

## **Chief Executive's Office**

### **WESTMINSTER SCRUTINY COMMISSION**

**Meeting on 28<sup>th</sup> June 2016**

#### **CHIEF EXECUTIVE'S PROGRESS REPORT**

##### **Update on significant matters of corporate interest**

### **1. Introduction**

1.1 Members will be aware of the challenging financial and operational landscape that is affecting local government. This paper provides an overview of some of the key corporate issues that the Chief Executive is currently focused on to ensure that the Council is able to respond to these challenges and opportunities. The paper also summarises some of the highlights and issues that are being tackled at a London level.

### **2. Government's Programme and New Mayor**

2.1 Cabinet Members have already received a briefing note relating to the Queen's Speech and the Government's programme for the next Parliamentary year. Alongside the Leader, I also met with the new Mayor of London, Sadiq Khan, to engage with him and his senior officials, and offer feedback and challenge on a variety of issues, including the West End Partnership, business rates, and housing. I am happy to discuss this in more detail during the Committee meeting.

### **3. Devolution and Growth Deals**

3.1 Members will be aware of the new powers and flexibilities granted to London over employment, skills and health that were announced in the Spending Review.

#### **Employment**

3.2 The Spending Review announced the creation of a new Health and Work Programme. This will effectively replace the Work Programme and Work Choice from 2017. In doing so, the government made the specific commitment that the Mayor of London and London boroughs will jointly commission employment support (outside the Jobcentre Plus regime) to assist the very long-term unemployed and those with health conditions and disabilities to (re-)enter work. Discussions relating to the development of the Work and Health Programme with DWP are ongoing and Westminster is engaging with this through both CLF level and at pan-London level. There is approximately £50m available for CLF for the new programme.

- 3.3 London government is also continuing discussions around the development of local employment hubs in London. This has the potential to provide a single front door for local and Jobcentre Plus employment support services, building on the commitments from government to increase co-location between JCP and local authorities and to support the effective roll-out of Universal Credit and the support for more vulnerable claimants. Westminster has been central to this and the evidence from our Universal Credit pilot (Universal Support Delivered Locally) is being used to inform the design of the programme.

### Skills

- 3.4 The government has indicated that the Adult Education Budget (AEB) will be devolved to London government from 2018/19 onwards.
- 3.5 The London proposition proposed a two-tier commissioning system for the devolution of adult skills funding at a pan-London and a sub-regional level. Commissioning at sub-regional level provides the opportunity to join up employment and skills activity across London and the first stage in this process is an area based review of skills provision which Westminster is engaging with through Central London Forward.
- 3.6 Barbara Holm, Head of Westminster Adult Education Service, will chair a pan-London review of community learning which will run in parallel to the area based review and feed into both the pan-London review of FE provision and the Central London review. This will make sure that WAES is engaged in the process but not directly in scope for the first stage of the Area Based Review.

### Health and Sustainability Transformation Plans

- 3.7 In December 2015 two public agreements were announced:
- A London Health and Care Collaboration Agreement between London Partners, CCGs, London boroughs, the Mayor of London, NHS England in London and Public Health England in London.
  - A London Health Devolution Agreement between the Chancellor, Mayor of London, the Chief Executive of the NHS, the Chair of London Councils, the Secretary of State for Health, the Chair of the London Clinical Commissioning Council and the Chief Executive of Public Health England.
- 3.8 The London Health and Care Collaboration Agreement announced five pilots intended to test the devolution announced by the government and which, if successful, will be scaled-up or replicated across London. While Westminster was not one of the five pilots, we are a potential Phase 2 pilot for London. The London devolution pilots are approaching the mid-way mark and the Health Devolution Board has met to consider the emerging outputs.
- 3.9 In December 2015, the NHS outlined a new approach to help ensure that health and care services are built around the needs of local

populations. To do this, every health and care system in England will produce a multi-year Sustainability and Transformation Plan (STP), showing how local services will evolve and become sustainable over the next five years.

- 3.10 North-West London faces big challenges to ensure that everyone living, working and visiting the area has the opportunity to 'be well and live well' over the next five years. The "base case" was submitted on Friday 15<sup>th</sup> April and the final STP will be submitted by 30<sup>th</sup> June.
- 3.11 Westminster has been closely involved in developing the STP for North West London (which is putting into practice a number of the devolution principles agreed for London) and aligning in closely to our Health & Wellbeing Strategy to ensure we maximise the local benefit for Westminster.

#### **4. Staff Retention and Awards**

- 4.1 The November Report provided an update on the steps being taken to retaining high calibre staff through reward and recognition, including an employer branding exercise, the Rewarding Your Contribution payment scheme and other, non-cash benefits, such as tea with the Lord Mayor.
- 4.2 In April, over 200 colleagues attended The Westminster Way Awards 2016 ceremony at Porchester Hall. The evening celebrated those who demonstrate their commitment to delivering excellent services to our residents and stakeholders. It was our chance to say thank you for all the hard work staff do and a key part of our commitment to celebrating the success of individuals and teams across all sites and departments. The event was sponsored by a number of our partners and feedback from staff and sponsors has been very positive.
- 4.3 Officers are reviewing the policies governing Staff Retention and Rewards following investment in the Westminster Way. Revisions to the retentions policy will be brought to Members for consideration over the next few months.

#### **5. The Westminster Way Programme**

- 5.1 In previous reports, I have updated you on the Leadership Academy we have established to improve the resilience of our managers as the Council goes through an extended period of change. Over two thirds of our middle and senior managers have now been through the programme and the remainder will have completed it by the end of October 2016. The feedback from managers has been overwhelmingly positive and there have been a palpable impact on how business is conducted within the organisation and with stakeholders as a result. Recognising that all staff should be supported and developed, we have recently extended an adapted version of the programme to all staff. We estimate that all staff will have been through the Academy by March 2016.

- 5.2 Outside the formal programme, a new Organisation Development team has been established as part of the People Services restructure. They are leading the development of a strategy that will ensure the learning from the Academy continues to be embedded within the organisation.

## **6. Corporate Services**

- 6.1 Members will recall that WCC and RBKC had agreed that a permanent Bi-Borough Corporate Services Director would be established.
- 6.2 John Quinn joined the authorities as Director of Corporate Services on 29th March 2016. John leads on the Managed Services programme, tri-borough Legal and ICT Services and is the Executive Officer for Westminster's Human Resources and Procurement functions.
- 6.3 Lee Witham has been appointed to the role of Westminster's Director of People Services. Lee joins us from BT where he has served as the HR Vice President for BT Global Customer Service since 2012. He will begin his new role on Tuesday 30th August 2016.
- 6.4 He will continue to build on the strong work started by Carolyn Beech and current interim Director, Carmel Millar, to transform both the teams within People Services and our overall approach to recruiting, developing, rewarding and leading staff within the authority.

## **7. Managed Services Programme**

- 7.1 Significant progress has been made on the MSP Programme since we last met although there is still work to be done to meet the June completion target. Most issues have now been resolved or will be resolved by 30<sup>th</sup> June. The completion of certain agreed items has been deferred past the end of June, including the asset management accounting model; a full debt management service and the Version 6 update. This is to coincide with the closure of RBKC and LBHF's accounts.
- 7.2 Officers are currently liaising with BT to clarify core contract requirements and programme delivery. Work is being taken forward with BT to agree Gate 4 exit criteria, corrective action and Gate 5 with the intention of a comprehensive review of operational quality in October.
- 7.3 The programme team will migrate to an Enhanced Intelligent Client Function (ICF) team in early July. The majority of personnel still involved in outstanding programme deliverables will remain. This is a transitional model that will manage the remaining outstanding deliverables and support the operational services through to stabilisation. The migration to the Enhanced ICF enables all parties to adopt the operating model as detailed within the contract enabling all parties to operate effectively within the commercial framework. Further work is being scheduled with the Managed Services sponsors to underpin some of the detail to support this.

- 7.4 The programme is working to improve the operation support governance arrangements such as Quality Management, Problem Management and Change Management. The issues with the operational delivery of service, such as Payroll, have been prioritised over programme delivery to get the fastest possible resolution. Most importantly the root cause of some recent problems regarding Payroll is being captured to prevent a repetition of the problem.

## **8. Accounts 2015/16**

- 8.1 The new Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. Regulations state that the Council should submit its accounts for audit by 30 June 2016 and that a committee should approve the final, audited 2015-16 Statements for both the Council and the Pension Fund by 30th September 2016. In accordance with the Council's commitment to the agreed closure programme, these accounts were submitted to Grant Thornton for external audit on the 9th April 2016. The Council has achieved in 9 days what most local government bodies take 3 months to complete and are the earliest public sector accounts ever issued.
- 8.2 This year's closedown process was challenging given the need to bed down the new Agresso system which went live 1 April 2015 as part of MSP. However, despite these difficulties there have been a range of improvements in the accounts and accounting year on year covering back office processes and systems (e.g. a refreshed "cloud-based" asset register) and improved presentation, accuracy, better inclusion of information and improved accounting.
- 8.3 Grant Thornton, the Council's auditors have commented very positively on the accounts, as part of their audit testing they commented positively on the Council's efforts in proactively managing the go-live of MSP during 2015/16. There were no adjusted misstatements and no unadjusted misstatements to the accounts reported as part of the audit findings. Four misclassifications were identified, which were amended. These did not impact on the outturn of the Council, or any of the Core statements and were presentational in nature.
- 8.4 The accounts are currently open for public inspection and this period completes on the 14th July at which point it is anticipated that the accounts will be formally approved.

## **9. Medium Term Planning and Accounts 2016/17**

- 9.1 As part of the provisional settlement for 2016/17, the Government announced that it would offer authorities an opportunity to accept a provisional four year funding settlement to 2019/20. The objective being to provide authorities with more certainty on future funding and so to enable improved planning for services and collaboration e.g. with partner organisations. This will give authorities a clearer budget position up until the point when they are expected to be financed by locally raised income and taxation only, without significant government grant.

- 9.2 To receive a four year settlement, the Council needs to publish an "Efficiency Plan". Efficiency Plans are due to government from all Councils by 14th October 2016. It is intended that this will be presented to the Cabinet on 10th October 2016. It should be noted that Efficiency Plans are intended to be light touch, an early draft of the Efficiency Plan is currently being worked on by officers.
- 9.3 In addition to the above the Medium Term Planning process has the immediate aim of achieving a balanced budget over the period from 2016/17 to 2018/19. WCC has made good progress on this previously and has now commenced at officer level a review of progress on the achievement of the 2016/17 budget savings, along with the roll out of budget monitoring from the end of month 2 i.e. as at the 31 May to ensure a balanced budget in the current financial year combined with action to generate and consider options to balance the budget in future years.

## 10. Business Rates

- 10.1 Members will be aware of the Chancellor's announcement in the Autumn Statement to bring forward 100% business rates retention to local authorities. We continue to await further detail of what additional burdens or reductions in other grants will be allocated to the GLA to keep this change fiscally viable.
- 10.2 The City Council has three objectives to pursue to address the current disincentives and anomalies in the existing NNDR Retention system:
- Ensure that Westminster is not disadvantaged by the government's revised Business Rate Retention Scheme and to increase our income by at least £6m a year by securing the removal of the **appeals** anomaly from the revised 100% Retention scheme.
  - Secure the inclusion of retention of an element of **revaluation growth** in the new 100% Retention scheme incentive calculation.
  - Ensure that the new **needs assessment** for local government, fully meets Westminster's costs to deliver core public services, including the costs of the new services that are to be rolled in to local government responsibility under the 100% Retention scheme. Funding arrangements should be flexible to fairly reflect changes in cost due to change in demand / demographics.
- 10.3 Cllr Mitchell represented Westminster's interests in the recent Commons Select Committee's examination of the Business Rates Devolution.
- 10.4 Westminster officers are in discussions with DCLG about the business rates pilots and await an outcome.

10.5 The government, in conjunction with the LGA, has set-up a Steering Group and four working groups to discuss and develop the detail of the revised scheme. The working groups cover:

- System Design
- New service responsibilities
- Reset/Needs Assessment
- Accountancy

10.6 The City Treasurer is on the main System Design working group. Although membership of all the groups is based solely on representation from specific bodies /agencies, rather than from individual local authorities, we are seeking individual Westminster representation due to our unique status as the largest collector of business rates in the country. Our representation appears to have received support in a recent letter from the Secretary of State for DCLG. We are awaiting feedback from DCLG officials.

10.7 Westminster can also formally respond to the government's proposals when the consultation process commences later in the summer.

## **11. West End Partnership (WEP) / Tax Incremental Finance (TIF)**

11.1 In The West End Partnership (WEP) continues to provide strategic leadership and coordination across public and private partners to respond to the challenges and opportunities facing the West End.

11.2 WEP now has three fully functioning working groups covering People, Place and Prosperity. The delivery programme is supported by a small, cross-cutting delivery team.

11.3 WEP Board Membership continues to evolve, with Neil Thompson joining as the WPA representative and Simon Loomes as the Business Improvement District representative. Val Shawcross, Deputy Mayor for transport, is the new Mayor's representative on the Board of the WEP.

11.4 In partnership with TfL and the GLA, and with the support of the WEP Board and the London Borough of Camden, we have submitted a draft investment case to HM Treasury. The investment case supports the £1bn WEP Programme with £400m through a Tax Incremental Finance (TIF) arrangement linked to business rates.

11.5 We have demonstrated to HM Treasury that on a net basis – i.e. over and above the tax take they would otherwise receive without the WEP programme - the Exchequer would benefit substantially from further investment in the West End. For example, it would lead to additional tax revenues to the Government of some £3.8billion (NPV) over the 15 years of the WEP programme having accounted for the cost of the programme. The West End economy would also grow faster - GVA growth would be accelerated by £23bn, some £12 billion more than without the WEP programme. Jobs growth could also improve, supporting an additional 102,000 jobs, which will enable the West End

labour market to keep pace with the needs of London's growing population and make major advances in productivity and efficiency.

- 11.6 We have made the case that Crossrail 1 (the Elizabeth Line) will create additional opportunities for the West End but also add major pressures which unless addressed could do damage to London's and the UK's economy. We also look forward to the impact that Crossrail 2 will make on the area and show how the WEP programme will help prepare better for this major investment in the capital's transport network.
- 11.7 The initial feedback from both DCLG and HM Treasury has been very positive. The investment case is being developed further with input from HMT over the next few months for potential approval by HMT in the Autumn Statement. The Leader and I also raised the WEP Board's work with the new Mayor in early June, highlighting how the TIF will strategically support London and updated him on the impact it will have on the Exchequer's finances.
- 11.8 We are also in discussion with Lord Adonis who is leading the Government's National Infrastructure Commission about how the West End supports Crossrail and addresses major infrastructure challenges such as shortage of electricity and broadband.

## **12. City Hall**

- 12.1 Officers have undertaken a thorough review of the Council's property portfolios and investments to identify opportunities to reduce costs and increase income to address the Council's future financial challenges.
- 12.2 City Hall is presently in a poor state of repair and fails to provide a positive reflection of the Council as an ambitious custodian of the City and an innovative leader of local government.
- 12.3 As part of this work, a review of the options for the Council's main office accommodation was undertaken and on 25<sup>th</sup> May, Cabinet approved the refurbishment of City Hall in order to both reduce costs and increase income for the Council.
- 12.4 It will be necessary for the Council to vacate City Hall to ensure the refurbishment is undertaken in the most cost-effective manner, with the minimum disturbance to staff and least disruption to services. The Council will decant from City Hall to temporary alternative accommodation whilst the refurbishment is being carried out.
- 12.5 Two separate sites have been identified which collectively provide sufficient, cost effective, temporary accommodation. Announcements will be made about locations once leases have been signed. No decision has yet been made about which staff are going where.
- 12.6 Governance arrangements are now in place at Member and officer level to ensure that the refurbishment programme is thoroughly managed, directed and held accountable for.



### **13. Digital Programme**

13.1 The Digital Transformation Programme will digitise the delivery of WCC services, transform business organisational structures and processes, realise cost savings and provide an enhanced consistent service for its customers. The programme will allow digitally enabled customers to self-serve from any device, anywhere bringing 75% of Council services online. Backend organisational structures and business processes will be transformed to focus on the customer experience. E-payments will be consolidated to have one look and feel. The technology to support this will come in the form of a Council-wide strategic delivery platform. The end result will yield the dual benefit of efficiencies gained through online customer experience and reduced contacts by traditional channels, e.g. phone and email and will ultimately deliver cost savings.

13.2 The programme consists of five key work streams:

Business Transformation: Effect the business change: People, Process, Technology, Communication and realising efficiencies and benefits.

Managed Customer Services Procurement: Consolidate managed services contracts, enhancing end-to-end customer experiences and deliver efficiency savings.

Digital: Digitally enable Westminster - channel shift, achieving our target of 75% digital enable services for customers and a digitised workforce.

e-Payments: maximise e-payments capability, improve customer experience and reduce the end-to-end cost.

Electronic Document Management: Consolidate contracts, remove in-house postal processing reducing white paper

### **14. Ofsted Inspection**

14.1 Members will recall that following the four week-long Ofsted inspection of child protection, children in care and care leavers' services, and the inspection of the Local Safeguarding Children Board [LSCB] that started in February 2016, Children's Services has been awarded an 'Outstanding' rating.

14.2 Of the 78 Councils previously inspected, none have been judged for Overall Effectiveness (the summary grade) as Outstanding, and only 17 as Good. This is a fantastic achievement for the Authority and a testimony to the staff in Children's Services.

14.3 Members will also be aware that Andrew Christie, Tri-Borough Director of Children's Services retired in May. Clare Chamberlain, Director of

Family Services at RBKC, was appointed as Interim Director for 12 months in May 2016.

## **15. Scrutiny Update**

- 15.1 At the November meeting, it was agreed that the Chief Executive's future updates would include a contextual overview of what scrutiny had achieved, and how it had impacted on the City Council's business.
- 15.2 This year we have worked to establish work programmes for the year ahead in a collaborative way which involves the Cabinet Member and key officers, examines priorities for the year ahead, any performance issues, what residents care about (via the City Survey) and risks as identified in the business plans. The process has differed slightly with each Chairman. The focus has been both on reviewing existing services but also contributing pro-actively to new policy/service development. At a time of significant transformation, Scrutiny can play a real role in mitigating risk by examining plans in advance or at the early stages.
- 15.3 The Environment and Customer Services Committee's highlights in 2015/16 include publically examining the Baker Street 2-Way Project, scrutinizing the Nine Elms to Pimlico Pedestrian / Cycle Bridge proposal and calling BT and Openreach to account in terms of the availability of broadband for residents and businesses in Westminster. As a result of the latter, BT recommitted to the targets agreed with the Leader and agreed to work in partnership with WCC to unblock any issues they come across.
- 15.4 A Sustainable Travel Taskgroup has contributed to the development of the draft walking strategy and the strategic parking policy review. Air Quality will be examined by a dedicated Taskgroup with representation from the AH&PP and Children's, Sports and Leisure Committees.
- 15.5 Adults, Health and Public Protection Committee published "Safe in the City-a review of supported accommodation for 16-25 year olds in Westminster". Outcomes of this single member study led by Cllr Ian Rowley include that improved residual safeguarding concerns within Westminster were addressed immediately and closer working between Children's, Housing and Adults to ensure implementation of the Care Act. A Single Member Study on trafficking in Westminster is currently in progress.
- 15.6 The Committee has considered a range of issues some of which focus on the transformation of health and social care. Recent agendas have included Mental Health, a review of Shaping a Healthier Future the NHS reconfiguration programme and an item on finding and supporting carers where Scrutiny made recommendations about improving publicity of services for carers and reaching out to them. The committee is also working with MOPAC on a data dashboard to allow us to review crime trends and Met performance in Westminster compared to other inner London boroughs and to London as a whole.

- 15.7 A key focus of the Housing, Finance and Corporate Services Committee has been examining the impact of the Housing and Welfare reforms in the borough. As a result of discussion on the the impact of the Housing & Planning Bill's affordable housing provision and, in particular, the Starter Homes proposals, Westminster has joined up with the private sector in our lobbying around the regulations.
- 15.8 The Committee has also considered the corporate property strategy, the Westminster Adult Education Service and the Registered Provider Performance and City West Homes Resident Satisfaction.
- 15.9 The Committee's Budget Taskgroup has successfully again provided insight and recommendations on the proposed budget 2016/17. A Taskgroup has also been established to examine the City Hall Refurbishment Programme.
- 15.10 Children's Sports and Leisure committee has analysed a variety of issues, including the Integrated Gang's Unit (IGU), FGM and Year 6 to Year 7 Transition. The Committee has made several recommendations for the relevant Cabinet Member for consideration throughout 2015/16. For example, the discussion and outcomes of the IGU's work in September 2015 saw the committee recommend that the IGU explores and considers practical ways of sharing their work, knowledge and practices with other London Boroughs. In addition to arranged visits from other boroughs, e.g. Hackney and Islington, the IGU previously initiated two West London Fora for sharing information / best practice on gangs with representatives from other London Boroughs, charitable organisations and housing associations have attended. The second regular meeting looks specifically at the Quad borough serious youth and group violence issues. The IGU has attended Magistrates meetings for the TriB Youth Court to inform them of IGU practices too. The unit's participation in the MOPAC initiated Shield programme also enables them to meet other LA's and MOPAC on a regular basis.