



# City of Westminster

Housing, Finance & Corporate Services Policy and  
Scrutiny Committee Briefing

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**Author:** Cllr Tim Mitchell

**Portfolio:** Cabinet Member for Finance & Corporate  
Services

**Please contact:** Sarah Rudeforth  
[srudeforth@westminster.gov.uk](mailto:srudeforth@westminster.gov.uk)

## 1. Corporate Finance

### Business Rates

- 1.1 In the Spring 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.
- 1.2 The City Council has implemented all 3 schemes and was quoted as best practice in a recent Ministerial statement.
- 1.3 It was expected that the Queen's Speech would contain the Government's intentions to amend Business Rates legislation in relation to the Business Rates Retention scheme. However no announcement was made and the original draft bill fell. DCLG have subsequently issued a statement confirming that the government is still committed to Business Rate reform, although it is understood that Ministers are still considering the future direction of travel.

### Discretionary Housing Payment Funding

- 1.4 The Government previously announced the Council's Discretionary Housing Payment funding for 2017/18. The funding of £1.4M represented a 47% reduction on our

2016/17 funding. However, an additional £1m has been allocated from the Council's General Reserves to fund DHP payments in 2017/18.

- 1.5 The Council's revised Discretionary Housing Payment policy has been formally approved and implemented.

### **Sundry Debtors**

- 1.6 The direct contact project, whereby we are supporting service areas to follow-up unpaid invoices by contacting the largest value (non Adult Social Care) debtors (exceeding £20k), continues. Approximately £35m has been received/or corrected to date.
- 1.7 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 has commenced with letters being issued in the week commencing 16/10/2017. The results will inform our future strategy on debt recovery.
- 1.8 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.
- 1.9 A suite of data cleansing activities will commence as part of the preparations for data migration to a new provider finance system. This will include focussing activity on legacy debt and reviewing/ rationalising and updating customer accounts.

### **Accounts Payable**

- 1.10 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 6 (up to 30/9/17). Efforts are continuing by the Accounts Payable Team to assist service areas to achieve full compliance.
- 1.11 A suite of data cleansing activities will commence as part of the preparations for data migration to a new provider finance system. This will include focussing on outstanding credit notes and reviewing / rationalising and updating supplier accounts.

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

- 1.12 The Council has put forward a comprehensive suite of financial reports for Cabinet and Council's consideration.
- 1.13 These cover:
- Revenue budget proposals
  - Capital programme
  - Housing revenue account

- Integrated investment strategy
  - Treasury management strategy
  - Half year treasury management review 2017/18
  - Final accounts 2016/17
- 1.14 Providing a comprehensive package of financial information this early in the financial year provides the Council with a platform of financial certainty, the budget proposals - revenue and capital - have been subject to rigorous scrutiny and the Council will build on this for the March 2018 Council meeting.

## **2. Corporate Property**

### **Investment**

- 2.1 The new property management specification and form of contract is currently being finalised with re-procurement to be undertaken using the CCS RM3816 Estates Professional Services (Lot 1) Framework. The intention is to have selected the new Agent by early February 2018.
- 2.2 Asset management of the investment portfolio continues. As at the end of September 2017, the portfolio consisted of 362 assets - 20 are vacant, representing 1.76% of the estimated rental value of the portfolio. This continues to be well within acceptable limits. 12 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 £532,000 has been secured by way of completing rent reviews and lease renewals.
- 2.4 No further acquisitions have been made pending completion and ratification of the Council's overarching investment strategy.

### **Operational Property**

- 2.5 The Medium Term Plan savings target for 17/18 of £597,000 from rationalisation of the corporate estate has been met. Further "one-off" savings delivered have generated additional in-year revenue savings of £382,154, giving a total forecast to date for 17/18 of £979,379.

### **Major & Corporate Projects**

- 2.6 The Major Projects team has made encouraging progress with several projects now complete, onsite or under construction, as follows:
- The first phase of the Sir Simon Milton UTC is complete with the college now open to students for the new academic year;
  - Phase one of Jubilee sports centre redevelopment is complete with the Moberly phase to complete in May 2018;

- The contractors on site and construction of Dudley House is progressing well – completion is due in May 2019, delivering 198 intermediate rent flats to Westminster;
- Marylebone Boys School is due to complete in September 2018;
- Seymour Leisure Centre, which will include the new Marylebone Library, has been approved;
- The new interim library has been completed at New Cavendish St. Old Marylebone;
- The Town Hall/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;
- The LBS new auditorium, which will house the new Council Chamber, is complete and will host the meeting of Full Council on 8th November;
- The Registrars' suite of rooms is nearing completion and the Registrars have begun taking bookings from January 2018.

### **3. Corporate Services**

#### **People Services**

- 3.1 The new and refreshed “Our Voice Survey” closed on 6th October. The overall response rate for WCC is 62% and the engagement index is 66%. ORC International (a third party independent market research company) are currently undertaking a detailed analysis of our results and will present their findings to the EMT on 7th November, followed by action workshops for the Corporate Leadership Team (CLT) in November. This is a key opportunity to help shape the future of Westminster City Council.
- 3.2 Consultation for changes to current Tri-borough arrangements began on 3rd October and will end in early November. Public Health, Adult Social Care and Children's services are holding engagement/ Q&A sessions with staff throughout the consultation period. A final structure and implementation plan will be released following the consultation close.
- 3.3 Following a comprehensive review of apprentice pay, the Cabinet has agreed to increase the pay rate to our apprentices. This increase will ensure Westminster can compete with other employers in our local area for the best apprentice talent. Westminster is committed to improving the quality of our apprenticeship programmes and creating sustainable employment, and we recognise that the level of apprentice pay matters in attracting and retaining quality candidates. The creation of long term careers (where appropriate) is a key element of our People Plan.
- 3.4 The Local Government Pension Scheme (LGPS) 2016-17 Annual Benefit Statement (ABS) was made available online to current members on the 31st August 2017 from the pension administration system which is run on Westminster's behalf by Surrey County Council. Online access to the ABS using the “My Pension” system is a more efficient, secure and cost-effective process.

- 3.5 Westminster City Council have now achieved a TimeWise council status, this shows we encourage flexible, part time working.

### **Procurement**

- 3.6 Procurement Services has aided in the urgent appointment of a contractor for the removal of cladding for Little Venice Towers. Following Member approval, Wates Living has ordered materials and plant, thereby enabling a quick start on site. Further procurements may follow to support the work at Little Venice Towers.
- 3.7 Our trading company, Westminster Procurement Services (WPS) commenced its engagement with Belfast City Council on Monday 4<sup>th</sup> September 2017. The initial phase includes a review of the Councils operating model for procurement and contracts management. WPS have also appointed a Senior Manager who is managing the local team in Belfast for the next six months. Work will also commence on agreeing the scope for a phase of sourcing activity led by Westminster Procurement Services on behalf of Belfast City Council.

### **ICT**

- 3.8 Consultation on the revised ICT leadership team structure commenced on 4th October and will be followed by a recruitment campaign. An interim Head of IT Business Solutions has been appointed to accelerate the alignment of IT with Council Services.
- 3.9 Engagement with Ericsson and Virgin Media Business (VMB) has commenced to negotiate extensions of services currently expiring April 2018. With the extensions, we are targeting greater contractual flexibility to allow gradual transitions from legacy systems to virtual/cloud platforms, and to integrate these with Office365 for further cost reductions. A Cabinet paper is planned for Nov/Dec 2017 for approval to proceed with the Bi-borough Windows 10 desktop and a refresh of devices.
- 3.10 The General Data Protection Regulations (GDPR) will apply in the UK from 25th May 2018. An approach has been agreed by WCC Executive Management Team (EMT) and a project commenced to assess personal data and implement remedial actions across the Council.
- 3.11 Agreement has been reached on the transfer of the Children's ICT team to Shared ICT Services, as part of the wider Tri to Bi-Borough exit, on 1st April 2018 and staff consultation has started. The future Bi-borough Children's ICT service will be cost-neutral, in line with current Bi-borough spend. Agreement on the transfer of Adults' ICT has also been agreed to commence during 2018 and complete by 1st April 2019.

### **Legal Services**

- 3.12 Legal Services is progressing the alternative business structure proposal which went to Kensington & Chelsea's Cabinet on 19th October and is due to go to WCC on 30th

October.

- 3.13 Despite an increased workload as a result of Grenfell, services to clients are being delivered in a timely fashion through active management of the caseload across the Tri-borough service.

## **Digital**

- 3.14 Mobilisation of the Digital Programme was completed during this quarter, with roles in the team filled by appropriately skilled resources, both secondees from other directorates and external resources with specific skill sets.
- 3.15 We have adjusted the approach to developing phase 2 projects to accommodate Adult Social Care (ASC), where a Working Group has been established with representation across the Directorate. As a result of this approach only being agreed last month the start of the ASC feasibility review has been delayed, resulting in a significant impact on the scope and/or timescales of delivery. A contingency plan is currently being agreed to address this issue.
- 3.16 The development of the “Report It” reports is well underway, with the first phase developed and out for testing and the 2nd phase under development. 12 Journeys will Go Live by the end of the calendar year.
- 3.17 The launch plan for My Account is being developed. This will include an engagement plan covering members, citizens and other stakeholders with plans also being developed to engage CLT during this phase to further develop solutions.
- 3.18 A Contact Strategy workstream has been created. This stream incorporates the development of our Web Strategy and also defines the approach, governance and structure to manage the organisations contact volumes, across all channels including voice, online, offline and face-to-face.

## **Managed Services**

- 3.19 A Change Control Notice (CCN) covering the negotiated commercial settlement and recovery activity at Framework and Westminster City Council Call Off level are all now complete. Formal governance meetings will be restored in November. The target exit date from the BT Managed Service contract is the end of September 2018.
- 3.20 BT have continued to work on some recovery activity throughout the negotiations, for example robust processes are now agreed to establish the historic position on under/over payments, although this work has only progressed with significant input and oversight from our payroll Subject Matter Experts (SMEs).
- 3.21 Following the engagement of the services of Deloitte to support soft market testing against our criteria for the replacement of the BT Managed Services, a short list identifying three potential providers was developed.

- 3.22 It is planned that papers will be submitted to RBKC/WCC Cabinets for consideration at their meetings in late November and early December, to seek agreement to progress with Public to Public partnership and will include outline arrangements for those areas not provided by the Partnership.
- 3.23 Work is underway to plan for On-boarding with to the Partnership and for the exit from BT. Much of the work required for a smooth transition will rely on the effective management of both on-boarding and exit processes.
- 3.24 Appropriate governance at officer and member level is now in place.