



City of Westminster

# Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Tuesday 27 February, 2024**

Time: **6.30 pm**

Venue: **Rooms 18.06-07, 18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**

Aziz Toki (Chair)  
Paul Fisher  
Jessica Toale  
Alan Mendoza

**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.

**(Pages 5 - 16)**

**4. MATTERS ARISING AND WORK PROGRAMME**

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 2024/25.

**(Pages 17 - 26)**

**5. Q3 PERFORMANCE REPORT**

To monitor the quarterly performance results.

**(Pages 27 - 58)**

**6. 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.

**(Pages 59 -  
100)**

**7. ETHICAL STANDARDS REPORT**

To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the City Council.

**(Pages 101 -  
114)**

**8. INTERNAL AUDIT PROGRESS REPORT**

**(Pages 115 -  
126)**

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. INTERNAL AUDIT PLAN 2024/25**

**(Pages 127 -  
140)**

To review and comment on the draft audit plan for 2024/25.

**10. EXTERNAL AUDIT PLAN**

To follow.

**Stuart Love  
Chief Executive  
19 February 2024**

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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 **Tuesday 28th November, 2023**, rooms 18.06-08, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

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

**Independent Person Present:** Mark Maidment.

**Also Present:** Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Jessica Barnett (Councillor and Governance Support Officer), Jo Brown (Audit Partner, Grant Thornton), Nick Byrom (Strategic Performance Manager), Nicky Crouch (Director of Family Services), Lyndsay Gamble (Head of Strategic Finance), 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), Ibukun O Oluwasegun (Grant Thornton), Vis Sathasivam (Bi-Borough Director of Social Care), Phil Triggs (Tri-Borough Director of Treasury and Pensions) Gareth Wall (Bi-Borough Director of Integrated Commission), Sarah Warman (Strategic Director of Housing and Commercial Partnerships) and Pedro Wrobel (Executive Director of Innovation and Change).

#### 1 MEMBERSHIP

1.1 The Committee noted that there were no apologies.

#### 2 DECLARATIONS OF INTEREST

2.1 The Committee noted that there were no declarations of interest.

#### 3 MINUTES

3.1 The Committee approved the minutes of its meeting on 24 October 2023.

#### RESOLVED:

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

## **4 MATTERS ARISING AND WORK PROGRAMME**

- 4.1 The Committee noted that the accounts and finance monitor items would be taken first as colleagues in the Finance team had been shortlisted for Finance Team of the Year at the Public Finance Awards, which were being held that evening. The Chair was pleased their excellent work had been recognised and wished them good luck.
- 4.2 The Committee noted that this would be Jake Bacchus' (Director of Finance) last Audit and Performance meeting as he is moving on to a new role. The Committee gave Jake their thanks and wished him well for the future.

### **ACTION**

- 4.3 That the outstanding items on the Committee's Action Tracker be followed up.

## **5 AUDITED ACCOUNTS AND FINAL STATEMENT OF ACCOUNTS**

- 5.1 The Committee received an overview from Jake Bacchus (Director of Finance) and Jo Brown (Audit Partner, Grant Thornton) which set out that the draft account was received by the Audit and Performance Committee at its meeting on 24 July 2023 and the final accounts were complete and ready for sign-off. The Committee noted that this meeting was an opportunity for the Committee to see what had changed in the accounts from the draft to the audited position.
- 5.2 The Committee was informed that the audit opinion is unmodified, and the appendices to the report set out the audit adjustments at the time of writing. The Committee queried changes from the draft report to the final report and understood that some material changes in the account audit findings report (AFR) have been made, including issues which have since been resolved, and that the final report will be circulated in due course.
- 5.3 The Committee noted the challenges faced by local audit teams, which has been increasingly understood by central Government, and that Westminster has also been affected by this especially regarding the impact on subsidiaries and main accounts. The Committee welcomed that lessons will be learned from this ahead of the 2023-24 accounts.
- 5.4 The Committee was pleased to acknowledge Grant Thornton's thanks to the Finance team for their support during the audit process.
- 5.5 The Committee queried where the Grant Thornton team found their time was being spent and how that impacted the delay to the accounts sign-off. The Committee was informed that the Council has a very large, complex, set of accounts and most of the time spent fell under the scope of audit procedures such as significant risks of valuation investment properties, valuation of land and buildings and the Housing Revenue Account. Other areas of focus included group accounts and, although not referred to in the report, grants received in advance and the supporting documentation.

- 5.6 The Committee asked what lessons were learnt from both Grant Thornton and Council officers to ensure that the Council can reach the 30 September 2024 deadline. The Committee noted that the deadline will be a challenge when finding the balance between time and quality and that November is felt by Grant Thornton as a more reasonable deadline. The Committee was informed that how well both teams work together has a significant impact on progress and working together in the same place to cut down on email traffic is something to work towards. The Committee noted that audit planning was to be started before the end of the year but that the main bulk of the work would be undertaken in February 2024.
- 5.7 The Committee queried what the purpose of the hot review was and how it added value to Westminster's audit. The Committee was informed that it is a randomised sample and represents another layer of checking on the quality of the notes and ensuring all code requirements are watertight.
- 5.8 The Committee asked for details on Analyse Local and noted they are a nationally recognised third-party consultant who provides technical expertise and analysis to the Council. The Committee queried whether the Council is able to benchmark against local authorities who do not use Analyse Local and noted that there are no industry rivals to Analyse Local and it would depend on the size of the collection and provision and how information is already available to those teams and whether they feel equipped to consider that and make the provision judgment without Analyse Local. The Committee was informed that Analyse Local have a model based on Valuation Office Agency data which is risk assessed and are able to access comparable data across the UK and can horizon scan where appeals are likely to happen. The Committee raised concerns about there being only one agency on which local authorities are reliant on and was pleased to note that the Council undertakes a secondary piece of work using another organisation to check the percentage of appeals provision compared to the net collectable rate and this corroborated Analyse Locals data.
- 5.9 The Committee queried whether the debt provision and sundry debts remained prudent and was informed that they do remain conservative.
- 5.10 The Committee queried why the value for money assessment had been delayed and was informed that a split is allowed between the submission of the financial statements audit and the Value for Money Assessment (VfM). Grant Thornton uses an expert to do the VfM work and this is ongoing. A decision was made after considering resources and priorities to focus on getting the financial statements audit concluded knowing that the VfM assessment can be done within a permitted three-month window. The Committee queried whether the Council is anticipating being able to submit both together next year and was informed that Grant Thornton have a very large public sector portfolio and backstops have an impact and, although they will aim to do this, when it comes to resources and looking what to prioritise the financial statements will take precedence.

**RESOLVED:**

- 5.11 That the Committee noted the expected unmodified (i.e., unqualified) opinion of both the Council's accounts and pension fund report;
- 5.12 That the Committee considered the findings outlined in Grant Thornton's Audit Findings Reports (AFR) of both the Council's Statement of Accounts and Pension Fund report (Appendices 1 and 2, respectively);
- 5.13 That the Committee approved the adjustments outlined in both AFRs that will be reflected in the final audited sets of 2022/23 accounts; and
- 5.14 That the Committee agreed to delegate any residual matters relating to the audit of the accounts and Pension Fund report to the Section 151 Officer.

## **6 Q2 FINANCE MONITOR**

- 6.1 The Committee received an overview from Gerald Almeroth (Executive Director of Finance and Resources). The Committee noted that the Q2 position shows a projected underspend of £2.420m where there was a £3.258m overspend at Q1. The Committee noted that the Council have seen a significant increase in Temporary Accommodation (TA) costs and the increase in interest earnings has gone some way to offset these costs. The Committee was informed that some of the overspends previously reported have reduced slightly. The Committee noted that the Housing Revenue Account has a projected overspend of £1.895m and the Capital Programme has a projected underspend £106.339m largely due to slippage of various schemes and the bringing forward of some spend.
- 6.2 The Committee recognised that income levels in planning are continuing to drop and asked how the Planning Service is mitigating against the falling demand for Major applications, as well as the baseline for factoring it into the Budget, whilst gearing up for the expected increase in workload linked to the Building Safety Act 2022. The Committee was informed that the Planning Service has seen a reduction in total income for a number of years, starting during the COVID-19 pandemic; the reduction in Major planning applications is largely outside of the Service's control and is a function of wider dynamics of the industry and some planning fees which are set by the Government. The Committee noted that there are implications from the Building Safety Act in terms of matters that are considered at the planning application stage; fundamental changes for the Building Control Service highlights a risk as the Service will need to increase resources but they will also be able to charge income.
- 6.3 The Committee queried that while the continued pressure of TA is clear, with the Housing General Fund projecting a budget pressure of £17.5m, compared to £9.5m in Quarter 1, how confident are officers that the proposed interventions will control this pressure. The Committee was informed that the Council's modelling is robust as a conservative position with significant risk is built in, and has a strategic board to oversee this area given the financial risk. The Committee noted that the Council has a broad ranging work programme in place to manage the pressure.



- 6.4 The Committee asked what is being done to meet the challenge of increased use of agency staff into social work teams and how the Council can recruit more effectively for permanent roles. The Committee was informed that the Council's reliance on agency staff is low in comparison to the sector more broadly. The Committee was pleased that officers continue to try and secure a permanent workforce and pan-London work has been undertaken on agency rates. The Committee noted that there is a national shortage of social workers and while there are more newly qualified social workers looking for work, there are not many experienced social workers. The Committee also noted that the Council's current rate of agency workers is 4-5 percent, where some authorities are running at 30-40 percent.
- 6.5 The Committee asked what is being done to lobby the Integrated Care Board (ICB) for social care placements funding. The Committee noted that the current level of funding is very disappointing and continues to be a pressure but that officers are lobbying Government and are in discussions with neighbouring boroughs who also fall within the ICB footprint to make a joint challenge.
- 6.6 The Committee queried how the demand for repairs, and the relating spend, is being managed. The Committee noted there has been a 12 percent increase in repairs from last year and in the last three months that has risen to 20 percent. The Committee recognised that the service is not where it would like to be so, while dealing with demand, officers are also trying to drive service improvement as it is a key priority for the Council.
- 6.7 The Committee asked how much slippage had been built into the 5 percent of projects causing 28 percent of the expenditure variance and how many of the 5 percent of projects were anticipated to contribute to an expenditure variance. The Committee was informed that the majority is slippage due to operational reasons or being overoptimistic with timescales for projects and these reasons have been referenced in the variation statements. The Committee noted that there are not many instances where a project has come in at underspend.
- 6.8 The Committee queried that the projected loss for Westco is forecasted to be less than last year and whether it is too soon to say this is a positive trend. The Committee was informed that the Council is limited in what can be said given commercial confidentiality however it is positive that the company has moved into a profitable position in the second half of the year and has undertaken work to restructure its core operations.
- 6.9 The Committee queried whether the decrease in the leased properties that the Council owns is a trend expected to continue where landlords have left the sector due to costs increasing, the strategy to replace these, and whether these play a role in the Capital Programme strategy. The Committee was informed that they do play a role in this strategy and the Council is working with providers and looking to attract new providers to engage, however, nightly TA is driving costs upwards.

- 6.10 The Committee queried whether the Council is developing new streams of income and, if so, where. The Committee was informed that there are several areas officers are investigating for additional income opportunities. The Committee noted that advertising was briefly discussed at a recent meeting of the Budget Scrutiny Task Group as a potential opportunity now that the market has recovered; the Committee understood that the Council has for the first time sold the advertising for hoarding in Piccadilly Circus. The Committee also noted that officers are looking at other areas and activating some of the Council's public spaces and making more use of digital advertising. The Committee was informed that officers are examining the Council's leisure offer and ensuring it is generating as much income as possible whilst meeting the needs of residents.
- 6.11 The Committee queried the legal challenge from a customer against parking charges applied, which had an associated £500k risk. The Committee was informed that the Council are not recruiting more marshals and the current coverage is where it needs to be, it is however monitored closely. The Committee also held a detailed discussion about the rolling programme of parking CCTV cameras and was informed of the frequency of mobile enforcement where marshals move to areas where there is a spike in activity.
- 6.12 The Committee queried whether parking income is now in excess of pre-pandemic levels and the process of road management. The Committee noted parking income is now in excess and that road management refers to licences for skips, road closures and works for demolition which generate income. The Committee was pleased to note that these figures were rising.
- 6.13 The Committee asked what the Council is doing to increase event advertising and noted that the reason for a drop in this income area is due to the Piccadilly underpass being closed for six months; the Council earns £800k from the Piccadilly underpass and when the works are complete in January the income trend will go up. The Committee was pleased to see these figures return to pre-pandemic levels.
- 6.14 The Committee queried what caused the delay in the Westminster Housing Investment Limited Ebury Phase 2 to now be scheduled for 2024/25. The Committee was informed the Ebury Phase 1 is progressing and there are no significant on-site delays. Phase 2 is under demolition at present and is a separate contract to the main contract and the Council will be procuring for the contractor and this has had an impact on the phasing of the payments. The Committee also queried the cause of the variant increase for the Oxford Street Programme and was informed that this is due to the engagement and consultations that took place over the summer.
- 6.15 The Committee queried the cause of the Parking Fee Structure Review to be delayed to February 2024 and noted that the Cabinet Member decision on the proposals for emissions-based charging has been called in for scrutiny which will take place on 6 December 2023.
- 6.16 The Committee queried whether the public conveniences renovation is concentrated in a particular area or a borough-wide issue and how the

Council is protecting this investment. The Committee noted that the Council has been looking at all public conveniences and prioritising based on need and state of repair. The Committee also noted that there is a strategy in place to look at how existing public conveniences can be improved and look at the re-provision of others. The Committee was informed that many of the renovated public conveniences will be pay-to-use with card payments.

- 6.17 The Committee queried whether the Council is expecting the decline in sexual entertainment venues (SEVs) to continue and eventually become a loss and whether the Council is allowed to increase licensing fees in respect of SEV's that are not shops. The Committee noted that while there is a decline in the trend, alternatives are taking its place, such as massage therapy. The Committee also noted that the Council is unable to increase licensing fees as they are prescribed.
- 6.18 The Committee queried whether the fast tracking of asylum refugees is impacting on the Council's homeless numbers and whether this has been factored into the forecast. The Committee noted this is having more of an impact on rough sleeping services and work is ongoing to understand the policy position. The Committee also noted that the Council is in constant communication with the Home Office and the Department for Housing, Levelling Up and Communities to identify latest trends and what they consider to be strategic risks to the Council. The Committee understood that the Council has the highest numbers of rough sleepers in any local authority and spends the most money supporting that population.

**RESOLVED:**

- 6.19 That the Committee noted the current monitoring and forecast position at Quarter 2 for 2023/24.

**ACTIONS:**

- 6.20 That details of the legal challenge from a customer against parking charges applied, which had an associated £500k risk, will be shared with the Committee.
- 6.21 That further information on the current number of CCTV cameras and the rolling programme of camera review and installation will be shared with the Committee.
- 6.22 That further information on the Public Conveniences Renovation will be shared with the Committee.

**7 Q2 YEAR END PERFORMANCE REPORT**

- 7.1 The Committee received an overview from Nick Byrom (Strategic Performance Manager) and understood that the Quarter 2 Performance Report covers the period from July 2023 to September 2023. The Committee was informed that the report now includes information regarding strategic risks and the half-year position on tenant satisfaction measures that the

Council are now required to report to the Regulator of Social Housing. The Committee noted that a new directorate has been established for Democracy, Law and People which has resulted in the moving of some performance indicators between directorates.

- 7.2 The Committee was also informed that the Council is continuing to make good progress against the annual performance framework with three quarters of Key Performance Indicators (KPIs) on track to meet target which would result in a 2 percent improvement on last year. The Committee noted that there are three KPIs that are at risk of meeting the year-end target, at the time of publishing.
- 7.3 The Committee enquired about feedback the Council received from the School Mental Health Conference on 26 September 2023. The Committee noted that feedback was positive and schools found it very useful to come together with health professionals as many children are struggling to transition back into full-time education following the COVID-19 pandemic. The Committee raised concerns about the new housing offices not being adequately advertised to residents.
- 7.4 The Committee asked why the internal KPI which looks at percentage of tenants satisfied with the housing repairs service is noted as 79 percent whilst the feedback of the Regulator of Social Housing Tenant Satisfaction Measures reports a 66 percent satisfaction measure relating to the repair service. The Committee was informed that the difference is due to the fact that the Council's current survey is a transactional survey which asks questions to those that have had a repair carried out while the Regulator of Social Housing Tenant Satisfaction Measures are based on a perception survey which is completed by a sample of tenants and leaseholders whether or not they have had a repair service. The Committee noted that both survey results relate to the Council's housing stock and not TA.
- 7.5 The Committee queried whether officers are assured that there are appropriate mitigations and controls around the strategic risks, and how they are measured and monitored. The Committee was assured that the risks reflect a thorough and rigorous discussion amongst the Executive Leadership Team facilitated by an exercise carried out by the Strategy and Intelligence team following discussions at the last Audit and Performance Committee. The Committee was informed that each strategic risk has both mitigations and controls and those can be included in future reports. The Committee noted that the risks are measured and monitored at a Quarterly Performance Board and where one of those risks has moved or worsened further discussion will be had.
- 7.6 The Committee asked what work had been undertaken with residents to improve rates of school attendance. The Committee was informed that the Council works closely with schools and where attendance is an ongoing issue, schools know to refer to the local authority. The Council had a school inclusion pilot and invested and redeployed additional resource to extend the pilot.

- 7.7 The Committee queried whether the Building Safety Act 2022 has had an impact on officers' workloads and how is this being managed. The Committee was informed that the nature of the Building Safety Act interfaces with the Council in a number of ways as it focuses on residential buildings and impacts on homes the Council is building. The work is being absorbed within the current planning teams however the biggest impact is within the Building Control service where the Council is in the process of upskilling and increasing resources; the Committee understood that one of the main challenges is finding suitably qualified staff and noted that a plan is in place in terms of training, development and how the Council can attract and retain staff. The Council is speaking with other local authorities to see if there is any collaborative work to be done. The Committee also noted that the appropriate governance is in place to ensure that the Council has the correct oversight at both Member and officer level.
- 7.8 The Committee queried whether the Council's legal team has considered the impact of the extension to the limitation period for defective premises. The Committee noted that the changes to the Defective Premises Act 1972 is not something the Council has considered in great detail but sought to assure the Committee that they will consider this change in more depth.
- 7.9 The Committee asked how the Council responds to missed refuse collections and noted that the Council's level of missed bin collections is very low (3 to 4 percent per 100,000) and when notified of a missed collection a refuse collection lorry is sent out to collect the same day. The Council also utilises electric bikes for smaller refuse collections.
- 7.10 The Committee queried how officers arrived at the 4,500 target for the number of residents directly engaged by Community Thursdays. The Committee was informed that the figure is a result of positive feedback received from residents through engagement initiatives. The Committee recognised the positive feedback from residents from the door knocking engagement initiative that some Councillors had taken part in and felt this was something that should continue in some form; the Committee were pleased to note that door knocking is still included in the new engagement model.
- 7.11 The Committee was pleased to note that so many of the KPIs were on track. The Committee queried that while all Adult Social Care KPIs on track, with the fragility of the sector, how confident is the Council that these will not be affected and the mitigations that are in place to deal with these pressures. The Committee was informed that the Council has an ongoing programme through quality assurance contract management commissioning with adult social care providers and also liaise with the Care Quality Commission and other boroughs to ensure there is a reciprocal information exchange about the sustainability, robustness and quality of care providers. The Committee also noted that the Council monitors providers regularly through contract management and quality assurance processes, meeting with them quarterly and taking regular credit safe checks to understand their financial position. The Committee noted that the Government has issued a grant called the Market Sustainability Improvement Fund which the Council in part is able to

use to address some of the inflationary pressures and specifically to invest the social care workforce.

- 7.12 The Committee asked what the Council is doing to reach the 60 percent target for carbon emissions. The Committee noted that the Council has increased resourcing on sustainability and has a team dedicated to working on this and upskilling the rest of the Planning Service. The Council is also issuing guidance to developers on how they can meet requirements. The Committee understood that the Council's action in this field is recognised by Climate Action UK who assessed Westminster City Council as doing the most possible to address the climate crisis.
- 7.13 The Committee asked what the Council is doing to address the volume of housing complaints. The Committee was informed that the volume of complaints received has increased by 20 percent in the last few months: Stage 1 complaints received in October peaked at 189 and Stage 2 peaked at 37. The Committee noted that following analysis of these figures, part of this increase is believed to be linked to a consultation carried out on the Council's compensation policy and through some of the resident engagement initiatives. The Committee was pleased to note that the escalation rate of Stage 1 complaints to Stage 2 has reduced. The Committee also recognised that this continues to be a priority area and, as repairs account for 78 percent of complaints the Council receives, a new approach to handle these complaints is being piloted within a dedicated team. The Committee was informed that the Council is implementing systemic training across the service which is the model used in Children's Services.
- 7.14 The Committee asked for an update on the geo-fencing work for dockless bikes. The Committee was informed that the Council is continuing work with three dockless bikes providers alongside Transport for London and fines are being issued to users who leave bikes outside of the geo-fencing, which is fully operational. The Council is continuing to monitor closely where there are pinch points and pressures, three of note being Marylebone Road, West End and St James', and whether it is possible to extend existing geo-fencing or find new areas where this can be installed.
- 7.15 The Committee asked whether the dockless bike providers cover the cost of the extra work to the Council created by this industry. The Committee was informed that the Council have negotiated for the dockless bike providers to pay for reasonable costs on an ad hoc basis. The Committee asked about the figure agreed with the dockless bike providers and was informed that due to commercial sensitivity and confidentiality this was not possible to state during the meeting, but officers sought to assure the Committee that the Council is robust in what has been negotiated to cover costs. The Committee was pleased to note that the Council will review this figure if the level of issues continue as this would likely need to increase to ensure full cost recovery and was assured that the Council is very clear with providers that the duty is on them to do their own clear up, operations, and acknowledge that this is not where it needs to be. The Committee acknowledged that the Council is being innovative and agenda setting while dealing with a difficult situation is commendable.

- 7.14 The Committee queried whether the percentage of primary school vacancies across the City is a long-term trend. The Committee noted that this is a complex issue and will involve the Council closely tracking birth rate trends as there is a risk that merging or shutting schools now could later result in a shortage should birth rates increase; this is an area where caution is needed along with exploring all options particularly with the dioceses and schools to work better to mitigate the impact of the current fall.

**RESOLVED:**

- 7.15 That the Committee noted the performance updates at Quarter 2.

**ACTIONS:**

- 7.16 That details of feedback from the School Mental Health Conference will be shared with the Committee.
- 7.17 That officers should ensure the new housing offices being opened will be adequately advertised to residents and ensure that the information on the Council website is updated accordingly.
- 7.18 That, if there are issues with full cost recovery, officers will ensure that dockless bike providers are held to account on the time that Council officers are spending on the scheme.

The meeting ended at 20:51.

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

**DATE** \_\_\_\_\_

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## Audit and Performance Committee Report

<b>Date:</b>	27 February 2024
<b>Classification:</b>	General Release
<b>Title:</b>	<b>2024/2025 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 2024/2025 municipal year attached at Appendix 1 and to confirm the agenda items for its next meeting on 24 June 2024.

### 2. Recommendations

It is recommended that the Committee:

- 2.1 Agree the agenda items for its next meeting on 24 June 2024, as set out in this report and Appendix 1; and
- 2.2 Consider items for the future Work Programme for 2024/2025.

### 3. Selecting items for the Work Programme

- 3.1 The draft Work Programme for 2024/25 is attached at Appendix 1 to the report. The scheduled meetings for the next municipal year are:
- 24 June 2024;
  - 5 September 2024;
  - 22 October 2024;
  - 25 November 2024; and
  - 11 March 2025.
- 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.

**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 2024/25 – Audit and Performance Committee

<b>ROUND 1</b>		
<b>24 June 2024</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Responsible Officers</b>
23/24 Year End Performance Report	To receive the performance updates at quarter 4 and indicate any areas where more information or clarification is required.	Mo Rahman (Performance)
Q4 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 (Finance)
Review of Draft Statement of Accounts	To approve the draft 2023/24 statement of accounts and draft Annual Governance Statement subject to the public inspection period and the audit.	Gerald Almeroth (Finance)
External Auditor's Audit Plan	To note the external auditor's plan for completing the audit in order to be presented to the Committee on 25 November 2024.	Gerald Almeroth (Finance)
Internal Audit Annual Report	To note the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment and to consider whether there are any areas the Committee would like to explore further.	David Hughes Moira Mackie (Internal Audit)
Counter Fraud End of Year Report	To note the Counter Fraud 2023/24 End of Year report.	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Annual Report of the Committee (for submission to Full Council)	To receive the Annual Opinion report on overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.	Report of the Chair
Matters Arising and Work Programme 2024/2025	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 2024/25.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

<b>ROUND 2</b> <b>5 September 2024</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Responsible Officers</b>
External Audit Certification of Claims and Returns Annual Audit 2022/23	To review the External Audit Certification of Claims and Returns Annual Audit 2022/23.	Martin Hinckley (Revenues and Benefits)
Q1 Performance Report	To receive the performance updates at quarter 1 and indicate any areas where more information or clarification is required.	Mo Rahman (Performance)
Q1 Finance Monitor	To monitor the City Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.	Gerald Almeroth (Finance)
Contract and Supplier Performance Report	To review a report on the Council's Contract and Supplier Performance.	Sarah Warman Ed Humphreys (Commercial Partnerships)
General Procurement Update	To update the Committee on the Council's Procurement service.	Sarah Warman Ed Humphreys (Commercial Partnerships)
Matters Arising and Work Programme 2024/2025	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 2024/25.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

<b>ROUND 3</b> <b>22 October 2024</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Responsible Officers</b>
Annual Corporate Complaints report	To consider the Corporate Complaints Annual Review.	Zoe Evans (Complaints and Customer Services)
Treasury Management Strategy Outturn 2022/2023	To note the annual treasury management final outturn 2021/22.	Gerald Almeroth (Finance) Phil Triggs (Treasury)
Treasury Management Strategy Mid-Year Review	To review the Treasury Management Mid-Year Strategy.	Phil Triggs (Treasury)
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)

Mid-Year Counter Fraud Report	To oversee and monitor the success of the Counter Fraud Service.	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Counter Fraud Policy Review 2022/23	To review and approve anti-fraud policies	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Matters Arising and Work Programme 2024/2025	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 2024/25.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

<b>ROUND 4</b> <b>25 November 2024</b>		
Agenda item	Purpose	Responsible Officers
Q2 Year End Performance Report	To receive the performance updates at quarter 2 and indicate any areas where more information or clarification is required.	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 (Finance)
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 (Finance) Phil Triggs (Treasury)
External Auditor's Annual Report	To review the External Auditor's Annual Report and management response to recommendations.	Gerald Almeroth (Finance)
Matters Arising and Work Programme 2024/2025	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 2024/25.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

<b>ROUND 5 11 March 2025</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Responsible Officers</b>
Q3 Year End Performance Report	To receive the performance updates at quarter 3 and indicate any areas where more information or clarification is required.	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 (Finance)
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)
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 2025/26	To review and comment on the draft audit plan for 2025/26.	David Hughes Moira Mackie (Internal Audit)
Ethical Standards report	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the City Council.	Parveen Akhtar/ Joyce Golder/ Claire Weeks/ Moira Mackie/ Andrew Hyatt
Matters Arising and Work Programme 2025/2026	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 2025/26.	Clare O'Keefe (Lead Policy and Scrutiny Advisor)

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) Clare O'Keefe
Review of Internal Audit Strategy and Charter	To review and approve the Internal Audit Strategy and Charter once updated to ensure compliance with the new IIA Standards for Internal Audit which are effective from January 2025.	David Hughes Moira Mackie (Internal Audit)

## **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>		
<b>Agenda Item</b>	<b>Action</b>	<b>Status/Follow Up</b>
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. Update given.
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.	Completed
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.	Completed

<b>6 September 2023</b>		
<b>Agenda Item</b>	<b>Action</b>	<b>Status/Follow Up</b>
Item 5 22/23 Year End Performance Report	That the outcome of the High Streets Programme consultation will be shared with the Committee when appropriate.	In progress. Update given. Due to be sent to the Cttee in early March.

<b>28 November 2023</b>		
<b>Agenda Item</b>	<b>Action</b>	<b>Status/Follow Up</b>
Item 4 Matters Arising and Work Programme	That the outstanding items on the tracker will be followed up on.	Completed
Item 6 Q2 Finance Monitor	That details of the legal challenge from a customer against charges applied, which had an associated £500k risk, will be shared with the Committee.	Completed
	That further information on the current number of CCTV cameras and the rolling programme of camera review and installation will be shared with the Committee.	Completed
	That further information on the Public Conveniences Renovation will be shared with the Committee.	Completed

Item 7 Q2 Performance Report	That details of feedback from the School Mental Health Conference will be shared with the Committee.	Completed
	That officers should ensure the new housing offices being opened will be adequately advertised to residents and ensure that the information on the Council website is updated accordingly.	Officers agreed this at the meeting.
	That officers will consider, if there are issues with full cost recovery, ensuring that dockless bike providers are held to account on the time that Council officers are spending on the scheme.	Officers agreed this at the meeting.



City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>Tuesday 27th February 2024</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Quarterly Performance Report</b> Quarter 3 (October - December) 2023/24 Performance Report
<b>Wards Affected:</b>	<b>All</b>
<b>Key Decision:</b>	<b>No</b>
<b>Financial Summary:</b>	<b>Not applicable</b>
<b>Report of:</b>	<b>Pedro Wrobel, Executive Director for Innovation and Change</b>

# 1. Executive Summary

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This performance report summarises the council's performance and progress at the end of the quarter 3 (October 2023 - December 2023). It presents the latest cumulative results available for each key performance indicator (KPI) and highlights key areas of achievement, risk, and issues at the end of December 2023.

This report focuses primarily on statutory and regular service provision, presenting progress against our operational KPIs and the latest risk data. We have also provided a highlight report of key achievements and pressures across the full range of Council activity, to provide a rounded picture of performance.

Some KPIs previously under People's Services and Innovation and Change have moved into the ownership of the new Council directorate for Democracy, Law and People (DLP). These can be viewed in the DLP table within section 5.

In the previous quarter, we reported on the new social housing indicators known as the Tenant Satisfaction Measures (TSMs), a new requirement that came into effect in April 2023. We are expecting to update these TSMs in the end of the financial year, and so these will be reported on in the upcoming Q4 2023-2024 report.

We provide narrative on all the KPIs that are currently off track against their target and will continue to monitor our most challenging areas closely and implement appropriate action to mitigate these. We make sure that we use our performance information to inform our strategy and priorities and take data-driven decisions. At the end of quarter 3, 54 (67%) of KPIs with a target or update are currently on track to meet their annual target, with 22 (28%) appear at slight risk of missing target with only 4 (5%) assessed as off track against their annual target level.

## **The report covers:**

Pages 3 to 7 - Headline achievements from around the council.

Pages 8 to 21 - Information on issues, risks, and potential pressures and their impact on the council, and updates on the mitigating actions that are underway to manage these risks.

Pages 22 to 31 - Key Performance Indicators (KPIs) and targets used to track performance of key council services.

# 2. Recommendations

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- Committee to note the performance updates at quarter 3.
- Committee to indicate any areas where they require more information or clarification.

### **3. Headline Achievements**

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This section highlights the Council's headline achievements across the range of services and Fairer Westminster initiatives at the end of quarter 3 2023/24. These will be achievements by exception drawn from delivery against key initiatives, and projects and programmes.

#### **Health, Care and Wellbeing**

##### **Christmas pay boost for homecare workers**

As part of our commitment to the UNISON Ethical Care Charter, the Council announced a pre-Christmas pay boost for homecare workers at our five contracted agencies, improving their hourly rate of pay improve by £1.50 (before tax), which will help tackle inequalities in the care sector workforce, and support homecare workers during a period of higher prices and increased energy bills. The pay increase will also assist with the wider issue of retention and recruitment of homecare staff.

#### **Children and Families**

##### **Holiday Activity and Food (HAF) Programme**

The HAF Winter Programme has been a success with 29 local organisations providing activities across the borough. Activities included adventure playgrounds, football, basketball, boxing, arts and crafts, music and dance, youth club and offsite trips. It is anticipated that over 1,000 children and young people will have benefited from the HAF programme during the Christmas holidays, with about 4,500 healthy meals being served. This takes the number of children and young people supported in the holiday periods by the Holiday Activity and Food Programme throughout 2023 to over 4,400 and over 8,400 when the WCC's additional half term and enhanced summer offer are included.

##### **Launch of the Games Library**

In early November, Libraries and Archives hosted our first International Games Week by launching a collection of loanable tabletop games, alongside a week of events and activities offering free food and games. Tabletop gaming is a fun and sociable way to spend time with family and friends and can help young people and adults to develop social skills, collaboration, creative thinking, strategic thinking and more. There is evidence of the benefits of using gaming as a tool for therapy, to support mental health and for engaging people with special education needs and disabilities. We have also worked with secondary schools and youth centres to introduce a Games Library in school libraries and facilitate tabletop gaming clubs. Regular facilitated role-play game sessions in our libraries are due to begin later this month.

##### **Pimlico WAES Nursery - Outstanding**

The nursery at Pimlico was inspected in November and the report has just been published. It has been graded OUTSTANDING in all areas. This is a fantastic achievement for the nursery team and also provides confidence to our learners that they are leaving their children in very safe hands. Extract from the report "Staff place children's well-being at the heart of everything they do. This is seen throughout their consistently sensitive and nurturing interactions with children which promote secure and affectionate bonds. Children show that they feel extremely safe and are full of confidence at the setting."

## **Community Safety, Licensing and Enforcement**

### **Prosecutions**

Many prosecutions have been taken to enforce standards and discourage any illegal activities or behaviour that may compromise trading standards construction practices, noise nuisance and health and safety in our community. WCC have secured fines, costs and victim surcharges totalling £3,332 against 8 pedicab operators across court hearings in the last quarter for offences under the Control of Pollution Act 1974. We also secured £21,581.50 of fines, costs and victim surcharges following a guilty plea of a contractor prosecuted for non-compliance regarding working without approval during a Bank Holiday. Additionally, fines of £120,000 and full costs of £24,000 were awarded following the prosecution of a nightclub for breaches to the Health and Safety at Work Act 1971 and Health & Safety at Work Regulations 1999. These prosecutions serve an important role in emphasising the importance of compliance with our standards and regulatory practices.

### **John Connell Awards 2023**

We recently received the 'highly recommended Local Authority Award' as part of the John Connell Awards 2023 by the Noise Abatement Society (NAS). This award was in recognition of our services and projects that exemplify our co-operation and partnership working with the City of London, innovative thinking, and creative solutions to solve noise problems like street works within the community. The John Connell awards also recognise the work done by Local Authority Health Practitioners who enforce noise law and are at the front line dealing with the complex challenges of neighbourhood noise. The ceremony took place on 25th of October in the House of Parliament with representatives from local governments and industry organisations across UK and Europe being invited.

## **Economy**

### **High Streets Improvements**

The North Paddington High Streets engagement exercise commenced in early November and took place at engagement hubs on the Harrow Road. Across that two-week period, the teams were successfully able to engage 424 residents from a variety of backgrounds and ages. To date we have engaged over 120 businesses in the local area.

### **Digital Academy Extension Funding Successful**

WAES has secured funding from GLA to support our Digital Academy for another year – value £130K. This will enable us to continue the momentum of our digital skills offer to residents and Londoners to ensure that Employers experiencing skills shortages in digital can find and secure suitable talent. A key focus of this work is about widening participation, tackling social disadvantage and improving the diversity of the workforce in the digital sector. 100% of our learners have one characteristic or more from the priority target groups. Just over 200 learners have joined WAES digital programmes this year with more to follow. Approx 40% of learners on the work-focussed programmes have attained good work, with a minimum starting salary of £30k.

## **Environment**

### **Tackling Climate Action**

Westminster has been ranked as top performing UK council tackling climate action by Climate Emergency UK who in 2023 assessed all UK councils on the actions they've taken towards net zero. We continue to deliver on our actions and have recently achieved a number of milestones as well as national recognition for the work we are doing.

The council has achieved national recognition in the work being undertaken to address the climate emergency for:

- the innovation of fleet electrification for the rollout of the UK's largest electric refuse collection fleet (Electric Vehicle Innovation Awards - Fleet Electrification Award) and
- the opening of a new depot and charging infrastructure (Local Authority Recycling Awards - Circular Economy Award), along with officer recognition in the Green Fleet Awards - Public Sector Fleet Manager of the Year and
- National Recycling Awards - 'Local Authority Success' Award for our food recycling service roll-out.

The City Council's flexible car sharing fleet now operates with over 90% of journeys being with a battery electric vehicle (BEV) and we are the first in London to dedicate an electric gully sucker on our highways network.

In November 2023, Westminster signed a new Home Energy Advice Service contract with Groundwork to provide the service for a further year – putting more emphasis on home visits and quantifying the impact of the service. We have also completed the extension of our Veolia Waste & Cleansing Contract (September 2024 – September 2027)

### **Declaration of an Ecological Emergency**

In September Westminster declared an Ecological emergency and announced major new environmental commitments for nature and wildlife in the city. At a meeting of Full Council on Wednesday 20 September, the council declared an Ecological Emergency in the City of Westminster, recognising the devastating effects of climate change and development on our natural environment as well as committing the council to further action to protect wildlife and improve biodiversity. As a result, the council has committed itself to make its housing estates, parks and open spaces more hospitable to a wide range of plants and animals, and will work with local schools, businesses, and community groups to advise on protecting and enhancing habitats.

## **Communities**

### **Common Place**

Our new resident consultation platform was launched in October 2023. The new site has enabled us to provide better access to consultations for our residents with better functionality to see proposed changes and easier ways for residents to give feedback. We currently have 14 projects on the site, 3 active consultations and we have another 10 consultations due to launch in the next 2-3 weeks. We have had a total of 3200 respondents across all projects on Westminster's Commonplace site.

### **Jubilee Community Leisure Centre**

We opened the Jubilee Community Leisure Centre on 20th September 2023 and had a formal launch on 10th November 2023 - opened by The Lord Mayor of Westminster and Cllr Cara Sanquest with local schools, community groups and residents present to participate in activities.

### **Responsible Business Network**

In Q3 we have fundraised £130K of financial donations through our Responsible Business Network members to support vouchers for low-income families distributed by food banks; support for free school breakfasts and 500 Hampers for senior citizens living in sheltered accommodation.

## **Housing & Built Environment**

### **Housing Service Centres**

Give our tenants better face-to-face contact with our housing staff by increasing the locations our officers can work from across the city is a key Fairer Westminster commitment. In October 2023, Housing Services opened the second of their Housing Service Centres on Charwood Street, Pimlico. This followed on from the opening of the first centre on Bruckner Street,

Queen's Park in June. A further centre in Bayswater opened on the 29th of January with plans for Soho underway. These new service centres complement the existing offices located throughout the city.

### **Allocations Policy**

Prior to the formal consultation on the Allocations Policy which launched on the 1<sup>st</sup> February 2024 a series of Community Engagement events were held between October – December 2023, to understand both residents and professionals' experiences and challenges of housing in Westminster. Over 250 stakeholders were engaged across 25 events which included drop-in sessions, focus group discussions with existing local community groups and engagement at professional forums. [The formal consultation can be accessed here.](#)

### **SWEP Response**

The Severe Weather Protocol (SWEP) was first activated on 29 November 2023. The council works closely with the Westminster Homelessness Partnership (WHP) core group St Mungo's, Connexions at St Martins (CSTM), The Passage, West London Mission (WLM) to deliver support to rough sleepers and those particularly vulnerable to the cold.

During the Severe Weather Emergency Protocol (SWEP) activations by the GLA during the period of 8 and 22 January 2024, Westminster teams and service providers engaged with over **340 individuals** to check in on their health and wellbeing and to offer safe, warm spaces with food and drinks available. In total, **217 people** accepted the offer of support during this period.

### **Homelessness and Rough Sleeping Strategy**

In November 2023 work to produce a new Homelessness & Rough Sleeping Strategy commenced. Phase 1 of the Strategy coproduction and engagement has been completed with a series of lived experience led workshops and interviews conducted across local services, alongside engagement with frontline workers and strategic partners. A strategic review of current homelessness impacts, demands, and context has been completed alongside the co-production of a set of ambitions for the Strategy to address in policy development. There will be continued engagement throughout the development of the strategy ahead of the formal consultation later in the year.

### **Design Review Panel**

In October the Council successfully held its first Design Review Panel (DRP). The panel, comprised of experts from across a wide variety of built environment, sustainability and environment fields will provide advice on a monthly basis on emerging development proposals and other planning related matters. Already the panel has provided detailed advice on a number of applications at pre-application stage, as well as providing input on the Council's own emerging Site Allocations Development Plan Document.

### **Community Planning Advice Service**

The Town Planning service has secured £70k funding to run a pilot community planning advice service during 2024/25. The service will provide expert planning advice and support to residents and community groups consulted on major planning applications. Work is ongoing to develop the full scope of the service and procure a partner to deliver the service, which is expected to commence in autumn 2024.

## **Public Affairs and Council matters**

### **Apprenticeship and employment programmes**

The Tech Lions is our newest programme for early career apprentices. Our current cohort joined us in November 2023 and the cohort was made up of 73% global majority, 45% female and 27% residents.



NGDP is a two-year national development programme that provides a fantastic learning and development opportunity to graduates whilst working on real projects, enabling them to develop a range of skills across a variety of services. In September 2023 we welcomed 5 new Grads on cohort 25 with 80% global majority, 80% female and 60% residents. In addition to this, in October 2023, 4 of 5 Cohort 24 (recruited in 2022) graduates started their third placement. One of the graduates has already successfully secured a Band 3 role in Strategy and Intelligence.

The Sparks Programme is a new flagship upskilling apprenticeship programme for existing staff at the council focused on design thinking and digital innovation. Our inaugural cohort was made up of 64% Female and 40% Global Majority colleagues.

### **MyWestminster sign-up target reached**

MyWestminster allows residents to be signed up to receive updates on services through their account. This is especially important given we are scaling key services (such as Report It) to be trackable through the account, creating a more informed, personal, and seamless customer experience. We set out to achieve 4,000 MyWestminster users by the end of the financial year, and in December had 5,136 users, far surpassing our target.

### **Contract Management Framework**

On 7 November the Contract Management Framework was launched at an event attended by 150 contract managers across the council. The Strategic Director of Housing and Commercial Partnership and the Executive Director of Finance and Resources, introduced the framework. The framework aims to ensure more consistency in contract management across the council, create a more transparent way of tracking supplier performance, mitigate risk as far as possible and help our suppliers to deliver the best possible services for our residents and other service users. Two Contract Manager Forums were held since the launch covering the fundamental requirements for contract managers as well of the range of specialist support available for contract managers across the council.

## 4. PRESSURES AND RISKS

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This section presents the top pressures (issues) and risks (potential challenges) facing the council and the City at the end of quarter 3 2023/24. The first part of the section focusses on contextual challenges as identified by council Directorates or through analysis of our operating environment. The second part of the section presents the current top risks as reported by Directorates and recorded on the council's Corporate Risk Register.

### **Pressures**

#### **Temporary Accommodation (TA)**

The increasing demand and cost of TA remains the most significant pressure facing the council with the number of households in TA rising by 24% since April 2022 at the end of December 2023 (from 2699 to 3347). TA spend is forecast to be £26M over budget by the end of the 2023/24 financial year (equivalent to an overall net spend of just over £43M). The council has developed a comprehensive supply plan to mitigate additional demand in 2024/25 and reduce reliance on high-cost accommodation. This includes accelerated acquisitions, expanded use of void Regeneration stock, and alternative procurement approaches for PRS. Funding has also been earmarked to increase frontline capacity and support greater prevention.

#### **Work with the NHS to review its closure of the Gordon Hospital**

In March 2020, Central and North West London NHS Trust (CNWL) temporarily closed the Gordon Hospital, which was the only in-patient psychiatric care service for residents in need of specialist mental health provision. The reason given for the temporary closure was COVID-19 related concern. Patients were moved to other out-of-borough hospitals, and some were discharged back into the community. The closure has left Westminster with no inpatient acute mental health service provision.

CNWL launched its consultation on the Gordon Hospital's future on 24 October 2023, and is scheduled to run until 16 Feb 2024. The Council has reviewed the consultation material, and it has determined that option 1 is the option that best meets residents' needs, as it would reopen the Gordon Hospital's 51 beds. However, the Council believes that the North West London Integrated Care Board and CNWL should maintain all existing services across acute and community settings.

#### **Reductions in staffing of the NHS Integrated Commissioning Board**

Our local NHS Integrated Commissioning Board (ICB) are looking to consult on proposed changes to their organisation, which include 30% staffing reductions to their borough-based teams amongst other areas. Children's Services have responded to the ICB's pre-consultation phase, outlining our initial concerns which include:

The local authority values the expertise and input of the current ICB borough-based colleagues delivering both statutory functions and improvement programmes. In particular, the role of the Designated Safeguarding Nurses, Designated Clinical Officer and Head of Children's Project and their teams. These roles are critical to effective safeguarding practice, and they provide a deep and holistic understanding of children's needs in the Bi-borough and support the health system to address them. These roles are also pivotal in driving service improvement and coordinating providers particularly where performance concerns have been raised by service users and partners. The removal or reduction of these borough-specific roles may lead to disruption and fragmentation in the evolving relationship between the Local Authority and health providers. We will continue to work closely with ICB colleagues throughout this process to influence changes and ensure that key roles are protected.

### **Children's Services Awaiting Inspections**

An inspection of our Youth Offending Service is overdue, and we continue to expect notification from His Majesty's Inspectorate of Probation (HMIP) every Friday. Children's Services is also on alert to anticipate a full Inspection of Local Authority Children's Services (ILACS) this year, and an inspection on our Special Educational Needs and Disabilities (SEND) services. We are continually auditing the quality of our practice and services, including routinely seeking feedback from families and partner agencies of their experience of our practice and staff to ensure there is continued improvement across all areas that will be inspected and receive judgements - children in need, child protection, looked after children and care leavers. We have a robust plan in place for when we receive notification of an inspection, and through regular monitoring, we ensure that we have all the necessary documentation up-to-date and ready for inspectors.

In late 2023, we welcomed visits from both Skills for Care, which is the strategic workforce development organisation for Social Work, and by School Attendance inspectors from the Department for Education, who both gave very positive feedback which has been shared with Ofsted and the Department for Education, and will be taken into account by inspectors in the case of an inspection.

### **Building Safety Act 2022**

Under the amended Building Safety Act 2022, a new National Register of higher risk buildings in England opened in April 2023. All existing occupied higher risk buildings in England are to be added to the Register and any new developments meeting the parameters will need to be registered prior to occupation.

The act has additional requirements around Gateways, identification of responsible persons and a 'golden thread' of key information which must be gathered and retained.

It has far-reaching impact across the Council and requires a coordinated approach across client departments, Development, Housing Services and Building Control, to ensure compliance. A working group is in place to coordinate and oversee the council's approach to the new legislation with a Regeneration and Development and Housing Services representative attending and supported by Director and Heads of Service.

### **Construction pricing and construction market challenges continue to make the delivery of this programme challenging.**

Although market volatility has begun to settle in recent months, the construction market continues to be highly challenging. We are experiencing continued pressure on pricing, programmes and scheme viability positions. Contractors are seeking to recover losses and are less willing to fix prices, unwilling to hold commercial positions for long, and are making more claims for extension of time and additional costs.

Over the next 3-6 months, this risk is likely to affect procurement across the Church St and Ebury Bridge schemes and may impact the ability to successfully secure partners for both schemes and affect the viability of future phases.

Monthly monitoring and review practices enables visibility and assessment of risks, and of contractual and commercial positions. Robust assessment and negotiation of any claims are in place, together with full exploration of mitigations of any programme or cost impacts.

Value engineering and additional grant opportunities are being explored. External consultants appointed to independently review commercial submissions and vfm.

### **Planning Guarantee**

The DLUHC amended the 'Planning Guarantee' in December. Currently the Planning Guarantee is set at 26 weeks for all planning applications (major and non-major). After this period has elapsed from the date on which an application was validated, the applicant can have their application fee returned, unless the application has been determined in advance of 26

weeks or the applicant has agreed with the Council that the application will be determined by a date after 26 weeks.

From 6 December 2023 onwards the Planning Guarantee period for non-major applications has been reduced to 16 weeks. This is a significantly tighter deadline to achieve. To manage the impact of this change and reduce the financial risk to planning income the service is implementing new monitoring framework to ensure that a higher proportion of applications are determined within 16 weeks. Applications will only be allowed to extend beyond 13 weeks in exceptional circumstances where the applicant has agreed to this extended deadline via an extension of time (EOT) or a Planning Performance Agreement (PPA).

### **Green Skills Innovation Centre**

We are currently working on establishing a Green Skills Innovation Centre to support the Climate Action agenda. We have secured funding from the Local Skills Improvement Fund and are awaiting confirmation of additional funding from GLA (due February). We need to ensure that all departments are working collectively together to ensure that the centre can open in September 2024, with a soft launch to impact on Westminster priorities for Climate Emergency, supporting the social housing retrofitting priorities and also upskilling of local residents.

## **Strategic Risks**

At the previous Audit and Performance Committee, Members were presented with the initial list of strategic risks that had been proposed to ELT to become the first cut of the revised strategic risk register. However, these were presented without extensive detail and officers agreed to provide further detail on the strategic risks in this report.

The list of strategic risks has also been through an additional quarterly cycle and so is more comprehensive than the information presented in the Quarter 2 report. Information on impact, mitigation and associated risks has been provided. For strategic risks it is difficult to accurately quantify impact and likelihood scorings as per operational risks and most of these risks can express as “RED” depending on the perspective considered. As such RAG ratings will be reviewed on a quarterly basis by ELT to ensure they are expressed at the appropriate level of risk.

We will continue to develop the intelligence around these risks and emerging challenges over coming quarters. One of the major pieces of work we will be doing is to work with across directorates to capture secondary (linked) risks linked to these primary strategic risks. We are also capturing this information in a dedicated risk tool that will allow the organisation to make more and better use of this intelligence for forward planning and threat mitigation.

The table below sets out the current list of strategic risks with the reference page number, where further detail on that risk can be found.

<b>ELT Strategic Risks</b>	<b>Page</b>
1. Capacity and resources need to meet statutory service or inspection requirement.	12
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3. Continued lack of housing capacity (including Temporary Accommodation growth higher than social housing supply) and cost of TA	13
4. Failure to adequately address effects of climate emergency and to meet corporate targets for net zero carbon emissions.	13
5. Resident experience continues to be significantly impacted by poor performance of key services, i.e. repairs, complaints.	14
6. Failure to safeguard and protect children and vulnerable adults - Failure in service continuity/safeguarding arrangements (including exploitation, crime prevention and support to victims of crime).	14
7. Fragility of the local Care Market (pressures include staffing, financial resilience and the impact of inflation on the national minimum wage/ London living wage	15
8. NHS crisis – primary or secondary care failure, lack of provision or capacity limits exceeded, increase in discharge of patients from secondary care to social care, and a lack of in-patient mental health provision to meet the needs of vulnerable children.	16
9. Disruption to services due to severe weather/climate events exacerbated by inadequate preparedness/response	16
10. Cost of Living pressures driving increase in poverty, inequalities and damage to the local economy	17
11. Delays in delivery of priority development schemes – e.g. NWP/OSP	17
12. Failure to deliver the investment and improvements to housing stock so that residents are safe and live in properties in a good state of repair, sufficiently warm and dry, are accessible and have well-functioning facilities.	18
13. Failure to implement the building safety requirements, including the Housing Stock not meeting compliancy standards across building safety standards	19
14. Significant IT breach or cyber event resulting in loss of personal data or loss of control of key data systems	19
15. Inadequate Health and Safety controls for organisation and public realm that can result in serious injuries and fatalities	20
16. Substantial deterioration in the financial health of the Council resulting in unplanned mitigation.	20
17. Further increases in surplus school capacity leading to additional school closures	21
18. Reduction in partner contribution to the delivery of services – impacting on outcomes for the local community and residents	21

**1. Capacity and resources need to meet statutory service or inspection requirement.**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• Reputational damage and increased investment required to address poor inspection results.</li> <li>• Preparing for inspections diverts a significant amount of officer time away from other work priorities.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• Established service processes in place with embedded multi-agency working</li> <li>• Local risk registers for Adults and Children’s services with case management review mechanisms.</li> <li>• Service performance monitoring with high quality BI available to service managers.</li> <li>• ELT to note OfLOG are introducing public facing KPI reports on councils across a range of domains. They have ambitious plans to expand the number of KPIs included in their reporting tool and could generate more interest as will essentially bring back league tables for councils. S&amp;P is looking at this area and will bring more information to Performance Board in the Q3 report.</li> <li>• Working group in place to work towards Building Safety Act compliance and the registration of high-risk buildings on the national register. Building Control service and HCP will be key to ensure compliance across properties across the wider borough.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>• Increase in adult and children’s social care demand – Services reporting increase in service demand especially in children’s services (Q2 update)</li> <li>• Increasing complexity and demand in social care services – Addition burden on resources</li> <li>• Workforce challenges in recruiting good and permanent experienced staff</li> </ul>	

**2. Response to a major incident and protect/safeguard residents/ businesses/ visitors from the impacts of significant incidents**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• Injury or loss of life to staff or public resulting from inadequate or lack of action by the Council</li> <li>• Negative publicity and impact on reputation</li> <li>• Investigation by regulatory bodies.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• Risk assessment guidance and process with promotion by H&amp;S Team but this could be more visible.</li> <li>• Business continuity ClearView tool and hub for staff. Resilience Hub and proactive comms around major incidents and extreme weather for residents and the public.</li> <li>• Health and Safety training programme and hub for staff.</li> <li>• Directorate Health and Safety groups</li> <li>• Building maintenance programme and Building Safety Act working group.</li> <li>• Contract Management of contracted providers.</li> <li>• Main challenge will be inconsistent application of guidance and requirements across services.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>• MHCLG Building Safety Programme</li> <li>• Inadequate Health and Safety controls for organisation and public realm that can result in serious injuries and fatalities</li> <li>• Major Works – resident dissatisfaction &amp; increasing challenge whether the council has fulfilled its asset management responsibilities. This is likely to lead to legal challenge and is a significant reputational risk.</li> <li>• Housing Service capacity &amp; capability to drive scale of improvement whilst managing a demanding BAU, including the revenue investment required to support the improvement</li> </ul>	

**3. Housing capacity (including Temporary Accommodation growth higher than social housing supply) and cost of TA**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Sourcing and cost of (temporary) accommodation – Risk that the increasing demand and cost of TA will put continued pressure on the council’s budget and impact on ability to place households in need in suitable accommodation.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>The Housing service has developed a comprehensive supply plan to mitigate additional demand in 2024/25 and reduce reliance on high-cost accommodation. This includes accelerated acquisitions, expanded use of void Regeneration stock, and alternative procurement approaches for PRS. It is also sourcing additional contractor capacity to help it get void properties into operation faster. Governance is in place including a Strategic Temporary Accommodation Board including the Strategic Director of Housing &amp; Commercial Partnerships and the Executive Director Finance &amp; Resources to oversee this work.</li> </ul>	

**4. Addressing the effects of climate emergency and meeting corporate targets for net zero carbon emissions.**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Council could fail to deliver on its 2030 and 2040 net zero targets or face a significant cost to offset.</li> <li>Inability to deliver Climate Emergency Action Plan actions and other carbon saving projects if funding not secured.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Pimlico District Heating Unit (PDHU) replacement programme established. Business case developing. PDHU/Housing working group reviewing data quality challenges. Agreed actions underway.</li> <li>Responsible procurement ensures suppliers meet green credentials.</li> <li>Work underway to ensure climate emergency is embedded in decision making.</li> <li>Council is working to improve data quality on our own carbon footprint. Work being done to get up to date meter readings across the housing estate and long-term plan is to move these meters to automated.</li> <li>Climate Emergency team reaching out to 2040 data owners for more regular updates.</li> <li>To mitigate funding Climate Emergency Action Plan issues we will continue to maintain a funding tracker outlining all the external funding &amp; grant opportunities - challenge is finding time and resource to bid for these opportunities.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>PDHU replacement – Complex and high- cost carbon project. Largest impact on Council's carbon footprint.</li> <li>Emissions trajectory modelling / mapping of future savings - Inability to properly track and monitor the impact of the actions the council is taking. This can then impact our ability to properly forecast our emissions and make the required strategic decisions on the action to take.</li> <li>Government drivers - A risk of Government extending relaxations in national carbon reduction objectives and targets which reduces drive and emphasis on climate change and green agenda.</li> <li>Risk council, residents and business collectively fail to meet 2030 and 2040 carbon reductions targets.</li> </ul>	

**5. Resident experience significantly impacted by poor performance of key services.**



<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Concern that the quality of the housing service is not meeting the standards of residents or the council. In particular this relates to the delivery of the repairs contract and overall user experience.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Service is reviewing mitigations and performance framework and further detail will be provided in the next report.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>Failure to deliver on home building programmes</li> <li>Regulator readiness</li> <li>Current structures, systems and processes do not fully support the needs of vulnerable residents. This is a strong area of improvement identified through the HO determinations and a key element of the new consumer standards</li> <li>The infrastructure (D&amp;I, systems and processes) needed to run an effective housing service is underdeveloped and needs significant change and improvement. This includes a risk about accuracy and integrity of the data.</li> <li>Significant demand increases in repairs and the contact centre</li> <li>Repairs performance, including operating model, contractor performance and systems and structures</li> <li>Housing Service capacity &amp; capability to drive scale of improvement whilst managing a demanding BAU, including the revenue investment required to support the improvement</li> <li>Increase in time to respond to complaints.</li> </ul>	

**6. Safeguard and protect children and vulnerable adults – Risk of failure in service continuity/safeguarding arrangements (including exploitation, crime prevention and support to victims of crime).**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Negative impact on Council's reputation.</li> <li>Intervention from Ofsted or CQC.</li> <li>The death of a child has a significant and lifechanging emotional impact on all those connected to the child.</li> <li>Potential reputational impact if the local authority and/or partner agencies were in any way at fault or seen to be at fault.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>We have well-established, effective local safeguarding board in place to coordinate the safeguarding multi-agency activities of the Bi-Borough. We also have strong Bi-Borough strategic and operational adult safeguarding services which implement the multi-agency adult safeguarding policies and procedures and safeguards vulnerable residents of our boroughs. Quality assurance services ensures quality service provision.</li> <li>CHS: Targeted performance against statutory tasks is reported monthly, annual statutory returns to government are of good quality and accurate. Wider performance including against council priorities is reported quarterly. Current performance is very good. Inspections in 2019, 2020 and 2021 of YOT, SEND and wider children's services have all reflected strong leadership and a positive focus on outcomes for children and families.</li> <li>In Children's, a well-developed quality assurance system underpinned by both a quality assurance and performance management framework is focused on outcomes and protection and is constantly reviewed.</li> <li>The quality of and timeliness of referrals are regularly reviewed and there is exception reporting in place where children are not seen within the required timescale.</li> <li>Important inter agency collaboration with the police, schools and the NHS is strong. Partnership structures including the Local Safeguarding Children Partnership (LSCP), Education Partnership Board, Youth Justice Partnership Board and SEND Executive Partnership are effective in overseeing and directing work.</li> </ul>	



**7. Fragility of the local Care Market (pressures include staffing, financial resilience and the impact of inflation on the national minimum wage/ London living wage)**

<p><b>Impact and consequences</b></p>	<ul style="list-style-type: none"> <li>• Rapid liquidation of care providers requiring immediate and emergency transfer of funding, capacity and support to other existing providers.</li> <li>• Provider collapse presents major disruption.</li> <li>• Pressured staff in social work, occupational therapy, commissioning and partners in the integrated care system.</li> <li>• Potential workforce shortages could lead to reduced market capacity and increase costs.</li> <li>• Providers increasing unwillingness to sign contracts without assurance of clauses relating to unpredictable</li> <li>• Consequences for the MTFP.</li> <li>• Children’s placements and ASC Care home weekly costs become unaffordable.</li> <li>• Placements for children may not be of sufficient quality, or may not meet the specific needs of the child, adversely affecting them.</li> </ul>	<p><b>RAG</b></p>
<p><b>Mitigation and Service commentary:</b></p>	<ul style="list-style-type: none"> <li>• <b>ASC:</b> Financial monitoring of new providers through checks on credit and liquidity, Business Continuity Plan Reviews. CQC provide alerts for providers via the Market Oversight Scheme. This is being carried out through the new enhanced contract monitoring approach.</li> <li>• Completed cost of care exercise and market sustainability report - will help guide allocation of new funding.</li> <li>• Completed analysis of distribution of Market Sustainability and Improvement Fund to support social care providers registered with CQC and ensure compliance with national spending requirements.</li> <li>• Active participation in the ADASS (including market insight work with LSE) as well as WLA Commissioning group for sub-regional monitoring.</li> <li>• Ongoing robust processes around Continuing Healthcare access.</li> <li>• Planned use and distribution of the MSIF Workforce Development Fund.</li> <li>• <b>CHS:</b> Market/sector analysis is included in procurement strategy reports that go to Commercial Assurance Panel or Commercial Gateway Review Board, prior to launch of procurement.</li> <li>• CreditSafe checks and financial tests are carried out on all bidders at selection and tender evaluation stage.</li> <li>• We have a skilled placements team who are involved early on in care planning, and who work hard to negotiate costs on placements.</li> <li>• We work with London Commissioning Alliance with other London boroughs to collectively address placement sufficiency and cost. There is collaboration, seed funded by government to look at sub-regional solutions to fragility in the care market for placements for children in the care of the council.</li> </ul>	
<p><b>Secondary Risks:</b></p>	<ul style="list-style-type: none"> <li>• Increased demand on social care services</li> </ul>	

**8. NHS crisis – primary or secondary care failure, lack of provision or capacity limits exceeded, resulting in increase in discharge of patients from secondary care to social care, and a lack of in-patient mental health provision to meet the needs of vulnerable children.**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Discharge of patients from hospital into care. Cancellation of non-urgent procedures. Longer access times to medical services.</li> <li>Longer waiting times for emergency services and GP access.</li> <li>ICB 30-40% corporate/ administrative savings requirement</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Local authority to participate in the review of the BCF Terms of Reference; making use of place based partnerships; Involvement of HWBB as part of the sign off process.</li> <li>ICBs nationally are required to make 30-40% corporate savings. A planned reorganisation is underway and we are awaiting comments and considerations.</li> <li>Better Care Fund Review: ICB are reviewing the BCF allocation across North West London. Any reduction in funding will impact our service delivery</li> <li>ICB 30-40% savings: Use of PBP and relationships to understand and review any potential impact and contingency plan together</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>Demand in social care</li> <li>Infectious disease outbreak.</li> </ul>	

**9. Severe weather/climate events exacerbated by inadequate preparedness/response**

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Damage to properties and Council buildings</li> <li>Injuries to the public</li> <li>Public transport disruption</li> <li>Damage &amp; disruption to the public highway</li> <li>Access denial due to dangerous overhanging structures</li> <li>Tree damage to public highway, council buildings and/or housing.</li> <li>Risks to staff &amp; vulnerable people.</li> <li>.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Current: <ul style="list-style-type: none"> <li>WCC Contingency Planning Response (including Staff Comms);</li> <li>London Strategic Flood Framework from GLA.</li> <li>WCC Contingency Planning Response (including Staff Comms)</li> <li>Westminster Multi-agency Flood Plan</li> </ul> </li> <li>Future: <ul style="list-style-type: none"> <li>Exercise Safer City planned May 2023;</li> <li>Exercising &amp; testing with WCC Property &amp; Estates, Bouygues, WCC Facilities Management, WCC Housing Management;</li> <li>Additional preventative work being delivered through Strategic Flood Risk Assessment (SFRA) and Local Flood Risk Management Strategy (LFRMS)</li> </ul> </li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>Failure to maintain building, properties, gullies drains etc.</li> </ul>	

## 10. Cost of Living pressures

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• Fall in disposable income and rising rents and mortgages is major risk to our service demands and the community - homelessness, debt, rent arrears, mental health problems and referrals to social services (already seen a rise in Children's social care referrals)</li> <li>• Increased pressure on families is likely to increase the amount of referrals into social care and the level of complexity.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• Current:</li> <li>• Last scheduled CoL payment by Government to those on low incomes Feb 2024.</li> <li>• The latest from the ONS on repossession of houses (in WCC) is at its highest level (22 – Q2 2022/23) in recent years. Previous highest 18 (Q4 2019/20). Bank of England now thinks the economy already entered a recession this summer and predicts it will continue next year and into the first half of 2024.</li> <li>• Bank of England and ONS estimating UK unemployment will increase to around 6.4% by the end of 2024. Possible increase in people with a housing needs, fewer people that can afford Westminster as a place to live (e.g. impact on school capacity – further increase in surplus capacity).</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>• Interest rates and increase in inflation.</li> </ul>	

## 11. Priority development schemes – e.g. NWP/OSP

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• Delays in community benefits.</li> <li>• Reduced inward investment to regenerated areas.</li> <li>• Reduced economic potential in target neighbourhoods.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• 6 weekly monitoring of key development schemes via Change Board</li> <li>• North Paddington Programme Board runs bi-monthly.</li> <li>• Oxford Street Programme Board in place.</li> <li>• Bayswater - feasibility studies and public engagement planned</li> <li>• Draft PID for communities hubs produced. Bayswater CC ground floor complete.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>• Inflation and Building supply costs impacting on budgets and development scope.</li> </ul>	

**12. Investment and improvements to housing stock so that residents are safe and live in properties in a good state of repair, sufficiently warm and dry, are accessible and have well-functioning facilities.**

<p><b>Impact and consequences</b></p>	<ul style="list-style-type: none"> <li>• Increase in housing complaints</li> <li>• Properties not in compliance with Decent Homes standards.</li> <li>• Risk of damp and mould</li> <li>• Disruption to residents required to relocate and difficult in sourcing alternative, cost-effective accommodation.</li> <li>• Increased use of Temporary Accommodation</li> <li>•</li> </ul>	<p><b>RAG</b></p>
<p><b>Mitigation and Service commentary:</b></p>	<ul style="list-style-type: none"> <li>• Major works payment plans were amended in January 2022 and again in January 2023. More recently, we have agreed a Voluntary Service Charge Loan, which allows residents to place a charge against their property and pay the major works invoice when the property is sold or assigned. Following this recent addition to the major works payment plan, Westminster City Council has some of the most generous payment plans for our leaseholders of any London local authority.</li> <li>• Capital and HRA budgets.</li> <li>• Programme to improve void properties before they are relet.</li> <li>• New home building programmes bringing high quality stock online.</li> <li>• CHIP work to improve customer services.</li> <li>• Tenants Charter and work on improving repairs service performance</li> <li>• Review of housing management performance framework to identify issues sooner.</li> </ul>	
<p><b>Secondary Risks:</b></p>	<ul style="list-style-type: none"> <li>• Temporary Accommodation demand and costs.</li> <li>• Failure to delivery on H&amp;S/statutory duties as a landlord.</li> <li>• Regulator readiness</li> <li>• Current structures, systems and processes do not fully support the needs of vulnerable residents. This is a strong area of improvement identified through the HO determinations and a key element of the new consumer standards</li> <li>• The infrastructure (D&amp;I, systems and processes) needed to run an effective housing service is underdeveloped and needs significant change and improvement. This includes a risk about accuracy and integrity of the data.</li> <li>• Significant demand increases in repairs and the contact centre</li> <li>• Repairs performance, including operating model, contractor performance and systems and structures</li> <li>• Housing Service capacity &amp; capability to drive scale of improvement whilst managing a demanding BAU, including the revenue investment required to support the improvement</li> <li>• Major Works – resident dissatisfaction &amp; increasing challenge whether the council has fulfilled its asset management responsibilities. This is likely to lead to legal challenge and is a significant reputational risk.</li> </ul>	

### 13. Failure to meet landlord health and safety requirements (maintenance and housing services) for social housing tenants/properties

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Housing Stock does not meet compliancy standards across building safety and health and safety standards.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Under the amended Building Safety Act 2022, a new National Register of Higher Risk Buildings (HRB) in England opened in April 2023. All of the council's 134 HRB were registered with the Building Safety Regulator by the deadline of October 2023.</li> <li>Ensuring compliance with the requirements of the Building Safety Act 2022, Fire Safety Act 2021 and the Social Housing Regulation Act 2023 is a key area of focus for Housing Services with a dedicated plan in place. A deep dive on the condition of existing stock is underway to scope all additional work that needs to be undertaken.</li> <li>The impact of the new legislation and compliance regime has far-reaching impact across the Council and requires a coordinated approach across relevant departments, Development, Housing Services and Building Control, to ensure the council is meeting its statutory duties. A working group is in place to coordinate and oversee the council's approach to the new legislation with Regeneration and Development and Housing Services representatives attending and supported by members of the senior leadership team across both departments.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>Building Safety Act compliance</li> <li>Major Works – resident dissatisfaction &amp; increasing challenge whether the council has fulfilled its asset management responsibilities. This is likely to lead to legal challenge and is a significant reputational risk.</li> </ul>	

### 14. Significant IT breach or cyber event

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Loss of sensitive personal data</li> <li>ICO fine and intervention</li> <li>Loss of trust in the Council</li> <li>Limited ability to respond to a cyber attack.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>As of December 2023, we now have an external Cyber Security Operations Centre monitoring our organisation. Focus is on our corporate environment, servers, and clients. However, this is being extended to cover GCP and environments that manage our source code over the coming months. The service provides Extended Detection and Response autonomous action can be taken on our behalf.</li> <li>Security tooling has been consolidated in line with the agreed plan, which both maximises our investments with Microsoft and simplifies operations and management.</li> <li>Critical processes like vulnerability management have been reengineered in line with good practice which has surfaced a legacy security debt which needs to be remediated.</li> <li>A phishing simulation was executed in December targeting the Digital and Innovation team, in part to test the new tools available to us before wider usage across the organisation.</li> <li>Security tooling: Whilst the tools are operational, tuning of the processes to analyse them will continue over the next few months. Due to timescales and 3rd parties, libraries are a snagging area to complete the transition to the new tooling stack.</li> <li>Vulnerability management: This tranche of work will be supported by both our internal resources (servers and infra) and BT (clients) as we remediate the legacy debt and embed as part of BAU to prevent a future repetition.</li> <li>Phishing: Organisation wide and targeted phishing exercises are being planned and linked to the plans to improve cyber security training.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>GDPR compliance</li> <li>Cyber security infrastructure</li> </ul>	

## 15. Health and Safety controls for organisation and public realm

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Injury or loss of life to staff or public resulting from inadequate or lack of action by the Council</li> <li>Negative publicity and impact on reputation</li> <li>Investigation by regulatory bodies.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>Risk assessment guidance and process with promotion by H&amp;S Team but this could be more visible.</li> <li>Business continuity ClearView tool and hub for staff. Resilience Hub and proactive comms around major incidents and extreme weather for residents and the public.</li> <li>Health and Safety training programme and hub for staff.</li> <li>Directorate Health and Safety groups</li> <li>Building maintenance programme and Building Safety Act working group.</li> <li>Contract Management of contracted providers.</li> <li>Main challenge will be inconsistent application of guidance and requirements across services.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>MHCLG Building Safety Programme</li> <li>Inadequate Health and Safety controls for organisation and public realm that can result in serious injuries and fatalities</li> <li>Major Works – resident dissatisfaction &amp; increasing challenge whether the council has fulfilled its asset management responsibilities. This is likely to lead to legal challenge and is a significant reputational risk.</li> </ul>	

## 16. Financial health of the Council

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>Inability to balance budget and draw on reserves</li> <li>TA cost pressures not mitigated or continue.</li> <li>Unplanned reductions to projects or services</li> <li>Cancelling schemes aimed to improving quality of life for residents</li> <li>Reductions in staffing levels reducing service and increasing burden on remaining staff.</li> <li>Changes to MTFP and longer-term plans</li> <li>Inflation remains high and this will impact on Council budgets</li> <li>Risk of reduced funding due to demography.</li> <li>Last year, Nott. became the 8th to issue a S.114 notice (bankruptcy) in six years.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<p><b>Current:</b></p> <ol style="list-style-type: none"> <li>Robust challenge of all proposed MTP Savings during the MTP process (e.g. through Corporate Budget Group)</li> <li>In-year monitoring of agreed MTP Savings</li> <li>COVID 19 savings non-delivery monitoring</li> <li>Establishing whether savings will be deliverable even if delayed by Covid-19 response, as part of the latest MTP/C4A refresh process</li> <li>Ensuring delivery of collaborative savings proposals via the MTFP steering group and reporting to the Innovation and Change Board.</li> </ol> <p><b>Future:</b></p> <ul style="list-style-type: none"> <li>Robust scrutiny in the annual budget setting process for proposed savings and effective in year monitoring.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>Interest rates;</li> <li>Business rate collection;</li> <li>Council tax collection;</li> <li>Uncertain over long-term governmental funding</li> </ul>	

## 17. Surplus school capacity

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• Further school closures or amalgamations reducing capacity in school places that is difficult to reintroduce.</li> <li>• Reduction in funding to our primary schools impacting on their ability to operate within budget and deliver a high quality provision</li> <li>• Parent dissatisfaction with the Council.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• Primary School Rolls - Surplus capacity in our primary schools and its associated financial impact on schools is a continuing challenge in Westminster. Based on current data and projections, strategies are either pending or in the pipeline to reduce the surplus capacity significantly by 2025-26.</li> <li>• Since 2018, 11.5 forms of entry (30 being a form) have been removed from primary provision at the reception point of entry. A Primary School Review Working group is the key mechanism in taking forward recommendations to address the surplus and feeds into Schools Forum and the Education Partnership Board.</li> <li>• Projections are carried out annually as part of the statutory DfE SCAP return (School Capacity Annual Projections). It is this process that enables the LA to provide forecasts, adjust and review strategies already in place to keep on track to reduce surplus capacity and budget deficits.</li> <li>• Westminster continues to working closely with schools, both Diocese's and Academy Trusts to consider options to address the increase in budget deficits, which is mainly due to fewer pupil numbers, and to consider partnerships and possible amalgamations to address the current and projected surplus primary capacity.</li> <li>• Lead up time needs to be considered and planned for the required statutory processes to either consult to reduce a school's Published Admissions Number (PAN), amalgamate or closure.</li> </ul>	
<b>Secondary Risks:</b>	<ul style="list-style-type: none"> <li>• School attendance falling across the Borough, London and England</li> <li>• Falling birth rate reducing pupil numbers</li> <li>• Affordability of Westminster housing forcing or causing families to relocate to cheaper locations.</li> </ul>	

## 18. Partner contribution to the delivery of services – impacting on outcomes for the local community and residents

<b>Impact and consequences</b>	<ul style="list-style-type: none"> <li>• The reduction in contributions from the NHS to fund children's continuing care and complex mental health placements is actively impacting on placement planning and funding.</li> <li>• Reduction in funding from NHS is impacting financially on the council.</li> <li>• Inner cluster ICB consultation to reduce staffing may further impact on how we meet health needs locally.</li> </ul>	<b>RAG</b>
<b>Mitigation and Service commentary:</b>	<ul style="list-style-type: none"> <li>• We have been using both formal and informal mediation mechanisms and a dispute meeting to agree a funding model to ensure that we can meet the health and care needs of our most vulnerable children.</li> <li>• We are working closely with other sub-regional local authorities to share learning and develop more standardised protocols and ways of working.</li> <li>• We are looking to established a standardised funding arrangement across all North West London Authorities and a regional 'Dispute resolution Protocol' for disputes in relation to Children's Continuing Care.</li> <li>• The council has submitted a formal response in relation to the proposed restructure of the ICB outlining our areas of concern. We will continue to engage throughout consultation period.</li> <li>• Proactively engage health partners with quality assurance processes when identifying and reviewing placements for children with complex health and social care needs.</li> </ul>	

## 5. Key Performance Indicator results by Directorate

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

<b>RAG Status</b>	Currently off-track to meet target at yearend	<b>Trend</b>	↑	KPIs have improved compared to last quarter
	On track to meet yearend target		↓	KPIs have moved in a negative direction compared to last quarter
	At risk for meeting target at yearend		→	KPIs have stayed the same compared to last quarter
	N/A – No target set (monitoring metric)		<b>N/A</b>	KPIs that do not lend themselves to comparison

Targets with an asterisk\* are cumulative, annual targets.

### ADULT SOCIAL CARE

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG
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Targets with an asterisk\* are cumulative, annual targets.

#### KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS

<b>1</b>	% of carers (caring for an adult) who have received an assessment or review of their needs	<b>45%</b> <b>(423/941)</b>	92%*	<b>57.0%</b> <b>(635/1114)</b>	↑	
<b>Service Commentary:</b> Officers are monitoring activity weekly to ensure resources are allocated appropriately and to re-prioritise them as needed. The service is confident targets will be met.						
<b>2</b>	% of adult social care service users receiving an annual assessment or review of their care needs	<b>42.3%</b> <b>(1182/2792)</b>	95%*	<b>64.7%</b> <b>(1810/2797)</b>	↑	
<b>Service Commentary:</b> Officers are monitoring activity weekly to ensure resources are allocated appropriately and to re-prioritise them as needed. The service is confident targets will be met.						
<b>3</b>	No. of new permanent admissions to residential and nursing care of people aged 65 years and over (by yearend)	<b>54</b>	122*	<b>88</b>	↑	
<b>4</b>	% of people in receipt of reablement packages that maximises independent living and reduces or eliminates need for an ongoing care package	<b>84.3%</b> <b>(418/496)</b>	80%	<b>83.8%</b> <b>(686/819)</b>	↓	
<b>KPIs WITHOUT A TARGET LEVEL</b>						
<b>5</b>	Number of hours volunteered by Community Champions	<b>1,754</b>	N/A	<b>2,357</b>	N/A	



## PUBLIC HEALTH

KPI Description	Quarter 1 2023/24	Target 2023/24	Quarter 2 2023/24	Trend	RAG
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Targets with an asterisk\* are cumulative, annual targets.

### KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS

1	% of opiate drug users that left drug treatment successfully who do not re-present to treatment within 6 months	6.1%	7.01-11.84%	6.0%	↓	
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**Service Commentary/Mitigation:** From January 2024 the commissioned provider service is developing its 'treatment consolidation' offer with each service user's treatment being 'kept open' for 3 months from day 1 of actually completing treatment; they will be given additional support for the first 3 months of their 'recovery'. Relapse is most likely to occur in the first year after treatment, so this continued support should result in more people successfully completing treatment and not re-presenting. Each service user is actively encouraged to participate in the 'Get Connected' peer-led aftercare programme to support and maintain their recovery and prevent relapse and subsequent re-presentations. 'Get Connected' offers a range of activities such as education and employment preparedness and opportunities for physical activity. Rehabilitation is one of the most effective ways preventing re-presentation. The commissioned provider is working closely with the Local Authorities' Substance Misuse team of social workers to identify more residents who are ready for rehabilitation and source suitable provision for them.

### KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS

2	Total no. of smokers (per annum) successfully completing 4 week quits after approaching NHS stop smoking services help you quit	397	1000*	710	↑	
3	% of NHS health checks offered	18%	20%*	32.9%	↑	

## CHILDREN'S SERVICES

KPI Description		Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG
<i>Targets with an asterisk* are cumulative, annual targets.</i>						
<b>KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS</b>						
1	% of Education and Health Care Plans completed within 20 weeks (excluding exceptions)	<b>100% (43)</b>	100%	<b>97%</b>	↓	Yellow
<b>Service commentary:</b> The slight decrease in Q3 is due to 1 case						
2	% of referrals to children's social care that are within 12 months of an earlier referral (re-referrals)	<b>12.6% 43</b>	15%	<b>18.1%</b>	↓	Yellow
<b>Service commentary:</b> Although there has been a rise since last quarter, the rate is still lower than our annual rates in 2019-20, 20-21 and 21-22. This is a year-to-date measure and there will be some quarterly variation as cohort sizes change.						
3	% of children achieving Good Level of Development at the end of the early years foundation stage	<b>66%</b>	68%	<b>66%</b>	→	Yellow
<b>Service commentary:</b> Targeted work, including at Ward level is underway to improve GLD scores for future years.						
4	% uptake of free early education funded placements for 3 and 4 year olds	<b>79% 2557</b>	88%	<b>77% (2499)</b>	↓	Yellow
<b>Service commentary:</b> Promotion of 3 and 4 year old funded places continues, supported by schools, nurseries and FIS						
5	% of primary school vacancies (surplus school places) across Westminster	<b>24%</b>	15%	<b>27%</b>	↓	Yellow
<b>Service commentary:</b> We are continuing to work with local schools to reduce the number of spare primary places in Westminster either by reducing published admission numbers (PANs) or through amalgamation.						
6	% of care leavers (aged 17-24) in education, employment or training (EET)	<b>71.1% (249)</b>	75%	<b>70.0% (250)</b>	↓	Yellow
<b>Service commentary:</b> Below target, however this is an aspirational target as WCC already perform higher than regional and national for this measure						
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
7	% uptake of targeted free early education funded placements for 2-year-olds	<b>62% (275)</b>	66%	<b>68% (302)</b>	↑	Green
<b>Service commentary:</b> The outreach work to encourage uptake of the 2 year old funded offer continues to take place as per the Outreach Strategy.						
8	% of schools rated by Ofsted as good or outstanding.	<b>94.7%</b>	95%	<b>94.6%</b>	↓	Green
9	Attainment 8 scores at GCSE – average score obtained by a student for their best 8 GCSE results	<b>54.1</b>	58	<b>54.1</b>	→	Green
<b>Service commentary:</b> WCC (54.1) continues to be significantly above national (46.3) and 2023 has seen a trend where results nationally have returned to pre-COVID levels, with WCC still above the 2019 result of 53.4 for Attainment 8 (2019 was the last comparable year with 2023). This doesn't require a change in RAG status as the context is GCSE marking and work was temporarily changed during the COVID period and resulted in "generous" grades for 2020, 2021 and 2022. The results in 2023 are a return to conditions similar to 2019, this is reflected Nationally (as you would expect). National has returned to just below 2019 results, WCC in contrast is above 2019 results and significantly higher than National (54.1 to 46.3)						
10	% of young people that were known to the Youth Offending Team that re-offend within 12 months (From our Live Tracker data)	<b>30.8%</b>	15%	<b>0%</b>	↑	Green
<b>Service commentary:</b> This data is from our Live Tracker, and is not the official published national statistic. We are using our Live Tracker data as the official published statistics are 21 months in arrears and do not reflect the current situation.						
11	% of Looked After Children in care for more than 2.5 years and of those, have been in the same placement for at least 2 years	<b>81.5% 22</b>	75%	<b>84.0% (21)</b>	↑	Green
12	% of care leavers (aged 17-24) placed in accommodation suitable for their needs (for children not homeless or in prison)	<b>96% (336)</b>	95%	<b>97.2% (347)</b>	↑	Green
13	% satisfaction rate of library visits (virtual and physical visits)	<b>99%</b>	75%	<b>94%</b>	↓	Green
14	% of children re-registered on a protection plan within 2 years	<b>0%</b>	2.5%	<b>0%</b>	→	Green

# Democracy, Law and People

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG	
<b>KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS</b>						
1	FOIs responded to in line with statutory deadlines	83%	90%	83%	→	
<b>KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS</b>						
3	Engagement: To maintain and grow the high Employee Engagement across WCC	N/A	78%	77%	N/A	
<b>Service Commentary:</b> Engagement levels haven't quite increased as we would have liked. They do however remain high and are consistent with last year's engagement score. We also compare favourably against the average engagement score for other Local Authorities which is 71%.						
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
4	% of workforce that are Temporary Agency Contractors	6%	8%	6%	→	
5	Westminster Way index (%) overall index score showing employees' feedback against a range of measures related to the implementation of our internal People Strategy	N/A	69%	69%	N/A	
6	SARs responded to in line with statutory deadlines	87%	90%	93%	↑	
7	Committee agendas published at least 5 working days in advance of the meeting	100%	100%	100% (46/46)	→	
<b>KPIs WITH NO TARGET OR DATA AVAILABLE AT Q3</b>						
8	Gender median pay gap in the Council workforce (difference in mean hourly rate as % of men's pay)	Annual target reported in Q4	5%	Annual target reported in Q4	N/A	
9	Ethnicity median pay gap in the Council workforce (difference in mean hourly rate as a % of white employees' pay)	Annual target reported in Q4	6%	Annual target reported in Q4	N/A	

## ENVIRONMENT, CLIMATE AND PUBLIC PROTECTION

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	R AG	
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
<b>1</b>	% of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision	<b>86%</b> (39/45)	80%	<b>92%</b>	↑	
<b>2</b>	% of licensed premises that are safe and well managed following a single inspection	<b>89%</b>	90%	<b>95%</b> (197/208 premises shown as compliant following inspection)	↑	
<b>Service Commentary:</b> Reviewing licensing inspection regime and allocation of inspections with view to commencing in Q4 2023/24.						
<b>3</b>	No. of Category 1 hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	<b>205</b>	375*	<b>313</b>	↑	
<b>4</b>	Household waste recycled (%)	<b>25%</b>	25%	<b>25%</b>	→	
<b>5</b>	% of missed bin collections per 100,000	<b>4%</b>	3%	<b>3%</b>	↑	
<b>6</b>	% of streets in Westminster that pass the street score survey for litter	<b>97%</b>	95%	<b>97%</b>	→	
<b>7</b>	% of urgent lighting defects returned to service within agreed service levels	<b>99.5%</b>	98%	<b>99%</b>	↓	
<b>8</b>	% of carriageway and footway defects repaired or made safe within target timescales	<b>99.6%</b>	98%	<b>100%</b>	↑	
<b>9</b>	No. of vulnerable residents supported to continue living in their homes	<b>451</b>	500*	<b>622</b>	↑	
<b>10</b>	% of all high-risk food premises inspected (rated category A-B)	<b>91%</b> (67/76)	100%	<b>91%</b> (198/217)	→	
<b>Service Commentary/Mitigation:</b> Post Q4 this should be 100% in line with target as Food Code of Practice states that you have 28 days from the due date to complete inspection- e.g. anything due late December will be completed by end of Jan 2024						
<b>11</b>	Ratio of public EV charging places to Resident ECO Permits held	<b>1:2:9</b> (2427)	1:8.0	<b>1:3</b> (2,443 charge points to 7,340 ECO permits)	↑	
<b>12</b>	Number of Houses in Multiple Occupation (HMOs) improved	<b>192</b>	200*	<b>272</b>	↑	
<b>13</b>	% of women accessing specialist domestic abuse services who report a reduction in abuse	<b>98%</b> (48/49)	80%	<b>96%</b>	↓	
<b>14</b>	% increase in number of volunteers involved in our Night Stars Programme	<b>13%</b> (68)	25%	<b>15%</b> (71)	↑	
<b>Service Commentary/Mitigation:</b> Quarter 3 focused on volunteer recruitment with online recruitment campaigns and a number of promotional fairs and events attended to target students and graduates. This resulted in 190 people registering interest in volunteering, a huge increase of 138 from quarter 2. In quarter 4 it is hoped that a sufficient proportion of the 138 will undergo training to become volunteers, and therefore the volunteer numbers will increase in line with the target. There will be a focus on following up with the interested individuals in Q4, as well as a drive to encourage Westminster employees to sign up to volunteer as there are only 4 WCC employees signed up as regular volunteers currently.						
<b>KPIs WITH NO TARGET OR DATA AVAILABLE AT Q3</b>						
<b>15</b>	Cycle Parking - Number of cycle parking infrastructure installed (Stands/Hangars)	<b>Annual target reported end Q4</b>	250 stands, 60 Hangars	<b>Annual target reported end Q4</b>	N/A	
<b>Service Commentary/Mitigation:</b> Installation of 33 new cycle hangars across all borough wards, providing 198 new secure cycle storage spaces. Installation of borough's first residential cargo bike hangar on trial basis in Regent's Park ward with capacity for 2 non-standard cycles. Further roll-out will depend on the outcome of the trial. Current waiting list: 2304. Total secure cycle storage in Westminster: 1208 spaces. Design underway for 15 new cycle hangar locations on borough highway (based on area with greatest outstanding demand) and location scoping of 10 new storage locations on WCC Housing estates (based on WCC Housing team requests). Further rollout will depend on the outcome of the trial.						

## FINANCE AND RESOURCES

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	R AG	
<i>Targets with an asterisk* are cumulative, annual targets.</i>						
<b>KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS</b>						
1	% of calls answered by Customer Contact Centre (Normal hours)	93.6%	90%	77.69%	↓	
<b>Service Commentary:</b> Q3 performance is attributed to the departure of experienced staff who either moved onto other roles in the Council or have gone on maternity leave. Recruitment and onboarding of 6 new Customer Service Advisors (CSA) to back fill the positions has been completed and it is anticipated that performance levels will improve in January. The death of a colleague had a profound impact on the team, affecting overall productivity, with some taking special leave. Additionally, increased sickness among the team further strained our resources. Grief counselling was offered to help the team cope with the loss and rebuild morale. An interim support structure has been implemented in Q4 with 2 managers from the service actively supporting the team, whilst upskilling the 6 new CSA's across all service areas.						
<b>KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS</b>						
2	% of Stage 2 complaint responses despatched within 20 working days	49%	75%	40%	↓	
<b>Service Commentary/Mitigating Action:</b> There has been a spike in the volume of housing management complaints received which has had an impact on resources and responding to complaints in time. There have also been delays responding to Housing Needs complaints due to a commitment to resolving the complaint, in particular where there have been delays in reaching decisions on housing applications. Resources have been increased in the housing complaints team and there has been a change in the leadership with the team now reporting into the Head of Resident Experience. In recognition of the ongoing challenges and the need to deliver significant improvements with pace, we have increased capacity in the Housing Complaints Team and made a change of leadership with the Housing Complaints Team now reporting to the Head of Resident Experience.						
3	% of calls answered by Customer Contact Centre (Out of hours)	87.30%	90%	87%	↓	
<b>Service Commentary:</b> During the last quarter, the out of hours contact centre performance has been impacted due to a number of leavers across both the Customer Service Advisor and Management population. Recruitment has been completed with 12 new starters onboarded, due to the required investment in training the corporate contact centre team supported by taking emergency calls for services they were trained in. This helped to see the % of calls answered maintained during October and November. However, in December there was an increase in calls due to adverse weather and a higher volume of emergency housing repairs calls related to block issues. There has also been a continued increase in the number of calls relating to homeless and temporary accommodation. This has meant the overall impact for the quarter saw a dip in performance.						
4	% of premises with access to full fibre broadband in Westminster	81%	85%	81.1%	↑	
<b>Service Commentary:</b> Rollout of full fibre in Westminster has slowed over the last period following communications from some Broadband providers that they are suspending future build programmes at this time to focus on building their customer base. Whilst this may impact how quickly we reach our annual target of 85% we continue to work with providers who still have plans to rollout networks across Westminster. For context Westminster still has a high level of full fibre availability; London (66%) England (62%). Lobbying is taking place with the Connected London Team and the DSIT to raise awareness of urban not-spots.						
5	% increase in total income generated from the council's investment portfolio per annum	19%	2%	-5%	↓	
<b>Service Commentary:</b> The previous year included monies owed due to the Arbitration period from Covid and other Covid payment plans. Most of that money has now been collected and therefore there has been a correction in the income collected.						
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
6	% of unpaid sundry debt (raised by invoice on IBC) over 30+ days	7%	16%	9%	↓	
7	% of Council Tax Collected	58.52%	93%*	80.27%	↑	
8	% of Business Rates Collected (National Non-Domestic Rates)	57.46%	95%*	82.06%	↑	
9	Time taken to process benefit claims and benefit changes of circumstance (days)	11	9	12	↓	
10	% of invoice payments made to creditors within 30 days	97.2%	95%	97.2%	→	
11	Housing Revenue Account (HRA) Rent arrears	96.81%	98.5%	97.14%	↓	
<b>Service Commentary:</b> Rent arrears have been impacted first by Covid and then by high inflation and the cost of living crisis. Where rent accounts are not up to date, we go through an escalation process whereby we aim to support our residents to sustain their tenancies. This process will involve a number of activities, such as referrals to external agencies to offer support and advice and so assess any benefits eligibility criteria. We will undertake a combination of site visits, emails, texts, letters, and phone calls to come to an arrangement to pay the current rent, with an arrangement to clear the arrears over a period of X months. During the COVID and now the cost of living crisis period, this may involve agreeing a payment term which is more than 12 months. The aim						

of the team is sustaining the tenancy, not to evict residents and we will do all we can to help sustain the tenancies. However, with a view to escalating the arrears process, this does take some time and the process does take a few months from start to finish.

**KPIs WITH NO TARGET OR DATA AVAILABLE AT Q3**

12	Carbon savings achieved from portfolio of companies receiving pension fund investments compared to the 2018/19 baseline	Reported annually	75%	Reported annually	N/A	
13	% of digitally excluded residents because of lack of skills, connectivity or accessibility	Reported annually	N/A	Reported annually	N/A	

**HOUSING AND COMMERCIAL PARTNERSHIPS - HCP**

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG
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Targets with an asterisk\* are cumulative, annual targets.

**KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS**

1	% of calls answered by the Housing Customer Services Centre within 30 seconds	61%	70%	59%	↓	
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**Service Commentary/Mitigation:** In Q3 the Housing contact centre experienced an increase in call volumes due to the winter period, while % calls answered were within target, calls answered in 30 seconds was below target. The recruitment to handle the increased demand was delayed which meant that new team members were in training for longer than anticipated. The team also experienced an increase in sickness absence and special leave after the sad passing of a colleague. Performance is now returning to within target.

**KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS**

2	% of residents satisfied with anti-social behaviour case handling (on housing estates) by the council	62%	65%	60%	↓	
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**Service Commentary:** Our performance on ASB is consistent and we have a plan to further improve services this year with a new domestic abuse policy and review of our existing ASB policy and service standards.

3	% of tenants satisfied with the housing repairs service	79%	77%	77%	↓	
4	Voids brought back to use with improved energy efficiency	52	80*	114	↑	

**Service Commentary:** Work is underway to develop a new performance framework for HCP which will better capture and reflect the key service deliverables and risks, and these will be in place to be reported against from Q1 25/26. The improvement programme is continuing and there is a current focus on compliancy and readiness for the building safety act and regulatory changes, improving complaints and repairs which are not performing well and have added pressures through.

**KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS**

5	% of High Value Suppliers rated at Good or Satisfactory by contract managers	95%	90%	94%	↓	
6	% of contract awards (over £100k) to Small Enterprises or Voluntary and community social enterprises	66%	25%	75%	↑	
7	% of contracts (over £100k) with Responsible Procurement commitments (e.g. to reduction to carbon footprint, waste etc.)	93%	90%	100%	↑	
8	No. of cases of homelessness prevented (Defined as outcomes from a combination of Housing Solutions and Shelter work)	342	545*	478	↑	

## INNOVATION AND CHANGE

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG	
<i>Targets with an asterisk* are cumulative, annual targets.</i>						
<b>KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS</b>						
1	No. physical activity providers that have been awarded the Active Westminster mark	51	70	67	↑	
<b>Service Commentary:</b> Some clubs have not reaccredited hence fall however, there are currently 19 additional clubs working through their accreditation						
2	No. of parks and open spaces awarded with green flag status	28	28	27	↓	
<b>Service Commentary/Mitigating Action:</b> Marble Arch lost accreditation in the last round of visits due to not quite meeting the standard - issues with improving access and will be difficult to retain given current site and road layout. However we do also hold 5 Green Flag Heritage Awards not currently measured - Would suggest this can be added to the KPI. In the next round of submissions. The Strand/Aldwych is to be put forward for Green Flag status. Mitigating action - Getting 19 + through their accreditation. The accreditation is valid for 3 years (AWM+) or 2 years (AWM which is for individuals) and therefore there is the challenge that organisations don't re-apply as circumstances have changed. All get notice of expiry and support to go through the process. Additionally, all Community leisure centres have been provided with offers of upskilling for front-line staff to help encourage more clubs and especially local community groups to apply and take advantage of the scheme's benefits.						
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
3	No. of visits to outdoor learning services	14,019	23,000*	20641	↑	
4	Total participation in play, physical activity, leisure and/or sport facilities and community activities	2.27m	4.6m*	3.39m	↓	
<b>KPIs WITH NO TARGET OR DATA AVAILABLE AT Q3</b>						
5	No. of Westminster Connects volunteers (and total hours) to help their communities	309 (11,148)	1,200 (18,000 hours)*	No data	N/A	
<b>Service Commentary:</b> temporary delay on reporting Q3 due to staff change, expected to be on track for performance for the year re hours but fewer active volunteers						
6	% of residents who feel informed about Council services and benefits	76%	69%	Reported Annually	N/A	
7	% of residents who feel informed about plans for their local area	71%	69%	Reported Annually	N/A	
8	% of residents who believe the Council involves them in the decisions it makes about their local area	70%	N/A	Reported Annually	N/A	

## REGENERATION, ECONOMY AND PLANNING

KPI Description	Quarter 2 2023/24	Target 2023/24	Quarter 3 2023/24	Trend	RAG	
<i>Targets with an asterisk* are cumulative, annual targets.</i>						
<b>KPIs THAT ARE OFF TRACK TO MEET TARGET LEVELS</b>						
1	No. of Westminster residents supported into jobs through the Westminster Employment Service (WES)	69	500*	118	↑	
<b>Service Commentary:</b> Job outcomes are unfortunately behind target. During Qtr.3 the service has increased activity in an attempt to address under-performance in the first two quarters of 23/24 focusing efforts to drive jobs and interims via job application sessions with clients, fortnightly job matching sessions and weekly opportunities shared across the service. These actions have seen improved performance in Qtr.3 where 118 job outcomes were achieved a 50% increase on both Q1 and Q2, and will continue into Q4. It is however unlikely that the shortfall will be recovered by the end of the financial year. A number of recruitment campaigns are planned in Q4 including United Living Training, RMG and Veolia, Westminster Wheels and Ardmore Construction, M&Ms and Bayley and Sage and via the Business Units, businesses supported by the Start up to Sace up programme.						
<b>KPIs THAT ARE AT RISK OF FAILING TO MEET TARGET LEVELS</b>						
2	No. of social housing units delivered by the end of the year (WCC only)	162 (Projected YE)	215*	162	→	
<b>Service Commentary:</b> Adpar and Balmoral schemes now completing 24/25						
3	No. of affordable Housing units delivered by the end of the year (WCC only)	197 (Projected YE)	250*	197	→	
<b>Service Commentary:</b> Adpar and Balmoral schemes now completing 24/25						
4	Average % reduction in operational carbon emissions target from major development beyond baseline building regulations requirements	54.4%	60%	51%	↓	
<b>Service Commentary/Mitigation:</b> Figure for Q3 is YTD figure. See wider concern with this KPI and opportunity to make this more reflective of the value added by officers in the comments column. Additional sustainability expertise came online in mid 2022 and their input on schemes emerging at pre-app stage at that time is expected to impact schemes submitted/determined later in 2023/2024. Difficult to deliver uplift due to limited number of major applications. Note also that one app approved in Q3 had very low on-site reduction (6%) due to acknowledged significant site specific constraints. Note that this KPI does not take account complexity of achieving higher on-site reductions on many sites without greater future grid decarbonisation or the allowance within the City Plan for residual carbon spend to be off-set. KPI would therefore benefit from review (in terms of scope and target) prior to being set for 24/25.						
<b>KPIs THAT ARE ON TRACK TO MEET TARGET LEVELS</b>						
5	% of Westminster residents supported into jobs through WES who are sustained in employment for a minimum of 6 months	55%	45%	41%	↓	
6	Westminster residents supported into work focused training and skills opportunities	192	670*	173	↓	
7	Of the residents securing employment through WES, the number of residents securing employment at or above London Living Wage.	32 (74 cumulative)	190 (cumulative target)	70 (144 cumulative)	↑	
8	Businesses actively engaged and/ or contributing financially or in kind (or amount of contributions (£) from business to support our communities, residents and young people.	165	135	232	↑	
9	No. of businesses receiving meaningful business support	562	2,000*	1018	↑	
10	% planning appeals determined in favour of the council (Excluding telephone boxes)	67%	65%	73%	↑	
<b>Service Commentary:</b> YTD (end of Q3) - 92 appeals received, 25 allowed (27%) and 67 (73%) dismissed or part dismissed in WCC favour.						



11	% of 'major' planning applications determined within 13 weeks i.e. larger scale development	75% (Q1&Q2 YTD 87.5%)	70%	85% (End of Q3 YTD 93.3%)	↑	
12	% of 'non-major' planning applications determined within 8 weeks (development of land which is non-major development)	71.9% (Q1&Q2 YTD 73.2%)	75%	82% (End of Q3 YTD 76%)	↑	
13	Total affordable housing starts for the year (WCC only)	152	150	152	→	
14	Total social housing starts for the year (WCC only)	121	120	121	→	
15	No. of intermediate housing units delivered by the end of year (WCC only)	35	35	35	→	
16	Total intermediate housing starts for the year (WCC only)	31	30	31	→	

## 6. Financial Implications

N/A

## 7. Legal Implications

N/A

## 8. Carbon Impact

N/A

## 9. Equalities Impact

N/A

## 10. Consultation

N/A

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

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## City of Westminster

<b>Decision Maker:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>27 February 2024</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>2023/24 Quarter 3 Financial Monitoring</b>
<b>Wards Affected:</b>	<b>ALL</b>
<b>Key Decision:</b>	<b>No</b>
<b>Financial Summary:</b>	<b>The report summarises the Council's 2023/24 Quarter 3 financial position</b>
<b>Report of:</b>	<b>Gerald Almeroth, Executive Director – Finance and Resources</b>

### **1. Executive Summary**

1.1 This monitoring report presents the Council's summarised 2023/24 Quarter 3 financial position and that any known and significant factors up until the report submission have been considered in the forecasts together for the remainder of the year. The forecast has been based on activity trends and analysis to date.

1.2 It is worth noting there is now an additional directorate:

- Democracy, Law and People

### **Revenue Summary**

1.3 The forecast General Fund revenue outturn is a projected overspend of £2.669m (1.37%) against the net budget of £193.611m. This has moved from a forecast underspend of £2.420m at Quarter 2.

1.4 The Housing Revenue Account (HRA) is projecting an operating deficit of £1.969m at Quarter 3 (£1.895m at Quarter 2). This is being offset by earmarked reserves that were created in 2022/23 specifically to manage some of the emerging cost pressures.

## **Capital Summary**

- 1.5 The Quarter 3 Capital Programme forecast position is a £35.201m gross expenditure variance and a £6.047m financing variance (made up of external funding and S106 and CIL). This position reflects the budget reprofiling that was undertaken at Quarter 2 as part of the capital programme review process, which was then approved by Cabinet on 29 January 2024
- 1.6 Further details are included in section 16 of this report.

## **Savings**

- 1.7 Savings achieved year to date are now reported as £5.486m; with 88.4% of savings either on target to be achieved in year or achieved by the year end totalling £19.359m.

## **2. Recommendations to Audit and Performance Committee**

- 2.1 That Audit and Performance Committee notes the current monitoring and forecast position at Quarter 3 for 2023/24.

### 3. Revenue Budget Overview

3.1 In March 2023 Full Council approved the 2023/24 budget which included £25.907m of savings and £34.188m of investment and pressures to the General Fund. As at Quarter 3 of the 2023/24 financial year the General Fund revenue position is reporting a forecast overspend of £2.669m against a budget of £193.611m.

3.2 Primarily this is due to the following reasons:

- Temporary Accommodation (TA) significant adverse variance due to continued high demand combined with a significant reduction of available supply.
- Regeneration, Economy and Planning have an adverse variance within Town Planning due to major planning applications continuing to drop, with the income projection for 2023/24 now expected to be lower than the 2022/23 outturn.
- Finance and Resources favourable variance due to interest earnings – the projected return on cash balances is driven by higher average interest rates and higher average balances than anticipated when budget setting.
- Children's adverse variance within Family Services due to costs in relation to families with no recourse to public funds (NRPF) continue to increase. This is due to the increasing cost of accommodation for those families and staffing pressures. Social Care placements that have a health element have been joint funded by the NHS Integrated Care Board (ICB). The ICB have not agreed any new cases for this financial year, resulting in a forecast shortfall.
- Children's adverse variance on short breaks – part of the overspend relates to the service needing to run across two sites until works at the Tresham site are complete. The Tresham refurbishment is due to be completed in Summer 2024.
- Increased pressures across a range of service contracts due to inflation remaining higher than anticipated in the budget.

3.3 The Housing Revenue Account (HRA) is projecting an operating deficit of £1.969m at Quarter 3. This is being offset by earmarked reserves that were created in 2022/23 specifically to manage some of the emerging cost pressures. A £3.809m pressure is projected on the revenue budget for housing repairs. This is driven by a combination of higher in-year job volumes and unit costs increasing at a faster rate than the CPI allowance that was made in the business plan (particularly quoted works). The increase from Quarter 2 is £0.791m which predominantly relates to damp & mould remedial activity. The HRA Business Plan anticipated a need for staff growth in 2023/24 to meet the requirements of the Building Safety Act, and further recurring budget growth has been factored in from 2024/25 onwards to support on-going inspection requirements. There was an expectation that much of the initial activity required

to achieve compliance with the legislation would be managed as one-off investment (and an earmarked reserve was created for this purpose).

- 3.4 There is an adverse variance of £0.722m showing on the Neighbourhoods budget. The key area of budget pressure in this area relates to accommodation costs arising from tenants being temporarily re-housed while issues with their property are resolved. This has worsened in Quarter 3 but has been offset by favourable movements on HRA income (including an improved projection for tenant rents now that all planned new build units for 2023/24 have been handed over).
- 3.5 Table 1 summarises the Quarter 3 General Fund position.

**Table 1 - Revenue Finance Position and Forecast – Quarter 3 Financial Year 2023/24 (£m)**

Executive Directorate	Q3 2023/24 Budget £m	Q3 2023/24 Forecast £m	Q3 2023/24 Variance £m	Q2 2023/24 Variance £m	Q3 Risks Identified £m	Q3 Opportunities Identified £m	Q3 Projected Variance inc Opps and Risks £m
Adult Social Care	59.137	59.017	(0.120)	-	-	-	(0.120)
Public Health	(1.141)	(1.141)	-	-	-	-	-
Regeneration, Economy and Planning	5.561	7.784	2.223	2.200	-	-	2.223
Housing and Commercial Partnerships	29.487	55.587	26.100	17.531	-	-	26.100
Finance and Resources	19.193	(9.231)	(28.424)	(23.337)	-	(0.600)	(29.024)
Democracy, Law and People	6.025	5.906	(0.119)	(0.105)	-	-	(0.119)
Corporate Items	8.778	10.778	2.388	(0.600)	-	-	2.388
Environment, Climate and Public Protection	5.874	4.874	(1.000)	(0.160)	1.000	(0.500)	(0.500)
Children's Services	43.161	45.641	2.480	2.420	1.030	(0.040)	3.470
Innovation and Change	15.621	14.805	(0.816)	(0.369)	-	(0.215)	(1.031)
Other Corporate Directorates	1.915	1.872	(0.043)	-	-	-	(0.043)
<b>NET CONTROLLABLE BUDGET</b>	<b>193.611</b>	<b>195.892</b>	<b>2.669</b>	<b>(2.420)</b>	<b>2.030</b>	<b>(1.355)</b>	<b>3.344</b>

### Inflation

- Across 2023/24 to date, whilst inflation has reduced, it has remained higher than anticipated when the current year budget was originally set.

This has had a significant impact on the current cost of a range of service contracts across the Council through negotiated supplier inflation requests. This position has been closely monitored throughout the year. At Quarter 3 pay and contract inflation pressures were reported at £25.780m (£20.274m at Quarter 2).

- **Pay:** The Council budgeted for 5% for 2023/24. The 2023/24 pay award has been agreed and for Inner London this will be a flat rate payment of £2,352 or 3.88% whichever is greater. The impact of this increase is broadly in line with the budgeted amount.
- **Non-Pay:** Services are continuing to work closely with suppliers to minimise the impact of inflation. Despite the inflationary rate reducing over the last few months to stand at 4%, this remains higher than originally anticipated. The inflation budget for 2023/24 for pay and contract inflation has been held within corporate items pending the outcome of the pay award and individual service contract negotiation. It is now forecast that contract inflationary pressures across the Council will be £3m higher than originally budgeted.

### **Medium Term Financial Plan Monitoring – Savings**

- 3.6 In March 2023 Full Council approved the 2023/24 budget which included £25.907m of savings.
- 3.7 Details of progress against approved savings are outlined in the commentary for each directorate in the table below. Where savings are not on track, the directorates continue to consider mitigations to bring the budget back on target for this year. Of the savings, 88.4% are either achieved or on target (91.2% at Quarter 2). There has been a 2.8% decrease, this is due to savings becoming part or completely reprofiled and part or completely unachievable.
- 3.8 Further information relating to reprofiled and unachievable savings, as well as the mitigating actions being taken can be found in Appendix 1.



**Table 2 - Approved Savings Progress (£m)**

ELT	Saving Achieved	Part Achieved/On Track	Part or Completely Reprofiled	Part or Completely Unachievable	Total
Adult Social Care	950	1,005	-	-	1,955
Children's Services	190	843	25	700	1,758
Environment, Climate and Public Protection	1,233	8,990	-	1,430	11,653
Finance and Resources	1,958	1,920	-	250	4,128
Regeneration, Economy and Planning	150	700	-	-	850
Housing and Commercial Partnerships	75	415	-	-	490
Innovation and Change	730	-	-	145	875
Other Corporate Directorates	200	-	-	-	200
<b>Total</b>	<b>5,486</b>	<b>13,873</b>	<b>25</b>	<b>2,525</b>	<b>21,909</b>

- Excludes collaborative / cross-council savings which are on target to be achieved.

### General Fund Revenue Summary

#### 4. Adult Social Care (ASC) Underspend £0.120m

- 4.1 Adult Social Care is forecasting a £0.120m underspend against the net budget. This is a favourable movement compared to the breakeven position reported in Quarter 2. This primary driver is ASC's bad debt provision being £100k lower than previous estimate.
- 4.2 As reported previously, a balanced position is only possible due to Market Sustainability and Improvement Fund and Discharge funding, in total £5.5m. In future years, there could be an adverse financial position if the additional funding does not continue. In the provisional local government settlement that was announced in December 2023 it was confirmed that funding will continue with a slight increase for the coming financial year.

- 4.3 ASC continues to experience an increased cost pressure from greater complexity in care needs across homecare, placements, and hospital discharge. Demand continues to increase within homecare with an upturn in the number of clients anticipated and hours of care prescribed.

## **Public Health**

**£nil variance forecast**

- 4.4 Public Health is continuing to forecast a break-even position against the ring-fenced grant. All expenditure commitments are captured within the forecast outturn position. This includes one-off strategic investments to help address health inequalities in the local population. Furthermore, to realise the Council's Fairer Westminster ambitions there are a number of cross-council initiatives to improve health outcomes.
- 4.5 Government has recently announced the Public Health grant for 2024/25. The allocation to Westminster of £35.125m which is an increase of £700k or 2% on 2023/24.

## **5. Regeneration, Economy and Planning (REP)                      Overspend £2.223m**

- 5.1 The directorate is reporting an overspend of £2.223m at Quarter 3, which is consistent with the position reported at Quarter 2. The key driver of the pressure remains the drop in income levels within the Planning service. This was recognised within the Council's MTFP and the budget will be re-baselined in 2024/25.

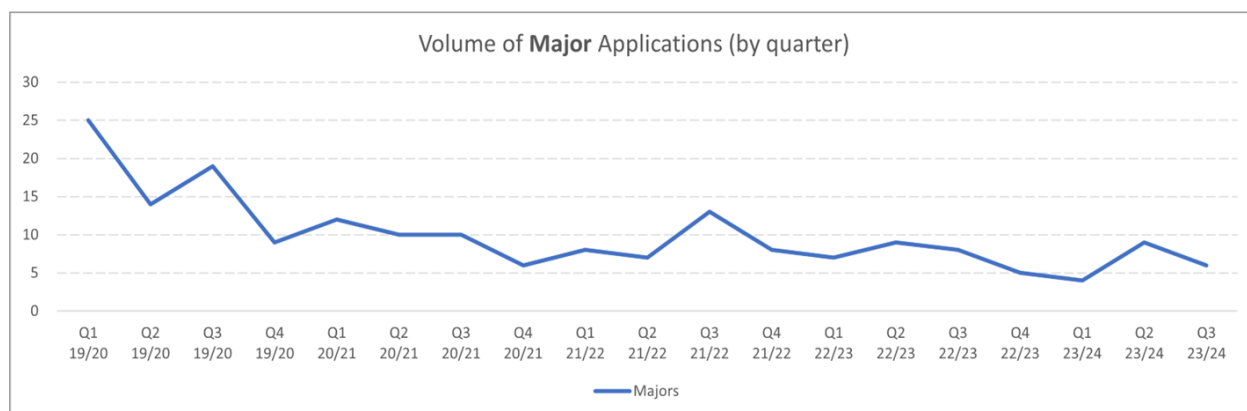
### ***Planning***

- 5.2 There has been a small improvement in the income projection for planning fee income as a result of an uplift to centrally set fees (which crystallized the £0.095m opportunity identified in Quarter 2) and an improved outlook for fees from major applications. However, this has been offset by a £0.300m pressure in Building Control with the service expanding in readiness for new work that will be generated by the Building Safety Act. This will result in additional income streams, but this will not materialise until 2024/25 onwards.
- 5.3 The total volume of planning applications as at the end of Quarter 3 is broadly consistent with the previous two financial years. However, there has been a material drop off in the volume of major planning applications which generate the largest share overall fee income.
- 5.4 The table below shows a comparison of activity levels for planning and pre-planning applications:

**Table 3 - Activity Levels for Planning and Pre-planning Applications**

Application volumes at the end of Quarter 3	2019/20	2020/21	2021/22	2022/23	2023/24
Majors	58	32	28	24	19
Minors	2,121	1,635	2,354	2,256	2,079
Other	5,466	3,781	3,765	3,647	3,822
<b>TOTAL</b>	<b>7,645</b>	<b>5,448</b>	<b>6,147</b>	<b>5,927</b>	<b>5,920</b>

This is consistent with the general trend over the last 5 years, as shown below:



- 5.5 Whilst the volume of Major applications has recovered slightly in the middle of the year, the income projection for 2023/24 is still forecast to be lower than 2022/23.

### ***Economy***

- 5.6 Elsewhere in REP, the Economy service is now projected to fully meet its £3.3m external funding requirement for 2023/24. The General Fund supports less than 35% of the overall cost of the service, with the remainder coming from external sources (e.g. grants, S106, etc). There are minor variances within the directorate budget that are offset by an increased capitalisation projection for Place Shaping and a small surplus within WAES.

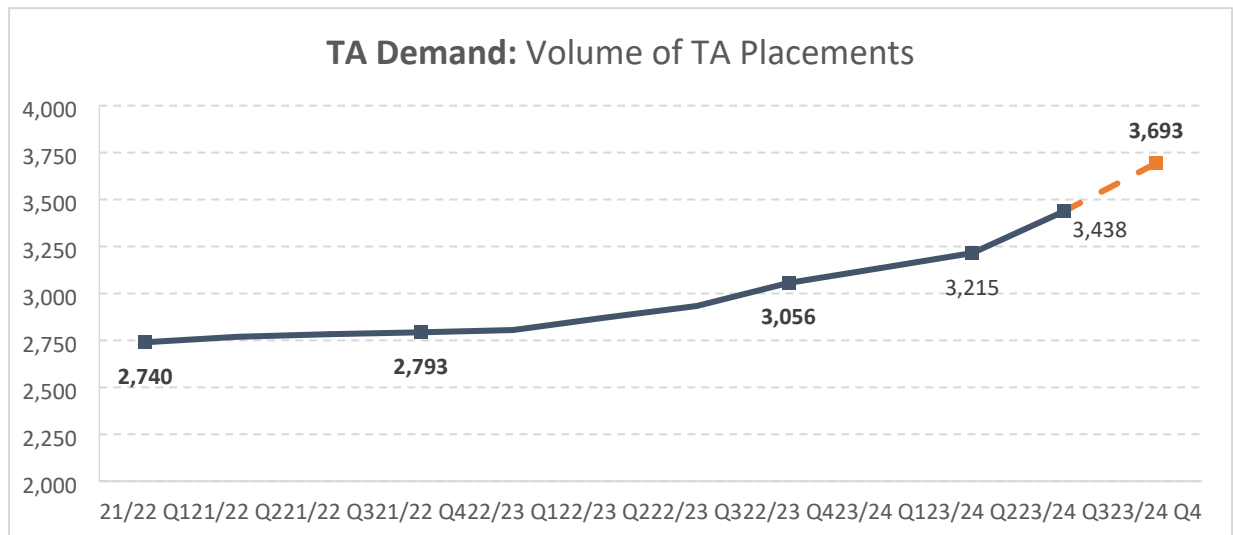
## **6. Housing and Commercial Partnerships Overspend £26.100m**

- 6.1 The Housing General Fund budget is projecting a budget pressure of **£26.100m** at Quarter 3. This is entirely driven by spend on Temporary Accommodation (TA) which is experiencing a large increase in demand combined with an increase in the cost of accommodation. There is an increasingly scarce supply of properties for the Council to use for TA and this is driving an increased reliance on expensive nightly-paid accommodation to meet demand.

### ***Temporary Accommodation (TA)***

## Demand

- 6.2 The service has experienced a sharp increase in demand for TA since the beginning of 2022/23. The number of TA placements has risen to over 3,400 versus 2,933 at the end of the equivalent quarter in 2022/23 (a 17% increase in the last 12 months). The trajectory has further worsened in Quarter 3, with the average monthly increase in TA placements rising to 85. This has caused the increase in the projected budget pressure versus the £17.531m reported at Quarter 2.



\* Note: The number of TA placements is a slightly higher measure than the number of households in TA (but more relevant to cost)

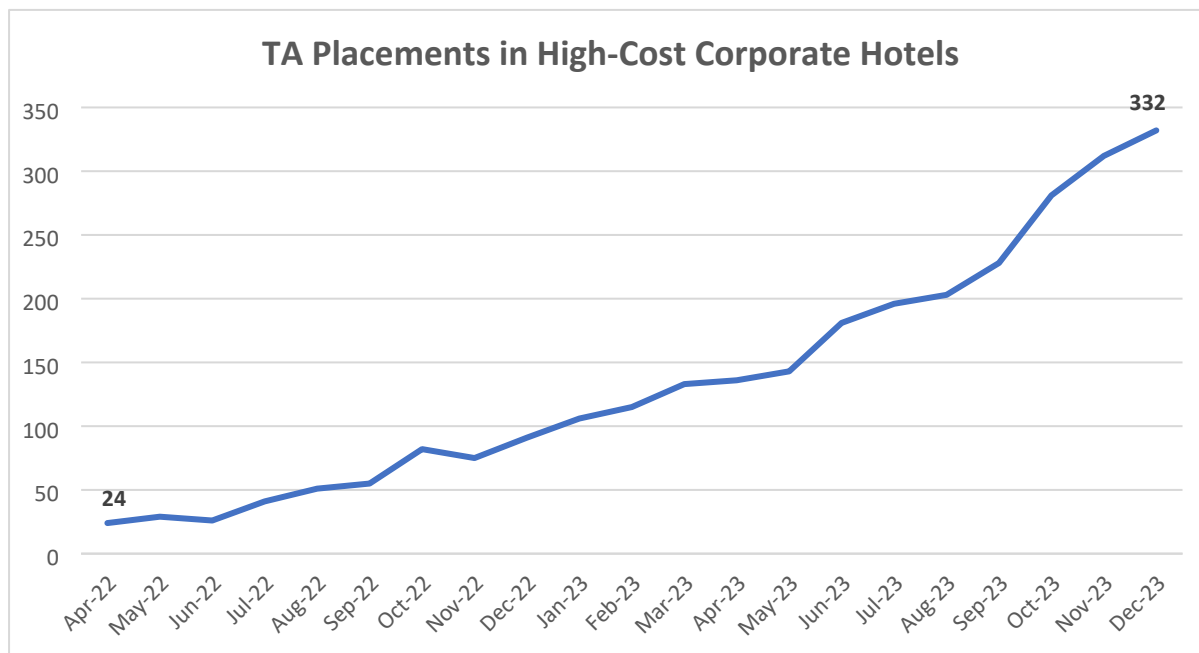
### WCC TA Placements (by Supply Type)

	March 2022	March 2023	December 2023	2023-24 Movement
Nightly Booked	530	683	1,068	385
Leased	2,029	2,081	2,075	-6
WCC Owned	274	292	334	42
<b>Total</b>	<b>2,833</b>	<b>3,056</b>	<b>3,477</b>	<b>421</b>

- 6.3 The supply breakdown in the table above highlights some of the supply challenges facing the Council. The volume of available supply from the private rental sector has remained broadly flat throughout 2023/24 while the increase in WCC Owned stock (including acquisitions and available units from regeneration

sites) has not been sufficient to match rising demand. This means that the majority of new demand is being met using nightly booked accommodation (which has increased by 56% since March 2023, reflecting the enforced use of commercial hotels and apartments to meet statutory duties).

6.4 The chart below shows the increase in the use of high-cost corporate hotel bookings since the beginning of 2022/23 which represent the most expensive element of the 1,068 households in nightly-paid accommodation. This is the largest single driver of the overall increase in TA spend.



High-cost provision

6.5 The revised Quarter 3 TA forecast is predicated on some important assumptions (for which any adverse movement would increase the budget pressure):

- Demand continuing to increase by 85 households per month in 2023/24;
- An expectation that 40% of new demand will be met using corporate hotel provision;
- No further removals of existing PSR supply due to landlords exiting the TA market.

6.6 Depending on the variation within these assumptions, the potential range in the projected budget pressure for 2023/24 would be a **worst-case scenario of £27.700m** (demand increase of 85 per month with 100% going into corporate hotels) or a **best-case scenario of £25.000m** (demand flattening out to 60 per month and 20% going into corporate hotels). The projection included in the reported position for Quarter 3 is the mid-point of these scenarios.

6.7 The Housing service is exploring a number of interventions to contain the projected budget pressure (and ultimately reduce it). These include:

- Acceleration of TA acquisitions
- Increased contractor capacity to speed up the turn around on TA voids
- Converting more units into use for TA within regeneration sites
- Alternative procurement arrangements for high-cost provision
- Investment in prevention activity

## 7. Finance and Resources

**Underspend £28.857m**

7.1 At Quarter 3 the Directorate is reporting a favourable variance of £28.857m against the approved budget of £19.264m. There are also reported opportunities of £0.600m.

### ***Corporate Property***

7.2 Corporate Property is reporting a favourable variance of £1.335m at Quarter 3. This comprises additional income from a backdated rent review of two sites (£1.000m), an energy rebate (£0.180m) and a service charge refund (£0.155m). As at the end of December 2023, 37 investment units (both GF and HRA) were vacant but of these 26 were not being marketed due to regeneration requirements and two were under offer. This compares with 40 vacant units in December 2022. 28 day investment income collection rates in November 2023 were 93.63%, compared with 91.80% in November 2022.

7.3 Finance & Resources is showing opportunities of £0.600m. This is within Corporate Property and relates to a review of NNDR and also possible turnover rent receivable.

### ***Finance/Treasury and Pensions***

7.4 Treasury and Pensions is forecasting a favourable variance of £28.424m in Quarter 3. The projected return on cash balances of £54.7m against a budget of £26.283m. This variance is an increase of £5m on quarter 2 and is driven by the continuation of higher than expected average interest rates following inflation remaining higher than expected. Investment balances are currently £323m higher than the balances at March 2023, with an average interest rate earned of 5.35%. Forecasting throughout the year has been prudent to ensure that interest rates predicted have materialised. Any additional interest earnings received will mitigate in-year budget pressures across the Council as well as being used to support the delivery of the capital programme.

### ***Digital and Innovation***

- 7.5 There is an adverse variance in Digital & Innovation of £0.187m largely relating to an increase in contract costs on the Lot 9 contract with BT relating to a technical adjustment (£0.080m), and proof of concept work that was completed relating to Report-It chat-bot and AI discovery.

### ***Revenue and Benefits***

- 7.6 Revenue and Benefits is also reporting an adverse variance of £0.200m at Quarter 3 due to expected reduced income levels of £0.369m from cost of collection grant and court costs, an overspend on staff £0.128m and other non-pay budgets £0.048m offset by an underspend of £0.345m on Capita contracts net of admin subsidy variance.

## **8. Environment, Climate & Public Protection                      Underspend £1.0m**

- 8.1 At Quarter 3, there is a favourable variance of £1.0m against the approved net budget of £5.874m. This represents an improvement of £0.840m from Quarter 2. Net Risks and Opportunities have decreased by £1.130m to £0.500m.

### ***Parking***

- 8.2 Parking reports a (£0.7m) variance to budget at Quarter 3 comprised of several offsetting variances. The level of risk has decreased by £0.5m from Quarter 2 to £1.0m.
- 8.3 Paid For Parking is now forecast to under-recover by £3.7m, a worsening of £0.9m compared to Quarter 2. Most of the additional deficit is expected from a further delay to the implementation of emissions-based charging, (c£0.5m), with the remainder from reduced casual parking activity throughout the year, as a result of changing behaviours, and reduced rates from a continued transition to less-polluting vehicles.
- 8.4 Resident Permit run rate has been worsening through Quarter 3, prompting a forecasted under recovery of £0.4m. Income is adversely affected by an increasing number of Eco labelled vehicles, which attract significant concessions.
- 8.5 Suspensions income had several very high weeks during Quarter 3 and continues to show on-profile or similar performance, leading to an on budget full year forecast. There remains a risk reported of £0.5m potential shortfall due to known volatility of income stream. There is also an ongoing dispute with a major customer, and a £0.500m risk is included in respect of this.

- 8.6 The trend of reduced activity in Trade Permits & Dispersions income streams was maintained for Quarter 3, therefore, under recovery of £0.175m continues to be forecasted.
- 8.7 Penalty charge notice issue rate has climbed steadily through Quarter 3, reaching almost 37,000 tickets in December. The service anticipates this rate will be maintained, or exceeded, as additional enforcement resources deployed in response to an evidenced reduction in user compliance. It is forecasted that there will be an over achievement of income of (£5.750m) offset by additional costs of £1.273m for additional on-street enforcement and other associated costs which has improved the PCN income position.
- 8.8 The rolling programme of CCTV review and installation is ongoing, further cameras added in Quarter 3 are generating income above the MTFP saving. It is forecasted that the PCNs CCTV income stream will over recover by (£0.200m)
- 8.9 The Concessionary Fares underspend of (£1.900m) remains as reported at Quarter 2 but is countered by £1.603m one-off overspends mainly due to the contract transition.

#### ***Public Protection and Licensing (PP&L)***

- 8.10 Public Protection & Licensing reports a (£0.300m) variance to budget at Quarter 3 comprised of several variances.
- 8.11 As at Quarter 3 there is a staffing variance across PPL. The service currently has several vacancies post restructure. Recruitment is currently in progress to fill these respective posts, with most expected to be filled in early 24/25 (£0.570m).
- 8.12 HMO license income will not reach budgeted levels which were increased as part of last year's fees and charges review. The review implemented a fee increase of 48%. However, since the license spans a period of 5 years and current licences are not set to expire until 26/27 increased income will not be received until then. This results in a current year pressure of £0.270m.
- 8.13 Street Trading is currently under-performing with income currently forecasted to under-recover by £0.150m due to the reduction of isolated pitch activity. This is being offset by other income lines within PPL.

#### ***Waste and Cleansing***

- 8.14 The Waste & Cleansing service is forecasting to be within the overall budget but there are some variances as outlined below. Commercial waste income is over-recovering by (£1.400m) however, this favourable variance is offset by various overspends in several areas. There are pressures within the cleansing service relating to the hire of ULEZ compliant waste vehicles and gritters, along with increased spend on Commercial Waste stock and services that contribute to the increased sales income, resulting in an adverse variance of £1.110m. Public



conveniences is forecasting to overspend by £0.180m due to shortfalls in income as a result of the barriers not having a contactless payment option and the overall decline in coin usage. The proposed renovation programme will remedy this, but the temporary closures may adversely affect income this year. Waste disposal is forecasting an overspend of £0.110m due to tonnage increases from covid recovery and commercial waste activity growth, along with a fall in income generated from the sale of recyclable materials.

- 8.15 In addition to the Commercial Waste income forecast over-recovery of (£1.400m) there is (£0.200m) declared as an opportunity. Income is exceeding that from the same period last year by £1.500m and the service is increasing sales from both new and existing customers. However, whilst we are continuing to see an upward trend in sales activity levels, they remain below pre-covid levels and the market has changed with increased working from home and changes to high-street shopping patterns. We may therefore start to see sales activity plateau in the future.

## **9. Children's Services Overspend £2.480m**

- 9.1 At Quarter 2 the Directorate is reporting adverse variance of £2.480m against the approved budget of £43.161m.

### ***Family Services***

- 9.2 Increasing costs in relation to families with no recourse to public funds (NRPF) have resulted in pressure on the budget with a total forecast overspend of £0.885m. This is due to the increasing cost of accommodation for these families. Staffing pressures due to difficulties in recruiting into social work teams, maternity cover and the use of agency staff have resulted in a £0.300m pressure.
- 9.3 Social Care placements that have a health element have been joint funded by the NHS ICB. The ICB have not agreed any new cases for this financial year, resulting in a forecast shortfall of £0.600m. The approach is being challenged but there is a risk that this shortfall increases by a further £0.650m if the situation does not change.
- 9.4 Registrars' income is overachieving against their income target by £0.335m due to increased volume of registrations and the increase in the fees from 1st January 2024.
- 9.5 Funding received from health for the joint funding of placements with health needs is at risk of not achieving the budgeted income target. The income budget was increased in 2023-24 by £0.650m with the expectation that cases that had been self-assessed to have a health need would be accepted by the Integrated Care Board (ICB).

### ***Operations and Programmes***

- 9.6 The Short Breaks service continues to have a pressure of £0.530m. Part of the overspend relates to the service needing to run across two sites until works at the Tresham site are complete. The Tresham refurbishment is due to be completed in Summer 2024. The service is currently being reviewed and opportunities for cost reductions and cost avoidance will be sought through this process and will be realised in the next financial year.

### ***Education***

- 9.7 There are pressures within Transport (£0.126m) on the taxi and minibus contracts, due to increases in the numbers of single occupancy routes. There is a pressure in the Virtual School (£0.080m) due to staffing overspends and a reduction in DSG contribution and in school standards (£0.050m) due to unachievable savings from prior years.
- 9.8 There is a risk that the demand for SEN Transport services increases due to new starters exceeding the estimated number, this is estimated to be up to £0.380m. This is offset by a potential opportunity of up to £0.040m if transport cancellations are higher than the estimated number.

### ***Libraries and Archives***

- 9.9 Libraries shortfall in income is £0.111m. There are also overspends in one off costs for security and running costs of £0.061m.

## **10. Innovation and Change Underspend £0.816m**

- 10.1 At Quarter 3 Innovation & Change is reporting a favourable variance of £0.816m against the approved budget of £15.621m. There are currently reported opportunities of £0.215m.

### ***City Promotions, Events and Filming***

- 10.2 The net favourable variance is from: forecast additional income in City Promotions, Events and Filming of £0.620m, also income within Cemeteries of £0.150m and an underspend on salaries across the directorate mostly due to a number of part year vacancies £0.431m offset by overspends in Communities and SLAC £0.269m, some of which were reported as a risk in Quarter 2 (on costs associated with Green Spine project £0.093m, Fountain core contract costs £0.140m and a Health and Safety audit £0.036m) and an overspend on other non-pay budgets across the Directorate £0.116m.

## ***Sports, Leisure and Active Communities***

- 10.3 Innovation and Change is reporting a net opportunity of £0.215m from Communities - emergency grant drawdown from reserves £0.085m (if spend evidenced over £0.100m), Public Health Income is subject to confirmation of spend and eligibility £0.040m, a contribution to services towards consultation and engagement platform £0.040m, Parks - additional cemetery Income dependent on impact of limited availability of burial chambers £0.050m and in SLAC from Cemeteries income of £0.100m.

### **11. Other Corporate Directorates Underspend £0.043m**

- 11.1 At Quarter 3 the Directorate is reporting a favourable variance of £0.043m against the approved budget of £1.915m. There are no reported risks or opportunities.
- 11.2 The reported favourable variance is due to salary underspends of £0.043m due to part year vacancies.

### **12. Democracy, Law and People Underspend £0.119m**

- 12.1 At Quarter 3 the recently created Executive Directorate area of Democracy, Law and People is reporting a favourable variance of £0.119m against the approved budget of £6.025m. There are no reported risks and opportunities.
- 12.2 The net favourable variance is from a forecast underspend on salaries across the directorate of £0.342m from part year vacancies (some resulting in lower fee charging in Legal Services of £0.100m), an underspend on Member Allowances £0.047m, additional income from Local Land Charges £0.033m, offset by an overspend on Coroner's Services £0.130m after agency services recharges to consortium members that is mostly driven by ongoing legal requirement to hold more inquests and reduced external income in Legal Services £0.075m mostly from S106 legal fees.

### **13. Corporate Items Overspend £2.388m**

- 13.1 There is a forecast net overspend within corporate items. This includes higher than anticipated contract inflationary pressures across a range of service areas of £2.988m offset by a projected underspend in bad debt provision previously reported at Q2 of £0.6m.
- 13.2 In addition, the Council is set to receive additional funding from two areas as announced as part of the final local government finance settlement. The government has announced an additional grant of £21.7m (in both 2022/23 and 2023/24) to compensate authorities for lost income because of green plant and machinery business rate exemptions. Westminster will receive a total of £1.5m

(£0.8m for 22/23 and £0.7m for 23/24). It is proposed that both the levy distribution and the grant plant and machinery grants are transferred to the temporary accommodation risk reserve given the significant risk posed by this area.

#### 14. Housing Revenue Account £nil variance forecast

14.1 The Housing Revenue Account (HRA) is projecting an operating deficit of £1.969m at Quarter 3. This is being offset by earmarked reserves that were created in 2022/23 specifically to manage some of the emerging cost pressures.

14.2 The main drivers of the operating deficit are as follows:

- **Repairs** – A £3.809m pressure is projected on the revenue budget for Repairs. This is driven by a combination of higher in-year job volumes and unit costs increasing at a faster rate than the CPI allowance that was made in the business plan (particularly quoted works). The increase from Quarter 2 is £0.791m which predominantly relates to damp & mould remedial activity.
- **Health & Safety** – The HRA Business Plan anticipated a need for staff growth in 2023/24 to meet the requirements of the Building Safety Act, and further recurring budget growth has been factored in from 2024/25 onwards to support on-going inspection requirements. There was an expectation that much of the initial activity required to achieve compliance with the legislation would be managed as one-off investment (and an earmarked reserve was created for this purpose). At Quarter 3, total expenditure of £1.6m is forecast for 2023/24 which is a reduction on the forecast of £3.1m included at Quarter 2.
- **Housing Management** – There is an adverse variance of £0.722m showing on the Neighbourhoods budget. The key area of budget pressure in this area relates to accommodation costs arising from tenants being temporarily re-housed while issues with their property are resolved. This has worsened in Quarter 3 but has been offset by favourable movements on HRA income (including an improved projection for tenant rents now that all planned new build units for 2023/24 have been handed over).

14.3 There are several underspends across the HRA that are helping to offset some of the pressures noted above. They are combining to reduce the deficit down to just the Health & Safety element to be met from reserves.

- **Borrowing Costs** – The HRA is projecting to borrow £38m at Quarter 3, which means that the borrowing requirement is currently running slightly below the profile set in the Business Plan (due to a more favourable external funding profile). This means that the projected cost of borrowing for 2023/24 is lower than budgeted by £1.45m. This will correct over time as the planned borrowing in the business plan catches up (as the overall quantum has not reduced).

- **Revenue Contribution to Fund Capital** – The HRA budget includes an expected contribution of £2.688m from the revenue budget to fund capital (and reduce borrowing). However, this is a flexible contribution and can be diverted to support revenue activity if there are budget pressures like the ones being experienced in 2023/24.
- **Staff Costs** – the HRA is projecting an underspend on staff costs of £1.2m (which is spread across all areas of the service). This is driven by vacancies and is much lower than in previous years. Recruitment is on-going in a number of areas, particularly in relation to initiatives being driven by the Housing Improvement Programme.

## 15. Council Tax and Business Rates collection

- 15.1 As at December 2023 Council Tax collection rate to date is 80.27%, which is 0.67% higher than the same month last year.
- 15.2 The Business Rates collection rate for December 2023 is 82.06%, which is 1.79% higher than the same month last year.

Collections rates	Dec 2023	Dec 2022	Dec 2021	Dec 2020	Dec 2019	2023 vs 2022 Difference
<b>Business Rates</b>	82.06%	80.27%	74.47%	74.87%	84.82%	1.79%
<b>Council Tax</b>	80.27%	79.60%	78.71%	79.37%	85.37%	0.67%

- 15.3 By way of comparison, collection rates for business rates and council tax remains below pre-pandemic levels (December 2019 collection rate) at the Quarter 3 position.

## 16. Fees and Charges

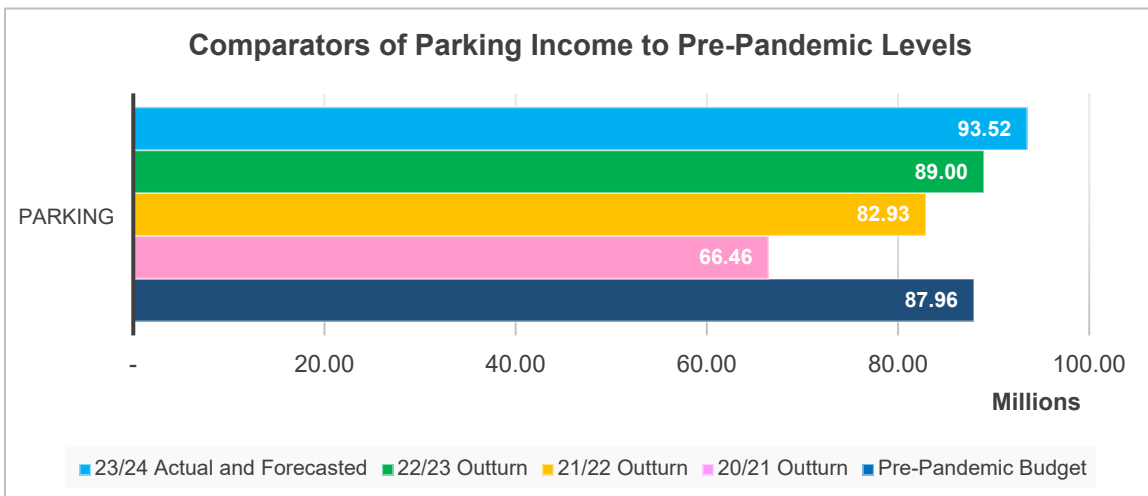
- 16.1 The Council has a 2023/24 Fees and Charges income budget of £184.340m. As at Quarter 3, it is forecast to have a favourable variance of £0.783m. This is reported as variances in the relevant directorate commentary above.

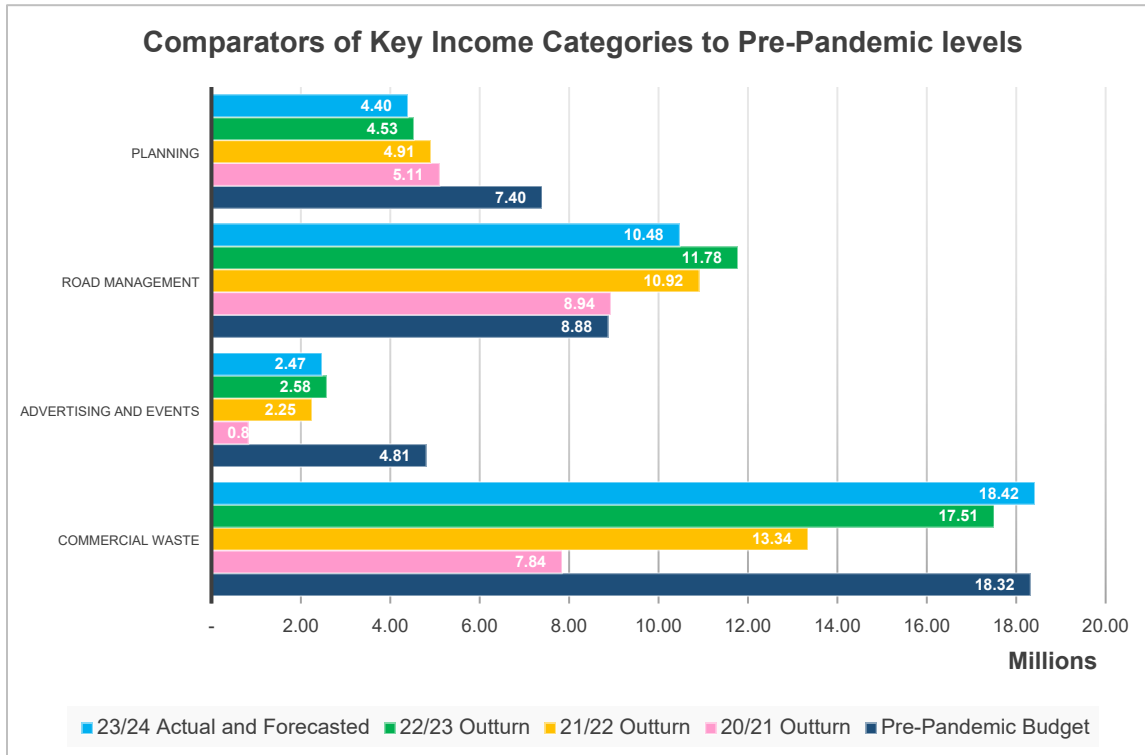
- 16.2 This is mainly due to the following income streams:

- Parking Penalty Charge Notice Marshals forecasts £5.750m more income than budgeted for, as Marshal Issue rate has climbed steadily through Quarter 3, reaching almost 37,000 tickets in December. The service anticipates this rate will be maintained, or exceeded, as additional enforcement resources continue to be deployed in response to evidenced reduction in user compliance.

- Paid for Parking forecasts an adverse variance of £3.700m, a worsening of £0.900m from Quarter 2. Most of this additional deficit is expected to arise from the further delay to the implementation of emissions-based charging (c.£500k). The remainder is due to reduced casual parking activity throughout the year, because of changing behaviours, and reduced rates from a continued transition to less-polluting vehicles.
- Planning forecasts an adverse variance of £2.000m as activity remains significantly below pre-pandemic levels with only 19 major applications received to date compared to 24 in 2022/23 (a reduction of 21%).

16.3 The key income streams are summarised in the graphs below. The graphs show indicative forecasts for the full year and compares these with prior years and pre-pandemic budgets.





## 17. Capital Budget 2023/24

- 17.1 The Quarter 3 Capital Programme forecast position is a projected £35.476m gross expenditure variance and £6.047m financing variance (£35.476m including borrowing).
- 17.2 The tables below summarise the Council's budget and Quarter 3 forecast position on the 2023/24 capital programme. Following budget reprofiling at Quarter 2, the below table summarises the reprofiled capital budget, which was approved by Cabinet on 29 January 2024.

**Table 4 – Capital budget and forecast position 2023/24**

ELT Directorate	2023/24 Expenditure Budget £m	2023/24 Expenditure Forecast £m	2023/24 Expenditure Variance £m
Adult's Services	6.000	5.383	(0.617)

Children's Services	5.846	4.644	(1.202)
Housing & Commercial Partnerships	56.657	41.633	(15.024)
Regeneration, Economy and Planning	49.764	51.032	1.268
Environment, Climate and Public Protection	84.396	76.472	(7.924)
Finance and Resources	42.163	33.088	(9.075)
Innovation & Change	6.791	3.889	(2.902)
Westminster Builds	2.630	2.630	-
<b>Net Controllable Budget</b>	<b>254.247</b>	<b>218.771</b>	<b>(35.476)</b>

<b>Capital Financing</b>	<b>2023/24 Budget £m</b>	<b>2023/24 Forecast £m</b>	<b>2023/24 Variance £m</b>
External Funding	(41.822)	(37.181)	4.641
S106 and CIL	(9.985)	(8.579)	1.406
Capital Receipts	(11.845)	(11.845)	-
Borrowing	(190.595)	(161.166)	29.429
<b>Total Financing</b>	<b>(254.247)</b>	<b>(218.771)</b>	<b>35.476</b>

- 17.3 As can be seen in the table below, 12 projects contribute to most of the expenditure variance. By way of comparison there are over 250 projects in the 2023/24 capital programme, and therefore, just 5% of the projects are causing 86% of the expenditure variance.



**Table 5 – Key Capital Schemes 2023/22**

<b>Project</b>	<b>2023/24 Variance to Budget £m</b>	<b>Comments</b>
<b>Temporary Accommodation In-Borough Acquisitions</b>	(10.203)	This variance is mainly due to properties being rejected at the legal stage or not progressing through to completion. 18 acquisitions are now forecasted to slip into 2024/25.
<b>Temporary Accommodation Out-of-Borough Acquisition</b>	(4.731)	This variance is mainly due to properties being rejected at the legal stage or not progressing through to completion. 5 acquisitions are now forecasted to slip into 2024/25.
<b>Landlord Responsibilities</b>	(1.986)	Works has been delayed mainly due to pre-construction processes taking longer than anticipated. These processes include: the procurement of the main contract; longer than anticipated planning processes and decisions to progress more slowly to obtain a phased decant in properties occupied by residents with additional needs. This will be reported as an underspend, due to capacity constraints.
<b>Seymour Leisure Centre</b>	(1.871)	The Q2 budget presumed awarding of the main contract earlier than now assumed in the Q3 forecast. Consequently, construction is beginning at a later date, leading to a reduction in planned expenditure. Construction should begin in March 2024.
<b>Harrow Road Placeshaping Scheme</b>	(1.852)	Canal works delays have led to expenditure slippage into 2024/25 (originally planned to begin in December 2023, now due to begin in April 2024). Also, the P6 budget for Maida Hill has been revised and appears that the P6 budget was over-optimistic.

<b>Westmead</b>	(1.563)	The variance is due to slight delay within contractor procurement following longer negotiation period (one month delay). This negotiation period has meant a knock-on delay in construction, resulting in reduced expenditure expectation for 2023/24. The delay has caused a ripple effect on multiple stages of work, therefore true variance to budget may not be known until later in the year.
<b>IT Product Development</b>	(1.500)	This is the result of reduced levels of product development which can be capitalised in 2023/24. This is following on from structural changes in the service area, therefore output was less than forecast.
<b>Highways Buildouts for Trees</b>	(1.491)	Issues outside WCC's control - such as finding faults at locations identified, unplanned utility work and updated parking occupancy data - have provided revised locations, and a revised programme of works. Any remaining budget at Q4 will be reprofiled into 2024/25, however, based on expenditure this quarter, reprofiling may be split between 2024/25 and 2025/26.
<b>1 Victoria Street - Streetscape</b>	(1.484)	This scheme was S278 funded to make alterations to the highways on Victoria Street; upon review the project cost less than forecasted which included additional sums for risk and contingency. Therefore, the remaining budget will be marked as an underspend.
<b>Structurally Critical Columns</b>	(1.422)	Progress on this scheme has been delayed due to issues with the supplier ability to procure materials, meaning this project will be reprofiled into the 2024/25. The project has also been enhanced to accommodate for the additional lighting columns to improve safety and community outcomes aligning with Westminster Fairer outcomes.
<b>North Paddington Place Plan</b>	(1.256)	Expenditure forecast movement due the treatment of £1.100m of revenue costs. At P6, they were to be treated as expenditure, at P9 it has been agreed that they are to be treated as reduction to budget (as well as future years). Additionally, there has been slippage from 2023/24 into 2024/25 in the following schemes - Greening (£0.050m), Canalside (£0.060m), Environmental Visual Audits (£0.050m). Please note that £1.000m of the variance is an underspend, the remaining £0.256m will be reprofiled to 2024/25.

<b>Isolated Pitches Electrics</b>	(1.168)	Upgrades to pitch power supply units (PSUs) will continue into 2024/25 following surveys during 2022 & 2023. The programme is delayed due to variations of outdated existing PSUs and issues with achieving surveys. We expect the full survey report in April 2024 with the works programme to follow when the PSUs will become safe and logged assets.
<b>Total</b>	<b>(30.527)</b>	

## 18. Housing Revenue Account

18.1 The HRA capital budget and forecast position at Quarter 3 is summarised in the table below.

**Table 6 – HRA Capital Budget and Forecast**

HRA Capital Programme	2023/24 Budget (£m)	2023/24 Forecast (£m)	2023/24 Variance (£m)
Housing Planned Maintenance	60.796	58.473	(2.324)
Housing Regeneration	141.815	138.25	(3.565)
Other Projects	3.789	3.789	-
<b>Total Capital Expenditure</b>	<b>206.400</b>	<b>200.511</b>	<b>(5.889)</b>

18.2 At the end of Quarter 3, the expenditure forecast for the HRA capital programme is £200.511m. This represents a small reduction of £5.889m versus the revised budget (which was adjusted to match the Quarter 2 forecast as part of the refresh of the capital strategy). This projection remains approximately £31m higher than the original capital programme for 2023/24, as approved in the HRA Business Plan in February 2023.

18.3 The HRA is now projecting a £38.683m borrowing requirement for 2023/24. This represents a £9.660m reduction versus what was forecast at Quarter 2. Part of this variance is driven by the reduced expenditure projection noted above, with the remainder driven by an improvement in the forecast for capital receipts in 2023/24. The HRA borrowing profile is being updated as part of the business plan refresh (to be approved by Cabinet in February 2024) and remains affordable over the long-term.

**Table 7 – Key variances within HRA Planned Maintenance:**

Component	2023/24 Expenditure Budget £m	2023/24 Forecast £m	2023/24 Variance £m
Electrical & Mechanical Services	7.729	4.497	(3.232)
Aids & Adaptations	1.800	2.504	0.704
Voids	8.633	8.633	-
Fire Precaution Major Works	9.022	8.458	(0.564)
Major Works	22.547	18.664	(3.883)
Fire Precaution (FST)	3.113	2.987	(0.126)
Delivery Adjustment	(5.755)	-	5.755
Other Schemes*	13.707	12.730	(0.977)
<b>Total</b>	<b>60.796</b>	<b>58.473</b>	<b>(2.324)</b>

\*Includes: Minor Works, PDHU, Climate Action, Asset Management, Condensation

18.4 At Quarter 3 there is a small underspend of £2.324m projected on the Planned Maintenance budget. No variance was reported at Quarter 2, but this forecast did include a delivery adjustment based on expected risk to delivery timescales over the second half of the year (which has now fully materialised).

18.5 The key variances of note are as follows:

- **Electrical & Mechanical Services** – there are two key variances in this element of the programme. One is a delay to the Sheltered Housing Warden Call system upgrade (£1.490m) which requires further consultation with residents, while the lifts programme has slipped £1.763m due to delayed approval on schemes at Admiral House and Hardy House (which both have delayed completion dates).
- **Aids & Adaptations** – a total of 168 units are under-going works in 2023/24 (an increase on the 150 adaptations completed in 2022/23). The increase in volume is largely driven by a need for adaptations to new build units as they are tenanted.
- **Voids** – whilst there is no movement versus the forecast at Quarter 2, the service is experiencing much greater activity in this area in 2023/24 (with £4m more spend than originally included in the business plan). A total of 480 units are projected to be completed in 2023/24 versus 380 in 2022/23.
- **Major Works** – the projection for this programme has reduced due to further due diligence being undertaken in relation to estimated leaseholder bills across a number of schemes that have yet to commence. Schemes are

already underway for £17.6m of the current forecast, with a further £0.700m at the commissioning stage and £0.300m being scheduled (with the expectation that these schemes commence in Q4).

- **Other Schemes** – the variance in this area reflects slippage on the emergency PDHU works that are already built into the HRA capital programme. These are deemed necessary in advance of agreement on the preferred option for replacing the network.

18.6 As noted above, the Planned Maintenance programme had been deliberately “over-programmed” in order to maximise delivery. This was reflected as a delivery adjustment of £5.722m at Quarter 2 (equivalent to 9% of the programme) based on the risk of delays in delivering the programme over the second half of the year. This has now crystallized and the forecast at Quarter 3 no longer includes an adjustment given the greater certainty on delivery projections going into the final quarter.

**Table 8 – Key variances within HRA regeneration and development:**

<b>Top Project</b>	<b>2023/24 Expenditure Budget £m</b>	<b>2023/24 Forecast £m</b>	<b>2023/24 Variance £m</b>
Queens Park Court	8.693	7.254	(1.439)
Carlton Dene	5.626	3.166	(2.460)
<b>Total</b>	<b>14.319</b>	<b>10.420</b>	<b>(3.898)</b>

18.7 The Development & Regeneration programme is projected to spend £138.250m at Quarter 3. All schemes remain on track for the forecast provided at Quarter 2 (as captured in the revised budget). There are two exceptions (see above) which are driving a minor variance of £5.889m. The reasons for these variances are as follows:

- **Queens Park Court** – forecast compensation for Right of Light claims has been slipped to 2024/25 (with no impact on overall scheme costs).
- **Carlton Dene** – a minor delay with enabling works has created some slippage into 2024/25. Again, this has no bearing on the overall cost of the scheme.

### **HRA Other Works**

18.8 There is no variance being reported on these schemes at Quarter 3. A small balance of capital receipts remains for emergency acquisition of social units (to meet specific housing needs) and planned spend in 2023/24 is reflected here. The

Council's acquisition capacity has largely been re-directed to purchasing units for use as TA (due to the significant budget pressures within that service).

## Subsidiaries Overview

18.9 This report provides a financial overview of the wholly owned Westminster Builds, Westminster Community Homes (WCH) and Westminster Communications (WestCo) up to December 2023/24.

### Westminster Builds

**Table 9 – Westminster Builds P&L Summary 2023/24**

P&L Summary £000's	Actual YTD £'m	Revised Budget YTD £'m	Variance YTD £'m	Year End Forecast £'m	Revised Full Year Budget £'m	23/24 Budget £'m
Total Income	908	911	(3)	1,295	1,299	1,150
Total Expenditure	(209)	(235)	26	(292)	(319)	(357)
<b>Operating Surplus/(Deficit)</b>	699	676	23	1,003	980	793
Net Interest	(448)	(510)	62	(623)	(684)	(900)
<b>Profit/(Loss) Before Tax</b>	251	167	84	381	296	(107)

18.10 The profit for Quarter 3 is £251k (Quarter 2 was £106k) and is £84k favourable to budget. The current year-end forecast is now a profit of £296k.

18.11 Total income is broadly in line with the revised budget but includes a (£34k) adverse rent variance due to delays at 300 Harrow Road and West End Gate Phase 2 which is offset by a £30k favourable variance due to higher than budgeted bank interest.

18.12 Total expenditure is £26k favourable to budget due to lower than budgeted Miscellaneous direct expenditure as well as lower than budgeted staff costs which reflect current resourcing.

18.13 Net interest is £62k favourable to budget following an interest payable adjustment to West End Gate Phase 1 following the return of 8 homes back to WCC following the Truly Affordable Housing review.

18.14 The forecast presented above does not include profit from Luton Street sales which are due to be fully received by 31st March 2024. To date Westminster Builds have received £6.150m of profit from Luton Street.

## Westminster Community Homes

**Table 10 – Westminster Community Homes P&L Summary 2023/24**

<b>P&amp;L Summary £000's</b>	<b>Actual YTD £'m</b>	<b>Budget YTD £'m</b>	<b>Variance YTD £'m</b>	<b>Year End Forecast £'m</b>	<b>Full Year Budget £'m</b>
Total Income	4,166	3,697	469	5,555	4,844
Total Expenditure	(2,850)	(2,540)	(310)	(3,800)	(3,515)
<b>Operating Surplus/(Deficit)</b>	1,316	1,157	159	1,755	<b>1,329</b>
Amortisation and depreciation	(983)	(1,063)	80	(1,311)	(1,417)
Capital Programme – Stock refresh	(461)	(1,199)	738		(1,598)
Net Interest	(185)	(231)	46	(247)	(308)
<b>Profit/(Loss) Before Tax</b>	<b>(313)</b>	<b>(1,336)</b>	1,023	197	<b>(1,994)</b>

18.15 The YTD position on 31<sup>st</sup> December Quarter 3 is a deficit of (£313k) which is £1,023k favourable to the YTD budget.

18.16 The net operating adverse variance of £1,316k is due to:

- £469k favourable to budget income, primarily derived from £92k favourable to budget rental income and £302k favourable to budget tenant service charges.
- (£310k) higher than budgeted expenditure is primarily due the adverse to budget variance of (£187k) for repairs expenditure, (£187k) higher than budgeted service charges and (£120k) of refurbishments.

18.17 Amortisation and depreciation are £80k favourable to budget due to stock property purchases and grant being received during the year.

18.18 Net Interest payable is £46k favourable to budget. This is because the 23/24 budget did not take account of the healthy £46k bank interest received in year. This has historically been minimal and only became substantial after the Bank of England has raised interest rates for a sustained period.

**Westco**



**Table 11 – Westco P&L Summary 2023/24**

<b>P&amp;L Summary £000's</b>	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Variance YTD</b>	<b>Year End Forecast</b>	<b>Full Year Budget</b>
Total Income	2.127	2.850	(0.723)	2.842	3.800
Total Expenditure	(2.202)	(2.631)	0.429	(2.918)	(3.508)
Operating Surplus/(Deficit)	(0.075)	0.219	(0.294)	(0.076)	0.292
Net Interest	-	-	-	-	-
Profit/(Loss) Before Tax	(0.075)	0.219	(0.294)	(0.076)	0.292

18.19 The reported position for Quarter 3 is a profit of £0.008 which reduces the Quarter 1 to Quarter 3 total loss to £0.075. Despite having achieved a year-to-date loss, this is an improvement of £0.221m when compared to the same period in the previous financial year (2022/23).

18.20 The current full year projected forecast for the financial year is a £0.076m loss which includes a forecast for work currently in the pipeline with over a 50% chance of being successful. This is consistent with the Quarter 2 reported position of £0.075 and includes the savings proposals as agreed by the WestCo board on the 27 September which have been identified as being fully achievable.

## **19. Summary of Prudential Indicators (PIs)**

19.1 The quarterly financial monitor reports will include summary of PIs. The purpose of prudential indicators (PIs) is to provide a reference point or “dashboard” so that senior officers and Members can:

- Easily identify whether approved treasury management policies are being applied correctly in practice and,
- Take corrective action as required

19.2 As the Council's S151 officer, the Executive Director of Finance and Resources has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

19.3 The summary of PIs can be found within Appendix 3.

## **20. Financial Implications**

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

## **21. Legal Implications**

21.1 There are no legal implications arising from this report.

## **22. Carbon Implications**

22.1 There are no direct carbon implications arising from this report.

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

**Lyndsey Gamble, Head of Strategic Finance ([lgamble@westminster.gov.uk](mailto:lgamble@westminster.gov.uk))**

## Appendix 1 – Reprofiled and Part or Completely Unachievable Savings

ELT	Saving Name	Saving Description	Status	2023/24 Agreed Saving	Mitigating action for unachievable or non-delivery; comment
Children's	Joint Funding Contributions	Joint funding from Health for high-cost placements	Part or Completely Unachievable	650	Currently in mediation with the ICB to agree what can be put forward for joint funding from Health. Current cases ongoing from last year continue to be funded but no further cases are being accepted at this point.
Children's	Education Funding and Efficiencies		Part or Completely Unachievable	50	
Environment, Climate and Public Protection	Parking Fee Structure Review (EBC)	On-street parking charges are already subject to a diesel surcharge applicable to pre-2015 diesel vehicles and resident permit pricing is differentiated according to engine capacity. This review looks to introduce alternative tiered charging structures based on vehicles' CO2 emissions for these schemes, identifiable upon	Part or Completely Unachievable	1,430	Policy to be implemented later than had been forecast. At Quarter 3 this is mitigated within the Parking position.

		<p>payment/application via a DVLA look-up.</p> <p>The objective is to improve air quality by encouraging use &amp; ownership of less polluting/discouraging more polluting vehicles.</p> <p>Capital bids have been submitted to cover mobilisation and implementation costs for the new scheme</p>			
Innovation & Change	Parks not lock and staggering park locking times	A combination of not locking selected number of parks and staggering the closing time of another selected number of parks. This will reduce the number of park attendants required to close the parks.	Part or Completely Unachievable	75	A number of parks already have staggered opening hours many of which are linked to local byelaws. There are still concerns relating to rough sleeping and anti-social behaviour at unlocked parks that have been raised by some stakeholders. There is some experience of these adverse issues in Parks that are currently left unlocked by the Service. The Service hope to implement changes in 2024-25 subject to stakeholder consultation. Only £50k of the saving target deemed

					achievable. £25k of the saving is not considered achievable.
Innovation & Change	Parks & Open Spaces Service Configuration - Review of service model to consider how to deliver by combining contracts with Housing and potential relet savings	Assume savings can be achieved on combined contracts. Continental contract ends 31/3/23 therefore assumes saving will be deliverable from 2023/24. (Assumed total £100k - Parks £70k, Housing £30k)	Part or Completely Unachievable	70	Housing information requirements differ significantly to Parks as it feeds into the service charge statements for residents living in different estates around the City. Granular detail is required to ensure that if tenants challenge items in their service charge statement (e.g. grounds maintenance) they can justify the amount being recovered, the service levels expected by Parks and Housing also differ significantly. Any savings that could have been achieved by Housing would benefit the HRA not the GF. The Continental Contract has now been extended by 3 years so no savings are now achievable.

Finance & Resources	Review of Bi-Borough IT Service	Reviewing the structure of the Bi-Borough IT service, including project work. 02/12 - removed £500k 22/23 following further review, suitable packages can be difficult and costly.	Part or Completely Unachievable	250	This was highlighted as a pressure in 2023/24 and removed from the budget load
Children's	Delivering Short Breaks Differently	A range of options for Short Breaks service delivery, including a review of the universal (core) and targeted preventative service offer - and the scoping of a proposal (which will require capital investment) to deliver overnight accommodation locally or 'in-house' for children with more complex care needs for whom finding suitable packages can be difficult and costly.	Part or Completely Reprofiled	25	Review of Short Breaks service under way

## **Appendix 2 – Schools Forecast**

- 1.1 The Bi-Borough Schools' Finance team provides support to 37 maintained schools and nurseries in the borough of Westminster.
- 1.2 Schools in Westminster face a number of challenges, particularly, primary schools with falling rolls. Based on the October 2023 pupil census, there is a 26.6% surplus capacity across all Westminster primary schools; this is a slight increase in the last year of 0.9% from 25.7% at October 2022 but an increase 11.6% in 5 years from 15.0% in 2017.

### **Dedicated Schools Grant**

- 1.3 Westminster City Council receives an allocation of Dedicated Schools Grant (DSG) from the Education and Skills Funding Agency (ESFA) to fund maintained schools and academies and items of central expenditure. The DSG finances schools, central services, early years and high needs expenditure. In addition to the DSG, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) in 2023/24. Schools have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. Since September, Schools have also received a teachers pay additional grant (TPAG) to fund 3% of the 2023 teachers pay award. The MSAG will be incorporated into core budget allocations from 2024/25 and the TPAG from 2025/26.
- 1.4 The Schools' Block of the DSG which provides most of the schools' funding is £125.4m for 2023/24, a reduction of £1.0m (0.8%) from 2022/23 due to a reduction in pupil numbers, and the Mainstream Schools Additional Grant (MSAG) brings an additional £4.4m; the total grant allocation therefore comes to £129.7m, an overall increase in funding of 2.7% with per pupil funding increasing by 6.4%. However, this is set against a background of teacher pay awards not being fully funded alongside rising energy and contractual costs.
- 1.5 The Schools' Block allocation for 2024/25 is £129.3m, a reduction of 0.3% from 2023/24. When the estimated TPAG allocation is taken account of, the overall increase in funding is 0.4% and 3.5% per pupil.
- 1.6 The formula to determine the DSG is mainly based on pupil numbers. With Westminster's pupil numbers falling across primary schools, this means that although the rate of funding per pupil has increased, the overall level of funding is decreasing in local primary schools. This is creating a sustainability challenge for several small schools in Westminster.
- 1.7 The DSG reserve balance was £1.100m as at March 2023. This is the net result of an in-year underspend in 2022/23 of £2.267m which cleared the DSG deficit of £1.167m from prior years. Currently, an underspend of £0.150m is forecast

against the DSG for 2023/24 and this would increase the reserve balance to £1.250m.

### **Schools with Deficit Balances**

- 1.8 There were 15 schools with deficit balances at 31st March 2023 compared to 11 at 31 March 2022. Of the 11 in deficit at 31 March 2022, 1 school delivered an underspend in the year to get back to an overall surplus and another school closed following amalgamation in September 2022.
- 1.9 There are 16 schools forecasting deficits at 31st March 2024. Collectively, these schools had an aggregate deficit of £1.966m at 31st March 2023 and are forecasting a deficit of £2.852m at 31st March 2024. Additionally, St Stephen's amalgamated with St Mary Magdalene's from September 2023 and their deficit will not be recovered. This deficit will be chargeable to the Council and not the DSG and this liability is currently forecast to be £411k. It is expected that this pressure will be met Corporately.
- 1.10 Deficit schools are all RAG rated as red to highlight the urgent need for a sustainable position to be maintained in order to return to a balanced budget position. Per Table 13, collectively, these schools had an aggregate deficit of £2.607m at 31st March 2023. Monthly reporting to the LA is compulsory for schools with recovery plans in place and monitoring reports are being actively pursued.
- 1.11 Six schools have a licensed deficit recovery plan in place and the remainder are still being worked on or updated as summarised in Table 12 below.



**Table 12 – Schools requiring Licensed Deficit Recovery Plans**

<b>School Name</b>	<b>Licensed Recovery Plan</b>
All Souls' CE Primary School	Yes
Burdett Coutts CE Primary School	Yes
Our Lady of Dolours	No
Robinsfield Infant School	No
Soho Parish CE Primary School	No
St Barnabas CE Primary School	No
St George's Hanover Square	No
St Luke's CE Primary School	Yes
St Mary Of The Angels Catholic School	Yes
St Matthew's CE Primary School	No
St Saviour's CE Primary School	Yes
St Vincent De Paul Catholic School	Yes
<b>Total Number of Schools in Deficit</b>	<b>12</b>
<b>Schools in Surplus at March 2023 and Forecasting a Deficit at March 2024:</b>	
Hampden Gurney CE Primary School	No
George Eliot Primary School	No
Barrow Hill Junior School	No
St Peter's CE Primary School	No
<b>Revised Total Number of Schools in Deficit</b>	<b>4</b>

**Schools at Risks – risk rating and reserves balances**

- 1.12 Schools RAG rated red have no reserves or a deficit balance and require a deficit recovery plan. A financial adviser is supporting schools with deficits in their production of robust deficit recovery plans and is also reviewing those at risk of going into deficit.
- 1.13 Schools with amber RAG ratings are at risk of future financial difficulty due a low (<£50k) balance and/or their reserves having reduced by prior or in year deficits to the extent that a further reduction of similar magnitude would result in a deficit balance within 2 years and so need to take action to reverse the trend.
- 1.14 These schools have also been offered support with financial management, ranging from cross-departmental training delivered to staff and governors (involving School Standards and Finance colleagues) to assistance with producing recovery plans and budget monitoring and requests received vary according to the school's needs.

- 1.15 Green RAG rated schools have enough reserves to cover a future in year deficit equal in value to a current year deficit, should this occur.

**Table 13 – RAG Ratings and Balances Summary**

<b>RAG Rating</b>	<b>2022/23 Outturn</b>	<b>2022/23 Balance (surplus) / deficit</b>	<b>2023/24 Forecast</b>	<b>2023/24 Forecast Balance (surplus) / deficit</b>
Red	15	(2,607)	16	(2,852)
Amber	7	165	8	389
Green	17	5,924	13	4,950
<b>Total</b>	<b>39</b>	<b>3,482</b>	<b>37</b>	<b>2,486</b>

School Forecasts


- 1.16 Schools' balances at the start of 2023/24 were £3.622m and the forecast year end schools balances total £2.075m. Deficit schools are required to provide monthly updates, with other schools providing quarterly finance reports.
- 1.17 At the time of preparing this report, the deadline for returns from non-deficit schools had only just been passed. Finance is following up with the non-compliant schools including escalating to Headteachers. Where returns haven't been received for Quarter 3, latest available figures have been used.

## Appendix 3 – Prudential Indicators

Table 14 – Prudential Indicators

PI Ref		2023/24 Indicator	2023/24 Forecast
1	Capital expenditure	£438m	£457m
2	Capital Financing Requirement (CFR)	£1,310m	£1,194m
3	Net debt vs CFR	£723m underborrowing	£617m 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	£1,241m
5b	Operational debt boundary	£636m	£624m
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: 3% Lower limit 10 years and above: 77%

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 <b>City of Westminster</b>	<h2 style="margin: 0;">Audit and Performance Committee Report</h2>
<b>Date:</b>	27 February 2024
<b>Classification:</b>	General Release
<b>Title:</b>	Maintaining High Ethical Standards at the City Council 2023 Report
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	N/A
<b>Report of:</b>	Parveen Akhtar Executive Director - Democracy, Law and People Monitoring Officer for Westminster City Council
<b>Author:</b>	Joyce Golder Principal Solicitor, Bi-Borough Legal Services Email: <a href="mailto:joyce.golder@rbkc.gov.uk">joyce.golder@rbkc.gov.uk</a>

## 1. Executive Summary

1.1 This is an annual report which is the report of the Council's Monitoring Officer in consultation with the Council's Chief Finance Officer. The previous report was received by the Committee on 23 February 2023.

1.2 This report is submitted to the Audit and Performance Committee in accordance with its Terms of Reference, which state that the Committee is:

*“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”.*

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

- 1.4 'Ethical governance' lies at the very heart of the way in which an organisation is run, its values, how its business is transacted and how its decisions are taken.
- 1.5 In January 2019 the Committee on Standards in Public Life published a report following its review of ethical standards in local government. The covering letter to the report by the Chair stated that local government impacts the lives of citizens every day providing essential services to those it serves. Its decisions directly affect the quality of lives of local people. High standards of conduct in local government are needed to demonstrate that those decisions are taken in the public interest and to maintain public confidence.
- 1.6 At the Council we recognise that ethical governance is not simply a matter for the 'decision-makers at the top' but is applicable to all those who work for or in conjunction with the organisation – our elected Members, our staff and our contractors are all expected to adhere to the highest standards of conduct and behaviours. In this context this report will detail how we maintain ethical governance in each case.
- 1.7 In compiling this report the Monitoring Officer relies on information provided by or on behalf of Directors and officers of a number of services across the Council. The areas covered in this year's report are as follows:
- Shared Audit, Fraud, Risk and Insurance Service;
  - Ethical governance complaints monitoring;
  - Ethical governance at Member level;
  - Ethical governance in relation to staff and service areas;
  - Ethical governance in relation to the Council's contractors and procurement.

## **2. Recommendations**

- 2.1 That the Committee notes the 2023 Annual Report and actions taken to maintain high standards of ethical governance throughout the Council.
- 2.2 That the Committee suggest any areas of ethical governance which have not been addressed in this report, for inclusion in the next annual report for 2024 which will be presented to the Committee in February 2025.

## **3. Shared Audit, Fraud, Risk and Insurance Service**

- 3.1 The Shared Audit, Fraud, Risk and Insurance Service reviews policies, procedures and governance arrangements across the Council's services and promotes a culture of zero tolerance in respect of fraud, corruption and mismanagement. Fraud awareness training is available to service areas where a need has been identified and a fraud intranet page informs staff of emerging fraud risks, encourages fraud reporting and maintains awareness.
- 3.2 The [Council's Anti-Fraud & Corruption Strategy 2020-23](#) sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct

directed against the Council is suspected, this should be reported immediately. The Council's strategy aligns to the national strategy published by the Local Government Association (LGA).

- 3.3 The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's Whistleblowing at Work Policy and the Fraud Response Plan. These are internal documents available to employees via the Council intranet.
- 3.4 Support from members of the public is also important in combating fraud and corruption, and facilities are provided to enable them to report their concerns, including an electronic "Report a Fraud" facility on the internet and a more traditional Fraud Hotline. The majority of referrals via these channels provide information regarding unlawful subletting, the abuse of residents' or disabled parking badges. Fraud referrals in respect of welfare benefits are redirected to the Department for Work and Pensions.
- 3.5 The Council's Fraud Response Plan provides guidance on the action to be taken when a fraud or corruption complaint is received, and details action to be taken to ensure the Council can;
- Minimise and recover losses
  - Establish and secure evidence necessary for criminal and disciplinary action
  - Take disciplinary action against those involved
  - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures and prevent recurrence.
- 3.6 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation including the Fraud Act 2006.

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

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

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

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

4.3 As the Shared Corporate Anti-Fraud Service investigate allegations of fraud, bribery and corruption, it is not appropriate for such ethical governance complaint issues to be investigated under the Council's normal complaints procedure. However, if such a

complaint is raised under the complaints procedure, the complainant will be advised that the matter will be referred to the Shared Corporate Anti-Fraud Service to take the appropriate action.

- 4.4 The Corporate Complaints Team is a distinct service to that of the Shared Corporate Anti-Fraud Service and is based within the Revenues & Benefits Department. The team has overall responsibility for the management and development of the Corporate Complaints policy and for the compilation of the Annual Complaints Review. There is a separate report already presented to the Audit and Performance Committee in relation to Annual Complaints for 2022/23. This report does not identify any ethical governance complaints.

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

### The Council's Standards Committee

- 5.1 The Council's Standards Committee usually meets three times a year. In 2023, the Standards Committee met on, 20 April, 11 July and 29 November.
- 5.2 The Committee undertook various pieces of work during the year including reviewing both the Safety Protocol for Councillors and the Council's current Procedure Rules regarding debate at Council meetings with a focus on the Member Code of Conduct.
- 5.3 The annual question and answer session with the Leader of the Council was also held where the Committee was invited to ask questions on a range of topics relating to ethical standards.
- 5.4 The Council currently has two Independent Persons who attend and contribute at meetings of the Standards Committee. One of the Council's Independent Persons announced their intention to resign from the post and recruitment commenced in December 2023 for this replacement.

### Member Complaints

- 5.5 In the calendar year 2023 the Monitoring Officer considered three complaints put forward against Councillors alleging a breach of the Members' Code of Conduct. The Monitoring Officer, or her deputies, considered each of the complaints and the evidence provided. No complaints were referred to the Standards Committee for a hearing.
- 5.6 Ethical standards are included in the Members' Development Training Programme. In May 2023 further Code of Conduct training was held along with updated training on the Member/Officer Protocol.



### Statutory Officer Group

- 5.7 In August 2022 a Statutory Officer Group was established. The Group consists of the Council's Chief Executive (Head of Paid Service), the s151 Chief Finance Officer and the Monitoring Officer (the 3 Principal Statutory Officers).
- 5.8 The Statutory Officer Group continue to meet regularly throughout the year. The group ensures the effective discharge of the Council's business and functions. The key objective is to make an effective contribution to embedding a collaborative, high trust, high performance Council culture, one which celebrates equality and diversity, and which serves as an exemplar of good governance and the highest standards of conduct amongst officers and members.
- 5.9 The Principal Statutory Officers are committed to continuous learning and improvement based on best practice from other authorities and guidance from sector leaders.

### Summary of further steps taken to strengthen Ethical Governance at the Council

- 5.10 Below is just a brief summary of a number of further measures being taken to strengthen Ethical Governance across the Council:-
- (i) A review of the Council's Constitution was initiated in April 2022. Phase 1 of the review involved updating the Constitution under the Monitoring Officer's delegation.
  - (ii) Phase two was completed in February 2023 and a report from the General Purposes Committee to Full Council in March 2023 was approved. This included changes to the Full Council Standing Orders and amendments to the scheme of Outside Bodies.
  - (iii) A more rigorous approach to governance has been adopted which is driving improvements.

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

- 6.1 The public is entitled to expect the highest standards of conduct from all Westminster City Council employees.
- 6.2 The law, the Council's Constitution, Code of Governance, Terms and Conditions of Employment, policies and procedures all provide guidance and structure on the manner in which Council employees should carry out their duties. The main provisions are summarised in the Council's Code of Conduct for employees. The Employee Code of Conduct details source documents such as HR Policies where more comprehensive information can be found.
- 6.3 Breaches of the [Code of Conduct \(sharepoint.com\)](#) may result in action under the Council's Disciplinary Code. The Code is published on the Council's intranet and forms part of corporate induction for all new starters.

## People Services

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

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

6.5 An overall three-year trend:

	2020 - 2021		2021 - 2022		2022-2023		Trend
	Closed	Open	Closed	Open	Closed	Open	
Disciplinary	9	10	22	30	17	7	Decrease
Staff employed	2541		2702		2742		

6.6 The Council concluded twenty-four disciplinary cases in total in the 2022/2023 financial year (this includes thirteen cases which were brought forward from 2021/2022).

6.7 There were seven cases opened in 2022/2023 that remained open going forward to the new financial year. All thirteen cases carried forward from 2021/2022 have now concluded.

6.8 Overall there has been a decrease in the number of disciplinary cases in comparison to 2021/2022. However, we are not complacent and continue to ensure that any trends or themes are managed appropriately.

6.9 The outcome of those disciplinary matters closed in 2022/23 were:

<u>Outcome</u>	No Case to answer	Formal Written Warning	Final Written Warning	Dismissal	Resigned	Left by mutual agreement
<u>Closed Cases</u>	7	6	0	3	1	0

6.10 For the cases opened in 2022/2023 there have been 2 cases which would fall under the remit of ethical conduct. This equates to less than 10% of all the disciplinary cases and it is not felt that there is a concern of poor ethical behaviour across the Council. The right safeguards are in place to ensure that our employees maintain and uphold good ethical behaviour. Regarding the wider disciplinary cases, the issues included:

allegations of gross negligence, gross misconduct, excessive absenteeism/unauthorised absence, misuse of council property and bullying and harassment.

- 6.11 The disciplinary cases have occurred across a number of services in the Council. Despite the minor increase in the number of cases there is no evidence that there are systemic weaknesses or problems of unethical conduct in the Council or in any one particular department.
- 6.12 In 2022/2023 there were 3 whistleblowing complaints raised. The cases were logged and dealt with via our external whistleblowing hotline, Safecall. All of the 3 cases were raised anonymously, all of which related to unethical conduct in awarding contracts. The issues raised were investigated by our internal audit team and were not substantiated.
- 6.13 There were 23 individual grievance cases opened within the stated period including 4 brought forward from the previous year, 22 cases in total were closed and 1 remained open going forward to the next financial year. The remaining case has now concluded.
- 6.14 The outcome of those cases closed in 2022/2023 were;

Outcome	Not Upheld	Upheld	Partially Upheld	Dealt with Informally	Withdrawn
Closed Cases	11	1	8	0	2

- 6.15 The general themes to the grievances do not highlight any concerns of unethical conduct.
- 6.16 Most of these cases were not upheld however there were management learnings highlighted and implemented, which supports our managers to have a growth mindset. We continually monitor this important matter in our annual staff survey so that any area of concern can be highlighted to senior officers.
- 6.17 The below table shows the response for Respect and Dignity (inappropriate behaviour at work, bullying and harassment). The 'Yes' response has stayed the same at 13% for 2023.

During the past 12 months have you personally experienced inappropriate behaviour at work? <i>(The following questions are about inappropriate behaviour at work, such as discrimination and/or bullying and harassment)</i>	2018	2019	2020	2021	2022	2023	Trend
Yes	9%	12%	9%	11%	13%	13%	<b>0%</b>

No	81%	80%	81%	-	78%	77%	-1%
Prefer not to say	10%	8%	9%	-	9%	10%	+1%

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

6.18 The Council requires all employees to disclose any interests which may conflict with their public duty by completing a [Declarations of Interests Form](#). The form is accessible from the Council's intranet, The Wire. The Council also requires all employees in specified designated posts<sup>[1]</sup> to complete a Declarations of Interests Form on taking up the post and on any change in personal circumstances.

6.19 Executive Leadership Team (ELT) members or their nominated officer will use the information on Declaration of Interests Forms to compile and maintain a register of pecuniary and personal interests for their area of responsibility. Each ELT member will review their register and consider whether any steps need to be taken to avoid conflict when relevant employees complete and resubmit forms. The register is not available for public inspection and there is no statutory requirement to make them available. However, subject to any exemptions which may apply, information contained within the register may be disclosed in accordance with the Freedom of Information Act 2000.

6.21 Every endeavour is made to keep the registers up to date but the onus is on employees to ensure that their registration details are accurate and up to date. Information will be maintained and held on the register during the employees' employment and for six years thereafter. In addition to completion of the declaration of interests' form, employees must also declare any interests at meetings as appropriate. Failure to disclose such interests may lead to disciplinary action under the council's policies.

### Staff Receipt of Gifts and Hospitality

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

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<sup>[1]</sup> **Designated Posts**

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

designated monitoring officer on a regular basis. This is currently the Head of Internal Audit.

6.23 In July 2021 the Council launched a new Gifts and Hospitality Policy to ensure clarity of what could be and should not be accepted by employees, and to allow for full transparency. The key principles of the new Gifts and Hospitality Policy are:

- Employees may not accept any fee or reward whatsoever other than their proper contractual pay and benefits.
- Employees cannot accept or give gifts, unless in accordance with the limited exceptions set out in the policy, such as small token value gifts (i.e. pens, diaries etc).
- Hospitality which needs to be recorded, both accepted or declined, is defined as drinks, meals, events, entertainment, overnight accommodation and travel with an estimated value of £25 or more.
- It may be appropriate in very limited circumstances to accept offers to modestly priced ticketed events but only if they are taking place within the City of Westminster and if acceptance would not be viewed as an attempt to influence that employee's part in a council decision making process.
- We have removed managerial sign-off and shifted the ultimate responsibility onto the individual being offered the gifts and/or hospitality.
- If employees have any doubts as to whether it would be appropriate to accept Gifts and Hospitality, then they should not accept it.
- We have committed to publishing the Gifts and Hospitality register entries on our external website twice yearly for transparency.

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

7.1 The Council's Standing Orders and the Procurement Code set out the requirements which must be followed in respect of all procurement and contract management activity. The Code states that the Council expects all officers involved in procurement activity to ensure they are aware of and comply with all legislation, corporate strategies and policy; to take the necessary action to formally disclose situations of potential, perceived or actual conflict of interest; to behave with the highest levels of probity and integrity, making specific reference to the Bribery Act 2010 and the Council's Code of Conduct. The Code informs officers of the appropriate governance and procurement assurance processes to be followed, as well as the approvals that must be obtained to ensure good business practices are applied and risks are minimised.

7.2 The Procurement Code was last updated in March 2021, and will be undergoing a significant update in April 2024. Planned updates include key administration priorities, changes to commercial governance thresholds (see paragraph 7.3), and various areas of improved governance and process:

- a. Responsible Procurement Strategy & Policy
- b. Buying Team Policy (see paragraph 7.4)
- c. Insourcing Policy

- d. Cabinet Member approvals (to align with revised Cabinet Member ToR)
- e. Exemptions & Waivers (update definition and provide clear instruction)
- f. preparation for new procurement legislation applicable from October 2024.

7.3 In July 2023 Procurement engaged Local Partnerships, a non-profit consultancy based in Westminster, to review procurement and commercial processes and governance, and recommend improvements. The recommendations included changes to thresholds at which the Commercial Gateway Review Board (CGRB) provides independent assurance, to ensure that this significant resource was focused on higher risk procurement activity. The recommended thresholds consider the Public Contracts Regulation thresholds, and commercial governance models in place at other Local Authorities. With effect from 1st February 2024, the thresholds are increased to the following levels:

- Services and Works: £500,000 excl. VAT (previously £100,000)
- Consultancy: £300,000 excl. VAT (previously £100,000).

7.4 Projects that fall under these thresholds will go through a streamlined approval process. Assurance via spot-checks will also be conducted on this new lower-risk process, to ensure that commercial risks continue to be well managed. A new Commercial Risk Assessment Tool, which was also developed in collaboration with Local Partnerships, will be used to determine the risk level of all procurement activity at the start, with all high-risk activity also being assured by CGRB, even if it falls below the above thresholds. Any officer from procurement or the service involved in the procurement activity will be able to refer a sub-threshold or low-risk project to CGRB at any point during the project, if they have concerns or feel that the risk level may have increased.

7.5 Procurement Services support officers with best practice advice and guidance through the stages of the procurement and contract management lifecycle and will lead on all procurement activity valued at £25,000 or more (prior to December 2023, this threshold was set at £100,000 and activity below this was managed by service areas). A brand new 'Buying Team' was launched in December 2023 to manage and facilitate the quotation and sourcing process to secure contracts within the new £25K-£100k threshold. The main aim of the team is to ensure suppliers are appointed compliantly and in accordance with the current Procurement Code ([Procurement Code \(moderngov.co.uk\)](https://www.moderngov.co.uk)), and that they have the capability to deliver requirements. As well as this the team will:

- ensure a minimum of three quotes are sought (to ensure value for money), with 1 in 3 suppliers being a local, SME or VCSE where possible;
- where possible, include consideration for responsible procurement to ensure that the provision of social, economic and environmental benefits can be delivered during contract delivery;

- keep good records and ensure governance by using the e-tendering portal to manage quotes and supplier information in a controlled and informative way;
  - ensure that all contracts over £25k are recorded in our contract management system, to ensure compliance against requisition raising and publishing;
  - ensure a valid contract is in place before approving any associated purchase orders; and
  - provide information and guidance on the contract management process.
- 7.6 The Council spends over £600 million on third party contracts. In November 2023 we refreshed our Contract Management Framework to help improve the consistency of contract management across the council. The framework includes more robust requirements for contract managers (contract fundamentals) and includes a series of tools and templates to support contract managers. It also includes monitoring and reporting for responsible procurement performance of suppliers in line with our new Responsible Procurement strategy
- 7.7 The Procurement & Commercial Service launched the council's second Responsible Procurement and Commissioning (RPC) Strategy, in April 2023, which serves as a framework to deliver our Fairer Westminster vision and wider sustainable development and ethical goals, whilst delivering maximum value for Westminster and its residents and partners. The Procurement team have been driving the implementation of this new RPC Strategy and helping to embed relevant mechanisms and criteria throughout the procurement process, including procurement strategy, supplier selection and evaluation and contract management. Part of the RPC Strategy requires all new contractors to sign up to a Supplier Charter as part of supplier selection and an Ethical Procurement Policy as part of our terms and conditions, both of which include criteria on ethical sourcing and modern slavery due diligence. Existing contractors are being encouraged to sign up to these commitments retroactively, and many of our strategic suppliers already have.
- 7.8 Since the publication of last year's annual report, the Procurement and Commercial Service has taken further steps to mitigate their contribution to man-made degradation of the environment, locally and beyond. The Supplier Charter sets requirements to curb air pollution in the form of NOx and PM from our most critical contracts, alleviating public health concerns for Westminster residents and the employees of high-risk suppliers, as well as robust greenhouse gas emissions requirements. Since the council declared both a climate and a biodiversity emergency, the procurement team have embedded strategies to favour suppliers that demonstrate action on reducing their effects on the atmosphere and the wider environment and are working closely with our highest carbon intensity suppliers to continuously reduce their impacts.
- 7.9 Since September 2022 Westminster has been a signatory of the Councils for Fair Tax pledge and is working closely with our Innovation and change team on business ethics. Discussions on Fair Tax practices will form part of our deep dive sessions with our top 50 suppliers, to be rolled out as part of our new contract management and supplier relationship management initiatives.

7.10 Work on modern slavery and exploitation within the team specifically is underpinned by Westminster's second Modern Slavery Statement 2022/23, which was published in May 2023. This Statement provides a description of the actions the Council has taken to date to implement due diligence procedures to mitigate risks of modern slavery and exploitation in our supply chains and future actions planned with both existing and new suppliers. This work is being supported by the Bi-borough Modern Slavery and Exploitation Group and is underpinned by the Bi-borough Modern Slavery Strategy. March 2024 will see the launch of cross borough Modern Slavery Working Group chaired by Westminster City Council, which will lead on a harmonised approach across London boroughs. This approach will be aligned with central government due diligence requirements and seeks to facilitate a stronger steer on business and human rights expectations by public sector clients and improved performance by our suppliers and supply chains.

## **8. Conclusion**

- 8.1 This report provides the Committee with an overview of the arrangements that are already in place across the Council and further measures due to take place in order to maintain the high standards of ethical governance the Council requires and expects.
- 8.2 As detailed in this report, action has been taken to ensure the Council is fully compliant with relevant legislation relating to ethical governance and to ensure Officers' and Members' responsibilities in this context are communicated accordingly.
- 8.3 Appropriate systems are in place to facilitate the reporting of ethical governance complaints and defined mechanisms and procedures exist to ensure any such complaints are dealt with in the correct way.
- 8.4 The Council's Monitoring Officer welcomes any recommendations the Committee may have on whether the Committee feels this report provides them with the information they require or whether any other particular areas should be covered or could be expanded on which are not.

If you have any queries about this Report or wish to inspect any of the Background Papers (here provided below again as links), please contact:  
Joyce Golder - [joyce.golder@rbkc.gov.uk](mailto:joyce.golder@rbkc.gov.uk)



**BACKGROUND PAPERS:**

[Fraud page](#)

[Council's Anti-Fraud & Corruption Strategy 2020-23](#)

[Whistleblowing at Work Policy](#)

[Fraud Response Plan](#)

[Code of Conduct \(sharepoint.com\)](#)

[Declarations of Interests Form](#)

[Gifts and Hospitality Policy](#)

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## City of Westminster Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	27 February 2024
<b>Classification:</b>	General Release
<b>Title:</b>	Internal Audit Progress Report 2023/24 (to January 2024)
<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 January 2024. Three audits have been finalised with a further eight 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 January 2024 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 January 2024)

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

Audit	Assurance
*Portman Early Childhood Centre (2022/23)	Satisfactory
*Housing Resident Satisfaction Surveys	Satisfactory
Section 106/ Community Infrastructure Levy (CIL)	Limited

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

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

### Section 106 and Community Infrastructure Levy (CIL) – (Amber)

5.3 The Community Infrastructure Levy (CIL) is a standardised non-negotiable levy that is charged to new development for raising funds to deliver infrastructure that is required to support new development. Section 106 (S106) Agreements (Planning Obligations) are legally binding agreements entered into by persons with an interest in a piece of land (often a developer) secured by a legal agreement or deed. They are designed to mitigate for a particular impact that would arise from a development. Section 106 Agreements have reduced significantly once the implementation of CIL came about, however they will continue to be used to secure some aspects of infrastructure provision that are specifically necessary to enable site-specific requirements and affordable housing to be delivered. This is likely to apply to large-scale developments.

5.4 The Council splits CIL revenue into three types: Strategic CIL; the Neighbourhood CIL, and Administrative CIL. In October 2022, new governance arrangements for CIL were approved by Cabinet. The new governance arrangements included:

- transferring the authority to take decisions, previously reserved for the CIL Committee, to Cabinet.
- Projects funded by Strategic CIL would be considered by the Capital Review Group and the Council's Executive Leadership Team before approval is sought from Cabinet.
- Decisions up to the value of £250,000 on Neighbourhood CIL are made by the Cabinet Member for Planning and Economic Development. Excess of this value will be considered by Cabinet.

5.5 An annual Infrastructure Funding Statement (IFS) report is published by the Council. The IFS provides a summary of the financial and non-financial developer contribution relating to S106 and CIL within the borough. It also includes a statement of infrastructure projects that the Council intends to be, or may be, wholly or partly funded by CIL.

5.6 The following areas of good practice were identified:

- In September 2022, the S106/CIL team provided a training session outlining upcoming changes to the CIL governance arrangements that would be effective from October 2022.
- The Council's website had up-to-date guidance for the public in relation to CIL funding, including how to submit an application for Neighbourhood CIL projects.

- A review of the January 2023 S106/CIL reconciliation performed as part of the new process, confirmed that this included identifiers for income received and expenditure on projects between the management system (Exacom) and the financial management system, with an automated TRUE/ FALSE reference highlighting unexpected variances.
- The Infrastructure Funding Statement (The City Plan) for 2021/22 was made available to the public through the Council's website. The statement included priorities approved in October 2022 of Affordable Housing, Green transitions, Sustainable and active travel, Community facilities, and Assessable and inclusive public spaces. Allocated and unallocated funding received from both S106 and CIL payments were outlined, including a list of projects detailing allocated funding against funding received to date.

5.7 The audit was undertaken at the beginning of an improvement programme to provide a baseline and to help identify the areas needed for improvement. Seven medium and one low priority recommendations were made, and since then significant improvements have been made:

- Processes and systems: The team has produced a new detailed team plan, setting out the processes to manage S106/CIL cases end to end. This is based on industry best practice and has been produced with external advice and replaces the CIL Administration and Monitoring Manual which is no longer in use (medium).
- Reporting and monitoring: Previous reports obtained from the Exacom system did not contain all of the required fields for effective monitoring, and required significant manual input by team members, to produce relevant management information. Monitoring reports are now reviewed on a regular basis, and as the reconciliation (referenced below) progresses the accuracy and timeliness of management reporting has significantly improved (medium).
- Monitoring of funds: Prior to 6 March 2023, monitoring of S106/CIL funds, including funds due to expire, was completed on an ad hoc basis and there were no defined timeframes for issuing Demand Notices to the developers. In addition, the due dates included in Demand Notices were inconsistent. A programme is now in place to systematize the monitoring of funds and secure overdue payments. The new Affordable Housing & Planning Obligations SPD further strengthens the approach, which includes the introduction of new late payment penalties (medium).
- Prior to January 2023, reconciliations of S106/CIL funds received, and recorded in the Exacom system, with the Council's financial management system (IBC) were completed on an ad hoc basis. Quarterly S106 reconciliations commenced in Q4 2022/23 and the same for CIL from Q2 2023/24. These reconciliations are now being reviewed on a monthly basis, with the monthly financial position being reported to senior management and the Cabinet Member (medium).
- Testing a sample of payments identified as delayed (between February 2022 and February 2023), identified instances of delays in following up Demand Notices issued to the developer (medium).
- Prior to March 2023, a centralised monitoring and reporting process of ring-fenced funds relating to S106 was not in place with responsibility of monitoring the correct allocation of funds delegated to the assigned officer within the agreement. The team now has a mechanism for centrally monitoring ring-fenced funds, and a schedule is reviewed regularly with the officer Infrastructure Working Group to make sure all funds are allocated and spent in full (medium).

- In accordance with the Community Infrastructure Level Regulations 2019, the Infrastructure Funding Statement (IFS) should be published by the 31 December after the financial year to which the data relates. A review of the Council's Infrastructure Funding Statement for 2021/22 confirmed that this was published with a delay of circa two months, on 7 March 2023. This continues to be a focus for improvement, and the production of the IFS is being fully integrated with the council's corporate financial reporting to ensure it is published by 31 December each year (medium).
- Changes within the governance arrangements were communicated to members of staff and a draft Governance Protocol document developed which was agreed during the October 2022 Cabinet meeting. These have since been finalised and the infrastructure governance group meets monthly, as well as regular reporting to the responsible cabinet member. (low).

5.8 As indicated, actions have been agreed which address all of the recommendations and implementation of these will be followed up.

### Follow up

5.9 Three follow-up reviews were undertaken in the period which confirmed that 83% of recommendations made had been fully or partially implemented.

Follow up Review	Recs Made*	Implemented*	In Progress*	Not yet actioned*
Westminster Community Homes	6 (4M, 2L)	3 (3M)	2 (1M,1L)	1 (L)
Management of Community Halls	5 (4M, 1L)	0	4 (M)	1 (L)
IBC Debt Management	1 (M)	1 (M)	0	0
<b>Totals</b>	<b>12</b> <b>(9M, 3L)</b>	<b>4</b> <b>(33%)</b>	<b>6</b> <b>(50%)</b>	<b>2</b> <b>(17%)</b>
Total High Priority	0	0	0	0
Total Medium Priority	9	4	5	0
Total Low Priority	3	0	1	2
<b>Totals</b>	<b>12</b>	<b>4</b>	<b>6</b>	<b>2</b>

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

5.10 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.

**10. 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 2023/24**

**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
Schools	Portman Early Childhood Centre (2022/23) (Oct-23)	Dec-23	Satisfactory	0	6	7	Feb-24
Housing	Resident Satisfaction Surveys (Nov-23)	Nov-23	Satisfactory	0	0	4	Feb-24
Innovation & Change	S106 and CIL	Dec-23	Limited	0	7	1	Feb-24
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	Defer/ Remove from Plan*
<b>Cross-cutting</b>	<ul style="list-style-type: none"> <li>Risk Management (2022/23)</li> </ul>	<ul style="list-style-type: none"> <li>Effectiveness of the Audit Committee</li> <li>Low value frequent spend (TBC)</li> <li>Finance, Payroll Testing (TBC)</li> <li>H&amp;S Governance – low value high risk contracts (Q3/4)</li> </ul>	<ul style="list-style-type: none"> <li>Climate Emergency (Cross Council – Governance)</li> <li>Business Continuity (TBC)</li> <li>Scheme of Authorisation (TBC)</li> </ul>	
<b>Adult Social Care</b>	<ul style="list-style-type: none"> <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>Home Care</li> </ul>	<ul style="list-style-type: none"> <li>PH: Core Drugs &amp; Alcohol Treatment Contract Monitoring (April fieldwork)</li> </ul>	<ul style="list-style-type: none"> <li>Market Management (future plan)</li> <li>Direct Payments (consider for 2024/25)</li> </ul>
<b>Children's Services</b>		<ul style="list-style-type: none"> <li>Supporting People Claims (ongoing)</li> </ul>		
<b>Schools</b>	<ul style="list-style-type: none"> <li>Burdett Coutts Primary (Jan-24)</li> </ul>		<ul style="list-style-type: none"> <li>St Vincent de Paul (Feb-24)</li> <li>Schools Thematic</li> </ul>	<ul style="list-style-type: none"> <li>St James' &amp; St John's Primary (cfwd 2024/25)</li> </ul>
<b>Finance &amp; Resources</b>	<ul style="list-style-type: none"> <li>Corporate Property (2022/23) (Dec-23)</li> </ul>	<ul style="list-style-type: none"> <li>Governance Wholly Owned Companies (Follow up of several previous reviews)</li> <li>Council Tax</li> <li>NNDR</li> <li>HB</li> </ul>	<ul style="list-style-type: none"> <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>People Services (TBC)</li> </ul>	<ul style="list-style-type: none"> <li>Coroner's Service (defer to 2024/25)</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</li> <li>IT Third Party Risk Management</li> </ul>		

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	Defer/ Remove from Plan*
Housing	<ul style="list-style-type: none"> <li>Torridon TMO (Jan-24)</li> </ul>	<ul style="list-style-type: none"> <li>Leaseholders – Major Works (2022/23)</li> <li>Members’ Enquiries &amp; Complaints</li> <li>Housing Rents</li> </ul>	<ul style="list-style-type: none"> <li>HRA Recharges</li> <li>Housing Needs Temp Accom (ongoing)</li> <li>H&amp;S Compliance</li> <li>Repairs</li> </ul>	
Regeneration, Economy and Planning			<ul style="list-style-type: none"> <li>Planning/ Building Control (Building Safety Act)</li> <li>Economic Development &amp; Regeneration (possible project review to be discussed)</li> </ul>	
Environment, Climate & Public Protection		<ul style="list-style-type: none"> <li>Mortuary</li> <li>Food Safety Light Touch Review</li> </ul>	<ul style="list-style-type: none"> <li>Climate Emergency (see cross-cutting)</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Health &amp; Safety: (deleted low priority)</li> <li>Markets &amp; Street Trading (agreed for 2024/25)</li> <li>Contracted Services: Waste, Parking, other (agreed for 2024/25)</li> </ul>
Innovation & Change			<ul style="list-style-type: none"> <li>Contracted Services (Communities e.g., Leisure &amp; Parks)</li> <li>Equalities (to be discussed)</li> </ul>	

\*Audits may be deferred for several reasons including but not limited to:

- Other priority/higher risk area work required.
- Changes in organisation or regulatory requirements which would affect the timing/ scope of an audit.

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

**1. Schools (Satisfactory)**

- 1.1 Audits of the Council’s schools are carried out using an established probity audit programme, usually on a five-year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control and has been fully reviewed to facilitate effective remote auditing where required. The programme’s standards are based on legislation, the Scheme for Financing Schools and accepted best practice and the purpose of the audit is to help schools establish and maintain robust financial systems.
- 1.2 In the reporting period, one final report has been issued in respect of the following:
  - Portman Early Childhood Centre
- 1.3 Satisfactory assurance was provided with 6 medium and 7 low priority recommendations made.

**2. Housing Department: Resident Satisfaction Surveys (Satisfactory Assurance)**

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This review considered the process for undertaking both transactional and perception surveys to ensure the results reflect an accurate assessment of the services provided by the Housing Department. The surveys are undertaken by Kwest, an independent firm specialising in social housing surveys that has been working for WCC since 2016. Following a tender process, the Council awarded a new contract with Kwest for undertaking end-user surveys, commencing on 1st April 2023.

- 2.2 For transactional surveys, customer contact details are uploaded to Kwest each week after the resident has received a service. Kwest will extract an appropriate sample of records based on the monthly numbers agreed with the Council and commence the surveys using their trained surveyors.
- 2.3 Between April and June 2023, 7,352 tenants had works completed within the homes relating to gas repairs/servicing, boiler installation or general repairs. The review confirmed that the weekly frequency of the surveys, the systems for providing the data for survey selection, the use of an independent firm experienced in conducting tenant surveys and the quality reporting provides reliable results.
- 2.4 Kwest’s own internal Quality Controls procedures including training enables regular assessment by Kwest managers of the quality of the survey calls and of staff conducting the surveys ensuring a good standard of tenant interaction.
- 2.5 The audit identified good practice in the following areas:
  - Kwest, is independent to the Council, and undertakes both post-repairs surveys and surveys obtaining data for the Tenant Satisfaction Measure (TSM) required by Social Housing Regulator for tenants.
  - Although not required by the Housing Regulator, the Council voluntarily survey leaseholders for their perception of Council Services.
  - Kwest has an experienced team of staff undertaking surveys including resources to conduct surveys in languages other than English.
  - Access to the Kwest portal enables Council officers to view and download survey results.
  - Council staff have a good working relationship with Kwest with regular client contractor meetings.

## Additional Information on Assurance Audits

### (main report paragraph 5.1)

- The welfare reporting process allows Kwest staff to raise any concerns about the wellbeing of a tenant with the Council, should the need arise.
- Dissatisfaction responses are reported back to the Council immediately upon conclusion of the survey so investigations can commence in a timely manner.
- A monthly Performance Dashboard is shared with the Housing Senior Leadership Team, housing staff in general and the Cabinet Member for Housing.

2.6 Four low priority recommendations were made in the following areas:

- The tender for the new service provider, to undertake the feedback surveys on behalf of the Council, was published in December 2022. A review of the procurement process revealed that, although six firms registered an interest in providing a tender, only one provided a bid. No details were sought from the other five firms at the time of the procurement, as to why they failed to provide a bid.
- An agenda should be created for the client/contractor meetings with Kwest and minutes taken of discussions. The minutes should be circulated for any amendments before being agreed as accurate at the next meeting.
- E-mails from Kwest providing details of the dissatisfaction response for all service areas covered are automated and sent directly to the manager responsible for the area. The manager contacts the resident to further discuss the reasons for the response and how any problems can be rectified, where applicable. We noted that, once the follow-up is complete, or if the follow-up cannot be undertaken, the outcome remains within the team responsible for that area and there was no process to feedback on the outcomes to the Performance & Intelligence Team for monitoring purposes.
- Dissatisfaction feedback relating to Anti-Social Behaviour (ASB) cases is only sought once a case has been closed. Whilst the feedback is helpful as points of discussions with the caseworker for future work, as the case is closed, the feedback cannot be used to affect an on-going case in terms of approach by the caseworker and interaction with the specific tenant.

2.7 The recommendations were agreed and, where appropriate, actions identified to address the issues raised.

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## City of Westminster Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	27 February 2024
<b>Classification:</b>	General Release
<b>Title:</b>	Internal Audit Plan 2024/25
<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 The Strategic Audit Plan identifies significant, persistent risks that the Council faces and the business areas to be covered by internal audit over a five-year period. The Strategic Audit Plan supports the annual planning process and ensures that internal audit continues to provide assurance over the breadth of the Council's operations.
- 1.2 The draft Annual Audit Plan (the Plan) is prepared following consultation with Directors and Heads of Service and takes into account the Council's strategic and departmental risks and priorities.
- 1.3 To ensure that the 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 9 months being

more flexible to suit the needs of the Council at the time. The Plan will be 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.

## **2. Recommendations**

- 2.1 The Committee review the early draft of the Annual Audit Plan, as set out in Appendix 1, and comment on the audit work due to be undertaken in the first quarter of 2024/25 and identify any specific audits to be considered during the coming year.
- 2.2 The Committee review the Strategic Audit Plan, as set out in Appendix 2, and consider whether it covers the persistent risks that the Council faces and outlines the business areas or themes that need to be considered as part of a 5-year plan.

## **3. Reasons for Decision**

The Strategic and Annual Audit Plans are compiled by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance, taking account of the Council's risk framework and following discussions with stakeholders, including senior managers. The Annual Audit Plan is subject to review by the Council's Executive Leadership Team and is reported to the Audit and Performance Committee for noting and comment.

## **4. Background, including Policy Context**

- 4.1 The Council's Internal Audit Service is managed by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance. Audits are undertaken by the in-house team or by the external contractors to the service, in accordance with the Internal Audit Charter. Internal Audit is required to provide the S151 Officer, the Executive Leadership Team and the Audit and Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. The Audit and Performance Committee are provided with updates at each meeting on the progress and outcomes from the internal audit work completed in the period.
- 4.2 A primary role of internal audit is to provide assurance that the Council has robust systems of governance and control in place to achieve its priorities and meet its statutory responsibilities. The Council's internal and external environment continues to evolve and the way in which the Internal Audit Service is delivered must change to keep pace with this. The traditional audit approach of planning a full year of audits in advance has become unsuitable as the original plan fails to keep pace with the organisation's needs.
- 4.3 As a result, we have implemented the following changes to the way in which we deliver the Internal Audit Service:
  - A Strategic Audit Plan has been developed, which documents the significant, persistent risks that the Council faces and outlining, in broad



terms, themes to be covered over a 5-year period. This helps to ensure that internal audit does not become a purely reactive function.

- We work with a '3 plus 9' Annual Audit Plan, planning out the next 3 months in detail, taking into account key risks and priorities, whilst keeping the remaining 9 months more flexible. The Plan will then be revisited each quarter to confirm the following quarter's work and will include sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework.
- The option of focused coverage or less formal reporting is available where the traditional approach would not provide assurance as quickly as needed.
- We seek to increase attendance on 'working groups' where real time input to projects and initiatives would be useful.

4.4 The draft '3 plus 9' Internal Audit Plan for 2024/25 is attached as **Appendix 1** to this report. It should be noted that this Plan is an early draft, intended to focus on the work planned in the first quarter of 2024/25 and some changes may be required once all of the planning meetings have been held.

4.5 The Strategic Internal Audit Plan (2021-2026), which documents significant persistent risks that the Council faces and outlines, in broad terms, themes to be covered over a five-year period, is attached as **Appendix 2** to this report.

4.6 The Audit Strategy, Annual Plan and audit work is undertaken in line with the expectations of the Public Sector Internal Audit Standards (PSIAS). The Standard incorporates a code of ethics governing the integrity and conduct of internal auditors and the requirement for objectivity, confidentiality, and competency, including regard to the seven principles of public life.

## 5. Financial Implications

There are no financial implications arising from this report.

## 6. Legal Implications

6.1 Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:

- a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives.
- b) Ensures that the financial and operational management of the authority is effective, and
- c) Includes effective arrangements for the management of risk.

6.2 Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into consideration public sector internal auditing standards or guidance.

6.3 There are no legal implications arising from this report.

**7. Carbon Impact**

The decision will have no carbon impact.

**8. Equalities Impact**

There are no equalities implications from this report.

**9. Consultation**

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

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

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**APPENDICES**

**Appendix 1            Draft Internal Audit Plan 2024-25**

**Appendix 2            Strategic Internal Audit Plan**

**BACKGROUND PAPERS**

## Draft Annual Internal Audit Plan – 2024/25

### 1. Background

The traditional audit approach of planning a full year of audits in advance has become unsuitable as the original plan fails to keep pace with the organisation's needs. The outline Internal Audit Plan (the Plan) for 2024/25, shows the audits planned in the first 3 months of the year, with areas of potential audit activity suggested for the remaining 9 months, where planning is more flexible.

The option of focused coverage or less formal reporting is available where the traditional approach would not provide assurance as quickly as needed. In addition, we seek to increase attendance on 'working groups' where real time input to projects and initiatives would be useful.

The Plan will be revisited each quarter to confirm the following quarter's work and will include sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework.

Where possible the Plan is aligned to the Council's strategic and operational risks, however it should be noted that the Council's risks and priorities may change during the year, and the Plan will be reviewed and updated as appropriate.

The Plan will be provided to the Council's Executive Management Teams and the Audit and Performance Committee at the start of the financial year and will then be presented every quarter. The delivery of the Plan helps to create a culture of accountability, ensures that risk management processes are embedded and contributes to the Council's governance framework.

In addition, areas of fraud risk are evaluated by the Corporate Anti-Fraud Service (CAFS) and this information will be used to inform and focus some of the audit work planned, as well as identifying areas where pro-active exercises and data analytics can provide additional assurance that fraud risks are effectively managed.

**2. Corporate Anti-Fraud Service (CAFS) 2024/25**

The work undertaken by CAFS complements the work of Internal Audit and provides additional assurance to the Council that fraud risks are being managed effectively. The reactive work plan has been estimated using historical data to assess the required levels of commitment needed for fraud risk areas such as Tenancy or Housing fraud. In contrast, proactive activities such as data analytics can be more carefully planned to ensure appropriate resources are available. For example, the biennial National Fraud Initiative data matching exercise will start in September 2024, with the initial extraction of data to be analysed.

The table below reflects the forecast activity for 2024/25.



3. Draft Internal Audit Plan - 2024/25

Department	Review	Potential Coverage	Quarter	Strategic Risk*
Cross-Cutting	Climate Emergency	Governance	1	9
Cross-Cutting	Governance & Risk Management -	1 or 2 reviews (not yet confirmed)	2 onwards	n/a
Cross-Cutting	Schemes of Authorisation	Compliance with delegated authority	2 onwards	n/a
Cross-Cutting	Procurement	1 or 2 reviews (not yet confirmed)	2 onwards	n/a
Cross-Cutting	Corporate Health & Safety	Governance and reporting	2 onwards	10
Cross-Cutting	Projects & Programmes	To be discussed	2 onwards	n/a
<b>Adult Social Care</b>				
Adult Social Care	Direct Payments	Compliance review	1	2
Adult Social Care & Public Health	Procurement/ Contract Management	To be discussed	2 onwards	2
Adult Social Care	- Reablement - Mental Health - Client Affairs/ Financial Assessments	1 or 2 reviews (not yet confirmed). NB other Inspections due	2 onwards	3
<b>Children's Services</b>				
Children's Services	Supporting Families	On-going claims review (every quarter)	1 to 4	n/a
Children's Services	School Audits	Cyclical review: Financial control and governance review.	1 to 4	n/a
Children's Services	- Placements - SEND - LAC - Adoption - Fostering	1 or 2 reviews (not yet confirmed). NB other Inspections due	2 onwards	1, 3
Children's Services	Schools – Finance: - Capital Expenditure - Surpluses - Deficits	1 or 2 reviews (not yet confirmed)	2 onwards	n/a
<b>Finance &amp; Resources</b>				
Finance & Resources	Digital & Innovation	- Digital Transformation & Strategy & Governance	1 to 4	8
Finance & Resources	Revenues & Benefits	Cyclical review of: - Council Tax - Housing Benefits - NNDR	3	n/a
Finance & Resources	Financial Systems	To be discussed	2 onwards	n/a
Finance & Resources	Treasury & Pensions	To be discussed	2 onwards	n/a
Finance & Resources	Risk Management	Follow up on previous audit (also cross-cutting)	2 onwards	

## Appendix 1

Department	Review	Potential Coverage	Quarter	Strategic Risk*
Commercial Partnerships	Procurement Governance	Compliance with Procurement controls (likely to be cross-cutting)	2 onwards	n/a
Commercial Partnerships	Contract Management	See departmental plans	various	n/a
Housing Services	Housing Management: - Planned Maintenance - Responsive Repairs - Major Works - Voids	1 or 2 reviews (not yet confirmed)	2 onwards	7
Housing Services	Housing Health & Safety – Cyclical Review	Ongoing compliance and requirements of Building Safety Act	2 onwards	3, 10
Housing Services	HRA	To be discussed	2 onwards	n/a
Housing Services	Housing Needs: - Temporary Accommodation - Homelessness - Allocations	1 or 2 reviews (not yet confirmed)	2 onwards	3, 7
Regeneration, Economy & Planning	Planning / Building Control	Building Safety Act to be confirmed	1	10
Regeneration, Economy & Planning	Regeneration	Governance of schemes	2 onwards	n/a
Environment, Climate & Public Protection	Climate Emergency	See Cross-Cutting section	1	
Environment, Climate & Public Protection	Markets & Street Trading	Systems review	1	n/a
Environment, Climate & Public Protection	Arboriculture	Contract Management	1	n/a
Environment, Climate & Public Protection	Disabled Facilities Grants	Cyclical review	1	n/a
Environment, Climate & Public Protection	Waste Services	Contract Management	2 onwards	n/a
Environment, Climate & Public Protection	Parking Services	To be discussed	2 onwards	n/a

Department	Review	Potential Coverage	Quarter	Strategic Risk*
Environment, Climate & Public Protection	Community Services	1 or 2 reviews (not yet confirmed) - Leisure Services - Parks & Grounds Maintenance	2 onwards	n/a
Democracy, Law & People Services	Governance	1 or 2 reviews (not yet confirmed) - Partnerships - Commercial Ventures - S113 Agreements	2 onwards	n/a
Democracy, Law & People Services	Pensions Administration	Ongoing review of processes & compliance	1 to 4	n/a
Democracy, Law & People Services	Coroner's Service	Financial management	2 onwards	n/a
Democracy, Law & People Services	People Services	1 or 2 reviews (not yet confirmed) - Recruitment & Retention - Equalities - Agency Staff	1 to 4	n/a

\*Where appropriate, the audits are linked to the Council's strategic risks, as detailed below, which may be updated during the year.

#### 4. **Strategic Risks (November 2023)**

The risks that could impact on the sustainability and delivery of the Council's statutory and non-statutory services and operations are considered to be of strategic significance. At the time of drafting the Annual Audit Plan, the Council's strategic risks were identified as:

Number	Risk
1	Failure to safeguard and protect children and vulnerable adults.
2	Fragility of the local care market.
3	Statutory service failure.
4	Infectious disease, wider health or environmental health outbreak or NHS crisis.
5	Failure to effectively respond to a major incident.
6	Cost of living pressures.
7	Lack of housing capacity.
8	Significant IT breach or cyber event.
9	Failure to achieve our net zero carbon targets.
10	Inadequate health and safety controls.

### Strategic Internal Audit Plan (2021-2026)

1. The Strategic Audit Plan sets out the medium-term direction of the Internal Audit Service. This 5-year plan outlines the priorities of the service and how Internal Audit can continue to provide an adequate level of assurance whilst taking into account resource limitations and the changing risk landscape.
2. The Strategic Audit Plan is supported by the Audit Charter, which sets out the roles and responsibilities of Internal Audit, and the Annual Audit Plan, which outlines the areas of internal audit coverage in a year.
3. All local authorities have faced significant financial reductions in recent years, an increasing demand for its services and a reduction in the resources available to them which has, in turn, impacted on the control environment. In addition, local authorities are taking more risks as they explore innovative solutions in order to bridge funding gaps and transform the organisation. It is important that the Internal Audit Service continues to evolve to ensure that it remains an effective assurance provider.
4. The Strategic Audit Plan has been prepared to document significant, persistent risks that the Council faces and outlines, in broad terms, themes to be covered. The intention of the 5-year period of this plan is to ensure that, in becoming more agile, internal audit does not become a purely reactive function and continues to provide assurance over the entire breadth of the Council's operations. The Strategic Audit Plan will be aligned where possible to the Council's ambitions contained within the Fairer Westminster Strategy.

Area of Review	Significant Persistent Risks	Five-year Approach
<p><b>Corporate Resources</b> Back office and support functions including Finance, HR, business continuity, risk management, health and safety and procurement</p>	<ul style="list-style-type: none"> <li>• Internal and external fraud</li> <li>• Poor Financial management</li> <li>• Risks to staff safety and welfare</li> <li>• Value for money not achieved in commissioning, procurement and contract management.</li> <li>• Failure to provide robust and compliant pensions administration service.</li> <li>• Council/ pension funds not invested effectively.</li> <li>• Staff do not have the skills, resources or support to discharge their roles effectively.</li> <li>• Council unable to cope with business disruption or emergencies.</li> </ul>	<p>At least one full audit of each key financial system (excluding Hants assurance areas) and ongoing testing of key controls every year.</p> <p>Cyclical Coverage of Revenues and Benefits over a three-year period.</p> <p>At least one audit of pension administration.</p> <p>2-year cyclical review of treasury and pension fund management arrangements.</p> <p>At least one audit of each key HR Function.</p> <p>Work on other functions, themes or departments based on conversations with management, assessment of risk and other sources of assurance.</p> <p>Annual coverage of management of individual procurements and contracts based on review of forward plans, perceived risk, significance and discussions with management.</p>

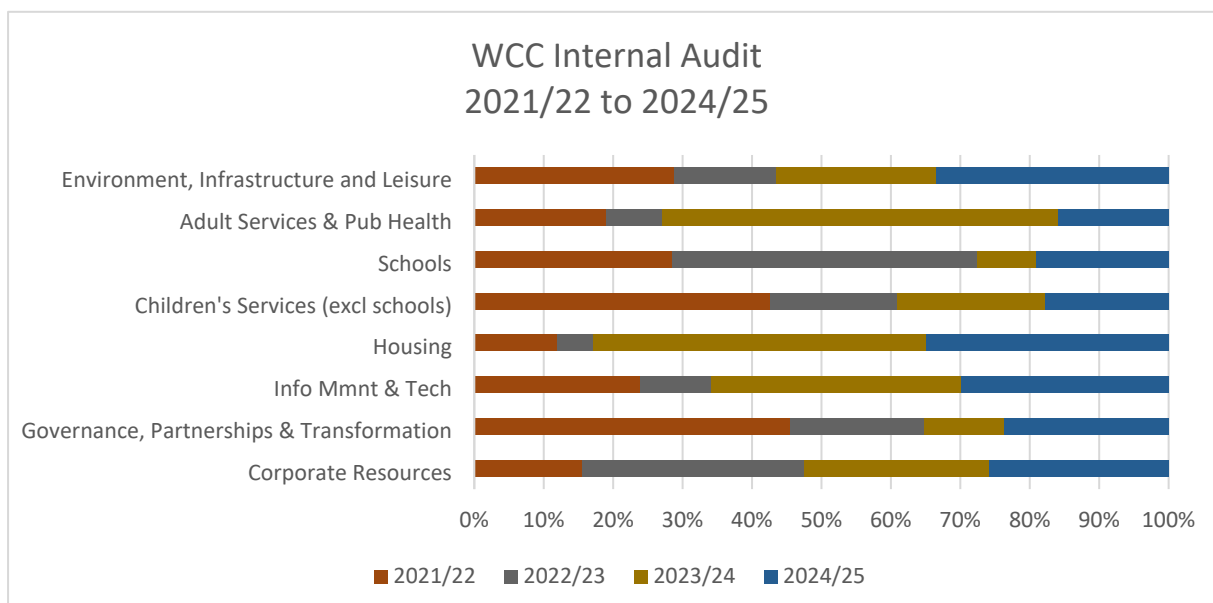


Area of Review	Significant Persistent Risks	Five-year Approach
<p><b>Governance, Partnerships and Transformation</b> Council governance functions, key strategic partnerships, commercial ventures and transformation programmes and projects.</p>	<ul style="list-style-type: none"> <li>• Governance failures, bringing the Council into disrepute or leading to the aims and objectives of the Council not being achieved.</li> <li>• Programmes and projects are not managed effectively within the required budget and timescales, delivering all expected benefits.</li> <li>• Ill-advised strategic partnerships or ventures entered into, or poor governance arrangements lead to objectives not being achieved.</li> <li>• Information requests (such as SARs and FOIs) are not responded to promptly and appropriately.</li> <li>• Statutory functions such as Electoral Services are not discharged effectively.</li> <li>• Commercial property portfolio is not managed effectively.</li> </ul>	<p>At least one full audit of SARS, FOIs, Members Enquiries and Complaints</p> <p>Annual coverage of Health and Safety based on discussions with management and understanding of risk areas.</p> <p>At least one audit of Gifts, Hospitality and Declarations of Interest</p> <p>Annual audits of specific areas of governance based on discussions with management and understanding of risk.</p> <p>Coverage of each significant Partnership, Joint Venture, Council Owned Company or Commercial Venture.</p> <p>Annual Coverage of Risk Management at either a corporate, thematic or departmental level.</p>
<p><b>Information Management &amp; Technology (Digital Services)</b> Management of data, compliance with the Data Protection Act /GDPR. Information technology including cyber security, asset management and disaster recovery.</p>	<ul style="list-style-type: none"> <li>• Loss of information, data breaches or inappropriate disclosure.</li> <li>• Loss of access/information due to systems failure or cyber-attack.</li> <li>• Breach of access controls.</li> <li>• Loss, theft or misuse of IT assets.</li> </ul>	<p>Periodic IT audit needs assessment and frequent discussions with management to understand risk areas.</p>
<p><b>Housing</b> Housing Services provided to Council Tenants, Leaseholders and those at risk of homelessness.</p>	<ul style="list-style-type: none"> <li>• Properties are either acquired or disposed of that are not in line with the Council's strategy or value for money is not achieved.</li> <li>• Rent payments and service charges are not recovered promptly and completely.</li> <li>• Council housing is acquired through fraud or is used inappropriately.</li> <li>• Housing stock is not maintained in a satisfactory condition leading to health and safety hazards and</li> </ul>	<p>At least one full audit of key Housing functions such as Rents, Homelessness, Housing Allocations, Temporary Accommodation, Tenancy Management, Leaseholder Services.</p> <p>More frequent coverage of both responsive repairs and planned repairs and maintenance</p> <p>Annual coverage of building Health and Safety compliance.</p>

Area of Review	Significant Persistent Risks	Five-year Approach
	<p>increased reactive maintenance.</p> <ul style="list-style-type: none"> <li>• Risks to the health and safety of residents are not identified and addressed promptly.</li> <li>• Leaseholders are not consulted and correctly charged for any works affecting their property.</li> <li>• Homeless and those at risk of becoming homeless in the borough do not receive the support they require.</li> </ul>	
<p><b>Children Services</b> Provision of services for children and families including looked after children, family support, school, SEND and amenity services including Registrars and Libraries.</p>	<ul style="list-style-type: none"> <li>• Failure in service continuity, safeguarding arrangements, financial management and governance.</li> <li>• Increased demands for services with reduced funding.</li> <li>• Statutory functions such as Registrars are not discharged effectively.</li> </ul>	<p>On-going in-year assurance on funding claims for Supporting People.</p> <p>Cyclical full review of specific areas such as placements, direct payments, looked after children based on discussions with management and understanding of risk.</p> <p>Each school reviewed at least once (with more frequent review where required).</p> <p>At least one audit of the Registrars Service.</p> <p>At least one audit of the Libraries Service.</p>
<p><b>Adult Social Care</b> Services provided to adults including day care, home care, direct payments and reablement.</p>	<ul style="list-style-type: none"> <li>• Increased demands for services with reduced funding.</li> <li>• Lack of suitable provision.</li> <li>• Weak supplier financial resilience.</li> </ul>	<p>Cyclical review of specific areas such as direct payments, home care, day centres, client affairs, charges and debt management, partnership agreements based on discussions with management and understanding of risk.</p>
<p><b>Public Health</b> Services provided to support the public health of the community including the response to pandemics.</p>	<ul style="list-style-type: none"> <li>• Access to appropriate affordable resources to support improvement to public health priorities.</li> <li>• Changing public health priorities and capacity for delivery (as exemplified by Covid-19 pandemic).</li> </ul>	<p>At least one procurement and one contract monitoring review across 2 to 3-year period.</p> <p>Targeted reviews in specific areas based on discussions with management and understanding of risk.</p>
<p><b>Environment, Infrastructure and Community Services</b> Management of highways infrastructure and services provided for residents,</p>	<ul style="list-style-type: none"> <li>• Statutory and regulatory functions not discharged effectively.</li> <li>• Weak supplier resilience / lack of provision.</li> <li>• Poor value for money/ ineffective service delivery/</li> </ul>	<p>At least one procurement and one contract monitoring review across 2 to 3-year period.</p> <p>Cyclical review across the service areas based on discussions with management and understanding of risk.</p>

Area of Review	Significant Persistent Risks	Five-year Approach
businesses and visitors. Includes Planning & building control, regeneration, new homes, industrial strategy, employment support schemes, parking, highways, public realm, environmental health, trading standards, community safety, sustainability, climate change impact, leisure, culture and amenity services.	failure to deliver outcomes for the community. • Injury to health /wellbeing to the community, businesses and visitors.	

- The Chart below summarises the actual audit activity between 2021/22 and 2023/24 and the planned activity for 2024/25, using the "Areas of Review" contained in the Internal Audit Strategy.



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