



# City of Westminster

Housing, Finance & Corporate Services Policy and  
Scrutiny Committee Briefing

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## **1. Corporate Finance**

### **Business Rates**

- 1.1 The City Council has provisionally agreed to enter a London Council's organised Business Rates Pool with all the London boroughs and the GLA. The Council was instrumental in limiting the pool duration to 2 years and in the development of a formula for fund distribution. The pool is primarily based on the retention by the pool of the levy that would otherwise have been payable on NNDR growth across London. Based on current growth forecasts from the London boroughs, it is anticipated that the City Council will achieve an extra £3.8m NNDR income in 2018/19 and 2019/20 – but is subject to final forecasts by all London Boroughs in January 2018, and will not be certain until well into 2019/20. Additionally, there will be a strategic investment pot of income for London to use for strategic projects
- 1.2 The Spring Budget introduced three legislative changes relating to NNDR, one of which was a new NNDR Discretionary scheme to compensate businesses most adversely affected by the Revaluation in April 2017.

- 1.3 The Council was held up as an exemplar in a recent Ministerial statement regarding local authority progress in implementing the government's proposals. However, the Council needs to award its 2017/18 allocation of funding (£11M) by 31 March 2018 in order to avoid having to return the funding to the government. The Council undertook a soft launch of the scheme as it was unclear as to likely demand. This has worked well with £2M being awarded to date. The Council is now working with its Revenue Services contractor to pro-actively contact businesses that could qualify for the relief.

### **MBA/LGA**

- 1.4 The Council has agreed arrangements with the Municipal Bond Agency (MBA) and the Local Government Association (LGA) to support the former's first bond issue and the latter's investment needs.

### **Accounts 2017/18**

- 1.5 The Council is aspiring in 2017/18 to meet the challenge of publishing the accounts and pension report on 1 April 2018. Progress to date is positive.
- 1.6 Improvements are being embedded as normal practice and thereby driving up standards. The 2016/17 accounts have been the subject of a review by Grant Thornton's technical team. Changes required to the 2017/18 accounts as a result are largely cosmetic, meaning that the 2016/17 statements were of a high standard.
- 1.7 Lessons learnt have been incorporated into interim "hard closes" and the year-end planning and the QA process has been improved further.

### **Sundry Debtors**

- 1.8 The direct contact project, whereby the Council are supporting service areas to follow-up unpaid invoices by contacting the largest value (non-Adult Social Care) debtors, continues. As at 30 November 2017, approximately £53m has been received/or corrected since 1 April 2017.
- 1.9 Monthly debt challenge sessions continue with the service areas, focussing on areas of highest debt. The largest debtors are the NHS bodies whose invoice payments are subject to strict cash draw-down rules.

- 1.10 A pilot exercise with a third party provider to take further action on a small number of lower value debts from across a number of service areas commenced mid-October. Debts of approximately £260k were referred, representing 89 customers and, as at 30 November, approximately £35k had been recovered. The pilot will be reviewed in the new year to assess its success and value for money.
- 1.11 The route to County Court, which is a last resort action against unresponsive debtors, has been established and will be co-ordinated and managed centrally. No debts have yet been referred.
- 1.12 The data cleansing strategy has been agreed and activities commenced in preparation for data migration to a new provider finance system (SAP).

### **Accounts Payable**

- 1.13 Service area compliance with the Council's No PO No Pay policy, which became compulsory from 1<sup>st</sup> June 2017 (with a few exceptions, which are paid manually), is showing significant improvement with some service areas achieving full compliance for all invoices paid during Period 8 (up to 30/11/2017).
- 1.14 The team continues to work with service areas to drive improvement in supplier payment performance, which has improved each month. Approximately 94.4% of invoices are paid within 30 days and 98.4% paid within 60 days.
- 1.15 A suite of data cleansing activities has commenced as part of the preparations for data migration to a new provider for the main finance system (SAP). Supplier accounts to be migrated have been identified and mandatory data fields to meet new operational requirements have been established.

### **Financial Planning 2018/19 and Beyond**

- 1.16 The Council agreed a comprehensive range of financial reports at its meeting on the 8<sup>th</sup> November.
- 1.17 These covered: Revenue budget proposals; Capital programme; Housing revenue account; Integrated investment strategy; Treasury management strategy; Half year treasury management review 2017/18; and Final accounts 2016/17.

### **Universal Credit**

- 1.18 Universal Credit (UC) is the government's replacement scheme for a number of existing benefits. One of the benefits being replaced is Housing Benefit (HB), which is currently administered by local government.
- 1.19 The City Council is in on-going discussions with the local DWP, however the issue both parties are facing is that the government is continually changing the scope of Universal Credit (pensioners, temporary and supported accommodation have already been exempted from UC and will remain as HB) and the timing of the transition to UC (a further 3-month delay was announced as part of the recent Budget).
- 1.20 The current DWP plan is that the Marylebone Job Centre will provide a UC Full Service from June 2018, with the Kensington Job Centre following in December. This will mean that from the point of transfer new claims from eligible residents will move from HB to UC. The existing HB caseload for non-exempt claimants will not transfer in full until 2022.
- 1.21 The above transition means that our HB caseload will reduce in a phased approach over the next 5 years (subject to any further government changes). The UC exempt categories and the fact that the Council needs to continue to determine Council Tax Support claims will mean that the Council will retain only a slightly smaller caseload, although the removal of the HB element for non-exempt claims will reduce the complexity of the calculation process.
- 1.22 Local authorities have been worried in relation to the affect UC will have on their housing rent arrears, although the recent government decision to exclude temporary accommodation from UC should mitigate this issue.

### **Revenues & Benefits Procurement**

- 1.23 The Council is currently finalising its contract documentation for a procurement of its Revenue & Benefits Service, with a separate procurement for Enforcement Agent services.
- 1.24 The project is governed by a Project Board and the production of the contract documentation has been developed jointly between Revenue & Benefits, Procurement, external Legal and the Digital team.

### **Westminster Voluntary Community Contribution**

- 1.25 A consultation questionnaire has been sent to all 15,000 Band H properties seeking views on the proposed voluntary Westminster Community Contribution.
- 1.26 The questionnaire asks four questions:
- Would you support a Community Contribution scheme (Y/N)?
  - Why have you selected this answer?
  - How would you like to see the Contribution used?
  - What is the estimated value of your property?
- 1.27 The consultation closed on 15 December after which the results will be analysed.

## **2. Corporate Property**

### **Investment**

- 2.1 The new property management specification and form of contract is being finalised to be issued before Christmas to the 8 Agents who have expressed an initial interest in submitting a proposal. It is envisaged that final proposals will have been received towards the end of January 2018 with interviews and the final selection to take place over the following 4-6 weeks. The existing contract with GVA is due to expire at the end of March so in order to ensure a smooth handover if another agent is appointed, and to prevent any issues with year-end accounting requirements, it is likely that a 2-3month extension will be sought.
- 2.2 Asset management of the investment portfolio continues. As at the end of November 2017, the portfolio consisted of 362 assets - 21 are vacant, representing 1.87% of the estimated rental value of the portfolio. This continues to be well within acceptable limits. 13 of these vacant units are not being actively marketed since they are earmarked for redevelopment or form part of regeneration schemes.
- 2.3 Since the start of the financial year an additional annual income of £647,000 has been secured by way of completing rent reviews and lease renewals.
- 2.4 The Council has acquired around £0.4bn of property within this financial year. These acquisitions range from operation needs, housing and regeneration to acquisitions for the pension fund. In this financial year to date there have not been any property

investment acquisitions undertaken for the General Fund in relation to the Property Investment Programme.

### **City Hall**

2.5 The City Hall programme remains on budget and programme with practical completion expected December 2018. Offers have been received for a letting of floors 1-10 in advance of practical completion and the CAT B fit out plans and recant plans/programme are being formulated.

### **Operational Property**

2.6 The development at Seymour Leisure Centre to include the new Marylebone Library on the same site has been approved. Additionally, the new interim Marylebone Library has been completed at New Cavendish St.

2.7 The Council House lease to the London Business School has been completed, triggering a new initial rent to the Council of £1.2m per annum for a 35-year term.

2.8 The external refurbishment works to Mayfair Library have started and are expected to be completed in April 2018. The internal refurbishment works to Central Reference Library are due to commence in December and are expected to be completed in March 2018.

2.9 The first phase of the Bessborough Children's Hub is due to be completed in Jan 2018.

### **Major Projects**

2.10 The following progress has been made across the Council's General Fund development projects:

- Lisson Grove Programme (including the new WCC offices in Church Street) has been approved to continue to Outline Business Case;
- The Leicester Square Ticket Office was granted planning consent;
- Beachcroft House care home has received approval at FBC stage and enabling works are due to start in the next few weeks;

- The Luxborough Street site has received approval from Councillors to progress the design to Outline Business Case.

### **3. Corporate Services**

#### **People Services**

- 3.1 People Services formally briefed EMT on the headline results of Our Voice 2017 for Westminster City Council on the 7<sup>th</sup> November. People Services have been meeting with each directorate to go through their results in detail and agree on next steps.
- 3.3 The Head of Operational People Services presented a paper at the Pension Board meeting on 13<sup>th</sup> November 2017, summarising the performance of our Pension Administrator, Surrey County Council, BT and the admitted bodies' payroll providers for the period June 2017 to August 2017. Performance overall is much improved and the board are happy with the progress made.
- 3.4 People Services have now agreed a new approach for the Council's performance management culture due to launch in April 2018. Further work is underway to shape how this will work for managers and staff.
- 3.5 Cohort 6 of Leading the Westminster Way is underway and due to finish in January 2018. A further nine people have now successfully graduated as internal facilitators for the Leading the programme.
- 3.6 The Council's Central Leadership Team (CLT) attended a Mental Health training session for managers run by Mind, the leading mental health charity for England and Wales. It provided them with useful tools and guidance to support staff experiencing mental health problems and prevent others from doing so. Managers are encouraged to run similar sessions for their teams.
- 3.7 A successful Loyalty Service Awards ceremony took place on Friday 1<sup>st</sup> December in the Lord Mayor's reception room; the Lord Mayor and Charlie Parker awarded 14 recipients with a certificate and John Lewis voucher in recognition of their 20-year continuous service with the Council.

## **Procurement Services**

- 3.8 Following a recommendation by the Chartered Institute of Procurement and Supply, Belfast City Council engaged Westminster Procurement Services (WPS) to deliver three areas of activity: one, to appoint a Senior Manager in Belfast to provide management of the incumbent team for a six-month period; two, to manage the sourcing activity from 5 Strand, relating to a number of key procurement projects; and three, to conduct a review of the existing model for procurement and contracts management in Belfast City Council.
- 3.9 WPS have now completed a ten-week review of Belfast City Council's operating model, including considerations of four key areas; Category Management & Sourcing, Governance & Standing Orders, Developing Capability and Management Information & Technology, whilst providing an overall view of Belfast City Council's Procurement Effectiveness including an assessment of key risks.

A report was submitted to the Deputy Chief Executive capturing the findings of this review. As a result, ten recommendations were made to the Council and it is hoped that WPS will be engaged to support a further scope of activity to support a reorganisation of procurement in Belfast.

- 3.10 EMT approved the approach for improving Contract Management and providing increased assurance for all of the Council's contracts. Procurement Services will establish a cross functional programme team to oversee a number of development projects.
- 3.11 A Programme Manager has been appointed and the programme will commence from January although some work has already commenced.

## **ICT**

- 3.12 The Tri-to-Bi Borough exit for Children's ICT, including the transfer of the team to Shared ICT Services is on track for the 18<sup>th</sup> April 2018 from a staff, systems and data perspective.
- 3.13 Agreement on the transfer of Adults' ICT has also been reached, however the Service has requested postponement of the transfer to 1st April 2019.

- 3.14 In November, acceptance testing of the digital platform kicked-off with a cross-section of Council stakeholders. The platform is on track to go-live in December.
- 3.15 A security audit has been procured to conclude 20<sup>th</sup> December and will support continued compliance to the Public Services Network (PSN) which will be assessed during April 2018. A security consultant from BT joined the team on the 27th of November to prepare the policies & guidance framework and submission to PSN.
- 3.16 A resourcing partner has been appointed and a recruitment campaign launched with all three leadership posts planned to be appointed to by end of February 2018. Separately, the Bi-borough CIO has been recruited to internally.
- 3.17 Rollout of Office 2016 will have completed by the end of 2017.
- 3.18 During February 2018 People Services are implementing increased security controls to access standard Council IT services (e.g. email). This will include a requirement for a second method of authentication (e.g. a code sent via text to users' phones) from non-Council devices.
- 3.19 By February 2018, the project to upgrade all user devices to Windows 10 will launch, increasing security further and bringing an improved, faster user experience.
- 3.20 Additional security controls have also been implemented for access to Grenfell systems, which it is now only possible to access from Council premises.
- 3.21 An initiative has been launched to bring Grenfell data together data from multiple systems into a single data repository; allowing for rapid responses to queries from DCLG and other bodies.

### **Legal Services**

- 3.22 The merger proposal with LGSS Law is currently on hold and 'go live' is postponed until at least April 2018. It is progressing as much of the project as possible, e.g. implementing the case management system, and are hoping to receive a 'go live' confirmation date by January 2018.

3.23 LBHF staff have moved out of Kensington Town Hall, however the S113 agreement is expected to be in place until the end of March 2018 when it will be concluded by mutual agreement.

3.34 Legal continue with the work on Grenfell Tower, supporting many Council services.

## **Digital**

3.35 The Programme has completed the discovery “As-Is” activity and focus is now on the next phase, which is the creation of the To-Be models based on the customer journeys that have been identified.

3.36 The To-Be opportunities are being put into Rough Order of Magnitude (ROM) business cases and the team is working closely with the directorates to develop and validate these.

3.37 The first ROM to be developed is Permits Phase 1. This development will enable customers to book, pay, amend and cancel parking permits on-line, without the need for back office intervention. Further phases of this solution will consider other types of permit that can be processed and issued through the platform.

3.38 The Digital Transformation Programme Design Authority met for the first time in November. The purpose of the Design Authority is to maintain a consistent, coherent and complete perspective of operating model design, defining the critical interfaces, so that operations can be changed and benefits secured in a coordinated manner across the organisation.

3.39 The Permits phase 1 ROM was discussed at Design Authority with a recommendation to progress to Programme Board (15<sup>th</sup> December). On approval by the by the Programme Board this ROM will progress to full business case.

3.40 There have been a number of ‘cross-fertilisation’ workshops, where members of each workstream team, seconded into the programme to represent their directorates, discuss the opportunities in each of their areas. This has identified a number of themes that cut across the organisation and these will be worked up into ROMs and added to the list of opportunities that the programme can deliver.

- 3.41 The MyWestminster (previously My Account) development has continued through October and November, with the soft launch now scheduled for January. Working together with Pythagoras, the 3<sup>rd</sup> party developer, the team is approaching the completion of a number of forms and the MyWestminster account, with extensive testing having taken place through November and early December.
- 3.42 There has been widespread engagement with colleagues, members and residents, including sessions in libraries across the borough and positive feedback has been received as well as some valuable insight for how to improve the experience for citizens.
- 3.43 The development of the Contact Strategy has continued and when complete, this will provide Westminster with a clearly defined approach, governance and structure to manage contact volumes across all channels including voice, online, offline and face-to-face.

## **MSP**

- 3.44 On the 4th December the Cabinet formally decided that WCC would join The Hampshire Partnership as a replacement for BT for the provision of Finance, Payroll and HR Services.
- 3.45 The Hampshire Partnership, which consists of Hampshire County Council, Hampshire Constabulary, Hampshire Fire & Rescue and Oxfordshire County Council, has been operating successfully for a number of years and has a proven track record of setting up and delivering services to local government from their integrated business centre in Winchester. The targeted move date over to the new service is by the autumn of next year.