

Housing, Finance & Corporate Services Policy and Scrutiny Committee Briefing

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1. Finance

1.1. Business Rates

The City Council continues to lobby the Government for resolution of the anomalies within the existing Business Rate Retention Scheme, including the resolution of the Rateable Value appeals issue, which results in the Council losing £6m per annum due to a factor which is completely outside of our control (appeals are the responsibility of the Valuation Office). This lobbying is proving to be successful in that the Government has recognised the issue and is working on a solution. The issue is now whether the solution can be implemented in time for the 2017/18 financial year.

The Valuation Office recently published its draft 2017 Business Rate (NNDR) Valuation List following their Revaluation of the city's rateable values (rateable values are based on rental values). Whilst the Council's overall total rateable value increased by 25%, there were some much larger percentage increases for individual properties in the borough, particularly retail properties in the West End. However, the levels of increase were generally expected due to the known increases in rental values since the last Revaluation. However what was not expected was the Government's proposals for phasing in the rateable value increases. The Government's recently published consultation paper on their proposed NNDR Transitional scheme has a preferred option limiting increases to 45% in Year 1 of the scheme (2017/18) for "Large" properties (properties with a rateable value of at least £100,000). This is compared with the current Transitional scheme for the 2010 Revaluation, which limited increases for Large properties to only 12.5%. The City Council has sent a response to the consultation requesting that the Government amends its preferred option to a fairer, more sustainable phasing in arrangement. Similar responses to the consultation have been made by local Business

Improvement Districts (BIDs) and other business organisations. The Government will consider the consultation responses and put forward regulations to implement a Transitional scheme in the next couple of months.

1.2 No PO NO Pay and Sundry Debtor Recovery

As part of the programme of continuous improvement and the efficiencies designed into the BT managed service programme's Agresso system, one of the next steps in implementing "business as usual" for the Accounts Payable module is to make use of Purchase Orders (POs) as the principle means of requisitioning supplies and paying invoices. This promotes the automated matching of compliant invoices to purchase orders and facilitates the prompt processing and payment of invoices.

No PO No Pay is being phased in incrementally. The strategy commenced in August with the announcement to service areas and direct letters to circa 5000 suppliers of the requirements for POs and compliant invoices. Further reminders were issued to staff in early October.

We have reached stage two of the implementation plan, which is to return non-compliant invoices dated later than 17th October to service areas and to notify suppliers of the same. We aim for full implementation of "No PO, No Pay" by the 1st December but will kept under review subject to satisfactory technical performance of Agresso and associated interfaces.

There has been a programme of debt management in place in the last period encompassing issuing Adult Social Care statements and prioritised debt recovery led by Finance Managers working with service areas. Invoices have continued to be raised promptly and monies received are being allocated by BT and the Council. To enhance this, the Council will now be undertaking its own automated recovery of sundry debt with BT being responsible for running the automated and scheduled batch programmes on Agresso and the subsequent printing and mailing of the recovery documentation commencing in a similar time scale. The Council will be responsible all other elements of the recovery process, including the handling of payment and service enquiries and the updating of sundry debtor accounts.

A rolling plan was developed and the first batch of statements were issued for Building Control on 12th October and covered £260k of unpaid invoices. Positive responses are being received from debtors. Due to further requirements by BT, the remaining schedule was re-planned and was due to recommence on 24th October. A training programme is being delivered concurrently prior to each service area's go-live date on the debt management strategy and the additional functionality granted within Agresso to support debt management

1.3 Budget

Work continues on the budget preparation, both capital and revenue, will be reported to Policy and Scrutiny, Cabinet and Council in the new year.

1.4 Accounts

In line with the Council's enhanced quality in the preparation of its accounts, accounts for Q2 are currently in the process of preparation. This process reduces the year end risk, identifies opportunities at an earlier stage and frees up financial management expertise to support services at an earlier time in 2017/18 than would otherwise have been the case. External audit are being routinely and regularly updated on progress and will be beginning their preliminary audit work Q3 accounts

1.5 Budget Monitoring

The budget continues to be actively monitored with as previously reported an underspend forecast for the full financial year

1.6 Council Tax and NNDR Collection

Council Tax and Business Rate (NNDR) collection is going well, with both due to meet or exceed last year's collection figures (last year's collection figures were the best previously recorded for the City Council).

1.7 Discretionary Housing Payment Fund

The Council has received Discretionary Housing Payment (DHP) funding for 2016/17 of £2.67M from central Government. This funding assists Housing Benefit claimants who have a shortfall between the Housing Benefit they receive and their rent. The Council is currently projected to spend the Government allocation by year end. However, estimating spend accurately is problematic because demand is expected to increase significantly when the Benefit Cap is reduced. The reduction to the Benefit Cap is the latest change under the central Government's Welfare Reform Programme. The reduction will affect benefit claimants in Westminster in two tranches in November 2016 and January 2017. It is currently anticipated that the Government's 2016/17 funding, together with an element of the additional £1.1m Council funding agreed as part of the 2016/17 Council Tax Setting report, should be sufficient to meet this increased demand. The Council's DHP funding for 2017/18 is due to be announced by the Government in by February 2017 at the latest.

2 Corporate Property

2.1 City Hall

Planning permission has been granted for the refurbishment of City Hall with the programme of works due to begin in June 2017. The property team has identified two sites to which the Council will temporarily relocate, 5 Strand and Portland House in Victoria. Leases for both are now complete. Procurement of a main contractor is progressing positively and the outcome will be known in time for the next briefing. In the meantime a Policy & Scrutiny task group is receiving progress updates and providing challenge sessions to the project team.

2.2 Operational Property Strategy

Phase one of the analysis of the corporate portfolio has identified a number of asset management opportunities within the existing operational portfolio that have the potential to deliver over £4m comprising a mixture of savings and new income

streams over a 5 year timeline. It identifies that c. £3.5m can be delivered over the next 3 years. This primarily focuses on better asset management of existing assets, the surrender of surplus, costly leases and the more efficient use of accommodation across the portfolio.

Simultaneously Corporate Property will be conducting a workshop with services to begin developing a new operational property strategy which aims to further reduce the corporate portfolio through co-locating services and the creation of hubs.

3 Corporate Services

3.1 People Services

3.1.1 The Talent Strategy has been agreed and plans are in place to begin to deliver this in Q3 with senior leadership successors. The strategy seeks to maximise the potential of current staff and attract and retain the best talent. It will build pipelines from Internship, Graduate and Apprenticeship entry through to top leadership roles to ensure that the Council has a modern and effective workforce to support its Routemap to Success.

The Corporate Induction event was held on the 6th October with circa 40 new employees. It was a high energy half day event with a focus on the City for All Vision, our Values, Collaboration and Networking as well as an introduction to our services.

Positive feedback was received with over 80% of attendees saying the event was Excellent or Very Good (average score 5.2 out of 6). 4 new graduates have begun their induction programme; they are meeting with senior stakeholders and have been introduced to their first 6 month placement which has started.

To complement this, we have, in conjunction with staff and managers, developed a recruitment brand. This will enable us to attract the best talent now and in the future. The brand will help showcase the story of working at WCC for potential candidates and will also boost internal staff engagement. The brand launch has begun and People Services will continue to engage with managers to help them understand its impact over the coming months.

People Services will continue to work internally within the business and with contractors and partners to find further opportunities for recruiting and placing Apprentices. People Services are continuing to work with the specialist Workplace Co-ordinator from the Cross River Partnership to identify suitable opportunities for their clients.

3.1.2 Engagement

The overall response rate across the three councils for the Your Voice survey was 58% and WCC got an impressive 68 per cent response rate.

The headline results from the survey are now in and generally the results for Westminster City Council are positive. Managers across the council will be completing their Your Voice Action plans by December 2016. People Services will work across the council to support follow up actions as appropriate.

In March 2016 the council was awarded the London Healthy Workplace Charter at commitment level. In this first stage, the verifiers were particularly impressed with senior management support and leadership in health and well-being, our partnership approach working with other London boroughs; and the range of encouraging good behaviours to improve employee health. The council is now working towards accreditation at the Achievement level by March 2017.

3.1.3 Working the Westminster Way

In May we started The “Working the Westminster Way” programme. To date we have seen 535 delegates through the 2 day programme. The programme is due to be completed by the end of March 2017. The training target is 1200 so 665 staff are due to attend. In Q2 the final cohort of senior leaders are attending the academy programme with 115 having a development plan in place.

People Services hosted the Pensions Annual General Meeting which took place on 19th September. It was an opportunity for staff to find out how the pension fund is run and to share any feedback. The meeting was chaired by Cllr Suhail Rahuja and representatives from our pension providers, actuaries and fund investments were all in attendance.

3.2 Procurement

3.2.1 People Development

Procurement Services has been awarded Chartered Institute of Procurement & Supply (CIPS) accreditation. Westminster City Council are one of only a few local authorities who have achieved the award having undertaken a formal review of the organisation, strategy, people, processes, systems and performance management. Such recognition will ensure Procurement Services are position to support the Council in achieving its long-term strategic plan.

3.2.2 Operating Model

The Shared Services Board approved revised Tri-Borough Procurement Assurance for Adult Social Care (ASC) & Children’s Services (CHS). Both ASC and CHS will adopt the Westminster Category Management approach and as such toolkits have been updated to accommodate changes. Training has been scheduled for December 2016 for both Services and the Tri-Borough Procurement Code will be updated and the new approach will be implemented from 1st January 2017.

3.2.3 City Hall Refurbishment

The City Hall refurbishment tender evaluation has been completed and a preferred bidder has been identified.

3.2.4 Technology Development

Improved workflows are now live within capitalEsourcing which will simplify the sourcing process as well as driving best practise, ASC and CHS will also be adopting this approach.

A robust savings tracking process with associated governance has now been agreed with finance, next step is to build this within capitalEsourcing and implement.

Contract scorecards are being built within capitalEsourcing using the Ricoh Print and Document Management Contract as a pilot.

3.3 ICT

3.3.1 Phase 2 of the ICT restructure

The new structure for Phase 2 went live on 3rd October and provides a strategic integrated team to deliver the objectives of the Kensington & Chelsea and Westminster, whilst also preserving shared “Tri-borough” services. Ed Garcez, the current Chief Information Officer (CIO) leaves the Council to take up a new role with Camden/Islington/Haringey on 4th November. Ben Goward, current Head of Digital, has been appointed as interim Bi-borough CIO for Kensington & Chelsea and Westminster until a permanent CIO is recruited.

3.3.2 City Hall refurbishment programme

The IT team is preparing IT services in the temporary “decant” locations, ready for occupation from March/April 2017. Meanwhile a major programme of legacy server decommissioning, covering IT equipment on the Mezzanine Floor City Hall and in Basement Computer Rooms at Lisson Grove is progressing for completion ahead of City Hall exit. This will improve the stability and security compliance of essential Council services and complete WCCs journey to “cloud computing”. IT specifications are also now being agreed for the refurbished City Hall, which is intended to support new agile ways of working.

3.3.3 Digital Workforce

Enhancements to the End User computing platform for WCC staff continue, following rollout of Office 365 earlier in the year. These include rollout of latest browser and Office software, upgrades to WiFi and additional training on the new tools now available. Later this year a refresh of remaining legacy end user computing equipment will be undertaken, for laptops and PCs over 5 years old.

3.3.4 Customer Digital

The shared IT service has been working with the Policy Performance and Communications Digital team to conclude procurement of the common enabling Web/CRM platform which will be utilised by WCC and (subject to agreement) RBKC, to support future service transformations. In October we have also introduced a new Web search platform which makes it easier for Council customers to find the services and information they require. Work continues to complete the new shared Geographical Information (GIS) System which will be launched in November.

3.4. Legal

Since the establishment of a single legal service we have made significant strides towards achieving our key deliverables and fulfilling our target operating model which will deliver significant savings to the council.

Legal Services have reduced duplication in the provision of advice for clients and we have established a clear single point of contact for all clients to obtain legal advice. To improve the effectiveness and efficiency of the service, we have settled co-location to a single site and embedded new teams, reporting lines and operational practices. We have continued to in-source work to assist in delivering savings and work with external clients to build further income with exciting potential.

High levels of client satisfaction have been achieved and we are developing a new recording and reporting mechanism to ensure this continues as the service matures.

We are now focusing on agile working and maximising use of Office 365 tools. As we actively move towards electronic working and away from paper based processes, we are simplifying and standardising processes, especially the back office functions (business support, financial processes and reporting etc).

3.5 Managed Services

3.5.1

Progress is being made with the work packages that have been created supporting the service solution. Key risks remain as identified in the last report to the Committee. The most significant is still the capacity of resource from both parties to deliver the remaining activity to the current plan.

3.5.2 Payroll and Pensions

A payroll and pensions calendar of key events has been created and payslip changes covering a multitude of variables e.g. season ticket loans and pension adjustments have been successfully completed. Completion of the pension reports has been reforecast from 30th September to 31st October. Deloitte have undertaken a review of BT's payroll system and processes at their request. The findings of this review are currently being reviewed within BT.

3.5.3 HR

The organisation structure project to fill data gaps and create additional mandatory fields is close to completion. New alerts and more effective reporting have been put in place to ensure that fixed term contracts can be more efficiently managed. The establishment report for schools has been released to self-service.

3.5.4 Governance

Good progress has been made with the service improvement plan. The first performance improvement plans have been agreed. Event driven customer satisfaction surveys have been launched and Knowledge Base functioning has been signed off.

BT have in place a quality plan which includes a review of all Standard Operating Procedures (SOP's) and Local Work Instructions (LWI's), resolution of all gaps and sign off by the councils.

3.5.6 BT Shared Service Centre (BT SSC) operational performance

The incident team continues to focus on resolving new incidents as well as backlog reduction. The major areas for incident reporting continue to be supplier payments, payroll and applications (including access and system performance).

The current payroll accuracy figure for September is 98.6%. This figure does not include errors due to Pensions Reconciliation/Payroll Audit (including sickness/maternity/season ticket loans/unpaid leave etc.).

Agresso has been implemented and there is a great deal of functionality which is working. Suppliers are being paid; the post to post hierarchy is largely correct; and employees are able to self-serve in many areas of their work.

Key risks remain unchanged, recent reported staff turnover at the BT Shared Service is a concern and BT have been asked to report on the measures being taken or proposed to ensure a stable and competent workforce.

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