Furthermore, the Council's increasing net asset position is supported by an increase in Long Term Assets, which have increased by £98. This has been mainly driven by Property, Plant and Equipment increasing by £79m, caused by acquisitions and enhancements of £232m, offset by falling valuations of £156m. This has been offset by £45m reduction in long term debtors due to the settlement of the £40m Luton street loan between Westminster and the Council's wholly owned subsidiary, Westminster Housing Investments Ltd (Westminster Builds)
- 5.9 The draft statement of accounts carries a drawdown of £276m from the Business Rates Deficit Section 31 earmarked reserve (held within usable reserves in the balance sheet). This reserve was established to hold government funding received to offset the impact of business rate reliefs granted as part of the governments COVID-19 support measures to businesses. This funding ensures the Council does not lose funding when businesses were given business rates support during the pandemic. This reserve has been fully utilised in 2022/23 to offset the collection fund deficit recognised this year which resulted from these support measures.

Comprehensive Income and Expenditure Statement and Movement in Reserves Statement (MiRS)

- 5.10 Local government accounting requires the production of a comprehensive income and expenditure statement and movement in reserves statements, using International Financial Accounting Standards (IFRS). The movement in reserves statement is designed to adjust for technical transactions such as depreciation which does not impact the bottom line of local authority accounts.
- 5.11 A reconciliation of the Comprehensive Income and Expenditure Statement (CIES) with budget monitoring is shown below.

	General Fund Balance 2022-23 £'000	Housing Revenue Account 2022-23 £'000	Total 2022-23 £'000
(Surplus) for the year	(29,914)	(84,774)	(114,688)
Technical accounting adjustments	271,041	76,369	347,410
(Use)/Top up of earmarked reserves	(244,095)	8,210	(235,885)
Net surplus against budget	(2,968)	195	3,163

- 5.21 The technical accounting adjustments consist of movements for:

- Neutralisation of depreciation
- Revaluation gain/losses for the Council's property portfolio
- The transfer of capital grants to be capital grants reserve
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service costs and ensures that the actuarial estimates are not charge to council tax

6. Objections

6.1 At the time of writing the auditors have not received any objections in relation to the 2022/23 statement of accounts.

7. Conclusion

7.1 The statement of accounts appended to this report are draft at this stage and an audited version of the accounts will be presented to the Committee at its October meeting for final sign off following the finalisation of audit.

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

BACKGROUND PAPERS:

Statement of Account 2022-23

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City of Westminster

Audit and Performance Committee Report

Date:	24 July 2023
Classification:	For General Release
Title:	Annual Report of the Audit and Performance Committee
Wards Affected:	All
Financial Summary:	There are no direct financial implications arising from this report, which considers the annual report of the Audit and Performance Committee.
Report of:	Councillor Aziz Toki, Chair of the Audit and Performance Committee Gerald Almeroth, Executive Director of Finance and Resources Pedro Wrobel, Executive Director of Innovation and Change
Report Author:	Clare O’Keefe, Lead Policy and Scrutiny Advisor, cokeefe@westminster.co.uk

1. Executive Summary

1.1. This report summarises the work of the Audit and Performance Committee (“the Committee”) over the municipal year 2022-2023.

2. Recommendations

2.1. That the report be received and approved by the Audit and Performance Committee; and

2.2. That the report be forwarded to Full Council for information.

3. Reasons for Decision

3.1. That the Audit and Performance Committee review the work it has undertaken in the municipal year 2022-2023 as set out in the recommendations made in the Review of Effectiveness report of 2 May 2019.

4. Background

4.1. The Audit and Performance Committee is separate from the executive functions and helps to raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors.

4.2. In spring 2019, a number of reviews were undertaken by the Executive Director of Finance and Resources and Director of Audit, Fraud, Risk and Insurance which focused on the effectiveness of the arrangements for finance, audit and governance¹. One of the recommendations arising from this review to enhance the Committee's effectiveness was to consider providing an annual report to Council on its work and performance during the year.

5. Foreword by the Chair – Councillor Aziz Toki

5.1. I would like to acknowledge the dedication of the Councillors who have been Members of the Audit and Performance Committee this past year and commend them on their commitment to robust, constructive, challenge.

5.2. The success of the Committee also relied on the officers who prepared the reports, those who attended meetings of the Committee to present and answer questions posed by Members.

6. Committee Activity

6.1. The Committee accomplished its programme of work, agreed at the beginning of the municipal year.

6.2. The Committee had the following Councillors on its membership, which changed as a result of the local election in 2022:

- Cllr Aziz Toki (Chair);
- Cllr Tony Devenish (Member until January 2023);
- Cllr Paul Fisher (Member);
- Cllr Alan Mendoza (Member since January 2023); and
- Cllr Jessica Toale (Member).

6.3. The Committee met on the following dates in the municipal year 2022-2023:

- 27 June 2022;
- 21 July 2022;

¹ [Review of Effectiveness.pdf \(westminster.gov.uk\)](#)

- 7 September 2022;
- 31 October 2022;
- 29 November 2022; and
- 23 February 2023.

6.4. The meetings were quorate on each occasion. The Executive Director of Finance and Resources, the Director of Finance and the Shared Services Director for Audit, Fraud, Risk and Insurance and/ or the Head of Internal Audit attended each meeting, along with other executive directors in respect of specific items on each agenda.

6.5. Appendix 1 refers to the themed topics which were considered during the 2022-2023 municipal year.

6.6. The Committee developed a work programme and has continued to use the action tracker which are both reviewed at each meeting of the Committee.

7. Review of Effectiveness

7.1. As mentioned, in spring 2019, a number of reviews were undertaken by the Executive Director of Finance and Resources and Director of Audit, Fraud, Risk and Insurance which focused on the effectiveness of the arrangements for finance, audit and governance.

7.2. The review focused on effectiveness in the following areas:

- The Role of the Chief Financial Officer (S151);
- The Role of the Head of Internal Audit;
- Compliance with the Public Sector Internal Audits Standards (PSIAS);
- The Role of the Audit and Performance Committee.

7.3. After this assessment was completed, there were three specific recommendations presented to the Committee for consideration to enhance effectiveness:

1. consider the merits of including to a provision to co-opt independent members to the Committee.
2. consider providing an annual report to Council on its work and performance during the year.
3. consider using the CIPFA Knowledge and Skills Framework for Audit Committees self-assessment to identify any topics for future briefings which would assist the work of the Committee.

7.4. The implementation of the recommendations was postponed during the COVID-19 pandemic but in the last municipal year the Committee has successfully completed recommendations 1 and 2, with discussions planned for recommendation 3 in the autumn of 2023/24.

8. Independent Committee Member

8.1. In September 2022, Full Council agreed to the appointment of an Independent Person of the Audit and Performance Committee to strengthen the workings of the committee in its role as a key internal financial control mechanism.

8.2. An Independent Person does not have a vote in the same way as members of the committee and are a part of the committee in an advisory and consultative manner. Independent Persons are non-councillors who are suitably qualified with experience in the area of audit/governance and bring specialist knowledge and insight to the workings and deliberations of the committee to provide:

- An effective independent assurance of the adequacy of the risk management framework.
- Independent review of the Council's financial and non-financial performance.
- Independent challenge to, and assurance over, the Council's internal control framework and wider governance processes.

8.3. The recruitment was led by the Chair of Audit and Performance, the Chair of General Purposes and a nominated Opposition Group Member. This group was advised by the Director of Finance, the Monitoring Officer and the Head of Governance and Councillor Liaison.

8.4. The Committee is pleased to have an Independent Person included in its membership, especially one with extensive local government knowledge and expertise in financial services.

8.5. At the time of writing, the Independent Person is due to attend their first meeting of the Audit and Performance Committee on 24 July 2023.

9. Internal Audit and Fraud Service Delivery Models

9.1. The Council's Internal Audit and Corporate Anti-Fraud service is managed by the Shared Services Director for Audit, Fraud, Risk and Insurance. The service is hosted by the Royal Borough of Kensington and Chelsea (RBKC) as part of a Shared Services Agreement, across three councils, which has been in place since April 2015.

9.2. Audits are predominantly undertaken by an in-house team supplemented by ad-hoc support from the service's delivery partners Mazars and PwC, including undertaking reviews in specialist areas.

- 9.3. The Corporate Anti-Fraud Services (CAFS) provides a complete, professional counter-fraud and investigation service for fraud attempted or committed against the Council. All CAFS work is undertaken in line with appropriate legislation and through the powers and responsibilities set out in the financial regulations section of the Council's Constitution. CAFS ensures the Council fulfils its statutory obligations under the Local Government Act 1972 to protect public funds and effectively prevent and detect fraud and corruption.

10. Internal Audit Plan

- 10.1. The Committee reviewed the 2022/23 Internal Audit Plan at its meeting in February 2022 and was satisfied it provided sufficient coverage of the Council's key systems and processes. The Audit Plan identifies audits for the next three months in detail, taking into account key risks and priorities, whilst keeping the remaining nine months more flexible. The plan is then revisited each quarter to confirm the following quarter's work includes sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework.
- 10.2. During the year the Committee received regular reports on the progress against the Plan and on the outcomes from the individual audits undertaken. As a result, the Committee was satisfied that the Plan was substantially completed by the year end, in line with recognised good practice.
- 10.3. The Committee was updated on the outcomes of follow up work and noted that operational managers were taking appropriate actions to bring about the required improvement in controls.

11. Cumulative Assurance

- 11.1. The Committee received the draft Annual Governance Statement (AGS) in July 2022, along with the draft annual accounts. The AGS established that there were no significant gaps in the Council's compliance with CIPFA/SOLACE's *Delivering Good Governance in Local Government* Framework.
- 11.2. At the year end, Internal Audit provide the S151 Officer, the Executive Leadership Team and the Audit and Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. The Annual Report on Internal Audit's work and the Council's internal control arrangements for 2021/22 confirmed that overall satisfactory control arrangements and procedures are in place across the Council, with the majority of audits receiving a positive assurance opinion in 2021/22.

- 11.3. In line with good practice, officers held training sessions with members on the annual accounts to ensure that the technical aspects of Local Government accounting were understood by all Committee members. This training will be complemented by the addition of an independent member in 2023/24 to further increase insight into the accounts.

12. Performance Management

- 12.1. The Audit and Performance Committee has a role to scrutinise the performance of the Council as set out in the Terms of Reference. To fulfil these responsibilities the Committee receives a Quarterly Performance Report that provides an overview of how the Council is performing. At the start of 2022/23 the Committee Chair approved the format of the report which covers key achievements, key issues and risks and the status of a suite of Key Performance Indicators monitored by the Council.
- 12.2. Over the year the Committee received four quarterly reports which were reviewed in at the relevant meeting. Committee Members are to ask questions to relevant officers. On occasion Committee Members requested further details on areas of under-performance or risk and responses were provided. There were no issues that Committee felt required further scrutiny at any of the other dedicated Policy and Scrutiny Committees over the year.
- 12.3. The 2022/23 financial year reporting concludes with a yearend report that presents the cumulative positive Key Performance Indicators. Information is also supplied on the direction of travel of these Indicators compared to the previous year where available, so that Members can see where improvement has been made or performance has slipped.

13. Risk Management

- 13.1. Part of the Governance Framework of the Audit and Performance Committee includes the requirement to monitor the effective development and operation of risk management in the Council. The Committee receives updates on top risks from services each quarter as part of the Quarterly Performance Report.
- 13.2. To supplement the management of risk the report also featured a section on current operational and strategic challenges each quarter. This section allows for more contextual narrative around some of the prevailing threats to delivery of council outcomes or services to residents in our operating environment at the time; such as the Cost-of-Living Crisis driven by high inflation and increasing interest rates that are still prevailing in the UK economy now.

- 13.3. Over 2022/23 Internal Audit commenced a review of the Council's risk management arrangements. The findings and recommendations in this report will be assessed and improvement actions implemented where necessary over the 2023/24.

14. Fraud Updates

- 14.1. The Audit and Performance Committee's Terms of Reference require that the Committee receive reports on internal and external fraud investigated by the Council. Outcomes of fraud investigations are reported to the Committee twice a year, with reports presented to the Committee in November 2022 (half-year status report) and July 2023 (full-year status report). Several investigations in the year have been focused on housing applications and illegal sub-letting, and the misuse of disabled parking badges.

15. Statement of Accounts and External Audit

- 15.1. The Committee's Terms of Reference state that the Committee should review the annual statement of accounts and approve them for publication. In doing so, the Committee should consider whether the appropriate accounting policies have been followed and whether there are concerns from the financial statements that need to be brought to the attention of the Council.
- 15.2. As part of this role, the Committee received reports on the Statement of Accounts for 2021/22 which included a progress report from Grant Thornton (the Council's External Auditor) in October 2022 and Grant Thornton's final opinion and Audit Findings Report submitted to the Committee on 23 February 2023.
- 15.3. It should be noted that, for the first time, the Council encountered delays to finalising its audit opinion. This was due to factors out of the Council's control which include the long-standing national issues around the Financial Reporting Council requirement for increasing substantive testing in audits and workforce capacity issues at the audit firms. This was further exacerbated by technical issues that impacted across the sector nationally, namely, accounting for infrastructure assets and pension revaluations.
- 15.4. The Committee welcomed the positive feedback by Grant Thornton that the accounts and supporting papers required only minimal adjustments and that nothing of major concern had been discovered, with minor action points to consider in next year's audit.
- 15.5. The Committee also received regular reports on the Council's Treasury Management activity.

16. Member Conduct

- 16.1. In accordance with its Terms of Reference, the Audit and Performance Committee receive an annual report which details the efforts made to maintain high ethical standards at the Council². In February 2023, the Committee understood that, in the calendar year 2022, the Monitoring Officer considered three complaints put forward against Councillors alleging a breach of the Members' Code of Conduct. The Monitoring Officer, or her deputies, considered each of the complaints and the evidence provided. On three occasions it was felt that the complaint did not warrant formal investigation.
- 16.2. Furthermore, the Committee was informed that ethical standards are included in the Members' Development Training Programme. All Councillors attended the Code of Conduct Training held during May and June 2022, and in June 2022 a note on good decision making was circulated to all Members and follow-up sessions took place with the Monitoring Officer.

17. Conclusion

- 17.1. Over the 2022/23 municipal year, the Audit and Performance Committee has persistently offered a focused and adept scrutiny of the Council's governance systems and financial reporting mechanisms.
- 17.2. The Committee will continue to oversee and question the handling of risk at both the corporate and departmental levels, guaranteeing the implementation of evident best practices throughout the Council. The Committee will also ensure the continual maintenance of the highest standards of internal control and bringing to account those responsible for any areas where the standard has been perceived to be insufficient.

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

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APPENDICES

Appendix 1 – Audit and Performance themes of discussion in 2022/23

BACKGROUND PAPERS

² [Maintaining High Ethical Standards at the City Council Annual Report 23 Feb 2023.pdf \(westminster.gov.uk\)](#)

None other than previously published Committee documents.

Appendix 1 – Audit and Performance themes of discussion in 2022/23

- Audited Accounts and Final Statement of Accounts
- Revenue and Capital Outturn 2021/2022
- Quarterly Finance Monitors

- Treasury Management Strategy Outturn 2021/22
- Treasury Management Strategy Mid-Year Review

- External Audit Update
- External Audit Certification of Claims and Returns Annual Audit of the 2020/21 Housing Benefit Claim

- Annual Report on Internal Audit and Internal Control 2021/2022
- Internal Audit Plan 2023-24
- Internal Audit Progress Reports
- Review of the Internal Audit Charter

- Counter Fraud End of Year Report 2021/2022
- Mid-Year Counter Fraud Report
- Review of Anti-Fraud Policies

- Update on Performance Management and Quarterly Performance Reports

- Contract and Supplier Performance Report
- General Procurement Update
- Corporate Complaints Report

- Ethical Standards Report

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