



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 15th July, 2015**, Rooms 3 & 4 - 17th Floor, City Hall.

Members Present: Councillors Jonathan Glanz (Chairman), David Boothroyd, Judith Warner and Jacqui Wilkinson
Jonathan Glanz (Chairman), David Boothroyd, Judith Warner and Jacqui Wilkinson

Also Present: Steve Muldoon (Assistant City Treasurer), Mo Rahman (Strategic Performance Team), Anthony Oliver (Chief Procurement Officer), Della Main (Operations Support Manager – Process and Governance), Andrew Curtois (Head of Category Management, City and Corporate Services), Andy Shorter (Head of Category Management, Housing and Construction) Mandy Gado (Head of Procurement Operations) and Reuben Segal (Committee and Governance Services)

1 MEMBERSHIP

- 1.1 It was noted that Councillor Jacqui Wilkinson had replaced Councillor Lindsey Hall.

2 DECLARATIONS OF INTEREST

- 2.1 Councillor Warner declared in respect of item 5 (Annual Contracts Review) that she is a Member of London Mayors as reference was made in the appendices to the report about the funding of a float.

3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on the 18th May 2015 be signed by the Chairman as a correct record of proceedings.

4 2014-15 YEAR END PERFORMANCE AND PERIOD 2 FINANCE REPORT

- 4.1 Steve Muldoon, Assistant City Treasurer, introduced the report relating to the financial performance. He informed the committee that at Period 2 Service Areas were projecting an overspend, prior to management action, of £0.923m against the net budget position of £192.096m. This was due to net pressures

arising in Children's Services relating to placements. Actions were in place to mitigate this and the overspend had been reduced to £500,000 to date. A further update on this would be provided in next month's report. All other service areas were broadly in line with their budgets. There were however risks in other areas that needed to be kept under review. This included risks of £2.12 million in City Management & Communities. This predominantly related to a Concessionary Fares (Freedom Pass) saving target of £1 Million.

- 4.2 The Committee asked for an explanation of what "placements" meant in relation to Children's Services and for details of the causes of current pressures e.g. Is it the challenges of recruiting foster carers or a consequence of an increase in the number of unaccompanied asylum seeking children? Mr Muldoon was also asked about the financial implications on the service following the government's announcement that children in local authority care are to be 'looked after' up to the age of 25.
- 4.3 Mr Muldoon was asked about whether the council was able to identify continuous risks over the medium term and about the work being undertaken to assess the implications to medium term budgets arising from the Queen's speech. The committee was informed that officers are studying the details of the Queen's speech and undertaking modelling of how this will affect the council's finances in future years. Service Areas use a variety of information such as population statistics and Census data to identify future ongoing risks.
- 4.4 The Committee noted that opportunities had been identified in Waste & Parks Services (£1.125 million), mainly through commercial waste service income. Mr Muldoon was asked for details about the income generation opportunities as historically the council had struggled to compete with other commercial waste collection companies. He advised that the increased income was derived through increasing charges. This had not translated to an increase in the council's share in the market. Mr Muldoon was asked whether increasing costs could result in an increase in non-compliance in the disposal of the commercial waste in the city.
- 4.5 The committee asked for further information on the following finance related issues:
1. Chief Executive (paragraph 1.1.1) - explain why there may be a potential underspend in Members Allowances (£70,000).
 2. Children's Services (paragraph 1.1.5) - provide an explanation of the overspend relating to placements and other pressures. The committee is unclear what placements relates to. What impact will the government's announcement requiring local authorities to care for looked after children up to the age of 25 have on the service area's budget?
 3. City Management & Communities (paragraph 1.1.6) - what percentage of the commercial waste market in Westminster does the Council have?

4. City Management (paragraph 1.2.8) - provide details of the procurement savings on automatic public conveniences (£0.125 million). Which contract does this relate to?

5. Housing Revenue Account (HRA) (paragraph 1.2.11) - what are the implications for HRA revenue arising from the government requiring local authorities to reduce council rents by 1% per annum? Will that require a revision of the HRA capital programme?

6. Please provide details of any LOBO loans taken out by the council.

7. Capital Expenditure - how does slippage (to date) compare to the previous year?

- 4.6 Mo Rahman, Strategic Performance Team, introduced the End of Year Performance report which updated the Committee on achievements and performance against internally set 2014/15 targets. Members noted that the City Residents Survey, which identifies overall satisfaction with the council, was based on interviews conducted with 1,019 residents aged 16 or over. It was suggested that a larger number of people should be interviewed in future given the size of Westminster's population. With regard to Chart 3 which set out the results of satisfaction with and importance of services, members asked whether interviewees were provided with a pre-selected list of services. Mr Rahman confirmed this was the case. While the list is consistent from year to year some additional services had been added to it in 2014.
- 4.7 In respect of the key performance indicators by Directorate, Members noted that where performance is off-track a commentary is provided by the service outlining the cause. However, this did not include any timescales for steering performance back on track. The committee also noted that performance indicators are predominantly output focused rather than outcome-based. Mr Rahman commented that some performance indicators are outcome-based and that these could be included in future quarterly reports.
- 4.8 The committee noted with concern that temporary agency contractor numbers and cost continue to be an issue and that staff turnover increased from 11.2% in 2013/14 to 12.49% over the course of 2014. Councillor Boothroyd referred the committee to a recent Cabinet Member report on Tri-Borough Adult Social Care and the need for the service to recruit interim external resources to release internal staff to work on change, and to provide additional specialist capability. The committee requested that a report outlining HR service pressures and challenges across the council be presented to the next meeting. This should include an analysis of the reasons for the increase in staff turnover. The committee questioned whether there is any correlation between the increase in staff turnover and the use of contractor staff. Members also wanted to know how staff satisfaction compared with other local authorities and external organisations of a similar size.
- 4.9 The Committee also noted that the determination of planning applications within targeted timeframes had deteriorated last year compared to 2013/14. Mr Rahman was asked why the underperformance existed given that the

development market was reasonably predictable. The report highlighted that 12,451 applications had been received in 2014 compared with 12,573 in 2013/14. Mr Rahman explained that the year end position was provisional and that the number of applications received had been greater. The final figure would be included in the next quarterly performance monitoring report. Members expressed an interest in why applications to the council were rising particularly given the government's relaxation of planning laws where consent is deemed to be granted for small-scale extensions where there are no objections. The committee requested additional details about this matter.

4.10 The committee asked for further information on the following performance related issues:

1. Adult Services (Section 3.1.3): How is the success of the Customer Journey Operations Alignment being measured and reported?
2. Children's Services (Section 3.2.3): What are the performance indicators for the service improvement programme 'Focus on Practice'?
3. Children's Services: Provide details of the challenges to recruit foster carers, the plans in place to increase numbers and whether these are actually working.
4. Growth, Planning and Housing (Section 3.3.1): With regard to commissioned programmes to secure a range of paid employment opportunities for residents - how many residents helped into work have stayed in long term employment?
5. Growth, Planning and Housing (Section 3.3.1): What employment opportunities have the BIDs in Westminster provided to Westminster residents?
6. Growth, Planning and Housing: Has the council reviewed opportunities of in-house management of Westminster properties rather than CityWest Homes?
7. Growth, Planning and Housing (Section 3.3.4): Provide further details about the challenges of determining planning applications within targeted timeframes. Why are applications to the council rising? Has there been an increase in small-scale applications despite the government relaxing planning laws for extensions where there are no objections.
8. City Management and Communities (Waste): Provide details of the number of people that have paid £20 for the Council to remove unwanted household items in the last 12 months versus the cost to the Council of removing dumped waste. Is there a contract between Veolia and CityWest Homes to remove dumped waste on the council's housing estates and what is the cost of that?

9. City Management and Communities (Sports and Leisure): Provide an update on the Active Queens Park project (Moberly and Jubilee sites).

10. City Management and Communities (Section 3.3.3): Is it possible to have a concierge service (similar to what libraries have for businesses) for Members to assist them with services within the council and a general information point?

11. Corporate Services, (Section 3.5.1): Provide a note of recent IT upgrades delivered in 2014 and how these are working including feedback provided from staff.

12. Corporate Services (Section 3.5.3): Provide details of the issues and problems to date associated with the implementation of the Managed Services Programme (Human Resources And Procurement). Members are aware that there have been problems with payments including ward budget projects and staff salaries.

4.11 Members reiterated comments made last year that reports need to be accessible to those who don't have a good working knowledge of the Council's service areas. They have asked that the reports are written in plain English and avoid the use of acronyms as much as possible. The committee also asked officers to consider how responses to questions can be provided at the meeting rather than requiring follow-up written responses.

4.12 **RESOLVED:**

1. That the report be noted.

2. That the request for further information as set out above be actioned.

5 ANNUAL CONTRACTS REVIEW 2014/15

5.1 Anthony Oliver, Chief Procurement Officer and Della Main, Operations Support Manager, Process and Governance, introduced an Annual Report that reviewed the Council's contracts as per the requirements of the Committee's Terms of Reference.

5.2 An addendum to the report which corrected errors contained in Appendix A (Contracts Let in 2014-15 where the total contract value exceeds £150,000) was tabled.

5.3 The committee was informed that 65 contracts over the value of £150,000 and 161 contracts with a value of less than £150,000 were let in 2014/15 in accordance with the requirements of the Procurement Code. There were 101 extensions and 15 variations of existing contracts. In exceptional circumstances a waiver to the requirements of the Procurement Code may be

obtained from the Chief Procurement Officer. 104 waivers were approved during the course of the year.

- 5.4 The Committee was advised that the capitalEsourcing contracts register is regarded as the “single source of truth” and forms the basis for reporting on contract information across the Council. Through training and regular communications, it has been made clear to Contract Managers that it is a mandatory requirement to ensure that records are accurately maintained and regularly updated. Regular reports are submitted to the Executive Management Team (EMT) outlining the level of compliance across the Council. Members were concerned to hear that although, compliance is improving, a large number of records remain incomplete and therefore non-compliant. Detailed analysis of the system demonstrated there had been good progress in some areas, with others lagging. It was suggested that some of the resistance to recording data was due to officers viewing the activity as an administrative task even though the process is fairly simple and quick to complete.
- 5.5 The Committee noted that Contract Managers are responsible for monitoring contract performance through capitalEsourcing. As before, Members were concerned that there is limited compliance in relation to quarterly contract performance updates which is particularly poor across Tri-borough. They were informed that while officers may be undertaking assessments of how contracts are performing, these are not being inputted into the capital Esourcing system.
- 5.6 To mitigate these issues, Mr Oliver advised that the Procurement Team will intensify training to Contract Managers over the coming months. A contract management framework has been designed to support an effective and more consistent approach across Tri-borough. Mr Oliver explained that while he only has responsibility for contracts let by Westminster he provides reports outlining the level of compliance on a Tri-borough basis to the Shared Services Board so that the Executive Management Team are aware of data gaps and can mandate and prioritise requirements to the officers who report directly to them. The Committee requested an update on compliance with contract record keeping across the Council at a future meeting.
- 5.7 The Committee considered the high profile contracts awarded in 2014-15, one of which was the provision of Print and Document Management Services with Ricoh. It was noted that the contract will generate estimated savings of £3.8m when compared to current spend based upon historic activity levels. The framework names 19 other local authorities and it was noted that the Council is actively promoting the range of service streams. Management fees of 2% will be payable to the Council should any of the other 18 local authorities opt into using the service.
- 5.8 The Committee asked for more information why waivers to the Procurement Code are sought. Members questioned whether an increasing use of waivers could undermine the robustness of the established procurement process. The Committee was informed that there are instances where the requirements of the Procurement Code cannot be precisely followed. For example, a

procurement activity may be grant funded and a particular supplier may be named as a condition of that funding. The Chief Procurement Officer was of the view that to obtain ultimate value it was important for contracts to be advertised for tender on the open market. He believed that in most instances if officers planned better this was possible and would mitigate the need for them having to apply for waivers.

- 5.9 Officers were asked in relation to public health services whether there was competition and a market place for services. Andrew Curtois, Head of Category Management (City and Corporate Services), provided an example of positive successes in procuring new suppliers for cardio related services. Whilst Health Commissioners had initially believed that only Imperial Healthcare could provide such services this was challenged by the Procurement team. It subsequently proved more beneficial to award the contract to Thrive Tribe. Contract Managers and Commissioners are being challenged regarding their assumption around the availability of service providers. The Procurement team has run supplier events to provide contract managers with greater insight into what is on offer in the market place.
- 5.10 **RESOLVED:** That the report be noted.
- 5.11 **ACTION:** Provide the Committee with a note on how many live contracts Westminster currently has.

6 ESTABLISHMENT OF A TRI-BOROUGH APPOINTMENTS SUB-COMMITTEE

RESOLVED:

- 6.1 The Committee received a report that set out proposals to establish a Sub-Committee specifically to deal with senior Tri-borough appointments in order to approve and simplify the current arrangements.
- 6.2 That a Sub-Committee entitled Appointments Sub-Committee (Tri-borough) be established with the Constitution and Terms of Reference as set out in Appendix A to the report.
- 6.3 That the Terms of Reference of the Appointments Sub-Committee be amended as set out in Appendix B to the report.

7 WORK PROGRAMME

RESOLVED:

- 7.1 That an item on HR service pressures and challenges and an update on Contract Management Framework, Procurement and Commercial training including compliance with contract record keeping within capital sourcing be added to the committee's work programme.
- 7.2 That the responses to actions arising from the previous meeting be noted.

The Meeting ended at 8.40 pm

CHAIRMAN: _____

DATE _____