



City of Westminster

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

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## 1. Finance

### 1.1. Business Rates

**1.1.1** The key development since the last update to the Committee on 7<sup>th</sup> November is that the government has finalised their Transitional Arrangements for the new 2017 National Non Domestic Rates (NNDR) Valuation List implementation, i.e. the phasing in arrangements for rateable value increases and decreases resulting from the Revaluation. Whilst the Council's overall total rateable value has increased by 25% due to the 2017 Revaluation, there have been some much larger percentage increases for individual properties in the borough, particularly retail properties in the West End.

**1.1.2** The government's consultation paper on their proposed NNDR Transitional scheme had 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 has to be compared with the Transitional scheme for the 2010 Revaluation, which limited increases for Large properties to only 12.5%. The City Council sent a response to the consultation requesting that the government amend its preferred option to a fairer, more sustainable phasing in arrangement. Similar responses to the consultation were made by NVEC and other local Business Improvement Districts (BIDs) as well as by individual businesses.

**1.1.3** The government has subsequently announced the final scheme. The final version shows a marginal improvement for Year 1 (from 45% to 42%), with a more

significant reduction in Year 2. Whilst any movement from the original consultation is welcomed, it is clearly not the level requested by the City Council, the borough's BIDS or London businesses.

## **1.2 No PO NO Pay and Sundry Debtor Recovery**

**1.2.1** 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 principal 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.

**1.2.2** Stage two of the implementation plan is in progress, which is to return non-compliant invoices dated later than 17<sup>th</sup> October to service areas and to notify suppliers of the same. We aimed for full implementation of "No PO, No Pay" by the 1<sup>st</sup> December but will extend this to early January due to a combination of system and operational readiness.

**1.2.3** Sundry debt recovery in line with contract terms has not commenced although local debt management has been in place, particularly in Adult Social Care. An interim debt recovery process approximating automation is in place until 1<sup>st</sup> April 2017 when BT is expected to resume operations in line with contractual obligations. The interim process includes the Council 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. The Council will continue to be responsible for all other elements of the recovery process, including the handling of payment and service enquiries and the updating of sundry debtor accounts. The interim process is being jointly developed and delivered with RBKC and Hammersmith.

**1.2.4** A series of statements, followed three weeks later by the first reminders, have been issued but due to a technical issue identified with reminders from Hammersmith, the reminders were suspended. The 2<sup>nd</sup> reminders will recommence on the 3<sup>rd</sup> January 2017 and full automation is expected to be achieved by 23<sup>rd</sup> January 2017.

## **1.3 Budget**

Work continues on the budget preparation, both capital and revenue, and will be reported to Policy and Scrutiny, Cabinet and Council in the New Year. It is anticipated, subject to the Local Government Settlement, that we will be in a strong position to set a balanced budget for the 2017/18 period.

## **1.4 Accounts**

**1.4.1** In line with the Council's enhanced quality in the preparation of its accounts, accounts for Q2 have been prepared and preparations are well underway for Q3 and year end. 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 routinely and regularly updated on progress and will be beginning their interim audit work on the Q3 accounts in January.

**1.4.2** There is continuing liaison with external auditors to reduce the length of the accounts, making them more user-friendly to readers while maintaining compliance with accounting regulations. The Council aims to reduce the accounts significantly in 2016/17 with further significant simplification in 2017/18.

## **1.5 Budget Monitoring**

The budget continues to be actively monitored, and as previously reported, an underspend is forecast for the full financial year. A number of enhancements have been made to the Monthly Financial Monitoring report in recent months.

## **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's DHP funding for 2017/18 is due to be announced by the Government by January 2017.

## **2 Corporate Property**

**2.1** Of 367 properties that make up the investment portfolio, 14 are currently vacant, a void rate of 4.1%. £350,000 of rent arrears was collected in November. The number of outstanding rent reviews and lease renewals on the portfolio has fallen from 16% in July to 12% in November and 15 cases were resolved in November.

## **2.2 City Hall Refurbishment**

Planning permission has been granted for the refurbishment of City Hall and temporary decant accommodation has been secured at 5 Strand and Portland House in Victoria. Staff will start to move from City Hall in March 2017 and the refurbishment works will start on site in July. Stage 1 of the procurement process is complete and ISG has been appointed on a PCSA (Pre Construction Service Agreement) to develop the detailed design and finalise the cost and programme, before submitting its Stage 2 tender proposal in March 2017. ISG is now present in City Hall and pre-construction intrusive surveys will begin in December. The Policy & Scrutiny task

group continues to receive progress updates and provide challenge sessions to the project team.

### **2.3 Operational Property Strategy**

The Corporate Property Team is working closely with the Policy Team engaging with services to deliver the hub model and to determine WCC's specific future property needs and how this can be best delivered to support business needs. As part of this process we are commissioning a third stage report from BNP Paribas to focus on delivery of the Hubs strategy, drilling down into the detail to determine optimum hub locations to provide a fit for purpose operational estate while driving efficiencies and reducing the Council's operational footprint. This piece of work is expected to be completed by 31st March 2017. This in turn will give us a programme of three delivery streams: -

1. Asset management – property rationalisation and opportunities to deliver operational savings/new income over the next three years.
2. Hubs Delivery Plan – identify preferred locations, business efficiencies and financial benefits.
3. Review of Third and Voluntary Sector occupation of WCC property – reviewing how WCC assets can best be utilised to support these sectors going forward.

## **3 Corporate Services**

### **3.1 People Services**

**3.1.1** The launch of the new Change Advocates Network took place on the 19<sup>th</sup> October in City Hall. This was a joint facilitated event with a number of different teams taking part including People Services, CPMU and PPC. Over 60 people who volunteered to become one of the new change advocates were in attendance to engage with, drive and facilitate change associated with our route map to success over the coming years and months.

**3.1.2** Earlier in the year Westminster City Council successfully achieved Commitment Level under the London Healthy Workplace Charter. The GLA visited City Hall to film the initiatives that the Council are doing under the Wellbeing Agenda. The filmed material was used for the awards ceremony and highlighted the good work undertaken by the Council.

**3.1.3** The Charter along with the Tri-borough Wellbeing Strategy (2015 – 2018) supports Westminster's vision on promoting a healthier workplace, supporting managers and empowering staff to take responsibility for their health and wellbeing. It provides an excellent framework for businesses to follow and accreditation is a positive step. We are now working towards achievement level (second level), along with H&F and RBKC.

**3.1.4** The pilot of the 360 degree feedback tool was launched on Monday 14<sup>th</sup> November for 50 colleagues across the council's major directorates. This new bespoke 360 was developed to see how well our values and behaviours are embedded in day to day leadership of council officers. The pilot will take place over a 6 week period.

**3.1.5** People Services presented the performance management report to Executive Management Team (EMT) highlighting the need for a step change in the way performance is managed in order to engage and motivate staff and achieve individual and collective goals. It provided an insight of the differences between directorates and benchmark information. Detailed guidance notes on mid-year reviews were cascaded across the council as a reminder to both staff and managers.

**3.1.6** The Director also presented his analysis of the Your Voice Survey with benchmarks across Westminster, Tri-borough and other sectors, highlighting WCC's good performance against the benchmarks in co-operation (both intra and inter-teams).

**3.1.7** A paper was discussed with Cabinet Members in December on the proposed approach to the Apprenticeship levy, addressing the financial challenge as well as the opportunity to up skill the current workforce and address skill gaps. Work plans are now underway to shape this work in conjunction with the economy team and tri-borough colleagues.

**3.1.8** Identifying and developing talent is a key part of the People Strategy for 2017. Talent conversations are now underway across all Directorates with a view to map in the first instance our EMT and Corporate Leadership Team potential for the future. Once these conversations have been completed People Services will be going to EMT in January to calibrate all nominations and launch the talent programmes more formally. The Organisational Development team are meeting EMT directors jointly with Business Partners who are attending Senior Management Teams to identify talent at other levels within their Directorates.

## **3.2 Procurement**

### **3.2.1 Ricoh – Print and Document Management Contract**

The annual review of the Print and Document Management contract was held on the 18th October 2016 and overall is performing well with an annual spend of £1.1M against the original tendered cost of £1.4M. This means there is an underspend. Print volumes are on a downwards trend with a 20% reduction over the year. Print data will be used to try and reduce demand further. Camden and Hammersmith are in the process of calling off contracts from the Framework, OneSource (Newham/Havering) and others are further exploring utilising the Framework. Further development of the

contract to utilise archiving and digital and hybrid mail services is currently being explored.

### **3.2.2 City Hall Refurbishment Works**

The Pre Construction Services Agreement has now been signed and approved by both parties and has been sealed. We are now actively in the second stage of the Design & Build requirement working towards the fixed cost for the works themselves. ISG were the most economically advantageous tenderer and presented a significant list of Social Value outputs that are planned as part of the project. The project remains in target with the programme timetables at a cost of £50-60m.

### **3.2.3 Meet the Buyer Event**

Westminster City Council hosted a meet the buyer event for construction companies that would be seeking to work with Westminster in the future. We had moderate attendance from organisations, which provided positive feedback on the event itself as well as insights into the issues surrounding bidding for works at the moment. All of which will be able to inform strategies for procurement.

The direct call off agreement for City Hall Removals and Disposals requirement has been successfully approved and has been awarded to Harrow Green from the ESPO framework. This will cover the following:

- Removal of selected furniture and contents of City Hall to decamp spaces
- Sell or donate appropriate remaining furniture
- Disposal of remaining furniture
- Disposal of remaining IT infrastructure
- Bespoke Crating for Antiquities
- Safe transport and storage of antiquities
- Adhoc requirements as part of the programme

### **3.2.4 Language Services for WCC and RBKC**

Assistant Director approval was given on the 1st December for WCC and standstill letters were issued on the 2<sup>nd</sup> December.

### **3.2.5 Genito Urinary Medicine (GUM) Procurement**

We are in the process of amending our tender documents in order to align with the London School of Hygiene and Tropical Medicine (LSHTM) requirements. Once completed, a meeting will take place with the LSHTM to ensure that there are no misunderstandings and all parties are in agreement with the revised documents. It is proposed that a meeting will then take place with Chelsea and Westminster Hospital to discuss the changes to the original specification and contract documentation. Once agreed we will proceed to award and mobilise the contract. It is unlikely that the new contract will be in place by 31<sup>st</sup> March 2017, so we will be recommending a short direct award to extend the current contract.

### **3.2.6 Community Sexual Health Lot 1 & Lot 2**

Cabinet Member approval for Hammersmith and RBKC was given on 7<sup>th</sup> December. Approval for Westminster should be received by 5pm on 16<sup>th</sup> December and once approved, we will proceed to award and commence mobilisation with the contract start date being 1st April 2017.

### **3.2.7 School Health**

We are in the process of awarding the Framework and call off Contracts for RBKC & WCC only for the School Nursing Services, mobilisation has commenced and the contract start date is 1st April 2017.

## **3.3 ICT**

### **3.3.1 ICT Restructure**

Bi-borough Chief Information Officer has established an IT management team including a new Head of Operations, Pascal Inthavisay. The new IT structures are being established in Agresso, and issues with budgets and funding for permanent recruitment to replace longstanding vacancies confirmed. Issues with team morale following the prolonged recent reorganisations are reflected in YourVoice responses for IT, and these are being addressed through a focus on leadership, communications and trust.

### **3.3.2 City Hall Refurbishment Programme**

Installation of resilient WCC network connections to the decant sites is progressing and despite some complications, expected to complete within timescales. Orders have been raised for new in-building WiFi services to the decant sites, this should help with the expected increase in Skype for Business calls taking place, as more staff adopt Agile working practices. Work continues with BT on the decommissioning of legacy servers at City Hall and Lisson Grove, ahead of the decant. The ICT Team has also identified a number of machines that are not Skype-ready, and a plan is in place to replace them prior to the decant.

### **3.3.3 Public Services Network Code of Connection (PSN CoCo) Submission**

The Council is required to renew its certificate of compliance with the minimum network security standards for connection to the central Govt "Public Service Network" (PSN). A high number of compliance issues are being addressed across all three councils; WCC has 16 issues, 14 of those being related to servers running on legacy OS's. These are now being addressed, and the WCC and RBKC submissions were made on 16<sup>th</sup> December.

### **3.3.4 Mobile Working**

Paperless trials using iPads for Members has now been completed and the team will be seeking feedback in order to improve the service offered to Members. Mobile

Apps development is continuing, and the Code of Construction Community Practice (COCP) app went live on 16<sup>th</sup> November. The app supports new legislation which makes the Council responsible for ensuring Construction Sites are operating in line with the COCP. This app encourages more agile working by allowing the onsite construction side inspectors to access live data from the backend systems and to update the information using a tablet, rather than coming back to the office to input data.

### **3.3.5 Collaborative Coffees**

Over 90 staff across the organisation have now signed up, and the third wave of invitations have gone out. The feedback was overwhelmingly positive and the increasing number of signups is a testament to that.

### **3.3.6 Your Voice**

Staff satisfaction with WCC IT services has emerged as an issue in both Your Voice staff survey and at the Staff Conference earlier in November. In response to this, the shared IT service will decommission legacy, unreliable IT infrastructure services before the City Hall decant (April-June 2017). It has also recruited an interim Head of Operations to improve customer support services, and IT communications, and will be running further focus groups to ensure the issues are being addressed.

### **3.3.7 Digital Services**

The Shared ICT service in conjunction with RBKC Planning received an award for Resident Satisfaction as through the hard work of the Development Team, Pre-Applications at addresses were now available for customers to view online.

### **3.3.8 Office 365**

Councillors were migrated to Office 365 in the week of the 12<sup>th</sup> December and feedback as of 15<sup>th</sup> December is positive. For officers, the shared IT service has been implementing additional phone and laptop security controls and commencing the migration from legacy Symantec Enterprise Vault to the new Office Email Archive.

## **3.4 Legal Services**

**3.4.1** Tri-borough Legal continues to deliver a high quality service at a low cost and provide its clients with better management information in order that they can make informed choices and manage their legal spend. More work is being done in-house to reduce external legal spend, however large and high risk projects are still outsourced.

**3.4.2** Currently we are implementing and embedding Office 365 within our team and have made excellent progress with teams using O365 enhanced communication and



collaboration tools to work smarter and in a more agile way. We will encourage the rest of the organisation by sharing our knowledge and experience.

**3.4.3** We are reviewing our case management system to ensure we have a best in class system that delivers efficient case management process functionality supporting a modern and agile legal service.

**3.4.4** The Your Voice survey has shown significant improvement in engagement, health and wellbeing, learning and development, all of which were areas of focus in our 2016 Your Voice action plan. We were very pleased with our 31% increase in response rate and a healthy increase of 3% in engagement particularly as during the survey period the service underwent two major IT changes with the upgrading of its key line of business system and the implementation of O365. Our 2017 plan is almost complete and this year will concentrate on three areas for improvement; Change management, communication and consultation, Working environment and Pay and benefits. Overall we have seen a strong improvement on many of the Your Voice themes since last year and believe we have a robust plan with which to improve even more.

### **3.5 Digital**

**3.5.1** The Digital programme was presented to EMT on the 29<sup>th</sup> November. Agreement was obtained from EMT around the scope, objectives and prioritisation of the programme as well as renewed board membership for the digital programme board.

**3.5.2** Work is underway to ensure that the right procurement strategy is in place for the integrated contact services project and the team are reviewing the options to ensure a successful outcome with minimum risk is obtained in the right timeframe. The Digital programme is also under taking the final selection process for the digital platform. Three suppliers Microsoft, Verint and Firmstep have now completed their evaluations with 10 evaluators from the service areas and the programme team. The team are now satisfied that there is a platform with the capability required, next steps are to arrange site visits to evaluate in more detail. A final decision is expected to be made early January 2017.

**3.5.3** The programme team will now bring forward a list of proposed priority service areas which will form the basis of the prioritisation list for the platform. The criteria will weigh up cashable savings through efficiency creation, enhanced customer experience or strategic business priorities.

**3.5.4** Ember solutions will provide some support for the integrated contact centre services procurement. Initially a 4 week assignment focussing on discovery, design and procurement.

19<sup>th</sup> December 2016