



City of Westminster

# Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Tuesday 24th October, 2023**

Time: **6.30 pm**

Venue: **18.06-08, 18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**  
Aziz Toki (Chair)  
Paul Fisher  
Barbara Arzymanow  
Iman Less

**Independent Person:**  
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](mailto:cokeefe@westminster.gov.uk)  
Corporate Website: [www.westminster.gov.uk](http://www.westminster.gov.uk)**

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

## **AGENDA**

### **PART 1 (IN PUBLIC)**

**1. MEMBERSHIP**

To note any changes to the membership.

**2. DECLARATIONS OF INTEREST**

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

**3. MINUTES**

To approve the minutes of the previous meeting held on 6 September 2023.

**(Pages 5 - 16)**

**4. MATTERS ARISING AND WORK PROGRAMME 2023/24**

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 17 - 24)**

**5. ANNUAL COMPLAINTS REPORT**

To consider the Corporate Complaints Annual Report.

**(Pages 25 - 96)**

**6. TREASURY MANAGEMENT STRATEGY OUTTURN 2022/2023**

To note the annual treasury management final outturn 2022/23.

**(Pages 97 - 110)**

**7. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW**

To review the Treasury Management Mid-Year Strategy.

**(Pages 111 - 124)**

**8. INTERNAL AUDIT PROGRESS REPORT**

**(Pages 125 -  
136)**

To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.

**9. MID-YEAR COUNTER FRAUD REPORT**

**(Pages 137 -  
158)**

To oversee and monitor the success of the Counter Fraud Service.

**Stuart Love  
Chief Executive  
16 October 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 **Wednesday 6 September, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

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

**Also Present:** Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Nick Byrom (Strategic Performance Manager), Heather Clarke (Divisional Head of Housing Needs), Sarah Crouch (Deputy Director of Public Health), Helen Farrell (Director of Special Projects), Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Health), Janine Gray (Head of Revenues and Benefits), Martin Hinckley (Director of Revenues and Benefits), Ed Humphreys (Interim Director of Commercial Partnerships), Debbie Jackson (Executive Director of Regeneration, Economy and Planning), Frances Martin (Executive Director of Environment, Climate and Public Protection), Clare O'Keefe (Lead Policy and Scrutiny Advisor), Caron Smith (Head of Procurement), Phil Triggs (Tri-Borough Director of Treasury and Pensions), Sarah Warman (Strategic Director of Housing and Commercial Partnerships), Neil Wightman (Director of Housing), Lee Witham (Director of People Services) and Pedro Wrobel (Executive Director of Innovation and Change).

#### **1 MEMBERSHIP**

1.1 The Committee noted apologies from Mark Maidment (Independent Member) who was viewing the meeting online.

#### **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 24 July 2023.

#### **RESOLVED:**

3.2 That the minutes of the meeting held on 24 July 2023 be signed by the Chair as a correct record of proceedings.

## **4 MATTERS ARISING AND WORK PROGRAMME 2023/24**

- 4.1 There were no matters arising since the previous meeting.
- 4.2 The Committee and officers noted that that the Council calendar of meetings for the next municipal year, 2024/25, will be drawn up in the autumn. The Committee requested that officers reflect on this year's meeting schedule and whether the reporting timetable allows the Committee to be as effective as it can be. The Committee noted that the Lead Policy and Scrutiny Advisor will liaise with officers on behalf of the Committee.
- 4.3 The Committee raised that it would welcome an update on the next stage of the Mental Health Reablement Service, referred to in point 5.5 of the minutes of the Committee's last meeting on 24 July 2023.

### **ACTIONS:**

- 4.4 That the Lead Policy and Scrutiny Advisor will liaise with officers regarding the calendar of meetings for 2024/25 to ensure the meetings are effective.
- 4.5 That the Committee will receive an update the Mental Health Reablement Service.

## **5 QUARTER 1 PERFORMANCE REPORT**

- 5.1 The Committee received an overview from Nick Byrom (Strategic Performance Manager) and understood that the Quarter 1 Performance Report covers the period from April 2023 to June 2023. The Committee was informed that there are two Key Performance Indicators (KPIs) that are at risk of meeting the year-end target, at the time of publishing: Freedom of Information (FOI) requests responded to in line with statutory deadlines (targets based on Information Commissioners Office (ICO) guidance) and the percent of young people that were known to the Youth Offending Team and were continuing to re-offend. The Committee noted that Quarter 1 is early in the reporting cycle and officers will be able to make a more detailed assessment at the Quarter 2 mid-year position, which will be received by the Committee at its meeting on 28 November 2023.
- 5.2 The Committee queried whether officers are assured that the mitigations put in place are appropriate to manage the FOI off-track target. The Committee understood that FOI response targets are derived from ICO guidance, which broadly requires 90 percent of responses to be delivered within statutory timescales as an indicator of acceptable performance for local authorities. The Committee was informed that the Council receives a large volume of FOI requests compared to other local authorities: in Quarter 1, the Council received 493. It is recognised that there have been changes to processes, including: improved interdepartmental collaboration, which is critical where there are responses required from a number of different directorates, also, there has been an emphasis on escalation and early triaging of complex cases. The Committee was pleased to note that the FOI KPI has been on an improvement trajectory, with a 3 percent improvement from Quarter 4,

furthermore, there is a similar process around Subject Access Requests, of which there has been a significant improvement in performance in the same period.

- 5.3 The Committee questioned whether the Council has effective arrangements in place with partners for managing the reoffending of young people known to the Council's Youth Offending Team. The Committee noted that the data is released by the Ministry of Justice and reflects the 2021 status; the young people are tracked over an 18-month period to monitor reoffending. The Committee was pleased to learn that in real terms there has been a reduction in reoffending, that this relates to a very small cohort of children and the new offences committed are not an escalation to the previous offences. The Youth Offending Team work closely with several partner agencies which include schools, the police, services within the Council, as well as families and provide a range of interventions to address any reoffending risks. The Committee requested information on the range of offences committed by the cohort of young re-offenders, including how many, if any, of the cohort were involved in the "Oxford Circus JD robbery" incident in August 2023.
- 5.4 The Committee noted the prediction that serious youth violence is likely to return to pre-COVID-19 levels and queried how the Council is planning for this. The Committee was informed that a full paper on this specific query is going to a meeting of the Cabinet on Monday 11 September 2023 which outlines the range of services and interventions in place, that serious youth violence levels remain lower than pre-pandemic levels and that a number of incidents are committed by non-residents coming to the West End. The Committee also asked what preventative activities are undertaken to prevent serious youth violence. The Committee understood that the Integrated Gangs and Exploitation Unit and Youth Justice Team work with schools, children and families using trauma-informed approaches with those children at risk of being excluded from school since this is known to be a factor that can impact on youth offending. The Committee also noted recent Ministry of Justice funding which has gone towards the Turnaround Project to work directly with young people when they first come into contact with the police to seek to prevent escalation.
- 5.5 The Committee recognised that the uncertainties regarding future government funding are noted as 'great' in the report and requested more information on the mitigations against this risk. The Committee noted that the risk level reflects the degree of uncertainty. Whilst the assumptions are reviewed closely when the Medium-Term Financial Plan (MTFP) is drawn up, it is difficult to determine due to the number of changes to core funding and the ambiguity around timing and implementation of these; it remains a high risk nationally.
- 5.6 The Committee referred to support for rough sleepers and requested an update on this. The Committee was pleased to note that additional funding had been secured from the Department for Levelling Up, Housing and Communities for two projects to extend and enhance services or those who are sleeping on the streets. The first project is a continuation of a successful partnership with Camden Council with assessment and triage beds at St

Giles. The second is an enhanced joint Severe Weather Emergency Protocol offer from Winter 2023, to provide around 60-100 placements.

- 5.7 The Committee queried how often officers assess the inclusion of risks presented in the Quarterly Performance reports and whether directorates are confident that they are an appropriate reflection of the risks facing the Council. The Committee was informed that there are always inherent risks in what the Council undertakes and there is a corporate framework to reflect these risks. Where the risks that score higher than 12 points report to the Audit and Performance Committee, there are also additional mechanisms to deal with top areas of risk, which include a Performance Board, a Change Board and internal audit processes which looks at how the Council handles risk. The Committee was pleased to note that the Risk Management Strategy is currently undergoing a review and requested to be kept updated on this.
- 5.8 The Committee also expressed concern that some of the risks set out in the risk register of the Performance Report may be too conservative and stressed the balance of being cautious without being alarmist. The Committee queried why there were well-established risks included in the Report and reported as being the highest risks despite not featuring previously. The Committee noted that they had been included in the Finance Monitors received by the Committee and the Strategy and Intelligence Team are building a better connection between various data sets to construct a more wholistic picture (Performance Reports primarily report on operational risk and Finance Monitors report on financial risks). The Committee noted that proportionate responses to risks will be built into future Performance Reports and also feed into the Risk Management Strategy review, including the matrix of criteria used to determine risk levels.
- 5.9 The Committee queried the Public Health KPI which failed to meet its target level (percent of opiate drug users that left drug treatment successfully who do not re-present to treatment within six months) and requested an explanation of the commercial provider's response to this. The Committee noted that there are fewer uses overall and that measures have been undertaken to ensure that the issues are being rectified. These include: a new Marketing and Engagement lead who has been appointed to work with partners and will be based one day a week at the local probation office, there are weekly visits to managed hostels and surgeries, and further engagement with Wandsworth His Majesties Prison to ensure continuity of the case post-release.
- 5.10 The Committee referred to the percentage increase in number of volunteers involved in the Night Stars Programme KPI being at risk of failing to meet its target levels. The Committee understood that there is a recruitment drive planned in the autumn, that lessons have been learned from the arrest incident in May 2023, the KPI has recently been re-worded and there has been a six percent increase against the baseline already at the end of Quarter 1, and before the recruitment drive. The Committee requested a breakdown of the demographic of Night Stars volunteers.



- 5.11 The Committee enquired about the engagement activity running from June to August 2023 on the High Streets Programme. The Committee noted that there has been a positive response and the consultation has been extended to ensure that certain stakeholder groups have been targeted. The Committee was informed that the outcome of the consultation will be shared when it has closed, and the analysis has been completed.
- 5.12 The Committee noted that whilst the percentage of Stage 2 Complaint responses despatched within 20 working days has improved, it is still at risk of failing to meet its target levels and questioned whether this was a trend experienced across the Council. The Committee was informed that complaints remain a key priority area across the Council, especially in the Housing Service, and there is a programme of work to ensure that the backlog is cleared, the quality of responses remains at a good standard and learning of complaints is embedded. The Committee was pleased to note that the trajectory of improvement is positive.

**RESOLVED:**

- 5.13 That the Committee noted the performance updates at Quarter 1.
- 5.14 That the Committee indicated areas where it required more information or clarification.

**ACTIONS:**

- 5.15 That the Committee will receive data on the range of offences committed by the children known to the Youth Justice Team.
- 5.16 That the Committee will receive information on how many, if any, of the children known to the Youth Justice Team were involved in the "Oxford Circus JD robbery" incident in August 2023.
- 5.17 That the Committee will be kept updated on the review into the Council's Risk Management Strategy at relevant stages.
- 5.18 That the risks presented in future Performance Reports will be proportionate and that the Risk Management Strategy review will also consider this.
- 5.19 That the Committee will receive a breakdown of the demographic of Night Stars volunteers.
- 5.20 That the outcome of the High Streets Programme consultation will be shared with the Committee when appropriate.

**6 QUARTER 1 FINANCE MONITOR**

- 6.1 The Committee received a summary of the first Finance Monitor for 2023/24 from Jake Bacchus (Director of Finance) which outlines the position for the General Fund (GF) and Housing Revenue Account (HRA). The Committee noted the current position of the GF, including on-track delivery of savings achievements, overspend, favourable variance as interest rates continue to increase incrementally and effects of inflation. The Committee also understood that the HRA position is on budget and the Capital programme's variance and factors contributing to this. Key subsidiaries were outlined as well as the school plans to reduce deficits to a balanced position.

- 6.2 The Committee raised a query regarding school deficits and how more are now in deficit in comparison to last year, and what the effect of this is. The Committee noted that falling school rolls, especially following the COVID-19 pandemic, have contributed to more schools being in deficit and work is being undertaken with schools to help compile deficit reduction plans and ensure they are reasonable and realistic. The Committee was also informed that this work schools to balance their Dedicated Schools Grants is starting to take hold.
- 6.3 The Committee noted that the Local Authority pay awards are still pending and was informed that, as part of the Council's MTFP, there is a budget set aside for an average five percent pay increase which was put forward to the unions. The negotiations are ongoing and anything above an average pay increase of 5 percent will have an impact on the MTFP assumptions and the financial planning will need to reflect this.
- 6.4 The Committee questioned the rising numbers of looked-after children and how the challenge is being met. The Committee noted that looked-after children has been an increasing national challenge since the COVID-19 pandemic, in particular adolescents whilst numbers of younger children in care proceedings have not increased significantly within Westminster. Parental conflict, child-parent conflict, a notable increase in mental health amongst adolescents and the Cost-of-Living Crisis have all had an impact on how families function day-to-day. The Committee was informed that measures to address this issue include: successfully working with families in addressing the causes of children entering care to enable them to return home, family therapists working with families to help address issues of conflict, providing schools with mental health practitioners to increase availability for children, and there is a dedicated Intensive Support Team who works intensively with families to address and mitigate the issues to try to prevent children from coming into care. Pressure on the availability and high cost of residential placements nationally and a national shortage of foster carers especially for teenagers contributes to this issue. The Committee was pleased to note however that the Council has a stable workforce with a low turnover of staff, in relative terms of other London boroughs, and low agency staff which means that strong relationships can develop with families to address the issues families are facing.
- 6.5 The Committee raised concern about the increasing pressure of Temporary Accommodation and asked what had been done since the last meeting of the Committee. The Committee noted that Temporary Accommodation continues to be on an upwards trajectory, and therefore a priority for the Council. There is a careful balance between managing the financial risks (demand, reduced supply and decreasing market, and cost inflations) and providing wraparound support for those vulnerable people who face homelessness. The Committee noted that £85m of investment had been added to the acquisition programme to increase the Council's own supply, which could meet 10 percent of overall demand pressures. There has been extra resource dedicated towards intervention, targeting complex families, providing earlier support as well as understanding demands, and the Council is also increasing robustness around voids and managing these in the most efficient way, and reviewing

opportunities in the private sector which have not yet been explored. The Committee queried the Council's use of corporate hotels for Temporary Accommodation, which has increased across London by 800 percent, and noted the volume and scale of the issue the Council, and many other local authorities, face.

- 6.6 The Committee queried the slippage amount on the Capital forecast and the activity at a corporate level to mitigate this. The Committee was informed that in the £56m of variance, there was £40m of slippage, and, in contrast the year-end variance 2022/23 was £70m, in 2021/2022 it was £84m and in 2020/21 it was £120m. The Committee was pleased to note the positive trajectory and that there is additional scrutiny at an officer level applied through the budget setting process to ensure figures are as realistic as they can be. The Committee understood that it is difficult to predict target percentages of variance and slippage too far in the future as external factors play a large role in this and the Council's Capital programme is unique. The Committee requested officers to consider a realistic target percentage for variance and slippage on Capital programmes.
- 6.7 The Committee considered how aware the Council workforce is of the importance of risk management and the Council's risk priorities. The Committee welcomed the fact that financial risk is embedded in the culture of the Council. There is a well-established budget setting process, including scrutiny by the Budget Scrutiny Task Group which has recently renewed its framework. Furthermore, there are monthly meetings on financial risk, reports on risks of planned and current activity, and how this manifests, which are well-known by officers and reports are discussed at length to keep the financial risks as close to balanced as possible.
- 6.8 The Committee queried the savings set out in the report, particularly the £10m relating to the Environment, Climate and Public Protection directorate. The Committee noted that they are largely income-related and include commercial waste and parking. The Committee was also informed that the £3.7m savings in the Finance and Resources directorate include the rent negotiations for City Hall leading to a reduction in rent as well as acquisition of commercial property.
- 6.9 The Committee asked for more detail on the increasing demand in relation to families with no recourse to public funds (NRPF), and whether there was a general trend, or families were presenting to different areas. The Committee understood that the Council is often at the mercy of the Home Office in terms of the timeline for those with NRPF and immigration decisions being made when there is a legal duty to support otherwise destitute families. The three main groups of those with NRPF that the Council is supporting include women fleeing domestic abuse who have spousal visas, families where one parent is a British national and the other parent is awaiting the outcome of their immigration application, and the impact of Brexit and those applying for pre-settled status who have no access to public funds whilst this is being processed. The Committee also understood that numbers of those with NRPF have increased across London and, as there is a challenge around how long some of those decisions are taking within the Home Office. The Council is

doing everything it can to expedite the process and be as proactive as it can, whilst recognising there's a legal duty to the family which cannot end until the Home Office has reached a decision.

**RESOLVED:**

- 6.10 That the Committee noted the current monitoring and forecast position at Quarter 1 for 2023/24.

**ACTION:**

- 6.11 That officers will consider a target percentage for variance and slippage on Capital programmes.

**7 GENERAL PROCUREMENT UPDATE**

- 7.1 The Committee received a summary of the General Procurement Update from Sarah Warman (Strategic Director of Housing and Commercial Partnerships) who informed the Committee that the update has several purposes: updates on continued developments and improvements of the function, updates on compliance and performance in relation to procurement and it also sets out priorities and the pipeline of commissioning and contracting in the coming year.
- 7.2 The Committee asked for the number of contracts the Council has which do not obligate suppliers to pay the London Living Wage. The Committee understood that, in terms of contracts valued at over £100k, there is one contract which does not have London Living Wage at present, which is a historic contract with a care home provider and has been in place since 1999. The Committee was pleased to note that this contract is coming up for renewal in July 2024 and the Adults Commissioning team are working on plans to ensure London Living Wage in the contract at the renewal date as Living Wage is a key commitment of the Council. The Committee heard that that the Council has detailed information on long-term contracts, currently around 370 over £100k.
- 7.3 The Committee queried whether there is a timeframe for when the Council can declare that it has mandated Living Wage across all of its contracts. The Committee noted that, aside from the one £100k+ contract which is up for renewal in 2024, it is difficult to give a date to the smaller contracts. However, the Committee welcomed that the centralised buying team are working on contracts between £25k and £100k to build the London Living Wage into these. The Committee also understood that the Responsible Procurement and Commissioning Strategy is going well above London Living Wage in terms of a wholistic approach to procurement.
- 7.4 The Committee was informed that risks presented regarding waivers from the Procurement Code depends on the type of waiver and varies across the market. There is a clear pathway through the procurement process for waivers and the Council is not seeing many challenges coming back from the market. The Committee noted that the majority of cases where suppliers are

undertaking work without a signed contract in place relates to long-established services for residents, with pre-existing contracts which have expired, and complex negotiations over urgent delivery. The Committee was pleased to note that there are appropriate checks and balances, as well as mitigations, in cases where there may not be a formal, signed, contract in place. The ongoing discussions and negotiations for those more complex cases are actively managed in-house by the service.

- 7.5 The Committee queried the weaknesses with the eSourcing procurement and contract management system and the decision not to progress with this tender. The Committee noted that there is new procurement legislation due to come into effect which will change the Council's procurement processes to ensure it is compliant and continues to be a strategic function; eSourcing would not have been the correct fit for this. The team are undergoing a market appraisal and applying lessons learned to the new tender with officers who use the system frequently being consulted. The Committee was pleased to note that there have been no significant financial implications from this process and a new system is hoped to go live at the beginning of next year.
- 7.6 The Committee held a detailed discussion on the disaggregation of contracts. The Committee noted that the disaggregation of contracts is not a general trend as having economies of scale usually gives value, however, disaggregation is needed in certain cases: the aggregation of services may narrow the market too much, but can also give opportunities for different smaller providers. It can also be difficult to enable change with long-term contracts and assurance should be built into contracts for the Council to have an element of control with the arrangement. Furthermore, the Committee understood that this process is often driven by markets and each case is examined on an individual basis.

**RESOLVED:**

- 7.7 That the Committee noted the report.

**8 EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL AUDIT 2021/22**

- 8.1 The Committee received a brief overview from Janine Gray (Head of Revenues and Benefits) who informed the Committee that the annual report of the Housing Benefit Subsidy claim for 2021/22 was a successful audit with no significant changes to the claim.
- 8.2 The Committee noted that it is positive only a small number of minor issues had been identified regarding the review and queried the procedures in place to maintain this standard. The Committee was informed that there are various procedures in place which include carrying out 100 percent checks on manual adjustments, where performance has fallen in previous years. Following this, disregards are also now adjusted manually which can be complex, but the team does their utmost to keep issues at a minimum.

- 8.3 The Committee put on record its congratulations for the work undertaken which has produced so few errors.

**RESOLVED:**

- 8.4 That the Committee noted the report.

**9 EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972**

- 9.1 The Chair requested Members to share if they had any questions relating to the confidential appendix attached to Item 10 (Contract and Supplier Performance Report).

- 9.2 The Chair understood that no Members had questions, so the Committee did not go into a closed session.

**10 CONTRACT AND SUPPLIER PERFORMANCE REPORT**

- 10.1 The Committee received a summary from Ed Humphreys (Interim Director of Commercial Partnerships) and understood that the report is part of the annual review of contracts. The Committee noted that the two main elements of the report include measuring the performance of contracts and their contract managers, and developing and managing the contract management framework to ensure that contract managers are adequately and consistently supported in this approach.

- 10.2 The Committee queried whether the six months before the procurement legislation comes into effect in October 2024 is long enough to prepare, and what the Council is doing to assure it is ready. The Committee was informed that the Bill has taken a long time to process through Parliament and the Council has known the general direction of travel for some time and has been preparing already. However, six months is the definitive point when the legislation will come into effect and all elements are formally decided; that will be a key task for the Council over the next year. Specifically, there is work to be done around updating the Council's procurement codes and regulations, increasing transparency obligations including more contract and procurement notices, publishing pipelines when the threshold is made clear, and keeping them up to date and as accessible as possible.

- 10.3 The Committee asked whether, relating to Clause 52 of the Procurement Bill, the KPIs for each contract over £5m will be reported to Audit and Performance. The Committee was informed that there will be a new system in place for suppliers, which they will need to sign up to, and it will either be a national or local system. The Council as a whole will need to have oversight of what is being published and can consider taking that information to the Audit and Performance Committee when appropriate.

**RESOLVED:**

- 10.4 That the Committee noted the report.

**ACTION:**

- 10.5 That officers will consider taking the information relating to Clause 52 of the Procurement Bill (the KPIs for each contract over £5m) to Audit and Performance when appropriate.

The meeting ended at 20:27.

**CHAIR:** \_\_\_\_\_ **DATE** \_\_\_\_\_

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## Audit and Performance Committee Report

<b>Date:</b>	24 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	<b>2023/2024 Work Programme</b>
<b>Report of:</b>	Head of Governance and Councillor Liaison
<b>Wards Involved:</b>	N/A
<b>Report Author and Contact Details:</b>	<b>Clare O'Keefe</b> <a href="mailto:cokeefe@westminster.gov.uk">cokeefe@westminster.gov.uk</a>

### 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 and to confirm the agenda items for its next meetings on 2 and 28 November 2023.

### 2. Recommendations

It is recommended that the Committee:

- 2.1 Agree the agenda items for its next meetings on 2 and 28 November 2023, as set out in this report and Appendix 1; and
- 2.2 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:

- 2 November 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](mailto: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

<b>EXTRAORDINARY MEETING 2 November 2023</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
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)

<b>ROUND 5 28 November 2023</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
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)

<b>ROUND 6</b> <b>27 February 2024</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
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 Moira Mackie (Internal Audit)
Internal Audit Plan 2024/25	To review and comment on the draft audit plan for 2024/25.	David Hughes Moira 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)

<b>ROUND 7</b> <b>16 April 2024 – TBC</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>

Unallocated:

Review of the Effectiveness of the Audit Committee	To consider the outcomes of the review and identify any areas for improvement.	David Hughes Moira 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**

<b>24 July 2023</b>		
Agenda Item	Action	Status/Follow Up
Item 5 Year End Performance Report	That the Committee will receive the draft damp and mould policies for both its own housing stock and that for temporary accommodation when they have been developed.	In progress
Item 6 Year End Finance Report	That the Committee will receive benchmarking data with other local authorities on Short Breaks, including SEN transport costs and costs.	In progress
	That the Committee will receive information on national planning policy, including any potential changes, timeframes and fees.	In progress
	That the Committee will receive definitions of ‘major’, ‘minor’ and ‘other’ in respect of planning applications and a breakdown of these.	In progress
	That the Committee will receive more information on parking income, particularly the issuing of marshal-issued PCNs; why more are being issued and in what areas of the City.	In progress
	That the Committee will receive detail on income shortfalls from a number of income streams including Massage, Street Trading, Advice Giving and Inspection Services.	In progress
Item 10 External Auditor’s Audit Plan	That the Committee will receive information on the Council’s contracting with PSAA for an audit firm and alternative approaches.	In progress

<b>6 September 2023</b>		
Agenda Item	Action	Status/Follow Up
Item 4 Matters Arising and Work Programme	That the Lead Policy and Scrutiny Advisor will liaise with officers regarding the calendar of meetings for 2024/25 to ensure the meetings are effective.	Complete
	That the Committee will receive an update the Mental Health Reablement Service.	Complete
Item 5 22/23 Year End Performance Report	That the Committee will receive information on the range of offences committed by the young people known to the Youth Offending Team.	In progress
	That the Committee will receive information on how many, if any, of the young people known to the Youth Offending Team were involved in the “Oxford Circus JD robbery” incident in August 2023.	In progress

	That the Committee will be kept updated on the review into the Council's Risk Management Strategy at relevant stages.	Officers agreed to consider this at the meeting and will be followed up at a later stage.
	That the risks presented in future Performance Reports will be proportionate and that the Risk Management Strategy review will also consider this.	Officers agreed to consider this at the meeting and will be followed up at a later stage.
	That the Committee will receive a breakdown of the demographic of Night Stars volunteers.	Complete
	That the outcome of the High Streets Programme consultation will be shared with the Committee when appropriate.	In progress
Item 6 Year End Finance Report	That officers will consider a target percentage for variance and slippage on Capital programmes.	Officers agreed to consider this at the meeting and will be followed up at a later stage.
Item 10 Contract and Supplier Performance Report	That officers will consider taking the information relating to Clause 52 of the Procurement Bill (the KPIs for each contract over £5m) to Audit and Performance when appropriate.	Officers agreed to consider this at the meeting and will be followed up at a later stage.





City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	24 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Annual Complaints Review 2022-23
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	There are no financial implications from this report
<b>Report of:</b>	Zoe Evans, Complaints and Customer Manager

### 1 Executive Summary

- 1.1 The purpose of this report is to present to the Audit and Performance Committee the Council's Annual Complaints Review for 2022/23 (**see Appendix 1**).
- 1.2 The attached report (**Appendix 1**) summarises the Council's complaints performance (complaint stages 1 & 2) and complaints received from the Local Government and Social Care Ombudsman (LGSCO). Copies of the Local Government and Social Care Ombudsman Annual Letter/Review for the year ended 31 March 2023 (**Appendix 2**) and the DRAFT Housing Ombudsman Landlord Performance Report for 2022/23 (**Appendix 3**) are also attached.
- 1.3 Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced (**Appendix 4 and 5**).
- 1.4 The housing management services continue to receive a large volume of complaints, in particular about the repairs service. There is a Housing Improvement Programme in place which is driving improvements in the service. The programme aims to improve service quality for residents which over time should lead to a reduction in complaints received.

### 2 Recommendations

- 2.1 Members are requested to review and note the information about complaints set out in the Annual Complaint Review 2022/23 (**Appendix 1**) and review the Local Government and Social Care Ombudsman Annual Letter/Review (**Appendix 2**) and the DRAFT Housing Ombudsman Landlord Performance Report for 2022/23 (**Appendix 3**).

### **3 Complaints Handling**

- 3.1 The Council has a two stage complaints procedure. The two-stage procedure is as follows:
- **Stage 1** - Complaints are addressed by the local service manager (10 working day turnaround).
  - **Stage 2** - A Chief Executive's review (20 working day turnaround). This is currently delegated to ELT members.

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

- 3.2 The procedure covers most council services. However, Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced for Member and Officer oversight (**Appendix 4 and 5**).
- 3.3 The Council's definition of a complaint is:
- 'Dissatisfaction, however expressed by the customer, which they wish to be treated as a complaint.'**
- 3.4 It should be noted that most contacts from the members of the public are dealt with outside the Council's complaints procedure, and there can be confusion about what constitutes a complaint. Generally, when an initial request from a customer is received this is not usually considered a formal complaint. The request becomes a complaint should the person make further contact if they consider the matter has not been dealt with satisfactorily, or to protest the Council's policies and procedures. Departments apply common sense when deciding what is a complaint as the majority of customers simply wish the Council to put something right and a service area may attempt to do this a couple of times before the matter is put into the formal complaint's procedure.
- 3.5 There are some concerns which cannot be dealt with under the Council's corporate complaints procedure. These include issues where there are separate statutory appeals procedures such as disputes over parking tickets, planning applications appeals and Housing Benefit appeals, as an appeals process takes precedence over the complaint's procedure. Issues which are, or have been subject to Court action, complaints about staff and issues involving insurance claims against the Council also cannot be addressed in our complaints procedure. For this reason, the complaints included in this report only relate to allegations of service failure

which constitute a formal corporate complaint, and where there is not a legal, statutory procedure or an alternative complaint procedure to deal with the specific issue.

#### **4 Findings from the Annual Complaints Review (Appendix 1)**

##### **Stage 1 summary**

- 4.1 Complaints received – 2366 stage 1 complaints were received which is an 8% increase on the previous year. This is generally due to the increase in complaints about the Housing Management service (1338) (specifically complaints about the repairs service), the Council Tax service (154) and the Waste service (214).
- 4.2 Response times – The 10-working day response target has been met in 61% of stage 1 complaints which is a 1% reduction on the previous year. Performance was low for many services and improvements need to be made in this area.
- 4.3 Complaint Learning – Section 5 of the Annual Complaints Review provides some examples of how complaint data has been used for complaint learning.

##### **Stage 2 summary**

- 4.4 Complaints received – 419 stage 2 complaints have been received which was a slight decrease on the previous year when 422 complaints were received.
- 4.5 Response Times – 47% of stage 2 complaints were responded to in target response time (20 working days) against 55% in the preceding year. This can be attributed to the Housing Management Service clearing their backlog of stage 2 complaints and also some delays in the ELT Director sign-off process.
- 4.6 Complaint Escalation Rate – across all services the escalation rate from stage 1 to stage 2 is 18%.

##### **Local Government and Social Care Ombudsman (LGSCO)**

- 4.7 Complaint outcomes – 111 LGSCO complaints and enquiries were received in 2022/23. 77 were referred back to the Council's complaints procedure or the case was closed after initial enquiries were made, the remaining 34 were formally investigated and of those, 28 were upheld and 6 were not upheld.
- 4.8 There were no public reports issued against the Council in 2022/23.

##### **Housing Ombudsman**

- 4.9 There were 39 determinations and 64 findings (there can be more than 1 finding for each complaint). Of the 64 findings, there were 36 findings of maladministration (61%). This compares to a national average for Councils, ALMOs and TMOs of 62%.
- 4.10 The council received 1 finding of 'severe maladministration' in November 2022. The Ombudsman found fault because the Council failed to address damp and mould issues in the resident's home for over 2 years and there was a newborn baby in the property. The resident has now been rehoused permanently.

## **5 The Management of Complaints**

- 5.1 The Housing Management service continue to manage their own stage 2 complaints. All other stage 2 complaints are handled by the Corporate Complaints team.
- 5.2 The Housing Management service will be launching their own complaints management CRM tool during 2023/24. All other Council services will continue to use icasework to manage their complaints.

## **6 Financial Implications**

There are no financial Implications associated with this report.

## **7 Legal Implications**

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

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

The Housing Ombudsman, as set up under the Housing Act 1996, are responsible for dealing with social housing complaints and can make various determinations which include maladministration, severe maladministration and service failure and will provide a decision which will include recommendations the council will be required to implement.

Section 5A of the Local Government and Housing Act 1989 requires the Monitoring Officer to report annually on any relevant Ombudsman complaint decisions against the Council. The October 2020 Local Government and Social Care Ombudsman guide says the Ombudsman will support a flexible approach to how the council will

discharge this duty as long as the intent is fulfilled in some meaningful way, and a council's performance in relation to Ombudsman investigations is properly communicated to elected members.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact: Zoe Evans, Complaints and Customer Manager at [zevans@westminster.gov.uk](mailto:zevans@westminster.gov.uk)**

## **BACKGROUND PAPERS**

None

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## Annual Complaints Review 2022-23

### 1. Introduction

This report presents complaints performance trends for 2022/23, and a comparison of performance between 2021/22 and 2022/23, where applicable across stage 1 and stage 2 of the corporate complaint's procedure. There is limited information on Children's and Adults Services statutory complaints as this is covered in separate reports. It also includes a summary of the findings from the Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman (HOS) decisions.

### 2. Background

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

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

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

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

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

### 3. The Management of Complaints

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

It should be noted that the Housing service has now moved to its own Directorate, however as this report covers 2022/23 housing complaints (both management and housing needs) have been recorded under Growth, Planning and Housing.

### 4. Headline findings

#### Stage 1 Summary

**Complaints received** - 2366 stage 1 complaints were received which was an 8% increase on the previous year. This was mainly attributable to a significant increase

in complaints about the Council Tax service and Waste services and a small increase in complaints about the housing management service and the parking service.

**Response times** –The 10-working day response target has been met in 61% of stage 1 complaints which is a 1% reduction on the previous year.

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

## **Stage 2 Summary**

**Complaints received** – 419 stage 2 complaints were received which is 3 less than the previous year.

**Response Times** – 47% of stage 2 complaints were responded to within the target response time, against 55% in the preceding year.

**Complaint Escalation Rate** – Across all services the escalation rate from stage 1 to stage 2 is 18%.

## **Local Government and Social Care Ombudsman (LGSCO)**

The LGSCO received 111 complaints about the Council in 2022/23. 77 of those were either referred back to the Council's complaints procedure or the Ombudsman closed the case after initial enquiries were made. The remaining 34 were formally investigated and of those 28 were upheld and 6 were not upheld. Our compliance with the remedies was 100%, however in 5 cases the recommendations were completed late.

In 2022/23 a total of £13,115 was offered which was a significant increase from 2021/22 when a total of £5,950 was offered.

No formal public reports were published against the Council in 2022/23.

## **Housing Ombudsman Service (HOS)**

The Council received 39 determinations from the Housing Ombudsman in 2022/23 including 1 finding of 'severe maladministration'. Details of the case will follow in the report. A plan was put in place to ensure that the actions and recommendations were completed. The work was overseen by the Housing Service. Compliance with the remedies was 100%.

In 2022/23 a total of £15,495 compensation was offered on Housing Ombudsman complaints.

No 'Complaint Handling Failure Orders' were published against the Council in 2022/23.

*NB: These figures are taken from the **DRAFT** Landlord Performance Report 2022/23 so may be subject to change.*

## **Number of complaints received across all Stages and Directorates**

As indicated in **Table 1** 2366 stage 1 complaints and 419 stage 2 complaints have been recorded (withdrawn complaints not included). When all the statutory



complaints are included, the totals are 2,487 for all stage 1 complaints, 424 for all stage 2 complaints and 2 Children's stage 3 complaints.

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

**Table 1 – Complaints (both corporate and statutory) received across Stage 1 and Stage 2 for 2022/23**

Directorate/ Division	Stage 1 complaints received 2022/23	Stage 2 complaints received 2022/23	Stage 3 Children's complaints 2022/23
<b>Finance and Resources</b>	<b>306</b>	<b>17</b>	
<i>Housing Benefit</i>	82	2	N/A
<i>Council Tax</i>	154	9	N/A
<i>Business Rates</i>	54	6	N/A
<i>Corporate Property</i>	2	0	N/A
<i>Corporate Finance</i>	1	0	N/A
<i>Coroner Services</i>	6	0	N/A
<i>Electoral Services</i>	2	0	N/A
<i>Legal Services</i>	5	0	N/A
<b>ECM</b>	<b>377</b>	<b>22</b>	
<i>Waste</i>	214	4	N/A
<i>Public Protection and Licensing</i>	76	10	N/A
<i>Parking Services</i>	74	8	N/A
<i>Highways and Public Realm</i>	13	0	N/A
<b>Growth, Planning and Housing</b>	<b>1575</b>	<b>369</b>	
<i>Development Planning</i>	38	2	N/A
<i>Housing Solutions Service</i>	196	42	N/A
<i>Housing Needs/Commissioning</i>	0	2	N/A
<i>Housing Mgt</i>	1338	322	N/A
<i>Regen &amp; Economy</i>	2	0	N/A
<i>Westminster Employment Service (WES)</i>	1	1	N/A
<b>Innovation and Change</b>	<b>37</b>	<b>4</b>	
<i>City Promotions</i>	3	1	N/A
<i>Campaigns</i>	3	0	N/A
<i>Policy/Projects</i>	2	0	N/A
<i>Communities (Parks)</i>	8	1	N/A
<i>Communities (Sports &amp; Leisure)</i>	21	2	N/A
<b>WAES</b>	<b>3</b>	<b>0</b>	<b>N/A</b>
<b>Children's Services</b>	<b>68</b>	<b>7</b>	<b>N/A</b>
<b>Sub Total for all Corporate Complaints</b>	<b>2366</b>	<b>419</b>	
<b>Children's Statutory complaints</b>	<b>6</b>	<b>5</b>	<b>2</b>
<b>Adult Statutory complaints</b>	<b>110</b>	<b>N/A</b>	<b>N/A</b>

*NB: During 2022/23 Parks and Sports & Leisure moved from ECM to the Communities team in Innovation & Improvement*

**Table 2 – A comparison of corporate complaints received for 2020/21, 2021/22 and 2022/23 across all Directorates.**

	2020/21	2021/22	2022/23
Stage 1	1541	2198	2366
Stage 2	243	422	419

## 5. Stage 1 complaints

Total number of Stage 1 Complaints received by directorate (withdrawn complaints not included) – 2366.

**Table 3 – Comparison of number of Stage 1 complaints received by services within Directorates for 2021/22 and 2022/23. Adults and Children’s statutory complaints data is not included.**

Directorate/ Division	Total for 2021/22	Total for 2022/23	Variance
<b>Finance &amp; Resources</b>	<b>180</b>	<b>306</b>	<b>126</b>
<i>Housing Benefit</i>	67	82	17
<i>Council Tax</i>	41	154	113
<i>Business Rates</i>	65	54	-8
<i>Corporate Property</i>	1	2	1
<i>Corporate Finance</i>	0	1	1
<i>Coroner Services</i>	1	6	5
<i>Electoral Services</i>	5	2	-3
<i>Legal services</i>	0	5	5
<b>ECM</b>	<b>311</b>	<b>377</b>	<b>64</b>
<i>Waste</i>	158	214	56
<i>Public Protection and Licensing</i>	91	76	-17
<i>Parking Services</i>	46	74	28
<i>Highways and Public Realm</i>	12	13	1
<b>Growth, Planning and Housing</b>	<b>1589</b>	<b>1575</b>	<b>-14</b>
<i>Development Planning</i>	55	38	-17
<i>Housing Solution Services</i>	228	196	-32
<i>Housing Mgt</i>	1306	1338	32
<i>Regen &amp; Economy</i>	0	2	2
<i>WES</i>	0	1	1
<b>Innovation &amp; Improvement</b>	<b>28</b>	<b>37</b>	<b>9</b>
<i>Campaigns / Engagement</i>	4	3	-1
<i>City Promotions, Events and Filming</i>	4	3	-1
<i>Policy/Projects</i>	0	2	2
<i>Communities (Sport &amp; Leisure)</i>	20	21	1
<i>Communities (Parks)</i>	4	8	4
<b>Westminster Adult Education Service (WAES)</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>Children's services (inc. Libraries)</b>	<b>89</b>	<b>68</b>	<b>-21</b>
<b>Total</b>	<b>2198</b>	<b>2366</b>	<b>168</b>

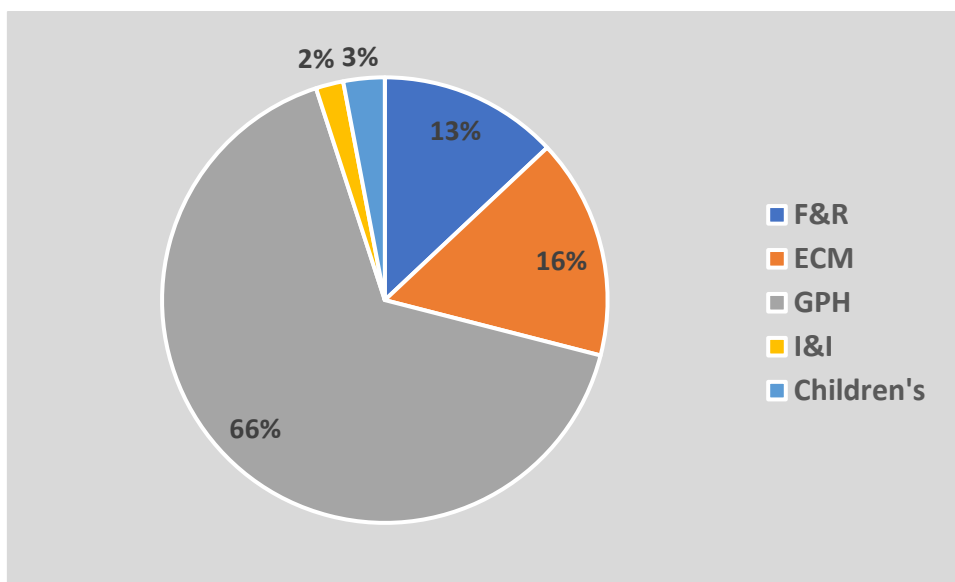
Table 3 (above) indicates that overall, there has been a slight increase in the number of stage 1 complaints (8%). This was mainly attributable to a significant increase in complaints about the Council Tax service and Waste services and a small increase in complaints about the housing management service and the parking service.

The housing management services continue to receive a large volume of complaints, in particular about the repairs service. There is a Housing Improvement Programme in place which is driving improvements in the service. The programme aims to improve service quality for residents which over time should lead to a reduction in complaints received.

Complaints about the Waste Service increased by 35% this year. This could be because we are collecting a lot more waste than in previous years as the city has become busier again post pandemic. However, it should be noted that the independent street surveys indicate that the cleaning standards are good.

The other significant increase was for Council Tax. The Council Tax service processed 206,000 items during 2022/23, an increase of 35% on the previous year. The increase being due to the re-introduction of the full recovery process after the pandemic and the administration of the government's Council Tax Rebate (£150 Energy) scheme. The latter required the diversion of significant resources from normal Council Tax work to administer the scheme. Given these factors, the number of complaints against the service (154) remained low, with only 75 being Upheld or Partially Upheld.

**Chart 1 - Profile of complaints received by directorate with a total of 10 complaints or over in 2022/23**



As seen in **Chart 1** complaints from Growth Planning and Housing (GPH) represent 66% of all stage 1 complaints received and the situation was similar in 2021/22 as GPH represented 73% of all stage 1 complaints.

### **Stage 1 response time by Directorate**

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

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

As indicated in **Table 4** (below) the average response time for all complaints completed within target response time across all directorates in 2022/23 is 61% against 62% for the preceding year. It is disappointing that the performance has not improved this year and this needs to be a priority for services next year.

**Table 4 - Percentage of Stage 1 complaints completed in target response time for the last 3 years.**

Percentage Total for 2022/23	61%
Percentage Total for 2021/22	62%
Percentage Total for 2020/21	69%

**Table 5 - A breakdown of stage 1 response times for all directorates 2022/23**

Directorate/ Division	Number of stage 1 complaints received	% in target time
<b>Finance and Resources</b>		
<i>Housing Benefit</i>	82	100%
<i>Council Tax</i>	154	77%
<i>Business Rates</i>	54	80%
<i>Corporate Property</i>	2	0%
<i>Corporate Finance</i>	1	100%
<i>Electoral Services</i>	2	100%
<i>Coroner Services</i>	6	0%
<i>Legal Services</i>	5	50%
<b>ECM</b>		
<i>Waste</i>	214	81%
<i>Public Protection and Licensing</i>	76	39%
<i>Parking Services</i>	74	71%
<i>Highways and Public Realm</i>	13	31%
<b>Growth, Planning and Housing</b>		
<i>Development Planning</i>	38	50%
<i>Housing Solutions Service</i>	196	88%
<i>Housing Management</i>	1338	50%
<i>Regen &amp; Economy</i>	2	100%
<i>WES</i>	1	100%
<b>Innovation &amp; Improvement</b>		
<i>Campaigns/Engagement</i>	3	33%
<i>City Promotions, Events and Filming</i>	3	33%
<i>Policy/Projects</i>	2	0%
<i>Communities (Sport &amp; Leisure)</i>	21	86%
<i>Communities (Parks)</i>	8	100%
<b>Westminster Adult Education Service (WAES)</b>	<b>3</b>	<b>0%</b>
<b>Children's services</b>	<b>68</b>	<b>64%</b>

Total		61%
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Those services where performance was below 75% will be raised with the relevant service heads and ELT Director.

It should be noted that it is challenging for the Coroner Service to respond to complaints within 10 working days due to the complexity of the complaints and the time it can take for inquests to be completed.

### Complaint Outcomes

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

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

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

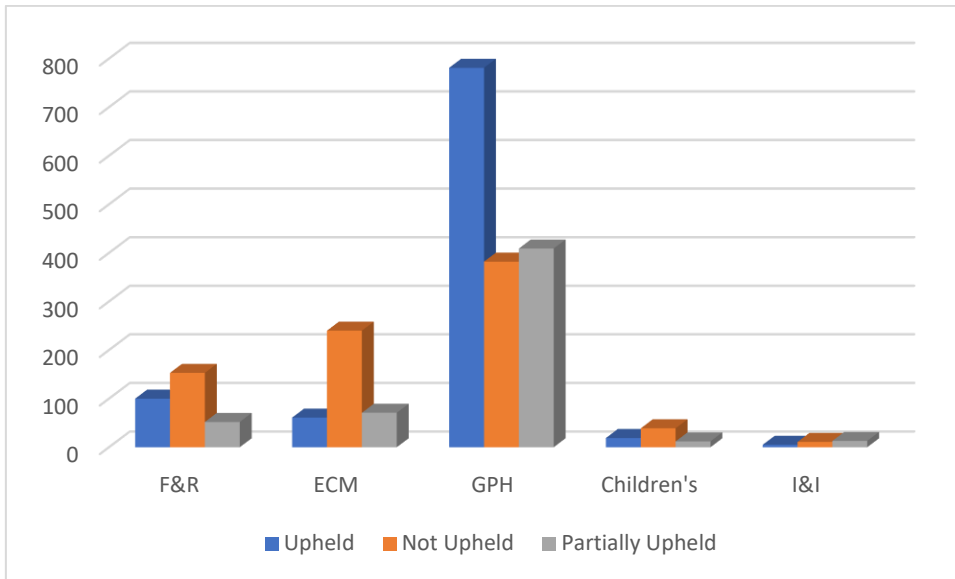
As seen in Table 6 below across all directorates the percentage of Partially Upheld and Not Upheld complaints has increased slightly but there are less upheld decisions which is encouraging.

Decisions on their own say little about the quality of the complaint response and should be viewed with the escalation rate from stage 1 to stage 2, as we expect small volumes escalating to the next stage of the complaints procedure if service faults found have been rectified at stage1. This issue is addressed under section 7.

**Table 6 – A comparison of stage 1 outcomes for the last 3 years across all Directorates**

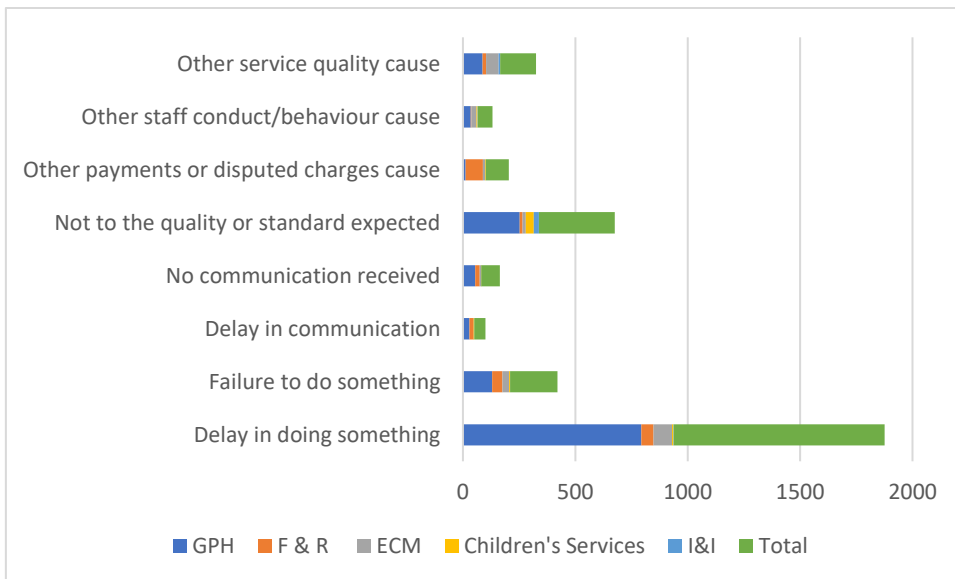
	2020/21	2021/22	2022/23
<b>Not Upheld</b>	40%	33%	36%
<b>Partially Upheld</b>	22%	21%	24%
<b>Upheld</b>	37%	46%	40%

**Figure 2 – Outcomes by Directorate**



**Reasons for Complaining**

**Figure 3 - Cause of complaint by Directorate where there were more than 50 complaints per cause.**



In view of the complexity of all the different services offered by each directorate, generic causes are used so we can track at a corporate level the overarching cause of complaint. As seen in Figure 3 service quality, delay in doing something, and not done to the quality or service standard expected are the most common cause of complaint. The top 2 causes of complaint were the same as 2021/22 and will be mainly because of delays in completing repairs and the service provided not being to an acceptable standard.

**Complaints Learning**

The following Council-wide learning was identified:

- All services must use the standard complaints templates including the correct escalation text.
- Ensuring that stage 1 responses are of an excellent quality, address all points raised and offer a remedy where appropriate.
- Recommendations and agreed actions need to be tracked at stage 1 and stage 2 to ensure that we keep our promises to customers and reduce the escalation rate.
- The importance of communication and keeping customers updated, returning calls as promised and responding to correspondence and complaints in accordance with our SLAs.
- Ensuring that Council policy and procedures are followed.
- Ensuring that appropriate levels of compensation are awarded in line with the Ombudsman guidelines and payment is made in a timely fashion. This includes considering where offering compensation might have a negative effect as the customer is seeking a different resolution.

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

Housing Management - mould and damp – our new approach to the management of mould and damp is well documented and has been shared with Audit and Performance committee in the past year. It has been developed and influenced with the benefit of the learning from complaints and the insight of the housing ombudsman.

At the centre of our improvement programme is the focus on resident experience. We know from our complaints that many of our residents do not receive the service that is expected. Work is underway with our staff and partnering contractors to refresh our Vision and Values, and the resident experience is core to this. We are collaboratively changing the way we work, working together to be more responsive and empathetic. This includes rolling out joint training for all staff and contractors.

We have appointed a temporary Head of Resident Experience to coordinate a number of work streams. The aim is to provide a more personal and supportive approach for residents with more complex issues or those who are more vulnerable, with dedicated officers working closely with residents. This includes a focus on developing a culture of learning from feedback and complaints.

We are also developing a compensation policy specifically for housing complaints. The new policy is designed to make the process of claiming compensation more fair, transparent, as well as ensuring awards reflect the impact on the resident.

Following complaints and feedback from the housing ombudsman we are reviewing our approach to providing services to residents who have vulnerabilities and how we should deliver our services to them. We are referring more residents to Children's Services and Adult Social Care so that they are able to benefit from additional support and improving our training on safeguarding. We are also developing a vulnerability policy that will be subject to resident consultation later this year.

Housing Solutions Service (HSS) - delays in the homeless assessment process was the main cause for complaint and the need to reduce administrative delays is the main priority for the service. Over the course of the year the service has been undertaking work to address the delays in processing homeless applications, this is taking time to fully take effect, particularly within the context of an increasingly high-volume service which sees an average of over 400 new homeless approaches per month and the complex nature of some cases.

The service has fully reviewed the resource plan to meet the increased demand and this work includes staff training, reshaping the Casework team to enable staff to better manage their workload and improved monitoring, including increasing the number of front-line officers.

In addition, the current pressures across the London housing market that is leading to increased homeless presentations at HSS also means it is challenging for the Council to secure suitable accommodation to meet need whether to prevent homelessness or secure Temporary Accommodation and the low availability of accommodation is also a driver of complaints to the service.

Business Rates - a significant proportion of complaints received in 2022-2023 reflected either a) the full resumption of recovery processes after the pandemic or b) challenges with telephoning the service. Once the call back service (introduced during the pandemic to enable the processing of business grants to be prioritised) was discontinued, three phone lines are opened daily providing ratepayers with easier access to an agent. Further, the Business Rates Team was able to return to agreed service levels which meant that businesses do not wait for an extended period for a response reducing complaints about delays. The quality of stage 1 responses has been generally improved via the use of a complaints template to ensure all aspects are dealt with in the first response.

Housing Benefit - whilst the number of complaints registered in 2022/23 did increase, so did the number of new claims made, with a 19.5% increase to 1933 applications recorded. Although the number of changes in circumstance assessments dropped 7.9% from last year's totals, the number remains very high, with 34,895 assessments recorded. Continued emphasis has been placed upon maintaining good lines of communication with customers so that enquiries were dealt with in a timely manner; an important contributory factor at keeping complaints to a minimum. A comparison of 2021/22 telephony and visiting numbers shows the effects of working under the last of the Covid restrictions compared to 2022/23, with fewer phone calls recorded (5.6% decrease) against the significant 58.9% increase to face-to-face home visits recorded. We continue to proactively offer our customers home visits where appropriate and attempt to ensure that all correspondence received into the office is responded to within SLA's.

Planning Enforcement – following complaints regarding the severity of some of our warning letters for minor works, new warning letter templates have been created which are softer in their tone, but which still seek to remedy the breach of planning control. We use this approach too when engaging with homeowners in the Queen's Park Estate, when our proactive monitoring of properties the subject of the Article 4 Direction, are found to have breaches which may otherwise benefit from "permitted development."



Children’s Services – the service has looked at the clarity of role, responsibility, and duties of a social worker. A propelling moment which resulted in initiating a community-based approach as there are more myths and opinions around the role of a social worker. It was identified that there was a need for clear communication of expectations and discussion around culture and feedback mechanisms. Service users were hurt or alleged hurt feelings when feedback was provided to them. This has been discussed and shared with teams. We need to reiterate that we do our best, but our best is within reason and there are things we can provide and there are things we cannot provide as we have a duty to ensure the cost effectiveness of use of public funds. Workers do make this clear, but we need to continue to do so.

Parking Services - With appeals for Disabled badges, the decisions made by the Mobility Assessors (Occupational Therapists) were found to be correct based on the information provided. There were instances where incorrect advice was given by our customer service agents on what results meant and how to pursue further – resulting in needless escalation. There were also missed opportunities to push for additional face to face assessments in certain cases. For PCN challenges preventable escalation was also a feature with opportunities to apply discretion or spot mistakes being missed in earlier contacts resulting in avoidable complaints. Feedback on individual errors was delivered to colleagues as well as the wider team. The on-street enforcement team were also reminded that although photographic evidence is not essential to pursue a PCN, irrelevant or unclear images hamper investigation and can lead to unnecessary escalation.

## 6. Stage 2 complaints

### Volume of complaints received by Directorate.

**Total** number of Stage 2 Complaints received in 2022/23 – **419** (withdrawn and statutory cases not included). There were **422** stage 2 complaints received in the preceding year and this represents a very slight decrease.

**Table 7 - A comparison of stage 2 complaints received by Divisions within each directorate for 2021/22 & 2022/23**

Directorate/ Division	Stage 2 totals for 2021/22	Stage 2 totals for 2022/23	Variance
<b>Finance and Resources</b>	<b>22</b>	<b>17</b>	<b>-5</b>
<i>Housing Benefit</i>	4	2	-2
<i>Council Tax</i>	4	9	5
<i>Business Rates</i>	12	6	-6
<i>Corporate Property</i>	2	0	-2
<i>Electoral Services</i>	0	0	0
<i>Coroner Services</i>	0	0	0
<b>ECM</b>	<b>32</b>	<b>22</b>	<b>-10</b>
<i>Waste</i>	3	4	1
<i>Public Protection and Licensing</i>	15	10	-5
<i>Parking Services</i>	12	8	-4
<i>Highways and Public Realm</i>	2	0	-2
<b>Growth, Planning and Housing</b>	<b>355</b>	<b>369</b>	<b>14</b>
<i>Development Planning</i>	6	2	-4
<i>Housing Solutions Service</i>	50	42	-8

<i>Housing Needs/Commissioning</i>	0	2	2
<i>Housing Mgt</i>	299	322	23
<i>Westminster Employment Service (WES)</i>	0	1	1
<b>Innovation and Change</b>	<b>5</b>	<b>4</b>	<b>-1</b>
<i>City Promotions</i>	0	1	1
<i>Campaigns</i>	0	0	0
<i>Communities (Parks)</i>	0	1	1
<i>Communities (Sports &amp; Leisure)</i>	5	2	-3
<b>WAES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children's Services</b>	<b>8</b>	<b>7</b>	<b>-1</b>
<b>Adults Services</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub Total for all Corporate Complaints</b>	<b>422</b>	<b>419</b>	<b>-3</b>

## Stage 2 – Responses times

As indicated in **Table 8** we have responded to fewer complaints within the target time of 20 working days in 2022/23. This can be attributed to the housing management service clearing their backlog of stage 2 complaints from 2021/22 and some delays with the Director sign-off process.

Stage 2 - within target response times	2020/21	2021/22	2022/23
	17%	55%	47%

## Stage 2 Outcomes

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

**Table 9** below, indicates that that the percentage of Upheld decisions for 2022/23 has increased when compared with 2021/22. This appears to be attributable to an increase in upheld complaints for the Housing Management service.

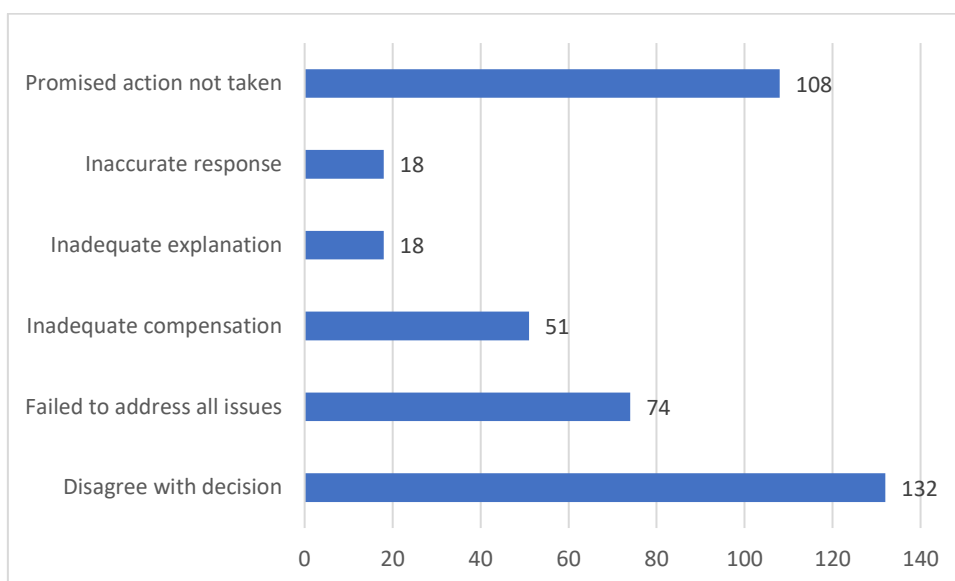
**Table 9 - A comparison of % Complaint decision by Directorate and overall % totals for 2021/22 and 2022/23**

	2021/22 Upheld decision	2021/22 Not Upheld decision	2021/22 Partially Upheld decision	2022/23 Upheld decision	2022/23 Not Upheld decision	2022/23 Partially Upheld decision
F&R	9%	64%	27%	6%	41%	53%
ECM	3%	67%	30%	4%	70%	26%
GPH	41%	26%	33%	49%	18%	33%
Children's	25%	25%	50%	0%	57%	43%
I&I	N/A	N/A	N/A	0%	33%	67%
<b>Totals</b>	<b>24%</b>	<b>33%</b>	<b>43%</b>	<b>43%</b>	<b>23%</b>	<b>34%</b>

## Reasons for complaint escalation

The Council has an open complaints procedure and welcomes complaints even if the complainant does not fully explain their dissatisfaction with the stage 1 response.

**Figure 4 – Reasons for complaint escalation to stage 2**



The most common causes of complaint escalation is ‘promised action not taken’ and ‘disagree with decision.’ We will be ensuring that going forward all services have tools in place to track recommendations and actions promised at stage 1.

**Table 10 – The escalation rate from stage 1 to stage 2 across all directorates for 2022/23**

The table indicates that the escalation rate from stage 1 to stage 2 across all directorates, is 18%. This is a good performance given that there are only two stages in the complaint’s procedure, and the volume of stage 1 complaints. This is therefore a reasonable indicator that stage 1 complaint handling is effective, and faults are being identified and rectified at this stage.

Directorate/ Division	Stage 1 complaints received for 2022/23	Stage 2 complaints received for 2022/23	% escalated to stage 2
<b>Finance and Resources</b>	<b>306</b>	<b>17</b>	<b>6%</b>
<i>Housing Benefit</i>	82	2	2%
<i>Council Tax</i>	154	9	6%
<i>Business Rates</i>	54	6	11%
<i>Corporate Property</i>	2	0	0%
<i>Corporate Finance</i>	1	0	0%
<i>Coroner Services</i>	6	0	0%
<i>Electoral Services</i>	2	0	0%
<i>Legal Services</i>	5	0	0%
<b>ECM</b>	<b>377</b>	<b>22</b>	<b>6%</b>
<i>Waste</i>	214	4	2%
<i>Public Protection and Licensing</i>	76	10	13%
<i>Parking Services</i>	74	8	11%

Highways and Public Realm	13	0	0%
<b>Growth, Planning and Housing</b>	<b>1575</b>	<b>369</b>	<b>23%</b>
Development Planning	38	2	5%
Housing Solutions Service	196	42	21%
Housing Needs/Commissioning	0	2	N/A
Housing Mgt	1338	322	24%
Regen & Economy	2	0	0%
Westminster Employment Service (WES)	1	1	100%
<b>Innovation and Change</b>	<b>37</b>	<b>4</b>	<b>11%</b>
City Promotions	3	1	33%
Campaigns	3	0	100%
Policy/Projects	2	0	100%
Communities (Parks)	8	1	13%
Communities (Sports & Leisure)	21	2	10%
<b>WAES</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Children's Services</b>	<b>68</b>	<b>7</b>	<b>10%</b>
<b>Sub Total for all Corporate Complaints</b>	<b>2366</b>	<b>419</b>	<b>18%</b>

NB: The reason that the escalation rate for Housing Needs is recorded as N/A is because the complaints that escalated to stage 2 were received in the preceding year.

## 7. Local Government and Social Care Ombudsman (LGSCO)

### LGSCO Complaints and Determinations

The figures below are taken from the Local Government and Social Care Ombudsman Annual Letter for 2022/23.

The Annual letter says very little about performance and refers the reader to the statistical information available via a tool on the LGSCO web site. The LGSCO data will not match the data held by the Council as the LGSCO captures all the contacts, enquiries, and complaints made to them about a local authority and most of these complaints are not formally investigated by the LGSCO. Also, the LGSCO only reports on those cases decided in 2022/23, and some of those complaints were received by the Council in 2021/22. The Council tracks what it has received in a financial year and what is decided in that same year.

### LGSCO data

There was a total of 111 complaints made to the Ombudsman in 2022/23. Whilst 28 complaints were upheld, the other 83 were either not upheld, closed without further action, invalid, advice given or passed back to the Council to investigate. The upheld rate was 82% compared to 77% for similar organisations.

**Table 11 – a comparison of all the LGSCO complaint and enquiry determinations for the last 3 years**

	2020/21	2021/22	2022/23
<b>Total number of complaints and enquiries decided</b>	<b>79</b>	<b>108</b>	<b>111</b>

Cases referred back to Council or advice given or cases not completed for valid reasons	38 (48%)	43 (40%)	41 (37%)
Cases closed after initial enquiries made	18 (23%)	38 (35%)	36 (32%)
Cases Upheld	12 (15%)	23 (21%)	28 (25%)
Cases Not Upheld	11 (14%)	4 (4%)	4 (6%)

The LGSCO either finds a complaint is Upheld or Not Upheld. When a complaint is Upheld, the Ombudsman will decide if there was injustice, or no injustice caused by the fault(s) they have found.

If a stage 1 or 2 complaint has been either upheld or partially upheld then the LGSCO decision will also find the complaint to be upheld, even if the matter has already been remedied.

It should also be noted that the LGSCO has reviewed its processes over the last 2 years to ensure they do the most they can with the resources they have. One outcome is that they are more selective about the complaints they look at in detail, prioritising where it is in the public interest to investigate. They are less likely to carry out investigations on 'borderline' issues, so are naturally finding a higher proportion of fault overall.

### **Public Report**

No public reports were issued against Westminster City Council in 2022/23.

### **Compliance**

When a case is closed, and a remedy agreed the LGSCO will track whether the local authority completes the remedy, and if this was done in time. The statistics held on the LGSCO system indicates that we have complied with 100% of their recommendations (24 agreed remedies). The other 4 upheld cases had no agreed remedies as the complaints had already been resolved.

However, in 5 cases the remedies were recorded as late. In 2 cases, one involved creating a new Anti-Social behaviour (ASB) policy and the other making amendments to the existing complaints policy and unfortunately there were delays in the sign off process.

Services have been reminded of the importance of completing recommendations within the deadlines set by the LGSCO and this will be a key area for improvement in the next financial year 2023/24.

### **Compensation**

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

A comparative breakdown of LGSCO financial remedies for 2020/21 and 2021/22 can be found below (**Table 12**).

**Table 12 – Comparison of LGSCO compensation settlements**

Financial Local Settlements	2021/22	Nos of complaints offering compensation	2022/23	Nos of complaints offering compensation
<b>GPH - HSS</b>	<b>£4,800</b>	<b>8</b>	<b>£10,365</b>	<b>11</b>
<b>GPH - Planning</b>	<b>£100</b>	<b>1</b>	<b>£0</b>	<b>0</b>
<b>Adult Services</b>	<b>£250</b>	<b>1</b>	<b>£800</b>	<b>2</b>
<b>Children's Services</b>	<b>£800</b>	<b>1</b>	<b>£700</b>	<b>2</b>
<b>ECM - PPL</b>	<b>£0</b>	<b>0</b>	<b>£1000</b>	<b>2</b>
<b>Communities – Sports &amp; Leisure</b>	<b>£0</b>	<b>0</b>	<b>£250</b>	<b>1</b>
<b>Totals</b>	<b>£5,950</b>	<b>13</b>	<b>£13,115</b>	<b>18</b>

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

It is difficult to make performance comparisons between financial years as each complaint is dealt with on its merits, however there was a significant increase in the amount of compensation being ordered by the LGSCO.

In the majority of cases for 2022/23 each single award is for payments of £500 or less. However, there were three payments over £1,000 which are detailed as follows:

- HSS - £1,000 - the Council delayed in deciding if a housing duty was owed to the applicant and also delayed in offering suitable accommodation.
- HSS - £1,985 – the Council were found to be at fault for delays in processing their homeless application (£110), failed to offer suitable accommodation for 4.5 months (£1575) and the applicant also spent time and trouble pursuing the matter (£300).
- HSS - £4,420 – the Council delayed in offering suitable accommodation for 13 months and was ordered to pay £300/month for the period. There was also a delay in starting and ending the relief duty and the Council was ordered to pay £500 for this element.

## **8. Housing Ombudsman**

The figures below are taken from the **DRAFT** Landlord Performance Report for 2022/23. Therefore, it should be noted that these might be subject to change, and we expect to receive the final report in October 2023.

There were 39 determinations and 64 findings (there can be more than 1 finding for each complaint). Of the 64 findings, there were 36 findings of maladministration (61%). This compares to a national average for Councils, ALMOs and TMOs of 62%.

Housing Ombudsman outcomes	%
severe maladministration	2%
maladministration	27%
service failure	28%
reasonable redress	19%
no maladministration	16%
outside jurisdiction	8%
mediation	2%

The council received 1 finding of 'severe maladministration' in November 2022. The Ombudsman found fault because the Council failed to address damp and mould issues in the resident's home for over 2 years and there was a newborn baby in the property. The resident has now been rehoused permanently.

Fortnightly meetings now take place to review and risk-assess open Housing Ombudsman cases to ensure that we are doing all we can to engage with the residents and resolve their outstanding concerns. Pro-active updates on open cases are also being provided to the Housing Ombudsman. The housing service is also now working closely with Children's services to ensure that any households with children are given access to any services that might be beneficial to them. In addition, the service is also reviewing learning from such cases to ensure service improvements are embedded and action taken to prevent these service failures happening again.

### **Compliance**

The council recorded 100% compliance with the 47 remedies ordered by the Ombudsman.

The council must complete regular self-assessments against the Housing Ombudsman Code of Practice, and this was last completed in June 2023 and published on the website [Housing services | Westminster City Council](#).

Our complaints service improvements are designed to strengthen our compliance with the Code of Practice as well as ultimately improving the service we provide to residents.

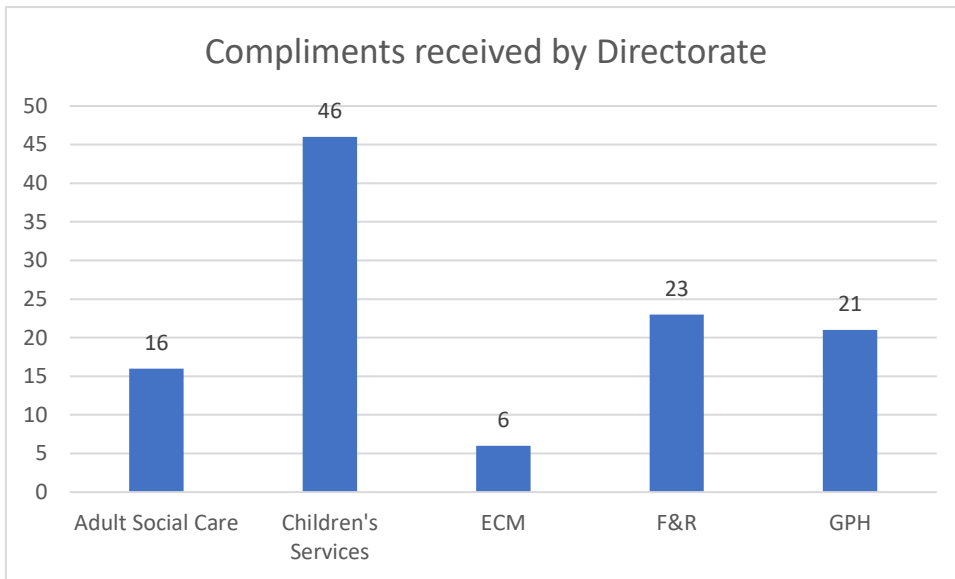
### **Compensation**

In 2022/23 a total of £15,495 compensation was offered on Housing Ombudsman complaints.

## **9. Compliments**

The Council has recorded 112 compliments in 2022/23. This is the first year that figures have been reported so there are no comparison figures. Staff will continue to be reminded of the importance of recording compliments to celebrate good practice and ensure that we continue to deliver services that our communities deserve.

The breakdown of compliments by Directorate can be seen in the chart below.



## 10. Priorities for 2023/24

- The Housing Improvement Programme will continue to drive forward service improvements. The programme aims at improving service quality for residents which over time should lead to better complaint management and a reduction in complaints.
- We will consult on a new compensation policy for housing and launch it this year.
- We will strengthen our response to vulnerable housing residents through a new policy and training for staff.
- We will continue the work in reviewing and risk assessing open Housing Ombudsman and LGSCO complaints to see if any further action can be taken and update the relevant Ombudsman accordingly.
- Improve the response times for stage 1 complaints.
- We will ensure that tools are in place for tracking recommendations made at stage 1, stage 2 and Ombudsman stage.
- We will continue to train staff in complaint handling and letter writing.
- Go live with the CRM complaint management module for housing management complaints.
- We will work with the Communities team to identify possible patterns and trends that could feed into our community insights.

## 11. Financial Implications

None

## 12. Legal Implications

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

The Local Government and Social Care Ombudsman, set up under the Local Government Act 1974; and the Housing Ombudsman, under the Housing Act 1996,



are independent and responsible for dealing with complaints about local authorities that there has been maladministration causing injustice or a service failure.

The Housing Ombudsman, as set up under the Housing Act 1996, are responsible for dealing with social housing complaints and can make various determinations which include maladministration, severe maladministration and service failure and will provide a decision which will include recommendations the council will be required to implement.

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

**Zoe Evans**  
**Complaints and Customer Manager**

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19 July 2023

*By email*

Mr Love  
Chief Executive  
Westminster City Council

Dear Mr Love

### **Annual Review letter 2022-23**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2023. The information offers valuable insight about your organisation's approach to complaints. As always, I would encourage you to consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

The end of the reporting year, saw the retirement of Michael King, drawing his tenure as Local Government Ombudsman to a close. I was delighted to be appointed to the role of Interim Ombudsman in April and look forward to working with you and colleagues across the local government sector in the coming months. I will be building on the strong foundations already in place and will continue to focus on promoting improvement through our work.

### **Complaint statistics**

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

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

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than previous years. This means that comparing uphold rates with previous years carries a note of caution. Therefore, I recommend comparing this statistic with

that of similar organisations, rather than previous years, to better understand your organisation's performance.

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

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

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

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 26 July 2023. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Your organisation's performance**

I welcome that your Council agreed to, and implemented, the recommendations we made in 24 cases during the year. However, it is disappointing that in over a fifth of these cases, the recommendations were not completed within the agreed timescales. The Council often took significantly longer to complete service improvement recommendations; in one case it took seven months instead of the agreed eight weeks and in another it took six months instead of the agreed three. I note that three of the five cases where lateness was an issue related to Housing complaints.

While I acknowledge the pressures councils are under, such delays only increase the chances of other members of the public being affected by the same fault. Where we share recommendations at our draft decision stage we often propose a time period within which we expect any actions to be completed. It is important your Council engages fully with that process and is realistic in either confirming or seeking to negotiate the timeframe required to complete the actions.

I invite the Council to consider how it might make improvements to reduce delays in the remedy process and I hope to see an improved performance in the year ahead.

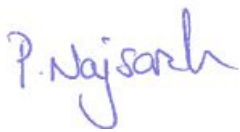
### **Supporting complaint and service improvement**

I know that complaints offer organisations a rich source of intelligence and insight that has the potential to be transformational. These insights can indicate a problem with a specific area of service delivery or, more broadly, provide a perspective on an organisation's culture and ability to learn. To realise the potential complaints have to support service improvements, organisations need to have the fundamentals of complaint handling in place. To support you to do so, we have continued our work with the Housing Ombudsman Service to develop a joint complaint handling code that will provide a standard for organisations to work to. We will consult on the code and its implications prior to launch and will be in touch with further details.

In addition, our successful training programme includes practical interactive workshops that help participants develop their complaint handling skills. We can also offer tailored support and bespoke training to target specific issues your organisation might have identified. We delivered 105 online workshops during the year, reaching more than 1350 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training) or get in touch at [training@lgo.org.uk](mailto:training@lgo.org.uk).

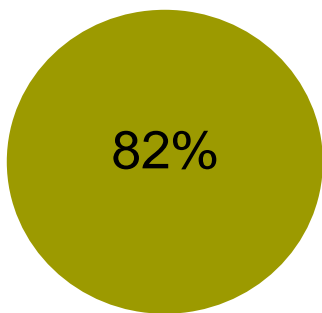
We were pleased to deliver an online complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Yours sincerely,



Paul Najsarek  
Interim Local Government and Social Care Ombudsman  
Interim Chair, Commission for Local Administration in England

### Complaints upheld



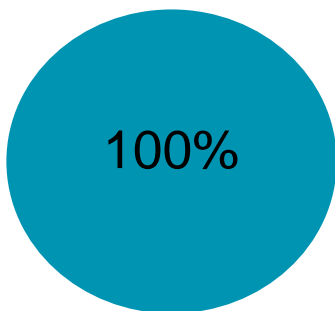
**82%** of complaints we investigated were upheld.

This compares to an average of **77%** in similar organisations.

**28**  
upheld decisions

Statistics are based on a total of **34** investigations for the period between 1 April 2022 to 31 March 2023

### Compliance with Ombudsman recommendations



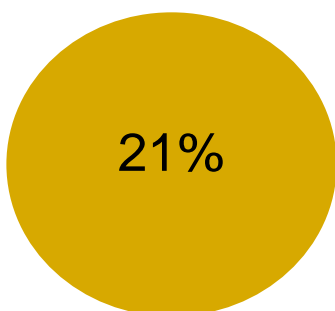
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

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

Statistics are based on a total of **24** compliance outcomes for the period between 1 April 2022 to 31 March 2023

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

### Satisfactory remedy provided by the organisation



In **21%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **15%** in similar organisations.

**6**  
satisfactory remedy decisions

Statistics are based on a total of **28** upheld decisions for the period between 1 April 2022 to 31 March 2023

**Housing**  
Ombudsman Service

**LANDLORD  
PERFORMANCE  
REPORT**

2022/2023

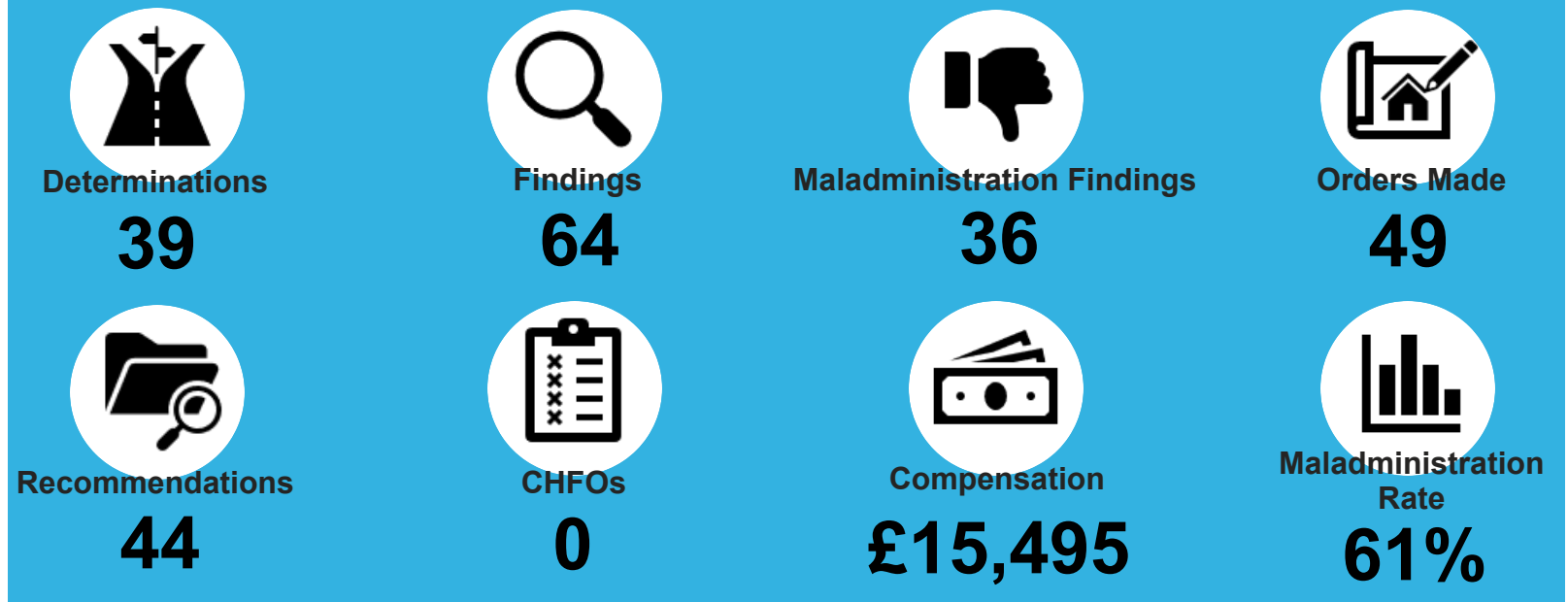
Westminster City Council

Landlord:

Landlord Homes: 11,755

Landlord Type: Local Authority / ALMO or TMO

**PERFORMANCE AT A GLANCE**



**PERFORMANCE 2021-2022**



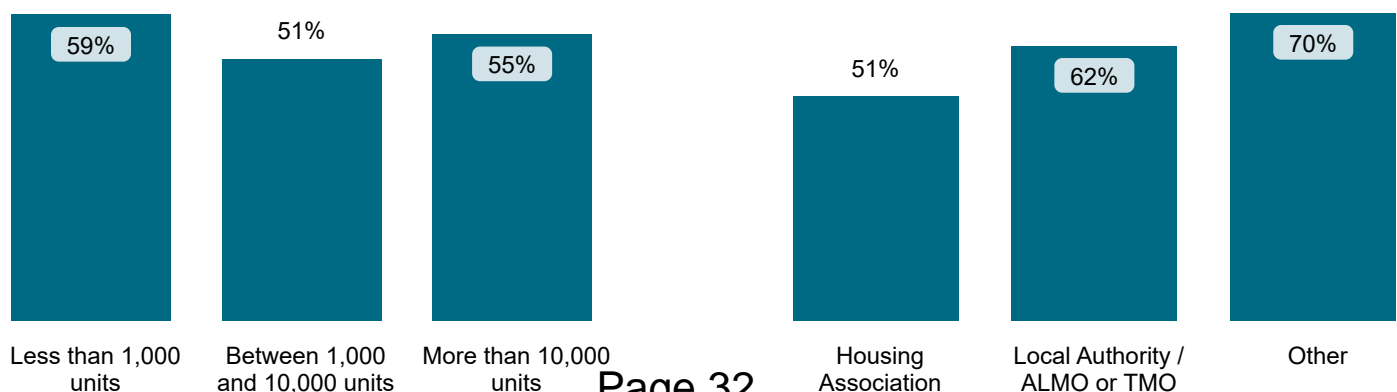
**Maladministration Rate Comparison** | Cases determined between April 2022 - March 2023

**NATIONAL MALADMINISTRATION RATE: 55%**

The landlord performed *similarly* when compared to similar landlords by size and type.

National Mal Rate by Landlord Size: [Table 1.1](#)

by Landlord Type: [Table 1.2](#)





**Findings Comparison** | *Cases determined between April 2022 - March 2023*

**National Performance by Landlord Size:** Table 2.1

Outcome	Less than 1,000 units	Between 1,000 and 10,000 units	More than 10,000 units	Total
Severe Maladministration	3%	2%	3%	<b>3%</b>
Maladministration	27%	20%	25%	<b>24%</b>
Service failure	20%	23%	21%	<b>21%</b>
Mediation	0%	1%	2%	<b>2%</b>
Redress	10%	12%	16%	<b>15%</b>
No maladministration	25%	32%	22%	<b>24%</b>
Outside Jurisdiction	15%	11%	10%	<b>11%</b>
Withdrawn	0%	1%	2%	<b>1%</b>

Westminster City Council	
Outcome	% Findings
Severe Maladministration	<b>2%</b>
Maladministration	<b>27%</b>
Service failure	<b>28%</b>
Mediation	<b>2%</b>
Redress	<b>19%</b>
No maladministration	<b>16%</b>
Outside Jurisdiction	<b>8%</b>
Withdrawn	<b>0%</b>

**National Performance by Landlord Type:** Table 2.2

Outcome	Housing Association	Local Authority / ALMO or TMO	Other	Total
Severe Maladministration	2%	3%	6%	<b>3%</b>
Maladministration	23%	28%	32%	<b>24%</b>
Service failure	21%	22%	24%	<b>21%</b>
Mediation	2%	1%	3%	<b>2%</b>
Redress	19%	8%	3%	<b>15%</b>
No maladministration	23%	24%	21%	<b>23%</b>
Outside Jurisdiction	9%	13%	12%	<b>11%</b>
Withdrawn	1%	1%	0%	<b>1%</b>

Outcome	% Findings
Severe Maladministration	<b>2%</b>
Maladministration	<b>27%</b>
Service failure	<b>28%</b>
Mediation	<b>2%</b>
Redress	<b>19%</b>
No maladministration	<b>16%</b>
Outside Jurisdiction	<b>8%</b>
Withdrawn	<b>0%</b>

**Landlord Findings by Category** | *Cases determined between April 2022 - March 2023*

Table 2.3

Category	Severe Maladministration	Maladministration	Service failure	Mediation	Redress	No maladministration	Outside Jurisdiction	Withdrawn	Total
Property Condition	1	7	8	0	8	5	1	0	<b>30</b>
Complaints Handling	0	5	6	0	2	0	0	0	<b>13</b>
Anti-Social Behaviour	0	1	2	0	1	0	0	0	<b>4</b>
Health and Safety (inc. building safety)	0	2	1	0	0	1	0	0	<b>4</b>
Moving to a Property	0	0	0	0	0	1	2	0	<b>3</b>
Staff	0	0	0	0	0	2	1	0	<b>3</b>
Charges	0	0	0	0	1	0	1	0	<b>2</b>
Estate Management	0	1	0	1	0	0	0	0	<b>2</b>
Buying or selling a property	0	0	0	0	0	1	0	0	<b>1</b>
Information and data management	0	1	0	0	0	0	0	0	<b>1</b>
Reimbursement and Payments	0	0	1	0	0	0	0	0	<b>1</b>
<b>Total</b>	<b>1</b>	<b>17</b>	<b>18</b>	<b>1</b>	<b>12</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>64</b>

**Findings by Category Comparison** | Cases determined between April 2022 - March 2023

**Top 3 Categories for Westminster City Council** Table 3.1

Category	# Landlord Findings	% Landlord Maladministration	% National Maladministration
Property Condition	29	55%	54%
Complaints Handling	13	85%	76%
Anti-Social Behaviour	4	75%	40%
Health and Safety (inc. building safety)	4	75%	52%

**National Maladministration Rate by Landlord Size:** Table 3.2

Category	Less than 1,000 units	Between 1,000 and 10,000 units	More than 10,000 units	% Landlord Maladministration
Anti-Social Behaviour	43%	39%	41%	75%
Complaints Handling	97%	75%	76%	85%
Health and Safety (inc. building safety)	33%	57%	52%	75%
Property Condition	50%	54%	55%	55%

**National Maladministration Rate by Landlord Type:** Table 3.3

Category	Housing Association	Local Authority / ALMO or TMO	Other	% Landlord Maladministration
Anti-Social Behaviour	40%	43%	0%	75%
Complaints Handling	71%	87%	100%	85%
Health and Safety (inc. building safety)	51%	54%	0%	75%
Property Condition	50%	63%	63%	55%

**Findings by Sub-Category** | Cases Determined between April 2022 - March 2023 Table 3.4

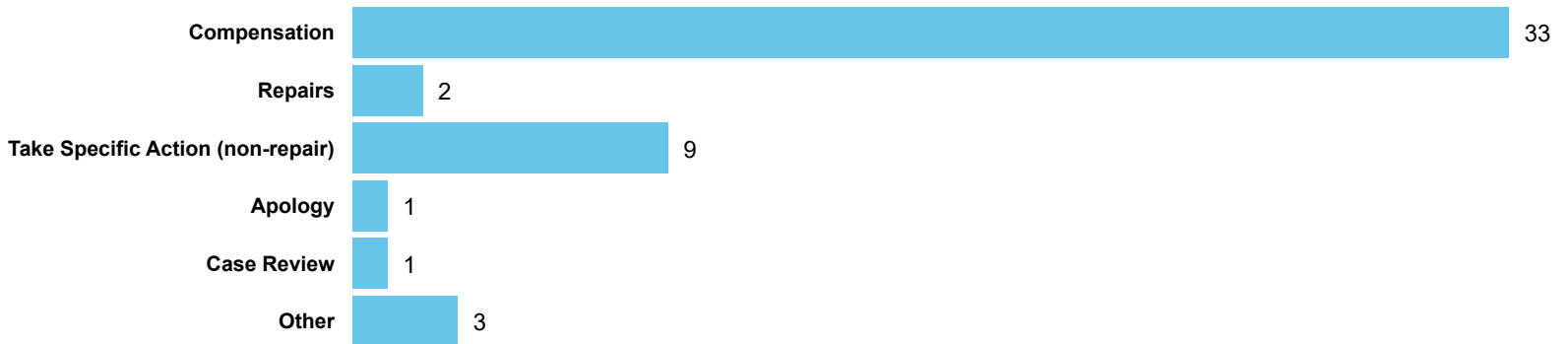
Highlighted Service Delivery Sub-Categories only:

Sub-Category	Severe Maladministration	Maladministration	Service failure	Mediation	Redress	No maladministration	Outside Jurisdiction	Withdrawn	Total
Responsive repairs – leaks / damp / mould	1	3	4	0	3	1	1	0	13
Responsive repairs - general	0	3	2	0	2	3	0	0	10
Responsive repairs – heating and hot water	0	1	1	0	3	0	0	1	6
Noise	0	0	2	0	1	0	0	0	3
Staff conduct	0	0	0	0	0	2	1	0	3
Electrical safety	0	0	1	0	0	1	0	0	2
Service charges – amount or account management	0	0	0	0	1	0	1	0	2
Asbestos	0	1	0	0	0	0	0	0	1
Decants (temp. or permanent)	0	0	0	0	0	1	0	0	1
Gas inspections and safety	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>1</b>	<b>9</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>42</b>

**Top 3 Sub-Categories** | *Cases determined between April 2022 - March 2023* Table 3.5



**Orders Made by Type** | *Orders on cases determined between April 2022 - March 2023* Table 4.1

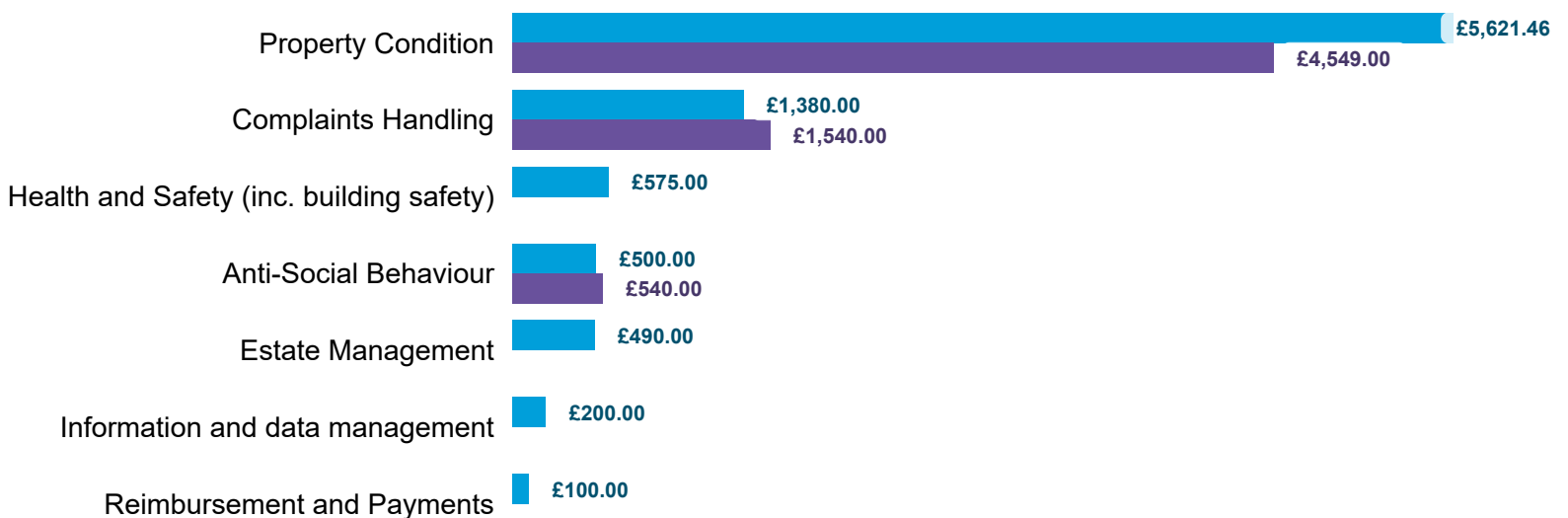


**Order Compliance** | *Order target dates between April 2022 - March 2023* Table 4.2

Order Complete?	Within 3 Months	
	Count	%
Complied	47	100%
<b>Total</b>	<b>47</b>	<b>100%</b>

**Compensation Ordered** | *Cases Determined between April 2022 - March 2023* Table 5.1

● Ordered ● Recommended



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# Landlord Performance Report

## 2022-23 Guidance Note

### Introduction

The Ombudsman's 2022-23 landlord reports are for landlords with five or more findings made in cases determined between 1 April 2022 and 31 March 2023. The data comes from our casework management system.

The reports include statistics on cases determined in the period. If we published a performance report for the landlord last year, then its individual report will also include limited statistics about cases determined between 1 April 2021 and 31 March 2022 for year on year comparison.

### Definition of terms

#### Case

When a resident refers a complaint to the Ombudsman, it is recorded as a case.

#### Category

The subject matter being complained about. A case can have more than one category.

When deciding the top three categories of complaint for a landlord, we do not count findings of Outside Jurisdiction or Withdrawn.

#### CHFO

Complaint Handling Failure Orders (CHFOs) are issued if the landlord fails to comply with the conditions of membership of the Housing Ombudsman Scheme. This includes failing to comply with the Complaint Handling Code and failing to provide evidence requested by the Ombudsman.

#### Compensation

The amount of compensation ordered and recommended in cases determined.

#### Compliance

Whether orders have been complied with within three or six months. We do not enforce compliance with our recommendations.

## Determinations

The number of cases determined (decided upon) by the Ombudsman.

## Findings

The number of findings on cases determined. Each category on a determined case has one finding.

When we count findings, we exclude any cases where the entire case was declared Outside Jurisdiction or was entirely withdrawn. Individual findings of Outside Jurisdiction and Withdrawn on cases that have other findings are counted.

There are eight possible findings.

### Severe maladministration

The most serious failings will result in a finding of severe maladministration.

### Maladministration

We find maladministration when there was a failure which has adversely affected the resident.

### Service failure

We find service failure when there was a minor failing, but action is still needed to put things right. Service failure is a form of maladministration.

### Mediation

This finding is made where the resident and landlord have agreed to enter into mediation and, with the Ombudsman's intervention, reached an agreed outcome which resolves the complaint satisfactorily. Also referred to as 'resolved with intervention'.

### Redress

Also referred to as 'reasonable redress', this finding is made when there is evidence of maladministration but the landlord has identified and acknowledged this prior to the Ombudsman's formal investigation and has, on its own initiative, taken steps and/or made an offer of compensation, that puts things right.

### No maladministration

We find no maladministration where the landlord acted in accordance with its obligations and policies/procedures. Minor failings may have been found but these caused no detriment to the resident.

## **Outside Jurisdiction**

The complaint will not or cannot be considered by the Ombudsman.

## **Withdrawn**

The resident withdrew their complaint and the Ombudsman was satisfied as to the circumstances.

## **Landlord Homes**

The number of homes (or 'units') owned or managed by the member landlord under the Housing Ombudsman Service's jurisdiction as of 31 March 2022.

## **Landlord Type**

Member landlords are classed as one of three types of landlord.

## **Housing Association**

A non-profit organisation that provides homes to people on low incomes or with particular needs.

## **Local Authority / ALMO or TMO**

A local council, an Arms Length Management Organisation (ALMO) set up by the council to manage all or part of its housing stock, or a Tenancy Management Organisation (TMO) set up by tenants and/or leaseholders to manage an estate or block on behalf of the council.

## **Other**

Other includes voluntary members, almshouses, co-operatives, Abbeyfield and for-profit providers.

## **Maladministration Rate**

The number of findings of severe maladministration, maladministration and service failure, expressed as a percentage of the total number of findings (excluding findings of Outside Jurisdiction and Withdrawn). Also referred to as 'mal rate'.

## **National Maladministration Rate**

The total number of findings of severe maladministration, maladministration and service failure, expressed as a percentage of the total number of findings (excluding findings of Outside Jurisdiction and Withdrawn). Also referred to as 'National mal rate'.

Our report says how the landlord performed in comparison to the maladministration rate of other similar landlords:

- Very well – in the top 25% of similar landlords
- Similarly – within the expected range
- Poorly – in the bottom 25% of similar landlords

## Orders

Orders are made where the investigation has resulted in a finding of some level of maladministration. They are intended to put things right for the resident.

## Recommendations

Recommendations can be made for any case that has been investigated and determined by the Ombudsman. They are intended to help improve service delivery and promote learning from outcomes.

## Sub-categories

The specific category of the complaint. Each finding has one sub-category.

When deciding the top three sub-categories of complaint for a landlord, we do not count findings of Outside Jurisdiction or Withdrawn.

'Highlighted service delivery sub-categories' are areas of complaint which largely relate to the health, safety and well-being of residents and which the Ombudsman considers priorities for member landlords to monitor.

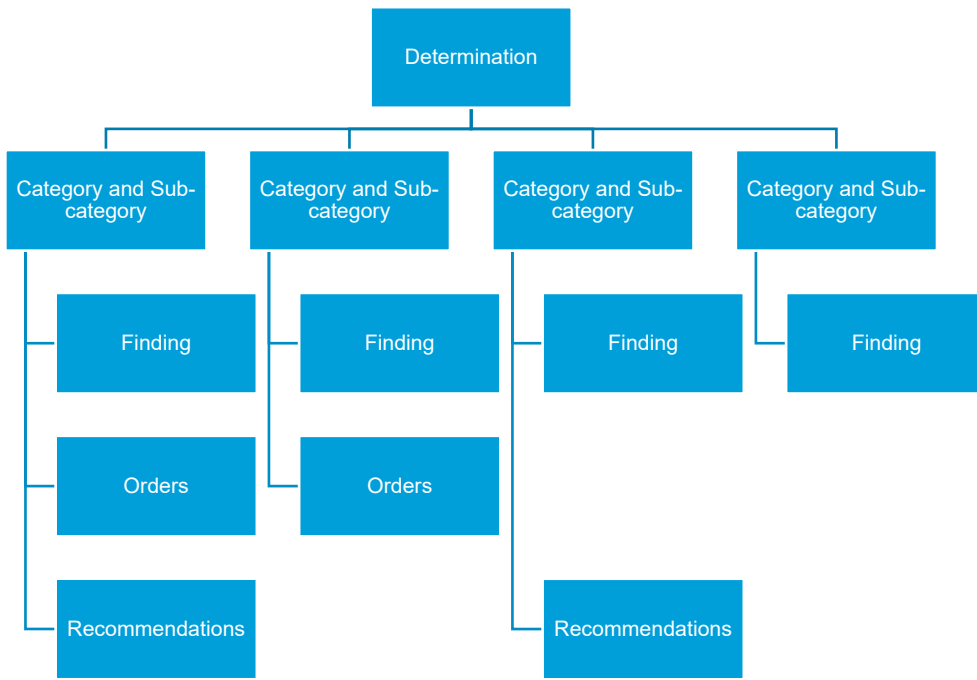
## Units

The number of dwellings owned or managed by the landlord, split into three size groupings: Less than 1,000 units; between 1,000 and 10,000 units; or more than 10,000 units.

## Case structure

As above, each determination has one or more category records reflecting the complaint(s) defined. Each category record has one finding and may have one or more orders and/or recommendations.





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# ADULT SOCIAL CARE ANNUAL COMPLAINTS REPORT

## 2022-2023



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**Volume**  
110 Statutory Complaints received



**Complaints by nature of issue**  
41% of total complaints were about service quality  
21% of total complaints were about communication



**Complaints by Service Area**  
30% of total complaints relate to Care & Assessment Teams  
26% of total complaints relate to Home Care Provision



**Outcomes**  
26% Upheld  
44% Not Upheld  
28% Partially Upheld



**Member Enquiries**  
148 enquiries received this year

**Compliments**  
16 received this year



**Escalations**  
1 Local Government and Social Care Ombudsman Investigation completed

## About this report

This report provides an overview of complaints, compliments and investigations between April 2022 and March 2023. The report highlights how various services within Adult Social Care (ASC) have performed in line with key principles outlined in the Local Authority Social Services and National Health Complaints (England) Regulations 2009 and the complaints process.

## About the complaints process

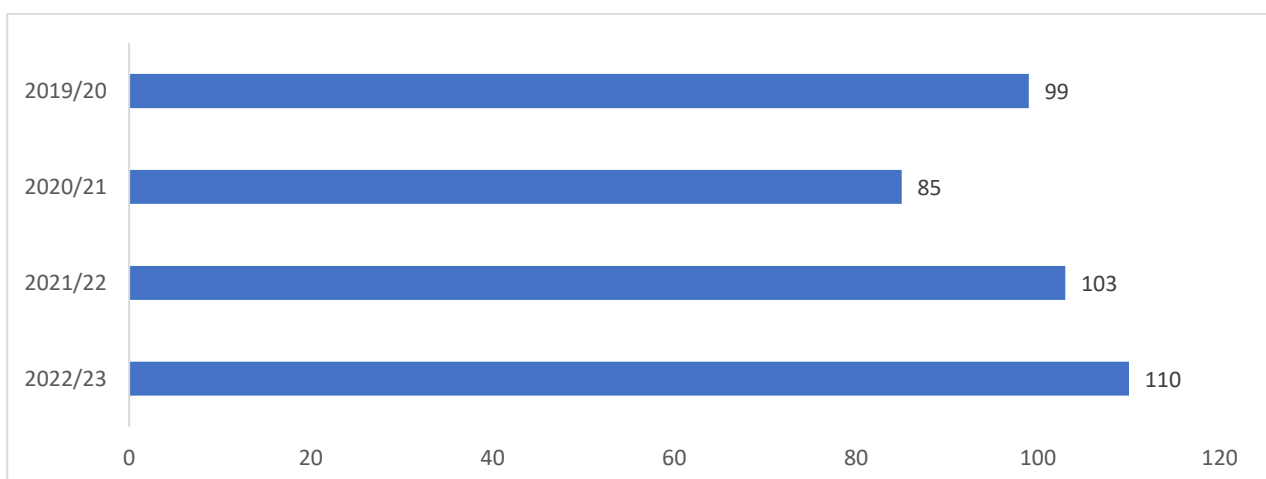
Our one-stage process for statutory complaints is in line with the Department of Health and Social Care's (DHSC) legislation and guidance. All complaints are logged and acknowledged by the Customer Engagement Team (CE Team) within 3 working days. The Council will try to resolve the complaint within 10 working days. If more time is required, this is agreed with the complainant.

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

## Volume of complaints

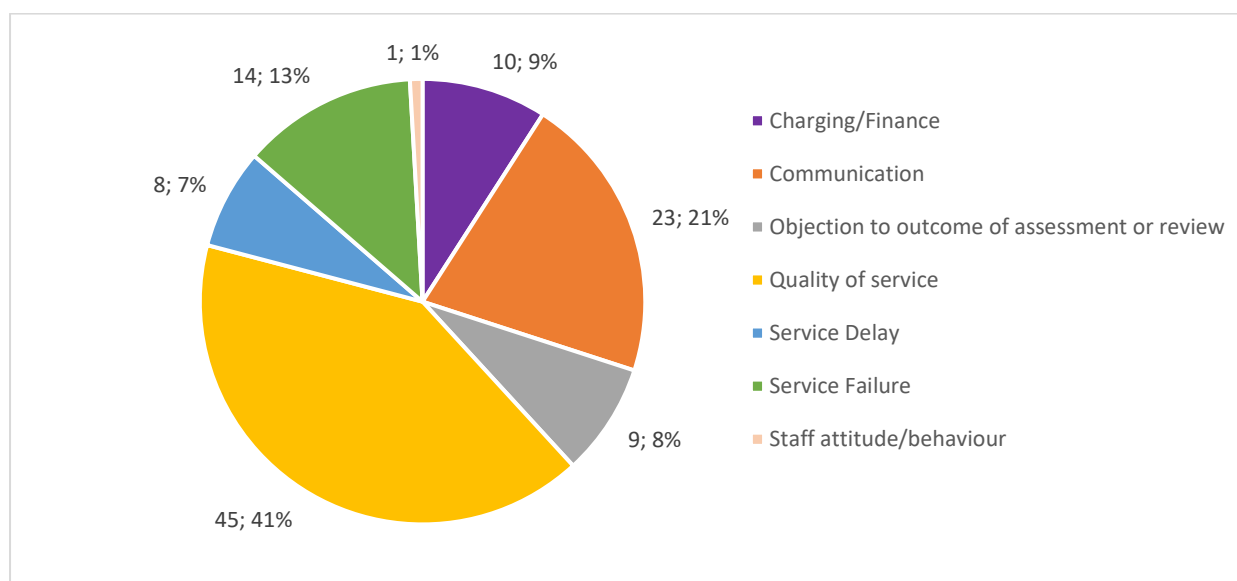
Between April 2022 and March 2023, 2,749 people were supported with a long-term package of care. In this same period, the CE Team recorded and investigated 110 complaints from 99 individuals (about 3.6%) in this same cohort. This number is 7% higher than the complaints received in 2021/22. Figure 1 demonstrates this trend. The breakdown of the reasons for why complaints were made in 2022/23 is shown in Figure 2 using actual figures and percentages. In 2020/21, we believe the number of complaints was lower because of the COVID-19 pandemic's impact and that the increase shown reflects numbers returning to pre-pandemic levels.

**Figure 1 – Number of complaints received, 2019/20 – 2022/23**



## Nature of complaints

**Figure 2 – Complaints by nature of issue for 2022/23 (actual figures and percentages)**



The category with the most complaints was “Quality of service.” This is a broad category that could include (but is not limited to) lack of cleanliness for home care, inconsistency in carers not completing care tasks and/or not completing them to a good standard, or loss/breakage of items. Of the total complaints, 21% were focussed on the communications residents received, and 8% were related to an assessment or its outcome not being implemented.

## Complaints activity by team

As shown in Table 1, the majority of the complaints (57%) in 2022/23 were about assessment and care services.

This year 27% of complaints were about homecare services. Most homecare complaints have been about the quality of service or service failure. The CE Team is committed to working with providers and the Contract Monitoring Team to ensure issues are identified and dealt with in line with contractual arrangements and the LGSCO’s guidelines.

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

In line with the LGSCO’s categorisation, the CE Team has tabulated all the complaints it received in 2022/23 in the table below.

**Table 1 – Number complaints by the LGSCO breakdown in 2022/23**

	Area	Total no of complaints	% of total complaints	Number of cases fully or partly upheld	LGSCO cases
<b>Arranging Social Care</b>	Assessment & care planning** (Complex Social Work Teams)	62 (24)	57% (22%)	26 (6)	1*
	(Learning & Disability Partnership Team)	(5)	(5%)	(3)	
	(Information and Advice)	(6)	(6%)	(2)	
	(Review Team)	(5)	(5%)	(1)	
	Charging/Finance	8	7%	5	0
	Hospital Social Work Team	2	2%	1	0
	Older People’s MH	1	1%	1	0
	Occupational Therapy	6	5%	4	0
<b>Providing Social Care</b>	Homecare	30	27%	22	1*
	Reablement & Community Independence Service (CIS)	1	1%	1	0

\*same case

\*\* There were 22 other complaints over 10 areas, but the top four areas are shown here

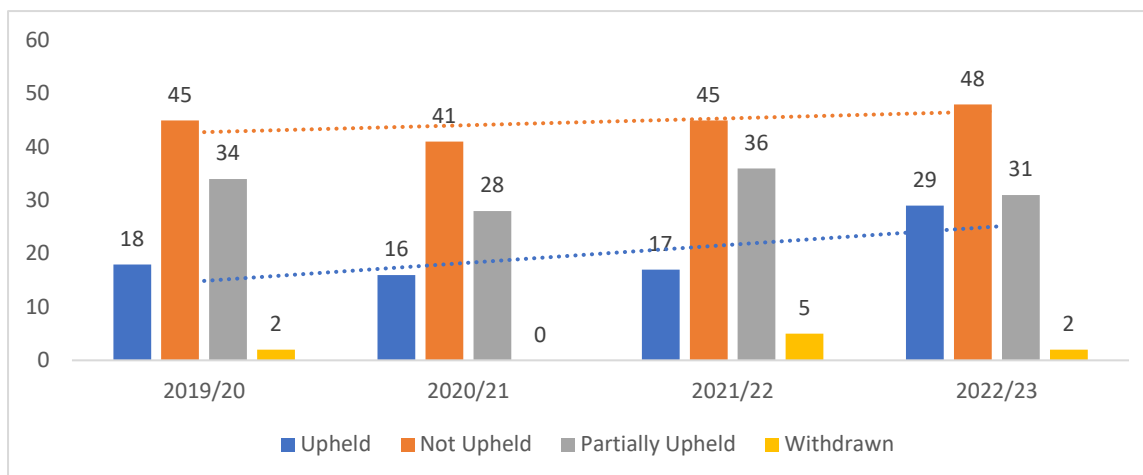
**Outcomes**

In 2022/23, twenty-nine complaints were fully upheld and thirty-one were partly upheld. Where the complaint has been upheld, the Council (or its commissioned partners) have offered an apology where appropriate, made commitments to improve the service, clearly explained reasons for delays, and addressed ineffective communication if that was identified as an issue.

Figure 3 below shows the outcomes of all complaints made to ASC since 2019/20. In 2022/23, there was a small increase in the number of complaints not upheld, following a consistently flat trend. There was also a marginal increase in the number of cases upheld, but the four-year trend is relatively consistent. However, as a proportion, the number of complaints that have not been upheld remain steady at 44% compared with last year when 44% of complaints were not upheld. This is similar for complaints partially upheld. For complaints upheld, this proportion increased from 17% in 2021/22 to 26% in 2022/23; however, the overall numbers remain relatively low.



**Figure 3 – Complaint outcomes, 2019/20 – 2022/23**



**Timeliness in responding to complaint**

The DHSC’s statutory complaints regulations stipulate that the method and time frame for response must be commensurate to the seriousness of the complaint and completed within 6 months. The CE Team always seeks to resolve the complaint as soon as possible. In the absence of a prescribed timescale, it uses an internal ambitious timescale of 10 working days, in consultation with the complainant. Of the complaints received this year, 64% were responded to within 10 working days. A further 25% needed an additional 10 working days, and only 11% took more than 20 working days to complete. This is in line with last year.

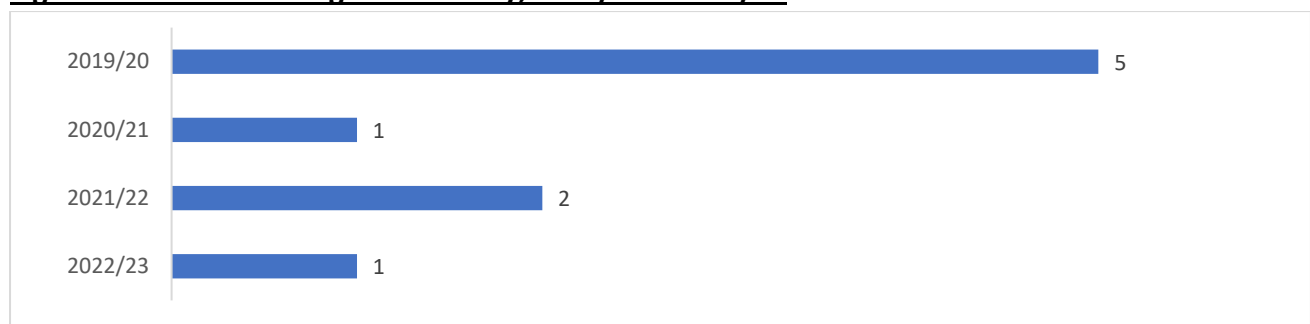
Some delays are unavoidable and the reasons for this are listed below. When it has not been possible to meet the 10 working day timescale, the complainant is kept up to date with the progress of the investigation and advised of revised timescales.

- Complexity of the case.
- Co-managed cases, such as those with Health partners or commissioned providers.
- Provision of a supplementary/ additional response.
- Availability of key staff to participate in the investigation.

**Local Government and Social Care Ombudsman (LGSCO) activity**

One LGSCO investigation occurred this year, which was focussed on homecare provision, record keeping and a carer’s assessment. The complaint was partially upheld and the LGSCO made a number of recommendations, all of which have been completed.

**Figure 4 – LGSCO investigation activity, 2019/20 – 2022/23**

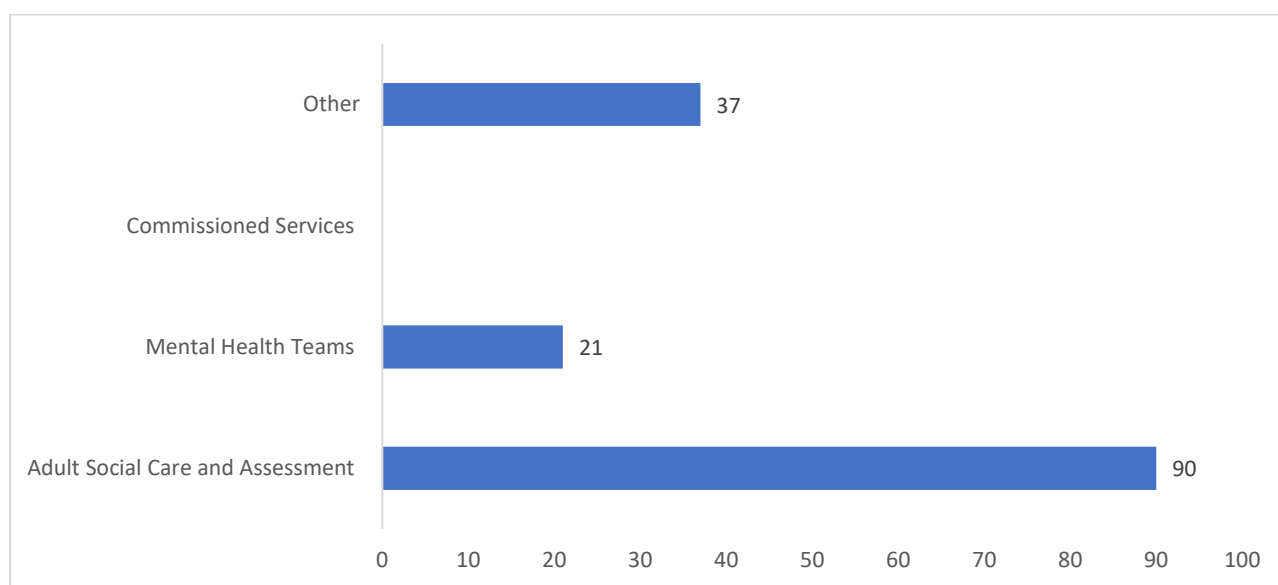


As shown in Figure 4, the number of cases escalated to and investigated by the LGSCO continues to be low compared to previous years. All complainants are informed of their right to escalate their complaint if they remain dissatisfied. It is likely that these figures remain low due to the team’s proactive approach in trying to provide a resolution to complaints.

### Member enquiries

Member enquiries are defined as enquiries received from Elected Members of the Council or Members of Parliament acting on behalf of their constituents. The CE Team facilitated 148 Member Enquiries in 2022/23. 75% of the enquiries have been on behalf of constituents and in relation to either a request for care and support or about existing arrangements within Adult Social Care and Mental Health Teams. Of these 148, 9.5% were received from Members of Parliament. Figure 5 shows these enquiries by service area.

**Figure 5 – The distribution of enquiries**



Of the enquiries received, 76% were responded to within the agreed Council-wide 5 working day timescale. This is lower compared to last year. In some cases, where the issue being raised is complex, requires consent or involves input from a different Council department, the response may take longer to complete. When this happens, elected members are advised of the delay and provided an expected date for response. The teams are committed to working together to provide one cohesive response for the resident and to share updates where possible.

### Compliments

Customers and their representatives are encouraged to tell the Council if they are happy with their care or to highlight a good service. They can complete a feedback form as well as contact the relevant social care team to express this. There were 16 compliments recorded this year for WCC. 7 were related to “Care and Assessment”, 7 were related to “Commissioned and Provider Services”, and 2 were related to “Community Independence Service.”

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

**From a service user who received a service from the WCC Learning Disability Partnership Team;**

‘My son was transferred to the Adult Social Services support team in 2021. During the transition period, I was a little bit stressed and overwhelmed, thinking that I need to go all over again to introduce my son and his needs. Luckily our key worker was extremely professional and very helpful. She did everything on time to gather all the information needed to minimise my stress. Overall I am very pleased with the adult support team, as everyone is so professional and helpful. Many thanks to the team for the help and support.’

**From a service user’s daughter about Ashbourne Care;**

‘Daughter of SU explained that she was very happy with the carers from Ashbourne and happy that the carers are Gujarati speaking. She explained that the carers have given her and her family confidence that their mother will be cared for properly.’

**From the daughter of a service user about their carer;**

‘Please note that Mr YY 's daughter and NOK has emailed VCP today to notify of how pleased and reassured she has been of late when reading on the birdie app, how her father is being actively encouraged to eat & drink by his regular carers. For this, she says, ' A big thank you to you'.’

**From a service user about Community Independence Service;**

‘She was absolutely overjoyed and so happy with her RR chair. She was able to get from sit to stand independently without asking her daughters or grandson for support. Ms X is very grateful for the chair and thanks the service for supporting her independence. Upon the initial assessment she was very tearful and yesterday was beaming with smiles.’

## Learning from complaints

Learning from complaints provides valuable opportunities to adapt services based on customers’ experiences. Staff and managers who respond to complaints are required to identify lessons learned that can lead to service improvement, and Learning Outcome Action plans are completed for the more complex complaints received. Lessons learned, actions and the themes drawn from complaints are presented regularly for discussion and challenge at meetings with Heads of Service and Operational Teams to improve the quality of social care practice. Some general learning actions are listed below:

- Teams have been reminded that all complaints, especially those made verbally, must be logged with the CE Team to ensure due processes are followed and complaints are not escalated.
- Working with homecare providers to ensure all complaints handled under their own CQC compliant processes are also reported to the ASC CE Team to ensure a satisfactory resolution is achieved. This should also be done in line with the LGSCO’s directive that the Council is aware of what actions have been taken that relate to its service users.
- To work with the Quality Assurance Team to improve services in the care provider sector.

- The Complaints lead has advised Heads of Service to ensure for complex multi-disciplinary complaints a meeting must take place early on to ensure a good investigation plan is implemented and we can also prevent escalation to Ombudsman investigations.

Case studies of how lessons learned from complaints have been taken forward are included below:

**You complained:** About the lack of financial support put in place for your family members who have various physical and mental needs following the relevant assessments being carried out and the lack of follow through and clear communication.

**We:** Investigated this carefully and upheld the complaint. The communication with the allocated team and the information required from it was not transparently outlined. It was confirmed that an increase to care hours had been assessed and agreed, and it was explained that the implementation of direct payments could be introduced once the service user had been discharged from hospital.

**You complained:** That carers often do not arrive on time or stay for the full duration of care calls, and do not complete all tasks as outlined in your care plan. You said you are never informed when the carer is running late and do not receive an explanation when they arrive.

**We:** Worked with the care provider to establish the facts and find out why the care was not being provided as expected. The provider acknowledged the complaints and apologised for the timeliness of the care worker. The provider also assured you that it would reiterate the importance of communication with all care workers in instances where they may be running late for care calls. The provider advised that you should contact them if you have any further issues.

**You complained:** About the delay in receiving care assistance which has been promised since last year. You said you have had three assessments and were advised you qualified for support. However, after repeated telephone conversations and emails, you had not received a response. This lasted for over a year. You were also advised you could not receive last year's allowance.

**We:** Accepted your complaint and apologised for the delay in completing the assessment for the carer's allowance and communicating the outcome to the complainant. We also confirmed the assessment was completed and that £600 would be awarded.

**You complained:** About a few points such as not being promptly being provided with a care plan, carers not arriving on time, carers failing to use key safe, inadequate, inappropriate and incompetent care, and poor communication.

**We:** Acknowledged and apologised for the concerns you raised, and we explained that the allocated worker asked the care agency arrange to provide you with a physical copy but that this was not completed. We confirmed that care plans should be readily available to service users at all times. We also clarified that a meeting was scheduled to to address concerns raised with the allocated worker's line manager and ensure this situation does not re-occur. The care agency advised that there had not been a delay to the care state date, and that it had not cancelled calls. We advised you that the key safe and timeliness issues would be addressed in a separate apology letter.

**You complained:** About a carer rushing you and not staying the entire length of the sitting visits. You also complained about your wife's contact with the office and being told to go elsewhere if she was not happy.

**We:** Apologised for the carer rushing and not staying the entire length of the visit. We also apologised that you felt office staff did not investigate the incident with the carer. We did not uphold the claim that your wife had been told to go elsewhere, as we said should could not have your preferred carer allocated to your package of care since he works in a different post code.

## Future development work for 23/24

In 23/24, the CE Team will be making further developments in the following areas:

- Continuing to develop work with our partner providers through contract monitoring meetings and provider forums to ensure their complaints are handled effectively and in line with the LGSCO's guidance on third party complaints.
- Continue to work with Social Care Managers and Market Managers to improve the following: service users' access to the complaints process, complaints investigations and responses, and consistent implementation of learning outcomes.
- Continue to develop the CE Team's relationship with the Quality Assurance Team to improve services in the care provider sector.
- Continue to undertake service user consultation activity on behalf of the Department where services are being transformed.
- Working with the Principal Social Worker and Learning and Development Team to develop and provide effective training on complaints resolution and managing difficult situations.

## Team contact details

The CE Team can be contacted using the details below if there are any questions or suggestions about this report.

E-mail: [ASCCustomerfeedback@westminster.gov.uk](mailto:ASCCustomerfeedback@westminster.gov.uk)

Phone: 0800 587 0072



## **Children's Services Annual Complaints Report – 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**



## 1. Introduction

- Within Children's services, listening to, and learning from, complaints is an important part of ensuring that our residents voices are always heard, and we continue to deliver high-quality services. We continue to see relatively consistent number of complaints each year, 80% of which are addressed at stage 1 and do not progress.
- This report is produced annually as a statutory requirement for Westminster Council (WCC). The report provides a summary of the **63** complaints responded to by Children's Services. This includes both social care complaints (statutory complaints) as well as wider complaints relating to the breadth of Children's Services (non-statutory complaints). Within this report we also capture compliments and thanks, which this year remains consistent at **51** compliments received by Children's Services.
- Through our systemic focus on practice, we have embedded a relational approach to all we do. This includes the way in which we respond to and learn from complaints. We've found that by offering a meeting to every complainant at the point a complaint is received we can better understand their concerns and more meaningfully respond, and address issues raised.
- For example, last year a key theme was the way in which our statutory services involved fathers especially in domestic abuse related cases. We've looked to respond quickly to this, introducing a male worker from Restart (a Mayor's Office for Policing & Crime funded London wide programme using the Safe and Together model of working with domestic abuse) within our social work teams. We feel confident that practice in this area has improved, and this year no complaints of this nature were received. This coming year ahead actions will focus on finding different ways of engaging with people, particularly those with mental health needs, who display behaviours which are challenging, confrontational or otherwise difficult to respond to.
- The focus of this report is on complaint themes, trends and the volumes received between 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2023. This report also highlights the learnings identified and service improvements that have already been implemented in response to learnings from last years' annual review.

## 2. Legislation

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

## 3. Overview of the Children's complaints procedure





- A complaint accepted under the Statutory Children's complaints procedure is one that considers services provided to children and young people under Part 3 and some of parts 4 & 5 of the Children's Act 1989, as well as some adoption and special guardianship services, under the Adoption and Children's Act 2002. These could be complaints about an unwelcome or disputed decision, delay in the provision of services or the contents of an assessment report involving looked after children for example. These types of complaints are considered under the **statutory** three stage complaints process. See Appendix **A** for an explanation of the different stages of the Statutory complaints process.
- Complaints which are outside of part 3 of the Children's Act as well as some parts of part 4 & 5 are categorised as **non-statutory complaints**. These complaints include those about Special Educational Needs (SEN), Transport and Commissioned services are considered under the Council's two stage corporate complaints procedure. See Appendix **B** for an explanation of the different stages of the non-statutory complaints process.
- Complaints received will be considered if they are made within 12 months of the incident happening although, the team can apply their discretion to waive this time limit only in exceptional circumstances.
- Advocacy is provided in-house to assist children and young people when making a complaint.

#### **4. Children's social care complaints received.**

- The Customer Relationship Team (the team) welcomes all feedback including complaints, compliments, and comments about the services provided. Service users, families and carers can provide their views in an open and transparent way, and they can easily access the complaints procedure.
- In 2022/23, the team **received** seventy-four complaints in total but formally **responded** to sixty-three complaints about Children's services. Of the seventy-four complaints received in total, two were rejected for being duplicates, whilst three complaints were withdrawn and six were resolved on receipt and did not require a response. This means that an updated total of sixty-three complaints were formally responded to, at stage 1 of the complaints process. The breakdown of complaints responded to by the various teams is detailed below.
- This is reasonably consistent with the number of complaints received in 2021/22, 63 complaints. This means that there has not been an increase in the number of complaints received this reporting year. The table below shows the relatively stable number of complaints responded to over the last three years.

<b>Reporting year</b>	<b>Numbers responded to</b>
2022/23	63
2021/22	63
2020/21	58
2019/20	85



## Breakdown of complaints received by teams 1st April 2022 to 31st March 2023

Teams	Volumes of complaints received
Social care teams (made up of 5 teams)	34
Special Educational Needs Team	13
Home to school transport	5
Education – school admissions	4
Short breaks	3
Disabled Children's Team	3
Safeguarding team	1

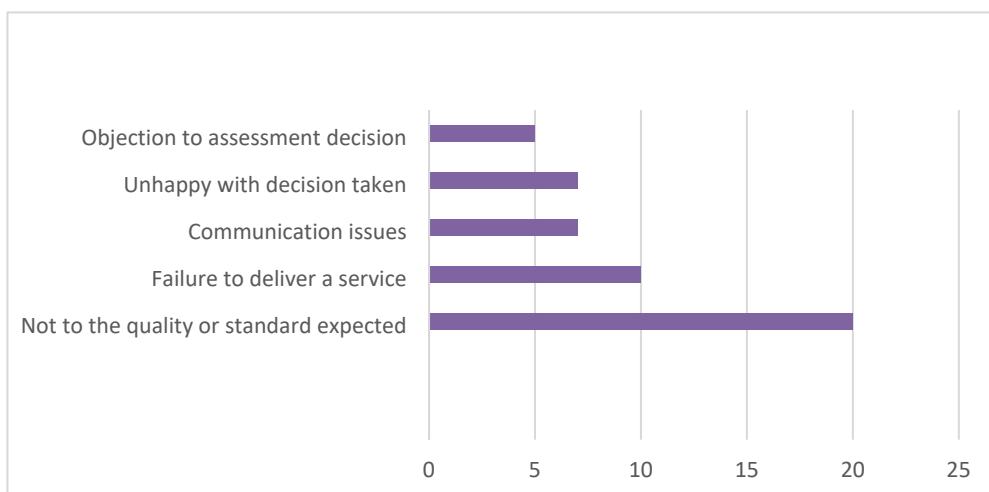
- From the above table, the team with the highest volumes of complaints was the Special Educational Needs (SEN) Team with 13 complaints, followed by the Northeast Social work team within the social care teams with 8 complaints.
- The table below shows the breakdown of complaints received from stages 1 through to 3 and the outcome at each stage.

Stages	Volumes received	Statutory	Non statutory	Upheld	Not upheld	Partially upheld
1	63	6	57	17	37	9
2	12	5	7	0	7	5
3	2	2	0	-	1	1

- 17 complaints of the 63 received were upheld, while 9 were partially upheld. This is an increase of 5% this year compared to 36% upheld and partially upheld outcomes in the last reporting year.
- A complaint is upheld where it has been identified that things did not happen as they should have and there was some detriment to the service user. An example of an upheld complaint would be where there was delay in finalising an Education & Health Care plan (EHCP) according to timescales which resulted in the child starting school late. Whilst a partially upheld complaint is where the service is responsible for part of the complaint but not all the issues raised.
- In these cases where the outcome is either upheld or partially upheld, learnings from the complaint and measures taken to improve on the service provided are recorded on the case management system. This ensures that the service does fulfil what has been promised to the service user in the complaint response.

## 5 Complaint themes

- The table below provides an overview of the top five complaint themes identified from the total volume of complaints received



- Broken down by the type of complaint, the most frequent theme identified this reporting year was about the service provided not being to the standard or quality expected by service users. This accounts for about 32% (20) of the complaints accepted at stage 1. The other common theme identified was the failure to deliver a service in relation to the annual review of Education & Health Care plans (EHCP) for children with special needs by the SEN team.
- These themes serve to give a better understanding of how the service is perceived, what lessons can be learnt from complaints and what training, or refresher courses need to be offered to staff in a bid to improve on the service provided to service users.
- It is worth highlighting that complainants may raise multiple concerns in one complaint. Where this has happened only the primary concern reason is captured on the case management system.

## 6 Response times

- Children's services responded to 64% of stage 1 complaints within the timescale of ten working days. This is a 17% decrease in response times when compared with 81% of stage 1 complaints responded to with timescales in 2021/22. Some complex complaints required an extension of time to 20 working days. 90% of these extended cases were completed within the 20 working days timescale.
- The team continues to proactively work together with Heads of service to improve on the timeliness of complaint responses at all stages of the process.
- In cases where an extension was required or where delays were likely to occur, the team kept complainants updated on the progress of the case and in most of the cases met the revised deadline.

## 7 Complaints at stage 2



- 12 complaints both statutory and non-statutory were escalated to stage 2 of the complaints process compared to 18 stage 2 escalations requests received in 2021/22. This represents a 33% decrease in the escalation requests received.
- Of the 12 stage 2 complaints, five were investigated under the statutory process in this reporting year. Please find below a table detailing the concerns and the recommendations made for each case:

Case details	Recommendations made & Actions taken
Parent complained about an attempt to refer her to the mental health team without her agreement and a malicious referral to the Child Protection team.	<p><b>Recommendation:</b> None</p> <p><b>Action taken:</b> None</p>
Parent complained about the failure to provide housing for her child on his release from Norwich Prison as a leaving care young person.	<p>The complaint was not upheld however, the Council received the recommendation to apologise to the parent for the failure to respond to her email.</p> <p><b>Action taken</b> social workers are reminded to prioritise the prompt acknowledgement of emails and to convey realistic timescales to enquirers for when the response can be expected where applicable.</p>
Foster carer complained about the failure to acknowledge the additional services provided to a Looked After child in her care.	<p><b>Recommendation:</b> None</p> <p><b>Action Taken:</b> NA</p>
Parent complained that the single assessment process was not conducted in an appropriate way.	<p><b>Recommendation:</b> Parent to work with social care team to make any specific changes they may wish to be made to the Single Assessment report.</p> <p><b>Action taken:</b> Parent was invited to provide the changes to reflect an accurate picture of events as they occurred, and a copy of the amended report has been shared with the parent accordingly.</p>
Parent complained about the failure to convene a Child in Need (CIN) review meeting with the parents and the relevant professionals.	<p><b>Recommendation:</b> The service should ensure that the usual CIN Review processes are followed according to timescales.</p> <p><b>Action taken:</b> The parent in this case had been invited to the review however, the failure was</p>



	acknowledged, and a letter of apology tendered as well.
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## 8 Complaints at stage 3

- Two stage 3 statutory complaint review requests were received this reporting year, the same number of stage 3 review requests received in 2021/22. One stage 3 review concluded with a “Not upheld” finding, whilst the other review concluded with a partially upheld finding.

Complaint	Recommendations	Actions Taken
Delay in responding to the parent’s complaints.	The team should review its approach in calculating timescales for complaints under the Stage 2 and Stage 3 statutory complaints procedure.	The team now bases the start date of a stage 2 investigation on the date when the local authority receives the Stage 2 complaint (in written format). Formerly, the start date was taken as the date the statement of complaint is agreed and signed.
Amongst other concerns was the complaint about the failure to respond to an email correspondence.	An apology to be made to the complainant for the lack of response to her email of 1 <sup>st</sup> October 2020.	Social workers are regularly reminded of the importance of promptly acknowledging receipt of emails sent to them.

## 9 Ombudsman cases

- A complainant has the right to refer their complaint to the Local Government and Social care Ombudsman (LGSCO). Generally, the Ombudsman first seeks to ensure that the Council has been given the opportunity to respond to the complainant at all stages of the Council’s complaints procedures.
- In this reporting year, nine complaints were escalated to the Ombudsman compared to six in 2021/22.
- Of the nine complaints received, the Ombudsman did not investigate six cases for being out of the LGO’s jurisdiction while three were investigated and all upheld with findings of fault and injustice.
- The table below details the summary of the three complaints investigated and upheld by the LGO.

Complaint details	LGO decision	Recommendations
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Parent complained that the Council delayed amending a child's Education, Health, and Care (EHC) Plan following an annual review in May 2021.	The Council was found to be at fault for not sending out the decision letter on time according to statutory timescales.	Pay £150 each the parent and child, to acknowledge the frustration and uncertainty, caused by the delay in issuing the child's draft EHC Plan and consequent delay in issuing a final plan between May 2021 and January 2022.
Complainant complained about the delay during the Council's investigation of her complaint under the children's statutory complaints procedure.	The Council was found to be at fault for the delay.	the Council to pay Ms X £400 in recognition of the frustration, uncertainty and time and trouble caused by the delays at both stage two and stage three of its investigation into her complaint.
Ms X complained about the Council's failure to support her when she reported domestic abuse	The Council was found to be at fault for failings in a child and family assessment in 2021	Children's service to apologise to the parent and pay £500 for the injustice caused.

## 10 Learnings from complaints

- Westminster Council continues to be a learning organisation which recognises the value of complaints as these provides opportunities to improve on the services provided to individuals and families. The outcomes of stage 2 & 3 complaints are shared with Heads of service so that practitioners and service managers across the service can reflect on these learnings to improve their own practices and team's performance.
- **Listed below are some of the key learnings identified at all stages of the complaints received this reporting year. Some of these action plans have already been implemented.**

Complaints	Recommendations	Action plan
Delay in completing the EHCP annual review.	The completion of the annual review of Education, Health & Care plans (EHCP) within timescales.	Managers from the SEN service met with the parent carer forum to discuss what can be done to reassure parents that the service is actively working on cases. The SEN service has committed to being clearer from the onset about how long an assessment is likely to take in managing parents' expectations.



the wrong use of the term “Child Protection” to identify the correct social care team, created anxiety for a parent.	Social workers must be consistent in the use of what each social care team is called to avoid confusing parents.	Social care teams are reminded to be consistent in the use of what each social care team is called – the use of terms like child protection in the team title as opposed to social work team can be confusing to service users.
a formally looked-after child, who chose to leave care and alleges that all support abruptly ended.	Regarding care leavers, the need to let them know what their rights are under the local offer for care leavers.	The Looked After Children’s (LAC) team has developed a LAC leaving letter to send out to looked after children letting them know their rights under the local offer for care leavers especially in cases where they do not engage with the team as they ought to.

- Also included in this report are some of the learnings identified in the 2021/22 reporting year and the improvements put in place as a result. This demonstrates that the service not only listens but is also proactive in making changes as needed.
- **Learnings identified in 2021/22 and service improvements already introduced as a result.**

<b>Complaint</b>	<b>Learnings</b>	<b>Actions taken</b>
A male parent incorrectly assumed to be the perpetrator of domestic abuse	The need for social workers to be aware that men may sometimes be the victim as opposed to being the perpetrator in domestic abuse cases.	Social workers have attended training sessions on working with both male and female victims of domestic abuse.
An unsigned Multi Agency Referral Form (MARF) allegedly containing inaccurate information was shared with professionals without the parent’s consent.	The social workers must ensure that the MARF is shared with the relevant service user and obtain the required signature from the parent before it can be shared with other professionals.	The MARF has been updated. On the form, there is a mandatory field asking the referrer to confirm that information contained in the referral has been shared with family, as well as the narrative explaining why this is important.
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- Other service improvements already implemented, is the completion of the SEND systemic training across the whole SEN service. This training has provided a framework for developing strong partnerships between parents, the school, health & social services, voluntary organisations, and the Council.
- The SEN service continues to hold face to face 'surgeries' (usually monthly during term time) in the borough. The surgeries provide the opportunity for parents to meet with representatives from the SEN Service alongside the parental support groups such as Full of Life and Make it Happen.
- The SEN service also continues to offer 'next steps' meetings with parents when an Education & Health Care (EHC) needs assessment has declined. The next steps meeting has a high take up and positive feedback from parents, schools and parental support groups has been received.

## 11 Compliments

- Children's services also welcome and receives compliments from its service users in addition to learning from complaints. A compliment is a courteous remark expressing admiration either for an entire team or in relation to a specific person, whilst feedback is the helpful information received from service users about the actions of the social work team or the behaviour of a specific individual.
- These compliments serve as indicators of good practice and reflect the type of service that families find helpful and enable the service to further improve on the activities that are working well. Examples of the compliments received by the different teams within the service is listed in Appendix C.
- These compliments are received from various sources such as – children, families, extended families, other professionals etc and highlight the compassion and dedication to duty demonstrated by social workers. This reporting year, a total of 51 compliments were sent to the Team compared to 58 received in 2021/22.
- The table below shows the distribution of compliments received by different teams across the service. The Special Educational Needs team received the highest number of compliments (10), followed by the Access & Assessment team with 8 compliments. This is reflective of the good work being carried out by the teams.
- Compliments received by the different teams.

Team	Numbers received
Special Educational Needs	10
Access & Assessment	08





Northeast Social work team	07
Early help	06
South Social work team	05
Short breaks	04
Northwest social work team	04
Looked after Children	03
Home to school transport	03
Intensive Support team	01
<b>Total</b>	<b>51</b>

## 12 Customer Relationship Team – Delivery against service priorities for 2022/23

- The progress made against the priorities set for the team in this reporting period is outlined below:
- **To continuously improve on using the newly introduced maturity model to provide a positive complaint experience and outcome for service users.**

The Corporate team quality assures a sample of the complaints received to ensure that the actions required to investigate and respond to complaints in a timely and effective manner are adhered to.

- **To track complaint outcomes on the Integrated Casework System (ICW – the in-house recording system used to record complaints received, lessons learnt, remedies etc).**

The team checks in with service managers and heads of service, to ensure that measures put in place in response to a complaint are carried out as stated and the dates of completion are being noted on the system. This has served to further promote a culture of accountability within the teams and wider service.

- **To further enhance the vexatious complaints policy.**

The team collaborates with colleagues in the corporate team to develop a better policy with regards to handling persistently unreasonable complainants. This is because of reflections on cases that are in court proceedings which are very adversarial in nature, and where representations are best made via legal advocates and placed before the Court. This is an ongoing project with a view to completion in the next reporting year – 2023/24.

## 13 Customer Relationship Team service priorities for 2023/24

- Working with colleagues in the corporate team to ensure that in cases where the response deadline is extended beyond 10 working days due to the complex nature of the complaint, the extension is accepted as the complaint still being processed within the Service level agreement (SLA) and not classed as being out of time.



- To continue to work with service managers and deputy service managers to improve on the timeliness of complaint responses and the overall SLA rates.
- The continuous sharing of complaint themes and learnings identified with the Director and relevant heads of service to drive change and continuous improvement within the service as required.
- Finding different ways of engaging with people, particularly those with mental health needs, who display behaviours which are challenging, confrontational or otherwise difficult to respond to.
- To continue to produce robust responses to complaints at stage 1 with a view to reducing the number of escalations to stage 2 and 3 of the statutory complaints process. This will be measured by the number of escalation requests received.

## APPENDIX A

### COMPLAINTS PROCEDURES FOR STATUTORY COMPLAINTS

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

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

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

#### **Stage 1 – Local Resolution**

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

#### **Stage 2 – Investigation**

This stage is usually initiated when the complainant is dissatisfied with the findings of Stage 1, has not received a response within the timescales and or because it has been agreed that Stage 1 is not appropriate. An independent Investigating Officer (IO) is commissioned to investigate the



complaint, and an Independent Person (IP) to oversee the fairness and transparency of it. Both the IO & IP are not employees of the Council. Following their reports, the Council will write an adjudication letter responding to the findings and any recommendations made. The end-to-end process should take no more than 65 working days.

### **Stage 3 - Independent Review Panel**

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

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

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

## **APPENDIX B**

### **Non-Statutory complaints**

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

#### **Stage 1**

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

#### **Stage 2**

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

#### **Advocacy**

We observe best practice, in line with "Getting the best from complaints." The Team provides children and young people with information about advocacy services and offer them help to get



an advocate. Advocacy can be provided by friends, relatives, advocacy groups or legal representatives.

### **Local Government and Social Care Ombudsman**

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

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



## Appendix C – Flavour of compliments received across different teams within the service.

### Short breaks – Tresham Centre

- *The staff members are amazing, thank you.*
- *I would like to thank you from the bottom of my heart for all the help and support you have given B and my family.*
- *R has been very professional in her work I have never worked with any short break practitioner or even social workers so active and doing her job properly like it should be.*

### Access & Assessment team

- *May I just add, you are that one person who has managed to soothe the deep, painful inflictions of an entire institution for me. I am so thankful that WCS employs people like you. God bless you.*
- *L for what it's worth: you have done a wonderful job working with N and building his trust in you as well as working with me. I will forever appreciate your perseverance, attention, and skill at your job. I'm truly grateful that his case landed in your lap. You will make an excellent psychotherapist! Thank you, thank you, thank you!*
- *C said she felt listened to and appreciated my approach of listening to her and the network involved with J.*

### SEN team

- *Further to our conversation Honestly words can't describe how delighted we are to have a yes for my sons EHCP plan. It really bought tears of happiness to both me and my husband.*
- *I appreciate your help. I am so very grateful for your time.*
- *You outlined these very clearly, so we now have a good understanding of what is going on. That is greatly appreciated.*

### Looked After Children's team.



- *I'm very, very touched. Thank you for all your help over the past year 1 and a half. I will keep in touch if I need any advice. I cannot thank you and RC enough.*
- *Since leaving my family home, the Westminster Leaving Care Team have been able to steer me in the right direction and I'm now in my penultimate year of studying Civil Engineering at university.*

### Home to school transport team

- *I would also like to take this opportunity to feedback how fantastic the staff on this transport route have always been. They are so kind and positive with the boys (and the staff) and we are so pleased they are in such good hands. It makes such a difference to their school day having such understanding and friendly support to and from school. Thank you!*
- *Many thanks for an excellent service and a happy summer break to you all too.*
- *Just wanted to say transport is working very well for V. His chaperone R is so kind, professional and reassuring with V. He has helped V and I feel at ease with his traveling transition. It is very much appreciated.*

### Northeast Social work team

- *You are such a great social worker and so extremely committed.*
- *Thank you for your support and help in arranging our flights for both myself and I to Gran Canaria. You were very supportive and made sure everything was sorted out as quickly as possible.*
- *The human side of your professionalism was clearly evident. In my 25 years as a GP, I have not read such a lovely letter directed at the client and this was heart-warming ,*

### Early help

- *This was the case that was transferred to me from R, young person at UCL had been excluded for having a knife and needed an EHCP, which we got. She rang to tell me that A passed all of his GCSEs, has a job in Burger King and is applying to Westminster Kingsway College to do the electricians course. She thanked me for the help and support that Early Help gave which she feels was instrumental in him achieving his GCSEs and his well-being improving so that he is able to work and that things in the family are now working well.*
- *I just would like to express my feedback regarding the support I've received from C in the past year. C was always there for me and my daughter when needed , she helped me through a very difficult time after splitting with my ex husband. She sets up online*



*meetings with me and my daughter and helped us to understand each other more, giving me her best advices ever. She also made sure G. was ok addressing her to dream heart for therapy. I can't thank her enough for all the support I've received.  
Thank you so much C.*

#### **Northwest Social care team**

- *I have every confidence Westminster will deal with it properly. They seem to have been generous and exercised their responsibility under ICO responsibly and well and has to go into the future.*
- *I will like to appreciate you for your supports and tolerance.*
- *Thank you very much for all the support you gave him and us at that time.*

#### **South Social work Team**

- *Thank you for everything you have done for M B.*
- *A is absolutely phenomenal and I take the strong view that his great work, efforts and input definitely shaped the outcome on this case. It is very rare to see and he ought to be commended.*
- *Dear A and dedicated people working at Bessborough Children's centre team, we thank you for working tirelessly in these difficult times for us.*

#### **Intensive support team**

- *T is so genuine, compassionate and one of a kind and we appreciate that always. (You are very lucky to have T with you).*

Adetoro Ojewale  
Bi-Borough Customer Relationship Manager  
Email: Adetoro.ojewale1@rbkc.gov.uk







## City of Westminster

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	24 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Treasury Management Strategy Outturn 2022/23
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	To manage the Council's finances prudently and efficiently
<b>Cabinet Member:</b>	Cabinet Member for Finance and Smart City
<b>Financial Summary:</b>	This report forms part of the monitoring of the treasury function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. It reviews the implementation of the strategy and final outturn position.
<b>Report of:</b>	Gerald Almeroth Executive Director for Finance and Resources
<b>Report Author:</b>	Kelly Martin Treasury Manager

## **EXECUTIVE SUMMARY**

1.1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2. The purpose of this report is to:

- Present the Council's annual Treasury Management outturn report for 2022/23 in accordance with the Council's treasury management practices. It is a regulatory requirement for this outturn report to be presented to Council by the 30 September of each year.

1.3. Treasury management comprises:

- managing the Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost;
- investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity.

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

- Review of the Council's investment portfolio for 2022/23 to include the treasury position as at 31 March 2023.
- Review of the Council's borrowing strategy for 2022/23.
- Review of compliance with Treasury and Prudential Limits for year to 2022/23.
- Economic update for 2022/23.

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

## **2. RECOMMENDATIONS**

2.1. The Committee is asked to note the annual treasury management final outturn 2022/23.

### 3. TREASURY POSITION AS AT 31 MARCH 2023

- 3.1. The Council's treasury management debt and investment position is organised by the Tri-Borough Treasury team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting, and through officer activity detailed in the Council's Treasury Management Practices (TMPs).
- 3.2. As at 31 March 2023, net cash invested was £437.7m, an increase of £281.4m on the position at 31 March 2022 as shown below:

	31 March 2023 (£m)	31 March 2022 (£m)
<b>Total Borrowing</b>	(400.1)	(298.2)
<b>Total Cash Invested</b>	837.8	454.5
<b>Net Cash Invested</b>	<b>437.7</b>	<b>156.3</b>

#### Investments

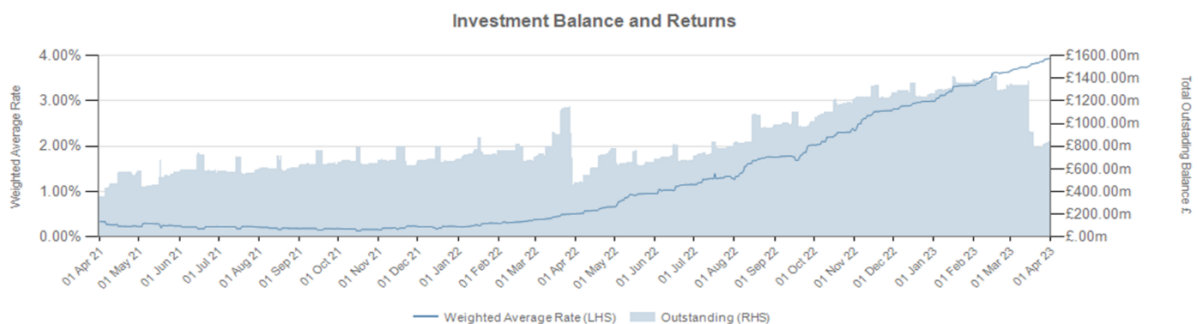
- 3.3. The Council's Annual Investment Strategy which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2022/23, was approved by the Council on 2 March 2022. The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.
- 3.4. The table below provides a breakdown of investments, together with comparisons with the previous financial year end.

	Investment Balance 31 March 2023 (£m)	Investment Balance 31 March 2022 (£m)	Movement (£m)
<b>Money Market Funds</b>	188.3	71.5	116.8
<b>Notice Accounts</b>	0.0	30.0	-30.0
<b>Term Deposits</b>	649.5	353.0	296.5
<b>Total:</b>	<b>837.8</b>	<b>454.5</b>	<b>383.3</b>

- 3.5. Liquid balances are managed through Money Market Funds, providing same day liquidity. Cash has also been invested in less liquid instruments such as term deposits. The average level of funds available for investment in 2022/23 was £1,008.3m.
- 3.6. Daily investment balances have steadily increased from £454.5m at 31 March 2022 to £837.8m at 31 March 2023.
- 3.7. The table below provides a more detailed breakdown of the Council's treasury investment position and interest rate received as at 31 March 2023:

	Investment Balance (£m)	Interest Rate (%)
Money Market Funds	188.3	4.14
UK Banks	190.0	3.98
Non UK Banks	170.0	3.66
UK Government	204.5	3.65
Local Authorities	85.0	4.58
<b>Total:</b>	<b>837.8</b>	<b>3.93</b>

- 3.8. Over the last three years, the coronavirus pandemic has caused huge economic turmoil within the UK and the global economy. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to 0.10%, it left the Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, to 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.
- 3.9. Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for. Starting April 2022 at 0.75%, the Bank Rate moved up in stepped increases of either 0.25% or 0.50%, reaching 4.25% by the end of the financial year 2022/23, with the potential for further increases in 2023/24.
- 3.10. Meanwhile, throughout the autumn 2022, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.
- 3.11. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 3.12. Westminster's surplus cash for investment remained high throughout the year and the weighted average rate has increased since the start of April 2022. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Council's capital programme.



- 3.13. Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer term fixed borrowing rates during 2022/23 but, by August 2022 it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting

during 2022 and into 2023. As at 31 March 2023 the CPI measure of inflation is expected to fall back towards 4% by year end 2023. Nonetheless, there remain significant risks to that central forecast.

3.14. All investment/overdraft limits specified in the 2022/23 TMSS have been complied with.

3.15. The table below shows the forecast investment income to be achieved in the year: budget versus actual and the variance. The Council's budgeted investment return for 2022/23 was £2.013m, and performance for the year is £26.060m above budget.

Year 2022/23	Budget £000	Actual £000	Variance £000
<b>Investment Income</b>	2,013	28,073	26,060

3.16. Appendix 1 provides a full list of the Council's limits and exposures as at 31 March 2023.

### **Borrowing**

3.17. The Council's underlying need to borrow for capital expenditure is referred to as the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

3.18. A key part of the Council's treasury activities is to address the funding requirements for this borrowing need. The treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as the Government, through the PWLB, or the money markets, or utilising temporary cash resources within the Council.

3.19. At £400.1m, the Council's borrowing at 31 March 2023 was within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the estimated CFR for 2022/23 of £1,333m. The final CFR for 2022/23 was £1,026m.

3.20. During 2022/23, the Council maintained an under-borrowed position of £626m. This meant that the Capital Financing Requirement was not fully funded with loan debt as cash, supporting the Council's reserves, balances and cash flow, was used as an interim measure. This strategy was prudent as minimising counterparty risk on the placing of treasury investments needed to be considered.

3.21. The table below shows the details around the Council's external borrowing as at 31 March 2023, split between the General Fund and HRA.

Total Borrowing	31 March 2022 (£m)	31 March 2023 (£m)
<b>HRA</b>	175.6	175.6
<b>General Fund</b>	122.6	224.5
<b>Total Borrowing</b>	<b>298.2</b>	<b>400.1</b>

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

Borrowing Type	Loan Balance 31 March 2022 (£m)	Loan Balance 31 March 2023 (£m)	Movement (£m)
PWLB	130.6	130.6	0.0
LOBO	70.0	70.0	0.0
Mortgage Annuity	0.1	0.0	-0.1
Private Placement	37.5	199.5	162.0
Local Authority	60.0	0.0	-60.0
<b>Total:</b>	<b>298.2</b>	<b>400.1</b>	<b>101.9</b>

3.23. During 2022/23, the Council repaid £60.0m of short-term loans from other local authorities which were required in March 2022. These loans were for an average duration of 35 days and all were fully repaid by 4th May 2022. £0.001m of mortgage annuity loans were also repaid so the Council no longer holds loans of this type. Further advances from the forward borrowing loan portfolio were received in August 2022 and March 2023. This consisted of £150m from Barings LLC and £12.5m from Phoenix Group.

### Forward Borrowing

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

3.25. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, while maintaining some forward flexibility as projects may or may not proceed within the expected timeframes.

3.26. During the financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments.

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

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

### Compliance with Treasury Limits and Prudential Indicators

3.28. During the financial year to 31 March 2023, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 2 March 2022 as set out below.

PI Ref		2022/23 Forecast	2022/23 Actual	Indicator Met?
1	Capital expenditure	£500m	£370m	Met
2	Capital Financing Requirement (CFR)	£1,333m	£1,026m	Met
3	Net debt vs CFR	£933m underborrowing	£626m underborrowing	Met
4	Ratio of financing costs to revenue stream	GF (11.67)% HRA 44.98%	GF (113.20)% HRA 40.87%	Met
5a	Authorised limit for external debt	£1,382m	£1,042m	Met
5b	Operational debt boundary	£449m	£417m	Met
6	Working Capital Balance	£0m	£0m	Met
7	Limit on surplus funds invested for more than 364 days (i.e. non specified investments)	£450m	£0m	Met
8	Maturity structure of borrowing	Upper limit under 12 months: 40% Lower limit 10 years and above: 35%	Upper limit under 12 months: 40% Actual: 3% Lower limit 10 years and above: 35% Actual: 77%	Met

### Capital Expenditure and Borrowing Limits

3.29. Capital expenditure to 31 March 2023 totalled £370m for the General Fund and the HRA against a forecast for the whole year of £500m. The Council has embarked on an ambitious capital programme with a plan to invest up to £2.090bn (general fund) over the next 12 years.

3.30. The impact on the Council's Capital Financing Requirement is also shown in the table below:

	2022/23 Indicator (£m)	2022/23 Actual (£m)
<b>General Fund Capital Expenditure</b>	302	197
<b>HRA Capital Expenditure</b>	198	173
<b>Total Capital Expenditure</b>	<b>500</b>	<b>370</b>
<b>Financed by:</b>		
<b>Capital Receipts</b>	152	62
<b>Capital Grants</b>	126	151
<b>Funded from Revenue</b>	0	17
<b>Major Repairs Allowance</b>	22	22
<b>Prudential Borrowing</b>	200	118
<b>Total Finance</b>	<b>500</b>	<b>370</b>

	General Fund £m	Housing Revenue Account £m	Total £m
<b>Adjusted Opening CFR 31/03/2022</b>	672	326	998
<b>Capital Investment</b>	197	173	370
<b>Capital receipts, government grants &amp; other contributions applied to reduce CFR</b>	-63	-151	-214
<b>Direct Revenue Contributions</b>	-17	0	-17
<b>Major Repairs Allowance</b>	0	-22	-22
<b>Debt Repayment</b>	-89	0	-89
<b>Closing CFR</b>	<b>700</b>	<b>326</b>	<b>1026</b>

3.31. External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary:

- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that, in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined that the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
- The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place. Officers are monitoring the need for new borrowing in the short/medium term.

3.32. The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if in any one particular period there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 31 March 2023 was within the limits set and does not highlight any significant issues.

Actual Maturity at 31 March 2023	Duration	Upper Limit	Lower Limit
3	Under 12 Months	40	0
3	12 Months and within 24 Months	35	0
4	24 Months and within 5 Years	35	0
13	5 Years and within 10 Years	50	0
77	10 Years and Above	100	35

3.33. The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The Council is not subject to any adverse movement in interest rates as it only holds fixed interest borrowing.

3.34. The average rate on the fixed interest borrowing is 3.18% with an average redemption period of 23 years. This reflects the historical legacy of borrowing taken out some years ago which is now lower than current PWLB interest rates for comparable loans if they



were taken out at today's levels. Officers have considered loan refinancing but premia for premature redemptions are prohibitively high, making this option poor value for money.

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

### **Investment limits**

- 3.36. There are no deposits in non-specified investments as at 31 March 2022 as all of the Council's investments have a life of less than 12 months.
- 3.37. While the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer duration investments and marginally lower credit ratings is likely to increase the yield the Council earns from its investments.
- 3.38. There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.

## **4. THE ECONOMY AND INTEREST RATES**

- 4.1. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.
- 4.2. Market commentators' misplaced optimism around inflation has been the root cause of the volatility in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022.
- 4.3. Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter. Q4 GDP was positive at 0.1% q/q. Most recently, January 2023 saw a 0.3% m/m increase in GDP as the number of strikes reduced compared with December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.
- 4.4. CPI inflation picked up to what should be a peak reading of 11.1% in October 2022, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4.0% by the end of 2023. As of February 2023, CPI was 10.4%.

- 4.5. The UK unemployment rate fell through 2022 to a 48-year low of 3.6%. Without an increase in the labour force participation rate, it will be a challenge to the UK economy to grow further and, with average wage increases running at over 6%, the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.
- 4.6. In the interim period, September and October 2022 saw a tumultuous seven weeks where the markets reacted negatively to unfunded tax-cutting and heavy spending policies. With a new prime minister and chancellor, the Autumn Statement in November gave rise to a net £55bn fiscal tightening. The markets reacted positively, and UK gilt yields reversed accordingly, although they remain elevated in line with developed economies generally.
- 4.7. GDP was weak throughout 2022/23. Whether that means a shallow recession, or a recession possibly avoided, is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. While the number of job vacancies fell for the ninth consecutive month in February 2023, they remained around 40% above pre-pandemic levels.
- 4.8. Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.
- 4.9. The Pound has remained resilient of late, recovering from a record low of \$1.035, following the September 2022 "fiscal event", to \$1.23 by March 2023. The new financial year is likely to see a housing correction of some magnitude as fixed rate mortgages have moved above 4.5% and affordability has been squeezed.
- 4.10. The FTSE 100 started 2023 strongly, rising to a record high of 8,014 in February 2023, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged in early March 2023.

## **5. BACKGROUND**

- 5.1. The Local Government Act 2003 ("the Act") requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

## **6. FINANCIAL IMPLICATIONS**

- 6.1. Financial implications are contained in the body of this report.

## **7. LEGAL IMPLICATIONS**

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

7.2. Legal implications verified by Michael Carson, Principal Solicitor Employment, Criminal and Commercial Litigation.

## **8. BACKGROUND PAPERS**

### **Full Council Report**

Treasury Management Strategy Statement 2022/23, including Prudential Indicators and Statutory Borrowing Determinations: 2 March 2022.

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

**Kelly Martin, Treasury Manager**

**Tel: 07971 920515**

**Email: [kmartin3@westminster.gov.uk](mailto:kmartin3@westminster.gov.uk)**

**Limits and exposures as at 31st March 2023**
**Appendix 1**

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)	Interest Rate (%)
UK Local Authorities	£100m per Local Authority; £500m in aggregate	3 years	Bradford Metropolitan Borough Council	15.0	4.58
			East Ayrshire Council	10.0	4.55
			Hertfordshire County Council	20.0	4.65
			London Borough of Lambeth	20.0	4.65
			West Yorkshire Combined Authority	10.0	4.90
			Worcestershire County Council	10.0	4.00
DMO Deposits	Unlimited	6 months	DMADF	30.0	3.16
			DMADF	30.0	3.40
			DMADF	30.0	3.56
			DMADF	30.0	3.70
			DMADF	30.0	3.73
			DMADF	54.5	4.05
Money Market Funds	£70m per fund. £300m in aggregate.	Three day notice	Aberdeen Sterling Liquidity Fund	48.3	
			Deutsche Sterling Platinum Fund	70.0	
			Morgan Stanley Sterling Liquidity Fund	70.0	
UK Banks (A-/A3/A)	£50m	3 years	Goldman Sachs International	20.0	3.90
			Goldman Sachs International	20.0	4.12
	£50m	3 years	National Westminster Bank	20.0	2.25
			National Westminster Bank	20.0	4.25
			National Westminster Bank	10.0	4.45
	£50m	3 years	Santander UK Bank	10.0	3.93
			Santander UK Bank	20.0	4.23
			Santander UK Bank	20.0	4.30
			Standard Chartered Bank	20.0	4.22
£50m	3 years	Standard Chartered Bank	30.0	4.26	
Non-UK Banks (AA-/Aa2/ AA-)	£50m	5 years	Toronto Dominion Bank	20.0	2.21
			Toronto Dominion Bank	10.0	4.50
			Toronto Dominion Bank	20.0	4.58
	£50m	5 years	Svenska Handelsbanken	25.0	2.61
			Svenska Handelsbanken	25.0	4.21
	Non-UK Banks (A/A2/A)	£35m	3 years	Australia and New Zealand Banking Group	20.0
Australia and New Zealand Banking Group				15.0	4.69
£35m		3 years	National Bank of Canada	20.0	4.00

	National Bank of Canada	15.0	4.25
<b>TOTAL</b>		<b>837.8</b>	<b>3.93</b>

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## City of Westminster

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	24 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Treasury Management Strategy Mid-Year Review 2023-24
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	To manage the Council's finances prudently and efficiently
<b>Cabinet Member:</b>	Cabinet Member for Finance and Council Reform
<b>Financial Summary:</b>	This report forms part of the monitoring of the treasury function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. It reviews the implementation of the strategy to date and allows for any changes to be made depending on market conditions.
<b>Report of:</b>	Gerald Almeroth, Executive Director for Finance and Resources
<b>Report Author:</b>	Kelly Martin, Treasury Manager

## **1. EXECUTIVE SUMMARY**

1.1. The purpose of this report is to:

- Update Members on the delivery of the 2023/24 Treasury Management Strategy approved by Council on 8 March 2023; and
- Approve the recommendations in paragraph 2.1.

1.2. Treasury management comprises:

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

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

- A six-monthly review of the Council's investment portfolio for 2023/24 to include the treasury position as at 30 September 2023;
- A review of the Council's borrowing strategy for 2023/24;
- A review of compliance with Treasury and Prudential Limits for the first six months of 2023/24; and
- An economic update for the first part of the 2023/24 financial year.

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

## **2. RECOMMENDATIONS**

2.1. The Committee is asked to note the annual treasury strategy mid-year review 2023/24.



### 3. TREASURY POSITION AS AT 30 SEPTEMBER 2023

- 3.1. As at 30 September 2023, the net cash position was £576.5m, an increase of £138.8m on the position at 31 March 2023 as shown below:

	30 September 2023 (£m)	31 March 2023 (£m)
<b>Total Borrowing</b>	(599.8)	(400.1)
<b>Total Cash Invested</b>	1,176.3	837.8
<b>Net Cash Invested</b>	<b>576.5</b>	<b>437.7</b>

- 3.2. The increase of £138.8m reflects the forecast pattern of the Council's cashflows and is mainly dependant on the timing of precept payments, receipt of grants, council tax and business rates, and progress on the capital expenditure programme.

#### Investments

- 3.3. The Council's Annual Investment Strategy, which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2023/24, was approved by the Council on 8 March 2023. The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.
- 3.4. The table below provides a breakdown of investments with comparisons for the previous financial year end.

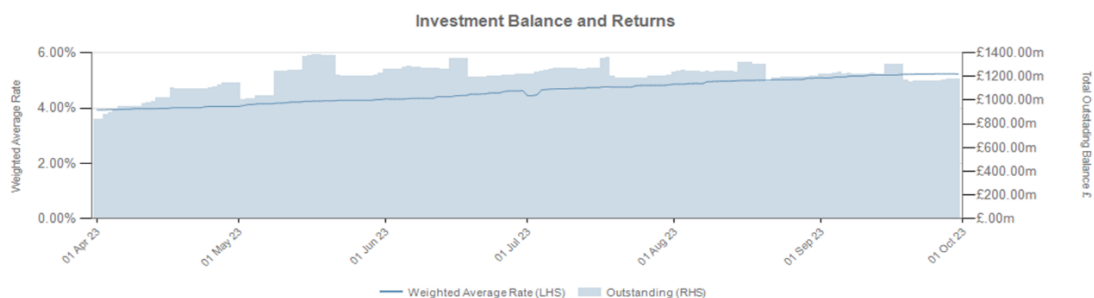
	Investment Balance 30 September 2023 (£m)	Investment Balance 31 March 2023 (£m)	Movement (£m)
<b>Money Market Funds</b>	276.6	188.3	88.3
<b>Term Deposits</b>	408.1	649.5	-241.4
<b>UK Government Treasury Bills</b>	491.6	0.0	491.6
<b>Total:</b>	<b>1,176.3</b>	<b>837.8</b>	<b>338.5</b>

- 3.5. Despite a need to appropriately manage short term liquidity needs, there are attractive opportunities in the current economic climate for investments of up to 12 months in financial institutions with high credit ratings.
- 3.6. Liquid balances are managed through Money Market Funds, providing same day liquidity. Cash has been invested in alternative and less liquid instruments, particularly term deposits and UK Government Treasury Bills. The average level of funds available for investment in the first six months of 2023/24 was £1,196.0m.
- 3.7. The table below provides a more detailed breakdown of the Council's treasury investment position and interest rate generated as at 30 September 2023.

	Investment Balance (£m)	Interest Rate (%)
<b>Money Market Funds</b>	276.6	5.29
<b>UK Banks</b>	80.0	5.31
<b>Non UK Banks</b>	75.0	4.99
<b>UK Government</b>	639.7	5.26
<b>Local Authorities</b>	105.0	5.03
<b>Total:</b>	<b>1,176.3</b>	<b>5.23</b>

3.8. The shaded area in the chart below shows the daily investment balance from 1 April 2023 to 30 September 2023. The line shows the weighted average return of the investment portfolio, which has increased throughout the first half of 2023/24. The daily investment balance is shown by the grey shaded area. This balance rises and falls over each month but follows a general upwards trend over the period.

3.9. Daily investment balances have increased from £837.8m at 1 April 2023 to £1,176.3m at 30 September 2023. Investment returns which had been lower during 2022/23, have increased steadily during 2023/24 and the Council's average return on the portfolio as at 30 September 2023 was 5.23%



3.10. In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The August 2023 CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

3.11. The Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures then “further tightening in policy would be required”. Governor Bailey stated, “[the bank will] be watching closely to see if further increases are needed.” The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long.”

3.12. This narrative supports the Bank of England’s objective in limiting the potential for the market to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could force it to raise rates at the next meeting on 2 November 2023, or pause in November 2023 and raise rates in December 2023.

- 3.13. Gilt yields and PWLB certainty rates rose throughout the first half of 2023/24. At the beginning of April 2023, the five-year rate was the cheapest part of the curve and touched 4.14% while the 25-year rate was relatively expensive at 4.58%. July 2023 saw short-dated rates peak at their most expensive. The one-year rate spiked to 6.36% and the five-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August 2023 and the ten-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5 April 2023 but rose to 5.45% on 28 September 2023.
- 3.14. Rates are forecast to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2.0% in the second half of 2024, and 50-year rates to stand at 3.90% by the end of September 2025. However, there are still considerable gilt issuances to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.
- 3.15. The table below shows the forecast investment income to be achieved in the year: budget versus actual and the variance. The Council's budgeted investment return for 2023/24 is £26.283m, and performance for the year is expected to be £18.668m above budget. Any additional interest earnings received will mitigate in-year budget pressures as outlined in the quarterly finance monitor as well as being used to support the delivery of the capital programme. The total portfolio weighted average yield performance for the first half of 2023/24 to 30 September 2023 was 4.61%.

	Budget £000	Forecast £000	Variance £000
<b>Investment Income</b>	26,283	44,951	18,668

- 3.16. Appendix 1 provides a full list of the Council's limits and exposures as at 30 September 2023.

## **Borrowing**

- 3.17. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.18. At £599.8m, the Council's borrowing was well within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the CFR for 2023/24 of £1,310m.
- 3.19. During 2023/24, the Council maintained an under-borrowed position of £698m. This meant that the capital borrowing need (the CFR) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim funding measure. These reserves are expected to remain part of the Council's balance sheet throughout the remainder of 2023/24.

3.20. The table below shows the details around the Council's external borrowing as at 30 September 2023, split between the General Fund and the Housing Revenue Account (HRA).

Borrowing	30 September 2023 (£m)	31 March 2023 (£m)
HRA	175.6	175.6
General Fund	424.2	224.5
<b>Total Borrowing</b>	<b>599.8</b>	<b>400.1</b>

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

	Loan Balance 30 September 2023 (£m)	Loan Balance 31 March 2023 (£m)	Movement (£m)
PWLB	130.6	130.6	0.0
LOBO	70.0	70.0	0.0
Private Placement	399.2	199.5	199.7
<b>Total:</b>	<b>599.8</b>	<b>400.1</b>	<b>199.7</b>

3.22. During 2023/24, the Council repaid £0.357m of private placement annuity loans using investment balances. The final advance from the forward borrowing loan portfolio was received in May 2023. This consisted of £200m from Rothesay Life Plc.

3.23. In addition to the above, the Council also received two scheme specific loans to help fund a range of energy efficiency measures. One was the Mayor of London's Energy Efficiency Fund (MEEF), managed by Amber Fund Management Limited, which provided the Council with a £12m loan to finance new electric refuse collection vehicles and charging infrastructure. The other was the partnership with Abundance Investment, where the Council raised £1m from the public and local residents to help finance energy efficiency projects and carbon reduction measures on Council owned buildings.

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

### Forward Borrowing

3.25. As anticipated in the 2023/24 TMSS, the Council took no additional general and council wide long-term borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow if a requirement is identified for either the General Fund or Housing Revenue Account (HRA). The monitoring process includes the setting of various trigger points, the breaking of which will require officer consideration of borrowing requirements and market conditions.

3.26. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to continually monitor its borrowing options.

3.27. During the financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in

advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments. The loans for 2022 and 2023 have all been received and are included in the borrowing figures detailed above.

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

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

#### 4. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 4.1. During the financial year to 30 September 2023, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 8 March 2023 as set out below.
- 4.2. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023, the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy Statement for 2023. The Executive Director of Finance and Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

PI Ref		2023/24 Indicator	2023/24 Forecast
1	Capital expenditure	£438m	£603m
2	Capital Financing Requirement (CFR)	£1,310m	£1,285m
3	Net debt vs CFR	£723m underborrowing	£698m underborrowing
4	Ratio of financing costs to revenue stream	GF 12.24% HRA 34.59%	GF 38.13% HRA 38.99%
5a	Authorised limit for external debt	£1,359m	£1,336m
5b	Operational debt boundary	£636m	£638m
6	Working Capital Balance	£0m	£0m
7	Limit on surplus funds invested for more than 364 days (i.e. non specified investments)	£450m	£0m
8	Maturity structure of borrowing	Upper limit under 12 months: 40% Lower limit 10 years and above: 35%	Upper limit under 12 months: 4% Lower limit 10 years and above: 75%

## Capital expenditure and borrowing limits

- 4.3. The capital expenditure forecast to 31 March 2024 totals £603m for both the General Fund and the HRA. The initial capital expenditure budget at the time of the approval of the annual Treasury Management Strategy Statement 2023/24 was £438m.
- 4.4. The long-term capital investment plan is underpinned by the Council's policy objectives. Capital proposals are considered within the Council's overall medium to long-term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects as part of the revenue budget setting process.
- 4.5. The Council continues to set aside additional revenue funding each year to cover the financing costs of the programme in accordance with previously stated plans. Earmarked reserves are also maintained to support the financing of the capital programme and provide a sustainable approach to funding through the Medium Term Financial Plan.
- 4.6. External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary as shown in the table above:
- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that if the planned capital programme required new borrowing to be raised over the medium term, interest rates were deemed favourable and the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
  - The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place.
- 4.7. The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if, in any one particular period, there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2023 was within the limits set and does not highlight any significant issues.

Actual Maturity at 30 September 2023	Duration	Upper Limit	Lower Limit
4	Under 12 Months	40	0
1	12 Months and within 24 Months	35	0
5	24 Months and within 5 Years	35	0
15	5 Years and within 10 Years	50	0
75	10 Years and Above	100	35

- 4.8. The Council is not subject to any adverse movement in interest rates in its current loans portfolio as it only holds fixed interest borrowing.
- 4.9. The average rate on the fixed interest borrowing is 3.09% with an average redemption period of 21 years. This reflects the historical legacy of borrowing taken out some years ago. Debt rescheduling opportunities have become more common in the current economic climate. No debt rescheduling has been undertaken to date in the current financial year. Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.
- 4.10. The Council's borrowing portfolio contains £70m of Lender Option Borrower Option loans (LOBOs). These are long-term loans of up to 60 years, which are subject to periodic rate re-pricing. The rates are comparable with loans for similar durations provided by the PWLB. There is some refinancing risk associated with these loans because of the lender option to increase interest rates. Some banks are offering premature repayment or loan conversion for LOBOs to fixed term loans and officers will remain alert to such opportunities as they arise.

### **Investment limits**

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

## **5. THE ECONOMY AND INTEREST RATES**

5.1. The first half of 2023/24 saw:

- Interest rates rise by a further 100bps, taking the Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation remains persistent.
- A 0.5% month on month (m/m) decline in real GDP in July 2023, mainly due to more strikes.
- CPI inflation falling from 8.7% in April 2023 to 6.7% in August 2023, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August 2023 from 7.1% in April 2023 and May 2023, a then 31 years high.
- A cooling in labour market conditions, but no evidence that it has led to an easing in wage growth (as the three-month year on year growth of average earnings rose to 7.8% in August 2023, excluding bonuses).

- 5.2. The 0.5% m/m fall in GDP in July 2023 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July 2023 was due to there being almost twice as many working days lost to strikes in July 2023 (281,000) than in June 2023 (160,000). However, with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- 5.3. The fall in the composite Purchasing Managers Index from 48.6 in August 2023 to 46.8 in September 2023 left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% quarter on quarter rise in real GDP in the period April 2023 to June 2023, being followed by a contraction of up to 1% in the second half of 2023.
- 5.4. The 0.4% m/m rebound in retail sales volumes in August 2023 is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July 2023. Sales volumes in August 2023 were 0.2% below their level in May 2023, suggesting much of the resilience in retail activity in the first half of the year has faded.
- 5.5. As the growing drag from higher interest rates intensifies over the next six months, it is forecast that the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has so far succeeded in weathering the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. It is expected the Bank of England will keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- 5.6. The tightness of the labour market continued to ease, with employment in the three months to July 2023 falling by 207,000. The further decline in the number of job vacancies from 1.017m in July 2023 to 0.989m in August 2023 suggests that the labour market has loosened a bit further since July 2023. That is the first time it has fallen below 1m since July 2021. At 3.0% in July 2023, and likely to have fallen to 2.9% in August 2023, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July 2023 offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July 2023 as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- 5.7. But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June 2023 to -0.9% in July 2023, a lot of that was due to the one-off bonus payments for NHS staff in June 2023 not being repeated in July. The headline three-month year on year rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July 2023, from 8.2% three-month year on year in June 2023 to 8.1% three-month year on year, it is still well above the Bank of England's prediction for it to fall to 6.9% in September 2023.



5.8. CPI inflation declined from 6.8% in July 2023 to 6.7% in August 2023, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the inflationary increases since March 2023 and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July 2023 to a 29-month low of 1.5% in August 2023, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March 2023 and takes it below the forecast of 7.2% the Bank of England published in early August 2023.

## **6. BACKGROUND**

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

## **7. FINANCIAL IMPLICATIONS**

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

## **8. LEGAL IMPLICATIONS**

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

## **9. BACKGROUND PAPERS**

### **Full Council Report**

Treasury Management – Annual Strategy for 2023/24, including Prudential Indicators and Statutory Borrowing Determinations – 8 March 2023.

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

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**Tel: 07971 920515**

Limits and exposures as at 30 September 2023

Appendix 1

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)	Interest Rate (%)
UK Local Authorities	£100m per local authority; £500m in aggregate	3 years	Bradford Borough Council	15.0	4.58
			Central Bedfordshire Council	20.0	5.50
			East Ayrshire Council	10.0	4.55
			London Borough of Lambeth	20.0	4.65
			Suffolk County Council	10.0	5.64
			Suffolk County Council	10.0	5.65
			Worcestershire County Council	10.0	4.00
			Wrexham County Council	10.0	5.85
Money Market Funds	£70m per fund. £300m in aggregate.	Three day notice	Aberdeen Sterling Liquidity Fund	67.2	
			Federated Sterling Liquidity Fund	70.0	
			JP Morgan Sterling Liquidity Fund	69.4	
			Morgan Stanley Sterling Liquidity Fund	70.0	
UK Government	Unlimited	Unlimited	Debt Management Office	8.1	5.17
			Debt Management Office	20.0	5.20
			Debt Management Office	50.0	5.24
			Debt Management Office	70.0	5.32
			Treasury Bill	29.3	4.52
			Treasury Bill	29.3	4.74
			Treasury Bill	29.3	4.76
			Treasury Bill	29.3	4.77
			Treasury Bill	39.1	4.80
			Treasury Bill	39.0	5.12
			Treasury Bill	39.0	5.22
			Treasury Bill	39.5	5.44
			Treasury Bill	39.5	5.52
			Treasury Bill	38.9	5.59
			Treasury Bill	38.9	5.62
Treasury Bill	22.7	5.63			
Treasury Bill	38.9	5.72			
Treasury Bill	38.9	5.72			
UK Banks (A-/A3/A)	£50m	3 years	Goldman Sachs International	25.0	5.85
			National Westminster Bank	20.0	4.25
				10.0	4.45
			Santander UK Plc	25.0	5.95

			Svenska Handelsbanken	25.0	4.21
Non-UK Banks (AA-/Aa2/ AA-)	£50m	5 years	Toronto Dominion Bank	10.0	4.50
				25.0	6.15
Non-UK Banks (A/A2/A)	£35m	3 years	Australia & New Zealand Banking Group	15.0	4.69
<b>TOTAL</b>				<b>1,176.3</b>	<b>5.24</b>

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## City of Westminster Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	24 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Internal Audit Progress Report 2023/24 (to September 2023)
<b>Wards Affected:</b>	All
<b>Policy Context</b>	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.
<b>Cabinet Member:</b>	Councillor David Boothroyd, Finance and Council Reform
<b>Key Decision:</b>	No
<b>Financial Summary:</b>	There are no financial implications arising from this report
<b>Report of:</b>	Gerald Almeroth, Executive Director of Finance and Resources

### 1. Executive Summary

- 1.1 This report summarises the status of the work included in the 2023/24 Internal Audit Plan as at the end of September 2023. Three audits have been finalised with a further two at draft report stage. Although no overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls, the Committee can be assured that sufficient internal audit work is planned to ensure an appropriate assurance opinion can be provided by the end of the financial year.
- 1.2 **Appendix 1** shows the finalised audits as at the end of September 2023 and the status of the remaining planned audits.

### 2. Recommendation

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

### 3. Reasons for Decision

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

### 4. Background, including Policy Context

- 4.1 The Committee are provided with updates on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.
- 4.2 The Audit Plan for 2023/24 was reviewed by the Committee in February 2023. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.
- 4.3 Four assurance levels are used and when an audit is completed, an assurance opinion is provided. A description of each of the assurance levels is summarised below:

<b>Assurance Level</b>	<b>Description</b>
<b>Substantial Assurance:</b>	There is a sound system of internal control designed to achieve their objectives and the control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	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.
<b>Limited Assurance:</b>	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.
<b>Nil Assurance:</b>	Control processes are generally weak, leaving the processes/systems open to significant error or abuse; and/or Significant non-compliance with basic control processes/systems open to error or abuse.

## 5. Internal Audit Outcomes (to September 2023)

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

Audit	Assurance
Registrar Service	Satisfactory
Modern Slavery Strategy	Substantial
Millbank Estate Management Organisation (MEMO)	Satisfactory

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

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

### Follow up

5.3 Five follow-up reviews were undertaken in the period which confirmed that 94% of recommendations made had been fully implemented, with the implementation of the remaining recommendations in progress:

Follow up Review	Recs Made*	Implemented*	In Progress*	Not yet actioned*
Housing Complaints	2 (1 H, 1 M)	2 (1 H, 1 M)	0	0
Trading Standards	3 (1 H, 2 M)	2 (M)	1 (H)	0
Apprenticeship Levy Spend	5 (1 H, 4 M)	5 (1 H, 4 M)	0	0
Food Safety	4 (1 H, 3 M)	4 (1 H, 3 M)	0	0
Gas Safety	2 (1 M, 1 L)	2 (1 M, 1 L)	0	0
<b>Totals</b>	<b>16</b>	<b>15 (94%)</b>	<b>1 (6%)</b>	<b>0</b>
Total High Priority	4	3	1	0
Total Medium Priority	11	11	0	0
Total Low Priority	1	1	0	0
<b>Totals</b>	<b>16</b>	<b>15</b>	<b>1</b>	<b>0</b>

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

5.4 Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as “in progress”. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area.

**6. Financial Implications**

There are no financial implications from this report.

**7. Legal Implications**

There are no legal implications from this report.

**8. Carbon Impact**

The decision will have no carbon impact.

**9. Equalities Impact**

There are no equalities implications from this report.

**9. Consultation**

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

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

Moira Mackie on 07800 513 192 Email: [Moira.Mackie@rbkc.gov.uk](mailto:Moira.Mackie@rbkc.gov.uk)

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**APPENDICES**

**Appendix 1 Completed Audits and Status of Planned Audits**

**Appendix 2 Additional Information on Assurance Audits**

**BACKGROUND PAPERS:**

**Internal Audit Reports**



**Completed Audits:**

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Med. Priority Recs	No of Low Priority Recs	Reported to Committee
Children's Services	Registrar Service (2022/23)	Aug-23	Satisfactory	0	4	6	Oct-23
Housing	Millbank Estate Management Organisation (MEMO)	Sep-23	Satisfactory	0	4	1	Oct-23
Environment, Climate & Public Protection	Modern Slavery Strategy (2022/23)	Sep-23	Substantial	0	0	0	Oct-23

**Definitions of Recommendations:**

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

**Status of Planned Audits:**

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	Remove from Plan
<b>Cross-cutting</b>		<ul style="list-style-type: none"> <li>Risk Management (2022/23)</li> <li>Effectiveness of the Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity (TBC)</li> <li>Scheme of Delegated Authority (TBC)</li> <li>Contract spend (TBC)</li> <li>Low value frequent spend (TBC)</li> <li>Finance, Payroll Testing (TBC)</li> </ul>	
<b>Adult Social Care</b>		<ul style="list-style-type: none"> <li>Home Care</li> <li>PH Contract Monitoring</li> <li>Lisson Grove Hub (Learning Disability Support)</li> <li>Droop Street (Learning Disability Day Centre)</li> <li>Flexible Response (Learning Disability)</li> </ul>	<ul style="list-style-type: none"> <li>Market Management (TBC)</li> <li>Direct Payments (Q3)</li> </ul>	
<b>Children's Services</b>		<ul style="list-style-type: none"> <li>Supporting People Claims (ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>Schools Capital Spend (TBC)</li> </ul>	
<b>Schools</b>	<ul style="list-style-type: none"> <li>Portman Early Childhood Centre (2022/23) (Oct-23)</li> </ul>	<ul style="list-style-type: none"> <li>Burdett Coutts Primary</li> </ul>	<ul style="list-style-type: none"> <li>St James' &amp; St John's Primary (Q4)</li> <li>St Vincent de Paul (Q4)</li> <li>Schools Capital Spend (TBC)</li> </ul>	
<b>Finance &amp; Resources</b>		<ul style="list-style-type: none"> <li>Governance Wholly Owned Companies (Follow up of several previous reviews)</li> <li>Corporate Property (2022/23)</li> </ul>	<ul style="list-style-type: none"> <li>Council Tax (Q3)</li> <li>NNDR (Q3)</li> <li>HB (Q3)</li> <li>Corporate Health &amp; Safety (TBC)</li> </ul>	
<b>Law, Governance &amp; People Services</b>		<ul style="list-style-type: none"> <li>Pensions Admin (ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>Coroner's Service (TBC)</li> <li>Recruitment &amp; Retention (TBC)</li> </ul>	
<b>Digital &amp; Innovation</b>		<ul style="list-style-type: none"> <li>IT Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Security (Q3)</li> <li>IT Third Party Risk Management (Q3)</li> </ul>	

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	Remove from Plan
<b>Housing</b>		<ul style="list-style-type: none"> <li>• Leaseholders – Major Works (2022/23)</li> <li>• Resident Satisfaction Surveys</li> <li>• Members’ Enquiries &amp; Complaints</li> <li>• Torridon TMO</li> <li>• Housing Rents</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Repairs (TBC)</li> <li>• HRA Recharges (TBC)</li> <li>• Housing Needs Temp Accom (TBC)</li> <li>• H&amp;S Compliance various (TBC)</li> </ul>	
<b>Regeneration, Economy and Planning</b>			<ul style="list-style-type: none"> <li>• Planning and/or Building Control (TBC)</li> <li>• Building Safety Act (TBC)</li> <li>• Economic Development &amp; Regeneration (TBC)</li> </ul>	
<b>Environment, Climate &amp; Public Protection</b>		<ul style="list-style-type: none"> <li>• Mortuary</li> </ul>	<ul style="list-style-type: none"> <li>• Food Safety Light Touch Review (Q4)</li> <li>• Markets &amp; Street Trading (Q3)</li> <li>• Contracted Services – Environment (Waste/ Arboriculture) (Q3/4)</li> <li>• Parking Contracts (TBC)</li> <li>• H&amp;S Governance - Contracts (Q3/4)</li> <li>• Climate Emergency (Cross Council – Governance) (Q3/4)</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Health &amp; Safety: (low priority)</li> </ul>
<b>Innovation &amp; Change</b>	<ul style="list-style-type: none"> <li>• S106 and CIL</li> </ul>		<ul style="list-style-type: none"> <li>• Contracted Services (Communities eg Leisure &amp; Parks)</li> <li>• Projects &amp; Programmes</li> <li>• Equalities</li> </ul>	

**Additional Information on Assurance Audits**  
**(main report paragraph 5.1)**

**1. Children’s Services Department: Registrar Service (Satisfactory Assurance)**

- 1.1 The Council provides a wide range of statutory and non-statutory services to residents within the borough as well as non-residents, across two main offices. These services are bookable and payable online and in the financial year 2021/22, 3,508 ceremonies were held across Old Marylebone Town Hall and the 170+ licenced venues within Westminster. This number of ceremonies was the highest concentration in the country, and the highest number of venues of any London borough. Ceremonies generate the highest income and 90% of couples who get married in Westminster do not Live in Westminster.
- 1.2 The audit identified good practice in the following areas:
  - The service has promoted their ceremony venues and service offerings well within a dedicated ‘A day to remember’ website, ceremonies brochure, active social media channels and more. This can all be accessed via the main births, deaths and marriages council website.
  - The booking system is easy to navigate with clear information on what to do at each step.
  - The statutory fees and service offerings are set two years in advance and are reviewed annually.
  - The service reviews their current offerings as well as potential commercial opportunities, taking into account whether it is viable and what benefit it will provide the council and the customer. They have various additional services customers can purchase to enhance their day, all which have gone through a robust fee setting process.
  - Staff rotas are planned effectively to ensure that services can be covered from Monday to Sunday, taking into account service demand, staff availability and sufficient cover for last minute changes such as unexpected sickness.
  - There is a formal budget monitoring process in place with variances investigated. Income targets have been exceeded in the past two financial years.
- 1.3 Four medium priority recommendations were made in the following areas:
  - Although the registrars website is presented in a customer friendly, easy to navigate format, some errors were noted, including incorrect links to other pages.
  - Increasing the frequency of stock checking to monthly with full details stated in the stock check record.
  - Full details of daily checks should be fully recorded on the relevant spreadsheet, and include the name of the person completing the check and the date that it was completed. Any discrepancies should also be recorded.
  - The process for banking income needed to be reviewed.
- 1.4 Six low priority recommendations were also made in respect of minor improvements in some of the administrative processes.
- 1.5 All of the recommendations have been accepted with a number of actions already taken with all expected to be addressed within the current financial year.

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## Additional Information on Assurance Audits

(main report paragraph 5.1)

### 2. Environment, Climate & Public Protection Department: Modern Slavery Strategy (Substantial Assurance)

- 2.1 Councils play a number of different roles in relation to modern slavery including identifying and referring potential victims, supporting victims, community safety activities and disrupting modern slavery, and ensuring supply chains are free from modern slavery. The Council has taken a co-ordinated community approach to tackling modern slavery, there is a joint bi-borough Ending Modern Slavery Strategy in place, covering the period 2021 to 2026, which is shared with the Royal Borough of Kensington and Chelsea (RBKC). This Strategy has been co-produced by partners, including by survivors and residents, and sets out both Councils' vision for ending modern slavery and how all the partners can work together to achieve this.
- 2.2 There are four objectives which need to be met to reach the vision of ending modern slavery: victims identified, exploitation prevented, victims supported, and exploiters brought to justice, and for each objective an action plan is in place to deliver the objective. The Strategy and governance arrangements are shared with RBKC and there are commonalities in the approach to delivering the Strategy within the bi-borough Children's Services and Adult Social Care areas however there are some differences in strategy delivery across sovereign service areas, and as well as in the profile of issues found within the two councils.
- 2.3 There is a multi-agency Modern Slavery and Exploitation Operational Group in place, which includes Council officers from Community Safety, Children's Services, Adult Social Care, and Licensing teams as well as representatives from RBKC, the London Borough of Hammersmith and Fulham (LBHF), the Metropolitan Police, the NHS and local specialist charities, who work together to oversee the strategic response to modern slavery. The Operational Group provides a governance framework for modern slavery and meets on a quarterly basis and is co-chaired by the Chief Community Safety Officer, RBKC and the Assistant Director of Community Safety, LBHF. The action plans to deliver the objectives within the Strategy have been developed by, and are monitored by, the Operational Group. In addition, the Council has a local operational delivery group in place, the Tackling Modern Slavery Group, which focuses on the Council only due to the complex issues it faces as a result of its position in central London.
- 2.4 The following areas of good practice were noted:
- The Ending Modern Slavery Strategy is a Co-ordinated Community Response to tackling modern slavery. It was developed with partners, and with contributions from modern slavery survivors, community voluntary and faith groups, professionals from specialist agencies, residents and businesses.
  - The reasons for developing a shared bi-borough strategy which is coproduced with partners, and which sets out a coordinated community response to ending modern slavery is set out in the Modern Slavery Strategy report presented to Leadership Team when the Strategy was taken for review and approval..
  - The Ending Modern Slavery Strategy clearly states the vision of the Strategy and the objectives to be met to achieve the vision. There are identified outcomes and activities to achieve each objective; these are clear and for each outcome an explanation is provided on what difference this will make. The Strategy is clear and easy to read and understand, and therefore accessible to a range of different stakeholders and readers. A glossary of relevant terminology is provided.
  - There is an action plan in place for the delivery of the Strategy which covers each objective of the Strategy. The action plans are developed by the Modern Slavery and Exploitation Operational Group to provide a co-ordinated approach to the delivery of the Strategy.
  - The objectives and the outcomes stated in the action plan align to the Strategy. For each outcome there are actions identified which are to be achieved. Outcomes are clearly defined, and actions are SMART. Actions are assigned to individuals within the partner organisations in the Modern Slavery and Exploitation Operational Group.

## Additional Information on Assurance Audits

### (main report paragraph 5.1)

- Action plans and the progress made on achieving the outcomes and the actions stated in the plan are subject to review and monitoring by the Modern Slavery and Exploitation Operational Group during their quarterly meetings.
- The action plans are maintained and updated by the Modern Slavery and Exploitation Coordinator and the Victims Programme Coordinator, LBHF. The updates to the actions are undertaken prior to the Modern Slavery and Exploitation Operational Group meetings and updates are also obtained during the meeting from partners. where appropriate actions are revised to become more specific and to address gaps identified which are needed to deliver the Strategy.
- There are established and effective governance arrangements are in place for the oversight and delivery of the Ending Modern Slavery Strategy. These are shared with RBKC and LBHF. The Modern Slavery and Exploitation Operational Group oversees the implementation of all three borough's five-year Modern Slavery and Exploitation strategies.
- The Modern Slavery and Exploitation Operational Group reports to each Council's VAWG Board and provides quarterly written updates. ▪ There is a Terms of Reference in place for the Modern Slavery and Exploitation Operational Group which has been agreed by the Group.
- The meeting minutes for the Modern Slavery and Exploitation Operational Group evidence discharge of their responsibilities as laid out in the Terms of Reference, and provide evidence that there is effective oversight of the delivery of the Ending Modern Slavery Strategy.
- There is a Tackling Modern Slavery Group which focuses solely on the Council and the complex demands and issues it faces as a result of it's position in the centre of London. The Group consists of officers from a broad range of Council departments to provide a broad and multifaceted local approach to tackling modern slavery The Group has an action plan in place which aligns with the Council's Ending Modern Slavery Strategy and this is monitored by the Group during quarterly meetings.

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2.5 No recommendations were made as a result of this audit.

### **3. Housing Department: Millbank Estate Management Organisation (Satisfactory Assurance)**

- 3.1 An Internal Audit review was requested by Housing Needs Management in order to provide assurance on whether Millbank Estate Management Organisation's (MEMO's) interim finances and governance arrangements are stable enough to continue to provide a full and proper service to Estate residents, following a number of changes to the MEMO Board.
- 3.2 MEMO is Westminster's largest tenant management organisation. The TMO is an organisation registered under the provisions of the Co-operative & community Benefit Society under 2014 Act. The TMO operates under a Modular Management Agreement that has been approved by the Secretary of State under regulation 4(10) of the Right to Manage Regulations. The TMO will carry out management functions for the estate in accordance with the terms of this Agreement. In carrying out these functions the TMO will also comply with the Council's legal obligations.
- 3.3 A number of areas of good practice were identified, including:
- Satisfaction survey of works undertaken by contractors inside residents' property is recorded into the Fixflo system, which only started in April 2023. This is an effective 3rd party assurance to management of the work undertaken by contractor is up to standard.
  - All the blocks on the estate had an up to date (May 2023), water tank testing certificate from an accredited contractor.

## Additional Information on Assurance Audits

### (main report paragraph 5.1)

- All the gas safety checks were carried out by a member of an accredited body as required by 4.2(e) of the Modular Agreement and all residents' annual safety checks fully up to date.
- In accordance with para 7.3 of the Modular agreement, the TMO had valid management liability insurance policy and covers Directors & Officer liability, employment practices liability and company legal liability up to £1 million. A public liability cover for £5 million was also in place.

3.4 Five recommendations were made in the following areas:

- The approved list of contractors was out of date and there was no formality for inclusion on the approved list (medium).
- The disagreements between the Committee members and members resigning, had resulted in the TMO having difficulty in making payments to certain suppliers/ contractors as they had insufficient authorised signatories for their banking arrangements. In addition, the transfer of some of the financial roles to an accounting firm, following the loss of a member of staff, had not been approved and could not be approved as the Committee was no longer quorate (medium).
- The Committee needs to urgently elect more board members, and a special General Meeting (SGM) was arranged to take place on 17 July 2023 with all nomination forms due to be received by 10 July 2023. If adequate nominations were not received or members elected, a contingency plan for continued operation of the TMO was required (medium).
- The surveys carried out by TMO, to check the satisfaction of the work carried out by a Contractor, indicated some dissatisfaction with the quality of work and lack of responses to the survey questions (medium).
- The structure chart for the TMO had not been updated since 2017 and a number of changes had occurred since then (low).

3.5 All of the recommendations were accepted and the SGM resulted in a number of new members being elected to the Committee which will enable the Committee to function effectively. All of the recommendations are due to be implemented by December 2023.

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City of Westminster

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	Tuesday 24 <sup>th</sup> October 2023
<b>Classification:</b>	For General Release
<b>Title:</b>	Counter Fraud 2023/24 – Half-Year Progress Report
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	No direct financial implications arise from this report.
<b>Report of:</b>	Gerald Almeroth, Executive Director of Finance and Resources
<b>Report author:</b>	Andy Hyatt, Tri-borough Head of Fraud email: <a href="mailto:Andrew.hyatt@rbkc.gov.uk">Andrew.hyatt@rbkc.gov.uk</a> 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 2023 to 30 September 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 counter-fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2023 to 30 September 2023.
- 4.2 CAFS remains a shared service providing Westminster City Council with a complete, professional counter-fraud and investigation service for fraud attempted or committed against the authority.

4.3 All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and to have an effective system of preventing and detecting fraud and corruption.

4.4 For the period 1 April 2023 to 30 September 2023, CAFS identified 104 positive outcomes. The fraud identified has a notational value of £488,739, detailed in the following table. The table also compares the achievements against those for the first six months of 2021/22 and 2022/23.

Activity	Half-year 2021/22		Half-year 2022/23		Half-year 2023/24	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	8	24,210	10	29,547	9	39,361
Right to Buy	1	3,500	-	-	-	-
Preventative Activity (incl. proactive)	5	6,500	7	27,000	4	17,250
<b>Prevention subtotal</b>	14	34,210	17	56,547	13	56,611
Tenancy Fraud (Council and Registered Providers)	13	194,000	12	150,512	21	370,141
Insider fraud	3	37,000	1	2,500	2	10,000
High/Medium risk fraud (e.g. NNDR, Procurement, Duplicate invoices)	9	39,638	2	35,000	1	6,147
Low-risk fraud (e.g. Freedom Passes, Council Tax SPD)	3	1,323	21	5,527	58*	28,750
Disabled Parking	50*	89,175	20	26,660	5	13,000
Resident's Parking	6	7,176	3	1,560	4	4,090
<b>Detection subtotal</b>	84	368,312	59	221,759	91	432,128
Proceeds of Crime (POCA)	-	-	-	-	-	-
Business Grant clawbacks and NFI outcomes	5	67,800	-	-	-	-
<b>Deterrence subtotal</b>	5	67,800	-	-	-	-
<b>Total</b>	103	470,322	76	278,306	104	488,739

*\*Results from a special data-matching exercise*

4.5 During the period reported, CAFS investigated 418 cases, including 213 new referrals, and concluded 177 investigations. A conclusion could mean support of a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and prevents it from continuing, an action that deters fraud, or no further action where there is no case to answer.

4.6 CAFS commenced the second half of the financial year with 303 live investigations, of which five cases continue to be investigated jointly with external enforcement agencies and stakeholders.

4.7 The table below shows this activity and details the fraud types that make up the closed cases and the active caseload from 1 April 2023 to 30 September 2023.

Activity	Cases	Fraud types	Closed	Live
Live cases as of 01/04/23	205	Tenancy & Housing cases	57	131
New referrals received	213	Insider fraud	2	5
Closed investigations (Positive outcomes 104)	177	Other Corporate	97	129
		Parking and Blue Badges	21	36
Live cases as at 30/09/23	303	POCA	0	2

4.8 Noteworthy fraud case details are reported in Appendix 1.

## 5. Whistleblowing

5.1 The Council is committed to achieving the highest service standards, including honesty, openness, and accountability, and the whistleblowing policy continues to be the primary support route for staff reporting concerns. However, since April 2023, CAFS has yet to receive any new whistleblowing referrals.

5.2 Although the volume of whistleblowing is not high, the Council's whistleblowing policy provides an essential safeguard for those who speak out. It is an important strand of the Council's overall approach to risk management and protection against fraud.

## 6. Regulation Of Investigatory Powers Act 2000 (Ripa)

6.1 The Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 provide a statutory framework for public authorities, including local authorities, to use surveillance powers such as directed surveillance, covert human intelligence sources and communications data, where it is necessary & proportionate to prevent or detect crime.

6.2 The law requires that, when public authorities use covert techniques to obtain private information about someone, they do it in a way that is necessary, proportionate, and compatible with the legislative framework governing this area, including the Human Rights Act 1998 and the European Convention on Human Rights.

6.3 The Protection of Freedoms Act 2012 amended RIPA to make local authority authorisations subject to judicial approval and the 'serious crime threshold' i.e. the offence being investigated must attract a custodial sentence of six months plus imprisonment or is otherwise related to the underage sale of alcohol, tobacco or nicotine inhaling products. The change means that – generally - local authorities need to obtain an order approving the grant or renewal of an authorisation from a judicial authority before it can take effect.

### Non-RIPA Applications

6.4 However, when officers investigate a crime that does not meet the serious crime threshold, and there are sufficient grounds for investigating the offending behaviour as it has had a detrimental impact on residents, communities,

businesses etc. (such as anti-social behaviour) it is possible to undertake surveillance using the 'non-RIPA' process. The same procedure in relation to RIPA authorisations applies to non-RIPA applications, without the requirement to seek judicial approval. The same process is used here to ensure that the relevant legal thresholds are met, and the Council conducts the relevant risk assessments before any surveillance is initiated.

- 6.5 The Council is required to have in place a policy for the use of those surveillance powers. The Home Office has issued guidance for the use of these powers to all public authorities, and these are updated when there are changes in the law.
- 6.6 In addition, the Council's use of surveillance powers is overseen by the Investigatory Powers Commissioner's Office (IPCO). IPCO is tasked with inspecting public authorities and their use of RIPA powers to ensure that they are compliant with existing legislation and good practice.
- 6.7 Local authorities are inspected every three years. The Council was last inspected on 29 July 2020 via a remote, desktop inspection and it is due a further inspection in October 2023.

#### **Number of RIPA and Non-RIPA Applications from 2022-2023**

- 6.8 Between 1 April 2022 to 31 March 2023, the Council completed no RIPA applications to the Magistrates' Court and one non-RIPA application. To date, there have been no RIPA applications in 2023.

#### **RIPA Authorising Officers**

- 6.9 The Council's RIPA Authorising Officers hold an annual meeting with the Senior Responsible Officer (SRO), legal leads and RIPA Coordinator to discuss and share best practice.

#### **Training and raising awareness of RIPA**

- 6.10 The Legal Services team supporting the SRO continues to provide refresher training sessions to officers across the council to raise awareness of the legal framework on the use of surveillance powers and to ensure there is no inadvertent use of these powers. This is available for all council officers throughout the year upon request to Legal Services. Most recently, an all-staff training session was held on 3 August 2023.
- 6.11 The Information Management SharePoint site also offers up to date guidance and access to the WCC Procedure Manual and all related application documents and Home Office Codes of Practice. A RIPA Working Group has also been established, made up of Authorising Officers from both RBKC and WCC. The group has a Microsoft Teams site which acts as a forum to exchange ideas and views in relation to the use of RIPA and any legislative or code of practice updates or good practice. The Council also issues articles and reminders on the use of surveillance powers to officers.

6.12 For further information, please see the Council's intranet page here: [RIPA \(sharepoint.com\)](#). You can also contact the Legal team supporting the SRO here: [RIPA@westminster.gov.uk](mailto:RIPA@westminster.gov.uk).

## **7. Anti-Fraud and Corruption Strategy**

7.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes:

- i) Govern
- ii) Acknowledge
- iii) Prevent
- iv) Pursue
- v) Protect

7.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds.

7.3 This report is structured to demonstrate how work undertaken by the fraud service aligns and underpins these themes.

### **i) GOVERN**

#### **A robust framework of procedures and policies**

8.1 Anti-fraud policies and procedures provide a structured framework that supports the prevention, detection, and response to fraud within the Council. They promote a culture of transparency, accountability, and compliance, essential elements of an effective anti-fraud strategy.

8.2 For example, the Council's Fraud Response Plan recognises that staff are often the first to spot possible cases of wrongdoing and are encouraged and expected to raise any concern without fear of recrimination. Early detection is essential in preventing fraud from escalating.

8.3 A well-publicised strategy and policy framework also deter potential fraudsters, demonstrating that there are established rules and consequences for fraudulent actions. They also provide clarity and consistency for the organisation, which reduces ambiguity and helps prevent unintentional or opportunistic fraud.

8.4 Policies and procedures serve as a foundation for training programs. Employees must understand what constitutes fraud and how to prevent it, facilitated by well-documented guidelines.

8.5 Therefore, CAFS must update anti-fraud policies to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. The key anti-fraud policies are regularly revised to reflect evolving fraud threats and changing business conditions and presented to the Audit and Transparency Committee for review and approval.

## **ii) ACKNOWLEDGE**

### **Committing support and resources to tackle fraud**

- 9.1 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud.
- 9.2 All CAFS investigators are members of the Government Counter Fraud Profession (GCFP). Additionally, two apprentices are currently undertaking the CIPFA Level Four Counter Fraud Apprenticeship, which combines CIPFA learning activities with on-the-job training, including a range of knowledge and skills development-based tasks to ensure competence and progression.

### **Demonstrating that it has a robust anti-fraud response**

- 9.3 Counter-fraud activity is reported to the Audit and Transparency Committee twice yearly, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. The annual performance report also describes the activity, achievements, and outcomes against the strategic objectives.
- 9.4 CAFS reports on investigation outcomes, prevention activity, actions that deter fraud, or no further action where assurance is obtained that there is no case to answer.

## **iii) PREVENT**

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

### **Corporate investigations**

- 10.4 Corporate investigations cover a wide range of different counter-fraud activities, including, but not limited to, financial investigations, complex third-party fraud investigations, contractor or employee fraud, or actions and activities that contribute towards a practical assurance framework.
- 10.5 Since 1 April 2023, corporate investigation work has included the following.

<p>Adult Social Care – Personal Budgets</p>	<p>An adult social care referral via the Westminster 'report a fraud' portal suggested that a client does not need Direct Payments to support her care. CAFS reviewed the allegation and conducted enquiries to ensure whether payments were being used correctly. There was no evidence to suggest payments were being misused. Still, there was an early indication that the budget was mismanaged.</p> <p>Based on CAFS findings, ASC has now intervened, providing the client with additional support to assist with managing their care support funds, avoiding potential mismanagement that could conceal fraud or wrongdoing.</p>
<p>Commercial waste bags</p>	<p>CAFS received an email allegation via their "report a fraud" mailbox, which suggested that an employee had been supplying a restaurant in Victoria with free commercial waste bags in exchange for free meals and sometimes wine. The complainant said the restaurant used about three bags daily, although records showed no bags had been acquired from the Council.</p> <p>CAFS intervention and collaboration with the Council's contractors concluded with one of their employees being given a final written warning and removed from the Westminster contract.</p> <p>Suggestions were made to the contractors on how to improve controls, and following an internal review, the contractors introduced additional safeguards to prevent and reduce the risk of this happening again. The restaurant has since recommenced purchasing commercial waste bags from Westminster City Council.</p>
<p>Employee fraud</p>	<p>The Council received a call from a firm of engineering consultants to raise a concern that one of the employees had been "moonlighting" and working for the Council while also working full-time for them. Our employee had accidentally emailed colleagues at their firm using his Westminster email account. When they confronted him, he denied working for the Council but resigned.</p> <p>The investigation revealed that while employed full-time with Westminster City Council, our employee had taken a secondary full-time employment, which had not been disclosed and had been working for both organisations for the last six months. He was suspended immediately, pending disciplinary action, but resigned shortly afterwards.</p>
<p>Youth Club</p>	<p>CAFS was alerted to a concern raised by a youth worker regarding the possible misuse of public funding at a youth club in Westminster.</p> <p>Providing advice and guidance to Children's Services, CAFS investigations of the concerns raised found no evidence that Council funding has been misappropriated, and up to this point, the service had no worries with the monitoring/returns provided by the Club.</p> <p>However, to obtain assurances, CAFS recommended a compliance visit be undertaken, where officers from Children's Service can focus on the areas of concern raised, including staffing levels, funding streams and overall governance. CAFS also recommend that the service thoroughly review all the risks attached to the Club, including the risks for the Council and the service users.</p> <p>No further concerns have since been raised.</p>

Conflict of Interest	<p>An anonymous letter was sent to Family Services. The letter suggested that an employee should be investigated for conflicts of interest and fraud. The subsequent investigation by CAFS found no evidence of fraud or wrongdoing. The analysis found that the employee has acted appropriately, with probity and integrity.</p> <p>The matter was closed.</p>
Adult Social Care – deprivation of capital	<p>CAFS was asked to assist with a possible case of capital deprivation. This situation occurs when someone intentionally reduces their assets to a level where they may qualify for assistance paying for their care home costs. This could include transferring assets to others, giving away property, or spending money to reduce their overall wealth. CAFS was asked to investigate such a case to ensure that an individual was not avoiding their financial responsibilities for long-term care.</p> <p>Although CAFS enquiries revealed a property transfer in 2013, there was no evidence of a sale or any funds to trace, nor any information to suggest family members benefited. The case was closed.</p>

### **Housing/Tenancy Fraud**

- 10.6 Given the desperate shortage of affordable homes, demand for social housing continues to grow. It is an asset to the public and often a lifeline to the people it's meant for. Finding and stopping social housing fraud can rapidly reduce homelessness and poverty among families living in rented properties.
- 10.7 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches.
- 10.8 By effectively helping to prevent and detect housing tenancy fraud and verifying applicants' eligibility for housing services, CAFS work in this area contributes to the Council's Strategy for fairer housing.
- 10.9 From 1 April 2023 to 30 September 2023, CAFS successfully recovered 21 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community.
- 10.10 Where investigative actions result in the return of keys and vacant possession, the Council can obtain control without requiring lengthy and costly legal action, ensuring properties are promptly reallocated.
- 10.11 Full details of the successful investigation activity regarding social housing are detailed in the table below. Cases of note are reported in Appendix 1.



Landlord	Location	Postcode	Size bedrooms	Reason for recovery	Outcome
WCC	Gloucester Terrace	W2	1	false succession	Surrendered keys
Notting Hill Genesis	Shelley House	W9	2	non-residence	Surrendered keys
WCC	Queensborough Terrace	W2	1	non-residence	Surrendered keys
WCC	Marlow House	W2	3	false succession	Surrendered keys
WCC	Fountain Court	SW1W	1	non-residence	Court possession
WCC	Fir House	W10	2	subletting	Court possession
WCC	Turner House	NW8	2	non-residence	Surrendered keys
Notting Hill Genesis	St Michaels Street	W2	2	subletting	Surrendered keys
WCC	Swallow House	NW8	2	non-residence	Court possession
WCC	Westbourne Terrace	W2	2	non-residence	Court possession
WCC	Portnall Road	W9	1	false succession	Surrendered keys
WCC	Abady House	SW1P	1	non-residence	Surrendered keys
NHG	St Michaels Street	W2	3	non-residence	Surrendered keys
WCC	Missenden House	NW8	1	false succession	Court possession
NHG	Randolph Avenue	W9	2	non-residence	Court possession
NHG	Howard House	W1T	1	non-residence	Court possession
Temp Accom	Wardour House	W1F	2	subletting	Surrendered keys
WCC	Maryland's Road	W9	1	false succession	Surrendered keys
WCC	Wingham House	NW6	1	false succession	Surrendered keys
WCC	Gaydon House	W2	1	non-residence	Surrendered keys
WCC	Princess Mary House	SW1	2	false succession	Surrendered keys

## Parking investigations

- 10.12 CAFS continue to investigate the misuse of disabled parking badges and fraudulently claimed residents' parking permits. Although the direct monetary value of parking fraud is relatively low, the reputational risk concerning this area is significant for Westminster City Council.
- 10.13 From 1 April 2023 to 30 September 2023, CAFS successfully apprehended nine offenders for misusing disabled parking badges or wrongfully obtaining resident parking permits.
- 10.14 Cases of note are reported in Appendix 1.

### iv) PURSUE

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

### Collaborating across departmental, geographical and sectoral boundaries

- 11.2 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.

- 11.3 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.

### **National Fraud Initiative**

- 11.4 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.
- 11.5 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.
- 11.6 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, 872 matches have been reviewed. Of these matches, 703 have been closed, while 104 cases are under investigation. Outcomes to date are detailed below.

<b>Matches</b>	<b>Fraud/Error</b>	<b>Amounts</b>
Student Loans (reported in 22/23)	1	£14,631
Waiting Lists (reported in 22/23)	1	£4,380
Tenancy Fraud	1	£13,115
Corrected Tenancies (low-risk fraud)	57	£28,500
	<b>60</b>	<b>£60,626</b>

### **v) PROTECT**

- 12.1 This aspect of the Strategy covers counter-fraud activity to protect public funds, saving the Council from fraud and protecting itself from future scams.
- 12.2 CAFS works with various registered social landlords and statutory agencies to help detect fraud and ensure that those living in affordable housing across the borough are correctly entitled. Tenancy fraud in affordable housing reduces the number of units available for those needing assistance. By supporting local housing associations, CAFS tries to help protect affordable housing across the whole community.
- 12.3 In one instance, Notting Hill Genesis (NHG) asked for assistance investigating a potential tenancy fraud in one of their properties. Following a CAFS investigation and subsequent interview, the tenant relinquished their interests in the property, handing back the keys and vacant possession.
- 12.4 Cases of note are reported in Appendix 1.

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

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Source	Fraud Review	Details
<p>Investigation and fraud control review</p>	<p>CAFS received an email allegation via their "report a fraud" mailbox, which suggested that an employee had been supplying a restaurant in Victoria with free commercial waste bags in exchange for free meals and sometimes wine. The complainant said the restaurant used about three bags daily and briefly described the employee.</p>	<p><b>Investigation</b> - Initial enquiries by CAFS via the Council's Waste Contract manager showed the restaurant had not purchased any bags since May 2018. Furthermore, the bags supplied in this area could only come from the waste contractors based at the Mandela Way site. This removed suspicion from Council employees and provided CAFS with a smaller pool of suspects from the contractor's operatives. Within this reduced number, the description provided matched only one operative.</p> <p>After a meeting with the contractor's senior management, CAFS evidence was discussed, and the matter was referred to their human resources department. The operative was suspended the following day, and an investigation manager was appointed. Their subsequent disciplinary investigation resulted in the operative being given a final written warning and removed from the Westminster contract.</p> <p><b>Risk review</b> - Working in collaboration, CAFS made recommendations to the contractors on how to improve controls. Having acknowledged these suggestions and reviewed their processes, they introduced additional safeguards to prevent and reduce the risk of this happening again.</p> <p>Due to CAFS's interventions, within a month of investigation activity, the restaurant started purchasing commercial waste bags from Westminster City Council.</p> <p><b>Loss calculation</b> - The restaurant trades six days per week. Therefore, 312 business days per year at three bags per day equals the need for 936 bags per annum. Sold in batches of 50, the restaurant would require approximately 18 packs annually. At £68.30 per batch, the total cost would be £1,229.40 per annum. Therefore, since May 2018, when the restaurant stopped buying bags from the Council, CAFS estimated a lost revenue income of £6,147.</p>

<p>Assurance review</p>	<p>Within the matches generated by the NFI, CAFS undertook a more in-depth investigation of report 120. This match identified cases where a housing tenant had died, and the local authority had been unnotified.</p> <p>There was a potential risk that properties were left vacant after the tenant's death and not repossessed or tenancy details not updated.</p>	<p>A total of 81 matches were identified where DWP records suggested that our tenant had passed away.</p> <p>CAFS reviewed all matches, and in the vast majority, the Council had either been notified of the death and acted accordingly, or one (of two) joint tenants had passed away, meaning that the property reverted into the name of the sole tenant. This occurred in a few cases, and through liaison, the housing department made the required amendments to update tenancy records.</p> <p>Assurances were obtained that the Council had suitable controls to mitigate the risks, with only one issue arising from 81 checked matches. CAFS recovered one property where the Council had not been notified of the death.</p>
<p>Fraud awareness training</p>	<p>Corporate Anti-Fraud Service (CAFS) delivered a School Fraud Awareness training session to eight Tri-Borough Internal Audit Team members. The training included examples of fraud recently occurring at schools across the borough, providing insight into potential fraud indicators.</p>	<p>Fraud awareness training is crucial for auditors, who play a vital role in detecting and preventing fraud. By receiving training on various types of fraud schemes, red flags, and investigative techniques, auditors can enhance their ability to identify potentially fraudulent activities during the audit process.</p> <p>It equips auditors with the knowledge of common fraud risks and the techniques used to manipulate processes or circumvent controls. This knowledge helps auditors assess the adequacy of anti-fraud controls and make informed judgments about risks.</p> <p>Furthermore, fraud awareness training enables auditors to understand the psychology behind fraudulent behaviour, including motives and rationalisations. This understanding helps auditors identify potential vulnerabilities in culture or control environment that may contribute to fraudulent activities.</p> <p>The sessions have helped auditors enhance their effectiveness in detecting and preventing fraud, ensuring they maintain professional scepticism, which is critical to their role.</p>

## Case Description

1.	<p><b>HOMES FOR WESTMINSTER</b> (formerly Homeownership Westminster): Homes for Westminster is a unique intermediate housing service which enables eligible households to be prioritised for intermediate rental or homeownership opportunities within the City of Westminster. One criterion of the scheme is living or working in Westminster. To help protect the project and maintain its integrity, CAFS provide support by checking application details to verify the information provided.</p> <p>One application that failed this control process was from an individual who lived in Lambeth but worked in Westminster. However, no supporting evidence was provided, so the applicant was asked to prove his employment in Westminster. In response, work references were submitted, but now the applicant had added his mother to the application, saying that if he was accepted to the scheme and later housed, his mother would give up her social housing property and live with him and his wife.</p> <p>Intelligence checks showed no proof he lived at the address he declared, and the work references were found to be false. The application was rejected. Under the scheme, his details were noted on file because any future application would now be automatically refused. Where a fraudulent application is proven, the applicant is no longer eligible to re-apply to the scheme.</p>
2.	<p><b>EMPLOYEE FRAUD:</b> The Council received a call from a firm of engineering consultants to raise a concern that one of the employees had been "moonlighting" and working for the Council while working full-time for them. Our employee had accidentally emailed colleagues at their firm using his Westminster email account. When they confronted him, he denied working for the Council but resigned.</p> <p>CAFS was commissioned to investigate, and a quick search of the employee's email account found four emails sent to individuals at the engineering consultancy. In one, he thanked colleagues for their hard work and efforts in delivering an extensive portfolio contract, while another contained an attached document. The document was a consultancy fee proposal, which he had signed off with a job title and email address for the said engineering consultants.</p> <p>Open-source checks then identified an article published by the consultants detailing how an expert has joined their Leadership Team. That expert was our employee. The report states what an exciting time it is for the consultancy organisation to have recruited this person.</p> <p>The investigation revealed that while employed full-time with Westminster City Council, our employee had taken a secondary full-time employment, which had not been disclosed and had been working for both organisations for the last six months. The investigation also revealed his own consultancy business, which he had not disclosed. He was suspended immediately, pending disciplinary action, but resigned shortly afterwards.</p> <p>In such instances, the Council will always consider whether disciplinary action should proceed regardless of a resignation. However, the cost and the impact on senior officers hearing the case meant it was not in the public interest to proceed, and the resignation was accepted.</p>

3.	<p><b>FALSE SUCCESSION:</b> A statutory succession referral was received for fraud checks when a man had applied to succeed his mother's tenancy at Wilkins House. Checks were completed that indicated that he had submitted a fraudulent application.</p> <p>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 and take on the tenancy legally. Sometimes, a qualifying family member can "succeed" if residing with the late tenant for 12 months before death. Neighbourhood Services did not believe the applicant fulfilled the criteria and had lied on the application.</p> <p>The applicant stated that he had lived at the address since 2016 and had not lived elsewhere. However, we later found that he had lived at two alternative addresses during the eligibility period. A series of intelligence checks showed that he was living in Elephant and Castle with his partner with whom he shared financial accounts. They then moved to Hemel Hempstead.</p> <p>Contact was made with the alternative local authorities, confirming they had a record of him living at these addresses and correspondence from him asking to be added as a household occupant. On top of this, it was found that the deceased tenant had a care plan in place when she was alive. The care plan detailed that her son was present occasionally but did not live at the property. She lived on her own and had carers three times a day. Based on the evidence found, he was invited in for an interview under caution for fraud act offences.</p> <p>He attended the interview with a solicitor and provided a written statement. The statement stated that he believed Wilkins House was his family home and main home. Still, he accepted that he had lived elsewhere during the eligibility period. As a result, he agreed to withdraw his application and return the keys to the Westminster property.</p>
4.	<p><b>TENANCY FRAUD (Notting Hill Genesis):</b> NHG asked for assistance investigating a potential tenancy fraud in one of their properties in Lanhill Road, Maida Vale. At the initial triage stage, fraud checks linked the tenant to property ownership in Welwyn Garden City, purchased after the tenancy began. However, this suggested that the tenant might not use the NHG property as her "main and principal" home. When the case was allocated to an investigator, further evidence was collated linking the tenant to Welwyn Garden, including her finances, local Council information and employment records.</p> <p>Visits were conducted regularly during the investigation, but no one, including the tenant, was found to be occupying the property. There were no concerns over subletting, but she was interviewed under caution with a wealth of evidence linking her outside of Westminster.</p> <p>At the meeting, she explained that she wasn't aware that she had to use the property as her main home, and naively, she thought she could pass the tenancy on to her sons when they became old enough. However, once the terms and conditions of her residency were explained to her, she relinquished it immediately, and the keys were handed back shortly after the meeting once she had removed any personal belongings.</p>

5.	<p><b>HOME OWNERSHIP SCHEME:</b> The Homeownership Service raised concerns regarding two applications for Home Ownership, which may have provided false information to fraudulently meet the criteria.</p> <p>Applicants to the Home Ownership Scheme must show that they had lived or worked within the borough in the past 12 months before submitting their applications. They also had to have no property ownership, but if they did, they had to show that they were actively selling.</p> <p>Evidence showed that the two brothers' application forms both contained false representation in an attempt to meet the scheme criteria. Therefore, they were both interviewed under caution.</p> <p>The first brother was found to be living outside of Westminster and owned two addresses. The other brother made similar false statements but also claimed to work in Westminster, which was found to be a lie.</p> <p>The same solicitor represented both, and at both interviews, they confirmed their name and address before answering "no comment" to all remaining questions.</p> <p>A few days after the interviews, the investigator received correspondence from the solicitor stating they both wished to withdraw their applications to Westminster City Council.</p>
6.	<p><b>ABANDONMENT:</b> CAFS received a referral from a housing officer concerned with a tenant's residency in Queensborough Terrace, W2, because they only ever see the tenant's daughter.</p> <p>Enquiries revealed that the tenant had left the UK in April 2021, but there were no immigration records of him returning. Because of this significant absence, suspension of his housing benefit was immediately recommended.</p> <p>The investigator conducted an unannounced visit to the property, but there was no response to their knocking. However, this raised the attention of neighbours, who told the investigators that the tenant was abroad and possibly deceased; his daughter was living there.</p> <p>The investigator hand-delivered a letter to the daughter, who replied by telephone confirming her father was very ill and in Benin City, Nigeria. He was unable to return to the UK.</p> <p>The daughter agreed to return the property, and in May 2023, the keys were handed in, presenting the Council with outright possession of this one-bedroom property.</p>



7. **FALSE SUCCESSION:** A husband-and-wife couple submitted a succession application for a two-bedroom property in Turner House, NW8, after the husband's mother died, claiming they had been residents for the last nine years. The application raised suspicions, and the housing officer passed the case to CAFS, with additional intelligence suggesting the couple lived out of London with the husband working in London just a few days per week.

Initial interrogation of Council records found no evidence of the couple there, no names on the electoral register, and their non-residency was further confirmed by single-person discount claims for the deceased tenant's council tax bill.

It was also noted that the couple had no resident parking permits. Still, the deceased tenant held a disabled parking permit as the passenger of a vehicle belonging to her daughter-in-law. The car was registered outside London.

The investigator then found a link to a cottage in Somerset, which turned out to have been owned by the couple until November 2021. The husband also used this same address to receive his civil service pension. However, enquiries with South Somerset District Council listed the couple at the address until 2021, when they left a forwarding address to Townsend Road, NW8. The couple used this Townsend Road address to receive their freedom travel passes.

The investigator visited the Townsend Road address and met the occupant. The occupant confirmed that the couple were friends who used to live in Somerset. The wife would drive the husband to London so that he could work (he does not drive). They stayed at Townsend Road two nights a week, and the occupant let them use the address for postal purposes. After selling the cottage in Somerset, they were set to buy a new place, but the purchase fell through, and they found themselves living at Turner House.

The couple were interviewed under caution but denied that the cottage was their principal home. Instead, they asserted that they only used the place during lockdown and for holidays.

After the meeting, they were asked to submit their bank accounts. An analysis of the statements, focusing on transactions in Somerset showed a habit of regular spending in the local area, which did not correlate with their explanation of it being a holiday home, i.e. transactions showed weekly trips to the local pub, weekly food shopping, garden centres, farm shops and DIY stores.

The couple still refused to return the keys, so the Council served notice, and the case progressed to Court. However, three days before the initial hearing, they returned the keys and said they were moving to Somerset.

8.	<p><b>ABANDONMENT:</b> A housing officer referred to CAFS concerned that the tenant of a two-bedroom flat in Westbourne Terrace, W2, was not utilising the property as her main and principal home and was mainly living in America with her husband.</p> <p>Initial checks on the tenant found little information that suggested the overseas residency may be correct. For example, checks with HMRC found no record of any income for the last two years and minimal financial activity.</p> <p>Furthermore, the tenant's husband was linked to an address in California, and an American property website duly confirmed that the couple had purchased a house there in March 2020.</p> <p>Given the information gathered, notices were duly served on the tenant, prompting her to contact the estate offices. She said she had been stuck in the USA longer than expected due to Covid. She signed an affidavit asserting that the Council flat in Westbourne Terrace remained her main and principal home and that she only held one passport (UK).</p> <p>Enquiries with UK Border revealed that between March 2017 and June 2022, she had only spent 134 in the United Kingdom. Their records also indicated that she held a second passport, an American one.</p> <p>The tenant was asked to attend a formal interview where she was adamant that she did not have a US passport. She said she stayed in America longer this time due to the pandemic, but usually, she only goes there for three months at a time because her husband works there. She confirmed that she could stay in the USA for as long as she liked because her husband has dual US/UK nationality.</p> <p>Following the interview, further enquiries were made, including contact with airlines she had used to travel to and from America. They confirmed the existence of her American passport, but this time, they provided the passport number. Additionally, bank records and credit card statements were obtained, aligning with her travel movements and verifying her extended stay in America.</p> <p>The evidence amassed showing the existence of a USA passport and her USA residency for approximately 90% of the year was presented at County Court as part of the Council's repossession cases. The Court granted outright possession.</p>
9.	<p><b>DATA MATCHING:</b> A National Fraud Initiative data match generated an investigation analysing housing tenants' records to DWP deceased records. The match identified a resident at Wilmcote House.</p> <p>Initial background checks appeared to support this information, but there was no death notification on the file from any family or next of kin. The investigator obtained a certified copy of the death certificate, and the appropriate papers and notices were served to recover the address. In July 2023, vacant possession was received for this one-bedroom property.</p>

<p>10.</p>	<p><b>FALSE SUCCESSION:</b> CAFS commenced an investigation when a female applied to succeed a tenancy in Portnall Road following the tenant's death. She claimed to be the tenant's niece and had lived with him since 2020.</p> <p>This information seemed strange to the housing officer because the Council had only discovered the tenant's death a few months earlier, at the end of 2022, when the DWP notified the Council of the tenant's death, not any of his family members. Also, the DWP confirmed that the tenant had died in 2021, so why had it taken so long for the niece to apply to succeed the tenancy?</p> <p>Initial interrogation of Council systems showed no record of the niece's residency, and the late tenant had never declared her on his welfare benefit forms or council tax records. Her financial records were inconclusive but revealed no transactions near the Portnall Road address.</p> <p>Her bank records also linked her to an undisclosed account, and the investigator asked her to attend a formal interview and to bring all her bank statements, including the previously unknown account. However, the niece called the investigator and refused to attend, citing ill health. However, she agreed to provide the undisclosed bank statements by post.</p> <p>The bank statements have yet to arrive, but a few days after the telephone call, an unknown person attended Council offices and returned the keys to the flat. Two days later, the Housing officer inspected the property and confirmed that it was empty, and vacant possession of this one-bedroom property was obtained.</p>
<p>11.</p>	<p><b>ABANDONMENT</b> (Notting Hill Genesis): This referral was passed to CAFS by Kensington and Chelsea's Housing Management Team, who had been checking a mutual exchange request with a Notting Hill Genesis (NHG) tenant living in Westminster. The NHG tenant lived in a three-bedroom property in St Michaels Street, W2, but wanted to move to Kensington. However, due diligence enquiries suggested he lived in Northampton and may have vacated the St Michaels Street address.</p> <p>Investigations revealed he owned a property in Northampton and finance records were all linked to this property. Additionally, residency visits to the Westminster address were unsuccessful, and all information gathered now indicated that St. Michaels Street had been abandoned.</p> <p>NHG reviewed the evidence gathered by CAFS, and they were satisfied that their tenant had not been using their property as their main and principal residence and asked them to surrender their tenancy.</p> <p>Having been presented with CAFS evidence and the possibility that trying to challenge this in court may incur significant costs, he duly complied and signed a surrender and Notice to Quit forms. He relinquished the three-bedroom property immediately, which can now be used by a family in genuine need of assistance.</p>

<p>12.</p>	<p><b>ABANDONMENT:</b> CAFS received a referral from a local housing association, Notting Hill Genesis, asking for assistance with a non-residency tenancy matter. They were concerned that the tenant of a flat on Randolph Avenue was not occupying the property as his main and principal home.</p> <p>Initial enquiries revealed several anomalies. In particular, the tenant was financially linked to an out-of-borough address on Dyne Road in the London Borough of Brent. The tenancy was in his mother's name and was another NHG property.</p> <p>Several visits were completed to Randolph Avenue, but there was no answer, and the tenant was never found at the address. Neighbours said they assumed the property was empty. However, a visit to the Dyne Road address in Brent found him there, but he said he was merely looking after the address for a friend. The tenant's responses were not challenged because more evidence was required, and this came when the investigator discovered that his mother and the named tenant of Dyne Road had been permanently moved into a care home.</p> <p>Additional evidence of non-residency in Randolph Avenue was amassed, including a lack of utility usage, and the tenant was invited to attend an interview under caution. During this meeting, he confirmed that he had permanently lived at his mother's address since 2018. He had no further explanation for why he remained there after his mother left or abandoned Randolph Avenue.</p> <p>The information was presented to NHG, who commenced repossession of Randolph Avenue, successfully gaining possession via Court, in July 2023.</p>
<p>13.</p>	<p><b>FALSE SUCCESSION:</b> CAFS commenced an investigation when Housing colleagues asked CAFS to review a succession application by the partner of the deceased tenant at a flat in Maryland's Road, W9. The application and supporting information suggested that neither the tenant nor the partner lived at Maryland's Road address before the death.</p> <p>The succession application by the partner gave his address in Sutherland Avenue. In contrast, the former tenant's death certificate gave an address in Bournemouth.</p> <p>CAFS investigator challenged the partner's account of residency, but he could not provide proof of residing at the address before the tenant's death. He was asked to return the keys but refused even though his application was denied.</p> <p>Given that the application appeared false, he was invited to attend an interview under caution. However, before a date could be fixed, he returned the keys.</p>

<p>14.</p>	<p><b>FALSE SUCCESSION:</b> A Housing Officer was concerned with the succession application received from the daughter of a deceased tenant. The daughter declared that the property in Vincent Street, Pimlico, had been her home since 1985 and that she did not have a tenancy elsewhere.</p> <p>The Housing Officer had never seen the daughter at the property. Suspicions were heightened when the tenant's death certificate showed the daughter had registered the death. In doing so, she gave her address as Lanark Road in Maida Vale, W9.</p> <p>The subsequent investigation found details on the tenant's file confirming that her daughter left the Pimlico address in 2020. It verified that the daughter was a joint tenant at a property in Maida Vale along with her husband and their children, one of whom attended the local school.</p> <p>The investigator conducted an un-notified visit to Maida Vale, where he found the daughter and her family in residence. Although she initially denied this was her permanent address, her answers to the investigator's questions further confirmed that this was her principal home.</p> <p>She agreed to withdraw her application, and later the same day, she returned the keys to the Vincent Street address.</p>
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