



City of Westminster

# Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Wednesday 3rd February, 2016**

Time: **7.00 pm**

Venue: **Rooms 3 & 4 - 17th Floor, City Hall, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**

Jonathan Glanz (Chairman)  
Lindsey Hall (Vice-Chairman)  
David Boothroyd  
Judith Warner

**Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda**

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal.**

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**Note for Members:** Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

**1. MEMBERSHIP**

To note any changes to the membership.

**2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

**3. MINUTES**

To approve the minutes of the meetings held on 2 December 2015.

**(Pages 1 - 26)**

**4. MAINTAINING HIGH ETHICAL STANDARDS AT THE CITY COUNCIL**

Report of the Council's Monitoring Officer

**(Pages 27 - 38)**

**5. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT (AUDIT 2014/15)**

Report of KPMG

**(Pages 39 - 42)**

**6. GRANT THORNTON ANNUAL AUDIT PLAN 2015/16**

Report of the Council's External Auditor Grant Thornton

**(Pages 43 - 72)**

**7. FINANCE (PERIOD 9) AND PERFORMANCE BUSINESS PLAN (QUARTER 3) MONITORING REPORT**

Report of the City Treasurer and the Director of Policy, Performance and Communications

**(Pages 73 - 122)**

**8. INTERNAL AUDIT MONITORING REPORT**

Report of the City Treasurer

**(Pages 123 - 132)**

**9. INTERNAL AUDIT PLAN 2016/17**

Report of the City Treasurer

**(Pages 133 -  
148)**

**10. WORK PROGRAMME**

Report of the Head of Committee and Governance Services

**(Pages 149 -  
170)**

**Charlie Parker  
Chief Executive  
26 January 2016**

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CITY OF WESTMINSTER

## MINUTES

### Audit and Performance Committee

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 2nd December, 2015**, Rooms 3 & 4 - 17th Floor, City Hall, 64 Victoria Street, London, SW1E 6QP

**Members Present:** Councillors Jonathan Glanz (Chairman), Lindsey Hall (Vice-Chairman), David Boothroyd and Judith Warner

**Also Present:** Steve Mair, City Treasurer, Sue Howell, Complaints and Customer Manager, Siobhan Coldwell, Chief of Staff, Anthony Oliver, Chief Procurement Officer, Mandy Gado, Head of Procurement Operations, Della Main, Operations Support Manager, Process and Governance, Damian Highwood, Evaluation and Performance Manager, Moira Mackie, Internal Audit Manager, Carolyn Beech, Director of HR, Nick Dawe, Interim Bi-borough Executive Director of Corporate Services and Reuben Segal, Senior Committee and Governance Officer

#### 1 MEMBERSHIP

1.1 There were no changes to the membership.

#### 2 DECLARATIONS OF INTEREST

2.1 Councillor Glanz declared in respect of item 12 that he had previously used Mazars LLP in relation to his own business.

#### 3 MINUTES

3.1 **RESOLVED:** That the minutes (Public and Exempt versions) of the meeting held on 3 November 2015 be signed as a correct record of proceedings.

#### 4 KPMG ANNUAL AUDIT LETTER 2014/15

4.1 The Committee considered the Annual Audit Letter issued by the Council's external Auditors KPMG which set out the key findings from the audit of the Council's Financial Statements (Council and Pension Fund) for the year ending 31 March 2015.

- 4.2 Steven Mair, City Treasurer, informed the Committee that the comparative report on Local Government 2014-2015 accounts was expected on 10<sup>th</sup> December 2015. This would reveal where the council came in the order of local authorities filing their financial statements for 2014/15.
- 4.3 The City Treasurer was asked about the increase in the audit fee against the estimate. He explained that a proportion of this related to objections raised by one individual (from 2008/09) on behalf of a Westminster resident. One of these had been resolved while one remained outstanding. This related to motorcycle parking charges. He advised members that the Council was liaising with KPMG to resolve this matter as quickly as possible. Although the objections raised had identified weaknesses in respect of procurement these were minor in nature rather than fundamental problems. He confirmed that despite the appointment of a new auditor KPMG would have responsibility for signing off all of the accounts from 2007/08 to 2014/15.
- 4.4 The Committee asked officers about the unqualified Value for Money conclusion with regard to the weaknesses identified in respect of procurement. These related to instances of non-compliance with the Procurement Code and contracts being extended without provision in the contract to do so and the contracts register not being up to date and/or including incorrect items. The City Treasurer advised that the Chief Procurement Officer was taking remedial action to ensure that compliance was being met in full. Anthony Oliver, Chief Procurement Officer, stated that the weakness identified in relation to the extension of contracts included a significant number in Adult Social Care and possibly Children's Services. Extensions were required as the services were considering the impact of government legislation on commissioning strategies and the approach had been scrutinised by Cabinet Members beforehand. In response to questions about the processes for extending a contract he advised that these were as rigorous as the letting of a new contract. The extensions were considered and approved by the Westminster Tri-Borough Approval Board and were formally agreed by the relevant Cabinet members.
- 4.5 **RESOLVED:** That the Annual Audit Letter 2014/15 including the status of objections to the authority's accounts be noted.

## **5 CORPORATE COMPLAINTS 2014/15**

- 5.1 The Committee considered a report that set out the Council's Annual Complaints Review for 2014-15. The report summarised the Council's complaints performance (Complaint stages 1 and 2) those complaints received by Local Government Ombudsman (LGO), and a limited review of dealing with the Leader and Cabinet Member correspondence. The report also contained, as an appendix, a copy of the Local Government Ombudsman Annual Letter/Review for the year ending 31 March 2015 and a copy of CityWest Homes Complaint Report for 2014-15.
- 5.2 Siobhan Coldwell, Chief of Staff, informed the Committee that the Executive Management Team was generally satisfied with how services were handling complaints and that in most departments performance was improving. She

explained that the Council was working on introducing a new complaints reporting system which will enable the Council to analyse data much more comprehensively such as identifying trends. This will result in officers being able to provide the Committee with a much more comprehensive report in future years. User acceptance testing was currently being undertaken. Subject to this and other necessary checks being satisfactorily completed the system was expected to go live on 1 April 2016. The 2015/16 review would be based on the existing reporting methodology. However, part year data for 2016/7 based on the new system could be provided alongside it.

- 5.3 Sue Howell, Complaints and Customer Manager, summarised the key headlines from the 2014/15 review. There had been an overall decrease in the total number of complaints across all stages of the complaints process (Council Complaints Stages 1 & 2) and that the percentage of upheld complaints had fallen with a significant fall from 14% to 3% at Stage 2. No serious issues had been raised at Stage 2. The committee was referred to the fact that the Council had introduced a new target for responding to complaints of 10 working days for both stages thereby taking a total of 20 days to go through the whole process. This compared very favourably with other London authorities where most took a total of 30 days or more to go through the whole process. The LGO Annual Review provided no comment on the Council's performance. It has suggested that it may provide some commentary on performance in next year's annual review letter. Until the new reporting system has been introduced a full breakdown of the correspondence submitted to Cabinet Members and Ward councillors could not be provided.
- 5.4 Members asked about the decision not to create a Tri-Borough Complaints Team. The committee was informed that a shared service would ordinarily only be created if moving to such an arrangement delivered savings. The Corporate Services Management Board undertook an analysis but found that there was no robust business case for creating a shared service. Miss Howell explained that the Royal Borough of Kensington and Chelsea has a different complaints process to the City of Westminster and the London Borough of Hammersmith and Fulham. The former would have needed to have increased resources in order to then make savings. The current arrangements were open to review should circumstances change in the future. Miss Howell explained that where complaints were received in relation to a Tri-Borough Service, such as Libraries, these were investigated by the borough in which the service was located. Not all complaints are dealt with through the Council's complaints procedure. Adults and Children's Social Services which are Tri-Borough services have their own statutory complaints procedure.
- 5.5 Members asked officers to explain the justification for creating a single system to manage complaints and FOI requests. Miss Howell advised that the complaints team would take on responsibility for some of the processing associated with FOI requests in order to free up the FOI team to focus on dealing with complex cases.

- 5.6 It was noted that there was a far greater volume of complaints in Finance than any other department both at Stage 1 and Stage 2. Members asked about the reasons for this. Miss Howell explained that this largely related to the nature of services within the Finance Department which included Housing Benefit, Council Tax and Business Rates. Often benefit officers assessing claims require additional information before a decision can be made. Benefits claimants will sometimes initiate a complaint if their claims are delayed while these checks are carried. Where residents have failed to pay their Council Tax the Council will issue a summons and residents will complain about having to pay the related additional fees. Other Council tax related complaints related to issues around administration such as problems in setting up direct debits.
- 5.7 With reference to planning, members queried why the number of complaints at Stage 1 was comparatively low with other departments while the volume of correspondence received by the Cabinet Member was high. Miss Howell clarified that the volume of correspondence received by Cabinet portfolio was indicative and until the new IT system is live we will not know exactly how many items are received. However, she considered that one reason for the low volume of planning complaints is that appeals against planning applications are progressed under a separate process overseen by the Planning Inspectorate who is independent of the Council and as such the complaints procedure cannot deal with many concerns residents might raise. However, members of the community who are concerned about planning applications/decisions may contact the relevant Cabinet Member to express their feelings.
- 5.8 The Committee noted that the LGO upheld a complaint in respect of a housing needs case and recommended a payment. This related to a case where a social housing tenant was placed in a property which was too large for his family. The tenant incurred rent arrears following the imposition of the bedroom tax as his housing benefit no longer covered the rent for the property. Members asked what processes were in place to ensure that homes offered to social housing tenants matched their Housing Benefit allowance.
- 5.9 **RESOLVED:**
1. That the information contained in the Annual Complaint Review 2014/15 be noted.
  2. That the committee welcomed the improvement in performance and in particular the reduced timescale for responding to complaints.
- 5.10 **ACTION:**
1. Provide the committee with progress reports on the implementation of the new complaints reporting system as well as performance data once it has gone 'live'.
  2. Provide the committee with a note on the reasons for the increase in complaints concerning CityWest Homes staff behaviour.



3. Provide the committee with details of the processes in place to ensure that homes offered to social housing tenants match their Housing Benefit allowance.

**(Actions for: Sue Howell, Complaints and Customer Manager)**

## **6 UPDATE ON CORPORATE CONTRACT MANAGEMENT**

- 6.1 The Committee considered a report on compliance with contract record keeping within CapitalEsourcing across the Council, implementation of the Contract Management Framework and procurement and commercial training received by members of the Strategic and Commercial Procurement team.
- 6.2 Anthony Oliver, Chief Procurement Officer, informed the Committee that compliance with contract record-keeping within CapitalEsourcing across the Council had increased from 41% to 86% since the committee was presented with the Annual Contracts Review in July. Three departments (Finance, Policy, Performance & Communications and Corporate Services had achieved 100% compliance. Officers aimed to achieve full compliance across all departments by early in the New Year. The recording of contract performance had improved from 30% to 44% over the same period. Mr Oliver clarified that contract managers were managing contracts and undertaking reviews with suppliers but that they were not recording this information within CapitalEsourcing. There would be a drive in the New Year to obtain full compliance within this area. This would be supported by providing training and development to contract managers.
- 6.3 Mandy Gado, Head of Procurement Operations, informed the committee that the Contract Management Framework (CMF) had been finalised since officers last appeared at committee in July. The CMF had been designed to support an effective and more consistent approach to managing a diverse range of contracts across Tri-Borough. The CMF It had been developed to help manage risk and exploit the opportunities that arise in all contracts; it draws upon existing good practice and offers a flexible approach to support Contract Managers according to their specific needs.
- 6.4 Mr Oliver highlighted that having an accurate contracts register will enable the Council to better manage its contracts. For instance, it will alert contract managers about the forthcoming end of a contract and the need to plan for a re-procurement. This helps avoid the need to extend a contract because insufficient time has been left for the re-procurement process to take place.
- 6.5 In response to queries officers confirmed that to reflect the recent organisation changes further work was being undertaken to map the new hierarchies so that those within CapitalEsourcing match those within the Managed Services Agresso system.
- 6.6 Officers were asked about the flexibility of the system and the data that contract managers had to input into it given how varied contracts across the Council were in size and value. The committee was informed that the system

included 5 categories where contract managers were required to input a mix of generic contract information as well as specific data relating to the contract's key performance indicators. This enables scores to be rolled up to provide reasonable comparisons of how contracts are performing individually and against one another.

- 6.7 In recognition of the significant investment being undertaken to train contract managers the Committee asked about the retention of such staff within the Council. Mr Oliver explained that contract managers were not based within the procurement team but within individual directorates. Service directors had raised retention of such staff as a concern. Unfortunately there would always be some staff turnover. He stated that there was a requirement within the Council's procurement code for all new staff recruited to manage a contract to receive and undertake relevant training.
- 6.8 Mr Oliver was asked whether there were more training opportunities that could be progressed. He advised that the Council wanted to develop training on negotiation which was a completely new skill and which had not been provided previously.
- 6.9 **RESOLVED:** That the report be noted.
- 6.10 **ACTION:** Provide the committee with regular progress reports on meeting compliance targets for contract record keeping within CapitalEsourcing.  
**(Action for: Anthony Oliver, Chief Procurement Officer)**

## **7 FINANCE (PERIOD 6) AND PERFORMANCE BUSINESS PLAN (QUARTER 2) MONITORING REPORT**

- 7.1 Steve Mair, City Treasurer, provided an overview of the Council's financial position as at Period 6 (September 2015). This covered the revenue and capital expenditure and finance strategic projects. The Council was projecting a potential overall £1.082m underspend against the budget. The forecast outturn for capital expenditure was £2.588m underspend against the budget.
- 7.2 The City Treasurer advised that the Local Government Finance Settlement was due to be announced on the 16<sup>th</sup> or 17<sup>th</sup> December. It was unclear at the present time whether the government would provide a one or two-year settlement.
- 7.3 With reference to the forecast outturn, the City Treasurer was asked about the identified opportunities within the Directorate of the Executive Director of City Management and Communities. He stated that a proportion of this related to car parking income.
- 7.4 Damian Highwood, Evaluation and Performance Manager, Strategic Performance team, introduced the remainder of the report which outlined the progress made against the performance management framework between April – September. The Committee considered the major achievements and challenges, performance issues against internally set 2015-16 targets and where key performance needed to be improved.

## Key Messages at Quarter 2

- 7.5 Concern was raised by Members about some of the key findings from the results of the 'Your Voice' Staff Survey 2015 - (safe to speak up and challenge 48%), (staff supported through change 30%) and (satisfaction with work environment 46%). Members commented that the good work undertaken by staff could suffer if officers do not feel valued by the organisation. The Director of HR was asked what the Council was doing to raise morale and retain staff. Carolyn Beech, Director of HR, advised that the Council was running a Leadership Academy programme to lead the organisation forward. It will better equip managers with the necessary leadership tools, behaviours and skills. She recognised that this form of training had not been undertaken for some time. Initial feedback from those that had participated to date was that the training was starting to bear results although this would take time to filter throughout the organisation. More broadly, the Council had identified a number of specific areas from the survey where focus would be targeted such as supporting staff through change. All departmental managers had been asked to produce action plans responding to the individual results from their directorate by 20<sup>th</sup> December.

## 2014 Mid-Year Estimates

- 7.6 The Committee noted the details of the population change in Westminster from 2013-14. The committee asked why the reduction in the female population was particularly pronounced. It also asked about migration of international migrants specifically which countries they were coming from and whether this was for work purposes. Mr Highwood explained that the former was based on an analysis in the previous year. It was therefore difficult to tell whether this was a temporary change or a long-term trend. It appeared that the reduction in the female population was based on the movement of families and young women out of the borough. This could be due to issues around affordability and the impact of the benefit caps. It was suggested that the Department for Work and Pensions new national insurance numbers could provide a profile of the numbers of workers and their nationality.
- 7.7 Members commented that the lack of affordable accommodation in Westminster was also leading to many more young people living at home. The committee asked about the long-term effects of families and young women moving out of the borough on school places. Mr Highwood indicated that this could result in a decline in the number of children in Westminster resulting in a greater number of school places being taken up by children from other London local authorities. While there would be sufficient secondary school places for local children there could still be competition to obtain a place at a school of choice.
- 7.8 Mr Highwood was asked how the population statistics compared with the number of available dwellings in the borough. Members expressed concern over the number of empty properties in the borough. Mr Highwood advised that the Council had limited information about the number of unoccupied properties. There was little benefit for owners to declare this. Members

queried whether the Council should take advantage of its powers as a billing authority and charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. The premium can be up to 50% of the council tax on the property. The City Treasurer advised that due to its low Council Tax base the Council would only generate circa £90,000 whilst incurring administration costs.

- 7.9 The Committee asked about the increased time taken to process planning applications. Members were informed that this was due to a number of unfilled posts within the department. These were presently being filled and should result in an improvement in performance in the second half of the year.
- 7.10 With regard to service pressures and challenges within Growth, Planning and Housing, members asked whether the number of families in short-term nightly booked accommodation included those which the Council was working to provide with longer term leased properties outside of the borough. Mr Highwood confirmed that the number did include such families.
- 7.11 Members asked about the financial impact of the extension of 'Right to Buy' to housing associations which is to be funded by the sale of high-value Council homes. The City Treasurer advised that the Council was waiting for the final details to emerge once the bill had passed through Parliament. He stated that the Council had undertaken some initial calculations and estimated that it would lose £1.5 million a year in revenue as there would be a delay between the sale of the high-value Council homes and funds coming forward from sales to buy replacement properties.
- 7.12 In relation to the notable areas of achievement in Policy, Performance and Communications, officers were asked whether the Open Forum event which had been launched to replace the Area Forums would be reformatted given the experience to date. The Open Forum includes 3 citywide meetings per year which the Leader of the Council attends and answers questions from residents. Mr Highwood was informed that due to the high attendance at previous events many residents did not have an opportunity to ask questions. He undertook to take this back to the relevant officers for consideration.
- 7.13 Mr Highwood was asked for details about the Digital programme which was currently rated red/off track. He informed the Committee that this related to two issues. These were the way in which customers contact the Council and the flexible working arrangements that enable on street staff to use handheld devices to access and input information in order to improve the speed and operation of such services.
- 7.14 **RESOLVED:** That the report be noted.

## 7.15 ACTION:

### Finance

Clarify whether the capital project to redevelop the Marylebone library is behind schedule and if so what impact this will have on the Council's capital budget. **(Action for: Steve Mair, City Treasurer)**

### Performance

1. Supply details of what measures the Local Authority is undertaking to address the rising numbers of Unaccompanied Asylum Seeking Children.
2. Provide a breakdown by nationality of the international migrants coming into Westminster including the context for their migration, i.e. for work, studying or as dependents.
3. Given the decline in the female population between 2013 and 2014 and possible falling child numbers in the population, provide details on current and future schools capacity.
4. Is the increase in population in recent years being matched by an increase in council tax dwellings? Provide information known on the number of empty properties within the borough?
5. Supply details of rough sleepers who are not the responsibility of the Council.
6. Supply details of where fly tipping incidents occur in Westminster.

**(Action for: Damian Highwood, Evaluation and Performance Manager)**

## 8 INTERNAL AUDIT PROGRESS REPORT

- 8.1 The Committee noted the work carried out by the Council's Internal Audit Service in the reporting period and that, in the areas audited, internal control systems were generally effective although one limited and one no assurance report had been issued, in respect of Tri-Borough fostering and adoption and Tri-Borough multi-user log-ins respectively.
- 8.2 Follow up reviews completed in the period confirmed that the implementation of medium and high priority recommendations had been consistently effective.
- 8.3 The Committee expressed concern that no internal audit work had yet been undertaken on the Council's key financial systems due to the issues around the implementation of the Managed Services Programme. Moira Mackie, Internal Audit Manager, advised that ordinarily the audit team would have identified the key controls, verified their adequacy and undertaken some compliance testing against them. Because changes are still being made to the systems, key controls have not been reviewed at this stage. However, as

previously reported to the committee the Finance team were undertaking extensive testing and verification to provide themselves with assurances that the financial systems are as accurate as they should be within a small margin of error. The Internal Audit team is expecting to undertake some additional testing to enhance and not duplicate the work already undertaken by Finance and that planned by external audit.

- 8.4 **RESOLVED:** That the report be noted.
- 8.5 **ACTION:** Supply the Committee with a note on whether the recommendations in respect of the Tri-Borough multi-user logins has been implemented.  
**(Action for: Moira Mackie, Internal Audit Manager)**

## **9 HEADLINE RESULTS FROM 'YOUR SURVEY' 2015**

- 9.1 The Committee considered a report that provided the headline results from the 'Your Voice' Staff survey 2015. This is an annual staff engagement survey designed to give staff a voice, highlighting what does and does not work well.
- 9.2 The paper gave an overview of the main areas of improvement, areas of concern, progress on last year's key areas for action and identified potential areas for action this year.
- 9.3 Carolyn Beech, Director of Human Resources, highlighted that the key areas of improvement were around IT and other resources, perception that pay is fair, learning and career opportunities and a belief that action would be taken as a result of the survey. The areas which had declined were around appraisals (11% lower) and understanding of both personal, team and Council objectives and communication. In addition staff wanted to understand better what is going on within the Council and particularly matters affecting them. Ms Beech commented that in the last year the Managed Services Programme had been introduced and had encountered problems and the Council had undergone a large reorganisation. She considered that these issues would have had a bearing on staff responses.
- 9.4 In relation to bullying and harassment, although this had improved overall, there was a decline in staff affected reporting it, so this remained a key priority. Similarly although the physical environment had improved as a result of the declutter programme, the score still remained below the local government benchmark and remained a key focus area.
- 9.5 Miss Beech reported that there were improvements in all the areas which had been identified as areas for focus in 2014. To address the issues identified in this year's survey each department will develop its own action plan while the Council will also develop corporate actions on bullying and change management.
- 9.6 A breakdown of results by Department had been produced since the publication of the Committee report and this information would be provided to the Committee in a more detailed report following the meeting.

- 9.7 The Committee was disappointed to note that the number of staff that would like to be working at the Council in 12 months time was 5% below the Local Government Benchmark. Members also expressed disappointment that staff did not feel sufficiently informed about what is going on as this helps to allay fears about change. The Committee considered that how change is managed is exceptionally important. Miss Beech informed members that the Council would be studying good practice in departments which had scored well in this area and would be rolling that out across the organisation.
- 9.8 Members commented that each time there was a large reorganisation staff became unsettled. It was put to Miss Beech that it would perhaps be more productive to avoid such reorganisations unless absolutely necessary. In response she stated that given the significant financial savings that are likely to be needed over the next few years it was inevitable that more change would occur. She recognised that this would need to be managed better than previously. She advised that the Council had good relations with the trade unions and would seek their advice on better ways to handle this in future.
- 9.9 Miss Beech was referred to the fact that although there had been an increase in satisfaction with IT the overall satisfaction levels were still low. She was asked whether the survey attempted to understand what aspects of IT people were satisfied or dissatisfied with. She advised that it did not identify the different IT issues that staff have.
- 9.10 **RESOLVED:** That the report be noted.
- 9.11 **ACTION:** Provide the committee with a breakdown of the 'Your Voice' Staff Survey results by Department as part of a more detailed paper. **(Action for: Carolyn Beech, Director of Human Resources)**

## 10 WORK PROGRAMME

- 10.1 The Chairman referred to the large number of basement extensions that had been granted by the Council in recent years and he questioned whether concerns regarding the potential long term geological impacts and their effect on the structural integrity on buildings could store up future liability for the authority. The City Treasurer believed that the Council was fully insured in this respect but undertook to raise it with the Council's Risk Manager.
- 10.2 **RESOLVED:**
1. That the agenda items for the next meeting on 3<sup>rd</sup> February be noted.
  2. That the responses to actions arising from the meetings on 17<sup>th</sup> September and 3 November be noted.
- 10.3 **ACTION:**
1. Provide the committee with a note on the Council's insurance arrangements in relation to legal challenge associated with basement extension consents. **(Action for: Neil Wholey, Risk Manager)**

2. Invite Independent Persons on the Council's Standards Committee to the next meeting on 3 February 2016 in relation to the item on maintaining high ethical standards at the Council. **(Action for: Mick Steward, Committee & Governance Services)**

## **11 EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972**

- 12.1 **RESOLVED:** That under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following item(s) of business because they involve the likely disclosure of exempt information in relation to the financial or business affairs of the Authority and/or other parties and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **12 LESSONS LEARNED - MANAGED SERVICES PROGRAMME**

- 12.1 The Committee received a report on the key findings from a "lessons learned" review that had been undertaken on the Managed Services programme by an external Auditor on behalf of the interim Bi-borough Director of Corporate Services.

- 12.2 **RESOLVED:** That the report be noted.

### **13.3 ACTION:**

1. Provide the committee with the cost of the review undertaken by Mazars.
2. Provide the committee with an explanation of how the list of interviewees spoken to as part of the review was selected.

**(Action for: Nick Dawe, Interim Bi-Borough Director of Corporate Services)**

The Meeting ended at 9.32 pm

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

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



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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City of Westminster

## Audit and Performance Committee Report

<b>Date:</b>	3 February 2016
<b>Classification:</b>	General Release
<b>Title:</b>	Maintaining High Ethical Standards at the City Council
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	N/A
<b>Report of:</b>	Tasnim Shawkat, Director of Law and Monitoring Officer.
<b>Author:</b>	Reuben Segal Senior Committee and Governance Officer Email: <a href="mailto:rsegal@westminster.gov.uk">rsegal@westminster.gov.uk</a>

### 1. Executive Summary

- 1.1 This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's following term of reference:

*"To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority and in this context to receive a report annually from the Director of Law".*

The Director of Law also serves as the Council's Monitoring Officer which is a statutory appointment under the provisions of Section 5 of the Local Government and Housing Act 1989. One of the roles of the Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

- 1.2 'Ethical governance' lies at the very heart of the way in which an organisation is run, how its business is transacted and how its decisions are taken.

- 1.3 At the City Council we recognise that ethical governance is not simply a matter for the ‘decision-makers at the top’ but is applicable to all those who work for or in conjunction with the organisation – our elected Members, our staff and our contractors are all expected to adhere to the highest standards of conduct and behaviours. In this context the report will detail how we maintain ethical governance in each case.

The areas covered this year’s report are the following:

- Tri-Borough Internal Audit Service;
- Ethical governance complaints monitoring
- Ethical governance at Member-level;
- Ethical governance in relation to staff and service areas
- Ethical governance in relation to the Council’s contractors and procurement.

## **2. Recommendations**

- 2.1 That the annual report and actions taken to maintain high standards of ethical governance through-out the authority be noted;
- 2.2 That the Committee suggest any areas of ethical governance which have not been addressed in this report, for inclusion in the next annual report;

## **3. Tri-Borough Internal Audit Service**

- 3.1 In December 2013 the proposal to create a Tri-borough Fraud and Audit Service was formally ratified. A key aim of the service is to review policies and procedures across all three Councils to identify best practice in respect of corporate governance and promote a culture of zero tolerance in respect of fraud, corruption and mismanagement. Anti-fraud training has been provided within Tri-borough to service areas at greater risk, and a new Fraud Awareness campaign is planned to commence in 2016.

### **How Ethical Governance Complaints are dealt with**

- 3.2 The Council’s Anti-Fraud, Bribery and Corruption Strategy, which was approved by the Cabinet Member for Finance and Customer Services in April 2013, states that if fraud, corruption or any misconduct directed against the Council (or directed at others by staff and contractors of the Council) is suspected, this should be reported through the Fraud Hotline and Whistleblowing hotline or the anonymous ‘Report a Fraud’ facility on the Council website. Investigators will then consider the merits of investigation and will communicate the intended action so that reported complaints are clearly responded to and acted upon. There is also the option of referring concerns directly to Internal Audit in cases where it is inappropriate or not possible to inform a line manager; or when a line manager has been informed and has taken no action. Officers and staff should

not attempt their own investigations as the Fraud Team will identify a course of action and decide the reporting process. The types of allegation that has been received in the past include:

- Financial irregularity resulting in loss or expense to the Council;
- Failure of staff or contractors to perform the duties for which they are paid;
- Undertaking work or entering into an arrangement which is not within the remit of the role.

In the first half of 2015/16, approximately 100 calls had been received on the Fraud and Whistleblowing hotline and 75 referrals received through the 'Report a Fraud' facility. The majority of these referrals relate to possible fraud in respect of Housing Benefit payments (which are redirected to the Department for Work and Pensions), the abuse of residents' or disabled parking badges and housing sub-letting and are made by members of the public.

3.3 The Tri-Borough Director of Audit and Fraud will decide who will conduct the investigation and when/if referral to the police is required. The Team will regularly report to the Tri-Borough Director of Audit and Fraud on the progress of the investigation and will also:

- Ensure that other relevant parties are informed where necessary e.g. Human Resources will be informed where an employee is a suspect;
- Ensure that the Council incident and losses reporting systems are followed; and
- Ensure that any system weaknesses identified as part of the investigation are followed up with management or Internal Audit.

#### **4. Ethical Governance Complaint Monitoring**

4.1 As part of the arrangements in place for maintaining high ethical standards throughout the Authority, in March 2007 the Standards Committee endorsed a definition of what constitutes an ethical governance complaint so that Departments can identify and refer any ethical governance complaints to the appropriate persons, and consistently record such complaints.

The definition of an ethical governance complaint as endorsed by the Standards Committee is as follows:

*"An alleged breach of the high standards of ethical conduct set out in the codes of conduct for officers and Members"*

4.3 One of the roles of the Tri-Borough Internal Audit Service is to the investigate allegations of fraud, bribery and corruption, therefore it is not appropriate for such ethical governance complaint issues to be investigated under the Council's

normal complaints procedure. However, if such a complaint is raised in this way the complainant will be advised that the matter will be referred to the Fraud Investigation Team to take the appropriate action.

- 4.4 The Corporate Complaints Team is a distinct service to that of the Fraud Investigation Team and is based within the Chief Executive's Department. The team has overall responsibility for the management and development of the Corporate Complaints procedure and for the compilation of the Annual Complaints Review. The Annual Complaints Review, which went to Audit Performance Committee on 2 December 2015, did not report on any complaints which meet the definition of an ethical governance complaint as none were reported to the Complaints Team as having been received in the financial year 2014/2015.
- 4.5 As part of monitoring ethical governance complaints service areas are reminded on a quarterly basis what constitutes an ethical governance complaint, and they are also asked if any ethical governance complaints have been dealt with under the Council's complaint procedure. It is not unusual for Departments to report that no ethical governance complaints have entered the complaints procedure and as already explained it is a matter of general practice that allegations of this nature are usually referred to Internal Audit for investigation as appropriate.

## **5. Ethical governance at Member-level**

- 5.1 As a mark of the importance with which the Council regards ethical governance it was agreed to retain a separate Standards Committee even though the statutory requirement to do so has been removed. The Standards Committee meets three times per annum and in the last year has commissioned refresher training for Members who sit on quasi-judicial bodies. These training sessions have all been programmed and due for completion before the end of March 2016.
- 5.2 As part of its review of training carried out during the course of the year the Standards Committee has been advised that all Members had been signed off by the Monitoring Officer as having been trained in the Code of Conduct. Following a report from the Monitoring Officer the Standards Committee have asked her to undertake a review of the Members Code of Conduct particularly as it is now four years since it was originally adopted. The review will be conducted by the Monitoring Officer who will consult the three Independent Persons. Following the adoption of any new Code of Conduct the Standards Committee will consider training requirements for Members and co-opted Members will be provided.
- 5.3 The Monitoring Officer has considered 4 complaints about Member conduct. In each case she determined that there was no case to answer. The Monitoring Officer considered one case against a member of the Queen's Park Community Council the details of which are outside the scope of this report.

## 6. Ethical Governance in relation to staff and service areas

- 6.1 The public is entitled to expect the highest standards of conduct from all Westminster City Council employees.
- 6.2 The law, the Council's constitution, code of governance, terms and conditions of employment, policies and procedures all bear on the way council employees carry out their duties. The main provisions are summarised in the council's code of conduct for employees. The employee guide to the Code of Conduct details source documents such as HR Policies where more comprehensive information can be found
- 6.3 Breaches of the Code may result in action under the Council's disciplinary code. The Code is published on the council's intranet and forms part of corporate induction for all new starters

### Human Resources

#### Details of Staff Disciplinary Cases and Whistleblowing issues

- 6.4 Details of Staff Disciplinary Cases and Whistleblowing issues throughout the authority, excluding schools, categorised by issue, are set out below. Details of all cases are monitored by HR who review these and flag up any issues arising. The level of disciplinary cases is regarded as normal in an organisation the size of the City Council and is a slight increase from the previous financial year.

An overall three year trend:

	2012-2013		2013- 2014		2014-2015		Trend
	Closed	Open	Closed	Open	Closed	Open	
Disciplinary	24	3	15	7	20	4	↑= Increase
Staff employed	2106		2128		2083		

- The council concluded 20 disciplinary cases in total in the 2014/2015 financial year (this excludes schools)
- There were 4 cases opened in 2014/2015 financial year of which remained open going into the new financial year, none of these cases remain open as of today.
- The outcome of those disciplinary matters closed in 2014/15 were:

<b>Outcome</b>	<b>Departments</b>							<b>Total</b>
	No Case to answer	Not Blameworthy	Formal Oral Warning	Formal Written Warning	Final Written Warning	Dismissal	Other*	
<b>Closed Cases</b>	8	0	0	4	2	3	3	20

There were three whistleblowing matters raised via the HR department two of these matters was not upheld and one was partially upheld.

### **Staff Declarations of Interest and Receipt of Gifts and Hospitality**

- 6.5 The council requires all employees to disclose any interests which may conflict with their public duty by completing a Declarations of Interests Form. The council also requires all employees in specified designated<sup>1</sup> posts to complete a Declarations of Interests Form on taking up the post, on any change in personal circumstances and on the general declaration completion date which occurs every 3 years. The next general declaration completion date is 1 April 2016.
- 6.6 EMT members or their nominated officer will use the information on Declaration of Interests Forms to compile and maintain a register of pecuniary and personal interests for their area of responsibility. Each EMT member will review their register and consider whether any steps need to be taken to avoid conflict when relevant employees complete and resubmit forms. The register is not available for public inspection and there is no statutory requirement to make them available. However, subject to any exemptions which may apply, information contained within the register will be disclosed in accordance with the Freedom of Information Act 2001.
- 6.7 Every endeavour is made to keep the registers up to date but the onus is on employees to ensure that their registration details are accurate and up to date. Information will be maintained and held on the register during the employees' employment and for six years thereafter. In addition to completion of the declaration of interests form, employees must also declare any interests at meetings as appropriate. Failure to disclose such interests may lead to disciplinary action under the council's policies.

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#### **<sup>1</sup> Designated Posts**

- all posts at Band 5 or above level or their non-Reward equivalent
- any post referred to on a Directorate / Unit Scheme of Delegation for contract purposes; and
- any other post as determined by the EMT member or their nominated officer where the post holder has a significant involvement in contract matters or other work which requires a high level of transparent probity.



## **Staff Receipt of Gifts and Hospitality**

6.8 The council also provides managers and employees with guidance as to when they can legitimately receive or give Gifts and Hospitality during the course of their duties. Without exception all gifts and hospitality given and received, whether accepted or declined, must be entered in the designated corporate register immediately after the offer is made. Given that the council is a public body it is essential that all such items are recorded in an easily accessible and efficient way. To this end, an online Gifts and Hospitality Register has been implemented and been used since 19 December 2006. The corporate Gifts and Hospitality register is maintained and reviewed by the designated monitoring officer on a regular basis. This is currently the Audit Manager.

## **7. Ethical Governance guidance and safeguards in relation to the Council's contractors and procurement**

7.1 The Council's Procurement Code sets the mandatory rules on behalf of Westminster City Council which must be followed during the conduct of all procurement and contracting activity. The Code ensures that each area of strategic and commercial procurement is rigorously governed to ensure good procurement business practices, whilst minimising risks and adverse implications to the Council's reputation or non compliance to legal requirements. The Code is underpinned by the fundamental principle that *"the highest standards of probity and ethical governance are maintained and adhered to at all times"*. In addition, section 3 and appendix B of the Procurement Code make specific reference to the Code of conduct and employee guide, Anti fraud and bribery and the Local Government Act 1972 – Section 117 Disclosure by officers of interest in contracts.

7.2 The Code is reviewed periodically and since April 2014 it has been refreshed a number of times, as detailed below:

- Version 1.9 Issued 11 April 2014
- Version 1.10 Issued 21 July 2014
- Version 1.11 Issued 5 November 2014
- Version 1.12 Issued 29 January 2015
- Version 1.13 Issued 3 November 2015

7.3 A Communications Plan is held by the Operations team, which is used to ensure that all appropriate officers are informed of changes to the Code. Corporate Induction sessions include attendance by members of the Strategic and Commercial Procurement team who signpost officers to the Procurement Code. There are links to the Code on the Wire and on the external Westminster City Council site.

## **Gate Review Panel and Contracts Approval Board**

- 7.4 The City Council and Shared Borough Services have a Gate Review process which must be followed by all officers, and which demands a formal 'go/no go' decision to be taken at two key stages:

**Gate 1:** Examines the proposed strategy and tender evaluation criteria.

**Gate 2:** Examines the proposed contract award and implementation plan.

- 7.5 At Westminster City Council and CityWest Homes, Peer Reviews are to be led by Nominated Authorised Officers for Operational spend (£10k to £100k) and Strategic spend (>£100k). A Peer Review ensures that officers are not acting alone when making decisions about contract awards, and it ensures that due process has been followed. The Gate Review Panel provides additional rigour for Strategic spend.
- 7.6 For Shared Borough Services, Peer Reviews are also to be held. For Adult Social Care (including Public Health) and Children's Services there is a Contracts and Commissioning Board, which acts as a Peer Review, to ensure that officers are not acting alone when making decisions about contract awards. The Contracts Approval Board provides additional rigour.
- 7.7 All participants in a procurement exercise are expected to declare whether they have a personal interest in any proposed contract or in any company or other organisation bidding for a proposed contract by completing a 'Declarations of Interest' form and signing it. The declaration must be made at the time when bidders are selected or short-listed from a response to an advertisement or, in exceptional cases, where a single supplier is chosen. The form is part of the Category Management process for Strategic spend.

## **CapitalSourcing**

- 7.8 In the past, Members have raised concerns about the Council's vulnerability in respect of staff being largely unmonitored in their dealings with external contractors. The launch of a new electronic sourcing solution called 'capitalSourcing' across Tri-Borough from January 2014 increased transparency and monitoring around procurement activities. The capitalSourcing solution contains a module on contract performance which enables Tri-Borough to apply standard high level performance measures for all contracts and more detailed relationship management data for strategic suppliers and key contracts. This means that all tendering and requests for quotes are carried out online. Advertising, evaluations and contract awards are conducted using the system and contract awards are automatically moved into the contracts management module. This solution provides far greater visibility of our procurement activities, gives a robust audit trail, management information and enables a far more

efficient process. Workflows ensure that approvals are obtained at the appropriate stages of the procurement process.

### **Complaints from unsuccessful bidders**

- 7.9 The Strategic and Commercial Procurement team have not kept a log of instances/examples where they have been challenged by an unsuccessful bidder. Paragraph 6.3.3.3. of the Procurement Code, which was published on 3 Nov 2015, includes a statement which addresses the issue to ensure that all supplier challenges for unsuccessful bids will be logged, and reviewed in the Gate Review Panel meetings.

### **Category Management**

- 7.10 The Category Management function is designed to support major categories of expenditure and Category Management has been adopted as an approach by the Strategic and Commercial Procurement team to address key spends. The Category Management Toolkit provides a commercially focused practical reference that will guide procurement professionals (and all others involved in the procurement process) through a rigorous process to effectively manage the organisations spend. In the Toolkit, Category Management is defined as; *“The process in which blocks of rationally segmented expenditure (driven by desired outcomes and/or external market place) are objectively (data driven) and critically (wide ranging) examined to determine why we buy what we do, how we buy it, from whom and with what results. The categories are then managed through a continuous and systematic process to develop and implement strategies which deliver maximum value whilst managing risk”*.
- 7.11 The Category Management team undertake regular training, including:
- Legal Aspects & Contract Development (Back to basics) – This one day workshop covers a range of legal aspects relating to commercial contracts – mandated for all procurement staff
  - Embedding Category Management – This 2 day workshop covers all aspects of Category Management, from category management principles and guidelines to practical insights into the best use of the techniques incorporated in the Westminster City Council Category Management Toolkit.

### **Contracts Management**

- 7.12 A Contract Management Framework has been developed for use on all third party Supplier contracts with a total value of £25,000 and above. The Framework consists of two sections:
- i. **Section 1** gives an overview of how it should be applied. It also introduces the three stages of contract management (Define, Mobilise and Deliver).

ii. **Section 2** is a more detailed guide to the three stages (Define, Mobilise and Deliver) and the key activities that Contract Managers are required to perform. All of the activities have been grouped into 6 themes as follows:

- 1 Specification
- 2 Governance and Organisation
- 3 Performance Management
- 4 Commercial
- 5 Risk Management
- 6 Legal

iii. The Contract Management Framework is available on the Wire, with a link included on the “**I want to**” page.

A two day workshop called, “Managing Successful Contracts (the Contract Management Framework)” covers all aspects of Contract Management. It provides delegates with an understanding of robust contract management principles and a practical insight into the “Managing Successful Contracts Framework”. The workshop has been designed to build awareness of the contract management process by exploring the lifecycle stages and their associated activities.

Some of the key characteristics of a Contract Manager are outlined in the Contract Management Framework, one of which is “Strong business ethics”. The CMF also states that the level of experience required will depend on the nature of the contract but, clearly, a high risk strategically important contract will require an experienced Contract Manager with more developed skills.

#### **Strategic and Commercial Procurement team training**

It was agreed with Internal Audit that Fraud Awareness should be a compulsory training module for all staff engaged in procurement. A course was delivered by Andrew Hyatt, Tri-borough Head of Fraud, in December 2014 which focussed on:

- How to identify procurement fraud
- What are the procurement fraud red flags
- How to identify possible corruption
- Reducing the threat of procurement fraud
- Examples of what procurement fraud looks like
- Ethics of procurement

## **8. Conclusion**

8.1 This report provides the Committee with an overview of the arrangements in place across the Council to maintain high standards of ethical governance and

highlights the work which has been undertaken in this respect during the 2014/2015 municipal year. As detailed in this report, action has been taken to ensure the Council is fully compliant with legislation relating to ethical governance and to ensure Officers' and Members' responsibilities in this context are communicated accordingly. Appropriate systems are in place to facilitate the reporting of ethical governance complaints and defined mechanisms and procedures exist to ensure any such complaints are dealt with in the correct way.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**  
**Reuben Segal, Senior Committee and Governance Officer**  
**Legal and Democratic Services**  
**Email: [rsegal@westminster.gov.uk](mailto:rsegal@westminster.gov.uk)**

#### **BACKGROUND PAPERS:**

- Anti-Fraud, Bribery and Corruption Strategy
- Member's Code of Conduct
- Arrangements for Dealing with Complaints alleging a Breach of the Members' Code of Conduct
- Monitoring Officer Protocol
- Localism Act 2011

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## Audit and Performance Committee Report

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	3 February 2016
<b>Classification:</b>	General Release
<b>Title:</b>	KPMG Certification of Claims and Returns Annual Audit 2014/15
<b>Financial Summary:</b>	There are no direct financial implications arising from the report.
<b>Report of:</b>	<b>Head of Revenues &amp; Benefits</b>

### 1. Executive Summary

- 1.1 KPMG annually reviews the grants the City Council claims through a grants certification audit. KPMG require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The KPMG report in relation to the financial year 2014/15 is shown at Appendix A.
- 1.3 There are no recommendations that KPMG wish to raise for Members consideration.

### 2. Recommendation

- 2.1 That the KPMG report is noted.

### 3. **KPMG Annual Review**

- 3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and the timescales set by central government.
- 3.2 KPMG annually reviews the grants the City Council claims through a grants certification audit. KPMG require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 3.3 There was only one claim / return audited by KPMG in relation to the 2014/15 financial year:
  - Housing Benefit subsidy
- 3.4 KPMG have made no recommendations in this year's report (Appendix A). This will be the third successive year that there have been no recommendations.
- 3.5 There were only two minor issues identified, neither of which affected the amount of the Council's claim.

### 4 **Financial Implications**

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 KPMG did not adjust the Council's claim.
- 4.3 The overall fee for certification of the Council's claim is the same as the indicative fee estimate. (See Appendix A).

### 5. **Legal Implications**

- 5.1 There are no direct legal implications arising from this report.

**BACKGROUND PAPERS: None**

**If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at [mhinckley@westminster.gov.uk](mailto:mhinckley@westminster.gov.uk)**





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**Private & confidential**

Steven Mair  
City Treasurer  
Westminster Council  
Westminster City Hall  
64 Victoria Street  
London  
SW1E 6QP

Our ref CoW/Grants/2014/15

15 January 2016

Dear Steve,

**Certification of claims and returns – annual report 2014/15**

Public Sector Audit Public Sector Audit Appointment requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2014/15.

In 2014/15 we carried out certification work on only one claim, the Housing Benefit Subsidy claim. The certified value of the claim was £225 million, and we completed our work and certified the claim on 27 November 2015.

**Matters arising**

Our certification work on the Housing Benefit Subsidy claim identified two issues.

Misclassification of expenditure

For claimants in receipt of housing benefit at the same time as other specific benefits (e.g. Job Seekers Allowance) there are special rules in place when these specific benefits end. The housing benefits of the claimants may be protected for a period after the specific benefits have ended. During this period the housing benefit expenditure is classified as an extended payment. In one case this expenditure had not been correctly separately identified as an extended payment. Further testing showed no further errors and the claim was amended as we concluded the error was isolated. Therefore there are no recommendations arising.

Over-applying of service charges


In one case service charges were applied twice. This error could only result in an underpayment of benefit and so no further testing was conducted and no recommendations arise.

In our 2013/14 Certification Annual Report we raised no recommendations relating to the Housing Benefit Subsidy claim

**Certification work fees**

Public Sector Audit Appointments set an indicative fee for our certification work in 2014/15 of £29,880. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £30,790.

Yours sincerely



Andy Sayers  
Partner

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andy Sayers, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk) After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



City of Westminster

## Audit and Performance Committee Report

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	3 February 2016
<b>Classification:</b>	General Release
<b>Title:</b>	Grant Thornton Audit Plan 2015/16
<b>Financial Summary:</b>	There are no direct financial implications arising from the report.
<b>Report of:</b>	<b>City Treasurer</b>

### 1. Executive Summary

1.1 Grant Thornton are responsible for the audit of the 2015/16 accounts and the enclosed provides and overview of the planned scope and timing of the audit.

1.2 It covers the following areas:

- Understanding your business
- Developments and other requirements relevant to the audit
- Our audit approach
- Significant risks identified
- Other risks identified
- Value for Money
- Results of interim audit work
- Key dates
- Fees and independence
- Communication of audit matters with those charged with governance

1.3 The Grant Thornton report in relation to the financial year 2015/16 is shown at Appendix A.

1.4 There are no recommendations at this stage that Grant Thornton need to raise for Members consideration

## 2. Recommendation

2.1 That the Grant Thornton 2015/16 Audit Plan is noted

## 3. Grant Thornton Audit Plan 2015/16

3.1 The Audit Plan identifies four challenges/opportunities covering the Autumn Statement, Devolution, Housing and Integration with the Health Sector City and sets out how the auditors will determine how the Council has responded to these

3.2 There are a number of developments and other requirements in fair value accounting, corporate governance, highways network assets joint arrangements which Grant Thornton will review

3.3 Grant Thornton's audit approach and their judgement of the Council's financial materiality level in respect of the accounts is also shown

3.4 The auditors have identified four potential significant risks: MSP, fraudulent transactions, management over ride and valuation of property, plant and equipment and set out how they will address these. They also identify a number of other risks. The auditors have also identified three potential significant risks for the Pension Fund audit: MSP, fraudulent transactions and management over ride and set out how they will address these. They also identify a number of other risks.

3.5 Grant Thornton's approach to assessing whether the Council has in place proper arrangements for securing VfM is shown and the results of their interim audit work

3.6 Finally key dates, fees and communication are dealt with

## 4 Financial Implications

4.1 The audit fee is fully provide for within the Council's budget

## 5. Legal Implications

5.1 There are no direct legal implications arising from this report.

**BACKGROUND PAPERS: None**

If you have any queries about this report please contact: Steven Mair on 0207 641 2904 or at [smair@westminster.gov.uk](mailto:smair@westminster.gov.uk)

# The Audit Plan for City of Westminster Council

**Year ending 31 March 2016**

3 February 2016

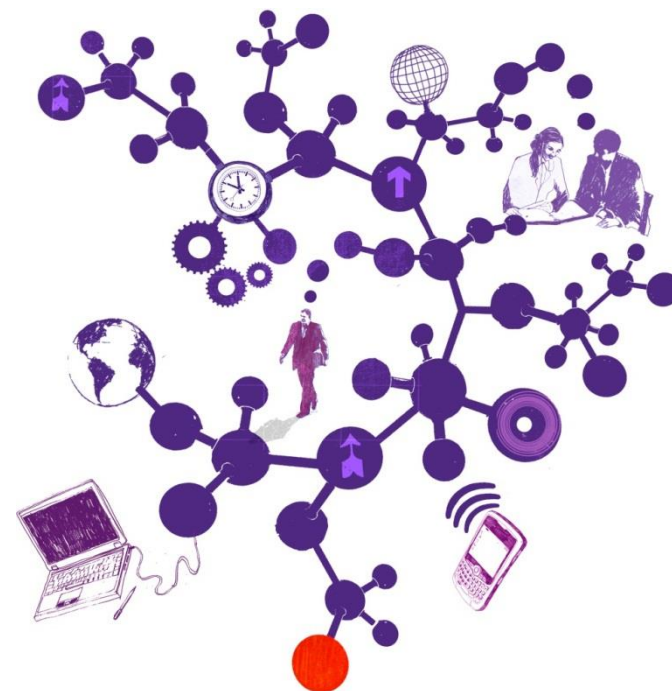
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

City of Westminster Council  
Westminster City Hall  
64 Victoria Street  
LONDON  
SW1E 6QP

3 February 2016

Dear Members of the Audit and Performance Committee

### **Audit Plan for City of Westminster Council for the year ending 31 March 2016**

This Audit Plan sets out for the benefit of those charged with governance (in the case of Westminster City Council, the Audit and Performance Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Yours sincerely

Paul Dossett  
Engagement Lead

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#### **Chartered Accountants**

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

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# Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

## Challenges/opportunities

### 1. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.

### 2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- The challenge for London councils is currently being discussed in various forums both Londonwide and in localities
- London already has a devolved Mayoral system and the Council continues to work closely with the Mayor and associated bodies,

### 3. Housing

- The Autumn Statement also included a number of announcements intended to increase the availability and affordability of housing.
- In particular, the reduction in council housing rents and changes to right to buy will have a significant impact on Councils' housing revenue account business plans.
- There is a demand for housing in London with limited space available for development

### 4. Integration with health sector

- Developments such as the increased scope of the Better Care Fund and transfer of responsibility for public health to local government are intended to increase integration between health and social care.
- This requires greater collaboration between health and local government to ensure savings are identified whilst maintaining levels of support available to those most vulnerable. Local authorities have been given the power to increase council tax by 2% to help fund the additional social care costs of the aging population
- A number of specific health pilots are in place in London and the Council continues to pursue effective relationships with these

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## Our response

- We will consider the Council's plans for addressing its financial position as part of our work to reach our VFM conclusion.

- We will consider your plans as part of the local devolution agenda as part of our work in reaching our VFM conclusion.
- We are able to provide support and challenge to your plans based on our knowledge of devolution elsewhere in the country.

- We will consider how the Council has reflected government announcements as part of its business planning process.
- We will share our knowledge of how other Councils are responding to these changes.

- We will consider how the Council has reflected changes to its responsibilities in relation to public health and how it is working with partners, as part of our work in reaching our Vfm conclusion.

# Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

## Developments and other requirements

### 1. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.



### 2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.



### 3. Highways Network Assets

- Although you are not required to include Highways Network Assets until 2016/17, this will be a significant change to your financial statements and you will need to carry out valuation work this year.



### 4. Joint arrangements

- Councils are involved in a number of pooled budgets and alternative delivery models which they need to account for in their financial statements.
- As arrangements develop councils need to ensure they reassess whether they need to prepare group accounts



## Our response

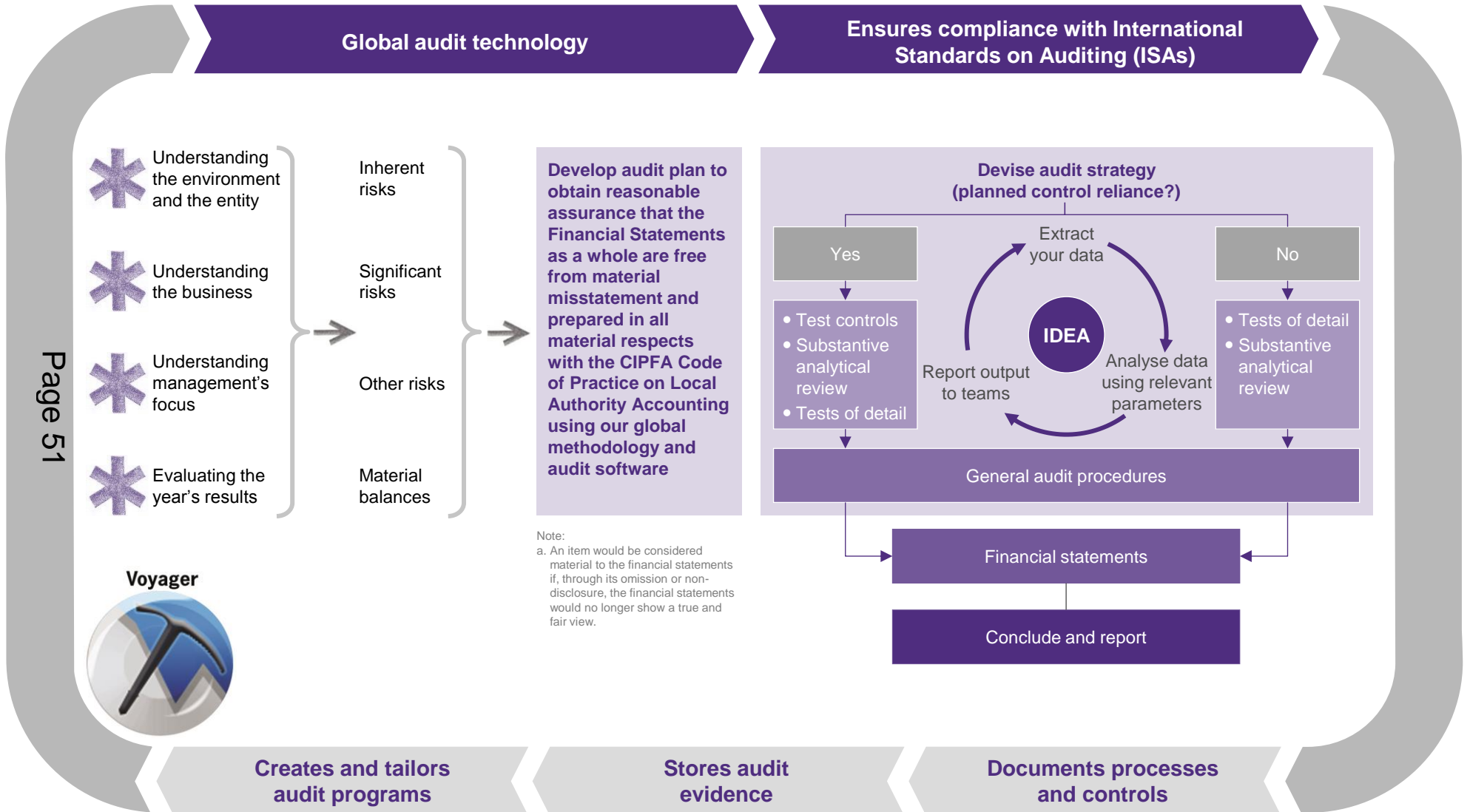
- We will keep the Council informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

- We will discuss your plans for valuation of these assets at an early stage to gain an understanding of your approach and suggest areas for improvement.

- We will review your proposals for accounting for these arrangements against the requirements of the CIPFA Code of Practice.

# Our audit approach



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Note:  
a. An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

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# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit, we have determined overall materiality in the context of a reader of the whole statement of accounts to be £13,910k (being 1.5% of gross revenue expenditure in 2014/15). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this. Our reason for selecting this level of materiality is based on the risks associated with the new financial ledger system which was implemented from 1 April 2015 under the Managed Services programme. This programme has resulted in significant risk to the Council. The Council continues to take significant steps to mitigate this risk. As a result of the current issues being faced by the Council in the implementation of the ledger we have set the testing threshold (tolerable error) at 60% of materiality. For 2015/16 this is £7,804k and all balances over this level will be audited.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial in the context of a reader of the whole statement of accounts and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters, again within the context of the statement of accounts, are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £695k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have not identified any items which require a separate materiality level.

# Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Westminster City Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition in the Council is limited</li> <li>• the culture and ethical frameworks of local authorities, including Westminster City Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>There is an increased risk for revenue recognition related to the managed service contract which we have addressed under the separate significant risk.</p>
<p>Management over-ride of controls</p>	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management in the prior year and discussions about the proposed treatment in 2015/16</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Testing of journal entries throughout the 2015/16 financial year. This work will be carried out in the context of the journals being completed by the managed services partnership.</li> <li>• Review of unusual significant transactions</li> </ul>

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## Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
<p>Valuation of property, plant and equipment, including the valuation of surplus assets and investment property</p>	<p>The Council revalues its assets on a rolling basis over a five year period although it is currently reviewing this approach with its current valuer. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p> <p>The CIPFA Code of Practice has implemented IFRS 13 for the 2015/16 financial statements. The Council is required to include surplus assets within property, plant and equipment in its financial statements at fair value, as defined by IFRS13. The basis on which fair value is defined for investment property is also different to that used in previous years. This represents a significant change in the basis for estimation of these balances in the financial statements. There are also extensive disclosure requirements under IFRS 13 which the Council needs to comply with.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Discussions about the valuation methodology to be used in 2015/16</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of management's processes and assumptions for the calculation of the estimate</li> <li>• Review of the competence, expertise and objectivity of any management experts used</li> <li>• Review of the instructions issued to valuation experts and the scope of their work</li> <li>• Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions used</li> <li>• Review of the information provided by the Council, and used by the valuer, in reaching the assumptions to ensure it is robust and consistent</li> <li>• Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>• Review of the disclosures made by the Council in its financial statements to ensure they are in accordance with the requirements of the CIPFA Code of Practice and IFRS 13</li> <li>• Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value</li> </ul>

## Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
<p>Managed services partnership (<i>risk of incomplete transfer of data from the old system to the new system</i>)</p>	<p>The tri-borough councils implemented a new financial ledger through a managed services partnership with BT from 1 April 2015. There have been a number of difficulties with the implementation which give rise to a significant risk of completeness of the balances in the financial statements, including:</p> <ul style="list-style-type: none"> <li>• Reconciliations are not carried out timely and there are a large number of unreconciled items in the income and cash balances</li> <li>• Expenditure payments are not being made correctly</li> <li>• Some income received by the council is unallocated and being held in a suspense account</li> <li>• Payroll information is not up to date and not all employees are being routinely paid</li> </ul> <p>The Council is proactively managing the service problems and is in regular contact with BT, including finance officers visiting the BT office on a monthly basis. Improvements are being made in the transactional processing every month but there remains a risk to the audit opinion.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• We have gained an understanding of the Council's relationship with the managed service provider, including the position as at December 2015 for the service issues currently being faced in delivering the expected contractual commitments for the council</li> <li>• Review of the testing carried out by the finance team to date to gain assurance over the accuracy of transactions being made by BT.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• We will review the latest service provision arrangements to ensure that the Council has sufficient information to prepare the financial statements in line with the planned closedown and audit timetable of April and May 2016</li> <li>• Discussions with Internal Audit to review the work completed and assurance level planned for the Head of Internal Audit opinion</li> <li>• IT audit review of the general controls in operation in the financial ledger and overall IT control environment</li> <li>• We will carry out substantive testing of all items in the financial statements that are greater than the tolerable error level set out on page 8 to ensure the balances are accurate</li> </ul>

# Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses  <span style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 56</span>	Creditors related to core activities understated or not recorded in the correct period (Operating expenses understated)	<b>Work completed to date:</b> <ul style="list-style-type: none"> <li>• Identification and walkthrough of controls</li> </ul> <b>Further work planned:</b> <ul style="list-style-type: none"> <li>• Substantive sampling of payments throughout the year and year end creditors</li> <li>• Testing for unrecorded liabilities</li> </ul>
Employee remuneration	Employee remuneration and benefit obligations and expenses understated (Remuneration expenses not correct)	<b>Work completed to date:</b> <ul style="list-style-type: none"> <li>• Identification and walkthrough of controls</li> </ul> <b>Further work planned:</b> <ul style="list-style-type: none"> <li>• Substantive sampling of payroll system to payslips and contractual records</li> <li>• Reconciling the total pay per the payroll system to the general ledger</li> </ul>
Welfare benefit expenditure	Welfare benefits improperly computed	<b>Work completed to date:</b> <ul style="list-style-type: none"> <li>• Identification and walkthrough of controls</li> </ul> <b>Further work planned:</b> <ul style="list-style-type: none"> <li>• Sample testing of welfare benefits expenditure</li> <li>• Test the year end reconciliation between the housing benefits system and the general ledger</li> </ul>



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# Other risks identified (continued)

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous section but will include:

- Intangible assets
- Heritage assets
- Assets held for sale
- Investments (long term and short term)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Provisions
- Able and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Schools balances and transactions
- Segmental reporting note
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes
- Funds held on trust note

## Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

# Value for Money

## Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

This is supported by three sub-criteria as set out below:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"><li>• Acting in the public interest, through demonstrating and applying the principles and values of good governance</li><li>• Understanding and using appropriate cost and performance information to support informed decision making and performance management</li><li>• Reliable and timely financial reporting that supports the delivery of strategic priorities</li><li>• Managing risks effectively and maintaining a sound system of internal control</li></ul>
Sustainable resource deployment	<ul style="list-style-type: none"><li>• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</li><li>• Managing assets effectively to support the delivery of strategic priorities</li><li>• Planning, organising and developing the workforce effectively to deliver strategic priorities.</li></ul>
Working with partners and other third parties	<ul style="list-style-type: none"><li>• Working with third parties effectively to deliver strategic priorities</li><li>• Commissioning services effectively to support the delivery of strategic priorities</li><li>• Procuring supplies and services effectively to support the delivery of strategic priorities.</li></ul>

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# Value for Money (continued)

## Risk assessment

We shall carry out an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we will consider :

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies, including Ofsted.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

Following the completion of this risk assessment, we will issue a separate planning document setting out our planned work for 2015/16 to meet our duties in respect of the VfM conclusion. This will include any significant risks identified, along with details of the work we plan to carry out to address these risks.

Although we have not yet carried out the detailed planning, we note that the previous auditor issued an except for VfM conclusion in respect of compliance with:

- the Procurement Code; and
- internal financial regulations, in particular for contract extensions and maintaining an up to date contracts register.

We will follow up these findings to determine the improvements made during 2015/16.

In addition, our initial planning discussions with officers has identified a risk in relation to the support processes in place for the Council's major capital projects from the awarding to on-going managing of the project. The Council is currently implementing a new process to be followed for all major schemes. We will set out the work we plan to carry out in the detailed VfM plan.

## Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter. We will issue a separate report in respect of VfM or agree any additional reporting to the Council on a review-by-review basis.

We will include our conclusion as part of our report on your financial statements which we will give in line with the agreed timetable.

# Results of interim audit work

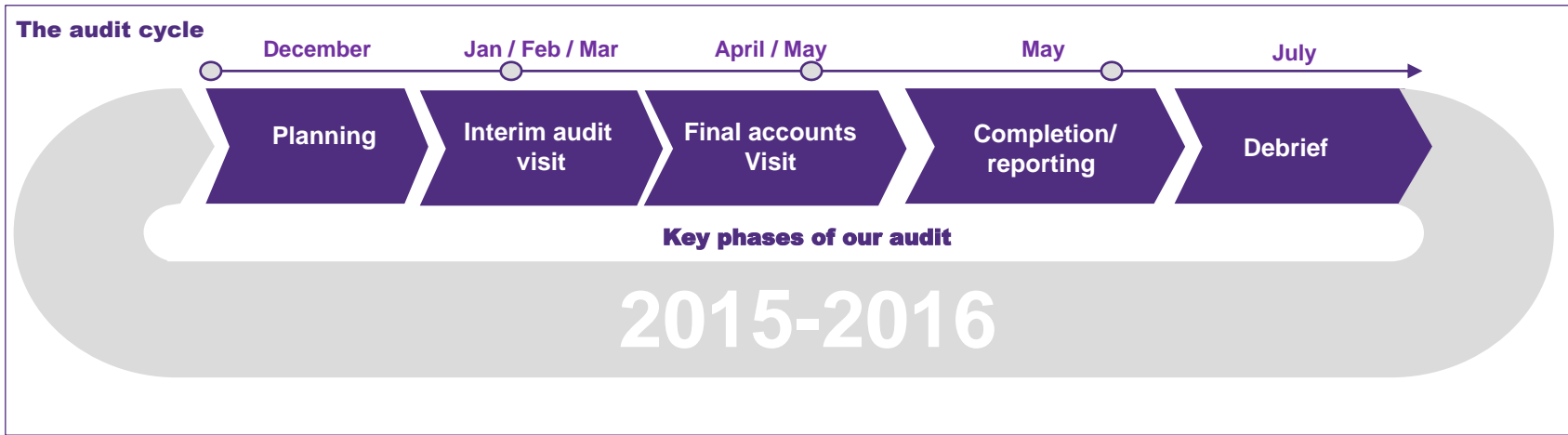
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	<b>Work performed</b>	<b>Conclusion</b>
<b>Internal audit</b>	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have had a introductory meeting with internal audit and will continue to liaise with them over the closedown period.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
<b>Review of information technology controls</b>	<p>Our information systems specialist will perform a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have held a meeting with the managed services lead officer to ensure the information for the audit testing can be extracted from the ledger.</p>	<p>Our work is planned for February and March 2016.</p>
<b>Walkthrough testing</b>	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. However, we have not yet reviewed the controls assurance reports from the external auditor of the service provider so cannot conclude whether the control environment is appropriate.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls operating at the Council have been implemented in accordance with our documented understanding.</p>	<p>Our work to date of the Council's own controls has not identified any weaknesses which impact on our audit approach.</p> <p>We cannot conclude on the control environment at the service provider until the controls assurance reports are provided by their external auditor.</p>

## Results of interim audit work (continued)

	<b>Work performed</b>	<b>Conclusion</b>
<b>Journal entry controls</b>	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>We plan to undertake detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'unusual' entries for further review, in February 2016.</p>	<p>We will carry out journal testing in February 2016.</p>

# Key dates



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Date	Activity
December 2015	Planning
11-15 January 2016 25 January – 5 February 2016 March 2016 - TBC	Interim site visits
3 February 2016	Presentation of audit plan to Audit and Performance Committee
11 April – 6 May 2016	Year end fieldwork
3 May 2016	Audit findings clearance meeting with City Treasurer
12 May 2016	Report audit findings to those charged with governance (Audit and Performance Committee)

# Fees and independence

## Fees

	£
Council audit	185,719
Grant certification	25,386
<b>Total audit fees (excluding VAT)</b>	<b>211,105</b>

## Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list.
- The scope of the audit, and the Council and its activities, have not changed significantly.
- The Council will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

## Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

## Fees for other services

Service	Fees £
<b>Audit related services:</b>	
• Teachers pensions return	3,500
• Pooling of housing capital receipts	4,000
<b>Non-audit services</b>	
• No services provided to date	Nil

## Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

# Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

## Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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# Appendices – Pension Fund

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# Pension Fund

We will prepare a detailed Audit Plan for the Pension Fund 2015/16 audit following completion of the risk assessment procedures. We will present this to the Pension Fund Committee on 22 March 2016.

We have set out the risks identified at the initial planning stage for the 2015/16 accounts audit of Westminster City Council Pension Fund on the following pages.

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# Pension Fund - Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 67</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Westminster City Council Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition</li> <li>• Opportunities to manipulate revenue recognition are very limited</li> <li>• The culture and ethical frameworks of local authorities, including Westminster City Council who act as the administrators of the pension fund, mean that all forms of fraud are seen as unacceptable</li> <li>• The split of responsibilities between the Authority, the Custodian and its Fund Managers provide a very strong separation of duties reducing the risk around investment income</li> <li>• Transfers into the scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds</li> </ul>
<p>Management over-ride of controls</p>	<p>Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Testing of journal entries</li> <li>• Review of unusual significant transactions</li> </ul>

# Pension Fund - Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
<p>Managed services partnership (<i>risk of incomplete transfer of data from the old system to the new system</i>)</p>	<p>The tri-borough councils implemented a new financial ledger through a managed services partnership with BT from 1 April 2015. There have been a number of difficulties with the implementation which give rise to a significant risk of completeness of the balances in the financial statements, including:</p> <ul style="list-style-type: none"> <li>• Reconciliations are not carried out timely and there are a large number of unreconciled items in the income and cash balances</li> <li>• Expenditure payments are not being made correctly</li> <li>• Some income received by the council is unallocated and being held in a suspense account</li> <li>• Payroll information is not up to date and not all employees are being routinely paid</li> </ul> <p>The Council is proactively managing the service problems and is in regular contact with BT, including finance officers visiting the BT office on a monthly basis. Improvements are being made in the transactional processing every month but there remains a risk to the audit opinion.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• We have gained an understanding of the Council's relationship with the managed service provider, including the position as at December 2015 for the service issues currently being faced in delivering the expected contractual commitments for the council</li> <li>• Review of the testing carried out by the finance team to date to gain assurance over the accuracy of transactions being made by BT.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• We will review the latest service provision arrangements to ensure that the Council has sufficient information to prepare the financial statements in line with the planned closedown and audit timetable of April and May 2016</li> <li>• Discussions with Internal Audit to review the work completed and assurance level planned for the Head of Internal Audit opinion</li> <li>• IT audit review of the general controls in operation in the financial ledger and overall IT control environment</li> <li>• We will carry out substantive testing of all items in the financial statements that are greater than tolerable error set for the Pension Fund accounts. The main focus will be on the journal testing and contributions.</li> </ul>

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# Pension Fund - Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Investment purchases and sales	Investment activity not valid	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. No issues were arising from this work</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>We will send letters to the custodian and fund managers requesting direct confirmation of ownership, existence and valuation of investment balances at 31<sup>st</sup> March 2016 and of income receivable throughout the year</li> <li>The direct confirmation from the Custodian will include obtaining a copy of their reconciliation to the respective segregated investment manager at the year end date, and one other date during the year. Any material reconciling items will be investigated further, as necessary.</li> </ul>
Benefits payable	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. No issues were arising from this work.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Sample testing of benefit payments</li> <li>Sample testing of individual pensions in payment by reference to member files</li> <li>We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained</li> </ul>

# Pension Fund - Other risks identified (continued)

Other risks	Description	Audit Approach
Investment values – Level 2 investments	Valuation is incorrect (Valuation net)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. No issues were arising from this work</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>We will send letters to the custodian and fund managers requesting direct confirmation of ownership, existence and valuation of investment balances at 31<sup>st</sup> March 2016 and of income receivable throughout the year</li> <li>We will review the latest AAF 01/06 or ISAE 3402 audited reports on internal controls, published by the respective investment managers and Custodian, where available</li> <li>The direct confirmation from the Custodian will include obtaining a copy of their reconciliation to the respective segregated investment manager at the year end date, and one other date during the year. Any material reconciling items will be investigated further, as necessary</li> <li>Direct confirmation will be obtained from all non segregated Investment managers, and an overall unit reconciliation for all material unitised pooled investment vehicles will also be obtained and considered</li> <li>Derivative contracts (if material), will be tested by a sample agreed to underlying contracts and the valuation being agreed to external data sources.</li> </ul>
Contributions	Recorded contributions not correct (Occurrence)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. No issues were arising from this work.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Sample testing over occurrence, completeness and accuracy of contributions</li> <li>We will also review contributions received with reference to changes in member body payrolls and numbers of contributing members to ensure that any unexpected trends are satisfactorily explained.</li> </ul>
Member Data	Member data not correct (Rights and Obligations)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. No issues were arising from this work.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>We will document the existence of key controls and reconciliations covering the determination of member eligibility, the input of evidence onto the Pensions Administration System and the maintenance of member records. With a view to reducing the level of substantive testing required, we will therefore test the key controls identified in these areas.</li> <li>Sample testing of changes to member data made during the year to source documentation</li> </ul>

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City of Westminster

## Audit and Performance Committee Report

<b>Meeting or Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	3 <sup>rd</sup> February 2016
<b>Classification:</b>	General Release
<b>Title:</b>	Quarter 3 (April - December 2015) Performance and Period 9 Finance Report (December 2015)
<b>Key Decision:</b>	Review and challenge officers on the contents of the report
<b>Financial Summary:</b>	Period 9 (December 2015) finance position reported
<b>Report of:</b>	Steven Mair, City Treasurer Julia Corkey, Director of Policy, Performance and Communications

### 1. **Executive Summary**

This report provides the Quarter 3 (April– December 2015) update to the Audit & Performance Committee on delivery against the 2015/17 Business Plans.

### 2. **Recommendations**

- Committee notes the content of the report
- Committee indicate any areas of the report that require further investigation
- Committee highlights any new emerging risks that have not been captured

### 3. **Reasons for Decision**

To inform Members of how the City Council is delivering on its key objectives, hold Officers to account and steer improvement activity where necessary.

### 4. **Background, including Policy Context**

This report sets out how the City Council is delivering on the City for All vision and Medium Term Savings Plan.

## MONTHLY FINANCIAL REPORT TO CABINET, December 2015 – Period 9

### **KEY MESSAGES:**

#### **Revenue**

At the end of Period 9, the General Fund is projected to underspend by £3.497m by year end. This variance is subject to the mitigation of certain known cost pressures and the active management of emerging risks and opportunities. This overall position is showing an increased underspend of £1.2m from Period 8.

The forecasts by Cabinet portfolio can be viewed in Tables 1 within the body of this report. The variances are summarised in the schedule below:

<b><u>Cabinet Portfolio</u></b>	<b><u>Variance</u></b>
City Management	(£2.145m)
Housing, Regeneration, Business and Economic Development	£0.250m
Public Protection	(£1.312m)
Finance and Corporate Services	(£0.400m)
Sport and Leisure	£0.110m
<b><u>TOTAL</u></b>	<b><u>£3.497m</u></b>

#### **Key Revenue Risks and Opportunities**

Currently there are £3.150m of identified service area risks that are being carefully monitored in order to minimise their potential to impact on the forecast outturn position. Against these risks are potential opportunities of £2.855m which may help mitigate those risks or otherwise benefit the ultimate outturn position.

These combine to produce a net risk of £0.295m. This compares to the prior month reported position of a net opportunity of £0.754m, and thus shows a net adverse movement for the month of (£1.049m). The change is a result of decreased opportunities of £0.945m (£2.855m in Period 9 compared to £3.800m in Period 8) and increased risks of £0.104m (£3.150m in Period 9 compared to £3.046m in Period 8) being identified.

#### **Capital Expenditure**

The 2015/16 Approved Gross Budget is £188.308m which includes £13.860m of 2014/15 approved slippage. The forecast outturn for 2015/16 is £16.738m lower than Period 8 at £93.482m; the net forecast outturn is £36.298m due to external funding received in the year to fund some of the capital projects. The gross projected outturn for the year is now £93.482m which is £94.826m less, 50% reduction, than the original budget of £188.308m. This has significantly arisen from:

- Wilberforce School expansion (£3.0m)
- Reprofiting of various schemes including King Solomon School Expansion (£2.0m)
- Marylebone library (£4.136m)
- Parliamentary Southern Estate (£4.9m)
- 291 Harrow Road (£12.967m)
- WCH improvement (£22.0m)
- Affordable Housing Budget (£2.602m)
- Capital Contingency (£10.18m)
- UTC Ebury Bridge (£11.424m)
- CCTV Crime Disorder Estate project (£1.704m)

#### **Managed Service Programme**

- As EMT is aware, work to embed the Managed Services Programme is still on-going following the go-live of 1 April 2015. Consequently, this report of the Period 9 position is based on a mix of service and finance knowledge and actual income and expenditure from the ledger. It has not been possible to fully utilise information from the ledger. It is therefore very important that any issues going forward are notified to Finance at the earliest opportunity.

## SECTION 1: REVENUE EXPENDITURE

### 1.1 2015/16 Budgets and Projected Expenditure – By Service Area

As shown in Table 1 below, at Period 9, service areas are projecting an underspend at year end of £3.497m against the net service area budget of £192.096m.

Table 1 also shows a summary of risks and opportunities by service area. A net risk of £0.295m is being reported for Period 9 compared to a net opportunity of £0.754m at Period 8.

Progress is being made against key savings initiatives which were approved to deliver a balanced budget for 2015/16. However, key risks in the delivery of these budget savings remain, and commentaries on these are included within this report along with those pertaining to other business issues which have arisen during the year.

### 1.1 2015/16 Budgets and Projected Expenditure – By Cabinet Member

As shown in Table 1 below, at Period 9 Service Areas are projecting an under spend of £3.497m against the net budget position of £192.096m. This is due to:

- Additional income from Commercial Waste and underspends on staff costs
- Higher temporary cash balances and improved net interest earnings on loans and investments.

A projected net risk of £0.295m is forecast at Period 9 compared to a net opportunity of £0.754m at Period 8. This movement (£1.049m) relates to a reduction of opportunities in Public Protection of £0.4m and a reduction of opportunities in Sustainability and Parking of £0.504m.

**Table 1 – Period 9 Forecast Outturn by Cabinet Member**

Cabinet Portfolio Structure	Budget £000	Projected Outturn £000	Projected Variance £000	Risks Identified £000	Opp'nities Identified £000	Projected Net Risk £000
Leader of the Council	5,894	5,894	-	-	-	-
Deputy Leader and Built Environment	3,734	3,734	-	-	-	-
Finance and Corporate Services	29,951	29,551	(400)	1,208	(1,050)	158
Children and Young People	37,253	37,253	(0)	631	(130)	501
Housing, Regeneration, Business & Economic Development	19,310	19,560	250	471	(335)	136
Public Protection	12,577	11,265	(1,312)	-	-	-
Sustainability and Parking	(56,647)	(56,647)	-	-	(1,000)	(1,000)
City Management and Customer Services	45,380	43,235	(2,145)	370	(230)	140
Adults & Public Health	81,880	81,880	-	250	-	250
Sport and Leisure	12,764	12,874	110	220	(110)	110
<b>SERVICE AREA TOTAL</b>	<b>192,096</b>	<b>188,599</b>	<b>(3,497)</b>	<b>3,150</b>	<b>(2,855)</b>	<b>295</b>
Council Tax	46,075	46,075	-			
Business Rates Expenditure (Tariff)	74,444	74,444	-			
Revenue Support Grant	71,577	71,577	-			
<b>Corporate Financing</b>	<b>192,096</b>	<b>192,096</b>	<b>-</b>			
<b>Net (Surplus) / Deficit</b>	<b>-</b>	<b>(3,497)</b>	<b>(3,497)</b>			

## SECTION 2: CAPITAL EXPENDITURE

### 2.1 Service Area Capital Expenditure

The 2015/16 Approved Gross Budget is £188.308m which includes £13.86m in 2014/15 slippage. Per Table 3 the gross forecast outturn for 2015/16 is £93.482m. The net forecast outturn is £36.298m due to external funding received in the year to fund some of the capital projects being reprofiled along with the expenditure.

### 2.2 Cabinet Member Portfolio Capital Expenditure

Table 2 Capital Programme by Cabinet Member

Cabinet Portfolio Structure	Budget (Expend.) £000	Budget (Grant and Contributions) £000	Budget (Net) £000	Forecast (Expend.) £000	Forecast (Grant and Contributions) £000	Forecast (Net) £000	Variance £000
Leader of the Council	0	0	0	0	0	0	0
Deputy Leader - Built Environment	0	0	0	0	0	0	0
Finance and Corporate Services	50,517	(300)	50,217	3,428	(300)	3,128	47,089
Children and Young People	31,222	(29,168)	2,054	9,700	(9,349)	351	1,703
Housing, Regeneration, Business & Economic Development	58,028	(36,726)	21,302	40,966	(28,095)	12,870	8,421
Public Protection	1,966	0	1,966	312	0	312	1,654
Sustainability and Parking	805	0	805	0	0	0	805
City Management and Customer Services	36,406	(21,482)	14,924	36,730	(19,274)	17,456	(2,532)
Adults & Public Health	1,229	(165)	1,064	274	(165)	109	955
Sport and Leisure Services	8,135	0	8,135	2,071		2,071	6,075
<b>SERVICE AREA TOTAL</b>	<b>188,308</b>	<b>(87,840)</b>	<b>100,468</b>	<b>93,482</b>	<b>(57,184)</b>	<b>36,298</b>	<b>64,170</b>
Financing							
Capital receipts			(87,700)			(36,298)	51,402
Borrowing			(12,768)			0	12,768
<b>TOTAL</b>			<b>(100,468)</b>			<b>(36,298)</b>	<b>64,170</b>
<b>Net</b>			<b>(0)</b>			<b>0</b>	<b>0</b>

## SECTION 3: HOUSING REVENUE ACCOUNT (HRA)

**3.1.1** At Period 9 the forecast outturn is for the HRA operational account to have a forecast surplus of £3m compared to a budgeted surplus of £8m. This is mainly due to lower than expected recovery of leaseholders major works income as a result of slippages in the last and current year Capital programme, lower than expected net rental income due to higher right to buy sales and higher actual depreciation charge for dwelling stock. These adverse variances are partially compensated for by lower than expected borrowing costs and lower revenue contribution to capital expenditure.

**3.1.2** Cabinet in December 2015 approved the 2014-15 slippages, the reprofiled five year budgets and other changes to the 2015-16 HRA Capital budget. As a result the Renewal/Regeneration and the Non Delegated budgets have been revised while the Major Works budgets remain unchanged. The total forecast outturn is £59m against a revised total budget of £93m resulting in a total variance of £34m.

**3.1.3** This includes a £16m slippage on the major works budget, mainly due to anticipated slowdown of works on site, £5m underspend on the Housing Renewal/Regeneration budgets and £13m slippages on the Non Delegated budgets. A number of risks to

delivery have been identified that may impact upon delivery of the programme. The HRA is a ring fenced account and variations on budgeted spend fall to be met from HRA reserves (which stood at £49m at 31.3.2015) and are not a call on the General Fund.

## **SECTION 4: FINANCE STRATEGIC PROJECTS**

The status of the key Finance Strategic Projects as at Period 9 is identified below:

### **4.1 Medium-Term Financial Planning/Strategic Planning**

Planning around the budget for the next three financial years continues with further savings proposals identified in order to bridge the 2017/18 and 2018/19 gaps.

Subject to confirmation, the prior year's MTP exercise has already identified the options that would deliver a balanced budget for 2016/17.

The Chancellor's Summer Budget failed to clarify the scale of future local government funding reductions and we will have to wait until the December Finance Settlement before we have greater certainty. Our own (and the LGA's) modelling still suggests that on available evidence our MTP assumed savings target remains a reasonable expectation of the requirement to be found.

### **4.2 Annual Accounts Plan**

Following a successful finalisation of the final accounts for 2014/15 and favourable reports on the quality of all elements of them by KPMG, work is continuing to develop and embed processes and develop staff. It is anticipated that "hard closes" will be completed throughout the majority of the remainder of the year.

## **QUARTER 3 PERFORMANCE REPORT**

### **1. KEY MESSAGES AT THE END OF QUARTER 3**

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This section provides a summary of performance against each of the City for All priorities. Section 2 below provides greater detail on performance of each service area at the end of Dec 2015.

✓ Notable areas of achievement, ✖ Key Service pressures and challenges

#### **Council wide – External Perceptions**

- ✓ Satisfaction with the council remains at 2013 levels and above the national average (67%).
- ✓ Overall satisfaction with the council dipped slightly in 2015 to 84% but remains at 2013 levels and well above the national average (67%).
- ✓ Concerns about ASB issues – vandalism, drunkenness, drug dealing all at lowest levels since City Survey started in 2003

- ✖ A decline in resident satisfaction in some Environmental Services – Noise, Environmental Health, Parks and Open Spaces
- ✖ Significant concerns remaining around air pollution and homelessness being a very big issue
- ✖ Quality of life from Adult Social Care Survey results lower than peer boroughs

#### **Council wide – Corporate Health**

- ✓ All of the £36m savings targeted for 2015/16 are likely to be achieved. To date 86.1% (£31m) of the £36m target has been achieved.
- ✓ Levels of Business Rate and Council Tax collected increases.
- ✓ Training - 187 members of Children’s Services staff in Westminster have been engaged in the Focus on Practice programme, better outcome already being experienced.
- ✓ Legal - a single case management system established across Westminster, RBKC and LBHF.
- ✓ Procurement savings target of £3 million for 2015/16 has been exceeded. In-Year Savings are £1.3m with aggregated total Contract Savings of £5.2 million.
- ✓ ICT - 97% of staff satisfied with the IT service at the end of December 2015.

- ✖ The headline Settlement Funding Assessment (SFA) for Westminster in 2016/17 was announced at £140.57m a reduction of £11.50m compared to 2015/16.
- ✖ Temporary Agency Contractor (TAC) numbers and costs continue to be a concern with an increase in the number of TACs in seen in Q3. HR is working with units to reduce TAC usage and reliance.
- ✖ Concern remains with Managed Service Portal delivery, the payroll financial reconciliation has not been completed and the pensions interface with Surrey County Council has not been delivered.

#### **Employment and Growth**

- ✓ Over 500 residents have been supported to secure a range of paid employment opportunities. It is projected that the programme will finish between 756 and 804 job starts – achieving target.
- ✓ Work to increase apprenticeship opportunities continues with 80 placements being created since the beginning of the year and Westminster currently has 17 interns at the council.
- ✓ The number of jobs based in Westminster continues to rise, and business birth rates are also increasing.

- ✖ Pressures around taking account of the statutory requirement and local ambition to produce the class of Sustainability and Transformation Plan.
- ✖ Long term unemployment continues to fall but at a relatively slow pace.

### Managing Demand

- ✓ Public Health Preventative Services for 0-5's were transferred successfully to the local Authority
  - ✓ Over 90% (1,429) of Adult Social Care clients now have a personal budget to meet their needs
  - ✓ A review of the commissioned young carers service determined that the Council's Early Help team in Family Services is better placed than an external provider.
- 
- ✗ Adult services are facing challenging demographic and financial pressures and demand for services for older people is likely to increase by 20% over the next 10 years.
  - ✗ Reducing the number of non-elective hospital admissions by 4.6% for 15/16 remains challenging.
  - ✗ Increase in the number of delayed transfers of care from Imperial Healthcare NHS Trust and relate to lack of availability of dementia nursing placements.
  - ✗ The Childcare Sufficiency Assessment identified that the limited number of high quality affordable places twinned with the high costs of providing childcare in London is a key challenge.
  - ✗ The rising level of Unaccompanied Asylum Seeking Children has put pressure on Children's services.
  - ✗ High levels of demand for Temporary Accommodation continues as increasing market values reduce the availability of properties affordable for households in receipt of benefits.

### Healthy Communities and Safeguarding

- ✓ Delivered 2 year free childcare entitlement at Paddington Green, Essendine and Micky Star children's centres.
  - ✓ Data quality in relation to Child Sexual Exploitation and Missing Children has improved with more cases being identified and progressed.
  - ✓ Successful roll out of the Community Independence Service and Hospital Discharge models.
  - ✓ City of Westminster is London's sportiest borough, with 44% of adults getting a weekly workout.
  - ✓ New approaches to the recruitment of foster carers. A partnership arrangement with Cornerstone to undertake the recruitment and marketing for foster carers, aiming to increase numbers by September 2016.
  - ✓ Service successfully bid for £70k from the DCLG domestic abuse fund.
- 
- ✗ Public Health grant funding to fall around 25% over the next 4 years.
  - ✗ 95% target for assessing and reviewing Carers unlikely to be achieved. Current performance, 55%.
  - ✗ Three Serious Case Reviews (with links to the City Council) will be published in short space of time.
  - ✗ More permanency planning is required to improve the rate of children placed within 12 months.
  - ✗ In Nov 2015, 95 people were seen rough sleeping in the City, exceeding the target for the period.
  - ✗ 206 affordable homes are expected to be delivered in Westminster during 2015/16. Unfortunately, a number of schemes are expected to slip from late 2016/17 to the subsequent year, meaning that the 2-year City for All target is unlikely to be met. Community Safety anticipates potential cuts to funding in 2016/17 of around 5%, with uncertain funding levels from 2017 onwards.
  - ✗ Violence against Women & Girls services are currently experiencing unprecedented demand due to rises in reports of domestic violence.

### Sustainable City

- ✓ Housing and Planning Bill amendment to the Housing and Planning Bill is linked to the ability for local authorities to set their own planning fees which may create income generating opportunities.
  - ✓ Results from the City Survey show that customer satisfaction street cleansing remains high.
  - ✓ The new digital system for the development planning decision making process went live on November. This should start to improve performance.
  - ✓ New charging system for parking bay suspensions has proven successful in reducing demand.
  - ✓ The 'Proof of Concept' of Electronic permits at 64 White Badge Disabled bays has gone live and is going well with positive feedback from customers and positive media coverage received.
- 
- ✗ City survey results show fall in levels of satisfaction with Parking from 69% in 2014 to 60% in 2015.





### 3. LONDON ECONOMIC ASSESSMENT (LEA) / DEMOGRAPHICS

The LEA is a comprehensive analysis of all aspects of Westminster’s economy, focusing not just on the active businesses themselves but also on the wider picture in terms of an analysis of the resident and worker population of Westminster and the physical environment and property markets, to provide a full social, economic and environmental assessment of Westminster.

#### Key Information from the LEA

##### VAT registered enterprises

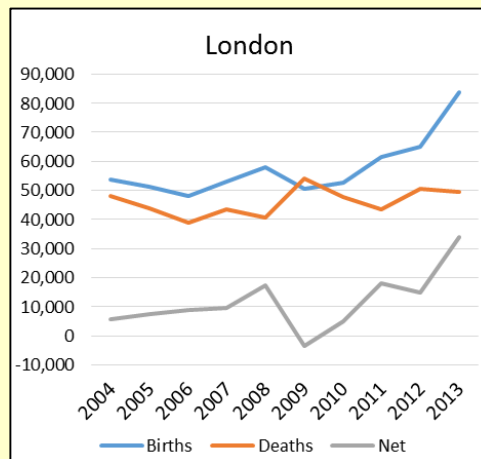
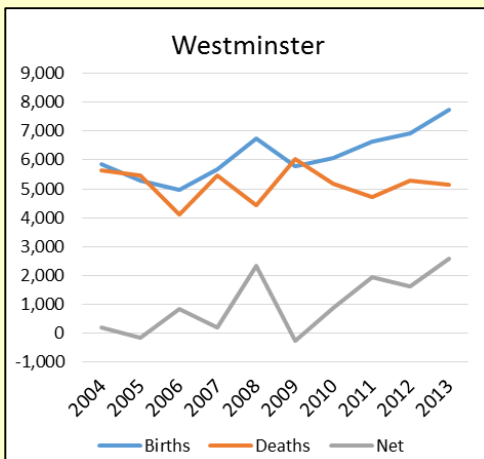
Source: UK Business Activity, Size and Location, 2008-2014

Westminster has by far the largest number of enterprises out of any London borough, with 50,860 enterprises, representing 11% of the London total of 461,020 enterprises (UK Business Activity, Size and Location, 2014). Westminster has nearly twice the number of enterprises compared to Camden (26,930 enterprises), which is the next highest borough, and almost three times the number contained in the City of London (18,205 enterprises). Most boroughs have between 5,000 and 15,000 enterprises, which illustrates the significance of Westminster’s contribution to London’s economy.

##### Enterprises births and deaths trends, 2013

Source: Business Demography, 2013

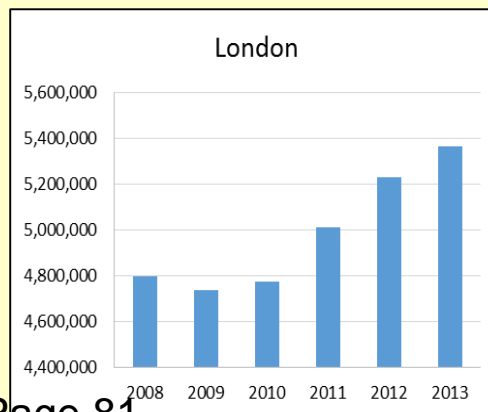
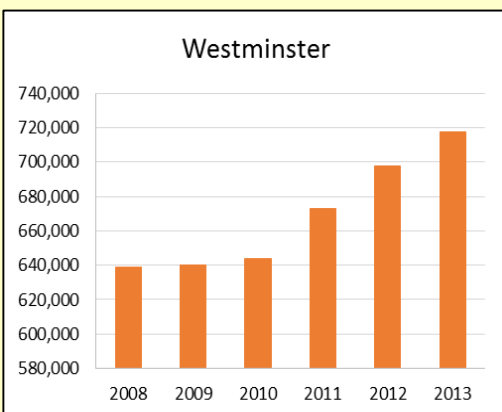
Since 2011 enterprise numbers have continually risen. The number of enterprises increased in both Westminster and London between 2013 and 2014, with an increase of almost 1,500 enterprises in Westminster (3% increase) and almost 30,000 enterprises in London (6% increase).



##### Total jobs 2008-2013, Westminster and London

Source: Business Demography, 2013

Westminster continues to have the largest number of jobs of any London borough, with 717,400 jobs representing 13.4% of the London total. Since 2010, both in Westminster and London as a whole, the number of jobs has risen considerably, by 11% and 12% respectively. This compares to 5% in Great Britain as a whole, illustrating Westminster’s substantial growth and swift recovery.

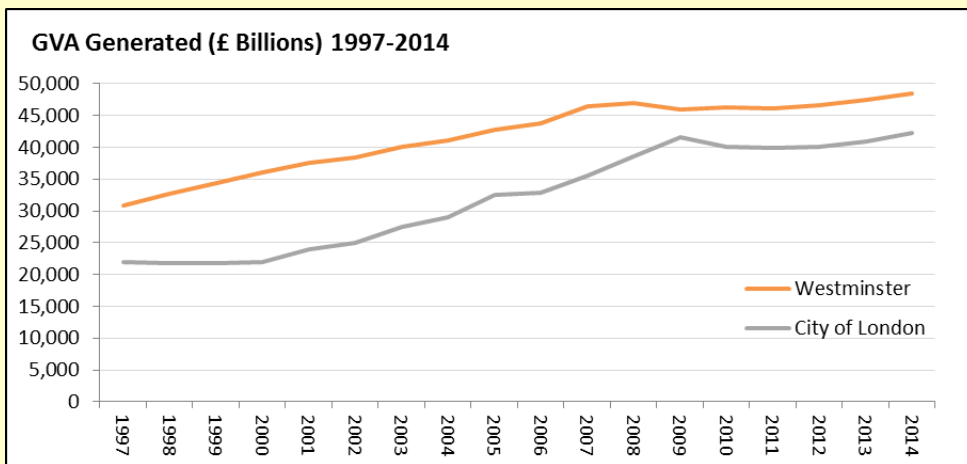


## Gross Value Added (GVA) in Westminster, past trends and future projections (from 2011)

Source: Peter Brett Associates, 2013

2011 data (latest price data available to calculate GVA) showed that Westminster's total GVA generation stood at £46 billion, representing 16% of London's total GVA generation of £291 billion. This was the highest of any London borough, with the City of London generating the second highest borough level GVA in 2011 with £39.9 billion (Peter Brett Associates, 2013).

The total UK GVA in 2011 totaled nearly £1340 billion. Of this, 22% originates from London as a whole, and Westminster alone contributes 3.4% of national GVA. This figure has steadily increased since 1998, when Westminster contributed 2.2% of national GVA. Using 2011 figures, Peter Brett Associates projected that by 2014 Westminster would be generating nearly £50 billion in GVA.



## Business Rates (Rateable Value) by Industry Sector in Westminster, December 2015

Source: Valuation Office Agency, 2015

The total business rates paid by Westminster businesses are about £1.8 billion, after small business rate relief and other allowances. Of the total rateable value, nearly 93% of rates originated from the commercial sector, representing nearly £4 billion. Within the commercial sector, Offices have by far the largest rateable value, with the 18,283 rateable units totaling just under £2.5 billion, representing 60% of Westminster's total.

Category	Number	Total Rateable Value (£)	Average Rateable Value by unit (£)	% Rateable Value by sector
<b>Commercial</b>	<b>32,735</b>	<b>3,824,722,488</b>	<b>116,839</b>	<b>92.8%</b>
<i>Advertising rights and stations</i>	186	6,484,060	34,861	0.2%
<i>Petrol Filling Stns, Garages</i>	199	4,549,300	22,861	0.1%
<i>Hotels, Boarding Houses</i>	471	288,470,400	612,464	7.0%
<i>Licensed Properties</i>	592	59,364,700	100,278	1.4%
<i>Markets</i>	5	669,250	133,850	0.0%
<i>Offices</i>	18,283	2,477,345,886	135,500	60.1%
<i>Car Parks and Parking Spaces</i>	3,558	28,798,516	8,094	0.7%
<i>Restaurants, Cafe's etc</i>	1,516	165,588,275	109,227	4.0%
<i>Shops, Banks, Post Offices</i>	6,707	764,377,610	113,967	18.6%
<i>Warehouses, Stores etc</i>	906	7,001,571	7,728	0.2%
<i>Other Commercial</i>	312	22,072,920	70,747	0.5%
<b>Education, Training, Cultural</b>	<b>250</b>	<b>63,271,650</b>	<b>253,087</b>	<b>1.5%</b>
<b>Industrial</b>	<b>239</b>	<b>6,573,550</b>	<b>27,504</b>	<b>0.2%</b>
<b>Leisure</b>	<b>230</b>	<b>59,677,400</b>	<b>259,467</b>	<b>1.4%</b>
<b>Misc</b>	<b>1,982</b>	<b>88,085,117</b>	<b>44,443</b>	<b>2.1%</b>
<b>Utilities</b>	<b>18</b>	<b>1,315,839</b>	<b>73,102</b>	<b>0.0%</b>
<b>Treasury/Crown</b>	<b>25</b>	<b>75,677,250</b>	<b>3,027,090</b>	<b>1.8%</b>
	<b>35,479</b>	<b>4,119,323,294</b>	<b>116,106</b>	<b>100%</b>

## 4. SERVICE PERFORMANCE BY DIRECTORATE

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### 5.1 ADULT SERVICES

#### Notable areas of achievement, delivery and opportunities

HIGHLIGHT

- **Over 90% of clients now have a personal budget** - part of our City for All commitment to ensure that adults and older people are given more choice and control over their care and support. Personal budgets and direct payments allow residents to understand how much their resource allocation for support is and gives them opportunities to directly buy services with it. The target to increase the uptake of direct payments is also on track and there is an expectation that direct payments will increase in the last quarter through more targeted operational activity and the implementation of the new homecare service.

HIGHLIGHT

- **Successful roll out and development of the Community Independence Service and Hospital Discharge service models** and work to develop the business case for wider roll out through the West London Alliance is now concluding. £50,000 of Department of Health funding to take forward this development has been provisionally awarded. Initial evaluation work on the discharge pilot has been undertaken and demonstrated a range of positive indicators including staff satisfaction and reduced lengths of stay. Further work is required to assess the impact, particularly on unplanned admissions.

- **To date, 21 businesses (target, 20) in Westminster have been signed up to the Healthier Catering Commitment (HCC) scheme.** 6 have been successfully awarded HCC status and the remaining 15 businesses are currently being supported by Food Safety Officers to implement changes needed to meet the HCC award criteria. The businesses cover a wide range of food premises including fast food outlets (fish and chips, chicken and chips), restaurants and a homeless hostel. HCC businesses are located primarily in areas with deprivation including Church Street, Harrow Road and Queen's Park Ward.
- **The three boroughs have been shortlisted to be a pilot site for the national diabetes prevention programme.** This is a joint commitment from NHS England, Public Health England and Diabetes UK, to deliver at scale, evidence based behavioural programme to support people to reduce their risk of developing Type 2 diabetes. The announcement of successful pilot sites is due in the New Year.
- **The Public Health Preventative Services for 0-5s were transferred successfully to the Local Authority** on 1st October 2015. The service includes both the universal and targeted elements of the healthy child programme. The universal elements require 5 mandated contacts; antenatal health promoting visits, new baby review, 6-8 week assessment, 1 year assessment and 2-2½ year old review.
- **2015/16 savings of £500k have been delivered through the Customer Journey Programme** and work to deliver the scheduled £1.3m savings for 2016/17 has been set out and signed off by the lead Cabinet Members in all three boroughs.

## Service pressures and challenges

### HIGHLIGHT

- **Future commissioning options and transformational approaches** include the development of a leadership and strategic commissioning approach, a continued shorter term focus on the Community Independence Service (CIS) and a move to whole system accountable care. 2016/17 funding negotiations with health for key service areas have now been successfully concluded, subject to final details and CCG approval processes.

### HIGHLIGHT

- **The Public Health grant allocation for 2015/16 and beyond remains uncertain.** Options and financial modelling to manage the substantial reduction (around 25%) of public health grant funding over the next four years has now started. A task group has been set up to review the current Public Health grant. This group will seek best practice and will consider Public Health commitments against grant allocation. By reviewing these areas, the service will be able to identify how to meet cuts to the grant and how to inform the Council's Medium Term Savings Plan.

### HIGHLIGHT

- **There are significant increases being projected for the older people population.\***
  - The primary influencing factors being lower mortality and improved life expectancy rates. 2014 estimates showed Westminster's 65+ population has grown by 4.3%. The service is facing challenging demographic and financial pressures and demand for services for older people is likely to increase by 20% over the next 10 years.
  - Demand and cost modelling is now being reviewed with a view to putting in place a more robust framework through Quarter 4. This work will consider the impact of international in-migration (and the associated critical issue of presenting needs, particularly housing and mental health needs) and the impact of the higher National Living Wage from 2019. The later aspect is a substantial risk, whilst we are protected through the application of the higher London Living Wage for new home care contracts which has been built into the budget. This could drive up costs of some residential care providers which have been held down in recent years.

*\*Subject to the accuracy of ONS and GLA population projections – there is serious weaknesses in the data supporting such growth.*

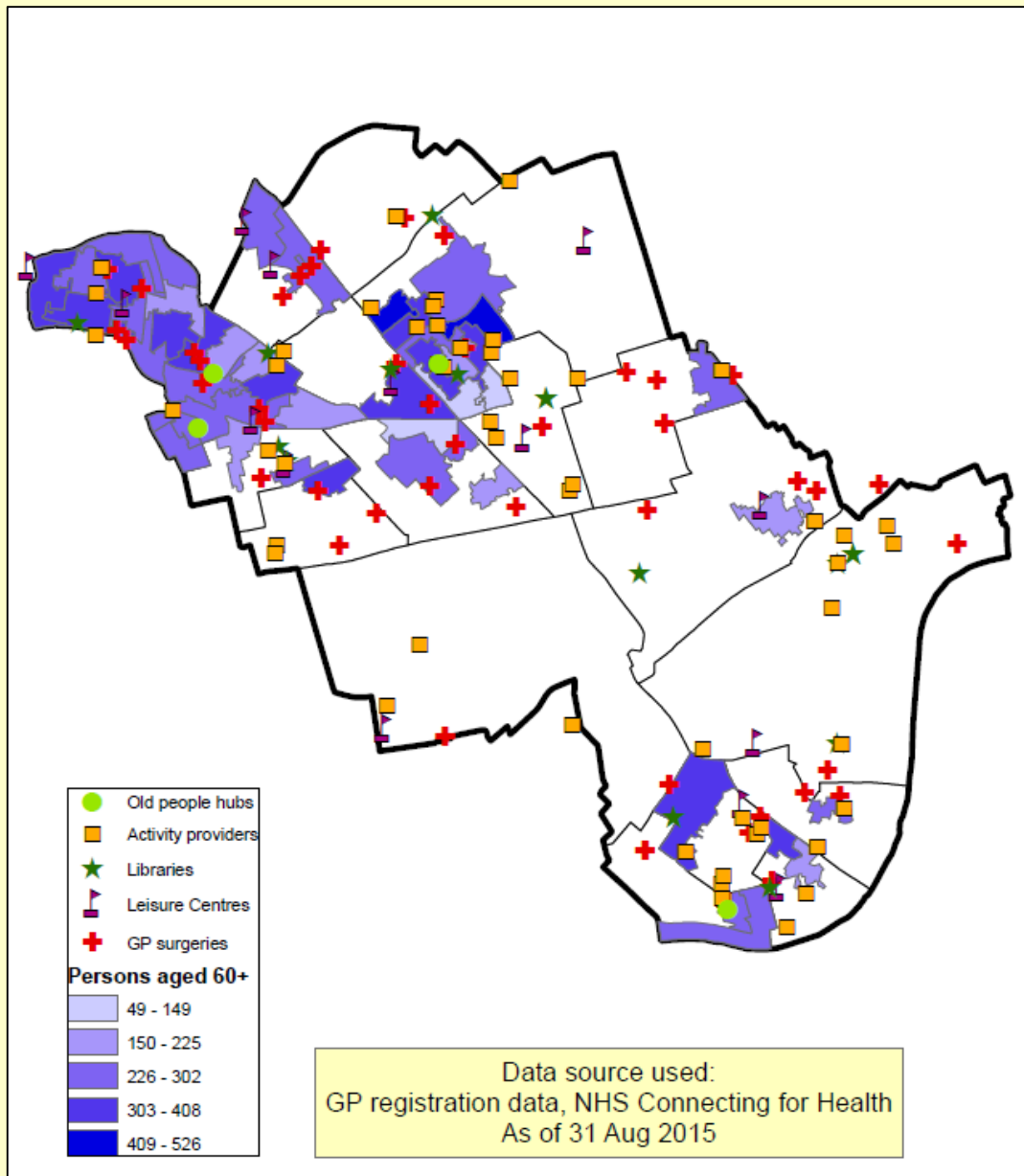
- **The 95% target for assessing and reviewing Carers is unlikely to be achieved.** At the end of December 55% (620 Carers) were assessed or reviewed, this also includes assessments completed by our community partners. To improve performance the length of the Carers assessment has been reviewed and all staff have been set an individual target for completion of assessments. The service is actively working with community partners and the Carers Network who also carry out assessments to ensure they are offering Carers an assessment/review of their needs.
- **Reducing admissions to residential and nursing care** and supporting people within the community is a local priority and a City for All commitment. At present these measures are on track to meet target but will be closely monitored over the 'winter pressure' months.
- **Reducing the number of non-elective hospital admissions** is a key joint target across health and social care. There is a challenging target to reduce admissions by 4.6% to 17,254 admissions for 2015/16 given the demographic growth, historical trends and changing NHS and Social Care landscape. At the end of December there were 15,541 admissions (up 4,726 on Quarter 2) and the target to reduce numbers compared to last

year is at risk. While there are a number of initiatives in place to support hospital discharge and prevent new admissions it should be noted that the hospital admissions figure above is for all admissions across a range of reason codes and morbidities. Adult Social Care interventions target a small proportion of these, and Public Health and NHS interventions are also required to effect change.

- **There has been an increase in the number of delayed transfers of care** attributed to Adult Social Care in September and October 2015. The majority of delays has been from Imperial Healthcare NHS Trust and relate to lack of availability of dementia nursing placements. This is a London wide issue due to lack of market availability. The 'Sheltered Housing Strategy for Older People' project is underway and in the medium term will address the local market shortage with units due to be available in 2017/18. In the shorter term the brokerage function is continuing to work with local and national providers to secure appropriate placements and move people out of hospital as quickly as possible. As delay data is submitted by health partners the service is also currently negotiating and implementing revised sign off processes with local hospital trusts to ensure that delays recorded against Adult Social Care are accurate.
- At the end of Quarter 3, **results show 787 people had successfully quit smoking through NHS Stop Smoking Service** (55% of the full year target). The stop smoking pharmacy roll-out programme is bedding down and is progressing well. However, this has been delayed due to slow engagement with pharmacies. There is now a new Engagement Plan and Marketing Plan in place and the service is focusing on increasing take-up figures over the next quarter, however the target is at risk.

Key Analysis undertaken by the Evaluation & Performance Team

**Number of older persons living in most deprived Westminster Lower Super Output Areas**



A 2010 Strategic Review of preventative services for older people set out the requirement for drop in centres – hubs – to support older people most at risk of deterioration in independence, health and wellbeing. All older Westminster residents can access the diverse range of activities that the hubs offer.

These hubs were located in the wards of most need based on a set of risk indicators. The Evaluation and Performance Team are working with Strategic Policy and Adult Services to review the location of hubs services for asset optimisation. The map shows the locations of the four hubs and the location of the activities they coordinate alongside potential future community assets. It considers the demographic profile of our community by assessing areas high in deprivation and the number of older people that reside within them.

## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators flagged for attention:					
Adult Social Care					
<b>Reduce non elective (unplanned) hospital admissions - cumulative</b>	18,070	17,254 (4.6% reduction)	<b>15,541</b> (90% of target)	<b>Off Track</b> Target at risk of being exceeded	Similar to last year
<p><b>Reason for underperformance and mitigation:</b> There are a range of initiatives and projects as part of the Better Care Fund which is targeting Non-Elective Hospital Admissions. While current performance is on par with the previous year, the joint target between the Local Authority and local Clinical commissioning groups for a reduction of 4.6% of admissions is at risk. There are a number of factors across health, social care and the wider community that can impact on hospital admissions so direct attribution is not possible however the reablement and rapid response service are actively working with GPs to 'case find' at risk residents and the delay to the reconfiguration of the CIS service may have impacted on performance this area</p>					
<p><b>Timescale for improvement:</b> The reconfiguration of the Community Independence Service later in the year should support improvements in this area.</p>					
<b>Percentage of carers receiving needs assessment or review and a specific carers service, or advice and information</b>	<b>69%</b> (1,008 of 1,468)	95%	<b>55%</b> (620 of 1,122)	<b>Off Track</b> Target at risk of not being met	Similar to last year
<p><b>Reason for underperformance and mitigation:</b> The service have set a very challenging target for assessing and reviewing carers so while performance is stable in relation to the previous year it is not currently on track to meet this stretch target. The length of the Carers assessment has been reviewed and all staff have been set an individual target for completion of assessments. The service is actively working with community partners and the Carers Network whom also carry out assessments to ensure they are offering carers an assessment/review of their needs.</p>					
<p><b>Timescale for improvement:</b> The service is working with community partners and the Carers Network to ensure they are offering carers an assessment/review of their needs. This position is expected to improve in 2016/17.</p>					
<b>Delayed transfers of care, acute days attributed to social care (cumulative)</b>	861 days	432 days	<b>427 days</b> (99% of target)	<b>Off Track</b> Target at risk of not being met	Improving on last year
<p><b>Reason for underperformance and mitigation:</b> April – October 2015 data released by NHS England at time of production. There has been an increase in delays attributed to Social Care by Imperial Healthcare NHS Trust in September and October 2015. The key reasons for delays are difficulty in securing dementia nursing beds/placements. This is a London wide issue due to lack of market availability. The 'Sheltered Housing Strategy for Older People (SHSOP)' programme project is reviewing capacity for these services however delivery of units will not be before 2017/18. Until this time the Trust and Adult Social Care continue to work together to support residents out of hospital as quickly as possible. In addition new sign off procedures are being agreed and implemented between local hospital trusts and Adult Social Care to ensure that all delay are attributed fairly and accurately.</p>					
<p><b>Timescale for improvement:</b> The 'Sheltered Housing Strategy for Older People' programme project is reviewing capacity for these services however delivery of units will not be before 2017/18. This will support improvements in this area.</p>					
Public Health					
<b>Total numbers of cigarette smokers who are recorded by the Stop Smoking Service as being off cigarettes after 4 weeks</b>	1,503	1,437	<b>572 (end Q2)</b> (40% of target)	<b>Off Track</b> to achieve target	Improving on last year
<p><b>Reason for underperformance and mitigation:</b> The stop smoking pharmacy roll-out programme is bedding down and is progressing well. However, this has been delayed due to slow engagement with pharmacies.</p>					
<p><b>Timescale for improvement:</b> There is now a new Engagement Plan and Marketing Plan in place and the service is focusing on increasing take-up figures over the quarter. Meetings are taking place early January to discuss this.</p>					

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

**Performance indicators on track to achieve targets by year end:**

**Adult Social Care**

Total number of new permanent admissions to residential care of people aged 65 years and over	75	74	<b>30</b> (41% of target)	<b>On Track</b> to fall within target	Improving on last year
Total number of new permanent admissions to nursing care of people aged 65 years and over	55	52	<b>28</b> (54% of target)	<b>On Track</b> to fall within target	Improving on last year
Total number of weeks spent in residential care homes for all people (65+) admitted to care homes paid for by Westminster	15,893 weeks	15,943 weeks	<b>10,511 weeks</b> (66% of target)	<b>On Track</b> to fall within target	Improving on last year

**Commentary:** Target is higher than baseline (2014/15 position) to account for demographic growth in this area.

Total number of weeks spent in nursing care homes for all people (65+) admitted to care homes paid for by Westminster	12,803 weeks	12,588 weeks	<b>7,691 weeks</b> (61% of target)	<b>On Track</b> to fall within target	Improving on last year
Adults receiving a personal budget to meet their support needs	83%	90%	<b>92%</b> (1,429 of 1,556)	<b>On Track</b> to achieve target	Improving on last year
Proportion of adults with a personal budget receiving a direct payment	23%	27%	<b>23%</b> <b>(322/1,429)</b>	<b>On Track</b> to achieve target	Similar to last year

**Commentary:** While performance is stable it is anticipated there will be an increase in the uptake of Direct payments as the service rolls out the new Home Care offer (in December) and imbeds revised personalisation policies.

**Public Health**

Number of NHS health checks taken up by eligible population	6,147	6,580	<b>4,112 (Sept'15)</b> (62% of target)	<b>On Track</b> to achieve target	Improving on last year
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## 5.2 CHILDREN'S SERVICES

### Notable areas of achievement, delivery and opportunities

HIGHLIGHT

- **Data quality in relation to Child Sexual Exploitation and Missing Children has improved** with more cases being identified and progressed. The MASE (Multi-Agency Sexual Exploitation) panel has revised terms of reference to improve case monitoring and focus on perpetrators. The multi-disciplinary FGM (Female Genital Mutilation) clinics continue to see pregnant women who are victims of FGM. All WCC referrals will be screened by Children's Services Lead for FGM cases. A similar rate of referrals to last year has been received and the quality is improving thanks to greater understanding on the part of partner organisations of the issues. Further activity is underway to ensure that the level of referrals accurately reflects the scale of the issue locally.

HIGHLIGHT

- **In-house foster carers who are eligible at 31st March 2016 will have their Council Tax reimbursed.** Current placement records indicate that local carers are responding to the request to provide proof of eligibility for a Council Tax reimbursement.

HIGHLIGHT

- **A review of the commissioned young carers service** determined that the Council's Early Help team in Family Services is better placed than an external provider to identify young carers, make an assessment of their needs and provide either individual support or direct young carers to the support they need. The external provider, Spurgeons, was issued with a limited contract extension to deliver until 31st January 2016. From 1 February 2016, all newly identified young carers will be referred to the Westminster Access team for assessment. The Early Help team is working through the existing case load to identify how they might support, particularly higher need young carers, or signpost them to alternative support services.

- **Anticipated Ofsted inspection** of safeguarding looked after children and care leavers will lead to a published judgment of services provided by WCC.

- **Engagement with Westminster City College to ensure more accessible offer for young people with SEN and/or disabilities** – to increase eligibility for those with Education, Health and Care plans accompanied by more local provision.
- **A Tri-borough lead post is currently being recruited to work on EET** (Education, Employment and Training) outcomes for Care Leavers, in place by April 2016. The Virtual School has been working with the Education and Skill Provider Network to improve the availability of apprenticeships for care leavers. A review is underway of the financial support for care leavers in EET to report by the end of March 2016. A Tri-borough Work Experience Programme will be launched at the end of January 2016.
- **Progress is being made on the capital works to ensure the 2 year free childcare entitlement** can be delivered from some children's centre sites. The works have already been completed to support delivery of the 2 year free entitlement at Paddington Green, Essendine and Micky Star.
- **The current procurement plan is to award a new contract for school health** (including school nursing functions) by May 2016 and the new service to be fully implemented in September 2016.

- **Central London Community Healthcare (CLCH)** Community Nursing is now managing a paediatric nurse for QE2 School. CCGs are to review and confirm wider health offer to special schools.
- **Focuses on Practice - Since April 2015, 187 members of staff in Westminster** have been engaged on the programme. Any practitioners and managers (who are permanent staff, working 0.5 WTE or more) who are not yet on a cohort will be starting before April 2016. Outcomes being seen are improved quality of intervention and case work, and a slight reduction in cases requiring care applications to court, and care entrants.
- **The Youth Offending Service continue to recruit mentors** who will be offered to all young people in custody as well as those on the cusp of custody. In December 2015 the YOT had a statutory inspection by HMIP (Her Majesty's Inspectorate of Prisons) and received very positive verbal feedback. A final version will be published at the end of January 2016.
- **The Health Visiting and Family Nurse Partnership contracts transferred to the local authority on 1st October 2015.** The current contract runs until 2017. Work is currently being undertaken with partners across the council, CCG and NHS to design a new health visiting service model for 2017. There is ongoing liaison with CCGs via Health and Wellbeing Boards regarding optimum location for health visitors
- **Healthy Relationship Healthy Baby (HRHB) programme** has been operating since 1 April with a team based in Queens Park, funded by Stefanou Foundation and similar to Family Nurse Partnership. Mellow Bumps programme for pregnant women is also due to start at Queen Park.
- **New approaches to the recruitment of foster carers.** A partnership arrangement with Cornerstone (a third sector organisation) to undertake the recruitment and marketing for foster carers, aiming to increase numbers by September 2016.
- **Market engagement has taken place for the Multi-Disciplinary Family Assessment Service** (which informs family court decisions). The contract for the new service has now been awarded and service delivery mobilised from January 2016.
- **The keyworking model is in place.** An ongoing programme of training for Special Educational Needs Co-ordinators and keyworkers is provided by SEN service linked to the Children & Families Act.
- **The strategic review of Children with Disabilities (CWD) is due for completion by June 2016.** Reviewing both commissioned services and those provided in-house, in order to ensure accessible and responsive services that are appropriately targeted, are focused on outcomes and provide value for money. Transitional arrangements are currently being planned with existing service providers in order to achieve increased outputs; these will be in place by April 2016.
- **A commissioning strategy and 'Local Offer' for children and young people with special educational needs is currently being developed and due for completion by April 16.** This will feed into a 'joint commissioning strategy encompassing Health and Social Care and is specifically aimed at local provision and reduced reliance and use of independent schools.
- **Requirements have been identified for the converged ICS system,** with ongoing work to review the financial requirements, information management and security requirements.

- **Named contractors to provide school meals have been appointed** to a Framework Agreement which can be accessed by Westminster schools. A contractor has been recommended for award with contract proposed to commence for 11th April subject to approval.
- **A review of the Integrated Play Service** for Children with Disabilities delivered under contract by Westminster society has commenced.
- **Central and North West London NHS Trust (CNWL) have successfully recruited six nurses with the CAMHS (Child and Adolescent Mental Health Services) Out of Hours service.** A transition lead has been identified in local Adult Mental Health services to improve transitions from CAMHS. A Joint policy on identification of adults with mental health issues has been developed to improve joint assessments and care planning.
- **CAMHS subgroup of the NWL transformation board set up** including relevant local stakeholders (including young people representative) to meet requirements of "Future in Mind" and produce Local Transformation Plans. This sub-group will focus on local needs and vulnerable groups e.g. those involved in Gangs and those with eating disorders.
- **"On Track"** is proceeding with a central team and practitioners based in localities, using predictive modeling approaches.
- As the **Phase 2 Troubled Families programme** now focuses on a wider set of outcomes for Westminster residents, reporting in 2015-16 will not be comparable to Phase one. At subsequent claim windows throughout 2016/17 we will be in a position to evidence how many of these families have achieved significant and sustained improvement against their qualifying criteria.

### Service pressures and challenges

HIGHLIGHT

- **Demand management and costs (UASC)** - The rising levels of Unaccompanied Asylum Seeking Children (UASC) has put additional pressure on resources. Age assessed young people require 3 allocated workers (1 to do LAC work and 2 different workers to complete the age assessment). The rise in LAC due to the recent influx of UASC has increased the need for foster care placements and other forms of accommodation, although in a majority of cases the placement team has been able to find suitable housing solutions for young people within expected timescales. There is a project in place that is focusing upon the social work delivery model and the procurement of hostels and supported lodging that will improve placement options. Home Office funding provided to local authorities covers or contributes significantly to the cost of providing care and accommodation. However, there is budget pressure for post-18 care leavers as the level of Home Office grant funding drops significantly at this point. A Bill is currently before Parliament that we are actively tracking, is challenging whether UASCs that are All Rights Exhausted should be entitled to Leaving Care Services and the provisions contained with the Children Act 1989.

HIGHLIGHT

- **Three Serious Case Reviews (with links to WCC) will be published in a short space of time.** One was published in December 2015 with two more due for publication (including Southbank School) in January 2016.

- **The Childcare Sufficiency Assessment** (December 2015) identified that the limited number of high quality affordable places twinned with the high costs of providing childcare in London is a key challenge. More details on the government's plans to increase the offer of free childcare for working parents to 30 hours to understand impact locally are awaited. See page below for detailed analysis.

- **The Prevent Team continues to work with schools and other educational institutions to tackle radicalisation and extremism.** Between April and Dec 2015, 991 staff members have been trained in 28 schools/colleges. A website containing details of Prevent and resources for schools in Westminster has been developed and support has been given to a number of schools around specific safeguarding cases.
- **Cost of people remanded in custody.** Since 2013, the budget for remand has been devolved to local authorities to incentivise them to invest in alternative strategies for young people in the criminal justice system. The budget that was initially devolved was less than initially predicted and has been reduced further through Ministry of Justice in-year savings. This contributed towards an overspend in year one, but this year the service is predicting an underspend, due to the work of the Youth Offending Service to keep young people out of custody and reduce their offending behavior.
- **More effective permanency planning is required to improve the rate of children placed within 12 months.** A range of actions are taking place to maximise moves to permanency and minimise time to achieve this. These actions include ensuring full compliance with Permanency Planning Meetings, development of clear parallel plans, avoiding changes of placement while children's cases are in proceedings, use of concurrent planning / fostering to adopt programmes, support planning for Special Guardianship Orders (SGOs) and Adoptive parents to ensure stability and permanency of these placements.
- **Responsibility for the delivery and management of after school and play services,** will be divested to a combination of schools and voluntary sector provision. All schools affected by the change in service delivery have now surveyed parents and school governors on their requirements, and the range of provision they wish to see available. Schools (with the exception of Essendine) currently in receipt of the in-house services will be part of a procurement process commencing 13th January 2016, to identify an external provider to deliver services. The contracts are due to commence in April 2016, however, there is pressure on this timetable.
- In relation to the **Placements Spend** and ensuring best value and outcomes, there are several strands to the work which form a part of this:
  - Work is underway in respect of the analysis of external placements spend and unit cost benchmarking in order to be able to appropriately target contract and cost reductions
  - Foster care recruitment – work is continuing with the delivery partner Cornerstone – in order to target and enhance recruitment of foster carers, specifically for children and young people with more complex needs, who are currently requiring IFA placements.
  - Mobilisation of the SIL (Semi Independent Living) Framework for WCC will shortly commence, providing better quality and value semi-independent accommodation than currently.

## **Analysis undertaken by Children's Services in response to Audit & Performance Committee in Quarter 2**

### **What can WCC do around rising numbers of Unaccompanied Asylum Seeking Children (UASC)?**

#### **1. How does WCC become responsible for UASC?**

- WCC hosts the London Asylum Seekers Consortium (LASC) which manages the distribution of UASC from the Home Office Asylum Screening Unit in Croydon throughout 26 of the 33 London boroughs who are members of the consortium.
- Local authorities are also responsible for UASC who are over 16 with a prior local connection or under 16 without a local connection who present directly to the authority in borough and they will not be referred to the LASC rota. No cases of this nature received during July – Sept 2015.

#### **2. Are we working with other organisations or are we doing anything different to either reduce or cater for this trend?**

- LASC provide training on a variety of issues affecting Social Workers who work with UASC in order to improve practice and confidence in serving this cohort.
- A multi-disciplinary working group on UASC issues has been established in WCC and this has grown to include representatives from LBHF and RBKC.
- UASC in WCC are assisted by their key workers to access a range of culturally specific support groups who help young people cope with potential isolation.
- WCC have a contract with The Big Word to provide translation and interpretation services for UASC.
- WCC Social Workers employ a 'triple planning' approach when writing pathway plans for the UASC in their care which, depending on developments in their immigration status and/or wishes, may include assistance with returning to their country of origin.

#### **3. Do we prioritise UASC and how does this put pressure on the rest of the service?**

- Section 17 of the Children Act 1989 imposes a general duty on local authorities to safeguard and promote the welfare of children within their area who are in need.
- Section 20 of the Children Act 1989 contains a specific, mandatory duty to provide accommodation to a child who meets certain criteria.
- All Looked after Children (LAC) whether indigenous or UASC are subject to the terms of this legislation and as such its provisions apply equally to both groups. However, in order to meet the needs of UASC under the terms of this legislation they may require higher levels of support due to their personal circumstances than indigenous LAC.
- Approximately 75% of the WCC LAC and Care Leavers caseload (300 young people) are now aged 14+.
- UASC are often placed in the WCC hostel network and therefore have very little support from key workers. Those placed within in house foster care create fewer demands on the team as foster carers can support them, but this is a less cost effective option than placement in a hostel.

#### **4. Are there any plans locally or nationally which might impact the number of UASC?**

- The Immigration Bill 2015-16 is due to have its second reading in the House of Lords on 22<sup>nd</sup> Dec 2015. Clause 30 of part 3 of the proposed bill gives the Home Office the power to cancel leave to remain extended under section 3c of the Immigration Act 1971 which may result in more UASC left without status while a Home Office application is pending. This could have a significant impact the resources available for local authorities to care for young people in this predicament.
- An additional clause was added to the bill on 27<sup>th</sup> November allowing the transfer of responsibilities for UASC between local authorities.
- The unprecedented increase in the numbers of UASC arriving in Kent this year has prompted the Home Secretary to write to all local authorities requesting their participation in the Voluntary Dispersal Scheme in order to ease the pressure on services provided by Kent County Council (KCC) as a result of nearly a thousand UASC currently being in their care. At the time of writing (24th November 2015) only 42 UASC had been transferred to the care of other local authorities. Of these, WCC has accommodated one UASC. The letter explains that the Home Secretary may be minded to use the reserve powers at her disposal to force those local authorities with capacity to receive additional UASC in order to ease the burden of KCC, should the number dispersed not be increased significantly under the voluntary scheme.

## Key Service performance Indicators

The table below provides an assessment of the key performance indicators for the service. Detail has been provided for all performance indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

### Performance indicators flagged for attention:

<b>Percentage of Westminster's pupils who achieve at least 5 A*-C grades at GCSE including English and Mathematics</b>	68% (1,007 of 1,478)	70%	67% (987 of 1,472)	<b>Off Track</b> Target not met	Similar to last year
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**Service Commentary:** The provisional 2015 GCSE pass rates showed that 67% of Westminster pupils achieved 5 grade A\*-C GCSEs, including English and Mathematics, compared with 68% the previous year, and 53% nationally. This is well above the provisional national average (53%) and provisionally the highest in Inner London. The service will continue funding the Education Excellence Programme which includes an allocation of funding to schools (£5,000) and workshops. And will provide targeted support to those schools that buy into the Council's School Improvement Service Level Agreement.

<b>Percentage of primary pupils achieving Level 4+ in Reading, Writing and Mathematics at KS2</b>	86%	86%	<b>84%</b>	<b>Off Track</b> Target not met	Deteriorating on last year
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**Service Commentary:** 84% of primary pupils achieving Level 4+ in Reading, Writing and Mathematics at KS2 in 2015 (DfE final data release); this was above the national average (80%) but reflected a slight drop in performance from 86% in 2014.

### Performance indicators on track to achieve targets by year end:

<b>Percentage of children requiring foster care being placed with Tri-borough foster carers</b>	71%	80%	<b>83%</b> (40 of 48)	<b>On Track</b> to achieve target	Improving on last year
<b>Reduce the number of child protection cases</b>	113	Less than 99	<b>93</b>	<b>On Track</b> to achieve target	Improving on last year
<b>Percentage of re-referrals to children's social care</b>	9%	10%	<b>9.5%</b> (105/1106)	<b>On Track</b> to achieve target	Similar to last year
<b>Percentage of care leavers who are in suitable accommodation</b>	88%	92%	<b>93%</b> (168/181)	<b>On Track</b> to achieve target	Similar to last year
<b>Percentage of children in care aged under 16 in the same placement for at least 2.5 years</b>	70%	81%	<b>77%</b> (48/62)	<b>On Track</b> to fall within target	Improving on last year
<b>Percentage of child protection cases ending during the year with a duration of two or more years</b>	0%	5% - 10%	<b>0%</b>	<b>On Track</b> to fall within target	Similar to last year
<b>Number of Looked After Children in Care in Westminster</b>	179	179	<b>168</b> (94% of target)	<b>On Track</b> to fall within target	Similar to last year
<b>Percentage of young people coming into care aged 14-17 years</b>	66%	54%	<b>50%</b> (34/68)	<b>On Track</b> to fall within target	Improving on last year

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

**Performance indicators on track to achieve targets by year end:**

Percentage of children in care with three or more placement moves	9%	Less than 10%	7%	On Track to fall within target	Improving on last year
Percentage of children subject to a child protection plan for the 2 <sup>nd</sup> or subsequent time.	4.6%	5% - 10%	4.5% (3 of 67)	On Track to fall within target	Improving on last year
Number of 16 to 18 year olds (years 12 and 13) not in education and training (NEET)	74	70	39	On Track to fall within target	Improving on last year

**Service Commentary:** This indicator is most accurately reported in January each year following the outcome of the autumn activity survey which confirms the take up of places offered.

Percentage of places in education, employment and training for young people after they complete their GCSEs	99%	100%	99%	On Track	Similar to last year
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**Service Commentary:** The offer of places to year 11 and 12 was finalised and submitted to Department of Education on 31<sup>st</sup> October 2015, this indicated 98% of 16 and 17 year olds have received suitable offers, this represents an improvement from 96.4% in Oct 2014.



## 5.3 GROWTH, PLANNING AND HOUSING

### Notable areas of achievement, delivery and opportunities

HIGHLIGHT

#### **Employment Targets**

- To date 524 (target 700 - 1,000) residents have been supported to secure a range of paid employment opportunities.
- It is projected that the programme will finish on track, achieving between 756 and 804 job starts. Currently 12 employment support projects are contributing to the corporate target. We anticipate that relevant projects commissioned by Adult Social Care will also be included in returns for Quarter 4.
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HIGHLIGHT

#### **Development Planning Decision Making Process**

- The new digital system went live across the 3 area teams for new applications on 23 November. This should start to improve performance which has been inhibited by the need to dual track process of paper and digital, and also staff shortages.

#### **Housing Option Contract Re-Let - Opportunities**

- The current Housing Options Service contract with Residential Management Group ends October 2017. Work has started on re-procurement with a service re-design steering group created.
- A best practice and innovation subgroup have visited four London boroughs that have recently redesigned their frontline services for residents in housing needs (utilising digitalisation and self-help assessment tools) to inform delivery models for re-procurement.
- Opportunities to extend the single homeless pathways to incorporate all vulnerable singles, thus offering supported accommodation placements in the first instance rather than Temporary Accommodation, is being modelled and pilot opportunities explored.

#### **City Hall update**

- The Programme is on track and progressing in line with the high level plan. Financial consultants and architects have been appointed and detailed designs are being prepared for consideration, the project team are considering options for the Council's temporary accommodation. The Business case which will scope out the commercial and financial case will be considered by the Programme Board at the end of January 2016.

#### **Better use of assets - Hubs Opportunities**

- Three firms have been identified experienced in corporate real estate strategies within the public and private sector to provide analysis to help consider how the estate could be used more efficiently. Further work will then be undertaken looking at Tri-borough occupation and CityWest homes vacant accommodation, with respect to co-location opportunities.
- The aim is to reduce the existing portfolio by approx. 15%-20%, saving the Council around £5m a year and moving assets into the investment portfolio for redevelopment and income generation, generating in the region of £8m-£9m per annum revenue.
- RFPs (Requests for Proposals) are with consultants with the appointment expected by 31 January 2016.



**Support working professionals wanting to get their foot on the housing ladder**

- Three schemes have now been identified for a pilot to provide 50 units of intermediate rented housing to enable tenants to grow their deposit and move into home ownership. The funding proposals for this project have been agreed in principle with one of the Council's affordable housing partners and formal approval of this project will be sought from the Cabinet Member in late February 2016.

**We continue to make good progress on major projects in the City. Recent activities include:**

- Tresham Nursery - Building works completed with occupation due to commence in Jan 16.
- Luton Street - planning application for this redevelopment is due to be submitted in Mar 16.
- Church Street - Procurements for Venables Street works, the Green Spine and Neighbourhood upkeep projects are underway.
- Entered into conditional contract stage for the Sir Simon Milton UTC Westminster. Planning permission granted for the scheme in September 2015.
- The Planning application for the mixed use scheme at Dudley House has been submitted with a decision due in March 2016.
- Ebury Bridge Estate – Cabinet agreed to progress with Compulsory Purchase Order on site.
- Leisure Projects - Strategic business cases agreed for Queen Mothers and Seymour Leisure Centres.

**Service pressures and challenges**

**Housing & Planning Bill**

HIGHLIGHT

- This amendment to the Housing and Planning Bill is linked to the ability for local authorities to set their own planning fees which may create income generating opportunities for the council as it would enable the council to be sufficiently remunerated for the cost of processing the high level of planning applications the council receives. It is important to note that this would enable only the processing, and not the determination of planning applications by someone other than the local council, and allowing other bodies to carry out this process will inevitably create a competitive market. The Housing and Planning Bill suggests a pilot is run to explore how planning applications could be processed by bodies other than the council. If the pilot is successful (and we are calling for rigorous monitoring of it) it is likely it will be rolled out across the country. The progress of the Bill is being closely monitored and various lobbying tasks have been undertaken to influence the development of the Bill.

**Homelessness/ Temporary Accommodation (TA)**

HIGHLIGHT

- High levels of demand for TA continues as increasing market values reduce the availability of properties affordable for households in receipt of benefits. There is also high demand for properties from all London boroughs reducing our ability to procure increased numbers of lower cost suitable properties as an alternative to nightly-booked properties.
- The service has reduced the use of nightly booked/expensive accommodation to 315 units down from 379 at the start of the year, but will not meet our year end target of ≤250. The above factors are limiting our ability to secure properties in volume at close to LHA (Local Housing Allowance) prices and to renew leases of existing properties. Mitigation activities include continuing with the direct purchase scheme, increasing the procurement of longer-term leased properties, increasing homeless preventions through the use of private sector properties, and pan London caps on new nightly booked charges.

### Delivering Affordable Homes

- The majority of these units are linked to privately led S106 development sites with affordable housing obligations.
- 202 new affordable homes have been delivered in Westminster during 2015/2016 to the end of Quarter 3. These new homes include 75 social housing units, 101 intermediate affordable homes plus 26 spot purchases converted to affordable housing use. An additional 4 social housing units are expected by 31 March 2015, which will bring total affordable housing delivery output for 2015/16 to 206 units.
- In order to achieve the 2 year City for All target permanent affordable housing supply target of 479 units, a further 273 new affordable homes will need to be delivered during 2016/17.
- However, there has been significant slippage on a number of schemes that were originally anticipated to be delivered during 2016/17 and which are now expected to be delivered in 2017/18 instead. Those projects that are likely to be delayed include Walerton and Elgin Community Homes (WECH) Regeneration scheme on the Elgin Estate (43 homes), Rathbone Place (20 homes) being delivered by the Great Portland Estate and the Westbourne Baptist Church site (32 homes) being delivered by Dolphin Square.

- As a consequence of slippage to these and other affordable housing projects from 2016/17 into 2017/18, the total number of new permanent affordable homes to be delivered during 2016/17 is now expected to be 181 homes which is 92 homes short of the target. The department will seek to identify further spot purchases and other affordable housing projects that can be brought forward in order to mitigate the effects of this slippage.
- In addition to new permanent affordable housing supply, the Council has completed the purchase of 81 homes for use as temporary accommodation (75 outside Westminster and 6 in borough) with a further 9 properties where terms have been agreed.

### Impact of Supreme Court case on placement of homeless families (The Nzolameso v Westminster judgement made in April 2015)

- The main impact for the Housing Options Service has been the need to enhance the assessment completed before offering temporary accommodation placements. Officers have been completing a suitability form which looks at the households needs such as schools, employment, journey times, health issues, and local area factors i.e. places of worship, supermarkets, stations, GP surgeries, bus routes etc. A comparison with existing information on file is made and then a suitable property matched in liaison with the client.
- The resulting temporary accommodation offer letter is more thorough and contains all of the above information showing the service's assessment and sets out details of why the accommodation is considered suitable. The letter helps to counter any objections raised by the client – the most common being around placements out of borough and travel journey times, getting back to services in Westminster (GPs being the main one).
- Prior to Nzolameso the matching exercise was less complex and detailed i.e. matching a suitable property size with a family who can fill it, considering needs. The new processes take more time and require greater assessment skills than were previously required. And will reduce the amount of work review officers have to do.

- Following the Nzolameso judgement the Council had a number of families currently in the system seeking reviews of suitability decisions and escalating these via the court system. These cases were reviewed by officers and the new suitability assessments completed before proceeding with discharge of duty action. All of these cases have worked their way through reviews/court and current cases have had the new style suitability form completed.

### **Rough Sleepers**

- At the official street count on November 2015, 95 people (excluding foreign nationals) were seen rough sleeping in the City. While some are Westminster residents, up to 40% of this group have been given a firm reconnection message to their home areas elsewhere in the UK / Republic of Ireland and are serially refusing to take this up.
- Background and mitigation:
  - November saw all services working towards the first Operation Adoze - targeting those from EEA countries who were breaching their freedom of movement rights. Operation Adoze, the first operation of its kind in the UK, was designed to focus on 70% of the street population and, as a result, outreach services were stretched very thin given their attempts to map out the borough and anti-trafficking measures to plan the operation.
  - Additional factors include the sharp rise in begging in the borough, use of Spice ('legal highs'), people forming small groups on the street where they feel safe in the group and refusing to be booked into accommodation. This behaviour is reminiscent of street drinking in the 90's and early 00's. Although begging is illegal, the opportunities for rough sleepers, and for those who are housed, is to stay out on the streets (particularly through Strand & Whitehall) to make upwards of £150 per day from tourists and others.
  - Finally, people are coming from all over southern England to do soup runs and to provide toiletries and tents to people they believe are sleeping rough. This acts as a magnet for people to come from outer London to sleep in Westminster and is unique to our borough.
  - In order to address this rise, a second Operation Adoze was carried out resulting in a further reduction in EEA nationals, thereby providing more opportunities to focus on the core rough sleepers. Additionally, work is on-going with Neighbourhood Problem Solving Coordinators and City Inspectors to address begging and street based behaviour. Overall these actions are designed to make living on the streets as uncomfortable as possible in order to reduce numbers and show a consistent message that it is not fine to sleep rough in Westminster.

### **Economy**

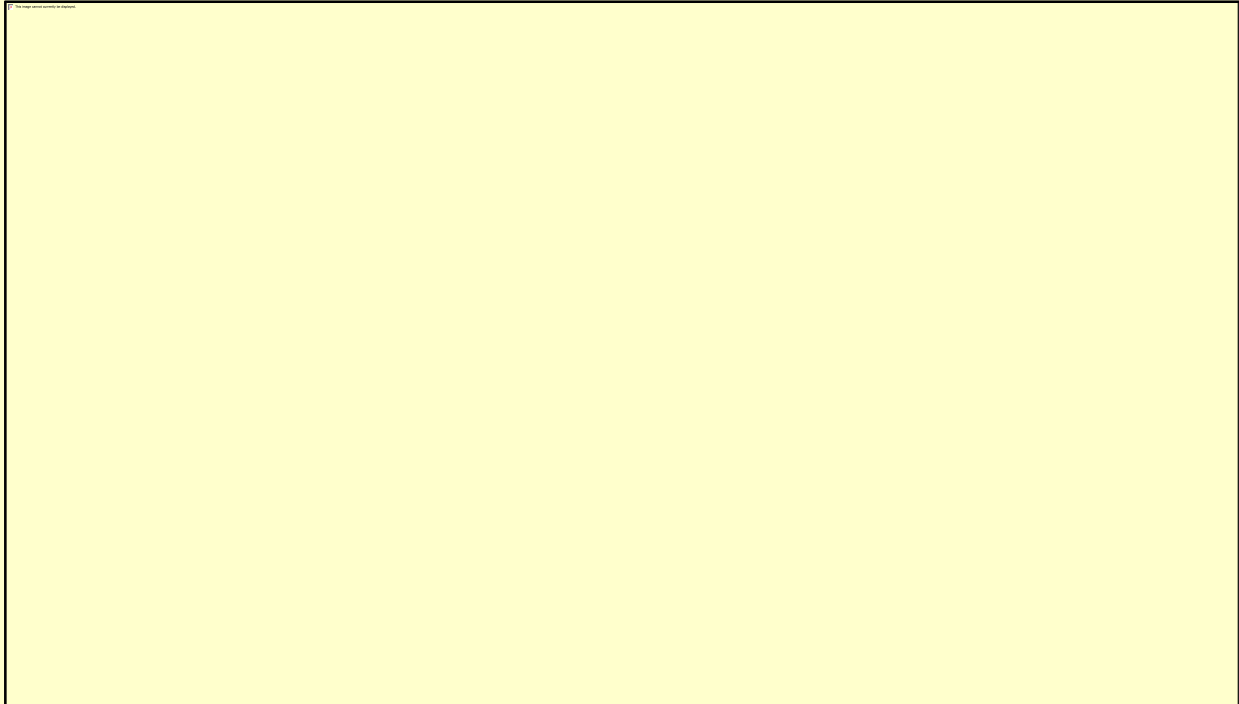
- A new Director of Economy started on the 1st December. One of the top priorities is to consider how the team contributes to reducing long term unemployment as set out in the City for All vision. A draft delivery plan is being developed and will be submitted to the Executive Management Team. There are also proposals for a Business Engagement Campaign which will seek to lever in new business support against this important objective. There has been a soft launch of a website to support youth employment. On the Enterprise side, a new Strategy Manager for Business and Enterprise, is now in post and will be developing plans for this part of the Economy team and in particular a new business concierge service.
- There are early plans for the development of a TIF (Tax Increment Financing) proposal for the West End, new development proposals being worked up for Harrow Road and further work being carried out in anticipation of the opening of new enterprise space at Hub Paddington and Somerset House.

### **Key Analysis undertaken by the Evaluation & Performance Team**

For more information please contact the Evaluation and Performance Team.

### **Business Improvement Districts in Westminster**

The E&P Team have published an online interactive map of Business Improvement Districts in Westminster. This has proved to be a much improved offer in place of individual maps.



Source: <https://westminstercity.maps.arcgis.com/apps/MapTools/index.html?appid=7014e793f844436aa4cf46d26eda481b>

### **West End Partnership**

The E&P team have produced numerous maps / undertaken spatial analysis for the West End Partnership, such as established an indicative boundary, producing details plans of proposed taxi routes as part of meetings held with the taxi trade and most recently estimates of the residential population of buildings fronting streets in the vicinity of Oxford Street:



## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators flagged for attention:					
<b>Housing Services</b>					
<b>Reduce the number of families in short term nightly booked accommodation and uneconomic placements to 250.</b>	379	Less than 250	<b>315 (340 in Q2)</b>	<b>Off Track</b> Target at risk of being exceeded	Improving on last year, and previous quarter
<b>Reason for underperformance and mitigation:</b> Behind target due to a number of factors including high rental prices and high demand across London. Mitigation activities include continuing with direct purchase scheme, increasing procurement of longer term leased properties, increasing homeless preventions through use of private sector properties and pan London caps on new nightly booked charges.					
<b>Timescale for improvement:</b> Monthly budget monitoring highlights that the average cost of the highest cost units has reduced since April and the mitigation activities above will continue to reduce this. The run rate spend forecast to be on track in March 2016 to deliver a balanced 2016/17 budget					
<b>Rough sleeper numbers (those whom Westminster has a duty to assist) to be reduced and maintained below 90.</b>	83 (Nov 2014)	≤90	<b>95 (Nov 2015)</b>	<b>Off Track</b> Target exceeded	Deteriorating on last year
<b>Reason for underperformance and mitigation:</b> This was reported as likely to meet target in Q2 however an increase of 12 since previous year has been seen, with 40% of the group refusing to take up a firm reconnection message to their homes areas elsewhere in the UK / Ireland. A further description of activities has been provided in "Service Pressures".					
<b>Timescale for improvement:</b> By year end we expect current numbers of rough sleepers to reduce and fall within the target level.					
<b>Council tenant satisfaction with services provided by landlord</b>	88% (2014/15)	88% - 91%	84% (2015/16)	<b>Off Track</b> Target not met	Deteriorating on last year
<b>Council tenant dissatisfaction with services provided by landlord</b>	6% (2014/15)	≤7% (6% - 4%)	10% (2015/16)	<b>Off Track</b> Target not met	Deteriorating on last year
<b>Service commentary:</b> - this is an estimate based on tenants responses to questions on repairs as the satisfaction survey only take place annually in March. Data is taken from the monthly Housing repairs survey therefore the impact of the repair has an influence on satisfaction score. Final performance is measured via the annual Housing Management Survey which tends to score higher than the monthly surveys. Note satisfaction/dissatisfaction doesn't add up to 100% as neutral/don't know scores are not included.					
<b>Development Planning</b>					
<b>Percentage of 'Other' planning applications determined within 8 weeks i.e. Listed buildings, household developments.</b>	68% (3,131 of 4,605)	80%	71% (2,230 of 3,141) Was 73% in Q2	<b>Off Track</b> Target at risk of not being met	Improving on last year
<b>Reason for underperformance and mitigation:</b> 'Other' planning applications (e.g. listed buildings, household developments) processed and determined within the required timescales are still currently underperforming with 71% (as at December) against the target of 80% set for the year. This is a nationally set target which has rarely been met because of the complexities of schemes in Westminster and the desire to negotiate acceptable schemes rather than fast track refusals to meet CLG targets. It was also acknowledged figures would suffer whilst Development Planning moves to digital working – (note go live of some elements on 23 November in achievement section).					
<b>Timescale for improvement:</b> Digital working will be fully implemented by 1 <sup>st</sup> April 2016.					

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators on track to achieve targets by year end:					
<b>Housing Services</b>					
Total number of residents supported into paid employment opportunities	708	700 – 1,000	<b>524</b> (75% of 700 target)	<b>On Track</b> Target at risk of not being met	N/A
<b>Commentary:</b> The delivery of the employment programme and the incorporation of deliverables from Westminster Adult Education Service and City West Homes have meant that we are on track to achieve the annual corporate target – see commentary under “City for All priorities”.					
70% of the entrenched cohort of rough sleepers is housed in appropriate accommodation	56%	70%	54% (75 of 140) Q2 position*	<b>On Track</b> to achieve target	Stable on last year
*Update not available until end of January 2015.					
Total number of positive moves from young persons' supported housing and hostel services.	111	80	41 (Q2 figure) (51% of target)	<b>On Track</b> to achieve target	Deteriorating on last year
Support the most vulnerable homeless families into longer term temporary accommodation within 12wks of becoming homeless	No h/holds beyond 12 weeks	Less than 12 weeks	0	<b>On Track</b> to achieve target	Similar to last year
Council Tenants Satisfaction with major works	82% (2014/15)	82% - 86%	88% (2015/16) 83% in Q2	<b>On Track</b> to achieve target	Improving on last year
<b>Service commentary:</b> Data is taken from a survey sent to tenants after their major works scheme has completed.					
<b>Development Planning</b>					
Total number of planning applications received and determined by the City Council to date for the year.	12,680 received 12,500 determined	N/A	9,072 received 7,569 determined	N/A	Reducing on last year
% of 'Major' planning applications determined within 13 weeks i.e. Larger scale development.	57% (23 of 37)	60%	61% (17 of 28)	<b>On Track</b> to achieve target	Improving on last year
% of 'Minor' planning applications determined within 8 weeks i.e. Small scale development.	68% (2,147 of 3,157)	65%	67% (1,495 of 2,232)	<b>On Track</b> to achieve target	Similar to last year
Percentage of planning appeals determined in favour of Westminster City Council.	71% (167 of 236)	66%	74%	<b>On Track</b> to achieve target	Improving on last year
Number of Reports of Unauthorised Development investigated and cleared.	2,258	N/A	<b>1,724</b>	N/A	Improving on last year
Percentage of urgent dangerous structure notifications attended within 2 hours. E.g. scaffolding	100% (39 of 39)	100%	<b>100%</b> (YTD – 34 cases)	<b>On Track</b> to achieve target	Same as last year
<b>Property and Estates</b>					
Increase the contracted income generated from the Council's investment portfolio by 3% of opening base income of £22.3m	£23.80m	£22.97m	<b>23.80m</b> (6.7% growth)	<b>On Track</b> to achieve target	Improving on last year
Percentage of void properties in the councils investment portfolio	1.8%	Less than 4.0%	<b>1.6%</b>	<b>On Track</b> to fall within target	Improving on last year Uplift from Q2

## 5.4 CITY MANAGEMENT & COMMUNITIES

### Notable areas of achievement, delivery and opportunities

- The Public Protection and Licensing team has successfully bid for £70,000 from the Department for Communities and Local Government's domestic abuse fund to improve responses to women from Middle Eastern backgrounds, and enhance support for those in accommodation based support across the Tri-Borough area.

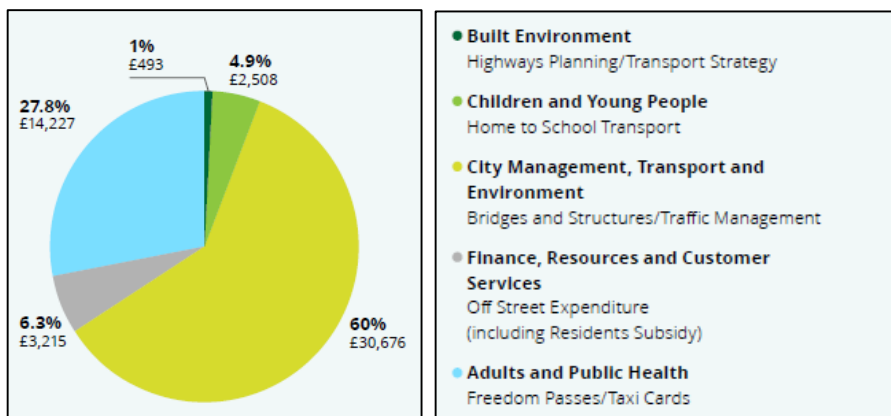
HIGHLIGHT

- Street cleansing performance continues to improve. Results from the City Survey show that customer satisfaction with the service continues to remain high.
  - Satisfaction with refuse collection - cited by largest number of residents (68%) as an important service – remains high: 88% of residents are satisfied with this service.
  - Concerns about vandalism, teenagers hanging around on streets, drunkenness, drug dealing and use in public places all at their lowest level since City Survey began in 2003.
  - Improvement observed in street cleansing performance in comparison with last year: 27% reduction in complaints and 16% in litter levels.

HIGHLIGHT

- A new 4-tier charging system for parking bay suspensions, including charging more in the zones of greatest occupancy was introduced in November 2015 and has proven successful in reducing demand comparable to other London boroughs. It also helps the Council meet its statutory transport network management duties of encouraging the safe and expeditious movement of traffic and the provision of adequate kerbside parking facilities for all users.

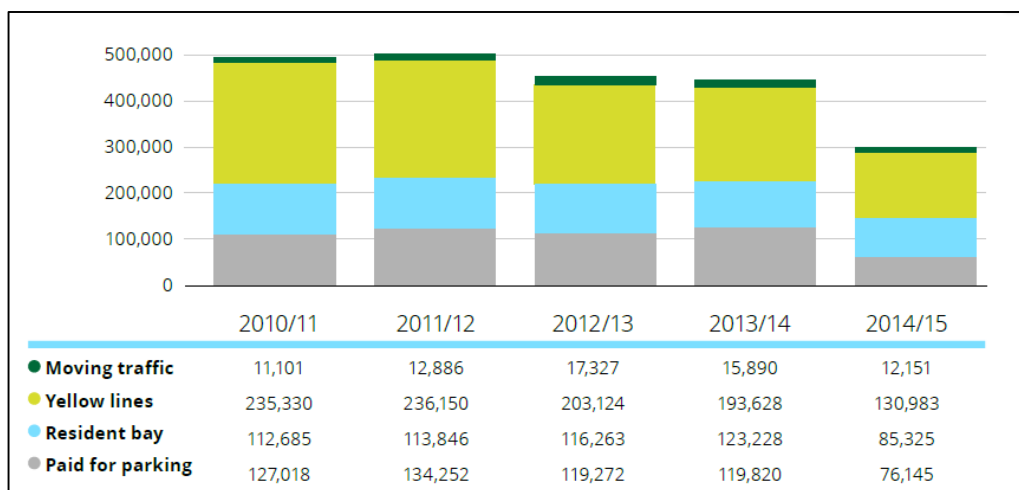
- The 'Proof of Concept' of Electronic permits at 64 White Badge Disabled bays has gone live and is going well with positive feedback from customers and positive media coverage received. The trial's aim is to enable a more effective and efficient management of disabled bays and help improve customer access to the dedicated parking space. The scheme is being supported and part funded by Transport of London as part of their Street Incubator initiative. A full evaluation of the outcomes of the trial will take place in 2016.
- The Annual parking report for 2015 has been published online, it outlines where money collected through parking payments and fines is spent and highlights some of the work done with technology and traffic marshals to keep the city moving and tackle air quality in the heart of the capital. <https://www.westminster.gov.uk/annual-parking-report>
  - What the PPRA Contributed to in 2014/15 (£'000)** - In 2014/15 the majority of contributions from the Parking Place Reserve Account (PPRA) were shared between the portfolios of City Management, Transport & Environment, and Adults and Public Health. Detailed below is a high level chart giving examples of actual expenditure.



Source: Annual parking report for 2015

- **Penalty Charge Notices (PCNs) issued by contravention**

During 2014/15 there was a significant reduction of 32% in the number of PCNs issued on the previous year. This is directly attributed to Westminster's marshalling concept that went live city-wide on 1st July 2014 and the on-going aim to make parking fairer and easier for motorists, and to achieve high compliance. The increased focus on positively changing motorist behaviour through our marshalling approach and new technology continues to assist further with this aim.



Source: Annual parking report for 2015

- **In Parking, high overall levels of compliance remain stable at 99%** based on the last survey taken in October 2015.
- **A Zero tolerance approach to waste management has resulted in increasing numbers of enforcement actions** being taken whilst the service works to change established behaviours around non-compliance. Year to date 1,876 Fixed Penalty Notices and 585 Waste Transfer Notices have been issued.

- Sport is on the decline in West London, according to an annual report carried out by Sport England. The Active People survey found that the proportion of adults doing at least 30 minutes of moderate intensity sport in the UK fell last year in six out of eight west London boroughs, with only the boroughs of Harrow and Kensington and Chelsea reporting an increase in the number of people playing sport from last year. **The City of Westminster meanwhile has replaced Hammersmith and Fulham as London's sportiest borough**, with 44% of adults getting a weekly workout, according to the statistics published last month.

HIGHLIGHT

Borough	% of adults participating in at least 30 min of moderate intensity sport a week Oct3-Oct 2014	% of adults participating in at least 30 min of moderate intensity sport a week Oct14-Sept15
Brent	35	31.3
Ealing	38.8	38.1
Hammersmith & Fulham	46.7	42.1
Harrow	32.7	36.4
Hillingdon	33	29.9
Hounslow	42.8	37.3
Kensington & Chelsea	40.1	43.7
Westminster	44.4	44



- As part of Time Credits programme the Council have committed to rewarding those who help their neighbours and play an active role in their communities with up to 50,000 'credits' over 3 years, which they can spend on a range of activities such as cinema visits and sport. The requirement to positively engage in the programme has been included as part of the 'Promoting Social Value' requirements in the specification for the new leisure management contract which commences in 2016 which will ensure longer term sustainability.

### **Service pressures and challenges**

HIGHLIGHT

- Over £1m is raised from the Mayor's Office to improve community safety. This funds almost the entire specialist domestic abuse services, the majority of our integrated gangs unit, and contributes to tackling youth offending and anti-social behaviour. The current Mayor's Office for Policing and Crime (MOPAC) funding round runs to the end of 2016/17 and the service anticipate potential cuts to funding in the final year of around 5%, with uncertain funding levels from 2017 onwards. Westminster receives proportionately more funding than other comparable boroughs and so has potentially more to lose particularly if funding is allocated on a needs basis. Consideration should be given to including community safety funding in any lobbying of Mayoral candidates in next year's elections.

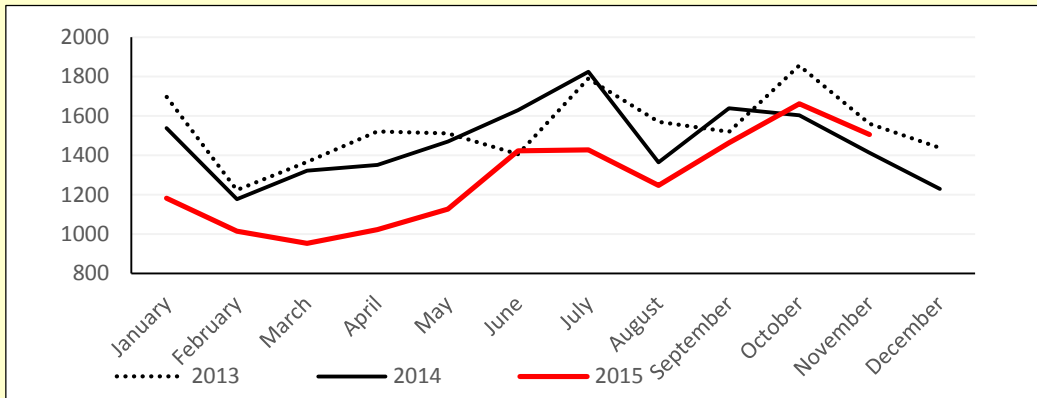
- The way forward for the CCTV service has been agreed. A refreshed and future proofed CCTV camera service will be deployed on street during 2016 and the CCTV control room will be refurbished with future proofed recording and monitoring systems. Concurrently, discussions are continuing with partners to develop a longer-term funding model.
- The result of the City survey noted a fall in levels of satisfaction with Parking services from 69% in 2014 to 60% in 2015. It is likely that this decrease is directly linked to the implementation of the new parking permit portal, which saw customers having to re-register to renew their permits online, due to the changes in technology and back office provider. This caused confusion for some customers and impacted the full 12 month renewal cycle period which ended in November 2015.
- Newly commissioned, shared Violence Against Women & Girls services are currently experiencing unprecedented demand due to rises in reports of domestic violence, and additional investment in London Borough of Hammersmith and Fulham driving increased referrals from Police, Health and Housing. The service is in the process of reviewing referrals to ensure the best use of all available resources.
- Delegate training for 'Prevent Strategy' has been significantly above the 2015/16 target (1300 against a target of 500) but as this has developed increased awareness across the council and particularly local schools, it has increased the number of referrals for those suspected of being radicalised. This provides a risk in the capacity to handle these referrals but the situation is being closely monitored and workloads are manageable at this time.
- There is pressure on the Home Improvement Agency Service in dealing with 'rogue' landlords exploiting the market, and responding to a growing older population remaining at home is stretching resources. This combined with the possible extension of the mandatory Houses in Multiple Occupation licensing system is being reviewed and any risks considered by the service.
- The number of visits to Westminster libraries is down by 4.4 per cent against target in the year to date. This is however an improvement on the position at the end of Quarter 2 when the number of visits was down by 5.9%. Discussions on the way forward for the future library services are ongoing with key decisions to be made in April 2016.

**Key Analysis undertaken by the Evaluation & Performance Team in response to Audit & Performance Committee in Quarter 2**

**Fly-tipping hotspots in Westminster**

- The number of fly-tipping cases has dropped between 2013 and 2015 (figure 2), this may be a result of changes in residents’ behaviour. The monthly figures (figure 1) show that 2015 has had fewer reported abandoned waste incidents than previous years, with particularly low numbers between January and May.

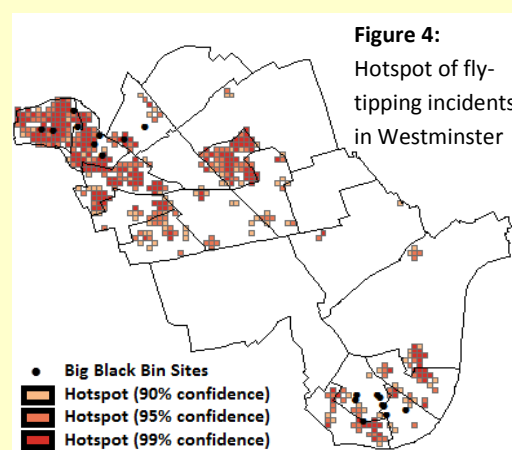
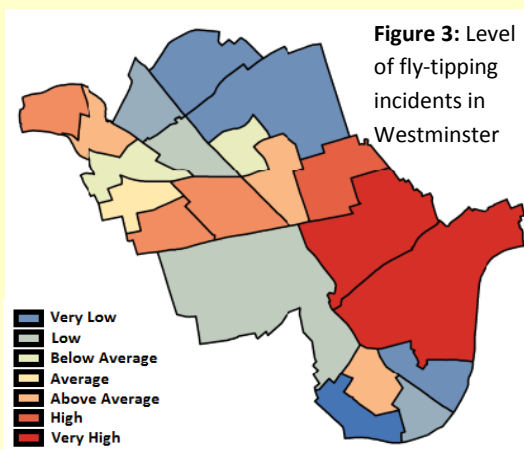
**Figure 1 - monthly and yearly fly-tipping data for Westminster (2013 to 2015)**



**Figure 2 - Yearly fly-tipping totals (2013 to 2015\*)**

Year 2013	17,021 fly tipping incidents
Year 2014	16,334 fly tipping incidents
Year 2015	14,031 fly tipping incidents

- At a ward level, abandoned waste service requests in 2015 shows that West End Ward and St James’s Ward have the highest number of fly-tipping incidents in Westminster (figure 3). This may point to an increased presence of commercial fly-tipping. This commercial fly-tipping appears to be dispersed however throughout the wards - as the hot spot analysis shows that there are few localised sites with high numbers of incidences (figure 4).
  - Hot spot mapping analysis shows that in terms of residential areas, the North West and South of the borough have the highest concentrations of fly-tipping incidents. The areas align with some of the most deprived areas of the borough where there is a higher percentage of social housing. Although it is not clear what the causal factors for flytipping are, it appears that residents may not be using bulky waste collection services effectively in these areas and issues seem to be around the ‘Big Black Bin’ sites. The BBB sites on the map represent the 18 sites that were part of the ‘No dumping’ Campaign.



## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators flagged for attention:					
<b>Library Service</b>					
<b>Total number of visits (footfall) to Westminster libraries as a proportion of the target</b>	2,096,102	2,120,123	1,511,931 (71% of target)	<b>Off Track</b> Target at risk of not being met	Deteriorating on last year
<b>Reason for underperformance and mitigation:</b> Visits were 5.5% below target at the end of Quarter 2. At the end of quarter 3 they are 4.6% below target so the gap is slowly decreasing. Additional events carried out in Quarter 3 as well as increased publicity resulted in some libraries exceeding their year to date target.					
<b>Percentage of planned maintenance and public realm improvement schemes on agreed programme delivered</b>	New Indicator	95%	<b>92%</b>	<b>Off Track</b> to achieve target	N/A
<b>Service commentary:</b> A large amount of design work was due this quarter which is why performance has been affected. This is being tracked closely. Network availability can affect implementation of works and delivery is also weather dependent in Quarter 4.					
Performance indicators on track to achieve targets by year end:					
<b>Waste and Parks</b>					
<b>Improved street environmental cleanliness through the proportion of street surveyed for:</b>					
- <b>Detritus</b> that falls below grade	2.10%	4%	<b>1.41%</b>	<b>On Track</b> to fall within target	All either improving or similar to last year
- <b>Litter</b> that falls below grade	3.60%	5%	<b>3.02%</b>		
- <b>Graffiti</b> that falls below grade	2.30%	3%	<b>2.54%</b>		
- <b>Fly-posting</b> that falls below grade	0.20%	2%	<b>1.51%</b>		
<b>Service commentary:</b> There are three random surveys each year to assess the cleanliness of Westminster streets. The first between the start of April and the end of July. The second between the start of August and the end of November. The third between the start of December 2015 and the end of March 2016.					
<b>The yearly proportion of waste sent for recycling and recover, rather than to landfill</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>On Track</b> to achieve target	Similar to last year
- <b>Recycling</b>	16%	n/a	17%		
- <b>Energy Recovery</b>	82%	n/a	81%		
- <b>Landfill</b>	2%	n/a	2%		
<b>Service Commentary:</b> At the end of Sept, 17% of waste was for recycling, 81% for energy recovery and 2% to Land fill.					
<b>To maintain the low monthly average of missed waste collection complaints per 100,000</b>	4.63	5.00 per 100,000	<b>3.89 per 100,000</b>	<b>On Track</b> to fall within target	Improving on last year

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

### Performance indicators on track to achieve targets by year end:

#### Public Protection and Licensing

Number of homes occupied by vulnerable people in the private sector made 'decent'	145 homes	120 homes	<b>86 of 120</b> (72% of target)	<b>On Track</b> Target at risk of not being met	Similar to last year
Customer Satisfaction with Pest Control Services	100%	90%	<b>99%</b>	<b>On Track</b> to achieve target	Improving on last year
Days of disruption saved on the road network as a result of collaborative working	408 days	400 days (100 days per Quarter)	<b>368 days</b> (122% of target)	<b>On Track</b> to achieve target	Improving on last year
Secure 20 new food businesses to commit to the Healthier Catering Commitment	New Indicator	20 new businesses	<b>21 new businesses</b>	<b>On Track</b> Target exceeded	N/A

**Service commentary:** As a result of targeted advice, nutritional support and sampling, the Health Catering Commitment (HCC) Project aims to tackle and reduce child obesity in the most deprived areas in Westminster. This is carried out by encouraging fast food takeaways, cafes and small food businesses to promote healthier options for customers. The aim is to secure 20 new food businesses to commit to the HCC and receive the award from Westminster, showing they have made nutritional changes to their operation which have an impact on children who purchase food from their business.

#### Highways

Average performance against response times for all lighting priorities	93%	98%	<b>98%</b>	<b>On Track</b> to achieve target	Improving on last year
Average performance against response times for all highways priorities	91%	98%	<b>95.4%</b>	<b>On Track</b> to achieve target	Improving on last year

#### Parking Services

Maintain levels of overall customer satisfaction with the Parking Service	84%	84%	<b>85%</b> (Oct figures)	<b>On Track</b> to achieve target	Similar to last year
Improved parking compliance levels	98.75%	98%	<b>98.81%*</b>	<b>On Track</b> to achieve target	Similar to last year

#### Sports, Leisure and Wellbeing

Number of visits to the Council's sports and leisure facilities	3,776,188	3,700,000	<b>2,582,404</b> (69.8% of target)	<b>On Track</b> to achieve target	Similar to last year
Participation in sports development programmes	72,422	62,400	<b>44,193</b> (65.8% of target)	<b>On Track</b> to achieve target	Similar to last year

## 5.5 CORPORATE SERVICES

### Notable areas of achievement, delivery and opportunities

#### Strategic & Commercial Procurement

- **Procurement savings target of £3 million for 2015/16 has been exceeded.** In-Year Savings are £1.3 million with aggregated total Contract Savings of £5.2 million. In Quarter 3, a Hostel re-procurement for Homelessness delivered an aggregated Contract Saving of £225,000. A full review of the sourcing pipeline is being conducted to identify additional savings opportunities across the Council.
- **During Quarter 3, the Print and Document management contract with Ricoh has completed mobilisation of the key services;** the rollout of a new fleet of Multifunctional Devices across all Council, implementation of the new Print Shop, Parking's and Planning's digital mail service. The framework is also available to 19 other local authorities and Hammersmith and Fulham may be an early adopter by calling off from the Framework in 2016 and other London Councils have also expressed an interest.
- **Four pilots are well underway to support the councils approach to Responsible Procurement which includes the work around the Social Value Act.** The four pilots are Leisure centre management, Housing services for over 50s, Animal wardens and Banking services. Collaborative working to prioritise the employment and skills section was included in the Leisure Centre Management specification which resulted in a number of apprenticeships, mentoring and work experience benefits for local residents. A similar approach was taken for the Housing Services specification. Further pilot procurements are currently being identified including Cash Collections, Merchant Acquiring Services, Parking Uniforms and Libraries.
- **A number of procurements are taking place within Public Health:**
  - The Core Community Drugs and Alcohol procurement has ended and award letters have been issued to the bidders that participated in the procurements for each of the two lots. Should the Council be able to proceed to award of contract, significant budget savings will be realised. The total value of the two contracts for the Council will be £11m over the three year period. This represents a saving of £5.9m against the allocated budget of £16.9m.
  - The strategy School Health Services has been approved and the procurement is proceeding to timetable.
- **There has been significant progress being made to improve the maintenance of records relating to contracts in the Council's Contract Register held in capitalSourcing.** Compliance levels have significantly improved with the aim to have a 100% compliant register. This will provide improved visibility of the Sourcing Pipeline of procurement activity identified by those contracts that will be re-procured. There is a focus on avoiding the extension of contracts without procurement unless savings can be demonstrated through a contract extension. Dialogue is being had with both Adult Social Care and Children's Services in relation to contract extensions.

#### Human Resources

- As part of the **national graduate scheme for local government**, 3 new graduates joined the council in September 2015 and have been on their first placements. Work to increase the number of apprenticeship opportunities continues with 80 placements being created since the beginning of the financial year and Westminster currently has 17 interns at the council.

- **HR is assisting the Cross River Partnership to support individuals with complex personal needs**, into work opportunities via the Supported Employment Programme. The Council is on track to meet the required target of assisting 30 residents.
- **HR has continued to focus on compliance with statutory responsibilities and the protection of the council, its employees and service users.** Managers continue to receive on-going support and advice from Corporate Health and Safety. Health and Safety and Occupational Health are now working towards Workplace Wellbeing Chartered Status from the 1st April 2016 as agreed by the Executive Management Team.

#### **Legal Services**

- Since establishing a **single case management system across Westminster, Kensington and Chelsea and Hammersmith and Fulham** in the previous Quarter, progress has been made in fulfilling our target operating model which will deliver significant savings to the council. This has included co-locating the service to a single site, establishing a single point of contact for all clients to obtain legal advice, in-sourcing the procurement work and have established improved data collection processes to measure service performance.

#### **Information Services**

- **Transfer of legacy CapGemini Data Centre services** (corporate email, file storage, etc.) to BT Shared Infrastructure Platform (SIP) and Office 365 is fully approved and underway, currently on target for completion by June 2016. This is a complex project with significant interdependencies and business impact being managed.
- **The shared IT service has defined a new set of digital platforms which are intended to deliver Westminster's Digital transformation programme** as part of a wider enablement programme covering all three Councils.
- **A new collaboration platform and Intranet is being implemented across the Councils**, based on Office 365 and new technology platforms such as Microsoft Yammer, to cultivate the digital workforce. This will be launched during Q1 2016.
- **Planning work for major Westminster initiatives** such as the City Hall refurbishment programme are being developed, as part of a revised IT change portfolio.
- **Strategic IT governance, Digital Technology Board now established**, and the new shared IT service management team fully appointed.

## Service pressures and challenges

### Human Resources

HIGHLIGHT

- **Temporary Agency Contractor (TAC) numbers and costs continue to be a concern.** Issues with managed services have meant that some TACs have had to be retained for longer than previously envisaged. At the end of Quarter 3 there were 262 TACs which means the Councils target of 200 is at risk. Costs for TACs to the end of December 2015 reached £1.2m and the rolling year cost was over £15m; Even with a reduction in TAC spend it is now unlikely that the rolling year spend will be under £12m which was Westminster's target for 2015/16. HR has working with units to reduce TAC usage and reliance; they have agreed departmental targets for TAC numbers and encouraged the use of alternative recruitment solutions such as fixed term contracts, apprentices and internships.

TACs	MSP TACs		Other TACs		Total TACs	
Period	Number	Cost in month	Number	Cost in month	Number	Cost in month
Q1 Actual (Figure for June 2015)	12	£72,414	262	£968,326	282	£1,040,740
Q2 Actual (Figure for Sept 2015)	17	£123,000	223	£823,191	240	£946,191
Q3 Actual (Figure for Dec 2015)	28	£228,652	234	£1,007,222	262	£1,200,000
Q4 Target Figure	25	£150,000	175	£850,000	200	£1,000,000
Q3 or current (Dec TAC)	Number of TACs		Number of Long term TACs (8-12 months)			
MSP TACs	28		15 (over 6 months tenure)			
Other TACs	234		130 (over 6 months tenure)			
Total TACs	262		145 (over 6 months tenure)			

- **HR is still providing extensive support with the embedding of the HR side of the new Managed Service Programme.** Over the last quarter we have seen some improvements in payroll accuracy however a major concern is that the payroll financial reconciliation has not been completed and the pensions interface with Surrey County Council has not been delivered. There remain concerns about the Agresso system development, controls and response times. Weaknesses in system controls expose the councils to incomplete and inaccurate data being posted, data breaches and reputational damage.
- As a result of the implementation of Agresso joint Finance and HR ERP system provided by BT, **HR is not able to report on the key indicators for sickness and turnover** since Quarter 1. This is as a result of the lack of availability of the required reports from BT at this stage. Work is on-going to resolve these issues however progress has been slow.

### Information services

- **Major service contacts for Westminster IT services** (e.g. CapGemini data centre and Ericsson telephony) end in summer 2016. Securing safe transition to new arrangements concurrent with delivering major change programmes such as Office 365 may increase risk of disruption to services
- Very **significant savings targets for 2017/18** will require focus and resource during 2016/17, the funding for this is not yet agreed and the ongoing operational impacts to services are not yet fully identified
- The **next phase of the shared IT service reorganisation (Phase 2)** will require political approval by all three Councils, which may be delayed

## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators flagged for attention:					
<b>Human Resources</b>					
Total number of agency contractors	313	200	262 (-31% off target)	<b>Off Track</b> Target at risk of not being met	Improving on last year
Total cost of agency contractors (£m)	£17.92m	£12.0m	£15.04m	<b>Off Track</b> Target at risk of not being met	Improving on last year
<b>Reason for underperformance and mitigation:</b> Unexpected / unplanned project or recruitment shortfalls leading to the need to engage more TACs or to extend current TACs. Increasing costs of TACs already engaged.					
Performance indicators on track to achieve targets by year end:					
<b>Information Services</b>					
Freedom of information compliance	89%	90%	100%	<b>On Track</b> to achieve target	Improving on last year
Percentage of staff satisfied with the IT service	New Indicator	79%	97%	<b>On Track</b> to achieve target	N/A
Security breaches reported to ICO (target nil)	New Indicator	Nil	Nil	<b>On Track</b> to achieve target	N/A
<b>Procurement</b>					
In-year savings made for procurement with a contract start date in the measurement period.	£11.220m	£1.00m	£1.264m	<b>On Track</b> to achieve target	Improving on last year
Total savings made for procurement with a contract start date in the measurement period over the life of the contract.	£53.90m	£3.00m	£5.154m	<b>On Track</b> to achieve target	Improving on last year
<b>Legal Service</b>					
Percentage of summons issued for non-school attendance within 10 working days of receiving full instructions.	New Indicator	100%	50%	<b>On Track</b> to achieve target	N/A
Percentage summons issued for illegal street trading within 10 working days of receiving full instructions.	New Indicator	100%	100%	<b>On Track</b> to achieve target	N/A
Contracts: To prepare a first draft of contract terms within 10 working days of receiving full instructions from our client.	New Indicator	100%	100%	<b>On Track</b> to achieve target	N/A
Contracts: To provide written legal advice on procurement strategy for a case and options within 5 working days of receiving instructions from client.	New Indicator	100%	100%	<b>On Track</b> to achieve target	N/A



Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

<b>Legal Service</b>					
<b>Employment: To win or settle 85% of the cases that are heard in tribunal.</b>	New Indicator	85%	<b>No Employment cases heard in tribunal in Q3</b>	<b>On Track</b> to achieve target	N/A
<b>Temporary Accommodation acquisitions - In 80% of cases to send draft documentation to the solicitors within 10 working days of receipt of full instructions</b>	New Indicator	80%	<b>92%</b>	<b>On Track</b> to achieve target	N/A
<b>Performance indicators where data for Quarter 3 is unavailable.</b>					
<b>Human Resources</b>					
<b>Staff turnover excluding redundancies as a proportion of the workforce</b>	11.85%	12.5%	<b>No update available</b>	N/A	N/A
<b>Sickness absence - rolling year average number of days per employee</b>	5.76 days	6 days	<b>No update available</b>	N/A	N/A
<b>Service Commentary:</b> No reporting currently available from new Agresso product to monitor staff sickness and turnover indicators, additionally there are inaccuracies in the organisation structure which are currently being resolved.					
<b>Legal Service</b>					
<b>Clear 90% WCC enforcement reports within 7 working days of receipt</b>	New Indicator	90%	<b>Update available Q4</b>	N/A	N/A

**Notable areas of achievement, delivery and opportunities**

HIGHLIGHT

- **All of the £36m savings targeted for 2015/16 is likely to be achieved.** To date 86.1% (£31m) of the £36m target has been achieved. For 2016/17 the overall savings target of £33m remains unaltered as the Council’s planning has anticipated the scale of the impact from the recently announced Settlement Funding Assessment (SFA) to finance capital financing costs, national insurance changes, the deficit in the pension fund, inflation, the likely impact of the net cost of the right to buy and related changes, risk provision, etc.

HIGHLIGHT

- **The Council continues to increase its collection levels for Council Tax and Business Rates.** As at December 2015, 85% and 87% of Council Tax and Business Rates were collected respectively. The service is on track to achieve target collection levels of 96% Council Tax and 98% Business Rates by year end. However performance is slightly down on last year due to delay in commencing collection because of Managed Services Programme payment allocation issues.

- At the end of December, **services areas are projecting an underspend of £3.497m** caused largely by commercial waste and parking income which are both in excess of forecasted levels. These, along with other smaller variances, lead to a net underspend.
- **Implementation of Welfare Reform** changes have been completed to schedule. An understanding of legislative changes has been achieved, as well as an understanding of the potential impact on Westminster. And the Discretionary Housing Payments policy reviewed to protect the Westminster’s most vulnerable residents.
- In regards to **Business Rates**, a set of credible propositions to Government was made based on detailed modelling and reflecting Westminster City Council’s objectives and priorities. This is to be discussed iteratively with HM Treasury and the Department for Communities and Local Governments and will be finalised in mid-2016.
- Work continues on the **Council’s accounts and budget** and both are progressing to timetable.

**Service pressures and challenges**

HIGHLIGHT

- **The headline Settlement Funding Assessment (SFA) for Westminster in 2016/17 was announced at £140.57m a headline reduction of £11.50m compared to 2015/16.** This comprises an increase of £0.69m in the Baseline (Business Rates increased each year by inflation) together with a reduction in our Revenue Support Grant allocation of £12.19m.

**Westminster City Council’s Settlement Funding Assessment allocation since 2013/14**

Financial Year	Allocation (£m)	% Change
2013/14	£198m	-
2014/15	£177m	11% ↓
2015/16	£152m	14% ↓
2016/17	£140m	9% ↓

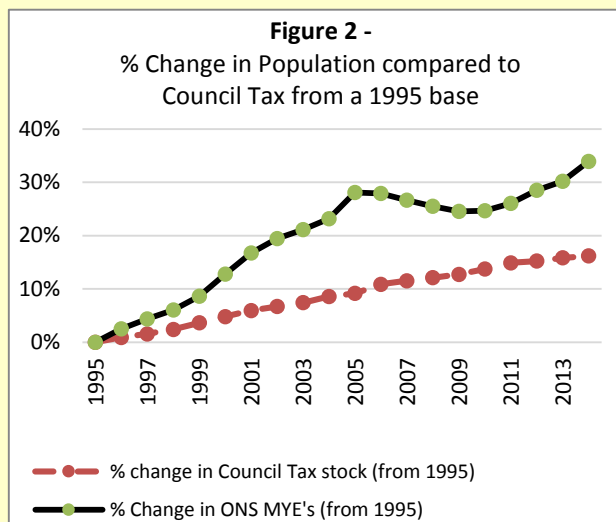
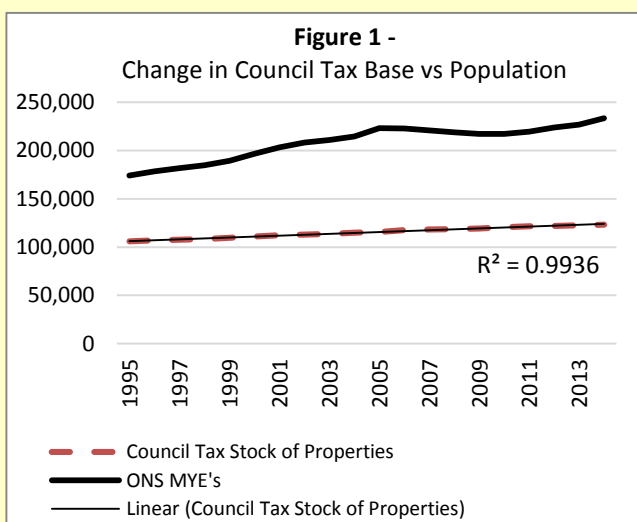
- **There are ongoing issues with Managed Service Programme (MSP) system** which are unlikely to be resolved until the next financial year.
  - Risk that all schools might not achieve the Schools Financial Value Standard and to give assurance that they have secure financial management in place. Focus to date has been on the managed services programmes go-live issues and ensuring schools can use Agresso.
  - MSP is not yet able to produce full monthly financial reporting and monitoring is carried out using a mix of business understanding and information from the system. Consequently the Council has extended its manual transaction validation process in order to mitigate risks and any enquires that may be raised by External Auditors prior to closure of accounts.
  - During the year the debt recovery module on Agresso has not been operational leading to issues with raising invoices. This means the debt collection figure is at risk. However, a council wide focus on debtors has increased with emphasis on improving capital management.

- In regards to the **Business Rate Retention Scheme** there has been an increase in the number of successful appeals agreed by the Valuation Office. The National Non-Domestic Rates 3 (NDR3) form has been submitted and audited as part of annual accounts audit (including the appeals provision). The Council has also responded to Greater London Authority's queries regarding Westminster's Appeals provision.
- **The Better Care Fund (BCF) has been deployed.** Focus on 2015/16 benefits means that implementation timescales for BCF schemes are constrained and delays may impact on realisation of 2015/16 savings targets. See Adult Services section for more detail.

**Key Analysis undertaken by the Evaluation & Performance in response to Audit & Performance Committee in Quarter 2**

**Changing Demographics – How changes in Population estimates have affected the Council Tax base**

- In the period between 1995 and 2014, the increase in the chargeable dwellings that make up the Council Tax base, has been slightly more than matched by the overall population (as measured by Mid-Year Estimates) - see figure below. (The MYEs are somewhat compromised by changing methodology which can only be retrospectively applied to a limited number of historic years by ONS).
- The rise in Council Tax dwellings has risen in a completely linear pattern (see how well the straight trend-line over this period fits the changes in the graph below), whilst the population estimates have experienced surges which could be linked to changes in migration controls and/or the economy, or they could be a result of methodological issues.



- <sup>1</sup>These figures suggest that the average number of occupants within the housing stock as a whole has risen from around 1.64 in 1995, to 1.90 in 2014.
- The difficulty in introducing changes in numbers of empty properties or second homes over this period is that the changing charging regimes appear to also have had a significant impact on numbers recorded through Council Tax records.
- The Census 2011 suggested that around 12% properties have no permanent residents (either empty or second homes). This is a slightly higher % than in 2001 but does represent a total growth in numbers of properties not occupied by permanent residents of around 25% since 2001.<sup>2</sup>
- Taking the number of properties with no full-time residents out of the calculations – and making a small adjustment to the property count in the 2001 census, the number of residents in each occupied property increased from 1.99 to 2.10 from 2001 to 2011.

<sup>1</sup> Assuming that the population living in dwellings where Council Tax and the population base has little relationship (student halls) has broadly remained similar over the period (more students largely balanced by fewer soldiers)

<sup>2</sup> Note that the 2001 Census did miss some properties so the real change may be slightly lower.

## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

Performance indicators flagged for attention:					
<b>Total gross sundry debtors (more than 1 year old)</b>	-	£5.0m	£6.335m	<b>Off Track</b> Target at risk of not being met	Deteriorating on last year
Performance indicators on track to achieve targets by year end:					
<b>Variance between budget and actual spend</b>	Underspend of less than £1m	Underspend of less than £1m	Underspend of £3.497m	<b>On Track</b> Exceeding target	Improving on last year
<b>Projected general fund reserves to date</b>	£36.035m	£36.4m	£39.42	<b>On Track</b> Exceeding target	Improving on last year
<b>Total Savings plans achieved or on track to be achieved for 2015/16</b>	£25.2m	£36m	£30.99m (completed or 'green')	<b>On Track</b> to achieve target	Similar to last year
<b>Percentage of Council Tax collected</b>	96.2%	96.3%	84.68%	<b>On Track</b> to achieve target	Similar to last year
<b>Percentage of business rates collected</b>	98.4%	98.4%	86.69%	<b>On Track</b> to achieve target	Similar to last year

## 5.7 POLICY, PERFORMANCE AND COMMUNICATIONS (PPC)

### Notable areas of achievement, delivery and opportunities

HIGHLIGHT	<ul style="list-style-type: none"> <li>The <b>approval of Westminster's Community Infrastructure Levy</b> in January 2016 is likely to yield more than £17.5m per year to support infrastructure such as transport schemes and schools.</li> </ul>
HIGHLIGHT	<ul style="list-style-type: none"> <li><b>A number of successful events have been held</b> including Silver Sunday (40 events across the city and highest attendance yet), Westminster Enterprise Week (over 1,000 young people attended over 30 events), ActiveWestminster Awards at Lord's cricket ground, Sir Simon Milton Lord Mayor Gala. Helping to energise our communities to become actively engaged in aspirational activities and supporting each other.</li> </ul>
HIGHLIGHT	<ul style="list-style-type: none"> <li><b>The latest Local Economic Assessment has been published on the Westminster website</b> by the Evaluation and Performance team. The LEA is a comprehensive analysis of all aspects of Westminster's economy, focusing not just on the active businesses themselves but also on the wider picture in terms of an analysis of the resident and worker population of Westminster and the physical environment and property markets, to provide a full social, economic and environmental assessment of Westminster.</li> </ul>
HIGHLIGHT	<ul style="list-style-type: none"> <li><b>The Campaigns Team's</b> Registrars campaign was shortlisted for a PRCA Award and won Gold at the Public Service Communications Excellence Awards. They also won a comms2point0 award for best low-cost/free campaign for their work promoting weddings in Westminster.</li> </ul>
HIGHLIGHT	<ul style="list-style-type: none"> <li><b>The New Open Forum</b> replaces the old Area Forums and provides a new way for the council and the community to work together. It offers a wide range of online and face-to-face opportunities for residents to get involved when it suits them. Residents no longer have to wait for the next meeting to share their views. Over 1,000 people have visited the website and over 400 have shared their views online. The first face-to-face meeting is in February.</li> </ul>

- Westminster Council's Greener City Action Plan (GCAP) was released in November 2015.** It is designed to help top-tier managers ensure that our services and policies work together to create a more sustainable and liveable city. GCAP contains a broad programme of schemes and projects, mapping out a challenging agenda for the future for the Council, our suppliers and contractors. The Evaluation and Performance Team has led on designing measures to measure progress over the next 10 years.
- New publications in Quarter 3 underpinning evidence based policy and decision making** include the Statement of Licensing Policy, Local Economic Assessment, the 5-15 year Housing Schedule and Greener City Action Plan (GCAP). New tools to aid decision making around future demographic and policy impacts on health needs, and cohorts for employment and support focus are being developed. Work is underpinned by robust evidence analysed by the Evaluation and Performance team.
- The 5-15 year Housing Schedule was published in January 2016** by the Evaluation and Performance Team, listing the sites that will allow Westminster to reach our housing targets but also providing an evidence base to challenge developers who want to change employment to residential land-use. Developers and other partners can interrogate the data through the Council website.

- **Business Intelligence is supporting City Management to establish an evidence based approach at the core of the service**, projects include: a model that will enable officers to proactively target potential problematic premises (private residential and licensed premises) with early interventions; a Strategic Dashboard for the management team that will enable at-a-glance observations of business activity to identify opportunities and problems as well as develop, define, and effect strategy; an overhaul of the use of information and intelligence in Public Policy & Licensing, including working with the team on the intelligent deployment of resource.
- **Business Intelligence has combined the Acorn classification dataset with service data to provide valuable consumer insight** to help target, acquire and develop efficient customer relationships and improve service delivery. BI has used this customer characteristic intelligence to target smoking cessation services, provide detailed stakeholder characteristics for regeneration projects, create profiles of our library users, understand digital attitudes for residents with long term health issues and inform potential policy changes to Children's Centres.
- **The Evaluation and Performance team provided the evidence base towards the revisions of the Basements Policy.** Following an increase in basement extension developments (and consequent media backlash) a consultation was carried out on the Westminster basement policy. A decision was taken to start applying weights to parts of the Policy in November 2015. An examination will take place on the 8th March 2016 which will allow us to formally adopt the policy as part of our City Plan, limiting very deep excavations which will reduce the negative impacts on neighbours.
- **The Evaluation and Performance team produced an analysis of how a Westminster resident, at various stages in their life**, may be disadvantaged due to one or more of the nine protected characteristics. The data produced provided a basis for an internal consultation event with officers across the council to determine 2016-2020 equality objectives.
- **The Community Infrastructure Levy (CIL)** is a charge on development comprising one or more residential units or new build floorspace of more than 100 square metres. A Westminster CiL is currently being developed based on an evidence base produced within PPC. A public examination took place on 30 November 2015 and the independent examiner's report was received on the 23rd December 2015 recommending that Westminster's CiL charging schedule be approved. Full Council approved the charging schedule on 20th January 2016 and charging of CiL is due to commence on the 1st May. Project receipts of a Westminster CiL are in the order of an average of £17.5m per annum.
- **The Council publishes a statement of licensing policy at least every 5 years.** After consultation with residents, businesses and visitors for their opinions, the latest revision of the Statement of Licensing Policy came into effect on 7 January 2016. The Statement was written using intelligence produced by the Evaluation and Performance team.
- **Operation Makesafe launched in partnership with the Metropolitan police** delivering training to over 50 staff on recognising and reporting the signs of Child Sexual Exploitation in commercial premises such as hotels.
- **The Strategic Policies Map is currently out to consultation** having been updated in-house by the Evaluation and Performance team.
- **BT announcement of roll-out of fibre broadband** to an additional 38,874 local homes and businesses in Westminster following our communications campaign.
- **National and regional media coverage on tackling Rickshaws and promoting recycling** through a children's book.

## Service pressures and challenges

- **Headline results from the City Survey** suggest the Council need to reinvigorate our engagement with the public by promoting excellent leadership in the community. Our approach will be to segment the audience again to tackle pockets of disengagement rather than dissatisfaction, and drive a closer more trusting relationship with the public.
- **The corporate Performance Framework is being reviewed** to ensure that the right information is provided in a useful format to be used for evidence-based working. The Framework is being evaluated and revised by the Evaluation and Performance team. This includes a redesign of the performance dashboard to provide the Chief Executive and EMT with better insight into our progress towards corporate objectives.
- **Replacement of the Census 2021** – PPC is lobbying to be part of a Pilot area working with Office for National Statistics to improve population estimates figures, either alone or collaborating with Royal Borough of Kensington and Chelsea and/ or Camden. If the Office for National Statistics moves to a new method of estimating population using modelled data from administrative sources, Westminster could lose out on funding and accurate numbers upon which to base service planning.

## Current and Future Priorities

HIGHLIGHT

- **The Council's strategic document City for All, is being refreshed in Year 2.** In January 2016 Cabinet discussed the proposals made by Corporate Leadership Team. The commitments were set against the underlying themes of Growth, Prevention and Demand, Sustainable City and Communities. A series of workshops will take place throughout January to review and refresh the commitments.

- **City for All underpins our work and in Quarter 4** the department will focus on the emerging priorities in year 2 including: business engagement, protecting the heritage of the city whilst promoting growth, developing stronger links between employment/health and housing services.
- **PPC will be supporting the City for All priorities** by informing, engaging and involving stakeholders who live and work in the City of Westminster. Using our legislative powers and robust evidence PPC will ensure that the Council is prioritising work that gives the greatest return on investment, being more systematic in deploying cost-benefit analysis tools.
- **Business Intelligence (BI) has moved into the Evaluation and Performance team** and is currently training the wider team with BI technical and project management skills, with this increased capacity the service has started to provide solutions to numerous business areas across the organisation.
- **Key Business Intelligence priorities include more focussed deployment of ACORN** to deliver customer segmentations to help services focus more effectively, tackling fraud using data matching tools to identify potential Council Tax single person discount discrepancies and Freedom Passes that are no longer valid, delivering some of the big-data work behind the Troubled Families programme, developing tools to enable Children at risk of requiring intensive service intervention to be identified earlier.

HIGHLIGHT

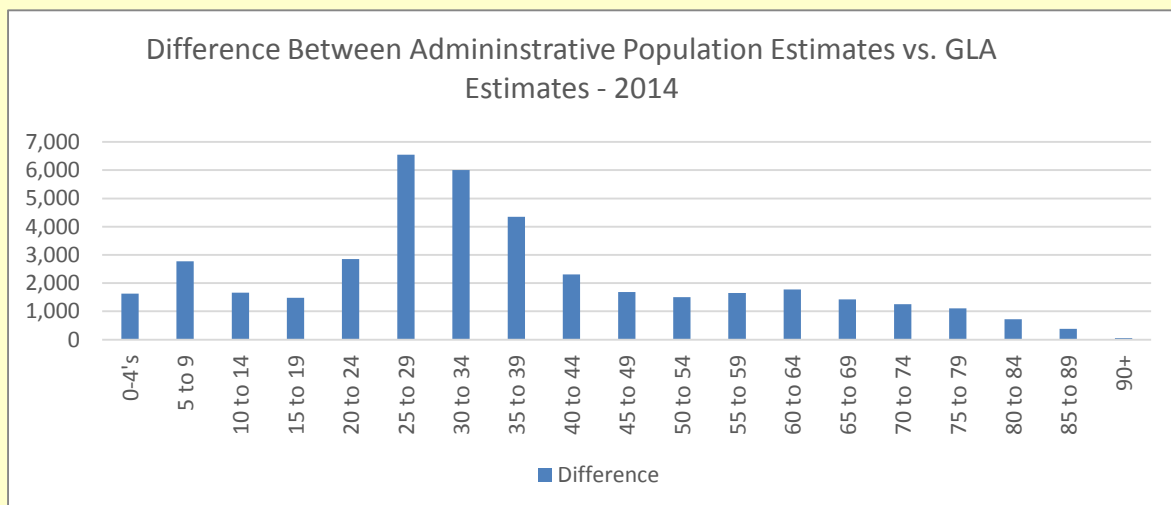
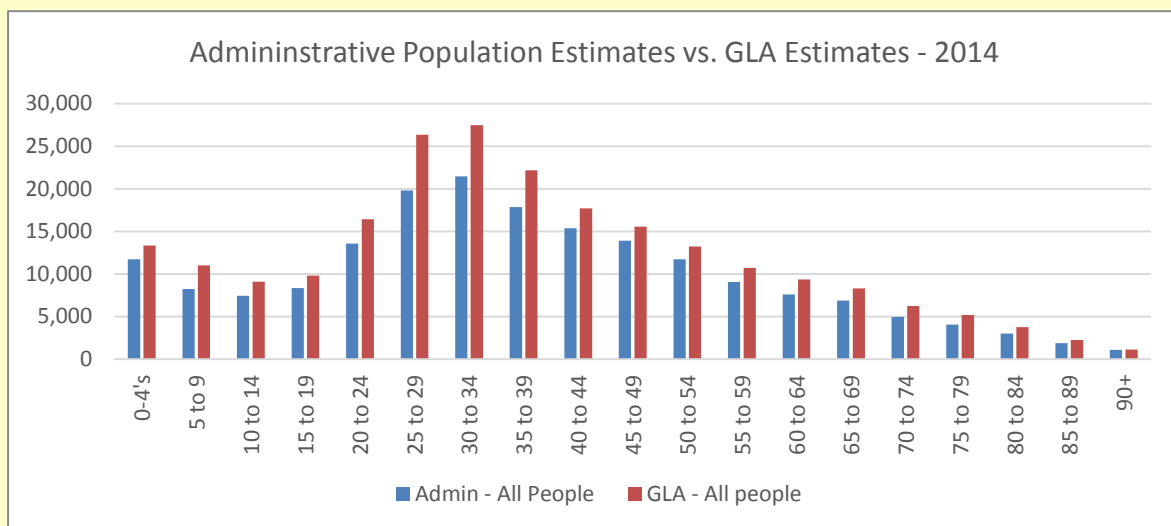
- **The Evaluation and Performance team has worked with various departments within the council** and partners in the private, public and research sector to debate the merits and possibilities of adopting an Open Data Strategy. The next step is to produce a business plan based on research and discussions undertaken.



**Key Analysis undertaken by the Evaluation & Performance Team**

**Current Issues with regards to the replacement of the Census in Westminster**

- The ONS have started modelling population outputs based on GP, DWP Customer Service, and HESA (Student) data, in early prototypes to ultimately replace the Census after 2021
- For much of England this approach works quite well (in terms of numbers), although at the moment the richness of insight (e.g. tenure, health, family composition, ethnicity) carried by the census and used by services to plan would be compromised everywhere.
- In Westminster, (along with RBKC and Camden), however, the basic administrative population estimates at all age groups are significantly lower than those currently produced using a census base (and which in themselves we believe might be lower than reality).
- Westminster’s administrative population estimate is overall 41,000, or 18% lower than current GLA estimates.
- The financial impacts of population loss are difficult to gauge until new funding models for LA’s are confirmed, but there would be significant risks to service planning and insights.
- Westminster has requested, as part of the ONS consultation ending January 2016, that it be part of a pilot to work with ONS, using Local data outputs to help ONS improve estimates in Central London and other hard to count areas



## Key Service performance Indicators

The table provides an assessment of the key service performance indicators. Detail has been provided for all indicators at risk of failing to meet targets by year end. Additional analysis can be undertaken on request.

Performance Indicator	2014/15 Performance	2015/16 Target	Quarter 3 position	Target status	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr – Dec 2015</i>	<i>Off/On Track</i>	<i>Perf vs. last year</i>

### Performance indicators flagged for attention:

#### City Survey results

Residents feel the Council is making the local area a better place to live	80%	Within 5% of last year	71% (2015/16)	Off Track	Deteriorating on last year
Residents agree can influence decisions affecting local area	47%	Within 5% of last year	37% (2015/16)	Off Track	Deteriorating on last year
Residents agree the Council is efficient and well run	62%	Within 5% of last year	56% (2015/16)	Off Track	Deteriorating on last year

### Performance indicators on track to achieve targets by year end:

#### Change Programme Management Unit

Percentage of change programmes where successful delivery of project is on track, probable or feasible.	100% On Track	100% On Track	81% On Track	On Track to achieve target	Similar to last year
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**Service commentary:** One programme currently rated red or amber-red: Digital. Confidence in the programme has increased and a revised scope and plan are expected to be presented to the Programme Board and EMT for sign-off by the end of January. Work is under way to re-shape PPC's transformation offer to the council; proposals are expected to EMT by the end of February, and these will include revised performance indicators for the CPMU.

#### Customer Service

Total customer calls answered in 20 seconds by the Council	New Indicator	80%	86%	On Track to achieve target	N/A
Total customer calls answered in 60 seconds by the Council	New Indicator	95%	95%	On Track to achieve target	N/A
Number of stage 2 complaints received	182 received of which 5 upheld	Improve on last year	112 received of which 9 upheld	On Track to achieve target	Improving on last year
Percentage of stage 2 complaints response completed within 10 working days	75% (136 of 182)	More than 70%	81% (91 of 112)	On Track to achieve target	Improving on last year

#### City Survey results

Resident satisfaction with the Council	87%	Within 5% of last year	84% (2015/16)	On Track	Deteriorating on last year
Residents agree council offers value for money	76%	Within 5% of last year	71% (2015/16)	On Track	Deteriorating on last year
Residents feel informed about services and benefits	77%	Within 5% of last year	78% (2015/16)	On Track	N/A change within statistical tolerances
Residents feel informed about plans for your local area	80%	Within 5% of last year	76% (2015/16)	On Track	Deteriorating on last year
Residents have seen the Westminster Reporter	84%	Within 5% of last year	82% (2015/16)	On Track	N/A change within statistical tolerances
Residents satisfaction with registering to vote	87%	Within 5% of last year	84% (2015/16)	On Track	N/A change within statistical tolerances



City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	3 February 2016
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit Progress Report – November to December 2015
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	Steven Mair, City Treasurer (Section 151 Officer)
<b>Report author:</b>	Moira Mackie, Senior Manager; email: <a href="mailto:moira.mackie@rbkc.gov.uk">moira.mackie@rbkc.gov.uk</a> Tel: 020 7854 5922

### 1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective with no limited assurance audits issued.
- 1.2 Follow up reviews completed in the period confirmed that the implementation of medium and high priority recommendations has been consistently effective.
- 1.3 The Appendices to this report provide the following information:
  - **Appendix 1** Audit reports finalised in the year to date, showing the assurance opinion and RAG status;
  - **Appendix 2** - Additional information on the audited areas;
  - **Appendix 3** - Internal Audit Service – Performance Indicators & Assurance Levels

## **2. Recommendation**

That the Committee consider and comment on the results of the internal audit work carried out during the period.

## **3. Background, including Policy Context**

With effect from 1 April 2015, the Council's internal audit service has been provided by the Tri-borough Internal Audit Team which is managed by the Tri-borough Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in house audit team or by the external contractor to the service. Reports on the outcomes of audit work are presented each month to the Council's Section 151 Officer and to Members of the Audit & Performance Committee. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

## **4. Internal Audit Opinion**

- 4.1 As the provider of the internal audit service to Westminster City Council, the Tri-borough Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 4.2 The results of the audit reviews undertaken in the reporting period concluded that generally systems operating throughout the Council are satisfactory.
- 4.3 Although no key controls testing has been undertaken by internal audit work on the Council's key financial systems due to the ongoing implementation of the Managed Services Programme, the Finance service has undertaken an extensive range of testing of systems transactions including:
- Payroll;
  - Treasury;
  - Pensions;
  - Income;
  - Payments;
  - Interfaces;
  - Manual Payments; and
  - Reconciliations

This testing has been undertaken, amongst others to mitigate the risks associated with the new system and has identified a range of issues which have

been reported to the Managed Service Provider for correction and substantive resolution. Internal Audit has reviewed the testing undertaken and is working with the Finance service to follow up on the actions taken to resolve the issues identified.

## 5. Audit Outcomes (November to December 2015)

- 5.1 Since the last report to Members two audits have been completed, neither of which identified any key areas of concern:

<b>Audit</b>	<b>Assurance</b>	<b>RAG</b>
Freedom Passes	Satisfactory	Green
Business Intelligence	Satisfactory	Green

Further information on these audits is contained in Appendix 2.

## 5.2 Implementation of Audit Recommendations

In the period under review, two follow up audits were undertaken which found that the implementation of recommendations was good with 100% of high and medium priority recommendations implemented or being implemented at the time of the review:

<b>Audit</b>	<b>No of Recs Made</b>	<b>No of Recs Implemented</b>	<b>No of Recs In Progress</b>
College Park Special School	15	13*	1 (1 Low Priority)
QEII Special School	17	16	1 (1 Low Priority)
<b>Totals</b>	<b>32</b>	<b>29</b>	<b>2</b>

\*One medium priority recommendation had not been implemented by College Park School at the time for the audit.

### 5.3 Performance of the Internal Audit Service

The key performance indicators for the internal audit service are contained in Appendix 4. As shown by the performance indicators, the quality of audits delivered was of a high standard with recommendations accepted and implemented in a timely manner and positive satisfaction surveys received from auditees.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

**Moyra McGarvey on 020 7361 2389 Email: [Moyra.Mcgarvey@rbkc.gov.uk](mailto:Moyra.Mcgarvey@rbkc.gov.uk)**

**or**

**Moira Mackie on 020 7854 5922 Email: [moira.mackie@rbkc.gov.uk](mailto:moira.mackie@rbkc.gov.uk)**

#### **BACKGROUND PAPERS**

Internal Audit Reports;  
Monthly monitoring reports.

## Audits Completed – Year to Date 2015/16

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Adult Social Care	Tri-b Personalisation (Cfwd from 2014/15)	Green	SATISFACTORY	0	2	0	Sep-15
Adult Social Care	Tri-b – Residential Placements (Cfwd from 2014/15)	Amber	LIMITED	3	5	1	Sep-15
Adult Social Care	Tri-b Mental Health Care Management (Cfwd from 2014/15)	Green	SATISFACTORY	0	5	0	Dec-15
Children's Services	Tri-b Commissioning & Procurement Governance (Cfwd from 2014/15)	Green	SATISFACTORY	0	3	3	Sep-15
Children's Services	Tri- b Passenger Transport – Post Procurement Review (Cfwd from 2014/15)	Amber	LIMITED	4	7	5	Sep-15
Children's Services	Tri-b School Meals Contract (Cfwd from 2014/15)	Green	SUBSTANTIAL	0	0	3	Sep-15
Children's Services	Tri-b Early Help (Cfwd from 2014/15)	Green	SATISFACTORY	0	3	3	Sep-15
Children's Services	Tri-b Fostering & Adoption	Amber	LIMITED	2	4	0	Dec-15
Corporate Services	Tri-b – MSP Data Migration	Amber	LIMITED	3	0	0	Sep-15
Corporate Services	Tri-b – MSP Interfaces & Acceptance Testing	Amber	LIMITED	1	6	0	Sep-15
Corporate Services	DBS Checks	Amber	LIMITED	5	3	1	Sep-15
Corporate Services	Tri-b Procurement Pre-Qualification Process - Voice & Data Network	Green	SUBSTANTIAL	0	0	1	Sep-15
Corporate Services	Tri-b Multi-user Logins (Cfwd from 2014/15)	Red	NONE	5	1	0	Dec-15
Corporate Services	Risk Management	Green	SATISFACTORY	0	6	1	Dec-15

Audits Completed – Year to Date 2015/16

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Corporate Services	Tri-b Business Intelligence	Green	SATISFACTORY	0	6	3	Feb-16
Growth, Planning & Housing	Management of TMOs	Amber	LIMITED	1	7	4	Sep-15
Growth, Planning & Housing	Service Charges	Green	SUBSTANTIAL	0	1	1	Dec-15
Growth, Planning & Housing	Asset Management and Valuations	Green	SATISFACTORY	1	3	3	Dec-15
Growth, Planning & Housing	Adult Education Service	Green	SATISFACTORY	1	6	5	Dec-15
City Management & Communities	Parking – IT Application Audit	Green	SATISFACTORY	1	4	1	Dec-15
City Management & Communities	Freedom Passes	Green	SATISFACTORY	0	2	4	Feb-16



## Additional Information on Audits

### 1. Freedom Passes (Main Report – Paragraph 5.1)

The Disabled Persons Freedom Pass allows the pass holder free travel across London and free local bus journeys nationally. In order to be eligible for a Disabled Persons Freedom Pass the pass holder must have their sole or principal residence in London and have any of the seven grounds detailed on the People First website (run in association with the Adult Social Care Teams of WCC, RBKC and the London Borough of Hammersmith and Fulham). The seven grounds are where applicants:

- cannot use both arms;
- have a condition that prevents them from driving, such as epilepsy;
- are profoundly or severely deaf;
- have a speech impairment, which means they cannot make clear oral requests, or ask specific questions to clarify instructions;
- are blind or partially sighted;
- have a disability, which has a substantial and long-term adverse effect on their ability to walk;
- have a learning disability.

Councils can also issue discretionary Disabled Persons Freedom Passes to disabled people who do not meet the statutory eligibility criteria.

The Royal Borough of Kensington and Chelsea (RBKC) were appointed to administer the Disabled Persons Freedom Passes Scheme on behalf of Westminster City Council in May 2014. The Customer Access Team undertakes the verification process for new applications and also for renewals for passes already issued.

Passes are issued for free, however there is a cost of £10 if the pass is lost or damaged. Transport for London (TfL) pay for part of the cost of the Disabled Persons Freedom Passes with Councils paying a contribution towards the cost.

The RBKC Customer Access Team has been working with the Business Intelligence Pilot Programme in order to identify instances where Disabled Persons Freedom Pass holders have passed away, moved out of Westminster, have second homes and where their main home is not in Westminster, and where duplicate passes are in existence. This has resulted in a number of passes being identified, which can be deactivated and reduce the cost to the Council.

Two medium and four low priority recommendations have been made which have been accepted by management and are due to be implemented by the end of the financial year including:

- Introducing secondary inspections made on applications to ensure that responsibility is not held by one transport officer throughout the application process;
- Undertaking a full review of prescribed policies, procedures and the application form to ensure that they are up-to-date;
- Liaison with the Corporate Information Officer, the Head of Shared Service Centre and the Head of Parking Operations to provide access to other council systems such as council tax, blue badges and taxi cards to assist with residency checks.

### 2. Tri-b Business Intelligence (Main Report – Paragraph 5.1)

Business intelligence (BI) is the set of techniques and tools for the transformation of raw data into meaningful and useful information for business analysis purposes. The goal of BI is to allow for the easy interpretation of these large volumes of data and BI tools are capable of handling large amounts of data from different sources to help identify, develop and create new opportunities. A data warehouse can be used to store and process large amounts of data from multiple data sets from different services in such a way that makes it easier to analyse and support effective decision making and joined up service delivery. BI technologies

## APPENDIX 2

provide historical, current and predictive views of business operations, and are about using data for hindsight, insight and foresight. Organisations without BI capability often struggle to establish a comprehensive view of their business because their information is poor, fragmented across the organisation and is not easily accessible. Within a local authority setting this may result in discrete sets of information about services and residents being held leading to missed opportunities for fraud prevention, gaining insight into these services and inefficient use of resources.

The Council, the Royal Borough of Kensington and Chelsea (RBKC) and the London Borough of Hammersmith and Fulham (LBHF) agreed the business case for an 18 month BI Pilot Programme to commence in April 2014 to build upon the BI work already taking place within the three councils through centralising the existing fragmented activity by building a virtual team from existing technical and analytical staff across the three councils and by upgrading the existing data warehouse used by Westminster. The aim of the pilot was to demonstrate how the integration and interrogation of multiple data sources will substantially increase insight on services and customers whilst being a critical enabler to wider public service reform and to prove the viability of a Shared Services BI Service.

At the time of the audit, the 18 month BI Service Pilot Programme was finishing (September 2015). A Pilot Review and Options Paper was submitted to the Chief Executives of the three Councils via the Shared Services Board for consideration. The paper outlined the options for the future of the BI service along with the views of the BI Programme Board with respect to the most advantageous model for BI across the three Councils. The Council and RBKC selected the option for a BI Competency Centre (BICC) with the central BI team activity devolved to WCC and it was noted that LBHF may build their own BI capability in the future.

Six medium and three low priority recommendations were made and accepted by management with all recommendations due to be implemented by May 2016 including:

- Formal closure of the Pilot Programme by the BI Programme Board;
- As part of the close down process the future hosting arrangements and maintenance of the data warehouse should be approved by the Programme Board;
- Formal documentation of the governance arrangements, including identifying the roles and responsibilities of those responsible for the delivery and management of the service and those charged with strategic review and scrutiny, of the BI service;
- Documenting and approval of an agreed project management methodology including the internal review processes and expected documentation for future projects;
- Ensuring that for continuing and future projects costs at individual project level is monitored on a regular basis and reported to those responsible for monitoring the outcomes of the service.

### Performance Indicators – 2015/16

Internal audit performance is summarised below against a range of performance indicators:

Performance Indicators	Target	Actual	Comments
<b>Delivery</b>			
Percentage of audit jobs completed by 31 December 2015 (full year 85%)	52%	45%	Some audits pushed back to Q4
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	85%	Slightly under target but improving into Q4
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
<b>Quality</b>			
External audit conclude they can place reliance on Internal Audit work (annual)	Yes	Yes	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	13 received all scoring 4 or above (where 1 = very poor and 5 = excellent)
Percentage of high and medium priority recommendations accepted by management	95%	100%	
Percentage of high and medium priority recommendations implemented by management	95%	97%	

### Assurance Levels

Assurance given, taking into account the system weakness identified, that the system can meet its service objectives:

Assurance Level	Details
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

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City of Westminster

## Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	3 February 2016
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit Plan 2016/17
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	Steven Mair, City Treasurer (Section 151 Officer)
<b>Report author:</b>	Moira Mackie, Senior Manager; email: <a href="mailto:moira.mackie@rbkc.gov.uk">moira.mackie@rbkc.gov.uk</a> Tel: 020 7854 5922

### 1. Executive Summary

- 1.1 The Internal Audit Plan has been reviewed to reflect the changes in the Council's structure and to ensure that our audit work addresses key risks during a period of change and general financial constraints. The Audit Plan includes sufficient audit coverage to enable us to provide an overall opinion on the Council's control framework and is sufficiently flexible to allow for additional reviews to be added in areas where support and/or advice may be required.
- 1.2 The draft Audit Plan for 2016/17 is contained in Appendix 1 to this report.

### 2. Recommendation

That the Committee review the internal audit plan for 2016/17 as set out in Appendix 1 and consider:

- Does the plan cover the organisation's key risks as they are recognised by the Members of the Audit & Performance Committee?
- Does the plan reflect the areas that the Members of the Audit & Performance Committee believe should be covered as priority?
- Are the Members of the Audit & Performance Committee satisfied that sufficient assurances are being received to monitor the organisation's risk

profile effectively, including any emerging issues / key risks not included in our annual plan?

### 3. Background, including Policy Context

- 3.1 The Council's internal audit has been provided by the Tri-borough Internal Audit Service with effect from 1 April 2015. Internal Audit is required to provide the S151 Officer, the Executive Management Team and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year. There has been a gradual improvement in the number of audits receiving a positive assurance opinion from 70% in 2010/11 to more than 80% in 2014/15. A description of each level of assurance is shown below:

Assurance Level	Details
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

- 3.1 The draft Internal Audit Plan for 2016/17 is attached as Appendix 1 to this report and this shows the individual audits that are planned across the Council's services for the coming financial year. The Audit Plan has been prepared following discussions with Senior Managers at the Council. Balancing audit resources across the Council's activities takes into account change, priorities and risk with cyclical reviews planned in operational areas across a three-year period, where possible. Areas of high risk have been identified and included in the plan as well as cyclical reviews in areas of lower financial risk (eg schools).

- 3.2 It should be noted that this Plan is an early draft and will be subject to some amendment before the final plan is published in March 2016. In addition, it is recognised that changes in priorities arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes.
- 3.3 With the implementation of Managed Services in April 2015, there have been significant changes to processes particularly around the Council's key financial systems. The draft Audit Plan for 2016/17 includes a number of audits which will review the key controls within the new managed services environment and the effectiveness of these controls.
- 3.4 A number of the audits in the draft Plan will be undertaken on a Shared Services basis with the majority of these being within Adult Social Care, Public Health and Children's Services, although a number of audits are also contained within the Corporate Services area of the Plan.
- 3.5 The Internal Audit Plan, once finalised, will include sufficient audit coverage to enable an opinion to be reached on the Council's control framework as well as including a contingency allowance for additional reviews in areas where support and/or advice may be required, as agreed with the Council's Section 151 Officer.
- 3.6 We intend to meet with the Council's External Auditor to confirm the scope the work in areas of financial control, particularly in areas included in the Managed Services Programme, to ensure that they can place reliance on our work in 2016/17.
- 3.7 The Audit & Performance Committee Members are reminded that internal audit is only one source of assurance and through the delivery of our plan, we will not, and do not, seek to cover all risks and processes at the Council. We will however, seek to work closely with other assurance providers, such as External Audit, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

**Moyra McGarvey on 020 7361 2389 Email: [Moyra.Mcgarvey@rbkc.gov.uk](mailto:Moyra.Mcgarvey@rbkc.gov.uk)**

**or**

**Moira Mackie on 020 7854 5922 Email: [moira.mackie@rbkc.gov.uk](mailto:moira.mackie@rbkc.gov.uk)**

## **BACKGROUND PAPERS**

Internal Audit Planning Files

Business Plans and Strategic Risk Registers

## Audit &amp; Performance Committee – 3 February 2016

Audit Coverage	Westminster Council Estimated Planned Audit Days	
	2016/17	2015/16
Adult Social Care* (Estimated 310 total audit days for service area)	120	160
Public Health* (Estimated 150 total audit days for service area)	80	100
Children's Services* (Estimated 440 total audit days for service area)	220	255
Corporate Services (including Finance)*	550	615
Policy, Performance and Communications	25	0
Growth, Planning Housing*	140	140
City Management & Communities*	110	95
Contingency	180	60
<b>Audit Days</b>	1,425	1,425

\*These areas include Shared Services audits. The days for shared service audits are apportioned across the three councils. The table above shows the proportion of days chargeable to Westminster Council only.



## Audit &amp; Performance Committee – 3 February 2016

## Adult Social Care:

Auditable Area	Last Audit	Type	Scope
e-Monitoring Home Care System	n/a	IT	Review of new e-monitoring system (Panztel) across shared services
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Homecare Service Delivery	cfwd 2015/16	Systems	Implementation phased in over 9 months following re-commissioning in 2015/16. Review applications, approvals, notifications to service supplier, monitoring of service delivery and performance and contract management.
Supplier Resilience	n/a	Systems	Identification of all contractors, prioritisation of contracts, resilience checking as part of procurement processes, collection and collation of financial/business performance data (regular reports plus market warning notices), effective evaluation of data and reporting of any impacts, contingency planning, proactive management of the market.
Commissioning Planning	n/a	Systems	Ernst & Young defining commissioning intentions and procurement plans which will be developed in early 2016. Review the implementation of the plans for tendering, delivery of benefits and review of plans.
Continuing Healthcare Funding	n/a	TBC	TBC
Customer Journey	n/a	Systems	Implementation of plans from April 2016, including the monitoring of performance and delivery of benefits
Better Care Fund	n/a	Systems	This may be undertaken as part of the Customer Journey audit. Timing to be kept under review. Would consider use of funds, monitoring and reporting on performance and budget management
Procurement: Selection of ASC contracts recently let	n/a	Compliance	Approval to procure, procurement governance arrangements, tendering. The audit title will be substituted with specific contract titles during the year
Contract Management: Selection of ASC contracts	n/a	Compliance	Contract governance, service delivery, monitoring and performance. To consider application of the Standard Operating Model for the re-structured ASC procurement service. The audit title may be substituted for specific contract titles
Mental Health Team Partnerships	n/a	Systems	Governance Arrangements; Service objectives and planning; Performance Management and Monitoring; Financial Management

Audit & Performance Committee – 3 February 2016

Auditable Area	Last Audit	Type	Scope
Information Governance & Exchange	2014/15 Satisfactory	Compliance	Dept information governance structure and organisation, policy and processes, dept oversight and reporting arrangements identification of data and responsible officers, data management, monitoring and reporting by responsible officers.
Commissioning & Contracts	TBC	Compliance	Identification of contract need, approval to procure, procurement governance arrangements, tendering and procurement in line with standing orders and council policy.
Walk Through Testing	2015/16 TBC	Compliance	End to end testing of a range of applications for services received by the council in 2016/17 year.
Continuing Healthcare Funding	n/a	TBC	TBC
Financial Assessments	TBC	TBC	TBC
Leaving Care	TBC	TBC	TBC
			<b>Adult Services (WCC) 120 Days</b>

## Audit &amp; Performance Committee – 3 February 2016

## Public Health:

Auditable Area	Last Audit	Type	Scope
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Health & Wellbeing Strategy	cfwd 2015/16	Systems	Review collation of evidence, consultation, options assessment, production of reports, delivery of strategies
Partnership working with Health & CCGs	n/a	Systems	To cover priority setting & ensuring that the PH outcomes framework is used to inform this.
Commissioning Governance	n/a	Systems	Most of the current arrangements came from Dept of Health and are being reviewed at end of 2015/16
Joint Commissioning	n/a	Systems	Plans are currently being reviewed. Audit could include reviewing how the process inputs into the procurement plans at an early stage. Also include development of new contracting vehicles such as alliances.
Contract Management - GPS and Pharmacists	n/a	Contract Management	Currently circa 100 contracts managed under a light touch regime and performance information is not provided. Review whether outcomes are delivered to support the service funding
Contract Management - CLCH	n/a	Systems	Consider review of the management and governance arrangements in respect of the councils' relationship with CLCH.
Supplier resilience (non DH/NHS)	n/a	Systems	Not as high risk as ASC if service not delivered and most contracts are with the NHS/Dh but other contracts are increasing and it is important to ensure that certain services continue where possible (eg substance misuse, sexual health)
			<b>Public Health (WCC) 80 Days</b>

## Audit &amp; Performance Committee – 3 February 2016

## Children's Services

Auditable Area	Last Audit	Type	Scope
All Souls CE Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
Barrow Hill Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Burdett Coutts Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Christchurch Bentinck CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Essendine Primary	2013/14 Limited	Compliance	Agreed School Audit Programme
Hallfield Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
Hampden Gurney CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Augustines CE High School	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
St Augustines CE Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
St Edward's RC Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Gabriel's CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Luke's CE Primary	2012/13 Limited	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
St Peter's CE Chippenham Mews Primary	2012/13 Substantial	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
St Vincent's RC Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Edward Wilson Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Procurement	n/a	Compliance	Contingency for reviewing individual Tri-borough and or sovereign procurements either the commissioning and procurement elements or the contract management arrangements
SEN Provision	cfwd 2015/16	Systems	Review of the arrangement for the assessment of SEN needs and determining the necessary level of provision in individual cases in compliance with legislation. Will examine the progress in implementing the recommendations from the Ernst Young review
SEN Procurement	n/a	Compliance	Review the contract management arrangements through the Intelligent Client Function arrangements

## Audit &amp; Performance Committee – 3 February 2016

Auditable Area	Last Audit	Type	Scope
Asylum Seekers - Unaccompanied Minors	2010/11 (WCC) Limited	Compliance	Review of the arrangements across the three councils for the assessment of individuals presenting as asylum seekers and the funding arrangements for their management and care provision
Personal Budgets - Disabled Children	n/a	Compliance	Review the arrangements for compliance with enabling legislation including assessments and management/monitoring arrangements in individual cases
School Improvement Services	n/a	Compliance	Review the arrangements for identifying issues at school and providing support to schools
Governors Support	n/a	Systems	Review the arrangements for supporting governors including: awareness; recruitment; training and compliance
Leaving Care	cfwd 2015/16	Systems	Review of the arrangements for preparing children for the transition out of council care and the ongoing overview and management of individual cases
Safeguarding Children	n/a	Compliance	Review of the arrangements for monitoring compliance with legislation and providing quality assurance over the councils' arrangements for safeguarding children
School Meals Contract	cfwd 2015/16	Compliance	Review the arrangements for managing the contract
Children & Families Act Implementation	cfwd 2015/16	Compliance	Review arrangements for managing the councils transition to full compliance (strong links to SEN provision)
Procurement of Placements	cfwd 2015/16	Compliance	Review the arrangements for procuring placements for higher needs and disabled children, including payment and budgetary controls
			<b>Children's Services (WCC) 220 Days</b>

## Audit &amp; Performance Committee – 3 February 2016

## Corporate Services

Auditable Area	Last Audit	Type	Scope
Disaster Recovery and Business Continuity	2012/13 Satisfactory	IT Governance and Security	Review of DR and BR arrangements for business critical systems and network
ICT Service Contract with BT and Agilisys	n/a	IT System and Processes	Service review of BT and Agilisys contract for helpdesk and data network support
Business Rates NNDR (Academy) System	n/a	IT System and Processes	Review of the Academy application for BR/NNDR (outsourced to Capita in Erith)
Housing Benefits (Academy) System	n/a	IT System and Processes	Review of the Academy application for Housing Benefits (outsourced to Capita in Erith)
Transport Infrastructure - See also Highways & Infrastructure	n/a	Systems	Review how the council will account for a change in valuation of highways assets. (This audit will involve the service area as well as key contacts in the Finance Support area). The process for this change within the contractor's arrangements needs to be clear.
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Pensions Administration	n/a new provider	Systems	Change in provider now with Surrey CC for all three councils. Full systems review to include all aspects of the pension administration service taking into account issues resulting from interfacing with Agresso.
Demand Management	n/a	Systems	Review how the service manages demand/resource for legal services in line with the S113 agreement.
Trading Accounts	2012/13 Substantial	Systems	Review the systems in place to ensure that the service is capturing costs/billing/accounting for income across the shared service.
TFM	See GPH plan	See GPH plan	See GPH for WCC (Corporate Services in other Council's Plans)
Ethics, Declarations of Interest, Gifts & Hospitality	various	Compliance	Review of compliance by the service areas with the requirements of the council's code of ethics etc
Payroll	various	Systems	MS - Audit bfwd from 2015/16
DBS	various	Systems	Review process since MS implemented & service retained in house
Accounts Payable (P2P)	various	Systems	MS - Audit bfwd from 2015/16

## Audit &amp; Performance Committee – 3 February 2016

Auditable Area	Last Audit	Type	Scope
Accounts Receivable (O2C)	various	Systems	MS - Audit bfwd from 2015/16
Income Management (Cash & Bank)	various	Systems	MS - Audit bfwd from 2015/16
General Ledger/Budgetary Control	various	Systems	MS - Audit bfwd from 2015/16
Treasury Management	2012/13 various	Systems	Review of the systems in place for the shared treasury management service and compliance with agreed policies, strategies and procedures.
Networks & Telecommunication Service Contract	various	IT Governance and Security	Review of new service contract for network and telecommunications across shared services
Security Incident Management	various	IT Governance and Security	Tri-borough arrangements for incident management sharing of knowledge and lessons learned
ICT Contract Monitoring Arrangements	various	IT Governance and Security	Review of how central ICT service contracts are monitored and managed across shared services
Personal Commitment Statement/ Information Security Policy Compliance	various	IT Governance and Security	Review of compliance with personal commitment statements for network users
Security Incident & Data Management	various	IT Governance and Security	Review of security incident management and data management including prevention / loss of data
Office 365 Implementation	n/a	IT Governance and Security	Review of the implementation for Office 365 including security issues and costs
System Server & Admin Account Management	various	IT Systems & Processes	Review management of system servers and system administration accounts for networks
IT Asset Management & Disposal	various	IT Systems & Processes	Review of arrangements for management and disposal of IT assets / equipment across shared services
MSP - System Administration Access Organisation Hierarchy	n/a	IT Systems & Processes	Review of system administration, system access and organisation hierarchy set up for Agresso
MSP - Change Control Process	n/a	IT Systems & Processes	Review of how change controls is managed within the MSP environment
MSP - Interfaces with external systems	n/a	IT Systems & Processes	Review of Agresso interfaces with business critical systems how these are managed/controlled through Procsolve (third party provider)

## Audit &amp; Performance Committee – 3 February 2016

Auditable Area	Last Audit	Type	Scope
MSP - Business Continuity and Disaster Recovery	n/a	IT Systems & Processes	Review of the DR and BR arrangements for Agresso
MSP - Contingency	n/a	IT Systems & Processes	Ad hoc audit work arising post implementation
			<b>Corporate Services (WCC) 550 Days</b>

## Policy, Performance &amp; Communications

Auditable Area	Last Audit	Type	Scope
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Partnership Governance	n/a	Systems	Review of governance arrangements with partners (eg Cross River Partnership)
			<b>Policy, Performance &amp; Communications (WCC) 25 Days</b>



## Audit &amp; Performance Committee – 3 February 2016

## Growth, Planning &amp; Housing

Auditable Area	Last Audit	Type	Scope
Property Database – Tech Forge	n/a	Systems	The Tech Forge system wasn't fully implemented at the time of the 2015/16 audit on asset management and valuation. Once the system is considered to be implemented a review on the controls in place to ensure that the system is maintained accurately and effectively is recommended.
Total Facilities Management	2014/15 Limited	Contract Management	This is a shared service and any audit in this area will be agreed with the three councils. It is likely to review contract performance and contract management.
Lessee Charges	2013/14 Satisfactory	Systems	Identification of chargeable lessees; estimated bills issued in accordance with S20 consultation process; process for the compilation of the final account robust and ensure bills are generated in a timely manner; final bills are accurate and issued in a timely manner; effective debt recovery in place; debts written off in accordance with procedures.
Right to Buy	2013/14 Satisfactory	Systems	Following on from previous audit this audit would include the application process but with a focus on fraud awareness and the impact of Money Laundering Regulations. Before doing audit work in this area, the Head of Fraud would like to meet with the Director of Housing to talk about how he can help housing staff to employ proactive measures to minimise the risk of fraud.
Housing Rents	2015/16 Satisfactory	Compliance	Although housing rents are being reviewed in the 2015/16 plan, a small review is planned of the process to reduce rents with effect from April 2016 to provide assurance on the accuracy and controls in place.
Gas Servicing	2010/11 Satisfactory	Compliance	Programme of suitable works are in place covering annual gas safety compliance checks for domestic and communal boilers, and the replacement of domestic boilers; Appropriate checks are in place for boilers owned by leaseholders; Systems are in place to manage the performance of the contractor, including appropriate checks on completion and quality of work; The arrangement for uploading and storing data of completed gas servicing tasks is sound and the data held is accurate and reliable.

## Audit &amp; Performance Committee – 3 February 2016

Auditable Area	Last Audit	Type	Scope
Planning Process (excluding Planning Enforcement)	n/a	Systems	Transformation of the service: reducing paper, increasing the use of on-line systems, access to records and applications fully managed through the case management system (Uniform) and workflow (Enterprise). The system is expected to be fully implemented by April 2016 with an audit of the transformed service included in the plan. The audit will not include the planning enforcement as this is already using the new processes and is due to be reviewed in Q4 of 2015/16.
Tenant Management Organisations (TMOs)	various	Compliance	To review compliance with the modular management agreement and the adequacy of governance and financial records at TMOs (budget for two as agreed with CWH).
Energy Performance of Buildings Directive	n/a	Systems	Identified as a new risk in the risk register – possible review of plans in place to ensure that the Council is compliant with the Energy Performance of Buildings Directive by 2018.
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
New Property Investment Strategy	n/a	Systems	Committee approved new strategy (18/11/15 Housing, Finance and Corporate Services Policy and Scrutiny Committee). Maybe an area to review so contingency included.
Rationalisation of Operational Property Portfolio	n/a	Governance	The council is due to appoint consultants to review the operational property portfolio with an aim of developing a strategy to rationalise it.
Major Projects	n/a	Governance	Consider due diligence or governance processes around these projects.
			<b>Growth, Planning &amp; Housing (WCC)   140 Days</b>

## Audit &amp; Performance Committee – 3 February 2016

## City Management &amp; Communities

Auditable Area	Last Audit	Type	Scope
Parking RingGo (payment by phone)	n/a	IT System and Process	Review of the parking pay by phone payment system
Waste Disposal	Systems review in 2013/14 Substantial assurance	Transition Controls	The re-let of the contract for waste disposal commenced in 2015/16. Contract for disposal of general refuse is due to commence in Sept 2017 and the new contract for recycling & food waste disposal is due to start in Sept 2016. Any contract management audit would be more appropriate in 2017/18 when both contracts are in place (post Q3). If there is a change in contractor, an audit around the transition of the service to the new recycling & food waste disposal contract could be undertaken in Q2 and would need to be scoped with the service.
Commercial Waste	2013/14 Limited	Systems	Although the last audit received limited assurance, significant effort was made to implement the required recommendations which were reviewed in 2014/15. This audit would review the charging, income and collection and debt recovery processes for the commercial waste service.
Registrar Service	2012/13 Satisfactory	Systems	To review the controls in place which enable the Registrars to provide an effective service for the registration of births, deaths and marriages and any non-statutory services offered including the efficient and effective collection of fees and charges for these services.
Waste Collection, Recycling, Street Cleansing and Ancillary Services	2013/14 Substantial	Systems	An audit on the contract management and performance is due in 2016/17. The audit would include: The effectiveness of the performance management framework, including reporting; • The relevance of the performance indicators; • The effectiveness of the remedies to address performance issues; • Payments in accordance with the contract; • Variations are in accordance with the Procurement Code and Financial Regulations.
Prevent Strategy	n/a	Systems	Responsibilities under Section 26 of the Counter Terrorism and Security Act 2015. Not previously audited. The audit would review: Governance arrangements (roles, responsibilities, reporting lines and information sharing); Risk assessment and Action Planning; Referral, assessment, monitoring and review; Funding, financial management, expenditure controls; Outcome monitoring.

Audit & Performance Committee – 3 February 2016

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Auditable Area	Last Audit	Type	Scope
Food Safety	2008/09	Systems	This hasn't been reviewed since 2008 due to the timing of inspections by other regulators. The audit would review the controls in place to address the following key risks: Food businesses are not registered and this is not identified; Non compliance with legislation and codes of practice by food business is not identified and appropriate action taken; and Staff are not adequately trained and equipped to discharge their duties effectively.
Libraries	2013/14 Substantial	Systems	Different options for delivering the service are being explored (Dec 2015) and this may focus any future audit work. The scope of any audit activity will therefore need to be discussed with service prior to any work commencing.
Transport Infrastructure - See also Finance	n/a	Systems	Review how the council will account for a change in valuation of highways assets. (This audit will involve the service area as well as key contacts in the Finance Support area). The process for this change within the contractor's arrangements needs to be clear.
Parking Systems	n/a (new contract)	Contract Management	The management and performance of the service provided under contract by NSL has not been reviewed since the contract commenced and is due in 2016/17. The audit would include: The effectiveness of the performance management framework, including reporting; The relevance of the performance indicators; The effectiveness of the remedies to address performance issues; Payments in accordance with the contract; Variations are in accordance with the Procurement Code and Financial Regulations.
Leisure Centres	n/a (new provider)	Compliance	The contract for managing the council's 8 leisure centres is being re-tendered and should be in place with the appropriate provider from July 2016. A cyclical review of compliance with financial control has been identified at the leisure centres as this has an impact on the income expected from the service. Suggest 4 reviewed in 2016/17 and 4 reviewed in 2017/18.
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEourcing
			<b>City Management &amp; Communities (WCC) 110 Days</b>



City of Westminster

## Audit & Performance Committee Report

<b>Meeting:</b>	<b>Audit &amp; Performance Committee</b>
<b>Date:</b>	<b>3 February 2016</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Work Programme</b>
<b>Wards Affected:</b>	<b>N/A</b>
<b>Financial Summary:</b>	<b>There are no direct financial implications arising from this report</b>
<b>Report of:</b>	<b>Head of Committee &amp; Governance Services</b>
<b>Report Author:</b>	<b>Reuben Segal, Senior Committee and Governance Officer. Tel: 020 7641 3160 or email: <a href="mailto:rsegal@westminster.gov.uk">rsegal@westminster.gov.uk</a></b>

### **1. Executive Summary**

- 1.1 The Committee is invited to review its work programme, attached at appendix 1.
- 1.2 The Committee is also invited to review the actions which arose from the last meeting and the work undertaken in response, as detailed in appendix 3.

### **2. Recommendations**

1. That the Committee agrees its Work Programme attached as at **appendix 1** to the report.
2. That the work undertaken in response to the actions which arose from the last meeting, as detailed in at **appendix 3** to the report, be noted.

### **3. Choosing items for the Work Programme**

- 3.1 The Committee's Work Programme for 2015/16 is attached at appendix 1 to the report.
- 3.2 Members' attention is drawn to the Terms of Reference for the Audit and Performance Committee (attached as appendix 2) which may assist the Committee in identifying issues to be included in the Work Programme.

### **4. Monitoring Actions**

- 4.1 The actions arising from each meeting are recorded in the Action Tracker attached as appendix 3. Members are invited to review the work undertaken in response to those actions.

### **5. Resources**

- 5.1 There is no specific budget allocation for the Audit and Performance Committee.

### **6. Approval and modification**

- 6.1 The work programme will be reviewed at each meeting of the Committee and items can be removed or added.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

**Reuben Segal, Senior Committee and Governance Officer**

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### **APPENDICES:**

Appendix 1 – Work Programme 2015/16

Appendix 2 – Terms of Reference

Appendix 3 – Committee Action Tracker

### **BACKGROUND PAPERS:**

None

## Work Programme 2015/16

### Audit and Performance Committee

18 MAY 2015

Agenda Item	Reasons & objective for item	Lead Officer
<b>Final Annual Accounts 2014/15</b>	To present the final 2014/15 annual accounts.	Steve Mair (Finance)
<b>KPMG Annual Governance Report</b>	To review and comment on the findings of the letter and on actions being taken in response to recommendations. In line with CIPFA guidance on audit committees and ISA 260 which requires the letter to be communicated to 'those charged with governance' along with the auditor's opinion on the financial statements.	Andrew Sayers (KPMG)
<b>Annual Internal Audit and Counter Fraud Monitoring Report</b>	To oversee and monitor the success of the annual Audit and Anti-Fraud Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Chris Harris (Baker Tilly)
<b>Local Audit and Accountability Act 2014</b>	To receive a report on the implications of the act.	Steve Mair (Finance)

15 July 2015

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2015-16</b>	The Committee is invited at its first meeting of the 2015/16 municipal year to agree a work programme.	Reuben Segal
<b>Annual Contracts Review 2014/15</b>	To review of the City Council's contracts, including details of contracts awarded, waivers and performance.	Anthony Oliver (Procurement)
<b>2014/15 End of year Performance Business Plan Monitoring and Period 2 (May) Report</b>	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steve Mair (Finance)  Mo Rahman (Performance)



**17 September 2015**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Work Programme 2015-16</b>	The Committee is invited to review its work programme for the 2015/16 municipal year and monitor the progress of the Working Groups.	Reuben Segal
<b>Staffing Issues</b>	To consider service pressures and challenges within Human Resources including the number and cost of temporary agency contractors across the Council and staff turnover.	Carolyn Beech (HR)
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance)  Mo Rahman (Performance)
<b>Internal Audit and Counter Fraud Monitoring Reports</b>	To oversee and monitor the success of the Audit and Anti-Fraud Services in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)  Andy Hyatt (Anti-Fraud)
<b>Risk Management</b>	To monitor the current status of key service area risks, together with the identification of risks arising as part of the programmes currently being undertaken.	Hugh Jordan (Strategic Performance Team)

<b>Change to the Council's Auditor</b>	To note a change of auditor due to the discovery of a conflict of interest.	Steve Mair (Finance)
<b>Update on the Managed Services Programme</b>	The update will include information on performance of the contractor, errors and issues identified and potential risks to the Council from the implementation of MSP.	Steve Mair/Moira Mackie

**3 November 2015**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Update on Managed Services Programme</b>	To consider an operational update on MSP since the last meeting and to submit questions to the contractor on this and associated matters.	Nick Dawe (Bi-Borough Corporate Services)

## 2 December 2015

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2014-15</b>	The Committee is invited to review its work programme for the 2014/15 municipal year and monitor the progress of the Working Groups.	Reuben Segal
<b>KPMG Annual Audit Letter 2014/15</b>	To provide KPMG's assessment of the Council's financial statements and its arrangements to secure value for money in its use of resources.	Andrew Sayers (KPMG)
<b>Corporate Complaints 2014/15</b>	To report on the volume and details of complaints received by the Council and CityWest Homes in 2014/15.	Sue Howell (Complaints)
<b>Update on Corporate Contract Management</b>	To provide an update on Contract Management Framework, Procurement & Commercial training including compliance with contract record keeping within capitalEsourcing	Anthony Oliver (Procurement)
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance)  Mo Rahman (Performance)

<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)
<b>Headline results from 'Your Voice' Survey 2015</b>	To consider the headline results of 'Your Voice' an annual staff engagement survey designed to give staff a voice, highlighting what does and doesn't work well.	Carolyn Beech (HR)
<b>Update on Use of Temporary Agency Contractors</b>	To monitor and consider the number of temporary agency contractors in post over 2 years by Department	Carolyn Beech (HR)
<b>Lessons Learned - Managed Services Programme</b>	To consider the key findings from a Lessons Learned Review undertaken by external auditors at the request of the Interim Bi-Borough Executive Director of Corporate Services	Nick Dawe Corporate Services



**10 November 2015**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Update on Managed Services Programme</b>	To consider an update on MSP since the last meeting and to submit questions to the contractor on this and associated matters.	Nick Dawe (Bi-Borough Corporate Services)

**12 January 2016**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Update on Managed Services Programme</b>	To consider an update on MSP since the last meeting and to submit questions to the contractor on this and associated matters.	Nick Dawe (Bi-Borough Corporate Services)

### 3 February 2016

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2015-16</b>	The Committee is invited to review its work programme for the 2015/16 municipal year and monitor the progress of the Working Groups.	Reuben Segal
<b>KPMG Certification of Claims and Returns Annual Report (Audit 2014/15)</b>	To report the findings from the certification of 2014/15 claims and the messages arising from the assessment of the Council's arrangements for preparing claims and returns and information on claims that were amended or qualified.	Andrew Sayers (KPMG)
<b>KPMG Annual Audit Plan 2015/16</b>	To set out the audit work that KPMG proposes to undertake for the audit of the financial statements and the value for money (VFM) conclusion 2015/16.	Grant Thornton
<b>Finance &amp; Performance Business Plan Monitoring Report</b>	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance)  Mo Rahman (Performance)
<b>Maintaining High Ethical Standards at the City Council</b>	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority	Charlie Parker (Chief Executive)
<b>Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey Internal Audit

<b>Internal Audit Plan 2016/17</b>	To review and comment on the draft audit plan for 2016/17	Moyra McGarvey (Internal Audit)

**11 February 2016**

<b>Agenda Item</b>	<b>Reasons &amp; objective for item</b>	<b>Lead Officer</b>
<b>Update on Managed Services Programme</b>	To consider an update on MSP since the last meeting and to submit questions to the contractor on this and associated matters.	Nick Dawe (Bi-Borough Corporate Services)



12 May 2016

Agenda Item	Reasons & objective for item	Lead Officer
<b>Work Programme 2014-15</b>	The Committee is invited to review its work programme for the 2012/13 municipal year and monitor the progress of the Working Groups.	Reuben Segal
<b>Annual Statement of Accounts</b>	To review the final Annual Statement of Accounts 2015-16.	Steve Mair (Finance)
<b>Annual Internal Audit Monitoring Report</b>	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)
<b>Annual Counter Fraud Monitoring Report</b>	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
<b>Update on Staffing Matters in relation to Agency Staff and Turnover</b>	To consider an update report on staff turnover and temporary agency contractors since September 2015	Carolyn Beech (HR)
<b>Housing Revenue Account</b>	To assess the implications to the Council's HRA of the Government's requirement of local authorities to sell off their top third most expensive housing as it becomes vacant.	Steve Mair (Finance)  Executive Director for Growth, Planning & Housing

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**AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE**

**CONSTITUTION**

4 Members of the Council, 3 Majority Party Members and 1 Minority Party Member, but shall not include a Cabinet Member.

**TERMS OF REFERENCE**

Audit Activity

1. To consider the head of internal audit's annual report including the auditor's opinion on the Council's control environment and a summary of internal audit and anti-fraud activity and key findings.
2. To consider reports, at regular intervals, which summarise:
  - the performance of the Council's internal audit and anti fraud service provider/s
  - audits and investigations undertaken and key findings
  - progress with implementation of agreed recommendations
3. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
4. To consider specific reports as agreed with the external auditor.
5. To comment on the scope and depth of external audit work and to ensure it gives value for money.
6. To liaise with the Independent Auditor Panel (once established) over the appointment of the Council's external auditor.
7. To comment on the proposed work plans of internal and external audit.

Regulatory Framework

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
9. To review any issue referred to it by the Chief Executive or a Director, or any Council body.
10. To monitor the effective development and operation of risk management and corporate governance in the Council.

11. To monitor Council policies on 'Raising Concerns at Work', the Council's complaints process and the Antifraud and Corruption Strategy; specifically the effectiveness of arrangements in place to ensure the Council is compliant with the Bribery Act 2010.
12. To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
13. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
14. To consider the Council's compliance with its own and other published standards and controls.
15. To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority and in this context to receive a report annually from the Head of Legal and Democratic Services and the Chief Finance Officer.

#### Accounts

16. To review the annual statement of accounts and approve these for publication. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
17. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### Performance Monitoring

18. To review and scrutinise the financial implications of external inspection reports relating to the City Council.
19. To receive the quarterly performance monitoring report and refer any issues which in the Committee's view require more detailed scrutiny to the relevant Policy and Scrutiny Committee.
20. To review and scrutinise personnel issues where they impact on the financial or operational performance of the Council including but not limited to agency costs, long-term sickness, ill health early retirements and vacancies; and
21. To review and scrutinise Stage 2 complaints made against the City Council and monitor progress.

22. To consider and advise upon, prior to tender, the most appropriate contractual arrangements where a proposed contract has been referred to the Committee by the Chief Executive.
23. To maintain an overview of overall contract performance on behalf of the Council.
24. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.
25. To review and scrutinise the Council's value for money to Council tax payers.
26. To scrutinise any item of expenditure that the Committee deems necessary in order to ensure probity and value for money.

#### Staffing

27. To advise the Cabinet Member for with responsibility for Finance on issues relating to the remuneration of all staff as necessary.
28. In the course of carrying out its duties in respect of 27 above, to have regard to the suitability and application of any grading or performance related pay schemes operated, or proposed, by the Council.

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## COMMITTEE ACTION TRACKER

**ACTIONS: 2 December 2015**

ACTION	OUTCOME	LEAD OFFICER
<b>CORPORATE COMPLAINTS 2014/15</b>		
Provide the committee with progress reports on the implementation of the new complaints reporting system as well as performance data once it has gone 'live'.	An update will be provided at the committee's meeting in June 2016.	Sue Howell, Complaints and Customer Manager
Provide the committee with a note on the reasons for the increase in complaints concerning CityWest Homes staff behaviour.	A response from CityWest Homes is outstanding and is being chased.	Sue Howell, Complaints and Customer Manager
Provide the committee with details of the processes in place to ensure that homes offered to social housing tenants match their Housing Benefit allowance.	A response was circulated on 26 January 2016.	Sue Howell, Complaints and Customer Manager
<b>UPDATE ON CORPORATE CONTRACT MANAGEMENT</b>		
Provide the committee with regular progress reports on meeting compliance targets for contract record keeping within CapitalE sourcing.	An update was circulated on 26 January 2016.	Anthony Oliver, Chief Procurement Officer
<b>FINANCE (PERIOD 6) AND PERFORMANCE BUSINESS PLAN (QUARTER 2) MONITORING REPORT</b>		
<u>Finance</u> Clarify whether the capital project to redevelop the Marylebone library is behind schedule and if so what impact this will have on the Council's capital budget	This information is included in the Finance Monitoring report for the 3 February meeting.	Steve Mair, City Treasurer
<u>Performance</u> Supply details of what measures the Local Authority is undertaking to address the rising numbers of Unaccompanied Asylum Seeking Children.	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager
Provide a breakdown by nationality of the international migrants coming into Westminster including the context for their migration, i.e. for work, studying or as dependents.	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager
Given the decline in the female population between 2013 and 2014 and possible falling child numbers in the population, provide details on current and future schools capacity.	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager

Is the increase in population in recent years being matched by an increase in council tax dwellings? Provide information known on the number of empty properties within the borough?	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager
Supply details of rough sleepers who are not the responsibility of the Council.	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager
Supply details of where fly tipping incidents occur in Westminster.	A briefing note was circulated to members on Friday 8 January 2016	Damian Highwood, Evaluation and Performance Manager
<b>INTERNAL AUDIT PROGRESS REPORT</b>		
Supply the Committee with a note on whether the recommendations in respect of the Tri-Borough multi-user logins has been implemented.	An update report was circulated on 26 <sup>th</sup> of January 2015	Moira Mackie, Internal Audit Manager
<b>HEADLINE RESULTS FROM 'YOUR SURVEY' 2015</b>		
Provide the committee with a breakdown of the 'Your Voice' Staff Survey results by Department as part of a more detailed paper.	This was circulated to committee on 23 <sup>rd</sup> of December 2015.	Carolyn Beech, Director of Human Resources
<b>WORK PROGRAMME</b>		
Provide the committee with a note on the Council's insurance arrangements in relation to legal challenge associated with basement extension consents.	This information was provided on 3 December 2015	Steve Mair, City Treasurer
Invite Independent Persons on the Council's Standards Committee to the next meeting on 3 February 2016 in relation to the item on maintaining high ethical standards at the Council	As the two Independent Persons have only very recently been appointed and given the limited involvement that they would have at the meeting it has been agreed with the chairman that they are sent a copy of the report once it has been published to raise any queries at the next Standards Committee Meeting.	Mick Steward, Committee & Governance Services
<b>LESSONS LEARNED - MANAGED SERVICES PROGRAMME</b>		
Provide the committee with the cost of the review undertaken by Mazars.	This information was circulated on 26 <sup>th</sup> of January 2015.	Nick Dawe, Interim Bi-Borough Director of Corporate Services



Provide the committee with an explanation of how the list of interviewees spoken to as part of the review was selected.	This information was circulated on 26 <sup>th</sup> of January 2015.	Nick Dawe, Interim Bi-Borough Director of Corporate Services

## COMMITTEE ACTION TRACKER

**ACTIONS: 10 December 2015**

<b>ACTION</b>	<b>OUTCOME</b>	<b>LEAD OFFICER</b>
Set up a further committee meeting in early January to review progress in delivering programme stabilisation.	This has been arranged for 6.30pm on Tuesday 12 January 2016	Reuben Segal
Send a letter to Mr Anderson expressing the Committee's disappointment that a senior BT Manager on the programme was not present at the meeting.	This was sent on 14 December 2015	Reuben Segal