



# Housing, Finance & Corporate Services Policy and Scrutiny Committee Briefing

**Date:** Monday, 10<sup>th</sup> April 2017

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## 1. Corporate Finance

### Business Rates

- 1.1 The Council Tax, NNDR (National Non-Domestic Rates) and Business Improvement District (BID) bills have been sent to our 125,000 Council Tax and 35,000 business properties. The NNDR mailing was later than normal, as we had to await the Business Rate announcements in the Budget. Around 300 NNDR accounts potentially affected by the Budget announcements were extracted from the annual billing process. Unfortunately we are still awaiting further information from the Government on the legislative changes, but will be writing to each of 300 ratepayers in the interim.
- 1.2 In the Budget the Government announced several changes to Business Rates, including:
- A supporting Small Business Rate Relief scheme
  - A £1000 allowance for public houses with a rateable value below £100,000
  - A Discretionary Fund for local authorities to assist businesses adversely affected by the Revaluation rateable increases
- 1.3 These schemes are either awaiting the completion of government consultation exercises and / or further details from the Government before they can be implemented.
- 1.4 London Councils Leaders group have previously endorsed a set of broad principles to develop a devolution proposal for London. On the day of the Budget, the Government published a Memorandum of Understanding signed by the Mayor, the Chair of London Councils and by the Chancellor of Exchequer. The Memorandum stated that “the

Government will explore options for granting London government greater powers and flexibilities over the administration of business rates. This includes supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed". The Treasury and DCLG see pooling in 2018/19 as a precondition for a London full devolution potentially from 2019/20. A pool is where a group of authorities come together under the scheme for the purposes of calculating the scheme's tariffs, top-ups, levies and safety net.

- 1.5** A paper outlining the effect of the Government's changes on Westminster businesses will be circulated separately to members of the Committee in the next few weeks. A further paper on the Business Rate Retention scheme, including the potential of pan-London pool will also be circulated on the coming weeks.

### **Council Tax and NNDR Collection**

- 1.6** 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).

### **Discretionary Housing Payment Funding**

- 1.7** The Government has announced the Council's Discretionary Housing Payment Funding for 2017/18. The funding of £1.4M represents a 47% reduction on our 2016/17 funding. The Council has lobbied, via London Council's, for the Government to reconsider its allocation, but unfortunately without success. The Council is now concentrating its efforts on obtaining details of the Government's formula used to determine the allocation. Full Council has previously approved the carry forward of the £1M General Reserve to support DHP's in 2017/18. In addition, officers are currently re-drafting the Council's Discretionary Housing Payment policy.

### **Sundry Debtors:**

- 1.8** The automated reminder process appears to be working well, with BT providing a daily report of reminders issued the previous day. We are personally contacting those customers with large debts (exceeding £50k). Invoices that remain unpaid following the issue of the final reminder letters are work-flowing to the service area Debt Recovery Officers to take further action. Centrally, we are finalising arrangements for a pilot exercise with a third party provider to take further action on a small number of unpaid debts, which is expected to be underway in April. The results will inform our strategy on debt recovery.

### **Accounts Payable:**

- 1.9** Mandatory "No PO, No Pay" is in place. As part of the year-end accounts finalisation no further invoice payments are being made until 3<sup>rd</sup> April unless an emergency payment is necessary. Invoices received at BT are being scanned in but will not be uploaded into Agresso until 3<sup>rd</sup> April.

## **2. Corporate Property**

### **Investment**

- 2.1** Of 362 properties that make up the investment portfolio, 16 are currently vacant. This equates to a void rate of 4.3% by area and 1.96% by rental value. 4 units are on the market, 4 are under offer and 11 are not on the market pending capital works. The number of outstanding rent reviews and lease renewals on the portfolio fell from 16% in July to 12% in November and 11% in January, but increased marginally to 12% in February. The increase in rent due to rent review and lease renewal settlements in the year to February was £232,655pa with £279,020 of backdated rent increases also secured.

### **City Hall Refurbishment**

- 2.2** Following a flood from higher floors, the Council's temporary site at Portland House suffered considerable water damage which affected the programme of works preparing the office space for use by the Council. Following excellent work by the Council's team and contractors, the programme of moves from City Hall to 5 Strand and Portland House was delayed by only one week. The first moves to 5 Strand took place over the weekend of 18<sup>th</sup>/19<sup>th</sup> March and the Councils' Corporate Services department took up residence on 20<sup>th</sup> March. All decants from City Hall will be completed by the weekend of 27<sup>th</sup> May.

### **Corporate Property**

- 2.3** Corporate Property is to commence a three year rationalisation programme expected to deliver a combination of saving and new income generation. The programme has three delivery strands - asset management and rationalisation of the existing operational estate, hub creation and a review of the Voluntary and Community Sector (VCS) use of the Council's estate. Each of the three strands is expected to make a contribution towards the savings/revenue and to ensure (particularly in the case of the VSC) that use of the Council's estate is approached professionally, transparently and considerately. Asset management and property rationalisation is expected to generate c.£600,000 in the first year and c. £3.6m over the three year period.

## **3. Corporate Services**

### **Corporate Services**

#### **People Services**

- 3.1** Following the feedback from the Policy & Scrutiny Committee, the Leader and the Majority Party; the People Strategy was redrafted. Once agreed it will be presented to the Cabinet in April.

- 3.2** People Services have been working with the City Hall Refurbishment team to review the needs of staff with specialist furniture requirements at both decant locations.
- 3.3** The Pension Fund Committee meeting was held on the 21<sup>st</sup> March and a report on the performance of the pension administrators, Surrey County Council was presented. The Chair of the Committee has requested that further work be undertaken to ensure KPIs represent the true experience of members of the Pension Fund.
- 3.4** On the 8th March the People Services team was invited to the London Assembly at London City Hall to present evidence for the London Healthy Workplace Charter. People Services have successfully been accredited to Achievement level with a score of 23.16 out of 24. Feedback was very positive and we have been encouraged to apply for the Excellence level.
- 3.5** This year's annual staff awards ceremony will be held on the 22<sup>nd</sup> June. The nomination process for this was launched on 21<sup>st</sup> March via the loop and work is now underway to prepare for the event.
- 3.6** Changes to the IR35 legislation will come into force on Thursday 6th April. People Services have been working closely with managers to determine the status of all agency staff. Individuals concerned have now been informed of the outcome. Approximately 90% of agency workers have been assessed and fall into the IR35 legislation.
- 3.7** People Services have been working with Procurement to renew the Private Health Insurance contract for senior leaders. This has resulted in a cost saving of approximately £75K per annum although a small number of members will see an increase in their BIK tax charge.
- 3.8** People Services have been working with Finance to determine the impact of the Apprenticeship Levy on the Council. The cost of the Apprenticeship Levy will be apportioned to each Directorate and maintained schools, which is based on 0.5% of their individual salary costs. People Services will be working with each Directorate's Management Team to understand their skills gaps and how they will be able to spend their 0.5% contribution on apprenticeships for existing staff and for new recruits.
- 3.9** The first set of internal facilitators for the Working the Westminster Way Academy graduated at an event hosted by Charlie Parker this month. This now means that Westminster have the internal capability to deliver the programme in the future.

## **Procurement**

- 3.10** Procurement Services, through Symbiance Procurement Services Limited, a joint venture partnership with 4C Associates submitted a bid to deliver strategic sourcing and transactional procurement activity for Health Education England. The 3 year contract is valued at £500k per annum. The notification of contract award was due on 21st March 2017 but the timetable has been extended for a short period. If successful the contract would commence from July 2017.

**3.11** An Official Journal of the European Union (OJEU) tender for Management and Maintenance of Parks, Open Spaces and Cemeteries is now complete. The incumbent, Continental Landscapes, was successful following evaluation of four tenders. The standstill period ended on Monday 27 February and officers are due to conclude and finalise the contract for commencement on 1 April 2017. The duration of the contract is 6 years with the option to extend by a further 6 years. The bid from Continental Landscapes for the annual core contract costs is based on the current core contract specification of £2.05m which represented an annual saving on a like for like basis of £189k. The savings achieved will be re-invested into the contract to allow the introduction of a more uniformed patrol staff for parks and open spaces to deter anti-social behaviour activities; thereby allowing us to better achieve our Heritage objectives as part of “City for All”.

## **Digital**

**3.12** Further to the review that was carried out by Ember, the reset of the Digital Programme is now firmly underway, with strong progress being made on three main fronts.

**3.13** The first area of progress involves the refresh and validation of the business case. New and improved data is being gathered and analysed, which will clarify where the best opportunities lie, what costs are likely to be involved and what outcomes are feasible.

**3.14** The second area involves the implementation of a revised programme structure. A new Programme Lead has been retained and is working to define a clearer route for the Programme to commission work from ICT, establishing the 4 Programme Workstreams (Web, Platform, Procurement and Innovation/Transformation) and adding greater robustness to the processes, plans and reporting in each.

**3.15** The final area of progress involves an audit of short term opportunities (arising from the work done on the programme to date). A cost benefit breakdown of the new tools and capabilities that could be made available in 2 and 4 month time horizons is in preparation and will be reviewed with John Quinn, at the end of March 2017.

**3.16** In the interim, work continues on delivering an agreed number of short term opportunities including; enabling the Westminster Employment Services solution to support unemployed citizens into the workplace; delivering a mobile solution to enhance the operation model for Environmental Health Officers and to support City West Homes transformation ambition. Further work also continues with the preferred professional services bidder Pythagoras in identifying platform opportunities to support the transformation of the organisation.

## **ICT**

**3.17** The first ICT Portfolio Board meeting took place, bringing together a number of Business units across the council. At this meeting, ICT was able to validate their view of the various initiatives happening across the departments, provide an update on key initiatives being rolled out across ICT and also provide assurance to the departments that they were on track to deliver projects.

**3.18** 52 out of 81 applications have successfully been migrated off of the old legacy infrastructure and have either been decommissioned, or moved to new servers or the cloud as we prepare to decant from City Hall. This has provided dual benefits as we save money through the decommissioning, as well as making the applications more resilient through moving them to updated hardware.

**3.19** A Digital platform has been procured and ICT will be playing a key part in delivering the functionality across the organisation.

### **Legal Services**

**3.20** More work is being done in-house to reduce external legal spend as the Council still continues to outsource large scale and complex matters. The Legal Service is seeking to build capacity to undertake some of these larger projects in house, which will help to further reduce external spend. Additionally, the Service is seeking to reduce spend on counsel by recruiting two advocate posts.

**3.21** Legal Services have been contacting other local authority legal services and Alternative Business Structures to explore opportunities of sharing or trading legal work. This was an aim set out in our Business Case for Tri-borough Legal Services.

**3.22** The service is currently reviewing its Case Management System requirements to ensure that it has a best in class system when the contract for the current system expires in November. The case management system must support the service's drive to increase the digitisation of its information, automate workflows and enable an agile and resilient service.

### **Managed Services**

**3.23** There continues to be concerns surrounding the delivery of the payroll and pensions recovery plan. Officers are working with BT to resolve this.

**3.24** Operational performance has shown signs of recovery following a dip in December/early January as a result of the addition of four additional resources.

**Thursday, 30<sup>th</sup> March 2017**