



CITY OF WESTMINSTER

# MINUTES

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

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Corporate Services Policy and Scrutiny Committee** held on **Monday 13th June, 2016**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

**Members Present:** Councillors Brian Connell (Chairman), Barbara Arzymanow, Peter Freeman, Richard Holloway, Robert Rigby, Jacqui Wilkinson and Roca

**Also Present:** Councillors Tim Mitchell (Cabinet Member for Finance & Corporate Services), Steve Mair (City Treasurer), Greg Ward (Director of Economy and Infrastructure), Tom Harding (Manager of Employment and Skills), Ellen Prue (Manager of Employment and Learning Services, Cardinal Hume Centre), Robert Spread (Programme Director of Employment Services, Maximus), Alan Rhind (Head of Operational Property), George Bruce (Tri-Borough Director of Treasury and Pensions), Anne Pollock (Scrutiny Officer) and Reuben Segal (Senior Committee & Governance Services Officer)

#### 1 MEMBERSHIP

- 1.1 It was noted that Councillors Robert Rigby and Murad Gassanly had replaced Councillors Gotz Mohindra and Adam Hug.
- 1.2 **RESOLVED:** That Councillor Richard Holloway be elected as chairman until the arrival of Councillor Connell (Items 1-3 & 7).

#### 2 DECLARATIONS OF INTEREST

- 2.1 The known standing declarations as tabled at the meeting were as follows:  
  
Councillor Holloway declared that he is a board member of CityWest Homes.

#### 3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 13 April 2016 be signed by the Chairman as a correct record of proceedings.

## 4 WORK PROGRAMME

### 4.1 RESOLVED:

1. Agreed an annual work programme for 2016/17.
2. Noted the responses to actions from the previous meeting.

4.2 **ACTION:** Provide a briefing note updating the committee on government policy changes to the Private Rented Sector once published. (**Action for: Andrew Barry-Purssell**)

## 5 UPDATE FROM CABINET MEMBERS (TO FOLLOW)

5.1 The Committee received written updates from the Cabinet Member for Finance and Corporate Services and the Cabinet Member for Housing, Regeneration, Business & Economic Development on the key aspects of their portfolios.

5.2 The Cabinet Member for Finance & Corporate Services responded to questions on the following matters:

### The Council's Annual Accounts

5.2.1 The Committee asked whether the Council intended to submit the 2016-17 accounts to its external auditors even earlier than it had over the last two years. Concern was raised whether this could have implications for the accuracy of the accounts of arm's length organisations which may not be as able to meet such a challenge. Steven Mair, City Treasurer, informed members that this year's accounts were submitted on 9 April. The finance team intended to build on this achievement and submit the 2016-17 accounts on the 6<sup>th</sup> April 2017. He advised that the auditors had not identified any errors in last year's accounts and had commented on their quality. He clarified that the pace of preparation of accounts was to help drive quality improvements, to free up resource earlier to address in year issues etc and thus was part of the transformation of financial management. He explained that the finance team would work with other bodies to meet the target and that risk and communication plans had been developed to facilitate this.

### Local Government Financial Settlement

5.2.2 The Cabinet Member was asked about the benefits and disbenefits of entering into a three-year local government finance settlement and whether any other local authorities were opting to take a different approach. The Cabinet Member explained that in order to take advantage of the three-year settlement offer the Council will need to prepare a forward-looking efficiency plan. This will need to be submitted in the autumn. No guidance had been provided on what such a plan should consist of. He advised that while the settlement would provide some financial certainty it would not provide total certainty as the authority also relies on funding from other forms of income. The City Treasurer advised that he was not aware of any local authority that was not taking up the offer.

### General Fund Reserves

- 5.2.3 The Cabinet Member was asked about the Council's policy approach to the level of general reserves. He advised that the Council wished to build up its reserves to between £40m and £50m after having to draw heavily on them following a fall in revenue after the recession in 2008/9. This would enable the Council to earmark funds for individual departments if required.

### Budget Monitoring

- 5.2.4 Members asked how the new budget monitoring tool would help to address some of the issues in the Managed Services Programme. The City Treasurer explained that the tool would enable budget managers to upload accruals and forecasts into Agresso which then directly feed into monitoring packs to provide more reliable financial forecasts. He advised that training would be delivered by finance managers to budget managers. He acknowledged that some Westminster schools and other education establishments had faced difficulty in using Agresso. Although the situation had improved additional resources were being put in place to provide further training to them. He advised that although there was still a backlog of manual payments to be processed the numbers needing to be made had reduced dramatically in the current financial year. He asked Members to let him know of any payments that were not progressing so that the issue could be looked into.

### Managed Services Programme

- 5.2.5 The Committee asked when the key and supporting items of functionality that had to be deferred because of the year end closure timing issues would be implemented. The City Treasurer advised that key items of functionality deferred and currently planned for implementation included asset management and accounting module and debt management. He explained that debt management was expected to be implemented over the summer. The Council was using the time in the interim to undertake testing to ensure that as far as it was able debt recovery will roll out successfully once it goes live. The largest debtors would be contacted first to reduce the risk to the Council. He advised that the Agresso system was continuing to improve and further enhancement to it was planned. Although a number of issues identified in the managed services programme were on-going the number of occurrences had reduced.

### Graduate Recruitment

- 5.2.6 The Committee asked for details about the graduate recruitment process. The Cabinet Member explained that there is a local government recruitment process. Graduates that express an interest are shared out across the sector. He suggested that given the prestige associated with working in certain central London boroughs the Council should perhaps consider developing its own scheme or in conjunction with London Councils.

- 5.3 The Committee submitted a number of questions in relation to the update from the Cabinet Member for Housing, Regeneration, Business & Economic Development. In the absence of the Cabinet Member the committee requested that these be responded to by way of written replies.

- 5.4 **RESOLVED:** That the updates from Cabinet Members be noted.

## 5.5 ACTION:

1. Provide Councillor Roca with a note on the Council's work to promote apprenticeships including the number provided within the Council and its contractors. **(Action for: Greg Ward, Director of Economy & Infrastructure)**
2. Following a recommendation at a previous meeting, provide details of the number of Members that have raised housing issues with CWH. **(Action for: Barbara Brownlee, Director of Housing & Regeneration and Marc Wolman, Director of Customer Services, CityWest Homes)**
3. Provide Councillor Rigby with a note on the results of the CWH annual tenant and lessee satisfaction survey for 2015/16 and how these compare with the previous year's survey results. **(Action for: Andrea Luker, Head of Strategy and Quality, CityWest Homes)**
4. Provide an update on progress in appointing a private market operator to run Berwick Street Market. **(Action for: Greg Ward, Director of Economy and Infrastructure).**

## 6 EMPLOYMENT AND BUSINESS SUPPORT OPERATIONAL PLAN

- 6.1 The Committee received a report that provided an analysis of long-term unemployment in Westminster and the lessons learned from other programmes.
- 6.2 The report set out options for the City Council's future role in reducing long term unemployment. The Committee's views will help inform the business case for a new Westminster Employment Service which is a City for All Year 2 commitment.
- 6.3 The committee heard from witnesses Ellen Prue, Manager of Employment and Learning Services, Cardinal Hume Centre and Robert Spread Programme Director of Employment Services at Maximus who had been invited to the meeting to assist the committee with its deliberations.
- 6.4 Robert Spread addressed the committee. He started by providing some background information about Maximus and the work that it was delivering to reduce unemployment in Westminster. He explained that Maximus was an American company that delivered employment services solutions to governments. In the UK it delivered three work programmes one of which focusing on West London included Westminster. Maximus provided jobseekers with a range of services to help them find and retain meaningful employment. This ranged from pre-employment training such as help with CVs and interview preparation as well as in work support services. Maximus delivered 40% of the services itself and subcontracted the other 60%.
- 6.5 In respect of performance for the West London programme, Mr Spread advised that 30% of jobseekers on the programme had been assisted back

into work in all payment groups. The performance figure dipped by 3-4% in Westminster which was affected by the particular challenges of those long-term unemployed in receipt of Employment Support Allowance, many of whom had health related issues. The cohort that was performing best was young people in receipt of jobseekers allowance. He outlined some of the barriers to employment for people on the programme. These included the cost of housing and homelessness, skills gaps, drug and alcohol addiction, English not being a first language and significant competition from people living in outer London and beyond.

- 6.6 With regard to the four strategic options for a new Westminster Employment Service Mr Spread favoured a multi-agency integrator approach where the powers and influence of the authority can join up local services in co-located sites around the individual. He stated that given the high cost of property in London and for efficiency cohabitation, where feasible, made sense. He considered that given the health issues affecting around 50% of those in long-term unemployment integration with health services was important. He stated that a multi-agency integrator option required effective co-ordination between services so that the long term unemployed person is properly triaged. He commented that in some contracts not all services had shared in the rewards of success and he considered that there needed to be joint accountability for meeting targets as well as an equal distribution of any rewards. He also stressed the importance of engaging employers and encouraging them to visit co-located services to provide training such as holding mock interviews. Employers would also benefit from being given an understanding of the issues facing those with mental health problems including dispelling common myths.
- 6.7 Ellen Prue addressed the committee and provided background information about the Cardinal Hume Centre and its work. She explained that the organisation was a local charity based in Pimlico that helped people to obtain skills to overcome poverty. It provided core services in four areas: housing, income, legal status and education based around a hub model. It had 62 members of staff with additional support provided by volunteers. 30% of its funding was unrestricted which enabled the organisation to be flexible and agile so that it could respond to emerging needs. Much of the unrestricted funding was used to assist claimants in receipt of Employment Support Allowance.
- 6.8 Ms Prue outlined the benefits of co-locating services in a hub environment. She explained that the JSA advisers that work with the Centre's employment and education team provide a different type of knowledge of the local environment. She advised that a significant shift was required in dealing with the longer term unemployed in Westminster. She explained that a key predictor of success was whether individuals had been in work in the last 5 years. She stated that strategies needed to focus on building optimism and confidence and promoting self-advocacy so that individuals have self-belief to start the journey back into work. She highlighted the importance of allowing individuals to take a break from looking for employment where they were not in a position to do so without being subject to sanctions. She was of the opinion that in the past individuals had often been failed because their particular needs had not been identified. Any service would need to provide a

comprehensive needs assessment and triaging linked to identifying barriers on employment. In terms of co-locating services she considered that addressing housing need was a priority and that joint partnership with housing providers was essential. She further considered that more face-to-face work between different services was beneficial.

- 6.9 The Committee then considered the key matters set out in the report. It noted that while no duty existed requiring local authorities to reduce unemployment local authorities were commonly putting in place employment support programmes. Members explored whether the City Council was best placed to deliver and lead such services and how confident it could be that any structure chosen would make a difference in reducing long-term unemployment in the borough.
- 6.10 Tom Harding, Manager of Employment and Skills, explained that the Council already provided extensive employment support for residents within different cohorts through a variety of programmes both as an organisation and also through partnerships. He explained that the purpose of designing a new service was to address the specific challenges for Westminster to deliver a critical mass with improved outcomes aligned to the City for All priority.
- 6.11 Greg Ward, Director of Economy and Infrastructure, informed the committee that although a number of organisations working in Westminster shared many similarities in providing employability support the City Council was in a unique position of being able to leverage its powers and assets, other services and partners to support improved employability. This assertion was supported by Ms Prue who stated that the Council had a strategic role to play in bringing local services together to provide a joined up approach to help the individual.
- 6.12 The Committee considered the four strategic options for designing the service. In response to questions regarding the differences, benefits and disadvantages of the different options officers informed the committee that the illustrative customer journeys (as set out in the agenda) revealed that a multiagency integrator approach was likely to work best.
- 6.13 Officers were referred to the fact that some Westminster residents are housed in temporary accommodation outside the borough although their children are still educated in Westminster. The time required by these parents to drop off and collect their children from their schools impacted upon their available hours for work. The committee commented that the particular challenges and barriers for these individuals needed to be taken into account when developing personalised action plans.
- 6.14 Mr Harding advised that the Council had funded a programme for those in temporary accommodation for the last 5 years which was run by Vital Regeneration. The current model was being assessed to explore such issues.
- 6.15 Mr Ward stated that to meet the challenges of reducing long-term unemployment the new service would need to incorporate long-term and consistent relationships with employers. This was supported by Ms Prue who

commented that employers and particularly managers of those who had been long-term unemployed would also need support. She hoped that such employers would come to see the individuals as being some of their best employees and not just of having provided a social benefit.

- 6.16 Officers were referred to the fact that Westminster has well-developed links to the construction and development sector through its role as a planning authority. Members asked how many long-term unemployed individuals had the Council managed to broker jobs in this field. Mr Harding explained that of 200 individuals that the Council supported into employment last year only a small handful went into construction. He explained that it was unproductive to try and fit individuals into particular sectors and that it was important to tailor employment to people's individual needs. He stated that there may be an opportunity through section 106 obligations to obtain contributions towards a local employment fund which could commission dedicated employment services. The possibilities were currently being discussed with planning policy colleagues.
- 6.17 The Committee also explored and discussed examples of best practice in other local authorities for helping the long-term unemployed. These were set out in a briefing note circulated to the committee prior to the meeting.

#### **RESOLVED:**

1. The committee acknowledged that there is no statutory requirement for a local authority to reduce unemployment. However, having heard the evidence from invited witnesses it considered that the Council can make a difference and has a role to play in this matter. The committee heard that the Council is in a unique position of not only having a significant supply chain but is able to pool resources, use its influence to leverage partners and new sources of funding and coordinate other organisations. Given the particular challenges facing those in long term unemployment the committee applauded the ambitions of the service.
2. The committee noted witnesses' observations regarding the benefits of co-locating services and the importance of addressing the health barriers that impact many of the people that have been unemployed longer than 2 years. Members were of the opinion that whilst the Council has significant property holdings co-location does not have to be delivered exclusively through Council owned property. For the service to succeed its design needs to incorporate links to the health sector. The committee also agreed with witnesses about the importance of all organisations participating in the management and delivery of employability programmes sharing responsibility for delivery and successes or failures.
3. Whilst the committee did not come to a view on which if any of the four strategic options was preferable to support the ambition it did request that any option chosen should incorporate an ability to assist those long-term unemployed residents living in temporary accommodation outside of the borough.

4. The committee suggested that the Council should promote those businesses that work with partners to provide opportunities for the long-term unemployed. Members also suggested that in designing the service the Council should incorporate the lessons learned from other local authorities and previous projects such as Family Recovery. The committee also concluded that given the significant challenges affecting those who have been long-term unemployed providing in-depth targeted help to a smaller number of people would be more beneficial and productive than setting overambitious targets.

## **7 RATIONALISATION OF THE OPERATIONAL PROPERTY PORTFOLIO**

- 7.1 The Committee received a report that provided a background of and an update to the Council's operational property rationalisation strategy and the intended outcomes.
- 7.2 The committee noted that the paper was an update to the corporate property strategy paper submitted to the committee at its meeting on 18 November 2015 and provided a summary of progress since that meeting.
- 7.3 The Committee considered the report and asked questions on a range of issues including i) the process for appointing a contractor to work with the operational property team to deliver the strategy, ii) how CityWest Homes' requirements would be incorporated in the strategy, iii) the areas of the portfolio not included in the scope of the strategy and why, iv) the likelihood of services losing required operational space and the possible effect this would have on service quality and v) how officers envisaged hubs and clusters would work.
- 7.4 Alan Rhind, Head of Operational Property, explained that BNP Paribas Real Estate was appointed to assist the operational property team to deliver the strategy following a competitive tendering process. He advised that they were due to be paid £25,000 for Stage 1 (stakeholder engagement) and £40,000 for Stage 2 (developing the strategy and identifying savings). He further advised that the results of data from Stage 1 could be made available to members prior to a final decision on the strategy.
- 7.5 With regard to CityWest Homes, Mr Rhind explained that the Council's housing ALMO was carrying out an on-going review of surplus accommodation in its portfolio and that this will be shared and form an important part of the overarching operational property strategy. In response to a supplementary question he explained that while the Council did work with other public sector bodies the disposal of surplus NHS properties and the benefits to the Council of purchasing these fell outside the scope of the strategy.
- 7.6 Mr Rhind explained that there were parts of the operational property portfolio such as parks and cemeteries that were not included within the scope of the rationalisation strategy. Whilst opportunities existed in these areas the aim was to examine aspects of the portfolio where it was easiest to combine operational efficiencies and generate income from assets identified as



surplus. He clarified that it is not the intention to sell surplus assets, but to use them to generate income, unless better income generating opportunities are available from use of the capital raised from disposal.

- 7.7 Hub Strategies, workplace management, service, co- locations and alternative delivery models had yet to be developed as the Council was still engaging with stakeholders regarding their future property requirements. He clarified that the strategy was being designed to make better use of the Council's assets. It was for service areas to determine their operational and property needs from within their budget.
- 7.8 The committee noted that a more in-depth paper will be submitted to a future meeting of the Committee as the project progresses and details emerge.
- 7.9 **RESOLVED:** That the report be noted.

## **8 TREASURY OUTTURN FOR 2015/16**

- 8.1 In accordance with the council's treasury management practices, the Committee received a report that set out the Council's Annual Treasury Outturn for 2015-16.
- 8.2 The Committee asked about the weighted average interest rate of return on cash investments over the year. Members also queried in respect of borrowing why interest rates for Public Works Loans Board (PWLB) loans had increased which was making them uncompetitive. George Bruce, Tri-Borough Director of Treasury and Pensions, advised in the case of the latter that PWLB was taking advantage of an opportunity that existed to improve returns on loans. The weighted average interest rate of return on cash investments over the year was 0.60%. The committee was informed that officers were exploring a range of options to improve investment returns whilst reflecting the annual investment strategy's priorities.
- 8.3 **RESOLVED:** That the report be noted.
- 8.4 **ACTION:** Provide the committee with details of how the Council's Treasury Outturn compares with that of comparable local authorities. (**Action for: George Bruce, Tri-Borough Director of Treasury and Pensions**)

The committee noted that this would be the last meeting to be attended by Anne Pollock, Scrutiny Officer, who was moving to a new role within the Council. The committee thanked her for her work.

The Meeting ended at 9.16 pm

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_