

Housing, Finance & Corporate Services Policy and Scrutiny Committee Briefing

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1. Finance

1.1 Outturn 2015/16

Key items to note following the production of the Council's accounts:

- The revenue outturn shows an underspend of £5.54m against budget.
- The capital programme original budget including 2014/15 slippage was £188.3m. This was re-profiled to £94.697m after adjustments and virements with the forecast outturn reported as £75.46m as at Period 10. As at year end the outturn position is reported as £69.432m which represents an underspend against original gross budget of £118.87m (63%).
- The original Housing Revenue Account (HRA) capital programme for 2015/16 was £89.8m. This was adjusted to include slippage from 2014/15 and re-profiled to £93.4m. At period 10 the forecast outturn reported as £49.6m. The actual outturn position was £54.7m, which represents an underspend against original gross budget of £38.8m (41%).
- The Council's balance sheet strengthened during the financial year and as a consequence of the improved financial position for the year the Council was able to increase its General Fund Reserves to provide the Council with on-going financial resilience in an increasingly austere economic climate over the medium-term.

- This year's closedown process has been challenging given the need to bed down the new Agresso system which went live of 1st April 2015 as part of the Managed Services Programme. However matters were successfully concluded as at the yearend for example the bank reconciliation was reconciled in full, UNA (unallocated income) was completely dealt with and AP and manual payments likewise resolved. Despite the challenges there have also 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.

1.2 Objections to the Accounts

It will be recalled that there were previously seven years of the Council's accounts (back to 2008/09) held open because of objections.

Four of these were closed off in January (2008/09 to 2011/12).

2012/13 to 2014/15 remained open because of a further objection. The Council issued a robust rebuttal to this final outstanding objection to the auditor. Following consideration of this information, the objector formally withdrew this objection on the 12th May.

Grant Thornton have now completed their formalities and issued certificates for the three outstanding years on the 24th May.

1.3 Budget

Work has commenced on analysing the Council's budget position for 2017/18 to 2018/19, identifying where we are in relation to the estimated gaps and action that will be taken to prepare the estimates (capital and revenue) for these years, and beyond.

1.4 Budget Monitoring

A new budget monitoring tool has been produced for 2016/17 which will be rolled out across the Council on a phased basis from 31st May to 30th September, enabling budget managers to upload accruals and forecasts into Agresso which then directly feed into the monitoring packs. This will promote self-service, enhance budget monitoring, make use of the Agresso system and provide more reliable financial forecasts. Training is being delivered this week by Finance Managers to the Budget Managers for the pilot areas for P2 reporting, while the order of roll-out across the other areas is to be determined and agreed with Executive Directors.

2 Corporate Property

2.2 Investment Programme

Corporate Property has embarked on an investment programme using the funds allocated in the Council's budget for strategic commercial property acquisitions. This is intended to provide secure, long term income streams for the Council to support provision of front line services. It will also help diversification and rationalisation of the existing investment portfolio. Governance will be managed through the Property Investment Board, the Capital Review Group and the Cabinet Member for Finance & Corporate Services. A strategy for stock selection has been presented to the Executive Management Team following discussion by Cabinet Members and the Property Investment Board.

2.2 Operational Property Strategy

The property consultants BNP Paribas Real Estate (BNPRE) have held a workshop with senior officers across all services in order to provide insight of service need to inform the revised Operational Property Strategy. BNPRE are carrying out interviews with all services to further understand the use of existing real estate. Collated data will be used to analyse the occupancy and use of each property that the Council occupies to deliver its services, with a target of substantially reducing the Council's property footprint to reduce running costs and to allocate surplus property for re-use or development. The study and strategy is a two phase process with the study report is due at the end of May and the occupational strategy due at the end of August.

3 Corporate Services

3.1 IT

Digital Workforce/datacentre migration

Following the launch in April of the new Office 365 intranet/collaboration platform, we have seen excellent adoption of the new tools by staff at all levels within the Council. For May and June the focus of the shared IT service is on migration from legacy WCC CapGemini datacentre services by end of June 2016. This involves migration of all email accounts to Office 365 and transition of directory and storage services to the BT "SIP" datacentre, work is broadly on track with approximately 1,200 users migrated by the 24th May. Such a major and complex change to the Council's IT infrastructure is causing some disruption for users, but this is being managed and there is recognition among CLT members that it is a necessary stage in transition to more digital ways of working.

Customer Digital

The shared IT service has established a draft timetable for procurement and implementation of a common enabling Web/CRM platform across the three Councils, which would also underpin Westminster's Customer Digital programme. There is opportunity to complete this procurement and commence build of new transactional services in autumn, subject to agreement and funding decisions which are now being discussed with the three Councils. An Executive Decision Report has been drafted for consolidation and upgrade of Geographical Information (GIS) Systems across the three Councils into a single new platform, to deliver greater insight and operational efficiency for mobile/fixed staff and the wider community. Aligned to this, work is underway to explore the potential of the new Power BI services which are now available through Office 365.

City Hall refurbishment programme

Existing WCC telephony and network contracts are being extended to limit disruption during City Hall refurbishment. An internal Gate 2 (contract award) report was approved recently to invoke existing "NGN" network contract extension clauses. The extension period will run from October until April 2018 (concurrent with telephony), this will also now be issued for Cabinet Member decision in June. Following the recent Cabinet decision, orders for the required network links to decant sites are now being placed to ensure installation in time for 2017 staff moves. Work on decommission of existing City Hall network and datacentre services continues this will be a significant area of focus later in summer and autumn for the dedicated project manager.

PSN Compliance

The shared IT service is liaising with the Cabinet Office regarding timescales and approach for the Council's next "PSN" certification (PSN being their Public Services Network security standard which WCC must meet in order to access DWP and DVLA data). Whilst still providing secure systems for our most sensitive data, we are also keen to exploit the potential of open data access, transparency and internal/external (multi-agency) collaborations around less sensitive data, and are lobbying for a relaxation of the traditionally "blanket" technical controls. The outcome of our initial discussions, and timescales for PSN certification should be known during June.

Member's IT

In early June evening IT drop-in sessions have been arranged with majority and minority party members to provide IT support and advice, and to arrange for permanent connection of members' phones/tablets/laptops to the Council's "SUWIFINET" Wireless network. Concurrent with this, the block on video streaming and conferencing via the City Hall guest WiFi service is being lifted, to improve the service offered to our occasional visitors.

Phase 2 of the ICT restructure

Building the shared ICT service is about to move to the next phase of activity, which will involve bringing together the RBKC and WCC staff ahead of H&F exiting their outsource arrangement with the Agilisys HFBP partnership.

3.2 People Services

Graduate Recruitment

People Services held a graduate assessment day on Tuesday of last week to continue our on-going plans to attract talented young people into the Council. Our current intake of graduates played an active part in the day and as a result we plan to secure an additional 2/3 new graduate to start with us in the autumn.

Working the Westminster Way

The Band 3 academy, called "Working the Westminster Way", has officially started and took place in the newly created "Academy" on the 3rd June in City Hall. To date we have had over 60 colleagues who have attended. Feedback has been very positive so far with colleagues mentioning that focussed investment in their development is greatly appreciated and will enable them to work more effectively as a member of their teams. The final cohort of Band 4 colleagues started their academy experience as well last week at the Lupus Street site. This cohort will see 120 people complete the programme over the coming months.

3.3 Procurement

Chartered Institute of Procurement & Supply

Procurement Services has completed a two day workshop this week in order to finalise the Council's submission to the Chartered Institute of Procurement & Supply for the CIPS Corporate Certification Standard. Undertaking a formal review and achieving the CIPS Corporate Certification supports Westminster City Procurement Services in achieving its long-term strategic plan. The submission has been made to the Chartered Institute of Procurement & Supply and it is expected that the Council will receive confirmation of achieving Corporate Certification in July 2016.

Procurement Programme

A Procurement Programme has been developed to drive procurement excellence. The Programme for the year (ending in March 2017) is split into 4 Themes. These include People Development, Market Development, Technology Development and Operating Model.

Internal Audit

Internal Audit is commencing an audit of Procurement Services. The overall objective of this internal audit is to provide Members with assurance as to the adequacy and effectiveness of the key controls relating to Procurement Services Strategy, Policy and Procedures as well as Training and Guidance to those in procurement or contact management roles. The audit will be completed by end June.

Apprentices

Procurement Services has appointed its third apprentice into the department. He is a Westminster resident and joined the team in May, and will be helping Procurement Services with data cleansing activities as well as system updates and data input. Our aim will be to give him a broad insight into sourcing systems and systems management in order to develop his interest in this important area of work.

3.4 Legal

Tri-borough Legal Services Savings

It has been a year since WCC went live as a tri-borough legal service (1st May 2015). The tri-borough arrangement has affected the financial position in a positive way. There has been significant costs savings through the consolidation of the staff structure, co-locating in one building and through other efficiencies in the procurement of supplies and services including joining up the case management system, rationalisation of legal books and online resources.

The total savings is set out in the table below. It should be noted that the table below shows the savings from the recent merger with WCC. We had already made savings when LBHF and RBKC legal services merged. That is why the WCC savings are higher.

Year	H&F	RBKC	WCC	Total
2015/16	£356,676	£295,860	£610,930	£1,263,466
2016/17	£51,667	£51,667	£51,667	£155,001
2017/18	£15,667	£15,667	£15,667	£47,001
Total	£424,010	£363,194	£678,264	£1,465,468

Through consolidation, legal services have been able to create larger and specialist legal teams and as such are able to undertake more work in house, which has generated savings. Although Counsel spend is likely to fluctuate from year to year, we have seen an overall material reduction in counsel spend.

Tri-borough Legal Services quality of service

Quality has improved in most areas. With a larger and more specialised team of lawyers we are able to respond faster to queries and requests for advice and representation.

Tri-borough working has enabled us to grow areas of expertise which only existed in one Council. For example all compulsory purchase orders and rights of light work in LBHF and RBKC used to be outsourced, as we did not have the expertise in-house. However, WCC lawyers have that expertise and so as a Tri-borough Service we are now able to do this work in-house for all three Councils. Similarly LBHF and WCC have benefited from highways, and contract law expertise from RBKC. Likewise RBKC and WCC have benefitted from LBHF's expertise in dealing with high volume/bulk litigation and court work.

Therefore we can do more of the complex work in house. Having this resource means that the service can have specialist teams. It also allows senior lawyers to continue to develop the skills in their specialist area from which the rest of the team and clients can benefit.