



City of Westminster

Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Thursday 24th November, 2016**

Time: **7.00 pm**

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

Members: **Councillors:**

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

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, Senior Committee and Governance Officer.

**Tel: 020 7641 3160 Email: rsegal@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

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 Director of Law 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 meeting held on 14 September 2016.

(Pages 1 - 8)

4. GRANT THORNTON ANNUAL AUDIT LETTER 2015/16

Report of Grant Thornton, External Auditor

(Pages 9 - 24)

5. PROGRESS REPORT AND UPDATE ON 2016-2017 AUDIT

Report of Grant Thornton, External Auditor.

(Pages 25 - 42)

6. CORPORATE COMPLAINTS 2015/16

Report of the Chief of Staff

(Pages 43 - 86)

**7. FINANCE (PERIOD 6) AND QUARTER 2 (APRIL 2016-
SEPTEMBER 2016) PERFORMANCE MONITORING**

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

**(Pages 87 -
128)**

**8. INTERNAL AUDIT 2015/16 - PROGRESS REPORT (AUGUST
TO OCTOBER 2016)**

Report of the City Treasurer

**(Pages 129 -
142)**

9. MID YEAR COUNTER FRAUD MONITORING

**(Pages 143 -
162)**

Report of Shared Services Director for Audit, Fraud, Risk and Insurance

10. AUDIT ARRANGEMENTS BEYOND 2018-2019

**(Pages 163 -
170)**

Report of the City Treasurer.

11. WORK PROGRAMME 2016/17

**(Pages 171 -
180)**

**Charlie Parker
Chief Executive
16 November 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** Committee held on **Wednesday 14th September, 2016**, Rooms 3 & 4 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Jonathan Glanz (Chairman), Julia Alexander, Judith Warner and David Boothroyd

Also Present: Steve Mair (City Treasurer), David Hodgkinson (Assistant City Treasurer), Damian Highwood (Evaluation and Performance Manager), Moira Mackie (Senior Internal Audit Manager) and Reuben Segal (Committee and Governance Services)

1 MEMBERSHIP

- 1.1 It was noted that Councillor Julia Alexander had replaced Councillor Lindsey Hall.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations made.

3 MINUTES

3.1 RESOLVED:

1. That the minutes of the meetings held on the 30th June and 14th July (Public and Confidential versions) be signed by the Chairman as a correct record of proceedings.
2. That the responses to actions from the above mentioned meetings be noted.

- 3.2 **ACTIONS:** The Committee would like an updated version of the forward plan of procurements which they would like to include details of the objectives for each contract, any savings expected to be delivered, the contracts proposed

start and end date and the name of the relevant contract manager. (**Action for: Anthony Oliver, Chief Procurement Officer**)

4 FINANCE (PERIOD 3) AND PERFORMANCE BUSINESS PLAN MONITORING REPORT

- 4.1 Steve Mair, City Treasurer, introduced the period 3 finance report which provided details of the forecast outturn in respect of revenue and capital and projected revenue and capital expenditure by Cabinet Member including key risks and opportunities. The report also included details in relation to the revenue and capital expenditure for the housing revenue account (HRA).
- 4.2 The Committee noted that the total net variance for the authority's capital programme was an underspend of £82.030m. Members asked whether the budget should be adjusted to reflect the slippage. The City Treasurer reported that the slippage would be re-profiled to the next financial year. He explained that this would not show in the budget until Period 6. He clarified that the Council had not taken out any loans against these proposals so had not incurred any related costs. The committee expressed some concern about the possible impact that the capital slippage could have on the delivery of frontline services such as meeting housing provision and library services. The City Treasurer explained that the City Council was a large and complex business with a budget of over £800 million per annum. He stated that it was not unusual given the complexities for slippage to occur in the capital programme. He advised that while the individual schemes within the capital programme generally did not have detailed business cases in preceding years, for the 2015/16 budget onwards a robust business case process had been put in place.
- 4.3 Members further noted that at the end of Period 3, the general fund was projecting an underspend of £2.847m which was largely attributable to higher than anticipated car parking income. The committee asked, should the trend continue, whether the additional income could be redirected to services that have had to be cut to mitigate required savings following the reduction of the government grant. Members commented that there were a number of services where there was a clear pressure for additional spending. The City Treasurer stated that the Council would need to consider this position as it progressed through the year and that the vast majority of the Council's budget for 2016/17 had not been balanced by service reductions but by commercial and other opportunities. It was not certain at present whether the higher than anticipated parking income would continue but this would be kept under review.
- 4.4 The City Treasurer was asked whether there were any current projects in the capital programme that were dependent on specific capital receipts that had not yet been received. Members were concerned about the possible impact on future projects if there is a fall in property prices arising from uncertainty caused by Brexit. The City Treasurer advised that the Council was waiting on a capital receipt of £80m from the sale of the Moxon Street site. He further advised that the Council does not necessarily finance individual schemes by

individual receipts but that it does monitor the delivery of planned capital receipts.

- 4.5 With Regard to the HRA Revenue Expenditure, officers were referred to the fact that non-dwelling rent income used to be between £8-9 million per annum but as highlighted in the revenue forecast outturn table had fallen to just over £1m. (*The Director for Property, Investments and Estates has clarified that the HRA generates commercial rent of approximately £7m pa*). The City Treasurer was asked for a briefing note on the process for reclassifying commercially tenanted properties from the HRA to the general fund. In response to further questions he clarified that such decisions would require Cabinet Member approval.
- 4.6 Damian Highwood, Strategic Performance Team, introduced the Quarter 1 performance report which presented detailed results of the period April to June 2016 against the 2016/17 Business Plans. The report provided explanations and commentary in respect of outstanding, good and poor performance including achievements of targets and details of remedial action being taken where appropriate.
- 4.7 The report included a table that set out the 14 crosscutting priorities identified as underpinning the Council's strategic objectives and short-term commitments throughout the year. One of the priorities/themes related to the health of the organisation and ensuring that the Council's resources are deployed effectively and efficiently. The committee asked why figures around staff sickness and turnover remain unavailable. The City Treasurer explained that this was due to on-going issues relating to Managed Services. An action plan was in place to resolve this as well as a range of outstanding issues by December.
- 4.8 A further theme related to prioritising support for the most vulnerable people. Officers were referred to the fact that the Homelessness Reduction Bill as currently drafted includes a negation of the need to demonstrate a local connection to be eligible to receive housing from a local authority. Members requested a best case analysis on the likely impacts that this would have for the authority if this remains the case. Mr Highwood commented that with further caps on benefits to come forward, a freeze on the local housing allowance and a shortage of affordable housing in the City homelessness was likely to become an increasing problem.
- 4.9 The Committee noted that the report included an economic, social and environmental summary profile of Westminster that had been provided by Grant Thornton. It set out the performance of Westminster according to how well the city scores on a range of selected benchmark indicators against the national median. Members commented that while the information was useful for comparison purposes there were some aspects which due to the City's unique position and characteristics the local authority cannot address. The committee stated that it would prefer to see data on perennial problems that the Council can change. Mr Highwood acknowledged members' views and indicated that the Council could use the information as an opportunity to

identify geographic areas of the City where the council can most usefully take action to improve the lives of those living and working in the City.

- 4.10 The social profile of Westminster highlighted that the population change between 2014-15 was the second largest increase since 2001. This was a rise beyond expectations. Members noted that there was a +0.65% natural population change due to an increase in births over deaths. Members asked whether the birth statistics were based on people living in Westminster or included people utilising hospitals in the local authority area. Mr Highwood clarified that the birth rate statistics were linked to residents' postcodes. He advised that the Council was working with the Office for National Statistics (ONS) to understand why the City's population and that of Tri-Borough partners are growing beyond expectations.
- 4.11 The committee then considered the service performance by directorate. With regard to Community Services and the New Leisure Centre Management Contract, the City Treasurer was asked whether there was a conflict of interest for the Council to provide a loan to its contractor to finance the refurbishment of the leisure centres. Mr Mair advised that this was acceptable so long as due diligence had been undertaken. In response to a request to explain the reasoning behind the decision he advised that the Council had a risk adverse approach to Treasury opportunities. As a consequence, Westminster has significant short term cash balances. He explained that as the funds loaned to the leisure centre operator will be expended on Westminster owned buildings the Council will directly benefit from the expenditure both in terms of generating income for the general fund and refurbishing its buildings.

In response to a request to explain the reasoning behind the decision he advised that the Council had previously had a risk averse approach to Treasury opportunities. As a consequence, Westminster has significant short term cash balances which are not being used in the most effective way possible.

- 4.12 The Committee noted in the area of Corporate Services - Information Services, that the new Office 365 platform went live to all staff in April, introducing new intranets and a variety of collaboration tools. Members expressed disappointment that little information had been provided about when councillors would benefit from the new platform. The committee asked for a note to be provided to all members on when the transfer would happen and the implications for councillors email accounts.
- 4.13 The Committee further noted that in procurement, staff changes, including challenges in recruiting appropriately qualified resources, has placed some pressures on the organisation. The committee questioned why there were challenges in recruiting such staff given that these skills are common across the business sector and not unique to local authority work. Members noted that staff turnover was running higher in Westminster than in other London local authorities. The committee had earlier in the year requested a report to understand the causes of this as they can have a detrimental impact on the health of the organisation. The City Treasurer summarised the work that had

been undertaken to address issues that had come out of last year's staff survey. This included the Cabinet's approval to refurbish City Hall to improve the working environment and the rollout of the Westminster Way Leadership programme to help staff develop skills.

4.14 **RESOLVED:** That the Period 3 finance report and Quarter 1 performance business plan reports be noted.

4.15 **ACTIONS:**

Period 3 Finance

1. The Committee would like to know how much has been spent to date on working up proposals for the Luxborough Development which is now under review.
2. What is the process that governs the reclassification of commercial tenanted properties from the HRA to the general fund?
3. With regards to the HRA, how many Westminster dwellings are expected to be affected by the duty on the Council to sell high value local authority voids to fund extension of the 'Right to Buy' to housing associations? Will this apply to units in CityWest Homes housing blocks? It was noted that the duty only requires the Council to consider selling such properties and that it can choose instead to pay a sum to the government.

(Action for: Steve Mair, City Treasurer)

Quarter 1 Performance

4. Why has BNP Paribas Real Estate been appointed to analyse the Council's operational portfolio instead of Bilfinger GVA, who are responsible for the day-to-day management of the portfolio.
5. The committee would like to know when members' email accounts will be transferring to Office365, what benefits moving to the new platform will provide and of any other changes to the way that councillors inboxes operate. The committee suggested that a note on this should be sent to every councillor.
6. With reference to the Homelessness Reduction Bill, provide the committee with a best case analysis of the likely impact to the Council of the removal of a requirement for homeless people to demonstrate a local connection.

(Action for: Damian Highwood/Mo Rahman, Strategic Performance Team)

5 INTERNAL AUDIT MONITORING REPORT

- 5.1 Moira Mackie, Senior Internal Audit Manager, introduced a report that provided details of the work carried out by the Council's Internal Audit service in the reporting period. The paper highlighted that in the areas audited internal

control systems were generally effective although five limited assurance reports had been issued. Follow up reviews completed in the period confirm that the implementation of medium and high priority recommendations had been consistently effective.

- 5.2 The committee discussed the limited assurance relating to an audit of corporate services monitoring of Internet and social media use. Members were especially concerned that filters and blocks applied to the network are not tested for any 'work arounds' or weaknesses that can be exploited which can potentially allow access to inappropriate Internet sites. The committee was concerned by the potential security implications that this could expose the authority to.
- 5.3 Members noted that Internet activity reports are not produced on a regular basis to enable managers to monitor usage by staff. Ms Mackie explained that while general guidance and protocols on the use of social media tools exist it was unclear whether these have been circulated to staff or that all staff know about them. She clarified that despite the lack of data reports provided to managers it was a manager's responsibility to monitor their staffs' activity. There was a likelihood that where staff are office-based managers will be in a position to identify instances of exclusive personal use of the internet.
- 5.4 Moira Mackie advised the committee that the Head of Information Services had accepted the recommendations and was working to implement them.
- 5.5 The committee discussed the fact that while there was supposed to be a separation between the emails they receive in their capacity as councillors and their private correspondence in practice this is often not the case. They considered that given the ever increasing threat of malware and viruses it would be useful for all members to receive a dedicated training session on IT/digital security.
- 5.6 The Committee noted that while the audit of Procurement Governance had received a satisfactory assurance three medium priority recommendations were made to ensure that weaknesses identified are effectively addressed. This included ensuring that sufficient time is built into the process for appropriate exit planning prior to contracts expiring. The committee had raised concerns at its meeting on 30 June about non-compliance with the completion of mandatory information into the capitalE-sourcing system. This had led to a number of contracts needing to be extended because insufficient time had been available to progress new procurements. Ms Mackie advised that the Procurement Service team had recently undertaken a great deal of training and publicised guidance to contract managers on their responsibilities. The City Treasurer advised that compliance with this requirement was being reported to EMT to ensure that the situation improved.
- 5.7 **RESOLVED:** That the report be noted.

5.8 ACTIONS:

1. The Committee would like to know whether any of the server problems experienced by the authority in the last few months could have been caused by the misuse of Internet usage by staff exposing the Council to viruses or malware.

(Action for: Ben Goward, Tri-Borough Head of Digital Services)

2. Given the volume of digital correspondence received by councillors and the lack of division between these and their private emails the committee considered that it would be useful for all members to receive a dedicated training session on IT/digital security.

(Action for: Ben Goward, Tri-Borough Head of Digital Services, Janis Best, Member Services Manager)

6 INTERNAL AUDIT UPDATE ON TENANT MANAGEMENT ORGANISATIONS

- 6.1 Moira Mackie, Senior Internal Audit Manager, introduced a report that contained details of the work undertaken by the Internal Audit Service in respect of Tenant Management Organisations (TMOs) for the period 2014/15 to date and included the outcomes of follow up reviews where the effectiveness of implementing the audit recommendations were assessed.
- 6.2 The report also included details of the level of oversight provided by CityWest Homes (CWH) of TMOs and the mechanisms in place for ensuring that both CWH and the Council were aware of any concerns in respect of a TMO and the appropriate action to take.
- 6.3 The committee discussed some of the difficulties around the running of TMOs. Ms Mackie explained that some TMOs in Westminster were staffed by an individual administrator, with some of these only working part-time. Some TMOs had responsibility for large budgets. TMO Board members act in a voluntary capacity and some have been performing the role for some time. In contrast she advised that the Royal Borough of Kensington and Chelsea had one large TMO. She advised that CWH were liaising with the TMOs on the benefits of joining together.
- 6.4 The committee was informed that since the management of TMOs had been reported to committee last year there had been an improvement in the level of oversight provided by CityWest Homes of TMOs and the mechanisms in place for ensuring that both CWH and the Council are aware of concerns and take appropriate action.

- 6.5 The Committee asked what actions could be taken if a TMO fails to accept or implement recommendations made following an audit. The City Treasurer advised that EMT can take action against the TMO similar to a public sector body being placed in “special measures”.
- 6.6 The committee noted that internal audits of those TMOs that had yet to be reviewed would be taking place in the next few months and it asked to receive information on the outcome of these audits in the future reports to the meetings.
- 6.7 **RESOLVED:** That the report be noted.

The Meeting ended at 6.06 pm

CHAIRMAN: _____ **DATE** _____

The Annual Audit Letter for Westminster City Council

Year ended 31 March 2016

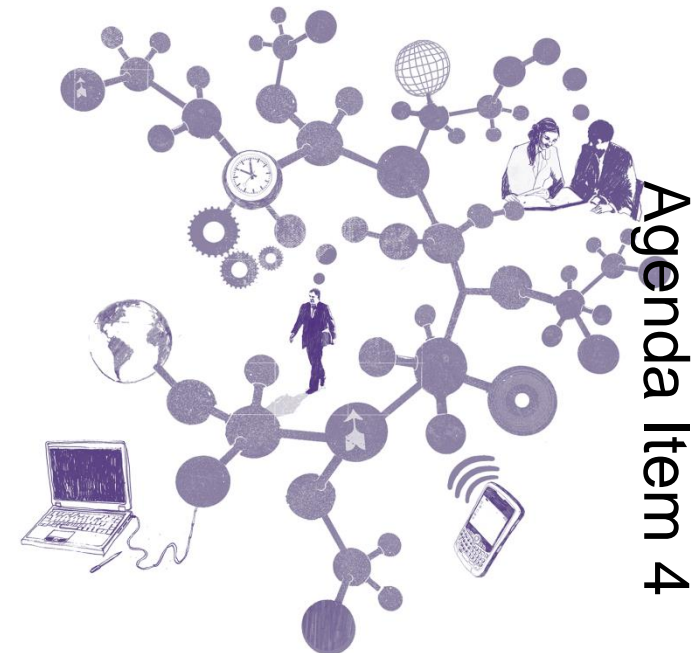
October 2016

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Agenda Item 4

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Appendices

A Reports issued and fees

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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Westminster City Council (the Council) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit and Performance Committee as those charged with governance in our Audit Findings Report in May and July 2016.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 15 July 2016. Our work was substantially complete by 12 May 2016 when we reported our findings to the Audit and Performance Committee.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 15 July 2016

Use of additional powers and duties

We are required under the Act to give electors the opportunity to raise questions about the Council's accounts and we consider and decide upon objections received in relation to the accounts. We worked with a local elector to decide upon an objection relating to the 2012/13 to 2014/15 financial statements and formally closed these audit years in May 2016. We did not receive any objections relating to the 2015/16 financial year.

Whole of government accounts

We completed work on the Council/Authority's consolidation return following guidance issued by the NAO and issued an unqualified report on 3 October 2016.

Certificate

We certified that we had completed the audit of the accounts of Westminster City Council in accordance with the requirements of the Code on 25 October 2016.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is nearly complete and will be finalised by 31 October 2016 which is in advance of the end November 2016 deadline. We will report the results of this work to the Audit and Performance Committee in our Annual Certification Letter.

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Working with the Council

We worked alongside officers during the 2015/16 financial year to gain a comprehensive understanding of the risks and mitigation around the Managed Services Programme to ensure the Council's financial statements were complete with all transactions relating them. The work carried out during the year ensured that the early draft accounts submission on 9 April 2016 were of a good quality.

Our monthly liaison and regular audit visits ensured that the audit of the financial statements was substantially complete by 12 May 2016.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2016

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £15,344,000, which is 1.5% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We set a lower threshold of £695,000, above which we reported errors to the Audit and Performance Committee in our Audit Findings Report.

Pension Fund

For the audit of the Pension Fund accounts, we determined materiality to be £9,891,000, which is 0.9% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

We set a threshold of £494,000 above which we reported errors to the Audit and Performance Committee.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts – Council and Pension Fund

These are the significant risks which had the greatest impact on our overall strategy for both the Council and Pension Fund and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 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 the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including this Council as the administering authority, mean that all forms of fraud are seen as unacceptable. <p>Although we rebutted the risk of revenue recognition for 2015/16, our audit work included tests designed to ensure that revenue was materially fairly stated. We did not identify any issues to report.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>As part of our audit work we have completed:</p> <ul style="list-style-type: none"> • review of entity controls • testing of journal entries • review of accounting estimates, judgements and decisions made by management • review of unusual significant transactions. <p>Our audit work has not identified any evidence of significant management over-ride of controls. However, our review of journal controls and testing of journal entries has identified a weakness in the system in that cross entity journals can be raised across the Council and Pension Fund.</p>

Audit of the accounts – Council and Pension Fund

These are the significant risks which had the greatest impact on our overall strategy for both the Council and Pension Fund and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Managed services partnership</p> <p>Risk of incomplete transfer of data from the old system to the new system</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 15</p>	<p>As part of our audit work we have completed:</p> <ul style="list-style-type: none"> gained an understanding of the Council's relationship with the managed service provider for the service issues currently being faced in delivering the expected contractual commitments for the council reviewed the testing carried out by the finance team to date to gain assurance over the accuracy of transactions being made by BT reviewed 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 discussions with Internal Audit to review the work completed and assurance level planned for the Head of Internal Audit opinion IT audit review of the general controls in operation in the financial ledger and overall IT control environment. IT assurance over the completeness of the ledger substantive testing of all items in the financial statements that are greater than tolerable error set for the Council accounts <p>The Council has proactively managed the system and service delivery issues throughout the 2015/16 financial year. Officers of the Council, including the pension fund finance team, have regularly visited the British Telecom (BT) offices to ensure that improved system controls are implemented and BT staff have the required knowledge about Local Authority accounting. Senior officers from BT have met regularly with Council management and have attended special meetings of the Audit & Performance Committee to update members on progress being made to improve service delivery for the year end.</p> <p>The Council identified that there were significant issues with the transactional processing in the system and undertook extensive appropriate sample checking to ensure corrective action was taken by BT. In addition, they took action to mitigate the key error areas by performing manual processes locally for monitoring the financial information during the year. The finance team reviewed 16 key financial transactional / processing areas during November, February and April to cover the full financial year. The level of errors in the transactional testing by year end had significantly reduced due to the enhanced control environment after the November testing had been fed back to BT. Due to the work of officers to give the s151 officer (City Treasurer) confidence in the data in the general ledger, the Council were able to deliver the draft accounts in line with their ambitious closedown timetable.</p> <p>Internal Audit carried out a review of the finance testing and concluded that a robust process had been followed. The Head of Internal Audit Opinion is "the Council's governance, risk management and internal control systems in the areas audited were adequate with the exception of those areas detailed as 'amber' and 'red' all of which have been reported to A&PC".</p> <p>Management acknowledges in the Annual Governance Statement that there is the likelihood of error remaining in the general ledger and that further work is needed in 2016/17 to ensure service provision is at the required level.</p> <p>Our information technology (IT) colleagues have carried out assurance work over the completeness of the transactions in the ledger with BT and Council officers. We obtained assurance that the 2015/16 ledger was complete which enabled us to select samples for testing.</p> <p>Our audit work did not identify any significant issues in relation to the managed services risk.</p>

Audit of the accounts - Council

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Valuation of property, plant and equipment (PPE) The Council revalues its assets on a rolling basis over a five year period although for 2015/16 it requested that the current valuer review a sample of assets from the 4th and 5th year of the valuation cycle to ensure they were materially fairly stated. 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>As part of our audit work we have completed:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate • Review of the competence, expertise and objectivity of any management experts used • Review of the instructions issued to valuation experts and the scope of their work • Discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions • Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding • Testing of revaluations made during the year to ensure they were input correctly into the Council's asset register • 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 IFRS13 • Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. <p>We did not identify any material issues to report. However, we identified two findings to report:</p> <ul style="list-style-type: none"> • an error in Other Land & Buildings General Fund cost of valuation section as a £17m asset was duplicated and two pieces of land totalling £0.9m were incorrectly included in the asset register and note 21C • our testing of investment properties identified an error in one of the asset numbers provided to the valuer. As all investment properties were valued in the year there is no misstatement in the overall valuation in the financial statements. However, there is an error at the individual asset level in the FAR.
<p>Provision for National Non-Domestic Rates (Business Rates) The Council's provision for business rates is the largest in the country and is a highly material balance in the financial statements. The provision is based on significant judgements made by management and uses a complex estimation technique to prepare the provision.</p>	<p>As part of our audit work we have completed:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate • Testing of the calculation and agreement to supporting documentation • Review of the disclosures made by the Council in its financial statements <p>We did not identify any issues to report.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 15 July 2016, well in advance of the 30 September 2016 national deadline. The opinion was delayed until July 2016 to comply with the requirements of the Local Audit and Accountability Act 2014. All audit work was completed by 12 May 2016.

The Council made the accounts available for audit on 9 April 2016 and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of the Council to the Council's Audit and Performance Committee on 12 May 2016.

In addition to the key audit risks reported above, the key messages arising from our audit of the Council's financial statements are:

- the Council prepared a good quality set of de-cluttered draft accounts for audit by 9 April 2016 for the Council and Pension Fund
- as part of the accounts preparation a small number of entries in the draft financial statements were not entered in to the ledger; the Council processed these journals before the final version of the accounts was produced
- disclosure around the critical judgements made by management in preparing the financial statements have been enhanced in the final version.

Pension fund accounts

We also reported the key issues from our audit of accounts of the Pension Fund hosted by the Council to the Council's Audit and Performance Committee on 12 May 2016.

In addition to the key audit risks reported above, we recommended one minor adjustment to improve the presentation of the financial statements which was corrected in the final version of the financial statements.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's consolidation schedule in line with instructions provided by the NAO. We issued a group assurance certificate which did not identify any issues for the group auditor to consider

Other statutory duties

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We did not use these powers in 2015/16.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the 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.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

As part of our Audit Findings report agreed with the Council in July 2016, we agreed recommendations to address our findings:

- Ensure that all new major capital projects go through the business case process and review the approach after the first project has gone through the full process
- Closely monitor the capital programme to ensure slippage levels are reduced in 2016/17
- Continue to identify revenue savings and efficiencies to ensure the budget gap in 2018/19 is delivered
- Continue to action the planned improvements in the weaknesses reported in the AGS

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Significant capital projects</p> <p>The programme includes a number of key projects and investments, which are significant both in scale and financial terms. The Council recognised that there was a weakness in arrangements and introduced a new business case process for all major schemes.</p>	<p>We reviewed the new business case arrangements for awarding capital programme expenditure to projects to establish whether the arrangements for identifying, managing and monitoring the project from the initial stage are appropriate.</p> <p>We reviewed one business case that has been going through the new process to date – refurbishment of Westminster City Hall.</p>	<p>The Council recognised the need for tighter controls around the capital programme as the level of projects and spend has significantly increased since the City for All plan was launched a year ago. The plan focuses on key regeneration plans to ensure the City continues to be a hotspot for business, retail and tourism. A new business case template for all major capital schemes was developed during the year. Three are three business case stages: strategic; outline; and full.</p> <p>The new template requires there to be greater scrutiny and information provided at the outline business case stage. We have reviewed the template and concluded that this stage has been split into the correct five key areas: strategic; economic; commercial; financial; and management. These areas ensure that all key information is provided to the Executive Director and Cabinet Member for making the decision about investment.</p> <p>The Council has a Capital Review Group which provides challenge and scrutiny of the business cases. This has an oversight of all capital schemes and monitors progress at the monthly meetings chaired by the Cabinet Member of Finance and Corporate Services. The ward member is also asked to be involved at the outline business case stage to ensure greater member and resident involvement in the scheme.</p> <p>One capital scheme has started to go through the outline business case model. The Westminster City Hall refurbishment programme case sets out clearly the options available to the decision maker with cost benefit and sensitivity analysis of these options. The case is thorough and has been shared with Cabinet Members to ensure robust scrutiny is given to it before the Cabinet meeting to make the final decision.</p> <p>To ensure there is sufficient guidance available, the major projects team has provided training to officers who will be completing the templates and on-going support will be provided by them as the Council recognises this is a major change in the way capital schemes are developed and managed.</p> <p>There were five key capital projects for 2015/16 and these were delayed as a decision was made to put all of them through the new business case process. This is the key reason for the capital programme slippage. This decision enables the Council to give full consideration and have a robust audit trail for projects in the future. The Council has also made a decision to only implement this for new projects and is not going back to review previous project cases. This is a reasonable approach as the level of capital investment was planned to be significantly higher from 2015/16 onwards.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place.</p>

Working with the Council

Our work with you in 2015/16

We are really pleased to have worked with you over the past year. We have established a positive and constructive relationship in our first year of audit and look forward to continuing working together as we have delivered some great outcomes.

An efficient audit – we delivered the accounts audit by 12 May 2016 which is over four months before the statutory deadline and in line with the timescale we agreed with you. Our audit team are knowledgeable and experienced in your financial accounts and systems. Our relationship with your team provides you with a financial statements audit that continues to finish ahead of schedule releasing your finance team for other important work.

Improved financial processes – during the year we reviewed your financial systems and processes including employee remuneration, non- pay expenditure, property plant and equipment and welfare benefit expenditure. We worked with you to understand the weaknesses in the managed service arrangement and to ensure we could obtain completeness of the general ledger before the accounts audit began.

Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness. We highlighted the need for continued close monitoring of the revenue and capital budgets and for the newly implemented capital projects business case methodology to be followed for all major projects.

Sharing our insight – we provided committee updates covering best practice. As the recognised earliest closedown Council in the Country we asked you to be a case study in our national publication on advanced closure of local authority accounts, in our publication "Transforming the financial reporting of local authority accounts". In addition, two members of the finance team supported Grant Thornton workshops on early close as the guest speakers.

Thought leadership – We have shared with you our publication on Building a successful joint venture and will continue to support you as you consider greater use of alternative delivery models for your services.

Providing information – We provided you with access to CFO insights, our online analysis tool providing you with access to insight on the financial performance, socio-economy context and service outcomes of councils across the country.

Support outside of the audit – we introduced you to our Cost Assurance team to explore opportunities to make savings in utility bills.

Working with the Council

Working with you in 2016/17 - Highways Network Asset

The Code of Practice on Local Authority Accounting (the Code) requires authorities to account for Highways Network Asset (HNA) at depreciated replacement cost (DRC) from 1 April 2016. The Code sets out the key principles but also requires compliance with the requirements of the recently published Code of Practice on the Highways Network Asset (the HNA Code), which defines the assets or components that will comprise the HNA. This includes roads, footways, structures such as bridges, street lighting, street furniture and associated land. These assets should always have been recognised within Infrastructure Assets.

The Code includes transitional arrangements for the change in asset classification and the basis of measurement from depreciated historic cost (DHC) to DRC under which these assets will be separated from other infrastructure assets, which will continue to be measured at DHC.

This is expected to have a significant impact on the Council's 2016/17 accounts, both in values and levels of disclosure, and may require considerable work to establish the opening inventory and condition of the HNA as at 1 April 2016.

Under the current basis of accounting values will only have been recorded against individual assets or components acquired after the inception of capital accounting for infrastructure assets by local authorities. Authorities may therefore have to develop new accounting records to support the change in classification and valuation of the HNA.

The nature of these changes means that Finance officers will need to work closely with colleagues in the highways department and potentially also to engage other specialists to support this work.

Some of the calculations are likely to be complex and will involve the use of external models, a combination of national and locally generated rates and a number of significant estimates and assumptions.

We have been working with the Council on the accounting, financial reporting and audit assurance implications arising from these changes. We have issued two Client Briefings which we have shared with key members of the finance team. We will issue further briefings during the coming year to update the Council on key developments and emerging issues.

This significant accounting development will be a significant risk for our 2016/17 audit, so we have already had some preliminary discussions with the Council to assess the progress it is making in this respect. Our discussions with Council Officers to date has highlighted the following:

- the Council has been identified as a pilot site for HNA by us due to the early closedown and focus from officers in delivering the required accounting changes
- finance officers and the audit team have met with highways team to discuss the valuation requirements and assurances over the completeness of information about highways assets
- overall, good progress is being made and the Council is on track to prepare financial statements, including the new HNA figures for early April 2017.

We will continue to liaise closely with the senior finance team during 2016/17 on this important accounting development, with timely feedback on any emerging issues.

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Council *	185,719	211,362	257,216
Statutory audit of Pension Fund	21,000	21,000	21,000
Challenge work **	0	25,000	19,990
Housing Benefit Grant Certification	25,386	25,386	29,880
Total fees (excluding VAT)	232,105	282,748	328,086

* We agreed an additional fee for the Council audit of £25,643 due to the additional work required to obtain assurance over the completeness of the general ledger and journals population. This has been approved by Public Sector Audit Appointments Ltd.

** The challenge work relates to reviewing and issuing our view on objections from 2012/13 to 2014/15. This fee has been agreed with the Council but is subject to approval by Public Sector Audit Appointments Ltd.

*** Fees for other services – audit related grant services are to be provided in November 2016. These are estimated fees at this stage.

Fees for other services

Service	Fees £
Audit related services ***:	
• Teachers pensions return	3,500
• Pooling of housing capital receipts	4,000
Non-audit services:	
Financial resilience capacity building programme	10,500

Reports issued

Report	Date issued
Audit Plan	3 February 2016
Audit Findings Report	12 May 2016 14 July 2016 (final version)
Annual Audit Letter	October 2016



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Audit and Performance Committee
Westminster City Council
Progress Report and Update
Year ended 31 March 2017

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November 2016

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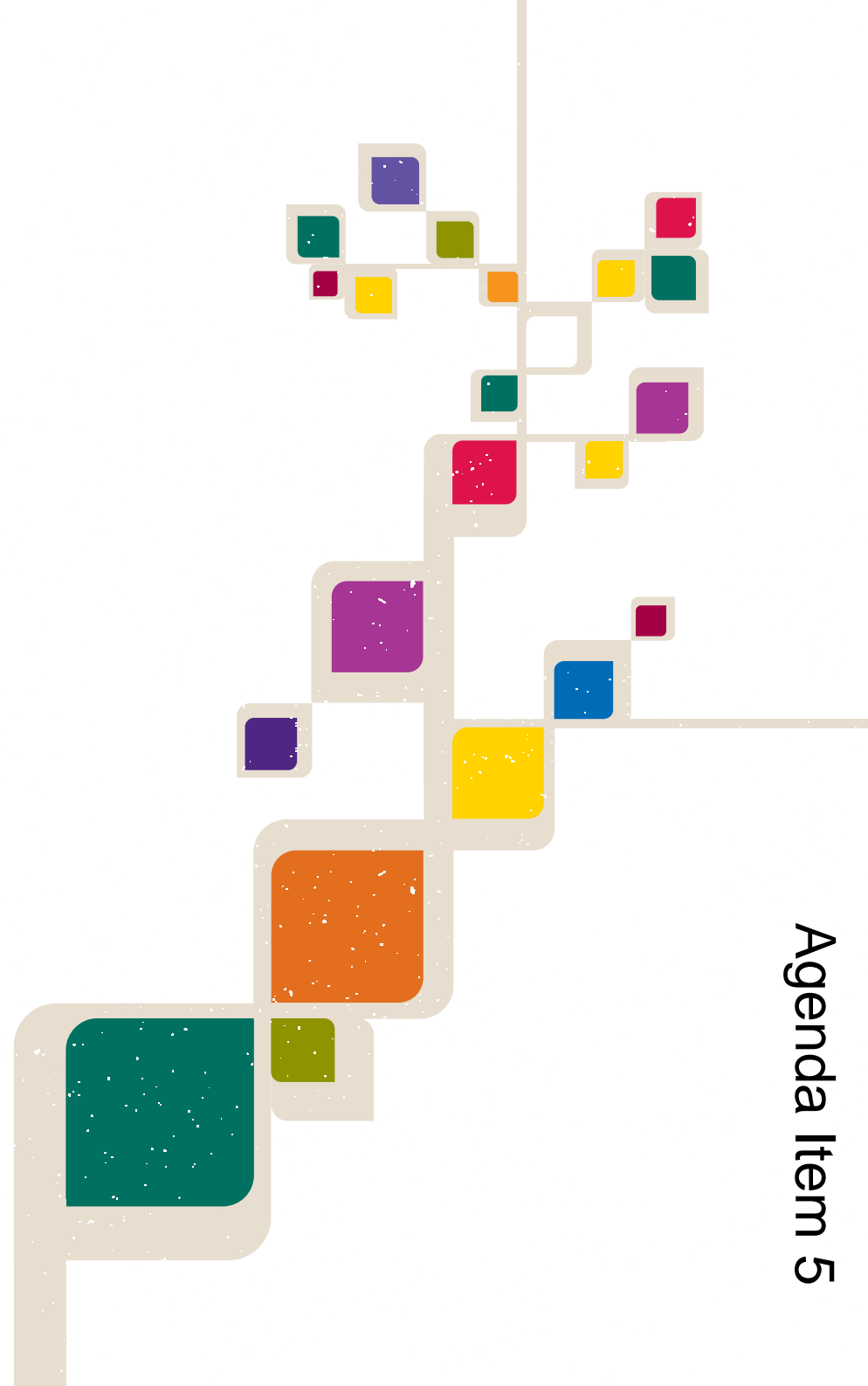
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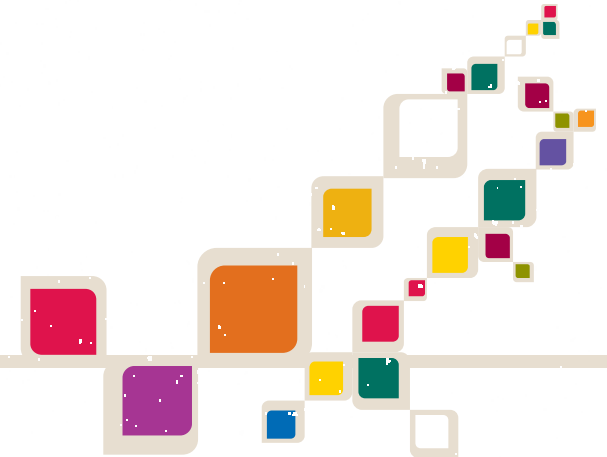
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business 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.



Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

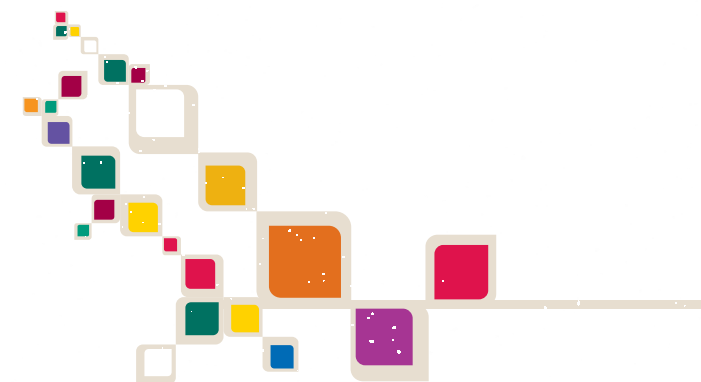
- Innovation in public financial management (December 2015); www.grantthornton.com/global/en/insights/articles/innovation-in-public-financial-management/
- Knowing the Ropes – Audit Committee Effectiveness Review (October 2015); www.grantthornton.co.uk/en/insights/knowing-the-ropes-audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015) www.grantthornton.co.uk/en/insights/making-devolution-work/
- Reforging local government: Summary findings of financial health checks and governance reviews (December 2015) <http://www.grantthornton.co.uk/en/insights/reforging-local-government/>,

Members and officers may also be interested in our recent webinars:

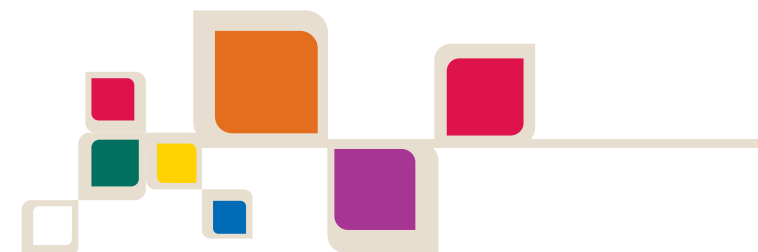
Alternative delivery models: Interview with Helen Randall of Trainers and Hansins, discussing LATCs and JVs in local government. <http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>

Cyber security in the public sector: Our short video outlines questions for public sector organisations to ask in defending against cyber crime <http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

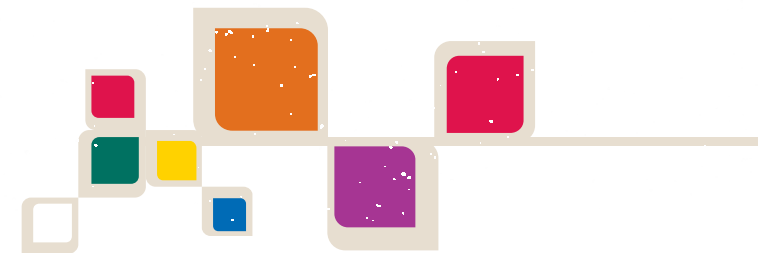


Progress at November 2016



2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17 by the end of April 2016.</p>	April 2016	Yes	The 2016/17 fee letter was issued in April 2016 and considered by the committee in .
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016/17 financial statements.</p>	February 2017	Not yet due	Our Audit Plan will be presented to the February 2017 committee. The Plan is based on our monthly liaison meetings with the finance team and our findings from the initial planning and risk assessment audit visits.
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	<p>Initial planning: October 2016</p> <p>Risk assessment: November 2016</p> <p>Early substantive testing: February 2017</p>	<p>Yes</p> <p>Not yet due</p> <p>Not yet due</p>	<p>We have planned regular audit visits throughout the financial year to ensure that we carry out as much early testing as possible before the accounts audit visit in April 2017.</p>
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	11 April to 10 May 2017	Not yet due	<p>The Council's ambitious early closedown timetable will be delivered again in 2016/17.</p> <p>We have started to carry out a review of the Highways Network Assets as this is a highly material change to the accounts this year and is a significant risk for our audit opinion. This will enable us to agree the accounting entries with the finance team before the accounts are prepared.</p>

Progress at November 2016



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2016/17 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>Initial planning: November 2016</p> <p>Detailed assessment: April 2017</p>	<p>Not yet due</p> <p>Not yet due</p>	<p>We will set out the results of our risk assessment and the proposed focus of our work in the Audit Plan.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p> <p>We will include our conclusion as part of our report on your financial statements.</p>
<p>Other areas of work</p> <p>We have issued our LG financial health and governance review and Faster Close report.</p>			<p>The Council is a case study in the Faster Close report as the earliest Council in the country to prepare the accounts and receive an audit opinion in 2015/16. Further information on the report is set out on page 16.</p>

Grant Thornton Sector Issues

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Brexit: What happens next and what does it mean for you?

The people of the UK have made a decision to leave the EU. What happens next – and the implications for businesses and organisations in the UK – is less clear.

We have produced an analysis of what we know about the mechanics of leaving the EU, our assessment of some of the external factors that may affect organisations over the coming months and years, and a summary of the different models for trading relationships outside the EU. This can be found on our website and we have attached copies to this report.

In thinking about the impact organisations will want to consider not only legal and regulatory changes but also market reactions, consumer and business behaviours, and the wider political and economic environment. The Council will have a role in both shaping its own response and in helping organisations in the City respond to a changing environment. We can expect three broad phases of reaction to Brexit:

- initial volatility
- medium term uncertainty and instability
- longer term transition

The impact of this will be different for every organisation. In looking at the threats and opportunities these phases create, and planning how the Council can create and protect value, you may wish to consider the short, medium and long term implications for issues like people and talent, strategic ambitions, financing, risk, operations and protecting investment.

We believe that in the coming weeks and months, dynamic organisations have a critical role to play in helping to shape the future of Britain. Grant Thornton is leading a campaign which expresses how we can build a vibrant economy. You can find out more here: <http://vibranteconomy.co.uk/>

We would welcome views on what the priorities should be for government and the UK to create a new economy outside the EU.

Emerging issues

How is the Council responding to the outcome of the EU referendum?

Financial sustainability of local authorities: capital expenditure and resourcing

National Audit Office

According to the NAO, Local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.

The NAO's report, published on 15 June, found that authorities face a growing challenge to continue long-term investment in their existing assets. Total spending has remained stable, but increasingly capital activities are focused on 'invest to save' and growth schemes that cover their costs or have potential to deliver a revenue return. Many areas of authorities' asset management programmes do not meet these criteria and are now seen as a lower priority.

The report also notes that local authorities' debt servicing costs have grown as a proportion of revenue spending as revenue resources have fallen. A quarter of single-tier and county councils now spend the equivalent of 10 per cent or more of their revenue expenditure on debt servicing, with metropolitan district councils being particularly exposed.

According to the NAO, DCLG has rightly focused on revenue issues in the 2015 Spending Review but in future reviews will need to focus more on capital. The Department is confident from its engagement with authorities that revenue pressures are their main concern, however the NAO's analysis demonstrates that capital costs exert significant and growing pressure on revenue resources.

The full report is available at:

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

Since 2010-11, local authorities have faced less pressure on their resources to support capital expenditure as compared to revenue. Although local authorities' revenue spending power fell by over 25 per cent in real terms from 2010-11 to 2015-16, the NAO estimates that capital grants to authorities originally increased from 2010-11 to 2014-15, (excluding education).

Capital spending by authorities increased by more than five per cent in real terms overall between 2010-11 and 2014-15, but this is uneven across local authorities and service areas. In most half of authorities reduced their capital spending. Most service areas saw an increase in capital spend with the exception of culture and leisure: capital spending fell by 22 per cent overall in this area.

The changing face of Corporate Reporting

We have established a global network of public sector auditors and advisors to share good practice and to provide informed solutions to the corporate reporting challenges our clients face.

We were fortunate to have the CEO of the IIRC speak at our most recent meeting. Integrated Reporting, < IR >, is a new approach to corporate reporting and it is building a world-wide following in both the public and private sectors.

In the commercial sector, < IR > has led to improvements in business decision making, the understanding of risks and opportunities as well as better collaborative thinking by boards about goals and targets..

< IR > is based on integrated thinking that results in a report by an organisation about sustainable value creation. It requires a more cohesive and efficient approach to organisational reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation to create value over time.

By moving the focus away from only short-term, backward looking, financial reporting, < IR > encourages organisations to report on a broader range of measures that link their strategic objectives to their performance. The result is an overview of an organisation's activities and performance in a much wider, more holistic, context.

- < IR > encourages organisations to consider whether there are any gaps in the information that is currently available to them, so that integrated thinking becomes embedded in mainstream practice.
- < IR > is underpinned by the International < IR > Framework published in December 2013. It is principles-based, allowing organisations to innovate and develop their reporting in the context of their own regulatory framework, strategy, key drivers, goals and objectives.
- < IR > is consistent with the Strategic Reports required from UK companies, the Performance Reports that government departments, agencies and NHS bodies produce and the developing Narrative Reporting in local government.

The IIRC has established a Public Sector Pioneer Network to consider why and how the public sector can adopt < IR >, with the end goal of improving transparency and building trust. There is already a core of UK organisations within this.

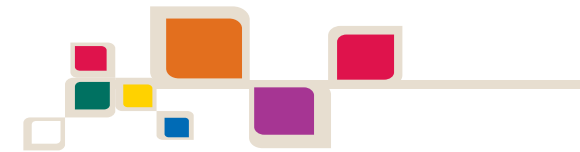
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Further information is available on the IIRC's website

Grant Thornton Technical update

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Accounting and audit issues

Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

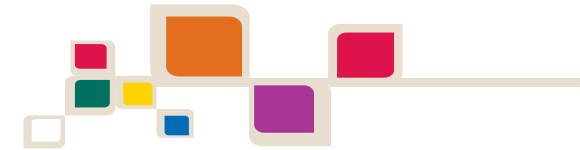
CIPFA/LASAAC has issued the Local Authority Accounting Code for 2016/17. The main changes to the Code include:

- the new measurement requirements at depreciated replacement cost for the Highways Network Asset (HNA) and
- the requirement for local authorities to report in the Comprehensive Income and Expenditure Statement on the same basis as they are organised and report in the year (ie. no longer following SERCOP). This is accompanied by the introduction of a new Expenditure and Funding Analysis which provides a reconciliation between the way local authorities budget and report during the year and the Comprehensive Income and Expenditure Statement.

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In respect of HNA, the Accounting Code requires local authorities to comply with the CIPFA Code of Practice on Transport Infrastructure Assets issued in 2013. The Transport Infrastructure Code has been recently reissued as the Highways Network Asset Code (HNA Code). Whilst no major changes have been identified in the new Code to the basis of the accounting set out in the previous Code of Practice on Transport Infrastructure Assets, a small number of changes have been set out to clarify accounting for particular items.

The key challenge for local authorities is around the accuracy and completeness of supporting records for HNA inventory and condition at 1 April 2016 and effective arrangements for recording expenditure and other movements on HNA from that date.



Accounting and audit issues

Flexible use of capital receipts

DCLG has issued a [Direction and Statutory Guidance](#) on the flexible use of capital receipts to fund the revenue costs of reform projects. The direction applies from 1 April 2016 to 31 March 2019.

The Direction sets out that expenditure which 'is incurred by the Authorities that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners' can be treated as capital expenditure.

Capital receipts can only be used from the disposals received in the years in which the flexibility is offered rather than those received in previous years.

Authorities must have regard to the Statutory Guidance when applying the Direction.

Grant Thornton
Publications and
events

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Website Relaunch

We have recently launched our new look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below – <http://www.grantthornton.co.uk/industries/public-sector/>

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Better Together: Building a successful joint venture company

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

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'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

Grant Thornton reports

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An instinct for growth

ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Advancing closure: the benefits to local authorities

With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

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In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017-18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
 - high quality financial statements as a result of improved quality assurance arrangements;
 - greater certainty over in-year monitoring arrangements and financial outlook position for the year, supporting members to make more informed financial decisions for the future;
 - improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
 - allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.
- While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further details:
- Enabling sustainable change requires committed leadership underpinned by a culture for success
 - Efficient and effective systems and processes are essential
 - Auditors and other external parties need to be on board and kept informed throughout

Grant Thornton reports



Advancing closure
Transforming the financial reporting of
local authority accounts



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>



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City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	24 November 2016
Classification:	General Release
Title:	Annual Complaints Review 2015/16
Wards Affected:	All
Financial Summary:	There are no financial implications from this report
Report of:	Sue Howell, Complaints and Customer Manager Telephone: ext 8013 E-mail: showell@westminster.gov.uk

1 Executive Summary

- 1.1 The purpose of this report is to present to the Audit and Performance Committee the Council's Annual Complaints Review for 2015/16 (**see Appendix 1**).
- 1.2 The attached report (**Appendix 1**) summarises the Council's complaints performance (complaint stages 1, 2), those complaints received by Local Government Ombudsman (LGO), and a limited review of dealing with the Leader and Cabinet Member correspondence. Appended to the Annual Complaints Review is a copy of the Local Government Ombudsman Annual Letter/Review for the year ended 31 March 2016 (see **Appendix B** of that report) and a copy of CityWest Homes Complaint Report for 2015/16 (see **Appendix A1**).

2 Recommendations

- 2.1 Members are requested to review and note the information about complaints set out in the Annual Complaint Review 2015/16 (**Appendix 1**).

3 Complaints Handling

3.1 The Council has two stage complaints procedure. The two stage procedure is as follows:

- **Stage 1** - Complaints are addressed by the local service delivery manager (10 working day turnaround).
- **Stage 2** - A Chief Executive's review undertaken (10 working day turnaround)

If the complainant still remains dissatisfied he/she can take the concern to the Local Government Ombudsman (LGO)

3.2 The procedure covers most council services. However, Adults and Children's Social Care Services each have their own separate statutory complaints procedure and as such separate reports are produced for Member and Officer oversight. In view of this information about these services has not been included in this report. In addition, CityWest Homes (CWH) has been operating its own complaints procedure since 1 April 2012 and produces its own annual complaint report which goes to the Housing Board. A copy of the 2015/16 report is attached (see **Appendix A1**).

3.3 The Council's definition of a complaint as redefined and agreed by the policy and Resources Committee in April 1994 is:

'Dissatisfaction expressed by the customer which the customer wishes to be treated as a complaint, whether expressed in writing, on the telephone or in person. If in doubt, it's a complaint'

3.4 This definition is quite broad and also includes complaints made by email or via the Council's website.

3.5 There can be confusion between what constitutes a complaint and a request for a service. Generally when a member of the public makes a first request for a service usually this is not considered a formal complaint. The request can become a complaint if the person makes further contact and remains dissatisfied as the matter has not been dealt with satisfactorily, or to protest against the Council's policies and procedures regarding their service request. Departments apply common sense when deciding what is a complaint as the majority of customers simply wish the Council to put something right so a service area may attempt to do this a couple of times before the matter is put into the formal complaints procedure.

3.6 As previously mentioned in item 3.2 not all complaints are dealt with through the Council's complaints procedure, and Adults and Children's Social Services have their own statutory complaints procedure and CityWest Homes operates its own non statutory.

- 3.7 The council's complaint procedure does not deal with issues where there are separate statutory appeals procedures such as disputes over parking tickets, planning applications appeals and Housing Benefit appeals. For example, the complaints procedure cannot deal with a complaint from a motorist who is disputing the issue of a parking ticket because there is a separate statutory appeals process, and this takes precedence over the complaints procedure. A motorist can however complain about other aspects of the service such as allegations that communications were not responded to or that the Council has failed to follow due process. For this reason the complaints included in this report only relate to allegations of service failure and where there is not a legal, statutory procedure or an alternative complaint procedure to deal with the specific issue.
- 3.8 The analysis of stage 2 complaints revealed that there were no serious service failings in any of the 163 complaints received and as noted in item 6.1 of the report only 6 stage 2 complaints were Upheld (6 of 163). Overall human error was the main factor in the 5 complaints being upheld.
- 3.9 The Annual Complaint Review noted that the council has seen a decrease in complaints escalating from stage 1 to stage2 (down 6%) in 2015/16. The data also reveals that in 62% of the stage 2 complaints received the complainant did not cite specific fault with the stage 1 decision, and either requested a review without explaining why, or repeated the same complaint made at stage 1. This indicates that complainants were requesting a review simply because they did not like the stage 1 decision rather than because they found fault with how the service area reached its decision.
- 3.10 There has been leaning from complaints, and as noted in Item 6.4 of the report measures implemented by HB/CT and taken after analysing stage 1 complaint data have had a positive effect on stage 2 outcomes as in 78% of stage 2 complaints were not upheld and only 18% were partially upheld. A very poor response made a stage 1 about a child's Special Education Needs (Children's Services) went to stage 2 and as a result of this the service instigated a Quality Review of Assurance Standards of complaint correspondence. Another piece of complaint learning led to HOS improving information about appeal rights on letters informing applicants that their housing application had been refused.
- 3.11 The Annual Complaint Review has done some analysis of complaints made to the Local Government Ombudsman (LGO) and has not highlighted any serious failings coming from those complaints. The report did advise that the LGO Annual Letter/Review (**Appendix B** of that report), no longer comments on a local authorities performance when handling complaints made to them and simply provides some statistical information and details some news on their organisation.
- 3.12 Some headline findings from the Annual Complaint Review are as follows:

Complaint Numbers – There has been an overall increase (up 110) from 938 to 1048 in the total number of complaints across all stages of the complaints procedure. The increase is not significant

Target response times for stage 1 and stage 2 – stage 1 response times remain the same at 86% of complaints being completed in target response time. There was a 1% reduction in performance at stage 2. Both results can be considered a good performance.

Escalation Rate - The escalation rate from stage 1 to stage 2 is 18% (163 of 885) and this represents an improved performance on the previous year

Upheld Complaints – The percentage of upheld complaints remains low despite a slight increase when compared with the previous year. At Stage 1, 28% were upheld against 24% in 2014/15. At Stage 2 the escalation rate was 4% against 3% for 2014/15.

Local Government Ombudsman (LGO) – The LGO Annual Review for the year ending 31 March 2016 provided no comment on the Council's performance

LGO Average response times - The council's average response time was 26 days against a benchmark of 28 days.

4 The Management of Complaints

- 4.1 As previously reported to this Committee in 2014/15 a project commenced in December 2015 to improve the management of complaints by the purchase of one IT system to manage complaints/FOI and Member correspondence. The Council had previously purchased the component to manage its FOI and this project was to add to the system with a component for complaints management and the handling of various Member's correspondence. The single system was required so that we can standardise and harmonise procedures where practical, to improve the external customer experience of complaints, correspondence and requests for information and provide greater transparency and resilience in processes for departments.
- 4.2 The new complaints database went live in May 2016 and there have been some teething problem, in particular the introduction a complaints web form linked to the Council's external web site did not go live until September 2016. In addition Parking Services has had other technical challenges which have just been resolved so they can now use the system. The implementation of this system now enables all complaints to be recorded on one single database and is therefore the first time the Council has had a complete corporate overview of all complaints.
- 4.3 There continues to be some localised training issues in the way data is being entered and the Corporate Complaints team is cleaning up data entered incorrectly so that the system can produce the reports required to manage

performance. In view that this process is on going currently we do not have a complete picture of complaint data by the end of the quarter.

- 4.4 The new system is also been used by the Cabinet and Ward member support team but owing to some technical issues there has not been a full take up of the system by all team members. This is now being phased in.

5 Financial Implications

There are no financial Implications associated with this report.

6 Legal Implications

There are no legal implications associated with this report.

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

Sue Howell, Complaints and Customer Manager

E-mail: showell@westminster.gov.uk

BACKGROUND PAPERS

None

APPENDIX 1
Annual Complaint Review 2015/16



City of Westminster

Annual Complaints Review 2015/16

October 2016

For further information contact: Sue Howell,
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1. Introduction

- 1.1 This report presents complaints performance and trends for 2015/16. It also includes a performance review of Local Government Ombudsman (LGO) first time enquiries and a limited review of Leader and Cabinet Member correspondence.

2. Background

- 2.1. The council's two stage complaints procedure is as follows:
- **Stage 1** - Complaints are addressed by the local service delivery manager (10 working day turnaround).
 - **Stage 2** - A Chief Executive's review undertaken (10 working day turnaround)
 - **LGO** - If the complainant still remains dissatisfied he/she can take the concern to the LGO
- 2.2. The procedure covers most council services although Adults and Children's Social Care Services each have their own statutory complaints procedure. In view of this separate reports are produced for Member and Officer over sight, therefore information about these services has not been included in this report.
- 2.3. CityWest Homes (CWH) has been operating its own complaints procedure since 1 April 2012, and therefore their complaints data has not been assessed in this report. CWH produces its own annual complaint report and this goes to the Housing Board. A copy of the 2015/16 report is attached (see **Appendix A1**).
- 2.4. Stage 1 complaints data is captured on a number of different systems although some services do use the Council's SharePoint Complaints database. A new corporate complaints database went live in April 2016 however data for the year 2015/16 has come from the various systems used in previous years. All stage 2 complaints are recorded on the SharePoint Complaints database. In view of the differing systems used a detailed analysis of data across both stages of the complaints procedure is not possible. However, stage 1 data collected by the Customer and Complaints Team on a quarterly basis means we can report on volume, response times and complaint decisions.

3. The management of complaints

- 3.1. The following are being or have been developed to address and improve the management of complaints:
- A project commenced in December 2015 to purchase and go live with one IT system to manage complaints/FOI and Member correspondence. The Council had previously purchased the component to manage its FOI and this project was to add to the system with a component for complaints management and the handling of various Member's correspondence. The single system

was required so that we can standardise and harmonise procedures where practical, to improve the external customer experience of complaints, correspondence and requests for information and provide greater transparency and resilience in processes for departments.

- The new complaints database went live in May 2016 and with any new system there have been some teething problem, in particular the introduction a complaints web form linked to the Council's external web site did not go live until September 2016. In addition parking Services has had other technical challenges which have just been resolved so they can now use the system. All services are now using the new system to record al stage 1 and stage 2 complaints and this is the first time the Council has had a complete corporate overview of all complaints.
- There continues to be some localised training issues in the way data is being entered and the Corporate Complaints team is cleaning up data entered incorrectly so that the system can produce the reports required to manage performance. Systems have been designed to make sure this is done on a monthly basis until such time as the organisation has truly embedded this system into its operation.
- The new system is also been used by the Cabinet and Ward member support team but owing to some technical issues there has not been a full take up of the system by all team members. This is now being phased in.

4. **Headline findings**

Complaint Numbers – There has been an overall increase (up 110) in the total number of complaints across all stages of the complaints procedure when compared to the previous year from 938 to 1048. This can be attributed to an overall increase in stage 1 complaints.

Target response times for stage 1 and stage 2 – stage 1 response times remain the same at 86% of complaints being completed in target response time. There was a 1% reduction in performance at stage 2. Both results can be considered a good performance.

Escalation Rate - Data reveals that the escalation rate from stage 1 to stage 2 is 18% (163 of 885) and this represents an improved performance compared with the previous year which had an escalation rate of 24% (183 of 755)

Upheld Complaints – The percentage of upheld complaints remains low despite a slight increase when compared with the previous year. At Stage 1, 28% were upheld against 24% in 2014/15. At Stage 2 the escalation rate was 4% against 3% for 2014/15.

Local Government Ombudsman (LGO) – The LGO Annual Review for the year ending 31 March 2016 provided no comment on the Council's performance

LGO Average response times - The council's average response time was 26 days against a benchmark of 28 days.

Leader and Cabinet Member Correspondence – The data provided indicates that there has been a decrease (down 137) in the volume of correspondence received

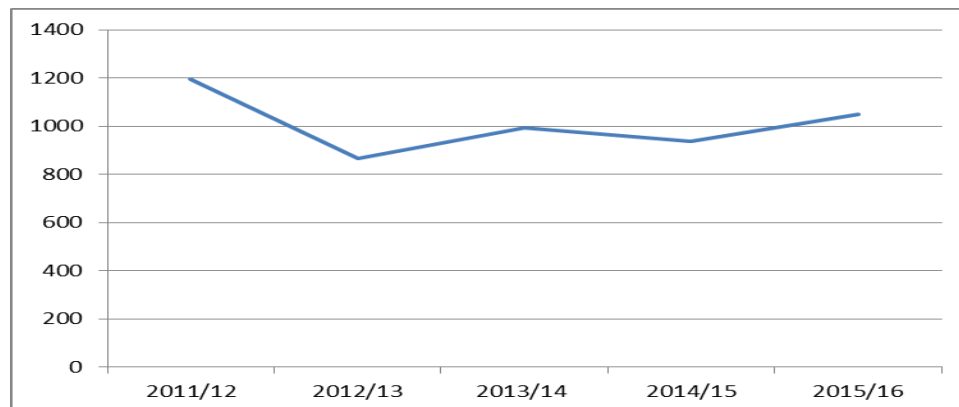
5. Complaint Volumes

Table 1: Comparison of total numbers of complaints for 2014/15 and 2015/16

	2014/15	2015/16	Variance	% change
Stage 1	755	885	130	15%
Stage 2	183	163	-20	-12%
Total	938	1048	110	10%

- 5.1. As indicated in **Table 1** there has been an overall increase (up 110) in the total number of complaints across all stages of the complaints procedure when compared to the previous year.
- 5.2. Given the data limitations it is difficult to draw any firm conclusions from the increase, and as shown in **Chart 1** below complaint totals for the last five years remain within the range of between 840 to 1200.

Chart 1: Total complaint numbers across all stages for the years from 2011/12 to 2015/16



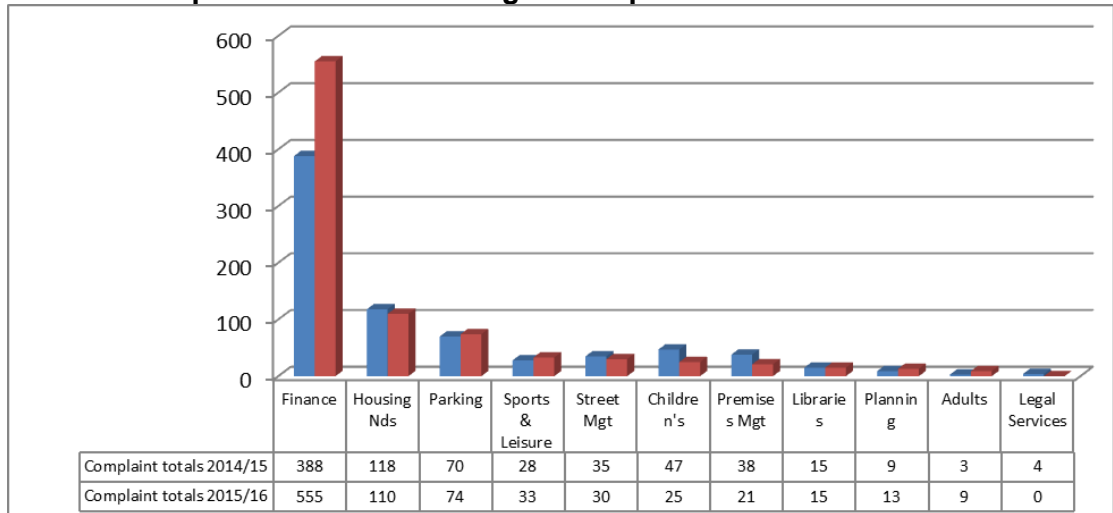
Volumes by service areas across all stages of each complaints procedure

Stage 1

- 5.3. As indicated in the table below the volume of complaints come from Finance (City Treasurer) and these relate to complaints made about Housing Benefit (HB), Council Tax (CT) and Business Rates (NNDR) Complaint volume is not a good indicator when trying to determine if service area have been delivering good services as issues such as whether Housing Benefit is awarded or whether a homeless application is accepted or a family moved from temporary to permanent accommodation are very emotive concerns and therefore increases the likelihood of complaints being generated if customers consider the

Council should be doing more whether the Council is at fault or not. Therefore complaint volumes need to be viewed with some context as the council successfully carries out the majority of transactions with its residents and customer, and in comparison very few requests enter the formal complaints procedure. For instance, Council Tax process an average of 140,000 items of correspondence each year and only 195 formal stage 1 complaints were received.

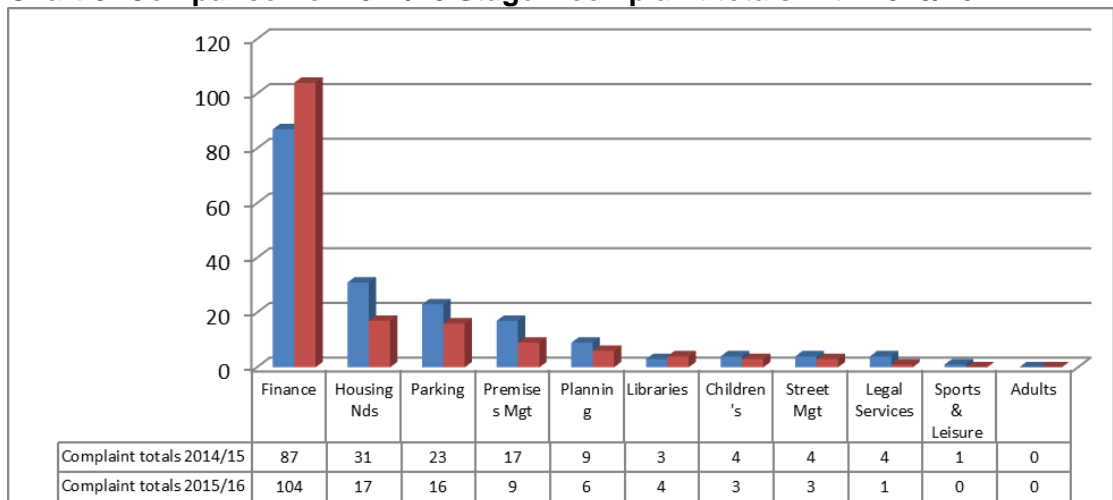
Chart 2: Comparison of 2014/15 Stage 1 complaint totals with 2015/16



5.4. As indicated in **Chart 2** the volume of stage 1 complaints comes from Finance which includes Housing Benefit (HB), Council Tax (CT) and Business Rates (NNDR), and also from Housing Needs and Parking Services. This mirrors the previous financial years.

Stage 2

Chart 3: Comparison of 2014/15 Stage 2 complaint totals with 2015/16



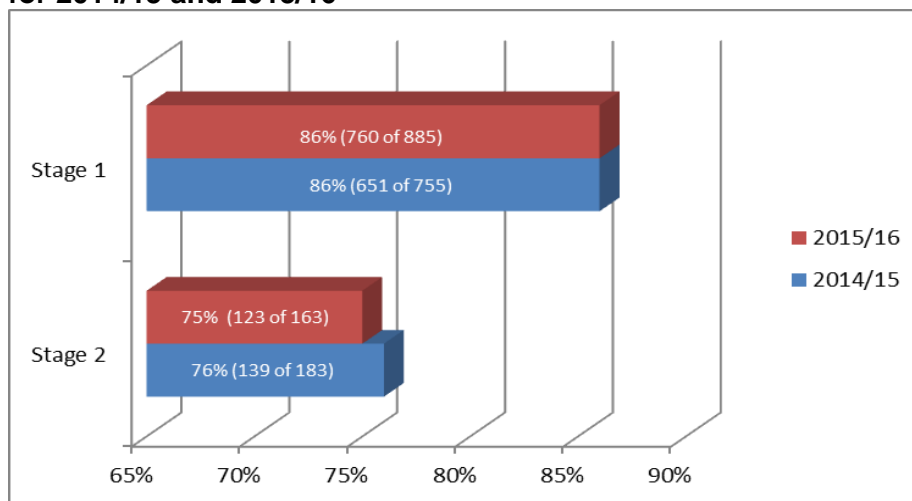
5.5. The volume of stage 2 complaints also come from same three services as complaints made at stage 1 (Finance, Housing Needs and Parking Services). However, as indicated in **Table 1** there was an overall reduction in stage 2 numbers (down 20) on the previous year. The reduction in stage 2 numbers is not significant as the spread is across most services. As discussed in item 5.3 complaint volume as a

performance measure is not a good indicator. What is more relevant is why the complaint was escalated to stage 2 and whether the complaint was upheld or not upon escalation. The reasons for complaint escalation are discussed later in this report.

Response Times

5.6. The target response time for stage 1 and stage 2 is 10 working days.

Chart 4: A comparison of target response times for Stage 1 and Stage 2 for 2014/15 and 2015/16



5.7. As seen in **Chart 4** stage 1 response times remain the same at 86% of complaints being completed in target response time. There was a 1% reduction in performance at stage 2. Both results can be considered a good performance.

Table 2: Comparison of % of stage 1 complaints across the services answered within target response time for 2014/15 & 2015/16

	% STAGE 1 completed within Target Response for 2014/15	% STAGE 1 completed within Target Response for 2015/16	Performance indicator		% STAGE 2 completed within Target Response 2014/15	% STAGE 2 completed within Target Response 2015/16	Performance indicator
Housing Nds	97%	93%	▼		84%	88%	▲
Planning	67%	54%	▼		22%	33%	▲
Children's	13%	16%	▲		100%	33%	▼
Parking	71%	76%	▲		83%	74%	▼
Finance	99%	92%	▼		78%	100%	▲
Legal	100%	0%	▼		100%	100%	▶
Libraries	93%	93%	▶		100%	100%	▶
Street Mgt	46%	57%	▲		50%	0%	▼
Sports & Leisure	89%	85%	▼		100%	78%	▼
Premises Mgt	74%	95%	▲		59%	75%	▲
Adults	67%	22%	▼		nil complaints	nil complaints	▶

▼	decline in performance
▲	improvement in performance
▶	no change

Escalation rate (from stage 1 to Stage 2)

- 5.8. When looking at the escalation rate it is worth noting that the Council's complaints procedure is open and welcomes residents wishing to make a complaint. The process is designed to learn from complaints so to improve service delivery and the customer experience. The procedure has no bar to escalating a complaint so long as there is a stage 1 response a stage 2 review is undertaken even if the complainant has not fully explained why they are dissatisfied with the stage 1 reply.
- 5.9. The data reveals that in 2015/16 only 18% (163 of 885) of stage 1 complaints escalated to stage 2, (down 6%), and represents an improved performance compared with the previous year. Data in **Table 3** below provides a service comparison.

Table 3: A comparison breakdown of complaints escalating from stage 1 to stage 2 for 2013/14 & 2014/15

	2014/15 Complaint Escalation stage 1 to stage 2	2015/16 Complaint Escalation stage 1 to stage 2	% Variance
	S1 to S2	S1 to S2	
Housing Nds	31 of 118 (26%)	17 of 110 (15%)	-11%
Planning	9 of 9 (100%)	6 of 13 (46%)	-54%
Children's	4 of 47 (9%)	3 of 25 (12%)	3%
Parking	23 of 70 (33%)	16 of 74 (22%)	-11%
Finance (HN/CT/NNRD)	87 of 388 (22%)	104 of 555 (19%)	-3%
Legal	4 of 4 (100%)	nil	0%
Libraries	3 of 15 (20%)	4 of 15 (27%)	7%
Street Mgt	4 of 35(11%)	3 of 30 (10%)	0%
Sports & Leisure	1 of 28 (4%)	0 of 33 (0%)	-1%
Premises Mgt	17 of 38 (45%)	9 of 21 (43%)	-2%
Totals	183 of 755 (24%)	163 of 885 (18%)	-6%

- 5.10. Of the 163 complaints escalated from stage 1 to stage 2 our data reveals in 62% (101 of 163) the complainant did not cite specific fault with the stage 1 decision, and either requested a review without explaining why, or repeated the same complaint made at stage 1. This indicates that the majority of complaints going to stage 2 did so because they did not like the stage 1 decision rather than citing reasons of fault with how the service area reached its decision.

Complaint decisions

5.11. The Council's Complaints Best Practice Guide states that when responding to complaints each response clearly indicates the complaint decision.

- An **Upheld** complaint decision is reached when the service area accepts that they are responsible for all the service failure(s) contained in the complaint.
- A **Not upheld** complaint decision is reached when the service area does not accept that they are responsible of any of the service failure(s) contained in the complaint.
- A **Partially Upheld** complaint decision is reached when the majority of the complaint concerns are Not Upheld, but there are some minor lapses in service delivery which did not have a significant impact in reaching the complaint decision. For example, a service area concludes that a repair was carried out in accordance with policy and procedure but the service area accepts that it could have been more pro-active in letting the resident know what was happening.

5.12. It is generally accepted that high volumes of upheld complaints are an indicator that there has been a problem with aspects of service delivery. Small volumes of complaints being upheld usually infer that generally service delivery is good and policy and procedures are being followed in the majority of cases.

Table 4: A comparison of complaint decisions for 2014/15 & 2015/16

	Stage 1	Stage 1		Stage 2	Stage 2	
	2014/15	2015/16		2014/15	2015/16	
Upheld	24% (178 of 755)	28% (247 of 885)	▲	3% (5 of 183)	4% (6 of 163)	▲
Not Upheld	52% (393 of 755)	49% (438 of 885)	▼	77% (140 of 183)	79% (128 of 163)	▲
Partially Upheld	24 % (180 of 755)	22% (196 of 885)	▼	21% (38 of 183)	18% (29 of 163)	▼

▼	decline in performance
▲	improvement in performance
▶	no change

5.13. The data in **Table 4** indicates that at stage 1 there has been a slight increase in Upheld complaints (up 4%) when compared with 2014/15. The increase is too small to draw any conclusions.

5.14. There has also been a very slight increase (up 1%) in Stage 2 Upheld decisions when compared with 2014/15, and there was also an increase in the % of Not Upheld complaints (up 2%). These findings support a robust stage 1 process as very few service failures are being found when investigating those complaints which have escalated to stage 2. The data also supports a finding that comprehensive stage 1 responses are being undertaken and any wrong put right at the first stage of the procedure.

6. An analysis of Stage 2 complaints

- 6.1. As mentioned in item 2.5 a more detail analysis of Stage 2 complaints can be made as this data is recorded by the Complaints and Customer team as it investigates the complaints on behalf of the Chief Executive and total volume is low. Furthermore, only 6 of 163 stage 2 complaints were upheld. Analysis also reveals that there were no serious service failings in any of the stage 2 complaints received.
- 6.2. The volume of data being such a small proportion makes it is difficult to spot trends and/or any generic service failings. Despite the low volume there has been some learning from stage 2 complaints and three complaints gave rise to a change in policy or procedure.
- 6.3. When analysing the 6 upheld complaints human error was the main reason for the complaint finding. Of these 6 complaints 3 complaints were about housing benefit and one from Council Tax. The remaining two were from Children's services and Housing Options.
- 6.4. Before looking at the upheld decisions in more detail it is worth noting that although the volume of stage 1 and stage 2 complaints come from HB/CT/Business rates (63% of complaints at stage 1 and 64% of stage 2 complaints), and the volumes of complaints from this service is not a concern in view of the total number of HB claims received in a year and the volume of correspondence regarding Council Tax enquiries. However, the volume of stage 1 complaints from HB and CT are analysed throughout the year to see if there is complaint learning and the service has advised the following:

Council Tax

28% of stage 1 complaints upheld in 2015/16 were in relation to missing or miss-allocated payments. There has been an improvement in this area and the number of complaints upheld against missing payments has reduced in 2016/17.

Half of the upheld stage 1 complaints were as a result of administrative errors and this accounted for 51% of complaints upheld. The Contractor has introduced 6 monthly refresher training for all staff and this will ensure that staff are more up to date with current processes and procedures and this should reduce the error rate. As a result of a number of complaints relating to the higher tariff charge of calling the Council Tax 0845 number from a mobile, the service switched to a 0345 number which is charged at a lower tariff.

It should be noted that on average Council Tax process in excess of 140,000 items of correspondence each year. The 47 complaints upheld represents 0.03% of this work.

Housing Benefit

Approximately 62% of complaints were due to perceived delays in the assessment process. The next highest volume of complaints at approximately 15% is due to assessment errors.

The following activities have been put in place by the contractor to reduce complaints, delays and errors:-

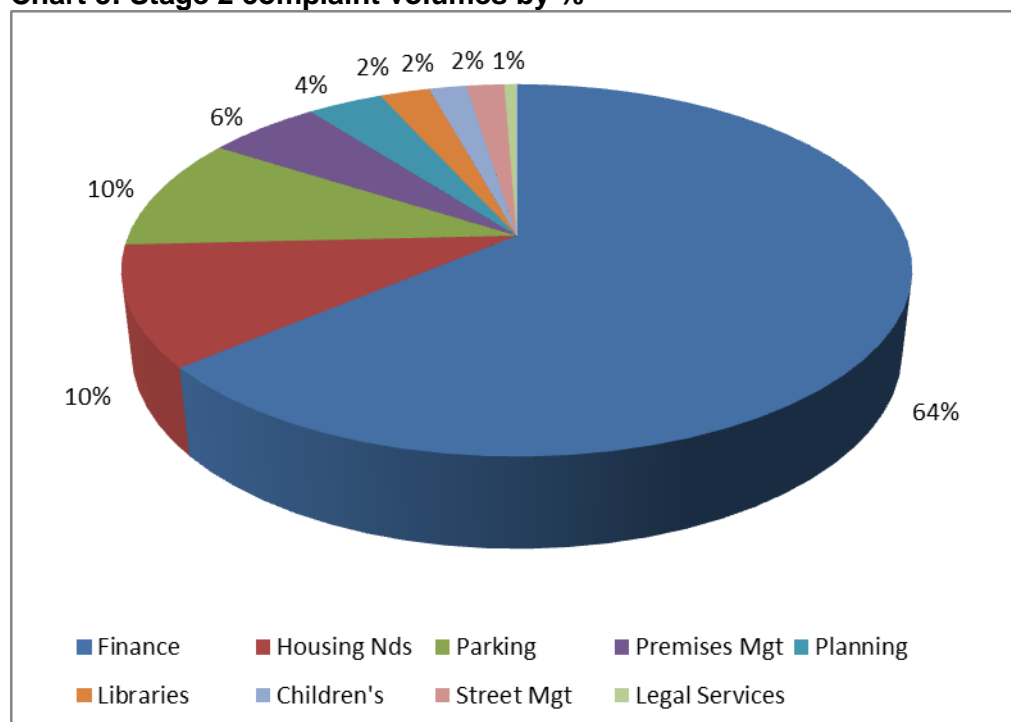
- Team managers and team leaders ensure individuals are aware of their mistakes and quality checks take place.
- There is an on-going programme of refresher assessment skills training and coaching.
- General errors/trends are cascaded by reminder guidance notes or verbally at team meetings (both at staff and team leader level).
- Service level agreements and turnaround times are closely monitored and work priorities adjusted accordingly. The service will use offsite support/overtime/loaning of staff across teams where there is need. This is proactive rather than reactive and steps are in place to promote this.
- Training has been extended to include letter writing skills as well as assessment skills
- Cases pending for information are regularly checked and the age profile monitored

In response to complaints relating to requests for information letters, Benefits reviewed letters to make clearer the standards of evidence required. Where further requests are made staff now detail what has already been received so that is clearer to the customer than something else is required. Where possible, staff now contact the customer by telephone when they are writing to request information required for a new claim, to advise what is needed. If this pilot is successful then this will be extended to include changes in circumstances.

The Service dealt with approximately 65,000 assessments in 15/16. 111 upheld complaints represent 0.17% of this work.

6.5. These changes at stage 1 seem to be having a positive effect on stage 2 outcomes as 78% of Finance complaints (HB/CT/Business rates) were not upheld at stage 2, and only 18% were Partially Upheld. So while there is volume at stage 2 from Finance (HB/CT) as 64% of all stage 2 come from this area (See **Chart 5** below) very few service failures are being found at stage 2 of the process.

Chart 5: Stage 2 complaint volumes by %



- 6.6. Concerning the two HB stage 2 Upheld decisions, both involved delays in the assessing of the claims as the claimant was asked to provide information which had already been provided. The delays incurred as a result of this were in excess of 4 weeks and therefore compensation was offered (£150 on each complaint). The housing benefit provider is responsible for the compensation payments when the error is due to an administrative failing so there was no cost to the City council in these instances of delays. The other case involved a claimant who was more than eight weeks in rent arrears and in such cases a HB claim should be paid to the landlord until any rent arrears fall back to below eight weeks. In this instance the landlord wanted his payment by BACs and not by cheque as is the usual practice and in error HB suspended the claim while they made the necessary arrangements. There was no need to suspend the claim and in addition HB did not advise the landlord of why they had suspended the claim. This led to delays in making the relevant payments to the landlord.
- 6.7. There was one CT case which was upheld and the debt owed went to the bailiff for recovery. Representations were made requesting that bailiff fees were returned and CT failed to deal with this request. In view of this the complainant had to engage a solicitor to try and get the refund and CT offered £150 by way of compensation. CT also said that they would cover the cost of the solicitor's fees if a copy of the solicitor's invoice was provided. The council tax provider also covers the costs of any remedy offered if they were at fault.
- 6.8. One Children's corporate complaint about Special Education Needs (SEN) was upheld. This involved the SEN needs of the complainant's son and the complainant was very unhappy with stage 1 response saying it did not answer their concerns, was of extremely poor quality and even referred to another child and not their son. Children's Services accepted that the response was of extremely poor quality and fell well below the standard expected. As a result of the stage 2 investigation the service advised that they would review Quality Assurance standards for complaint correspondence to prevent a similar occurrence.
- 6.9. The Upheld Housing Option Service (HOS) complaint related to a tenant being introduced to a letting company by Westlets (part of HOS). The letting company said they were concerned about the tenant being put forward by the member of staff and later it was determined that the member of staff was acting outside the tenancy guidelines. The individual left the employment of Westlets. However, the tenant left the property and failed to notify when she did and this led to housing benefits being paid direct to the landlord and which had to be recovered when the benefit service found out the tenant had previously left. The letting company asked that Housing Option service covered this overpayment in view of the irregularities in being introduced to this tenant for this property. At stage 1 HOS offered half the amount and this was increased to the full overpayment of £1,796 at stage 2.
- 6.10. There was some complaint learning from another HOS case but this was a stage 2 complaint which was partly upheld. In this case a

person's application for housing was refused and while this decision was correct the stage 2 investigation found that improvements could be made to the letters notifying persons that their application had failed by improving the information given on how they can review the decision.

- 6.11. Looking at the 18% of cases which were partially upheld most of these were due to very minor lapses and the lapse played no significant part in the overall stage 2 decision, for example slight delays in requesting additional information in HB cases, awarding small payments of compensation which could have been offered at stage 1 but were not. In such cases the main stage 1 decision was unchanged and the awards made at stage 2 was to reflect general inconvenience in pursuing the concern.

Compensation

- 6.12. During the complaint investigation if something did go wrong the Council it should offer a remedy which should put the complainant back in the position he/she was in before the error occurred. This is not always possible and sometimes an apology is not enough. Therefore when appropriate, Officers can make an offer of compensation.
- 6.13. Data in **Table 5** shows an increase in the amount of compensation offered (up £846) on the preceding year.

Table 5: A comparison of compensation offered at the final stage of the complaints procedure for 2014/15 & 2015/16

	2015/16		2014/15	
Stage 3 Compensation	Totals (£) offered in 2015/16	Nos of cases compensation was offered in 2015/16	Totals (£) offered in 2014/15	Nos of cases compensation was offered in 2014/15
Parking	£172	2	£200	1
Finance	£1,578	11	£1,300	7
Housing Needs	£2,096	2	£1,500	1
Premises Mgt				
Planning				
Libraries				
Sports & Leisure				
Street Mgt				
Legal				
Totals	£3,846	15	£3,000	9

- 6.14. There was one large payment of £1,796 offered by Housing Options. And the circumstances surrounding this case have been explained in item 6.11. Most of the payments made were small and generally were payments of between £50 to £200 for delays or administrative errors when processing various claims and permits.

6.15. The payments offered by Finance (HB/CT/Business rates) and HOS were met by the relevant contractors as they were responsible for the original errors/delays.

7. Local Government Ombudsman (LGO) first time inquiries

7.1. When the LGO decide that they wish to investigate a complaint about council services they can do so by simply reviewing the information the complainant has provided and/or use information from various web sites or set out in legislation. If they want to obtain specific information from a local authority, such as asking questions or requesting copies of correspondence to assist in an investigation they will write to the relevant council with their request. This is known as first time inquiries. The average response times of first time inquiries is used as a performance measures by the LGO.

7.2. The data in **Table 6** shows there was no increase in the in the number of first time enquiries when compared with the preceding year. This report also notes that these first time enquiries include 3 cases from Adults Social Care which were not investigated under the Council's Corporate Complaints Procedure as they were dealt with under the statutory procedure.

Table 6: LGO total First Time Enquiries for the years 2014/15 & 2015/16

	First Time enquiries Totals 2014/15	First Time enquiries Totals 2015/16	Variance
Finance - HB	5	7	2
Finance - CT/NNDR	6	3	-3
Housing Nds	9	7	-2
Parking	1	1	0
Planning	1	3	2
Adult's	4	3	-1
Chidren's	0	1	1
Street Mgt	0	1	1
Premises Mgt	2	2	0
Totals	28	28	0

7.3. The LGO monitors all local authorities on their response times to first time inquiries. The benchmark used for this is 28 calendar days from the date on the LGO enquiry letter.

7.4. The Council's calculation indicates that the average response time for first time enquiries is 26 days for 2015/16. This is within the LGO benchmark of 28 days and represents a good performance. Data in **Chart 7** provides a comparative breakdown of the average number of days taken to reply based on the Council's records.

Table 7: Comparison of average response times for first time enquiries (2015/16 & 2014/15)

	2015/16	2014/15	
	Average number of days	Average number of days	28 Days Response Target
Premises Mgt	16	27	28
Street Mgt	28	0	28
Finance-CT/NNRD	29	26	28
Finance-HB	26	24	28
Housing Nds	25	27	28
Parking	17	27	28
Planning	26	34	28
Children's	28	nil cases	28
Adults	31	30	28

- 7.5. Of the 28 first time enquiries (**Table 6**) the LGO issued decisions of Upheld: maladministration with injustice in 14 cases (50%). However, three of these complaints were matters dealt with under the Adults one stage statutory complaints procedure. In 11 cases (40%) the LGO found that the complaint was not upheld and there was no maladministration. In 3 cases (10%) the LGO found maladministration with no injustice, meaning that during investigation a fault was minor and did not require a remedy.
- 7.6. Of the 12 cases addressed under the corporate complaints procedure where a decision of Upheld: maladministration and injustice was found, 4 were Partially Upheld at stage 2 of the complaints procedure therefore as the Council already found some fault, albeit very minor, and therefore the LGO would also issue an Upheld decision.
- 7.7. In the remaining cases the LGO went on to find some fault which was not identified as part of the stage 1 and stage 2 decision or not remedied to the LGO's satisfaction. In many cases this was because the scope of the complaint changed and issues came into play which did not form part of the original complaint. Overall, the LGO is finding fault through looking at the complaint in the wider context and sometimes with new information provided by the complainant, which was not brought to the Council's attention at stage 1 or stage 2. However, there were no cases where generally the stage 2 decision was completely at odds with the LGO finding.
- 7.8. The LGO produce an Annual Review/Letter and this previously set out any concerns the LGO might have regarding the handling of our complaints together with any performance issues surrounding meeting the 28 day benchmark for first time enquiries. However, the Annual Letter no longer provides that insight and it simply sets out limited statistical information and an update on the development work they are undertaking. A copy of the Annual Review Letter can be found in **Appendix B**.

- 7.9. The main statistical table setting out the Council's performance can be found at the end of the Annual Review letter. This table provides data relating to the number of complaints and enquiries received. Two further attachments set out the data used by the LGO to create the table provided. The annual letter also makes the point that the data they hold will not align with the data we hold. This primarily because the LGO is a record of every contact made by a member of the public about Westminster City Council services hence the reason they refer in the table to complaints and enquiries.
- 7.10. Looking at the table provided by the LGO you will note that they say 132 complaints and enquiries were made about our services. This volume may seem high and cause for concerns as it states that 52 issues come from Benefits and Tax issues and 30 from Housing issues. Together this represents 62% of all complaints and enquiries received. However, these are not all complaints which have been investigated by the LGO, and as it is the LGO practice to state all types of enquiries and complaints received in a year as well as providing data on all the decisions that have been made that year. In view of this the two figures given (Complaints and Enquiries, and Decisions) will not tally.
- 7.11. Looking at the Table providing the decisions (there were a 136 decision made in that year) and this provides context as it states that only 28 cases were actively investigated (28 of 136). Regarding the remainder of the 136 decisions a further 58 (43%) were referred back to the Council to handle as either formal complaints or to resolve through mutual agreement with the complainant. A total of 36 cases (26%) were closed by the LGO after making initial enquires. Therefore just looking at two components (number of cases referred back to the Council and number of cases closed after making initial enquiries) 69% were not investigated by the LGO.
- 7.12. For further context it is worth examining the statistic that of the 132 complaints and enquiries received 52 related to Benefits and Tax (HB/CT/NNDR). Looking at the 52 HB/CT cases we find the following:
- 14 were closed by the LGO having made initial enquiries with the Council.
 - 24 were referred back to the Council for local resolution (complaints returned to the Council to enter our complaints procedure)
 - 7 cases were Upheld (formal investigation took place and the LGO found some fault by the Council)
 - 4 cases were not upheld (the complaints were investigated and the LGO found no fault)
 - 1 case advice was given to the complainant
 - 2 cases were recorded as incomplete/invalid (cases still on-going)
- In summary of the 52 cases only 11 were formally investigated and of these 4 complaints were not upheld and in 7 some fault was found.

Table 8: A comparison of the LGO Annual letter statistics across 17 London Boroughs ranked by the total number of complaints and enquiries received

	Total Complaints/Enquiries	Total Decisions	Not Upheld	Upheld	Total formal Decision	% of Total Decisions	% cases referred back to LA against Total nos Decisions	% cases closed after initial enquiries made against Total nos Decision
Lambeth	243	251	26	26	52	21%	41%	23%
Newham	243	248	16	27	43	17%	44%	28%
Haringey	220	214	14	32	56	26%	42%	26%
Barnet	219	213	7	18	25	12%	58%	22%
Ealing	183	183	13	12	25	14%	53%	26%
Lewisham	162	162	15	18	33	20%	57%	18%
Waltham Forrest	150	150	11	18	29	19%	36%	39%
Tower hamlets	149	153	13	9	22	14%	51%	23%
Greenwich	137	135	16	12	28	21%	49%	21%
Westminster	132	136	8	20	28	21%	43%	26%
Camden	128	139	17	12	29	21%	41%	22%
Hackney	116	118	11	12	23	19%	44%	26%
Hammersmith and Fulham	113	118	8	12	20	17%	35%	36%
Islington	100	99	11	10	21	21%	42%	20%
Wandsworth	99	112	8	26	34	30%	35%	23%
Kensington & Chelsea	76	80	13	8	21	26%	38%	28%
Richmond Upon Thames	48	59	9	11	20	34%	32%	25%

7.13. Having looked at the Annual Letters and accompanying table of statistics for 16 other London boroughs as seen in **Table 8** (above) the Council performance is reasonable when making comparisons against the total number of complaints and enquiries received (ranked 10 out of 17). This is more so when considering the number of residents and visitors in the borough over a 24 hour period who access our services, and the shortage of housing and the number of motorist looking to park and make deliveries. We do not know the total number of complaints which reached the final stage of each of the London Borough's complaint procedure, and some have a two stage procedure while others still have a three stage procedure. Therefore it is difficult to understand if the total number of complaints and enquiries received by the LGO is in correlation to volume of complaints which reached the final stage of a boroughs complaint procedure.

7.14. The total number of formal decisions (calculated as the number of Upheld and Not upheld decisions) is reasonable as 8 other boroughs had the same number or more. However, there is room for improvement and learning comes from examining the decision statements issued when a formal investigation has taken place as we can see how the LGO investigations differed from our own and whether this was due to additional information being provided or whether we

need to assess any fault we might have found to see if another remedy other than an apology should have been applied as often it is this which differs from our own findings/remedies. The Corporate Complaints Team also uses this learning to try and improve our stage 2 investigations. For this reason we also share all LGO decision with the relevant services. However, it is worth noting that the LGO are statutory investigators and they come in at the end of the process once the Council has commented and they have between 30 and 90 days to complete an investigation, whereas the target response for a stage 2 investigation is 10 days.

Compensation

- 7.15. The LGO can award financial payments as part of a remedy for the complaint. The term “injustice remedied” is used to describe decisions where the council remedied or agreed to remedy any injustice to the LGO’s satisfaction during the investigation so allowing the complaint to be closed. These remedies can include the payment financial settlements.
- 7.16. A comparative breakdown of LGO financial remedies for the years 2015/16 and 2014/15 can be found below (**Table 9**).
- 7.17. It is difficult to make performance comparisons between financial years as each complaint is dealt with on its merits. However, **Table 9** indicates there has been a decrease (down £343.50) in the amount of financial remedies.

Table 9: Comparison of Financial Local Settlements 2013/14 & 2012/13

Financial Local settlements	2015/16	nos of cases		2014/15	nos of cases
Housing Nds	£3,200.00	5		£2,600.00	2
Planning	£250.00	1		£1,000.00	0
Finance (HB/CT/NNRD)	£700.00	3		£943.50	5
Adults	£200.00	1		£150.00	0
Parking				£0	0
Children's				£0	0
Premises Mgt				£0	0
Street Mgt				£0	0
Totals	£4,350.00			£4,693.50	

8. Leader and Cabinet Members Correspondence

- 8.1. Correspondence addressed to the Leader and Cabinet Members, specifically in their capacity as an Executive portfolio-holder rather than as a Ward Councillor, will often take the form of a complaint or issue

with a service that is provided by the city council and that falls under their portfolio. It can also constitute wider correspondence received by the Cabinet Member in the course of their portfolio. For the purposes of this report all this correspondence is considered as part of the team and not as part of the complaints figures.

- 8.2. Over the past year the Cabinet Secretariat and Member Services team have found that the individual services have in general provide a prompt service and therefore the team are meeting the ten working day turnaround target for correspondence. Particular praise was given to the Housing Options and Benefits teams for their comprehensive and timely responses.
- 8.3. The quality of the responses is quite high overall and provides enough information to compile a full response to the correspondence. In some cases however the team do have to push for more than one option of moving forward if we feel there could be an alternative. There are also times when some of the information is very technical and it needs to be put into more layman's terms for the resident.
- 8.4. From the backbench members the main theme of correspondence/enquiries over the last year have been on benefits and housing (including high numbers on temporary accommodation and waiting/transfer lists). Across the Cabinet Member portfolios the main themes which have arisen over the year are: CCTV, SEN cases, school placements, homelessness, Homecare providers, sexual health and substance misuse services, changes to the Leisure Centres contract, Cycle Superhighways, congestion and fly tipping.
- 8.5. The new iCasework case management system will be used fully by the Cabinet Secretariat and Member Services team from 1 September 2016. This will ensure that we meet our targets of acknowledging requests within in 24 hours and providing a response in ten working days. The full extent of the benefits of the system will be shown when reporting to this Committee next year.
- 8.6. The data provided in **Table 10** indicates that there has been a decrease in the volume of correspondence received over the year. However it should be noted that this does not reflect the amount of enquiries the team deal with just the level of correspondence which is responded to and received on a formal basis.

Table 10: A breakdown of correspondence totals received by Cabinet Portfolio

Portfolio	2015/16	2014/15
Adult Services	27	19
Planning	58	201
Housing	130	143
City Management and Transport	66	58
Sustainability (est. as a Cabinet Portfolio in May 2014)	21	18
Business	4	47
Parking	58	44
Children & Young People	17	24
Premises Management	21	4
Finance	32	7
Public Protection	12	14
Sports, Leisure & Parks	8	5
Libraries, Culture & Registrar Services	0	7
Totals	454	591

APPENDIX A1

CWH Service Improvement Performance Report 2015/16



CITYWEST HOMES

CityWest Homes Complaints 2015/16

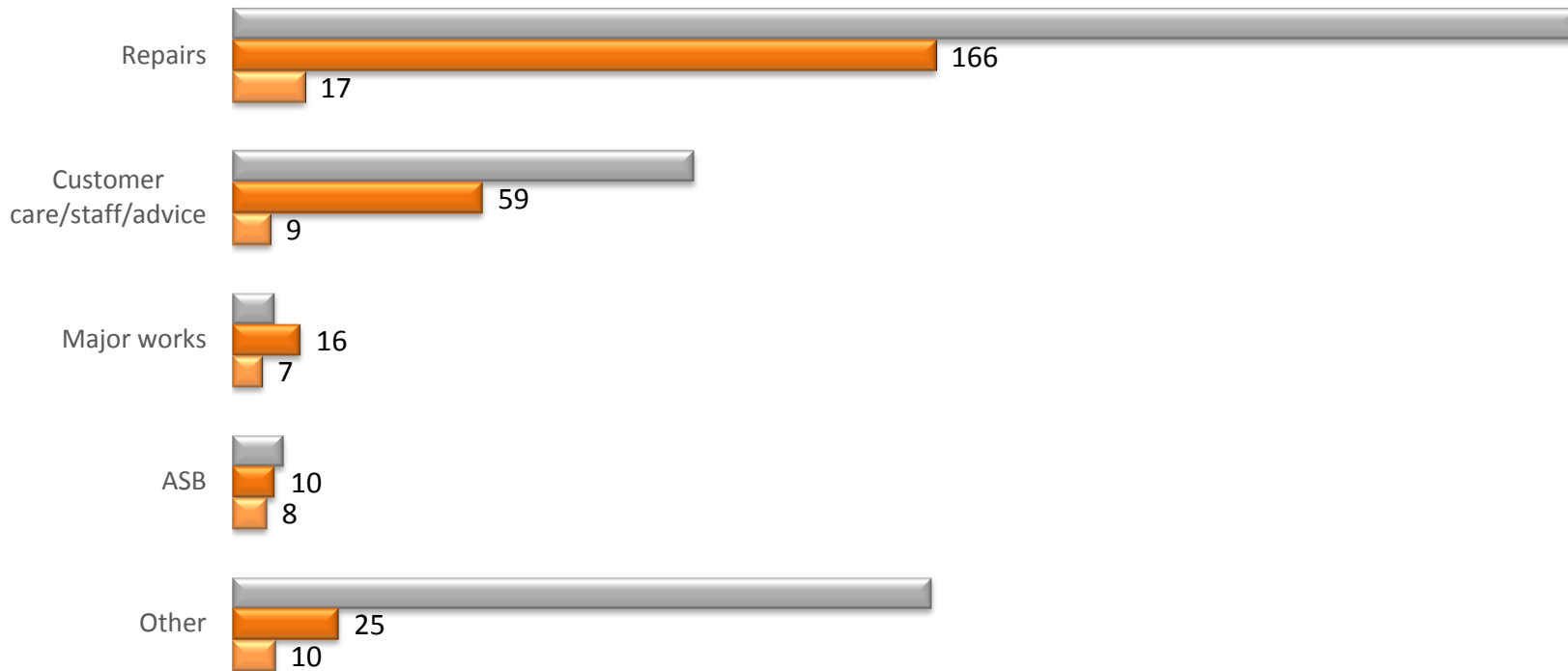
Background

Complaints	2015/16	2014/15	2013/14
Local resolution	418	451	332
Stage 1	276	210	306
Stage 2	51	41	45
Escalation	29%	20%	15%
Housing Ombudsman	10 *There was a backlog from 2014/15	4	6

Complaints by category

Complaints 2015-16

local resolutions complaints reviews



Reasons complaints escalate to stage 2

Reason	Number of stage 2 complaints
Issue not resolved	24
Compensation review	16
Unhappy with decision	11
Total	51

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Recent changes

- All new team members in the service improvement team.
- New and separate identity from the corporate communications team.
- New complaints policy and procedure from 1 April.
- Complaints training offered to all customer facing staff – 125 members of staff attended.
- On-going training with teams around logging and resolving complaints.

April and May 2016

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	Local resolution		Complaints		Reviews		Ombudsman	
	April	May	April	May	April	May	April	May
Repairs	52	49	15	12	0	1	1	0
Customer care	10	5	4	7	1	1	0	0
Major works	2	4	1	2	0	1	0	0
ASB	0	2	0	0	0	0	0	0
Other	0	2	0	0	0	0	0	0
Total	64	62	20	21	1	3	1	0

Repairs complaints breakdown

Tenure	Total number	Tenants	Leaseholders	Leaseholders / sub-let property
April	15	7	8	3
May	12	6	6	1
Total	27	13	14	4

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Category	Repairs – water penetration	Repairs – Delays	Heating and hot water	Lift repairs	Customer care	Total
April	7	7	1	0	0	15
May	1	7	2	1	1	12
Total	8	14	3	1	1	27

Repairs complaints by area	April	May	Total
Grosvenor	3	0	3
Pimlico	3	1	4
Lillington	2	2	4
Churchill	2	3	5
St John's Wood	1	1	2
Marylebone	0	1	1
S&C Total	11	8	19
Mozart	1	0	1
Queens Park	1	0	1
North Streets	2	1	3
Little Venice	0	2	2
West Streets	0	1	1
N&W Total	4	4	8
Total	15	12	27

Satisfaction with complaints

Month	Number of complaints responded to	Surveys received	Number satisfied with handling	Percentage satisfied with handling	Number satisfied with outcome	Percentage satisfied with outcome
Nov-15	12	6	3	50	2	33
Dec-15	20	5	4	80	3	60
Jan-16	22	12	8	67	5	42
Feb-16	16	5	3	60	3	60
March - 16	20	4	2	50	2	50
2015/16	90	32	20	63	15	47
April - 16	20	12	9	75	8	67
May - 16	21	13	10	70	9	60
YTD	41	25	19	76	17	68

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Satisfaction - Reviews

Month	Number of complaints received	Surveys received	Number satisfied with handling	Percentage satisfied with handling	Number satisfied with outcome	Percentage satisfied with outcome
2015/16	No data					
April	1	1	1	100	1	100
May	3	1	1	100	1	100

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Unreasonable behaviour

Number of residents in formal procedure	1
Number of residents with an in-formal local arrangement	3
Total number of residents displaying unreasonable behaviour	24

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Learning from complaints

- Recommendations – we are now tracking all recommendations included in complaints and ensuring they are completed to stop complaints from escalating.
- Asbestos – Some staff were unclear about how to deal with enquiries about in-flat asbestos in leaseholders properties. We are arranging training for staff and there is now a new CityWest Homes leaflet for residents.
- Water penetration – Access letter now hand delivered by repairs team if there is an issue with access, and then referred to the housing management team to help. Repairs are setting up a spread sheet to monitor complex issues.
- Personal documents for parking – We only need to view the documents and not take copies.

APPENDIX B

A copy of the LGO Annual Letter for 2015/16

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21 July 2016

By email

Charlie Parker
Chief Executive
Westminster City Council

Dear Charlie Parker,

Annual Review Letter 2016

I write to you with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2016.

The enclosed tables present the number of complaints and enquiries received and the decisions we made about your authority during the period. I hope that this information will prove helpful in assessing your authority's performance in handling complaints.

Last year we provided information on the number of complaints upheld and not upheld for the first time. In response to council feedback, this year we are providing additional information to focus the statistics more on the outcome from complaints rather than just the amounts received.

We provide a breakdown of the upheld investigations to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us. In addition, we provide a compliance rate for implementing our recommendations to remedy a fault.

I want to emphasise that these statistics comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

Effective accountability for devolved authorities

Local government is going through perhaps some of the biggest changes since the LGO was set up more than 40 years ago. The creation of combined authorities and an increase in the number of elected mayors will hugely affect the way local services are held to account. We have already started working with the early combined authorities to help develop principles for effective and accessible complaints systems.

We have also reviewed how we structure our casework teams to provide insight across the emerging combined authority structures. Responding to council feedback, this included reconfirming the Assistant Ombudsman responsible for relationship management with each authority, which we recently communicated to Link Officers through distribution of our manual for working with the LGO.

Supporting local scrutiny

Our corporate strategy is based upon the twin pillars of remedying injustice and improving local public services. The numbers in our annual report demonstrate that we continue to improve the quality of our service in achieving swift redress.

To measure our progress against the objective to improve local services, in March we issued a survey to all councils. I was encouraged to find that 98% of respondents believed that our investigations have had an impact on improving local public services. I am confident that the continued publication of our decisions (alongside an improved facility to browse for them on our website), focus reports on key themes and the data in these annual review letters is helping the sector to learn from its mistakes and support better services for citizens.

The survey also demonstrated a significant proportion of councils are sharing the information we provide with elected members and scrutiny committees. I welcome this approach, and want to take this opportunity to encourage others to do so.

Complaint handling training

We recently refreshed our Effective Complaint Handling courses for local authorities and introduced a new course for independent care providers. We trained over 700 people last year and feedback shows a 96% increase in the number of participants who felt confident in dealing with complaints following the course. To find out more, visit www.lgo.org.uk/training.

Ombudsman reform

You will no doubt be aware that the government has announced the intention to produce draft legislation for the creation of a single ombudsman for public services in England. This is something we support, as it will provide the public with a clearer route to redress in an increasingly complex environment of public service delivery.

We will continue to support government in the realisation of the public service ombudsman, and are advising on the importance of maintaining our 40 years plus experience of working with local government and our understanding its unique accountability structures.

This will also be the last time I write with your annual review. My seven-year term of office as Local Government Ombudsman comes to an end in January 2017. The LGO has gone through extensive change since I took up post in 2010, becoming a much leaner and more focused organisation, and I am confident that it is well prepared for the challenges ahead.

Yours sincerely



Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Westminster City Council
For the Period Ending: 31/03/2016

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
6	52	3	8	14	14	30	5	0	132

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
8	6	58	36	8	20	71%	136

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.

The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

The compliance rate is the proportion of remedied complaints where our recommendations are believed to have been implemented.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement	Compliance Rate
17	1	100%

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Audit and Performance Committee Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	24 th November 2016
Classification:	General Release
Title:	Period 6 Finance and Quarter 2 (April 2016 – Sept 2016) Performance Report
Key Decision:	Review and challenge officers on the contents of the report
Report of:	Steven Mair, City Treasurer Julia Corkey, Director of Policy, Performance and Communications

1. Executive Summary

The Quarter 2 Performance Report presents detailed results for the period April 2016 to September 2016 against the 2016/17 business plans. The report provides explanations and commentary in respect of outstanding, good and poor performance, including achievement of targets and details of remedial actions being taken where appropriate.

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

2. 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.

3. Background, including Policy Context

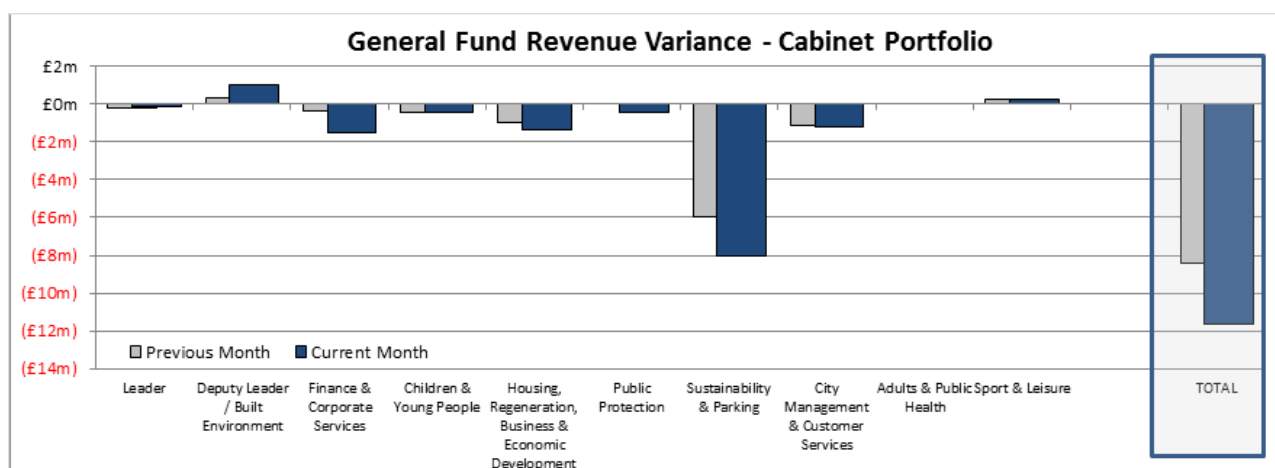
This report sets out how the City Council is delivering on the City for All vision and the management of the Council's financial affairs.

1. Key Messages

Revenue – Forecast Outturn

At the end of period 6, the General Fund is projecting an underspend of £11.667m.

The Forecast Outturn variance by Cabinet portfolios is shown within the graphic below:



Net opportunities are reported as £0.294m – comprising £4.318m of risks and £4.612m opportunities.

Capital – Forecast Outturn

A number of budget reprofiling changes were approved after Quarter 1 and are now reflected in the current approved budgets. A net underspend of £60.487m within service area capital budgets is however now forecast offset by £99.351m shortfall for in-year capital receipts and contingencies. Overall, the effect of these two has been to see the projected borrowing requirement rise by £38.864m in 2016/17

The net £38.864m change comprises: £33.935m reprofiling; £20.062m underspends (£11.413m service area and £8.649m capital receipts / contingencies); and £24.991m overspends (£2.991m in service areas and £22.000m reduction in capital receipts).

2. Revenue Expenditure - Cabinet

2016/17 Budgets and Projected Expenditure – By Cabinet Member

Period 6 Forecast Outturn by Cabinet Member

Cabinet Portfolio Structure	Budget (£,000's)	Projected Outturn (£,000's)	Projected Variance (£,000's)	Risks Identified (£,000's)	Opportunities Identified (£,000's)	Projected Net Risk (£,000's)
Leader of the Council	4,638	4,506	(132)			0
Deputy Leader & Built Environment	(358)	693	1,051	717	(517)	200
Finance & Corporate Services	42,203	40,717	(1,486)	1,015	(330)	685
Children & Young People	34,986	34,582	(404)	350		350
Housing, Regeneration, Business & Economic Dvlpt	24,627	23,279	(1,348)	780	(835)	(55)
Public Protection	10,713	10,313	(400)	150	(400)	(250)
Sustainability & Parking	(61,853)	(69,852)	(7,999)		(2,000)	(2,000)
City Management & Customer Services	56,748	55,549	(1,199)		(530)	(530)
Adults & Public Health	58,548	58,548		1,306		1,306
Sport & Leisure	12,867	13,117	250			0
Service Area Total	183,120	171,453	(11,667)	4,318	(4,612)	(294)
Council Tax	49,350	49,350				
Business Rates - Net of Tariff	75,919	75,919				
Revenue Support Grant	57,851	57,851				
Corporate Financing	183,120	183,120				
Net (Surplus) / Deficit	(0)	(11,667)	(11,667)			

The table above shows the variances expected in each Cabinet portfolio.

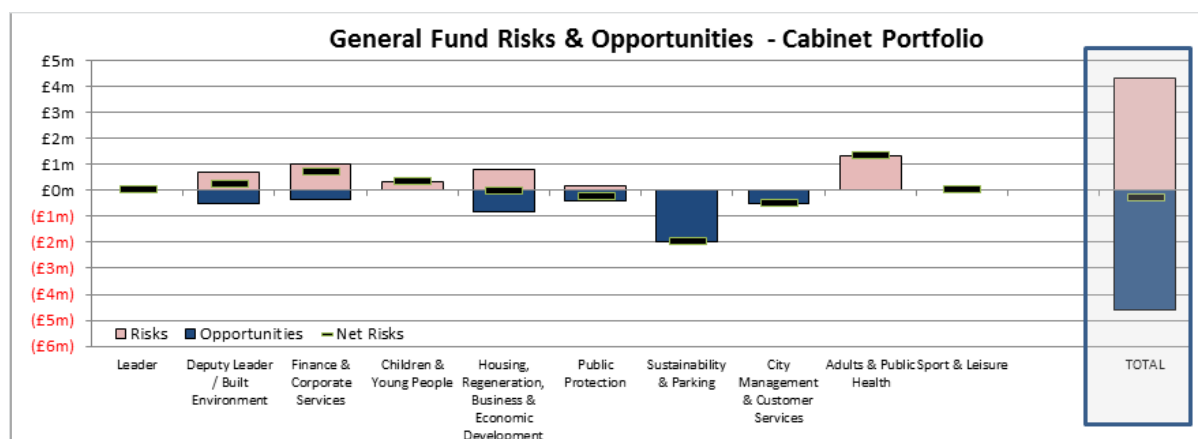
At the end of period 6, the forecast outturn for the Sustainability and Parking portfolio is a £7.999m favourable variance. This is largely attributable to higher than anticipated car parking income as a result of increased income from parking bay suspensions. Other cabinet portfolios also offer up the prospect of net underspends or overspends

Revenue – Key Risks and Opportunities

Currently there are £4.318m of identified service area risks, which are being carefully monitored to minimise their potential impact. Set against these are potential opportunities of £4.612m. The chart below shows the distribution of these within Cabinet portfolios.

The net opportunity of £0.294m is substantially related to potential additional parking income opportunities (£2.000m) offset by cost pressures within Adult Social Care (£1.306m). The balance is made up of smaller risks within the portfolios.

Risks and Opportunities by Cabinet portfolios



3. Capital Expenditure by Cabinet Area

2016/17 Budgets and Projected Expenditure – By Cabinet Area

	Spend Budget (£,000's)	Income Budget (£,000's)	Spend Forecast (£,000's)	Income Forecast (£,000's)	Spend Variance (£,000's)	Income Variance (£,000's)	Net Variance (£,000's)	Variance (%age)
Leader								n/a
Deputy Leader & Built Env't	18,090	(12,317)	15,124	(12,296)	(2,967)	21	(2,946)	-51%
Finance & Corporate Services	144,656	(26,186)	94,426	(20,288)	(50,230)	5,898	(44,333)	-37%
Children & Young People	8,667	(8,667)	6,328	(5,971)	(2,339)	2,696	357	n/a
Housing, Regeneration, Business and Economic Dvlpt	68,376	(45,285)	47,947	(37,624)	(20,430)	7,661	(12,769)	-55%
Public Protection	196	0	85	0	(111)	0	(111)	-57%
Sustainability & Parking								n/a
City Management & Customer Services	11,755	0	11,470	0	(285)	0	(285)	-2%
Adults & Public Health	2,075	(820)	1,243	(435)	(832)	385	(447)	-36%
Sport & Leisure	4,850	(259)	4,897	(259)	47	0	47	1%
Service Area Total	258,666	(93,533)	181,519	(76,873)	(77,148)	16,661	(60,487)	-37%
Capital Receipts & Contingencies	5,649	(108,000)		(3,000)	(5,649)	105,000	99,351	-97%
Total	264,315	(201,533)	181,519	(79,873)	(82,797)	121,661	38,864	62%
Funded by Borrowing		(62,782)		(101,646)		(38,864)	(38,864)	
		(264,315)		(181,519)		82,796	-	

Capital forecast outturn variances against budget at period 6

The approved budgets set out above reflect a number of approved budget changes to reflect likely reprofiling from 2016/17 into 2017/18.

The most significant individual net forecast variances include:

- (£37.000m) Investment Property Review (Re-Profiled)
- (£9.613m) 291 Harrow Road (Underspend)
- (£5.649m) Capital Contingency (Underspend)
- £22.000m Capital Receipts (Underachievement)
- £86.000m Capital Receipts (Re-Profiled)

4 HRA

Revenue Expenditure - 2016/17 Budgets and Projected Expenditure

As shown in the table below, at Period 6 the forecast outturn is a surplus of £12.919m resulting in a favourable variance of £5.578m. This reflects higher rental, service charge and other income and lower housing management costs, partially offset by additional capital charges.

Period 6 Revenue Forecast

Description	Approved Budget £'000	Forecast Outturn £'000	Variance £'000
Income			
Dwelling Rent	(75,764)	(75,884)	(119)
Non Dwelling Rent	(1,188)	(1,190)	(2)
Service & Facilities charges	(17,017)	(16,688)	329
Other Income	(13,410)	(17,299)	(3,889)
Total Income	(107,378)	(111,060)	(3,682)
Expenditure			
Housing Management	47,769	45,372	(2,397)
Repairs & Maintenance	16,267	16,267	0
Capital Charges	35,152	35,652	500
Bad Debt Provision	850	850	0
Total - Expenditure	100,038	98,142	(1,897)
Net Operating deficit/ (surplus)	(7,340)	(12,919)	(5,578)

Capital Expenditure

As shown in the table below, at Period 6 the forecast outturn is £72.257m resulting in a total variance of £11.161m from the revised budget. This includes underspends for the Major Works programme of £14.595m, the Housing Regeneration projects of £8.430m, and overspends on other projects of £11.864m. A revised future delivery costs profile for all the projects have been reflected in the HRA 30 year Business Plan currently being finalised. The forecast does not reflect the potential impact of the Brexit decision on the ability to fully recover capital receipts relied on to partially fund the regeneration projects.

Period 6 Capital Forecast

Description	Budget	Forecast	Variance
	£'000	£'000	£'000
Major Works	41,418	26,824	(14,595)
Housing Regeneration	35,243	26,813	(8,430)
Other Projects	6,756	18,620	11,864
Total Capital Expenditure	83,418	72,257	(11,161)
Financed By:			
Major Repairs Reserves (MRR)	22,767	23,598	(831)
New Borrowing	29,700	18,276	11,424
Capital Grant - AHF	2,081	3,453	(1,372)
Capital Receipts - Other	18,365	2,395	15,970
Capital Receipts RTB/Non RTB	1,556	17,951	(16,394)
HRA Reserves	8,948	6,584	2,364
Total Financing	83,418	72,257	11,161

HRA Reserves

The HRA general reserve stood at £31.606m on 1st April 2016. The operating account will contribute an estimated £12.919m to the reserves this year of which an estimated £6.584m will be used to finance HRA capital expenditure, resulting in an estimated end of year balance of £37.941m. The minimum level of reserves to safeguard the HRA against unforeseen factors is judged to be £11m. Other HRA balances stood at £56.435m on 1st April 2016. This includes earmarked reserves, accumulated Right to Buy (RTB) and capital receipts from the sale of other HRA assets.

2016/17 QUARTER 2 PERFORMANCE REPORT

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1. INTRODUCTION

This is the Q2 Performance Report for Westminster Council. It covers performance up to the end of September 2016. It provides analysis, explanations and commentary in respect of outstanding, good and poor performance, including achievement of targets and details of remedial actions being taken where appropriate.

This report is presented in the same format as Q1 but has been compiled for the first time using an on-line portal linked into the Council's Business Intelligence system. It has been used to collect both project based deliverables, and quantitative KPIs across the Council. Screenshots for data capture have been provided in Appendix 1.

The benefits (which will be developed for Q3) will be

- Clear overviews of performance in and across Directorates
- Increased visibility and accessibility of latest and historic performance data
- Ability to establish cross-cutting thematic dashboards – for example, dashboards could be created around indicators that support City For All, or Employment or Physical Activity
- Enable management teams / officers to present performance dashboards on-line

The current format report is split into three sections:

- 1) cross-cutting summarised progress in delivering corporate strategic outcomes
- 2) delivery specifically against 'City for All' pledges
- 3) directorate based performance (including back-office and many 'business-as-usual' activities)

This report will be issued to the Audit and Performance Committee on 24th November 2016 when it will be made available in the public domain via the committee pages on the council's website.

For this EMT, we will be producing the Monthly Insight Report each month, but the performance and risk elements have been removed to avoid duplication.

2. OVERALL PERFORMANCE OF THE CITY COUNCIL

2.1 Cross-Cutting Priorities

This table sets out the fourteen cross-cutting priorities identified as underpinning the council's strategic objectives and short-term commitments throughout the year. These 14 priorities require a range of services and partners to work together to deliver them. Summarised progress updates against each priority are provided below.

Priority/Theme	Progress update
Organisational Health Check We will enable the Business to evolve and transform by delivering on our major projects and programmes that are fundamental to our long-term financial sustainability. We will ensure Council resources are deployed effectively and efficiently , to achieve best in class services, value for money, and to reduce costs whilst delivering improved outcomes	<ul style="list-style-type: none"> • Impetus for Internal Change - Creation of a new network to support our major transformation programmes, this involved a campaign to promote and call on individuals to act as Change Advocates to support the modernisation of the council. 75 nominations were received. • Retention and Recruitment - A talent strategy has been developed to optimise current staff potential skills and to support recruitment • City Hall decant – timelines and leases now in place
	<ul style="list-style-type: none"> • Enabling Partnership Working - Use of NHS numbers as person identifiers will make joint work across ASC and the NHS much easier, and offers an opportunity for future joined up working across other areas. • Sickness – Issues with reporting systems mean that there are difficulties in getting reliable figures on sickness absence. • ICT resilience - Legacy datacentre services in City Hall and Lisson Grove pose a risk to business continuity until their planned decommission at end March 2017 illustrated by a power failure at Lisson Grove causing significant service outage in August.
City for All: Aspiration We will encourage economic growth in the City We will get Westminster working by helping people be the best they can We will deliver more homes, helping the most vulnerable and supporting prosperity for all We will support businesses to do more for the local community and in return be more business friendly	<ul style="list-style-type: none"> • Development Opportunity Framework – consultation has started on the site incorporating the Queen Mother's Sports Centre and sets out the development opportunity to redevelop the leisure facilities to modern standards whilst regenerating the surrounding area. • The City Plan Special Policy Areas and Policies Map Revision was found sound by an independent inspector appointed by the Secretary of State. The revisions will now be adopted at Full Council on 9th November 2016 and cover six separate Special Policy Areas with some minor amendments to the Policies Map.
	<ul style="list-style-type: none"> • Employment - Long Term unemployment continues to be driven down quickly, but the fall is very unlikely to enable the CFA target of a 1/3 fewer, and long term unemployment claimants left have significant barriers to work • Education - 2016 provisional data for new SATS results recorded a result of 56%, above the national rate of 53%.
	<ul style="list-style-type: none"> • Welfare Reform - New Benefit Caps will heighten risks of debt and homelessness amongst 900 workless households, EMT have agreed the strategy of support which will mean that all households will be contacted, prioritising the message of employment and need to find long term affordable accommodation. • More Homes - 18 affordable homes have been completed to end Quarter 2. A further 175 affordable homes to be delivered through registered provider partners are anticipated during the remainder of the year. On track to deliver target figure.
	<ul style="list-style-type: none"> • Contacts from business with the Business Unit in GPH are above target

Priority/Theme	Progress update
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City for All: Heritage	We will make Westminster one of the Greenest Cities in Europe by improving the Environment	<ul style="list-style-type: none"> • Air Quality - Following the successful bid for Low Emission Neighbourhood (LEN) funding, work has begun to develop parking-related LEN initiatives alongside other strategic emissions-based charging policies and air quality measures. The challenge will be to integrate small zone policies with City wide. • Westminster City Council and King's College London Joint Research Project The Evaluation and Performance Team are currently conducting a joint research project with the Policy Institute at King's College to understand if there is more that the Council or its partners can do to improve air quality in Westminster.
	We take pride in our role as a custodian of this great City and will protect our heritage by managing places and spaces that can be enjoyed now and in the future	<ul style="list-style-type: none"> • Development impact on residents - a revised Code of Construction Practice was operationalised in September 2016, protecting against residential 'iceberg' basements and inconsiderate building practices
	We will deliver a world class setting for the country's most celebrated events	<ul style="list-style-type: none"> • Successfully delivered major events in Central London including Ride London, Notting Hill Carnival, Tour of Britain and London Fashion Week

City for All: Choice	We will prioritise those who need our help the most by supporting the most vulnerable people	<ul style="list-style-type: none"> • Future planning - Primary Care Modelling work that considers health demands of the population over the long term is bringing together detailed demand and supply analysis across the Council and the NHS. • Market problems - The inability of the local market to meet needs, e.g. placement for people with dementia remains a major factor in some vulnerable people not getting the best outcomes quickly enough. • Vulnerable children – long term settlement has been improved, and all Young Carers known about given bespoke support
	We will create opportunities for everyone to be active and healthy	<ul style="list-style-type: none"> • Childhood Obesity - A wide spread of partners have been to events held by MyTime Active, that clarify service offer and referrals routes to enable a joint working to tackle Childhood Obesity which is still high in Westminster. • Physical Activity - Fit for Sport have taken over where the now defunct WCC Play Service with strong initial support from schools and parents. • Poor Health behaviours - New behaviour change models of funding and analysis will attempt to tackle long-standing uncertainties linking Public Health services to outcomes – on such matters such as smoking, physical activity. Prevalence of smoking in Westminster is reducing.
	We will provide new ways for residents to contact the Council and have their say	<ul style="list-style-type: none"> • Engagement with residents - The first Open Forum Public meeting took place in October - 99 residents took part in round table discussions with officers and elected Members.
	We will help residents and communities to remain independent and safe	<ul style="list-style-type: none"> • Helping People stay at home - The Community Independence Service which support people at home who would otherwise have to leave their homes will go live under a new provider in November. Success will depend upon the ability of the CIS to enable people to stay at home for a significant period of time. • Fewer adults with social care support are having to leave their homes for residential placements • Community Safety – Serious youth violence has been increasing in areas not typically impacted. The increased use of the drug Spice is creating an increasingly serious challenge for staff supporting some vulnerable groups. • Prevent – Funding has increased but late notification from Government compromises our ability to spend optimally.

2.2 Principal risks and uncertainties

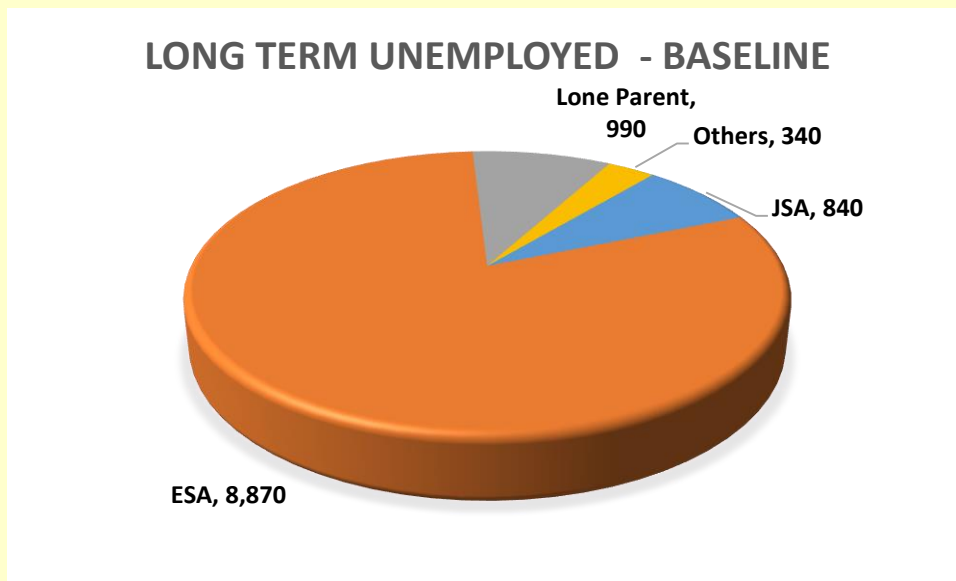
The table below lists the top risks from the Council's corporate risk register as identified and maintained by service departments <http://partnerweb/corpservices/riskregisters/default.aspx>.

Risk	Impact	Mitigation
<p>Adult Social Care:</p> <p>a) Increased level of reduction in budget and/or demand over the medium term over and above the planned level.</p> <p>b) Reducing customer and carer satisfaction</p>	<p>Risks are associated with continuing demographic and financial pressures which require successful delivery of more complex transformation projects. This puts financial stability and customer satisfaction at risk.</p> <p>Scale of change around frontline and provider services and greater emphasis on time limited interventions and re-ablement may lead to reduced satisfaction of some customers, especially those who have been supported for some time.</p>	<p>High</p> <ul style="list-style-type: none"> • Further change our service model and commissioning strategy to put a greater focus on short term, re-abling, interventions, promoting independence and new procurement approaches. • Pursue opportunities to develop more integrated working with health colleagues. • Developing a communications strategy to inform residents of changes to services. • Analyse all customer and carer feedback and redesign frontline social work services. • Exploring new opportunities for co-production.
<p>City Treasurer: Targeting further savings over the next three years to 2017/18.</p>	<p>Targeting further savings as a result of the continuing austerity pressure on public sector organisations. More uncertain economic outlook due to EU referendum result.</p>	<p>High</p> <ul style="list-style-type: none"> • City Treasurers Department will continue to work with other departments to understand and mitigate any potential impacts.
<p>Corporate: Service impacted by failure of Legacy IT infrastructure.</p>	<p>Some Council services rely on legacy IT infrastructure in City Hall and Lisson Grove data centres. The equipment is beyond end-of-life and therefore at risk of failure again until the City Hall decant completion at the end April 2017. Vendor support is limited due to outdated platforms/software in use.</p>	<p>High</p> <ul style="list-style-type: none"> • Complete migration of infrastructure to BT data centres/cloud platforms, according to existing plans (accelerated where possible).
<p>GPH: Uncertainty around the effects of Brexit and uncertain market leading to the delaying or withdrawing of investment decisions, a slowing of income growth and falling capital values.</p>	<p>Impact on delivery of new housing and affordable housing targets as well as Estates Regeneration programme; difficulties in achieving TA savings and property income targets and planning fees; effect on homelessness and overcrowding.</p>	<p>Medium</p> <ul style="list-style-type: none"> • Monitor market. Seek good value purchases. • Potential for build cost inflation to slow and contractors to move to 'safe haven' clients like WCC for certainty of work flow.
<p>Children's: Delivery of SEN Education and Health Care (EHC) plans & Impending Local Area Inspection</p>	<p>A key risk is to ensure we deliver our statutory responsibility around the transfer of SEN statements to Education and Health Care (EHC) Plans by April 2018 as stipulated in this Children and Families Act. If the service fails in this regard then the Council and its partner agencies (social care and health) could be seen to be at fault.</p> <p>The authority may also be notified of an Ofsted / Care Quality Commission (CQC) Local area inspection of the local provision for 0-25 year olds with SEN and Disabilities. The Inspection will result in the publication of a letter by Ofsted and CQC outlining the local area's strengths and areas for improvement. If the local area is not adequately prepared for the inspection, then there will be a negative impact on the authority and its partners, including health and schools</p>	<p>Medium</p> <ul style="list-style-type: none"> • A reorganisation of the SEN Service and the development of a business case for a transfer review team to further support transfer from SEN statements to EHC plans. The business case for additional SEN Transfer Review Key-workers has been approved and recruitment is almost completed. • Preparation for the inspection is progressing through the Quality Assurance board in partnership with the local CCG– this has overseen the publishing of the Ofsted framework whilst a dedicated project manager is in place to drive self-evaluation forward..

Employment

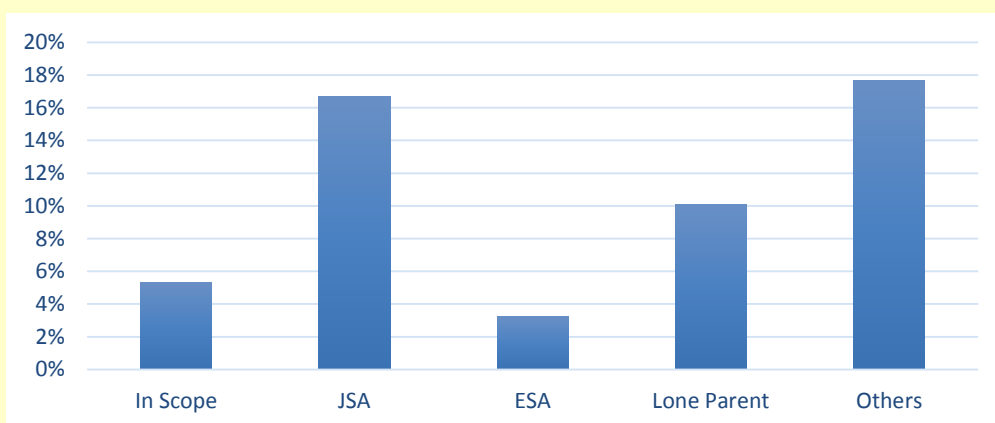
- Employment is a key priority throughout City for All, with a commitment to reduce long-term unemployment, those out of work for a year or more, particularly prominent.
- Data on Long Term Unemployment is drawn from people actively claiming workless benefits from local JobCentres and is subject to a time lag, so that at the end of Quarter 2, 2016 it is possible to report claimant counts as at February 2016 – approximately one year after the beginning of the 3 year City for All commitment.
- Benefits in scope of the commitment – are JobSeekers Allowance, Employment Support Allowance (people with mental and physical health problems) and Lone Parents. Out of scope were claimant types where the DWP are not looking for work solutions (e.g. bereavement, Carers)

Figure 1 - Baseline Feb 2016 - Long Term Unemployed by Benefit Type



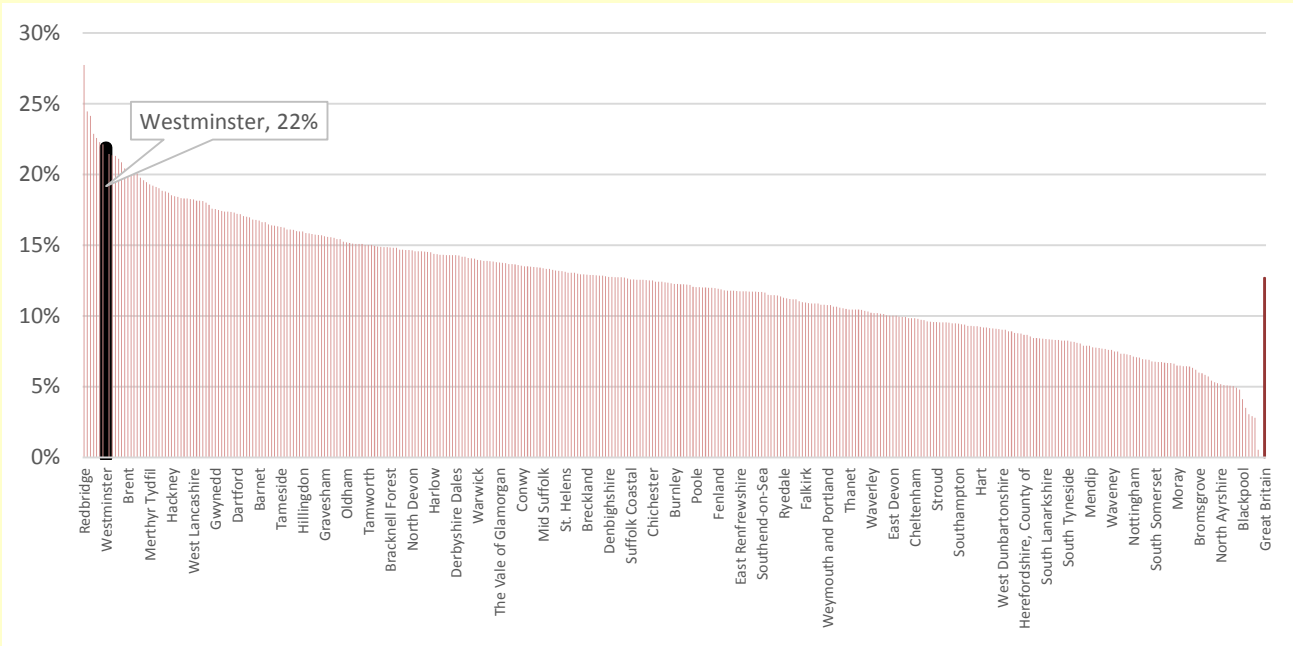
- Across all benefits in scope the long term unemployment count has been reduced by over 5% in the single year Feb 2015 – Feb 2016, with significant reductions in JSA and Lone Parent claimants.

Figure 2 - % Reductions in Long Term Unemployed by Benefit Type



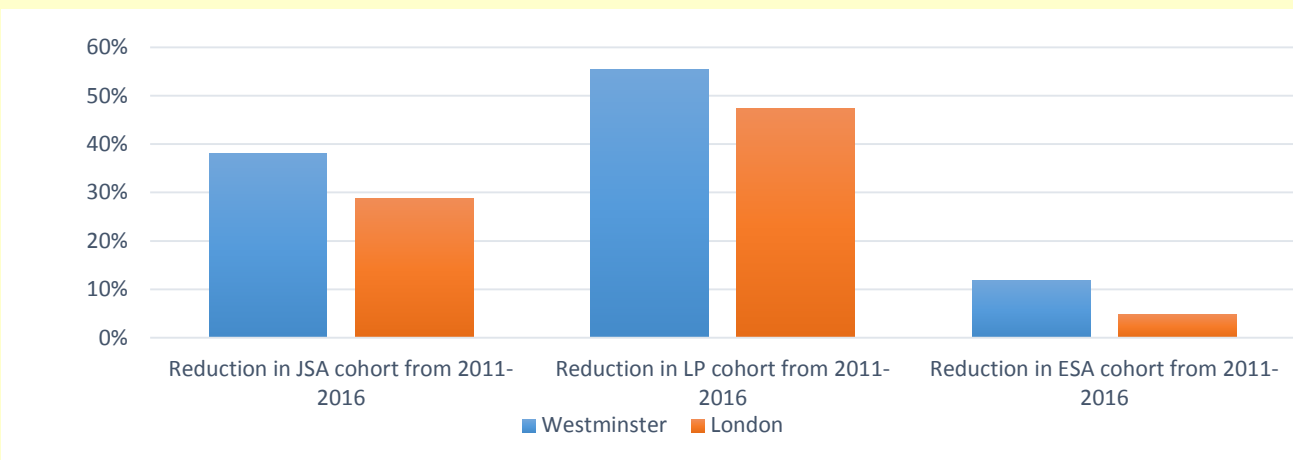
- Compared to other Local Authorities (unitaries and districts) across Great Britain from 2011 to 2016, Westminster achieved the 8th greatest reduction of long term unemployed. Some East London Local Authorities, (starting from higher unemployment bases) also achieved good results in this period.

Figure 3 - % Reductions in Numbers of Long Term Unemployed between 2011 and 2016



- Westminster has also been more successful in reducing unemployment across claimant groups than across London

Figure 4 - % Reductions in Long Term Unemployed by Benefit Type between 2011 and 2016



- However, a significant challenge remains, as Westminster’s stock of Long Term Unemployed is now 84% ESA claimants, the highest proportion of this benefit type of any London Borough, and the hardest client group to obtain job outcomes.
- The restructuring of the Westminster Employment Service, a concerted focus on the long term unemployed and the successful bid of funding from the EU to set up the EASI employment project, to tackle worklessness in households who are homeless or at risk of homelessness, provides a further opportunity to support greater numbers of the more vulnerable long-term unemployed into work.

3. Service Performance by Directorate

3.1 ADULT SERVICES

Notable areas of achievement, delivery and opportunities

Adult Social Care



- The major restructure phase of the **Customer Journey programme** was completed in July to deliver the remaining required **£1.3m savings** and support delivery of the new target operating model for the service. A training and development plan has been put into place for managers and front line team members.
- The draft **5-year Sustainability and Transformation plan (STP)** for North West London, which shows how health and social care together meet the health needs of the local population was submitted to NHS England in June with the next iteration due for submission on 21st October.
- The **Better Care Fund (BCF)** information sharing work that establishes use of NHS numbers as the primary identifier of residents across sectors is well progressed.
- The roll out of the multi-disciplinary **hospital discharge service**, including the operation of locality teams within each hospital site is now completed. The model will now be rolled out across the wider West-London Alliance sub region supported by a cross borough funded delivery plan and Department of Health funding.
- Progress has been made to mobilise the **new home care contracts** with new providers with a focus on handovers to support customers.
- Mobilisation planning for the **Community Independence Service (CIS)** is well underway following the appointment of the new lead provider the Central and North West London NHS Trust. The planned go live date for the integrated service is 1st November 2016.
- Following an in-depth service review a **personalisation strategy and delivery plan** has now been put into place. This will further support the integration of **direct payment** processing to operations and targets for increased uptake in Direct Payments. A pre-paid credit card system has now been procured and is scheduled to go live by the end of October 2016.
- The **Preparation for the Adulthood (PFA)** project has delivered a new and strengthened pathway for transitions management across children's and adult's services and learning disability teams.
- The department's **Front Door and Demand Management Programme for ASC** has been initiated and is at the definition stage. The programme has three projects; analytics, prevention services re-commission and front door and digital development. It aims to deliver a transformational agenda that will integrate and manage demand for high cost health and social care services.

Public Health

Strategy and Operations

- The public health team will have in a new structure in place from April 2017 which will cost less, be more flexible and effective. Following the re-structure, collaborative commissioning pilots with ASC and CHS will begin in order to inform the longer term commissioning model for public health.
- A prioritisation framework is being trialled to support decision making about how best to utilise the public health budget to maximise impact on population health outcomes. A report from this trial will be available from November.

School Health

- Westminster City Council (WCC) undertook a competitive tendering procurement for the provision of School Health Services. The new service model was developed after a comprehensive service review. Consultation and engagement will provide a more equitable, efficient, evidence based and consistent service across the three boroughs and improve outcomes for school aged children.

- As part of the Healthy Schools programme, Queen Elizabeth II Jubilee Special School for pupils aged between 5-19 years, with severe learning difficulties and profound and multiple learning difficulties, achieved the Healthy Schools London Gold Award.

Tackling Childhood Obesity Together (TCOT)



- A successful stakeholder engagement event was held to engage various community and council partners, schools, the NHS and other local providers of child, adolescent and family services in recognising and understanding the obesity problem and knowing how to signpost young people and families towards the healthy weight services MyTime Active is providing on behalf of the Council.
- As part of the programme we have committed to rigorous evaluation in order to produce valid evidence based models that can be replicated or scaled up across the boroughs.

Sexual health/ Substance misuse

- As part of the London Sexual Health Transformation Programme (LSHTP), the procurement of Genitourinary Medicine (GUM) services has commenced for the Inner North West London sub-region (H&F, RBKC and WCC). The new service model, which will streamline systems and make efficiencies, is due to go live in April 2017.

Gum service analysis -usage and recharging in 2015/16

WCC holds the GUM contract for services provided by Imperial College Healthcare. Residents from Westminster made up 29% of the overall activity in 2015-16 (around 14,800 of 51,000 appointments). There is also a GUM clinic located in Westminster which falls under the Chelsea and Westminster NHS Trust GUM contract held by Kensington and Chelsea. In 2016-17, WCC would not therefore be the lead authority for this contract.

GUM healthcare providers invoice each Local Authority directly with activity related to their residents. There is no financial recharge required. The principles which support this arrangement are set out in the DoH document 'Sexual Health Services: Key Principles for Cross Charging'. In London this is further supported by a Memorandum of Understanding and lead commissioner arrangements.

All payment relates to the individual's borough of residence. Each clinic matches individuals to Local Authority by postcode. The payment process includes the submission of anonymised backing data for local verification. Residency is included in this process at Lower Super Output Area (LSOA) level.

The lead authority is only liable for payment for non-residents when the individual lives outside England or if residency is not provided. This is a KPI and monitored quarterly and represents around 0.72% of activity

- The contract award report is being drafted for the procurement of community sexual and reproductive health services, this is split between; lot 1 - sexual health promotion and psychosocial support, and lot 2 - contraception and sexually transmitted infection screening. The outcome of the procurement will be announced in late October 2016 and due to launch in April 2017.
- The reconfigured drug and alcohol services commenced on 1st April 2016 - a 6 month review is planned for October 2016.

Behaviour change

- The literature reviews on integrated services, digital services for behaviour change, and smoking services have been completed, and needs analysis and public health prioritisation process are both underway. Best practice models of integrated service delivery across the country are underway.

Current performance reviews of each service are 60% completed. New financing models such as the social Impact Bonds and the Life Chances Fund are being investigated. Engagement with stakeholders in service design is underway, and a business case with recommendations for three options for the new service is being drafted to collate all the information and propose a new way forward.


Health Intelligence

- The Housing and Care Joint Strategic Needs Assessment (JSNA) has been published. It explores the ways in which collaboration can improve customer journeys and value for money, and prevent or delay deterioration in health and wellbeing.

Primary care modelling

- The modelling provides a developing understanding of the likely population size and profile for Westminster by 2030; the likely burden of disease by 2030; and the impact of the use of health and care services within Westminster.
- **Achievements so far:** A set of projections of the population and disease burden has been developed; including estimates for different populations (the resident population of North West London local authorities and Westminster wards, and Central London CCG and West London CCG registered populations). Council and Clinical Commissioning Group officers have collaborated closely in developing the model.
- **Future plan:** Modelled estimates are currently being validated using local CCG data on activity and cost and will be integrated with the CCG estate audit to understand the impact on the demand for primary care health services.

Smoking

- In 2015, the smoking prevalence fell from 20% to 15%. Smoking cessation support for residents in Westminster is provided by 'Kick It', which offers stop smoking support in accordance with the best available evidence and NICE guidelines.
-  'Kick It' have a target to achieve 1,437 quits per year for Westminster residents. This is measured as completely stopped smoking at four weeks after setting a quit date. In 2015/16 'Kick-It' offered stop smoking support to 2,895 people, approximately 7.5% of Westminster smokers. They exceeded their target in achieving 1,467 quitters, a quit rate of 51%. Half were resident in the two most deprived areas of the borough. 29% were from BME communities and 22% were White Irish or White Other.
- 'Kick-It' have had an active programme to engage with pharmacies this year - training with staff, meetings with pharmacy leads and the involvement of a pharmacy consultant to advise on engagement. This has been successful with 46 pharmacies signed up and actively delivering stop smoking advice. In Westminster by year end 24% of all quits achieved were delivered in the pharmacies.

Substance misuse

- Good progress has been made with drug and alcohol services. More specifically:
 - At the end of quarter 3 (2015/16) the outcome for opiate users successfully completing treatment were in the top quartile when compared to London and national data.
 - There has been a significant improvement in the number of substance users accessing education, training and employment initiatives.




Health visiting

- In October 2015, NHS England transferred the commissioning of Public Health Preventative services for children between the ages of 0-5 to local authorities, including the health visiting (HV) services.
- In order to ensure children and mothers are well, health visitors regularly meet with parents and children. The fifth and final scheduled visit from the health visitor or nursery nurse is an opportunity to talk about any issues the family may have regarding the child's health. This may include their hearing and vision, language development, behaviour, sleeping or toilet training. The child will also be weighed and measured, and they can discuss immunisations and the various options for childcare and

early year's education. Although this is the last scheduled visit, the health visitor is on hand to offer advice, information and signposting until the child is five years old. During quarter 1, 2016/17 70% of our children aged 2-2.5 years in the borough were seen by a health visitor.

Service Pressure, risks and challenges

Adult Social Care

- Whilst a **balanced budget is** projected for Adults in 2015/16 there is an increasing risk associated with the delivery of savings that require continued reductions in commissioned care costs.
- Mitigation: Efforts to reduce demand face counter pressures associated with demographic trends and the Care Act.
-  • **Risk to reducing customer satisfaction**, particularly existing customers at the sharper end of change.
- Mitigation: All major changes place emphasis on communications, change management and co-production, using customer insight and intelligence to inform the transformation agenda, re-designing the Customer Journey pathway and key processes so that they are more focused on the outcomes that matter most to customers.
- **Adult Social Care Market for Care and Support Services is fragile** – in terms of growth, stability and assuring quality.
- Mitigation: Market management and development working on a regional and sub-regional basis and development of new Commissioning Strategy which emphasises working with strategic partners over the long term.
-  • The 2015 Peer review highlighted **workforce risks** in the form of recruitment and retention across London for social care staff. The pace and scale of change in the sector and locally also heightens the risk environment.
- Mitigation: A workforce board has been established, reviewing our reward system, strengthening internal communications and staff involvement in change and have detailed change management plans in place for all major restructures.
-  • There is a risk of an **increase in the number of delayed transfers of care** attributed to adult social care in the winter period; this is being closely monitored on a weekly basis. The majority of delays are still due the lack of availability of dementia nursing placements. This is a London-wide issue due to lack of market availability.
- Mitigation: 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. The authority has officially joined the West London Alliance for collaborative sourcing of placements which should improve the responsiveness of providers and contribute towards reducing delays.
- **Increasing financial pressure including risks to overspend with Clinical Commissioning Group** partners. This is an increasing risk that could lead to mitigating actions that shunt costs to Adult Social Care e.g. through changes to Section 75 contributions.
- Mitigation: There is on-going close working and monitoring to manage down the impact of this risk and any major issues that emerge will be discussed through the appropriate governance arrangements we have with health including the Joint Executive Team.

Public Health

Public Health grant reductions and removal of ring fence

- Health outcomes may be impaired by the Public Health Grant reductions and this may have an impact on Public Health's ability to deliver against the Council's medium term plans.

Risk: Commissioning and procurement

- Delay in contract award of the GUM services will increase cost to local authorities in 2017/18.
- There may be delays to the London wide e-service procurement which impacts on costs of GUM provision contingency plan currently in development.
- The health visiting contract is due to end in September 2017. Plans to re-design and re-commission this service in conjunction with other services for Children 0-5 will be reviewed as part of the Centre for Healthcare Service & Public Health commissioning pilot. As a result, extension of the current contract is likely to be sought.

Potential service/staff disruption due to planned restructure

- The re-structure of the public health team may result in low morale and a dip in performance. Every effort is being made by Public Health's Senior Management Team to mitigate this risk and the Director of Public Health is working closely with People's services in order to ensure this. Public Health Cabinet Members and Shared Service Board Members have endorsed plans for the re-structure.


Key Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless otherwise indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position*	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>

Performance Indicators flagged for attention:

Adult Social Care

 Percentage of carers receiving an assessment or review	87%	90%	33%	Amber	Improving
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Reason for underperformance and mitigation: Carers assessments are slightly behind target for August (38%) because many assessments carried out in the previous year were carried out in the latter part of the year, hence too soon to carry out another review. Performance is greatly ahead of performance this time last year. The percentage will rise faster over time

Performance Indicators on track to achieve targets




Adult Social Care

Proportion of adults with a learning disability known to ASC in paid employment	7.4%	7.5%	6% (25/392)	Amber	Stable
Proportion of adults in contact with Mental Health services in paid employment	6.6%	6.6%	7% (66/919)	Green	Stable



Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position*	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
Percentage of people completing reablement who require a long-term service	28%	28%	25% (87/347)	Green	Stable
Total number of new permanent admissions to residential care of people aged 65 years and over	46	46	14	Green	Stable
Total number of new permanent admissions to nursing care of people aged 65 years and over	53	53	17	Green	Stable
Adults receiving a personal budget to meet their support needs	92%	90%	90% (1483/1634)	Green	Stable, same as last year
Delayed transfers of care, acute days attributed to social care (cumulative)	1,002	924 (308 Apr - Jul)	260 (Apr-July)	Green	Improving on last year
Public Health					
Service Commentary: Public Health performance indicators all have a lag reporting time of between 2 months to a year. However all indicators have been reported as being on track and to achieving their targets. The most up to date figures have been provided within the table.					
Percentage of children who received a 2-2.5 year review	53.1% (in Q1 15/16)	Q1 Target: 390 (69%)*	70%	Amber	Improving
Number of residents reached through community champion activities	13,228 (global figure for all activity)	Target to be confirmed	3059	Green	Improving
<i>* Annual data</i>					
Number of NHS health checks taken up by eligible population	7,784	8,330	1,637 (Qu1)	Green	Stable
Stop Smoking Services – number of 4 week quits	1,467 (full year)	345 (at end Qu 1)	314 (Qu1)	Green (based on profile)	Stable

3.2 CHILDREN'S SERVICES

Notable areas of achievement, delivery and opportunities

- The **WCC play service** ceased on 27th May 2016 and the new, school managed offer delivered by **Fit For Sport (FFS)** commenced on 30th May 2016. All Schools ratified the selection of the new service provider as Fit For Sport who have over 25 years of experience in engaging and educating children, young people and families through activity. Schools were impressed with the range of activities on offer (well beyond that of only sport), their experience within the sector and the quality and skill of their workforce. 94% of parents and children rated FFS good or outstanding.
-  • Following the introduction of the new national method of reporting **Standard Attainment Tests and Assessments (SATs)**, Westminster set a target above the national standard. Westminster is provisionally expected to achieve the 58% target in reading, writing and mathematics following the Department for Education (DfE) checking exercise, although the DfE published percentage for Westminster is currently 56% (unvalidated data). The national figure is provisionally 53%, and Westminster is currently ranked 34th.
-  • Since October, Cornerstone have generated 59 leads for potential **foster carers** through targeted events, 14 carers are undertaking the assessment process or have been/about to be taken to panel for approval. If all of these result in approval these numbers would compare favourably with performance in previous years which was 11 newly recruited foster carers in 14/15 and 15/16. Due to the timescales for assessment the full benefits of the project will most reliable be reported in April 2017.
- Whilst the 2016 provisional figure of 54.2 for the new **GCSE Attainment 8** measure is just short of target score, it is unvalidated data and can expect to see an increase when Performance Tables are published. It also much higher than the provisional national average of 48.2. Against the previous measure (percentage 5+ A*-C including English and mathematics) current provisional figures show a slight decrease in results (66% provisionally for 2016, compared with 68% in 2015) however Westminster provisional results are again much higher than provisional 2016 national average of 53% and rank 2 in Inner London and 10th nationally. Westminster is currently ranked 12th nationally for this indicator. The figure for Progress 8 is 0.32 which is well above the England 0.00 and Inner London 0.17 rates. Westminster is currently ranked 3rd in Inner London and 4th nationally.
- Founding trustees for the **Young People Foundation** were confirmed in May 2016. A charity application was submitted in July 2016 and recruitment for the new CEO will start in October 2016.
- The **new school meal contract** commenced on the 11th April 2016. At the end of the summer term the overall take up was 76% compared to a 70% target.
- A commissioning strategy to ensure support is provided to young people with **special educational needs to travel** to and from school independently has been completed, signed off by all three Councils and now incorporated into the travel assistance policy.
-  • Since April 2016 all newly identified **young carers** (5) have received an early help intervention.
- Targeted parenting outreach for families with vulnerable children is being delivered through Family Lives in conjunction with children's centres. This activity has resulted in an increased number of applications.
- At the end of August 77% of **care leavers** had been in the same placement for over 2 years. This is an improvement on 2015/16 outturn of 75% and is above the England (67%) rate.
- At the end of September the first 'Payment by Results' claim for **Troubled Families Phase two** was submitted to DCLG. 79% of 182 families in the claim target showed significant and sustained improvement against their qualifying criteria.
- **30 additional places** were provided at Christchurch CE primary school in September 2016.

Service pressures and challenges

- Capacity building to deliver a sufficient supply of 2 year old **childcare places** (places for 70% of those who meet the criteria); the places pending at Bayswater Children’s Centre are planned to increase once the remaining capital works have been completed. As part of the further repurposing of children’s centres, the Early Help Service are exploring options for 2 year old delivery at Westbourne and Queensway Children’s Centres. Opportunities with schools are still being explored. A comprehensive marketing campaign is now fully embedded with targeted outreach being delivered through Family Lives in conjunction with children’s centres. This activity has resulted in an increased number of applications being received.
-  • A key risk facing **SEN services** is to ensure the delivery of statutory responsibilities around Education and Health Care (EHC) Plans as stipulated in this Children and Families Act. If the service fails this, then the Council and/or partner agencies could be seen to be at fault. There are a number of actions to avoid such service failure. These include the reorganisation of the SEN Service and the development of a business case for team to further support transfer from SEN to EHC statements. The business case for additional SEN Transfer Review Keyworkers has been approved and recruitment is underway.
-  • Westminster may be notified of an Ofsted / CQC Local area inspection of the **Special Educational Needs service**. If the service is not adequately prepared for the inspection, then there will be a negative impact the Council. Preparation for the Local Area inspection is progressing through the Quality Assurance board – this has overseen the publishing of the Ofsted framework whilst a dedicated project manager is in place to drive self-evaluation forward. This work and the service’s performance is given regular oversight by the Director of Education.

Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
Performance Indicators on track to achieve targets					
% of care leavers aged 19,20, 21 who are in education, training or employment	63% (104/166)	75%	57%	Green	Stable
Child protection cases per 10,000 child population	21.9	Maintain below national rates	21.1	Context	Stable
Service Commentary: Child protection plan rates continue to be below both England (42.8) and London (40.6) rates.					
Looked After Children rate per 10,000 child population	40.1	Maintain below national rates	43.7	Context	Stable
Service Commentary: Rates continue to be stable and below both England (60) and London (52) rates.					
Number of 16 to 18 year olds not in education and training (NEET)	1.9% (64/3698)	66 (2%)	2% (66/3683)	Green	Stable
Service Commentary: Department for Education have confirmed a change of reporting for this measure. From September 2016, local authorities will no longer be required to track young people of academic age 18. Local authorities will only be required to include information about young people up to the end of the academic year in which they have their 18 th birthday (academic age 16 and 17).					
% of care episodes starting that relate to young people aged 14-17 years who are Westminster Citizens (non as a result of LASPO Act 2012 or UASC status).	20	23	13% (8/61)	Green	Stable
% of early help cases who are young carers	New Indicator	TBC	100% (5/5)	Green	N/A
Service Commentary: Information reported is aggregated over the financial reporting year 2016-17.					
% of re-referrals to early help/social care within 12 months of the previous referral	9.4% (154/1641)	15%	8.6% (83/962)	Green	Stable, similar to last year
Number of foster carers recruited by Cornerstone by September 2016.	17	25	6	Amber	Stable
Percentage of children in care aged under 16, who have been continuously in care for at least 2.5 years, who have lived in the same placement for at least 2 years.	75% (52/69)	80%	77%	Green	Stable
Percentage of children in care with three or more placement moves	11% (18/166)	Less than 10%	0%	Green	Stable
% of 2 year olds meeting the criteria taking up a targeted 2 year old place	68% (425/626)	70%	56%	Amber	Deteriorating
Service Commentary: There is a termly trend and a more accurate figure is reported in Quarter 3. Plans are in place to improve this figure including a comprehensive marketing plan.					

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
% of primary pupils achieving Level 4+ in Reading, Writing and Mathematics at KS2	New measurement system	Above the national percentage of pupils at the new expected standard	56% (provisional)	N/A	N/A
% Westminster's pupils who achieved Attainment 8 and Progress 8	New Indicator	Attainment 8: 5.5 Progress 8: 0.4	54.2% (provisional)	N/A	N/A
30 Primary School places by September 2016 (Christchurch CE Primary School)	New indicator	30	30	Achieved	N/A
% of Phase 2 troubled families turned around	New Indicator	17% (385 families)	79%	Green	N/A

3.3 GROWTH, PLANNING AND HOUSING

Notable areas of achievement, delivery and opportunities


- **City Hall move** - Programme still on track. Leases for temporary accommodation have been executed. Decant from City Hall will take place between March and June 2017, with a return to City Hall planned from 2019.
- **Infills** – Since April 2016, the small scale infill development programme has delivered planning consents for 7 new homes, 4 of which are 3-bedroom units for affordable households, and the other 3 will be 1-bedroom properties that are to be disposed of to provide cross-subsidy for the delivery of further affordable homes across the City. In addition, planning applications are currently awaiting determination for a further 8 units. Plans for a further 36 homes (providing an estimated 150 bed spaces) are currently being worked up, for delivery over the next 1-2 years. The programme continues to identify and seek to deliver other opportunities to cost-effectively convert unused and under-utilised spaces.
- **CityWest Homes & WestCo** – CityWest Homes has recently formed a new relationship with Westco to deliver its communications. The new relationship will help CityWest focus communications on what's really important in delivering its mission to 'create places where people are proud to live'.
- **CityWest Homes Major Works & Repairs Term Contracts** – CityWest Homes continues to progress the award of 7 new term contracts for the delivery of its major works and repairs service to the Council's 21,000+ homes. Over the last quarter, pre-qualification questionnaires have been received for all 7 contract lots, and the evaluation process for each is advanced. The new contracts will be let in mid-2017 and have a combined estimated contract value of over £250m for the next 5 years.

Provision of new Housing

- **Tollgate Gardens:** On site demolition beginning mid-Oct 2016. Construction period commences Dec 2016. Tollgate House internal and external works will start on site Jan 2017, recladding subject to planning.
- **Dora House** - Planning Committee approval granted in September to Central and Cecil Housing to re-develop Dora House an outdated sheltered housing block containing small units with a modern new build sheltered block containing 139 spacious new homes.
- **Hathaway House** - Planning Committee approval was granted in September for a new development at Hathaway House, Woodfield Road to provide 74 new homes including 19 1 and 2 bed affordable homes to be provided as shared ownership.
- **The Sir Simon Milton and Ebury Centre UTC** (University Technical College) project is now in contract and is progressing well on site. The UTC is a new type of school for Westminster and will provide 550 new school places in the borough, opening for the next academic year in September 2017. The residential block will provide 47 new homes and which will be completed in Spring 2018.
- **Rough Sleeper Count** – The numbers of rough sleepers in the September count dropped (from June) to 233, of which 96 were UK & Irish nationals and 93 were foreign nationals (68 EEA & 25 non-EEA). The number where nationality was unknown remained high (44), as a number of individuals were reluctant to speak to outreach workers on the night. Intelligence suggests that the Immigration Compliance and Enforcement (ICE) partnership has been very effective in reducing the numbers of foreign nationals sleeping out at night as well as the flow of new foreign nationals to the street. It is likely that the remaining 44 unknowns are a mix of FN's and UK Nationals which will push the number of UK Nationals over 100. We are facing increasing challenges around engagement due to the heavy use of drugs on the street.
- **Westminster Business Unit** - continues to progress well since inception. 175 enquiries have been handled to date. 138 (79%) of these have been resolved, with others being more complex in nature. Most common enquiries relate to Business Advice/ Support, Licensing, Business Rates, Investment and Procurement/ Supply Chain.



- **Unemployment** - The fall in unemployment reflects a concerted shift towards supporting long term unemployed residents. All employment and skills services funded by the Council now prioritise groups further away from work and improved reporting has enabled Economy to better capture the contribution of services including the Westminster Adult Education Service. In 2016/17 our target was to improve job start outcomes for long term unemployed by 20% against 2015/16 performance. Our projection for year end is that c490 residents will be supported into employment representing a 158% increase on last year.
- Our ambition in year is for all external partners delivering services to support unemployed residents to sign up to a pledge to reduce long term unemployment and for services to set out contributions. Through the Westminster Employment Service, the Council will be better able to identify residents for these external services and connect resident to appropriate work related opportunities. New sources of funding have been identified to support the new Service and a detailed cash flow for 4 years has been developed with Finance, enabling existing services to continue and deliver year on year improvements for long term unemployed residents.

Service pressures and challenges

-  **Ebury Bridge** - Soft-market testing with developers showed that the scheme is not proving attractive in commercial terms, with the phasing of the building programme raising concerns. Mitigation activities are being worked through, including developing redesign options for the estate. Cabinet member steer being sought and in the interim the CPO process has been paused. The decanting process (secure tenants and TA clients) and acquisition of remaining leasehold interests is at an advanced stage on 3 blocks on the estate. The Cabinet Member needs to understand fully the implications of the market feedback, the detailed costs and recent survey work, the recent retail strategy and the external environment due to the Housing Bill before agreeing any change to current option.

Key Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr 16 – Sep 16</i>	<i>Red, Amber Green</i>	<i>Perf vs. last year</i>
Performance Indicators flagged for attention:					
Housing Services					
 Rough sleeper numbers (those whom Westminster has a duty to assist) to be reduced and maintained below 90.	86	<90	96	Red	Deteriorating
Service Commentary: The numbers have declined on the previous count (113). Nevertheless, the figure is still higher than target due principally to the availability of SPICE in the West End which is believed to be attracting people from surrounding boroughs. This is being tackled by dispersal tactics and targeted arrests.					
Development Planning					
 Percentage of 'Minor' planning applications determined within 8 weeks	63% (1789 of 2841)	70%	68% (1143/1682)	Red	Improving
Service Commentary: Following previously reported IT issues, performance is improving – up from 64% on Q1					
Property and Estates					
No more than 60 outstanding unresolved lease events (renewals or rent reviews) at any given time	78	≤60	64*	Amber	Improving
Service Commentary: Total of 82 cases with 18 on hold at request of WCC e.g. in Ebury Bridge					

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr 16 – Sep 16</i>	<i>Red, Amber Green</i>	<i>Perf vs. last year</i>
Performance Indicators on track to achieve targets and/or improving					
Housing Services					
No families is in bed and breakfast for more than 6 weeks	0	0	0	Green	Stable, same as last year
Acquisition programme to achieve 50 in borough & 100 out of borough units	88	50/100	33/80	Green	Improving on last year
Service Commentary: 80 out of borough TA units have been purchased with a further 4 purchases agreed. 21 in borough purchases completed with a further 14 where terms have been agreed.					
No. households in TA	2,423	N/A	2,484	N/A	Deteriorating
Rough sleeper numbers (those whom Westminster does not have a duty to assist).	214	Monitoring Indicator	93	Context	Improving
Service Commentary: Enforcement operations continue to occur with Home Office and Police and while successful, they don't stem the tide of new people arriving. The key risk moving forward for this area is the 'Brexit' decision and the view that because of the uncertainty over freedom of movement, we will see a rise in people coming over to beat the perceived deadline.					
No. homeless applications	954	Monitoring Indicator	422	Context	Context
No. homeless acceptances	511	Monitoring Indicator	268	Context	Context
Council tenant satisfaction with services provided by landlord	89%	86%	82% (at end Aug)	Green	Stable
Deliver Affordable Homes programme of 479 homes April 2015 to Mar 2017	213	479 (cumulative over 2 years)	213 (494 projected for 16/17)	Green	Improving
Service Commentary: 18 affordable homes have been completed to end quarter 2. These include 16 intermediate homes at Dibdin House through Dolphin and a further 2 homes through Soho at West Street. A further 175 affordable homes to be delivered through RP partners are anticipated during the remainder of the year. An additional 88 homes purchased directly by the Council for use as affordable housing are included in achievement of the overall target of 479 homes. 52 of these homes were completed in 2015/16 but were not previously recorded in the 2015/16 outturn figures (213). The remaining 36 units have been completed in 2016/17.					
Development Planning					
% of 'Major' planning applications determined within 13 weeks i.e. Larger scale development.	72% (23 of 32)	50%	71% (12/17)	Green	Deteriorating
Percentage of other applications determined within 8 weeks	68% (2801 of 4120)	70%*	72%	Green	Improving
Percentage of planning appeals determined in favour of Westminster City Council.	76% (159)	60%	61% (104/170)	Green	Deteriorating
Total number of reports of unauthorized development	2575	N/A	1482	Context	Context
Building Control's share of the market (no. building regs. apps as a % of total no. initial applications + building regs. applications)	19.5%	N/A	19% (304 to WCC of 1595 Total)	Context	Context
Total number of planning applications received and determined by the City Council to date for the year.	11885 Received 9,947 determined	N/A	6440 received 5858 determined	Context	Context
Property and Estates					

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr 16 – Sep 16</i>	<i>Red, Amber Green</i>	<i>Perf vs. last year</i>
Increase the contracted income generated from the Council's investment portfolio by % of opening base income	£23.80m	3% per annum	£24.35m (2.3%)	Amber	Stable
Service Commentary: Slight decrease from Q1 due to additional void but following a number of reviews will increase to beyond target.					
Percentage of void properties in the Councils investment portfolio	3.3%	Less than 4.0%	4% (14/349)	Green	Deteriorating
Economy					
No. of Long Term unemployed residents supported into job-starts and sustained employment of 13 weeks or 26 weeks (depending on their circumstances)	190	227	355	Achieved	Improving
No of businesses engaged in the 1st year of the CFA Business Engagement Programme	New Indicator	75	41	Green	Improving
Amount of sq.ft. of Enterprise Space catalysed in 2016-17	110,000 (since 2009)	60,000 (by March 2018) (Revised target)	800	Green	Improving
No. of additional external apprenticeships offered by the private sector through Council support by the end of March 2017	New Indicator	100	18 Apprentices 15 Trainees	Amber	N/A

3.4 CITY MANAGEMENT & COMMUNITIES

Notable areas of achievement, delivery and opportunities

Parking



- **Strategic Policy Review & the Low Emissions Neighbourhood (LEN)**

Following the successful bid for LEN funding, work has begun to develop parking-related LEN initiatives alongside other strategic emissions-based charging policies and air quality measures.

- **CCTV**

Parking's Wireless CCTV contract ended on 30 June, with the Lisson Grove operation shutting down from this date and the unattended CCTV review element moving up to the NSL back office in Dingwall under Parking's Business Processing and Technology (BP&T) contract. The exclusive use of automated cameras has resulted in an increase in captured contraventions.



- **Pay & Display (P&D)**

All P&D machines have now either been removed or replaced by Payment Terminals (PTs), of which we have 133 city-wide.

- **Procurement**

The new contract for Vehicle Relocations, let to Mansfield Group, came into effect on 4 July. The Zipcar car club contract has recently been extended until September 2017.



- **Parking compliance**

April 2016's Parking Compliance Report shows that compliance is now at 98.84%. This is an increase from the last survey in October 2015 (98.81%), although it is down on April 2015 (99.01%).

Public Protection and Licensing

- **Review of the Public Protection and Licensing Directorate**

- A review has been undertaken looking at whether the Directorate is meeting its objectives following reconfiguration. The new structure set out to deduct of 81.7 substantive posts from the structure and deliver full year savings of £2.7m across the Communities and City Management Executive Directorate.

The review found that 18 months on the service has delivered -

- A more effective front line inspection role, through the introduction of City Inspectors. Achieving a 5% increase in inspections/interventions in relation to public realm management and licensing.
- A better integrated "out of hours" service, working with services to manage the night time economy.



- Introduction of thematic, area based services and blended teams which are improving intelligence sharing, leading to joint visits to problematic premises, streamlined policy and procedures and a greater capacity to operate in high periods of demand.

Waste Prosecution

- Two Starbucks on Berkeley Street have been fined over £160,000 after repeatedly leaving rubbish bags on the public highway.

Waste Enforcement Policy

- A reviewed Waste Enforcement Policy has been approved by the cabinet member. The aim is to introduce this policy in Quarter 3. This policy will outline the City's future waste enforcement approach, and proposals for a new Fixed Penalty Notice (FPN) fee structure.

Community Services

- **The Active Queens Park Project - the redevelopment of Moberly & Jubilee Sports Centres**
Positive progress continues to be made with the Active Queens Park project and works are on schedule for both the Moberly site and Jubilee phase 1 which includes the re-provision of 12 affordable homes. The works to deliver the new Moberly Centre are planned to complete in February/ March 2018.
- **New Sports and Leisure Centre Contract**
The new leisure centre contract commenced on 1st July and overall, the transition to the new operator has progressed well. A number of new improvements are being realised which includes:
 - £9m capital investment in a number of improvements to facilities and new equipment across the centres
 - 130 hours of 'free to access' sport and physical activities per week through the ActiveCommunities and Neighbourhood Sports Club programme
 - Exercise referral as part of the base specification for the service
 - New financial support for local talented athletes
 - Improved marketing and communications activities
 - Improved opportunities to promote local employment including new apprenticeships
- Positive progress is being made with the delivery of the capital improvements which form part of the contract. Improvement works in the fitness facilities at Little Venice and Jubilee Sports Centres have now completed and the programme of works across the remaining facilities is being delivered to schedule.
- **Volunteering programme progress**
Excellent progress is being made with the delivery of a number of volunteering programmes within Community Services which align with the wider City for All programme. Over 240 new volunteers have been engaged in activities within Outdoor Learning and Sports and Leisure to date.

Service pressures and challenges

Parking

- Kerbside Permission and Pay-to-Park Tariff Increases
- The changes from November 2015 and February/March 2017 respectively continue to be a reputational risk to Parking Services and subject to legal challenges.

CCTV

- Political risk of continued parking/traffic investment in CCTV infrastructure in view of the high profile crime and disorder camera decommission decision.

Strategic Parking Review

- The strategic parking review - the emissions-based charging objectives. Concern over the practicality of introducing the pilot in a single zonal area, as well as the co-ordination of this with the further city-wide initiatives.

Public Protection & Licensing (PPL)

Drug use and synthetic cannabinoids



- There has been a reported increase in on street drug selling and usage in a number of areas across the City, including Soho, The Strand and Whitehall. A key issue appears to be the apparent usage of the psychoactive substance 'Spice' and other synthetic cannabinoids. The usage of these substances is significant within the rough sleeping community, especially those who refuse to engage with or have been excluded from services, presenting a further challenging dynamic. There is a risk of violence and aggressive behaviour towards staff, as such; current risk assessments are being reviewed.

Serious Youth Violence



- Over the first 6 months of this we have seen an increase in youth victims in areas that are traditionally not impacted by group violence: Hyde Park and Knightsbridge & Belgravia. To help us better understand and respond to this we have commissioned some analysis to look in more detail at the increase in victims in these areas.

CCTV

- There is currently a budgetary pressure within community safety as there is no revenue budget to support the G4S and ATEC contracts. This will be found through underspends in other areas across PP&L.

Private Rented Sector Enforcement Working Group

- A working group has been established within Residential Services to establish policy and procedure for implementation of the following new pieces of legislation designed to regulate housing standards in the private rented sector;
 - Housing & Planning Act 2016
 - Smoke and Carbon Monoxide (CO) Regulations 2015
 - Deregulation Act 2015
- The working group is also reviewing the department's enforcement policy, and other procedures in light of these new powers and provisions. The following is a brief description of work completed by the working group to date.

HMO Licensing Process

- A separate review of processes for HMO licensing within Westminster, including the introduction of a new IT module to process applications and an online application facility, have recently been completed.
- In response to this, the working group are currently reviewing internal processes and guidance for officers in delivering the new HMO licensing service. The new system is more streamlined and has provided a more time-efficient process with minimal resource now needed from business support.

Prevent Funding

- The Westminster Prevent Team have secured over £300,000 of funding for staff and projects for 2016/17, a significant increase on previous years. However, it remains the case that this funding is only confirmed on an annual basis. This year, final funding notifications were not received until July, four months into the financial year. These delays cause significant problems in terms of local delivery and in the recruitment of staff. This represents a risk to the authority because it limits Prevent delivery, particularly in terms of projects to six months of the year. There is an additional risk that the short-term nature of the funding will impact on staff recruitment and retention.

Parking

- April 2016's Parking compliance report shows that compliance is now at 98.84%. This is an increase from the last survey in October 2015 (98.81%), although it is down on April 2015 (99.01%).

Public Protection and Licensing

Disabled Facility Grants

- The Government's policy to keep older people independent in their own home has resulted in an increased budget allocation for Disabled Facility Grants. The Home Improvement Agency (HIA), a part of Residential in PPL, operates this service in partnership with ASC and Able2 (external Occupational therapists).
- In previous years the HIA have spent the allocated budget to meet demand. In April 2016 the budget increased by 100% with no warning or preparation. The team is working with ASC and Able2 to identify residents who would benefit from this funding, making sure that this is sustainable long term as funding is likely to increase up to 2020. The team is ensuring an equitable and consistent approach to issuing these grants as well as identifying areas for improved efficiency. It is likely not all the budget will be spent this year but by the end of year 2 will have a system in place to ensure this budget is committed and/or spent. This risk is on the risk register.

Key Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
Performance Indicators on track or achieved at Quarter 2:					
Waste and Parks					
% growth in household waste	N/A	2%	2%		
% household waste recycled	19%	20%	19.09%	Green	Stable
% commercial waste recycled	14%	16%	16%		
% waste sent to landfill	2%	2%	2%		
Service Commentary: Legislation and material market changes associated with the reduction in global oil price means that fewer materials are able to be actively recycled at the moment. What was previously classified as recyclable is now classified as contamination. Work is ongoing to reduce contamination rates.					
% of on-line reports for waste, recycling and street cleansing related issues.	24%	50%	50%	Green	Stable
Number of Green Flag awards	23	23	23	Green	Stable
Public Protection and Licensing					
% of licensed applications processed within 2 days of receipt	76%	80%	82%	Green	Improving
% of licensed applications issued within agreed timescales	21%	70%	62%	Amber	Improving
% of premises that do not require a revisit following an inspection	696	75%	75%	Green	Stable
Number of complaints and interventions undertaken, including self-generating inspections	890	800	538	Context	Improving on last year
Highways					
% planned maintenance and public realm improvement schemes on agreed programme delivered	All schemes delivered where possible.	100%	50%	Green	Stable
Parking Services					
Maintain levels of overall customer satisfaction with the Parking Service	87.8%	88%	83%	Green	Stable
% of vehicles that park in compliance with parking rules	98.8%	99%	88%	Green	Stable
% increase in charge points of the electric vehicle network	10%	10%	0%	Amber	Stable
Sports and Leisure					
Number of visits to the Council's sports and leisure facilities	3,692,658 (98.6% of target achieved)	3,600,000	1,571,878	Amber	Stable
Number of volunteers engaged in the sports and leisure programmes during 16/17	174	150	245	Green	Improving
Number of new sports apprentices engaged	11	10	3	Green	Stable

3.5 CORPORATE SERVICES


Notable areas of achievement, delivery and opportunities

Procurement



- **People Development** - Procurement has been awarded Chartered Institute of Procurement and Supply (CIPS) accreditation. Westminster City Council is one of only a few local authorities who have achieved the award following a formal review of the organisation, strategy, people, processes, systems and performance management.
- **Market development** - The traded services model for Procurement Services, based on providing procurement consultancy services and the potential opportunity of a Joint Venture with a niche based procurement consultancy is progressing and subject to finalising the JV agreement in October 2016. The team will meet with Belfast City Council about progressing a number of opportunities.
- **Operating Model** - SSB approved revised Tri-Borough Procurement Assurance for Adult Social Care & Children's Services. Both ASC and CHS will adopt the Westminster Category Management approach and as such toolkits have been updated to accommodate changes. Training has been scheduled for December 2016 for both Services and the Tri-Borough Procurement Code will be updated and the new approach will be implemented from 1st January 2017.

People Services

- The Talent Strategy is to be delivered in Q3, seeking to maximise the potential of current staff and attract and retain the best talent. To complement this, we have (in conjunction with staff) developed a recruitment brand to attract the best talent. The brand will help showcase the story of working here for potential candidates and will also boost internal staff engagement.
 - The Corporate Induction has re-launched to become a more interactive and engaging session with over 80% of attendees rating their experience as very good or excellent.
 - People Services seek opportunities to drive performance by working collaboratively within the public and private sectors to benchmark best practice. We have recently worked with Royal Mail, Honda UK, Lloyds Banking Group and Haringey and Camden councils to develop its Talent Strategy.
 - Although the number of Apprentices is below where expected at this point in the year, People Services will continue to work internally within the business and with contractors/partners to find further opportunities. There were two supported employment placements by April 2016. People Services continue to work with the specialist Workplace Co-ordinator from the Cross River Partnership to identify suitable opportunities for their clients
 - Engagement has risen by 1% in 2016 in the Your Voice survey. An EMT report and discussion around how to improve engagement is on the agenda. Managers across the council will be completing their Your Voice Action plans by December 2016. People Services will work across the council to support follow up actions as appropriate.
 - The results of the 2014 Your Voice staff survey highlighted a continuing concern about bullying and harassment (with 20 per cent of staff across the three councils reporting that they were experiencing some form of it in their working life). People Services have successfully launched a network of Dignity at Work Advisors, to offer support to employees experiencing bullying or harassment at work that wish to talk to someone in confidence. The scheme also complements the council's Mediation service.
-  In March 2016 the council was awarded the London Healthy Workplace Charter. In this first stage, the verifiers were particularly impressed with senior management support and leadership in health and well-being, our partnership approach working with other London boroughs and the range of interventions to encourage good behaviours to improve employee health. We are now working towards accreditation at the Achievement level by March 2017.

- The “Working the Westminster Way” programme started in May 2016. To date 535 delegates have completed the 2 day programme. We are due to complete by the end of March 2017. The training target is 1200 so 665 staff are still to attend. In Q2 the final cohort of senior leaders will attend the academy programme with 115 having a development plan in place.

Information Services

- During Q2 the shared IT service completed migration of legacy CapGemini datacentre services to the new BT Shared Infrastructure platform and Office 365. This builds on the collaboration capabilities established during Q1 and provides a more resilient platform for office productivity going forwards.
- Concurrent with the CapGemini datacentre move, work to migrate the remaining City Hall and Lisson Grove hosted equipment progressed, with a range of end of life server and network infrastructure decommissioned. This work will complete in March 2017, in advance of which the legacy platforms pose a business continuity risk (see below).
- To support the wider City Hall refurbishment programme, plans have been developed for IT service installation to new decant sites, and network circuits are in the process of being installed.
- During Q2, consultation on phase 2 of the new “2+1” IT Target Operating Model was concluded, and the new structure went live on 3 Oct 2016. This delivered a strategic service for WCC and RBKC whilst retaining essential shared “Tri-borough services”. This is one of several initiatives which supports achievement of approximately £3m savings on ICT expenditure in future years.
- The team has continued to enable the WCC Digital programme through support for the platform and ICS procurement, and delivery of new shared Geographical Information Systems and Web Search services.

Legal

Since the establishment of a single legal service, we have made significant strides towards fulfilling the target operating model which will deliver significant savings to the council. These include:



- Reduced duplication in the provision of advice for clients and established a clear single point of contact for all clients to obtain legal advice
- Settled co-location of the service to a single site and embedded new teams, reporting lines and operational practices to improve the effectiveness and efficiency of the service
- In-sourced work to assist in delivering savings
- Increased income for the service from external clients
- High levels of client satisfaction (and reporting) to ensure this continues as the service matures
- Digital working

Service pressures and challenges

Procurement

- Many of the vacant procurement positions have been filled although some staff changes, including challenges in recruiting appropriately qualified resources, has placed pressure on the organisation.

People Services



- There are concerns that sickness absence data (the total number of working days lost) is not accurate, due to underreporting of incidences. We will work with business units to improve reporting and manage issues arising. This includes reducing absence rates due to psychological reasons. We will work with Public Health and the trade unions to do this.
- Your Voice participation for WCC fell by 4% to 68%. (72% in 2015). An EMT report with headline results was due on 11th October 2016. The results for staff due on 14th October 2016. A review of Your Voice 2017 has started.



- There are concerns that the senior management group (Band 5, 6 and 7) does not reflect the diversity of the rest of the workforce. The Senior Management Group (SMG) is 62% Male and 38% Female compared with a 42% Male 58% Female split workforce. The SMG is 9% BAME compared with a 28% BAME workforce. Note that Band 5,6 and 7 posts include TriBorough managers only where they are directly employed by Westminster City Council.
- We recommend that this is investigated further (e.g. genuine skills gaps or the source of candidates). This approach is particularly timely as succession planning and talent management play a significant part in building a modern and more effective workforce of the future.
- There is a planned programme to re-build trust in Managed services
 - 'Re-inducting' managers in the IT systems
 - Ensuring induction takes place for new starters
 - HR policies being simplified and made interactive via Office 365
 - Engagement Plan with managers and staff to rebuild trust and confidence
- Review of how governance helps / hinders decision-making in the council to enable senior officers and their teams to be more efficient.
- Issues with reporting tools have continued to impact on People Service's ability to provide data and report on issues which impact performance. We are currently working with the Business Intelligence team to streamline and improve our reporting. Progress will be updated in Q3.
- Although the number of temporary agency contractors (TACs) is reducing, TAC costs remain high. People's Services Business Partners are working with business units to target a reduction in TACs - specifically those with over 12 months tenure. This is part of wider Workforce Planning. It is hoped that the current trend continues and the cost target is met. Progress will be updated in Q3.



Information Services

- Legacy datacentre services in City Hall and Lisson Grove pose a risk to business continuity until their planned decommission at end March 2017. During August 2016, a power failure at Lisson Grove caused a significant service outage, illustrating the risk.
- The Council's certificate of compliance with "PSN" network security standards has lapsed along with that of LBHF and RBKC. The re-certification process is due to take place in Dec 2016, until which time the Council has a theoretical risk of having connection to central government data (primarily DWP) blocked. Corporate Information Security and Governance (including Data Protection compliance) are a priority for the shared IT service. During September 2016 a data breach occurred, requiring ICO notification.
- Freedom of Information performance is down on Q1. This is primarily due to specific departments e.g. Children's Services performed at 53%, Finance performed at 69%.

Legal

- Progress has been made in simplifying and standardising processes, especially the back office functions (business support, financial processes and reporting etc. Having a common MSP has helped to negotiate a single method of practice across the three separate finance teams. However, the delayed implementation of No PO no Pay has continued to create significant additional workload.
- Our back office systems are increasingly dovetailing into the MSP processes. However, BT continues to delay in responding to simple requests which causes delays and anxiety. This included managers being unable to use the system, problems with recruitment and the failure to roll-out 'no purchase order no pay'.

Key Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
Performance Indicators flagged for attention:					
People Services					
Number of new apprenticeships (internal and external)*	103	110	24	Red	Stable
Number of new internal apprenticeships*	46	50	12	Red	Stable
Offer 'supported employment' places (for people with learning disabilities and health)*	New Indicator	30	2	Red	N/A
% women in top 5% highest paid jobs (permanent staff)	Baseline to be confirmed	Awaiting target	38%	N/A	N/A
% BAME individuals in 5% highest paid jobs (permanent staff)	Baseline to be confirmed	Awaiting target	9%	N/A	N/A
Increase completion rate of 'Your Voice' survey	72%	77%	68%	Red	Stable
Total number of agency contractors (per month)	278	180	258	Red	Improving
25% of total TACs employed for over 12 months	33%	25%	42%	Red	Deteriorating
Reason for underperformance and mitigation: The number of TACs is continuing to reduce. People's Services Business Partners are continuing to work with business units to target a reduction in TACs (specifically those with over 12 months tenure). This is part of wider Workforce Planning. It is hoped that the current trend continues and the cost target is met. TACs figure as at August 2016					
Procurement					
Percentage of contracts awarded that include the benefits of Responsible Procurement	New Indicator	60%	9% (2/23)	Red	N/A
Information Services					
Freedom of information compliance	89%	90%	81%	Red	Deteriorating
Service commentary: Departmental responsiveness is down - Children's Services performed at 53%, Finance performed at 69%. The new Bi-Borough IG team must highlight this further and support performance improvements during Q3.					
IT Service resilience (as measured in Priority 1 incidents per month)	New Indicator	2	6.5	Red	Deteriorating
Service commentary: Significant challenges in Aug due to failure of legacy infrastructure platform.					
Performance Indicators on track or achieved at year-end:					
Information Services					
End user satisfaction with IT service (as measured in helpdesk survey)	91% (6.4 out of 7 rating in Jan and Feb 16)	79% (5.5 out of 7 rating in Jan and Feb 16)	89% (6.2 out of 7 rating)	Green	Stable

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Jul 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>
Extent of IT enabled collaboration (as measured in # WCC Yammer feeds per month)	New Indicator	500 per calendar month	1,085	Green	N/A
Procurement					
In-year savings made for procurement with a contract start date in the measurement period.	£1.283m	£1.3m	£1.9m (146%)	Green	Achieved
Total savings made for procurement with a contract start date in the measurement period over the life of the contract.	£5.15m	£5.2m	£6.4m (124%)	Green	Achieved
Number of Waivers of the Procurement Code	New Indicator	100	25	Green	Stable
People Services					
Total 12 month rolling cost of agency contractors (£m)	£14.25m	£12.0m	£15.1m	Red	Deteriorating
Reduce staff turnover	no baseline as unable to obtain figures since March 2015	12.0%	11%	Green	N/A
Reduce average number of sickness days per FTE*	no baseline as unable to obtain figures since March 2015	5.75 days	3.74	Amber	Stable

3.6 CITY TREASURERS' OFFICE

Notable areas of achievement, delivery and opportunities

- The City Treasurer's Department delivered the authority's Statement of Accounts 9 days after the year end. The department has since been mobilising itself to continue to deliver against its objectives, supporting the delivery of the Council's City for All Plan.
- During the last quarter the Department has successfully completed 7 of the deliverables contained within the Business Plan with all but one of the remaining items deemed to be on track for delivery within the originally defined timescale.
- Whilst generally the Department's high performance acts as an enabler to the organisation, City Treasurer's Department also directly contributed to the achievement of City for All plans in a number of ways during Quarter 2. Firstly the department hosted a Westminster resident sixth form student in a work placement throughout the summer. This has also resulted in an offer to mentor the student in the future and potentially more work experience. Secondly, members of the team recently completed a day volunteering arranged through One Westminster. Thirdly the Department has also supported the delivery of an academic programme within the University of Westminster. This involves the provision of work experience and mentoring to students undertaking various finance related undergraduate degrees.
- By improving team work, engaging staff in strategy decisions and improving the service provided to the Council the department is supporting City for All through a PACE approach.

Service pressures and challenges

- Generally the risks facing the department are relating to funding levels or additional cost pressures (be that increases in expenditure or loss of income). The referendum outcome of the 23rd of June 2016 places an additional level of uncertainty on the authority and the department will continue to work with strategic leaders to understand and navigate the potential challenges this may present.
- A thorough review of the Council's strategic risks in relation to finance is being undertaken and the outcome of this review will be communicated through the usual risk management protocols.

Key Service Performance Indicators

- The department's assessment is that all indicators will meet the target levels set based on the current information and level of performance. This will continue to be robustly assessed and where necessary the department will look to stretch the performance targets to drive continuous improvement.
- The % of payments made by the Council using fully approved purchase order is slightly below the profiled target of 70%. It is expected that compliance with No PO No Pay will increase over the coming months following its launch in September. The assessment of the City Treasurer's Department is that this indicator will continue its positive trend from Quarter 1 and will be green well before Quarter 4 outturn.

- The department has developed an internal performance dashboard to monitor the factors that contribute to the corporate performance indicators and those that feed in to our City for All commitments. This is assisting business decision making in order to maximise performance.
- The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
	<i>Last year's position</i>	<i>Service targets</i>	<i>Apr 16 – Sep 16</i>	<i>Red, Amber, Green</i>	<i>Perf vs. last year</i>

Performance Indicators on track to achieve targets or have achieved targets by year -end:					
Variance between budget and full year forecast	Underspend of less than £1m	Underspend of less than £1m	£11.7m	Green	Improving
Total savings achieved, on track to be achieved or equivalents identified for 2016/17	100%	100%	100%	Green	Stable
Total trade debtors (aged >12 months)	<£5m for total gross sundry debtors 1yr old	<£5m for total gross sundry debtors 1yr old	£2.6m	Green	Deteriorating
Projected general fund reserves to date	£36.4m	£36.4m	£36.4m	Green	Stable
Projected percentage of Council Tax collected	96.30%	96.50%	96.60%	Green	Improving
Projected percentage of business rates collected	98.40%	98.40%	98.50%	Green	Improving
Rate of return on investment	New	0.61%	0.63%	Green	N/A
% of capital projects >£10m with approved business case	New	100%	100%	Green	N/A
% of payments made via PO	New	70%	69.90%	Amber	N/A

3.7 POLICY, PERFORMANCE AND COMMUNICATIONS (PPC)

Notable areas of achievement, delivery and opportunities

'City for All'



- **Marylebone Low Emission Neighbourhood** – The Council has secured £2.1m for a Low Emission Neighbourhood in Marylebone through winning £1m of funding from the Mayor of London for a Low Emission Neighbourhood in Marylebone, to be matched by local businesses (see City Management for operational response)
- **Code of Construction Practice** was revised and has been operational since September 2016. The code protects against residential 'iceberg' basements and related inconsiderate building practices.
- The first liability notices for payment of the **Community Infrastructure Levy** have been sent out totalling £8m for the period 1 May-30 September. To date only £300,000 has been billed in demand notices.
- The first **Open Forum Public meeting** took place in October at Church House. 99 residents took part in round table discussions with officers and elected Members. In addition, we have now held 9 City for All tour meetings where officers have spoken to over 70 residents in total.
- **National Fraud Initiative 2016 as organised by the Home Office:** The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. In this quarter we have provided detailed information to both the Home Office and HMRC on three separate occasions.

Heritage



- **Development Opportunity Framework** for Upper Vauxhall Bridge Road; consultation started. This site incorporates the Queen Mother's Sports Centre and sets out the development opportunity to redevelop the leisure facilities to modern standards whilst regenerating the surrounding area.
- The **City Plan Special Policy Areas and Policies Map Revision** was found sound by an independent inspector appointed by the Secretary of State. The revisions will be adopted at Full Council on 9th November and cover six Special Policy Areas with some minor amendments to the Policies Map.
- **City Hall refurbishment:** PPC are leading the Programme management of the City Hall refurbishment overseeing and directing the implementation of the decant and recant. The programme is complex and requires PACE in action, particularly collaboration, we have 10 work streams which include procurement, IT, staff engagement and design and build.
- **Night Tube** - E&P presented the Night Tube monitoring work to the Licensing Committee. This piece of work takes large datasets from a range of sources (including open data, service data and commercial data) and gives users the ability to interact with them through web-based dashboards. One of the key strengths was the inclusion of footfall data which gives a 24/7 breakdown of street activity from over 50 sites across the borough, and this was achieved through collaboration with each of the Business Improvement Districts. The solution is currently being refined and a full review of the impact of Night Tube will be produced in January 2017.
- Successfully delivered major events in Central London including **Ride London, Notting Hill Carnival, Tour of Britain** and **London Fashion Week**

Aspiration



- Construction of the **Sir Simon Milton Westminster University Technical College** began at the new site at Ebury Bridge. From September 2017, this facility will integrate excellent academic, technical and practical learning with industry giants such as Network Rail, TfL, crossrail, Alstom, BT Fleet, Land Securities and Sir Robert McAlpine.
- A draft **Rough Sleeping Strategy** has been completed and consultation opened. A strategy is not statutory, the demand on Westminster is significant and the strategy sets out our approach to reducing rough sleeping and how we will support those on the street away from the streets and provide help to turn their lives around.

- **Public expenditure on estates:** Evaluation and Performance have been working with Department for Communities and Local Government to analyse public expenditure on estates with a view to creating an evidence base pre regeneration to be analysed post regeneration.
- Delivered the **Real Change** campaign encouraging visitors, businesses and residents to give to charity rather than directly on the street. The campaign saw a 79% increase in referrals to the rough sleeping helpline StreetLink, resulting in 43 new rough sleepers being met by outreach teams. Donations to the London Central Mosque increased by 24% as a result of the campaign warning the Muslim community about organised begging, and there was a decrease of 17% of beggars targeting this audience. The campaign has been nominated for a PRCA Award in the Public Sector category.
- **Speak sense campaign** - Worked with 100 young people to continue delivering **#SpeakSense** messages around healthy relationships. 80% of young people surveyed about the campaign would recommend it to their friends and the same number had had conversations with friends about healthy relationships since taking part. The website has had 2,400 hits and the videos have been watched 3,700 times. The campaign has been nominated for a Digital Communication Award.
- Delivered communications around **changes to Children's Services** including to Children's Centres and Youth Clubs which came into place from 30th September 2016. Parents and carers were kept updated on changes throughout the summer.
- Supported the recruitment of over 300 volunteers for Westminster Homeless Action Week in July 2016 during which volunteers went out with outreach teams to meet rough sleepers.



Choice

- Launched a draft **Joint Health and Wellbeing Strategy** for consultation. The strategy sets out our, with our health partners, proposals and priorities for the wider health and care plan for NW London.
- **Silver Sunday** successfully took place on 2nd October, with Campaigns and Customer Engagement co-ordinating 52 well attended events. The event achieved coverage in consumer, local and regional print, digital and broadcast press.
- Achieved 140 **nominations for the Westminster Carer Awards** (on 31st October) and over 200 **nominations for the ActiveWestminster Awards** (on 2nd December).

Internal

- **Change Network** - Creation of a new network to support our major transformation programmes. This involved a campaign to promote and call on individuals to act as Change Advocates to support the council on our journey to become the model of a modern local authority. We received 75 nominations from staff for the Change Advocate role with good representation from all our departments and the Change Network formally launches this month.
- **Agile Working Month** - August was Agile Working Month. Staff need to change the way they work ahead of the move out of City Hall and to enable us to work in the most efficient way possible. A manager's guidebook was produced to ensure that each manager thought about how agile can work for their team and a successful cross-channel campaign was rolled out throughout the month. Initial feedback was positive with staff enjoying the extra flexibility and improved team culture. Challenges met included issues around connectivity and equipment.



Service pressures and challenges

- **New Prime Minister:** PPC is central to responding to the new policy context, ensuring that the Council builds a strong working relationship with Government to ensure ministers recognise the importance of Westminster to the capital and the nation's future prosperity.
- **Devolution of Business Rates.** The current scheme does not offer the required financial incentives to further facilitate growth and results in a perverse anomaly whereby Westminster, which collects more business rates than any other local authority in the country (8% of the national total), has been within the scheme's Safety Net since the scheme's inception in 2013. This has resulted in the council receiving £6m less per annum than the government's own assessment of our required baseline funding level and causing the Safety Net pot to overspend at a national level. The government has also indicated that the devolution of business rates should be fiscally neutral, i.e. any additional funding a council receives from business rate retentions will also include additional responsibility for public service delivery. The risk is that Westminster City Council will not retain enough of the business rates it collects to fund local services and invest in growth across the City.


Key Service Performance Indicators

The table provides an assessment of the Key Service Performance Indicators. Detail has been provided for all indicators failing to meet targets. Please note figures reported are for April to September 2016, unless indicated.

Performance Indicator	2015/16 Performance	2016/17 Target	Quarter 2 position	RAG Rating	Direction of Travel
Performance Indicators flagged for attention:					
Customer Service					
Total customer calls answered in 60 seconds by the council (contract agreement)	95.5%	95%	91.76%	Amber	Deteriorating on last year
Performance Indicators on track to achieve targets :					
Customer Service					
Total customer calls answered in 20 seconds by the Council	87.5%	80%	83.74%	Green	Deteriorating on last year
Less than 4% of calls abandoned	New indicator	TBC	1.54%	Green	N/A
Community Engagement					
Number of attendance Open Forum/City for All face-to-face meetings	New indicator	TBC	169	N/A	N/A
Number of people registered on the Open Forum website	New indicator	TBC	201	N/A	N/A
Children and Young People					
Young Westminster website number of page views	Officially launched 22 nd April '16	4,000 page views within first 3 months	20,858 unique page views	TBC	N/A
Performance Indicators where data for Quarter 2 is unavailable.					
City Survey results					
Service commentary: Field work for the next City Survey began in September 2016. Full results are expected in 2017.					


Appendix 1 – Performance Site –Business Intelligence Input Area for Services

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Performance Site


Performance Homepage




Adults Social Care




Childrens




City Treasurer




CMC



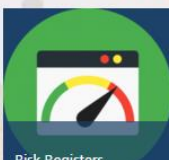
Corporate Services




GPH




PPC



Risk Registers




Help




Administration


ASC Performance Homepage




Deliverables



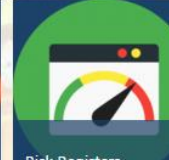
KPIs and Milestones




Template



Service Commentary



Risk Registers



Help

ASC KPIs and Milestones

+ new item or edit this list

All KPIs & Milestones New KPIs & Milestones ...

✓	Reference	Reference/Description	Outturn Position	Numerator	Denominator	Date	Quarter	RAG Rating	Direction of Travel	Service Commentary	Date to be on track by
	KPLASC.01	Proportion of adults with a learning disability known to ASC in paid employment	0.064	25	392	30/06/2016	Q2	Green	Improving	Q1 data is most recent. This is a cumulative indicator so will increase over time	
	KPLASC.02	Proportion of adults in contact with Mental Health services in paid employment	0.072	66	919	31/08/2016	Q2	Green	Stable	August data is most recent	
	KPLASC.03	Percentage of people completing reablement who require a long-term service	0.25	87	347	31/08/2016	Q2	Green	Stable	August data is most recent	



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	24 November 2016
Classification:	For General Release
Title:	Internal Audit 2015/16 – Progress Report (August to September 2016)
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk 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 although one no assurance audit has been issued.
- 1.2 The follow up review completed in the period confirmed that the implementation of recommendations has been 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** - Performance Indicators.

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. One no assurance report has been issued:

- Children's Disability Services - Direct Payments.

The details of this audit are contained in paragraph 5.1.1.

5. Audit Outcomes (August to September 2016)

5.1 Since the last report to Members ten audits have been completed, nine of which did not identify any key areas of concern:

Audit	Assurance	RAG
Adult Social Care – Continuing Healthcare Funding*	Satisfactory	Green
Growth, Planning & Housing – Right to Buy*	Satisfactory	Green
Children's Services – Procurement of Residential Placements*	Satisfactory	Green

Audit	Assurance	RAG
Public Health – Contract Monitoring (Cardiovascular Disease)*	Satisfactory	Green
Children’s Services, Schools – Christchurch Bentinck Primary	Substantial	Green
Children’s Services, Schools – Essendine Primary	Satisfactory	Green
Children’s Services, Schools – Hampden Gurney Primary	Satisfactory	Green
Children’s Services, Schools – St Augustine’s Primary	Satisfactory	Green
Children’s Services, Schools – St Augustine’s Secondary	Satisfactory	Green

*Further information on these audits is contained in Appendix 2.

5.1.1 Children’s Disability Services – Direct Payments (Red)

Councils are obliged to offer direct payments to suitable families with a disabled child to purchase their own support package in lieu of services which would otherwise be commissioned on behalf of the child by the Council. This audit reviewed the existing arrangements for managing direct payments across the three Councils and it was noted that each Councils’ ‘back office’ operations were differently configured and operated independently of each other. At the time of the audit, approximately 60 children with disabilities received direct payments from Westminster Council with an estimated annual cost of £250k.

The audit identified a number of control weaknesses in the existing system including:

- The Westminster Council team structures are insufficient to manage the direct payment functions adequately. The service is currently reviewing staffing arrangements and have put in place interim arrangements to improve the process;
- At the time of the audit, formal procedures and process maps had not been developed detailing the workflow for the service. An interim policy and procedures are now in place which include guidance notes for parents, the roles and responsibilities of each party, including the contractor who undertakes some of the of direct payments service on behalf of the Council;
- There is no formal contract with the current provider, which has been used by the service for a number of years, and a lack of performance monitoring and reporting. The use of this contractor and other options for the delivery of the direct payments service are being considered as part of an options paper for a shared service;
- From the sample reviewed it was noted that the correct level of support to the clients for managing their direct payments was not always provided. The service is now working more closely with their contractor and practitioners on new referrals to ensure that a process is in place to follow-up the arrangements after the direct payment has been set up. For existing cases,

- a quarterly monitoring exercise is now in place which should identify if the client is not managing their direct payment provision adequately;
- Documentation was not consistently recorded on the case management system. The service has taken action to ensure that this is updated and reviewed on a regular basis;
 - From the sample reviewed, a number of contracts between the clients and the Council's service provider could not be located on the provider's system. A new process has been introduced to ensure that a signed contract is received by the Council before direct payments commence. A review of existing clients is also being undertaken to ensure that appropriate records are in place;
 - DBS checks are only routinely completed for personal assistants who are recruited through the Council's service provider. However, no monitoring is undertaken by the Council that the service provider is maintaining up-to-date DBS records. Where a parent is employing a carer directly no DBS checks were undertaken by the service provider unless requested by the parent. The service has since reviewed its processes and the service provider is verifying that existing carers are in receipt of valid DBS checks. Parents who employ their own carer are being advised that a DBS check will be required. Where a parent is reluctant for a DBS check to be undertaken, the child's Social Worker will be required to assess the level of risk of allowing the carer to continue in this role without a DBS check. A monitoring system for DBS checks is also being put in place;
 - Quarterly financial monitoring has not taken place since March 2015. The service has now commenced a financial monitoring exercise. The results of the financial monitoring will be recorded on the case management system. The service has also documented the process in place for the recovery of debt/overpayments.
 - The lack of financial monitoring means that the Council has no clear idea if all clients are making appropriate and timely payments to HMRC. New procedures and guidance are to be issued to carers regarding their responsibilities for paying HMRC, ensuring adequate employer's liability insurance is in place, DBS checks and the need to consider the provision of a workplace pension.

It should be noted that as a result of this audit a Tri-borough Direct Payments Working Group has been formed to share and develop good practice and review Policies and Procedures across all services. In addition, since the audit was finalised the service has confirmed that actions have been taken to address the weaknesses identified including:

- Considering the introduction of pre-paid cards for direct payments where this is appropriate, which would be in line with the process used within Adult Social Care and would introduce more effective controls to the process;
- Ensuring that policies and procedures are in place for payment, monitoring and reclaiming overpaid direct payments;

- Providing additional training to relevant staff on supporting families in receipt of direct payments as well as attending the Council's debt recovery training to ensure actions are compliant with corporate processes;
- Undertaking quarterly monitoring, reviewing accuracy of records and ensuring that all accounts are compliant with HMRC requirements;
- Ensuring relevant documentation is retained on the client management system;
- Reviewing the processes for ensuring DBS checks are undertaken for all carers.

A follow up audit will be undertaken in January 2017 to confirm that the agreed actions have been implemented as stated by the service.

5.2 Implementation of Audit Recommendations

One follow-up audit was undertaken in the period (August to September 2016):

Audit	No of Recs Made	No of Recs Implemented	No of Recs In Progress	No of Recs not yet actioned
City Management – IT Audit – Parking System	6	6	0	0
Total	6	6	0	0

6. Review of Insurance Services

- 6.1 In addition to the internal audit work completed in the period, a technical claims file review has been undertaken by the Council's insurers to provide an analysis of the Tri-borough claims handling service as measured against current best practice. The Tri-borough insurance service handles Employers and Public Liability claims up to a delegated authority of £100k for Westminster with this delegated authority being in place since 1 April 2015.
- 6.2 The review concluded that the service provided was effective, which is the highest opinion given in these technical reviews, with the controls considered to be appropriate and to maintaining risk within acceptable parameters. The report stated that the claims handling by the Tri-borough service was of a very high standard and it was clear that there was a pragmatic and realistic approach taken on the vast majority of the claims reviewed. The overall quality score given for the service was 97.69%.
- 6.3 Three recommendations have been made to improve the systems of control which have been addressed by the service. Implementation of these recommendations will be independently reviewed before the end of the calendar year.

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

Moira Mackie on 020 7854 5922,

Email: moira.mackie@rbkc.gov.uk

BACKGROUND PAPERS

Internal Audit Reports;

Monthly monitoring reports.

Audits Completed Year to Date - 2016/17

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 – Transition, Young People to Adults (Cfwd from 2015/16)	Green	SATISFACTORY	0	5	1	Sep-16
Adult Social Care	Tri-b – Walkthrough (referrals) (Cfwd from 2015/16)	Green	SATISFACTORY	0	2	2	Sep-16
Adult Social Care	Tri-b – Continuing Healthcare Funding (Cfwd from 2015/16)	Green	SATISFACTORY	0	6	0	Nov-16
Children's Services	Tri-b – Schools Health & Safety (cfwd from 2015/16)	Amber	LIMITED	4	3	1	Sep-16
Children's Services	Tri-b - Procurement of Residential Placements	Green	SATISFACTORY	3	0	5	Nov-16
Children's Services	Disabled Services Direct Payments	Red	NO	8	5	0	Nov-16
Corporate Services	Tri-b – Legal Services, Governance (cfwd from 2015/16)	Green	SUBSTANTIAL	0	0	1	Sep-16
Corporate Services	Tri-b – Managed Services Interfaces (Cfwd from 2015/16)	Green	SATISFACTORY	0	4	1	Sep-16
Corporate Services	Governance Review (Cfwd from 2015/16)	Green	SATISFACTORY	0	1	3	Sep-16
Corporate Services	Procurement - Governance	Green	SATISFACTORY	0	3	0	Sep-16
Corporate Services	Tri-b – Internet Monitoring/ Use of Social Media (cfwd from 2015/16)	Amber	LIMITED	1	3	0	Sep-16
Growth, Property & Housing	Property Investment Portfolio (cfwd from 2015/16)	Green	SATISFACTORY	0	2	1	Sep-16
Growth, Property & Housing	Tavistock Co-op (TMO)	Amber	LIMITED	5	15	3	Sep-16
Growth, Property & Housing	Torridon Co-op (TMO)	Amber	LIMITED	6	12	0	Sep-16

Audits Completed Year to Date - 2016/17

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
Growth, Property & Housing	Right to Buy	Green	SATISFACTORY	1	4	3	Nov-16
Public Health	Tri-b – Substance Misuse Contract Management (cfwd from 2015/16)	Green	SATISFACTORY	0	2	1	Sep-16
Public Health	Tri-b – Sexual Health Contract Management (cfwd from 2015/16)	Green	SATISFACTORY	0	1	3	Sep-16
Public Health	Tri-b – School Nurse Contract Management (Cfwd 2015/16)	Amber	LIMITED	1	5	1	Sep-16
Public Health	Tri-b – Contract Management (Cardiovascular Disease)	Green	SATISFACTORY	2	3	1	Nov-16
City Management & Communities	Parking – People & Resources Contract Management	Green	SATISFACTORY	0	3	2	Sep-16
City Management & Communities	Waste Collection, Recycling & Street Cleansing Contract Management	Green	SUBSTANTIAL	0	1	1	Sep-16
City Management & Communities	Commercial Waste	Green	SATISFACTORY	2	1	1	Sep-16
Schools	Barrow Hill Primary School	Green	SUBSTANTIAL	0	2	1	Sep-16
Schools	St Luke's Primary School	Green	SATISFACTORY	0	3	5	Sep-16
Schools	Christchurch Bentinck Primary School	Green	SUBSTANTIAL	0	2	2	Nov-16
Schools	Essendine Primary School	Green	SATISFACTORY	0	3	6	Nov-16
Schools	Hampden Gurney Primary School	Green	SATISFACTORY	0	5	4	Nov-16
Schools	St Augustine's Primary School	Green	SATISFACTORY	1	2	3	Nov-16

Audits Completed Year to Date - 2016/17

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
Schools	St Augustine's High School	Green	SATISFACTORY	0	5	4	Nov-16

Additional Information on Audits (Main report – Paragraph 5.1)

Adult Social Care:

1. Tri-b – Continuing Healthcare Funding

Continuing Healthcare Funding is a package of health and social care funding provided to meet the cost of an individual's care in full because their primary need for care is a health need. It is not means tested and it is irrelevant what assets the individual has. It can be provided in a range of settings, including an NHS hospital, a care home or someone's own home. Where there is a need for care that is not deemed to be NHS funded, it would be the Council that pays for care (subject to eligibility criteria). In October 2007, the Department of Health produced new guidance that sets out a system for deciding eligibility for NHS Continuing Healthcare (the National Framework for NHS Continuing Healthcare and NHS funded Nursing care). The Framework sets out the factors that are considered to decide whether someone meets the criteria for NHS Continuing Healthcare and an assessment is required on whether an individual is entitled to funding. The decision is ratified by the Continuing Healthcare Panel, which is organised by the NHS but has Local Authority representation on it.

The audit identified a few areas for improvement which are summarised below, together with the service response to the weaknesses identified:

- The need to document the end-to-end process for administering continuing healthcare as well as a protocol on joint prevention and dispute resolution. The service is developing these as well as a joint funding policy across the three boroughs and the Care Commissioning Groups (CCGs);
- Provision of training to Health staff to develop their understanding of the social care aspects of the clients' needs and to promote a more cohesive approach to dealing with continuing healthcare funding cases. This training is planned to be delivered by the service during 2016;
- Ensuring that the Healthcare Panel meeting minutes/record of discussions demonstrate an appropriate assessment of the recommendations made and that the Health Needs Assessments completed by Health staff are provided to the Councils. The service has since reviewed the Healthcare Panel process and circulated a revised Terms of Reference as well as developing a single Continuing Healthcare Protocol to ensure compliance with the National Framework for NHS Continuing Healthcare and NHS funded Nursing Care;
- The CCG works towards a timeframe of 28 days to complete the Health Needs Assessment, however, performance against this timeframe is not formally monitored and reported to the Council. Information provided during the audit indicated a number of cases taking over three months from the date of referral to assess the eligibility. The service will include defined timescales in the Protocol that is being developed;
- There was no evidence that the purchase orders for Westminster client's care packages were reviewed regularly by the services. In addition, the agreed date on which the financial responsibility transfers to the CCG was not recorded consistently. The service has agreed that all open purchase orders should be reviewed regularly and closed off where appropriate. The Panel decision will be shared with Finance to ensure that the recharge to the CCGs in respect of Continuing Healthcare clients is calculated correctly.

Growth, Planning & Housing:

2. Right to Buy

This review was undertaken on CityWest Homes' (CWH) arrangements for managing the sale of Council property under the Government's current Right to Buy (RTB) scheme. The review examined CWH's processes and controls as well as the fraud prevention checks undertaken by the Corporate Anti-Fraud Service (CAFS). CWH Lessee Services are responsible for processing all RTB applications and overseeing the RTB process in accordance with Council Policy and legislative requirements. The RTB process is quite extensive requiring input from a number of services to complete a sale including Legal Services and CAFS. For the financial year

2015/16 potential fraudulent activity within Right to Buy had a notional value of £935k with the Corporate Anti-Fraud Service (CAFS) preventing nine cases from progressing where fraud was suspected. A previous audit of the RTB process identified a number of tenants who approach the council to purchase their property who were in receipt of Housing Benefit and had substantial savings. It also identified that funds were being 'gifted' to purchase properties sometimes from abroad or from companies whose financial standing cannot be verified as reputable finance providers on a six-year loan term. Part of Westminster's RTB process is to undertake background checks which is performed by the Corporate Anti-Fraud Service (CAFS). This service is not a legal requirement of the right to buy process but provides additional assurance on the validity of RTB applications.

The audit identified that the RTB process was generally well controlled with recommendations made to improve the system including:

- Ensuring that a formal Service Level Agreement (SLA) is entered into between CWH Tenancy Management and CAFS to ensure that appropriate and timely communication is established. This SLA has now been agreed and is to be extended to include Lessee Services;
- Ensuring that tenancy checks are always undertaken after the date of RTB application and before the offer notice is given. Lessee Services are liaising with Housing Management to ensure there is a clear Service Level Agreement for undertaking the tenancy checks and a protocol for escalation to ensure the checks are undertaken within the required timescales;
- Ensuring that the Anti-Money Laundering form is completed and returned prior to the RTB sale being completed;
- Ensuring that all live cases referred to CAFs are reconciled with Lessee Services regularly. This has been included in the new SLA;
- Ensuring that all completed RTB sales are correctly registered by the buyer's legal representatives. Legal Services have agreed to undertake these checks before the case is closed.

Children's Services:

3. Tri-b – Procurement of Residential Placements

The Tri-borough Residential Placements Team (RPT) was formed in 2014 bringing together individual borough placement service arrangements and with the aim of providing a shared centralised external placement function for the three boroughs. The team is comprised of staff with both social work/care and commissioning experience. At the time of the review there were approximately 67 children currently in residential accommodation across the three councils. The numbers fluctuate as children leave residential accommodation and re-join their natural parents or move into foster care. The RPT works closely with Social Care professional staff to ensure that the most suitable residential placement is obtained which meets the needs of the Looked After Child (LAC). Due to the requirements of the child, a placement can be made within the borough or another part of the UK depending on the location of the service provider best placed to meet the needs of the child, which can be complex. A new method of procuring residential placements, which will enable the RPT to upload the criteria for a particular placement and allow providers to register their interest in providing the service and provide a cost quote, is due to be implemented by the end of the current financial year.

Each child or young person moving into residential accommodation has a Care Plan which details the justification for the placement. Funding the cost of residential accommodation, particularly for Complex Needs cases can be shared between three stakeholders: internally by Social Services and Education (SEN) and externally via the Health Service. The percentage each stakeholder contributes to the cost of the residential accommodation, is determined by the needs of the child and the type of services required whilst in care. Typically, placements can last 38 weeks with the child returning home between terms or 52 weeks where the child remains in the placement throughout the year.

The review identified that the controls over the administration and monitoring of the residential care provision for children were generally effective. Recommendations were made to address the following control weaknesses which have been accepted by management:

- Not all of the Individual Child Agreements, which describe the services required from the provider and the cost of the service, and Individual Placement Agreements which are completed when the placement is made with a residential school, could be located at the time of the audit. These are being reviewed by the service and will be stored securely and routinely monitored by the Strategic Commissioner of the service;
- It was difficult to demonstrate that best value had been achieved with the existing procurement arrangements. It is envisaged that the new portal arrangements that are due to be introduced this year will address the weaknesses in the existing process;
- Not all of the Complex Needs funding forms, which should be completed and signed by all of the stakeholders to confirm commitment to the level of funding agreed, could be located at the time of the audit.

Public Health:

4. Tri-b – Contract Monitoring (Cardiovascular Disease)

Cardiovascular Disease [CVD] is the second highest cause of premature death across the three councils. Prior to the Tri-borough service, Westminster Council commissioned a CVD prevention service however; neither RBKC nor LBHF had a CVD prevention programme. Following a tender exercise, a contract for the CVD Programme across the Tri-borough was awarded which started in October 2015. Over the course of the contract, the activity levels of 1,350 Tri-borough residents per year, 400 each in LBHF and RBKC and 550 in WCC will be assessed against clinical targets and assistance provided so that participants can reduce blood pressure, body mass index, adopt a cardio-protective diet, increase their physical activity and stop smoking. The contract is for an initial three years with an option to extend for an additional year.

The audit identified that the contract management arrangements were adequate and the contract managers experienced. However, the lack of written guidance on the section's approach to contract management means that much of the knowledge of the section's approach to monitoring is retained by individual officers. It was recommended that contract monitoring arrangements should be documented and should include all key areas of the contract to ensure that they are routinely monitored in accordance with the frequency specified in the contract e.g. Insurance checked annually; DBS and other staff related issues checked on a sample basis. It was further recommended that the contract managers undertake sample testing on the evidence of performance provided by the contractor to support the achievement of the contractual performance targets

Six recommendations were made which have been accepted by management.

Performance Indicators 2016/17

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

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit plan completed YTD (Month 6) Full year target = 90%	47%	43%	Slightly under target but on course to achieve overall target.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	91%	
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	10 received YTD, average score of 4.4 (positive score).
Percentage of High & Medium priority recommendations implemented or in progress	95%	96%	72 recommendations reviewed

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City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	24 November 2016
Classification:	For General Release
Title:	Counter Fraud 2016/17 – Progress Report
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Andy Hyatt, Tri-borough Head of Fraud email: Andrew.hyatt@rbkc.gov.uk 020 7361 3795

The Audit and Performance Committee's Terms of Reference require that the Committee receive reports on internal and external fraud investigated by the Council. This report is intended to brief members of the Committee in respect of work undertaken by the fraud service during the period 1 April 2016 to 30 September 2016.

FOR INFORMATION

1. BACKGROUND

- 1.1 This report provides an account of fraud related activity undertaken by the Tri-borough Corporate Anti-Fraud Service (CAFS) from 1 April 2016 to 30 September 2016.
- 1.2 Local authorities have a responsibility to embed effective standards for countering fraud and corruption in their organisation to support good governance and demonstrate effective financial stewardship.
- 1.3 CAFS continues to provide Westminster City Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- 1.4 CAFS remains a shared service covering the three Partnership Councils across Tri-borough. The partnership continues to reap a number of benefits including the sharing of skills and expertise, a "compare and contrast" review to identify

the best practice and the streamlining of anti-fraud related policies and procedures.

1.5 Since April 2016 CAFS identified 70 positive outcomes, including twelve prosecutions and ten recovered tenancies. For the period 1 April 2016 to 30 September 2016, fraud identified by CAFS has a notional value of over £2.2million and is detailed in the following table.

Activity	Fraud proved 2015/16	Fraud identified 2015/16 (£'s)	Fraud proved 2016/17 (6 months)	Fraud identified 2016/17 (£'s)
Housing Fraud (inc. Applications, assignments & successions)	-	-	3	54,000
Right to Buy	9	935,100	13	1,350,700
Advisory Report	-	-	1	-
Prevention subtotal	9	935,100	17	1,404,700
Tenancy Fraud (CWH and Registered Providers)	6	340,000	10	580,000
Equity Loan Fraud	2	706,460	-	-
Internal Staff and Other Services	10	29,510	7	73,159
Disabled Parking	15	51,667	15	70,203
Resident's Parking	49	277,588	16	82,210
Detection subtotal	82	1,405,225	48	805,572
Proceeds of Crime (POCA)	1	153,824	4	49,477
Press releases and publicity	-	-	1	-
Deterrence subtotal	1	153,824	5	49,477
Total	92	2,494,149	70	2,259,749

1.6 Details of sample fraud cases are reported in Appendix 2.

NB: fraud in the different service areas has been valued as follows:

- *Tenancy Fraud: £54,000 per property based upon the average cost of temporary accommodation (£18,000 p.a.) multiplied by the average length of stay (3 years). An additional £8,000 saving is also claimed when keys are returned based upon average cost of legal action and bailiff intervention to recover property via the court (these measures of savings were provided by the Audit Commission prior to their abolition)*
- *Residents Parking – calculation based upon lost of income as a result of fraudulently obtained or used permits.*
- *Disabled Parking: Seizures, Cautions and Prosecution are valued as £825, £2,822 and £5,644 respectively as per the notional values of estimated lost parking income in relation to the levels of misuse.*

2. WHISTLEBLOWING

- 2.1 The Council's whistleblowing policy continues to be the main support route for staff wishing to report a concern that they believe they cannot discuss with their line manager.
- 2.2 Since April 2016 CAFS received one whistleblowing referral (as defined in the policy) which remains an on-going investigation.

3. ANTI-FRAUD STRATEGY

- 3.1 The Council's Anti-Fraud and Corruption Strategy is aligned align to the national strategy, ***Fighting Fraud and Corruption Locally.***
- 3.2 The revised strategy places greater emphasis upon;
- i) developing and improving **fraud prevention** techniques across the Council,
 - ii) having a fully trained and dedicated anti-fraud resources to investigate allegations and **detect fraud**, and
 - iii) deterrence activity, including sanctions and publicity, which **deter potential fraud** from being committed.
- 3.3 The remainder of this report has been divided into these three key areas to highlight activity which supports and underpins the Strategy.

4. FRAUD PREVENTION ACTIVITIES

Fraud Resilience Action Plan 16/17

- 4.1 Fraud is deemed a critical risk and is present on the organisation's Strategic Risk Register which is regularly reviewed by senior management as well as the Audit and Performance Committee.
- 4.2 To underpin the Strategic Risk Register, CAFS oversee a fraud risk register that monitors fraud risks across the Council and directs CAFS proactive work programme, which remains on target for completion.
- 4.3 The programme, known as the Fraud Resilience Work Programme is reported in Appendix 1 for information.
- 4.4 Resources within CAFS remain stretched, but a success recruitment campaign has rectified this, and it will provide additional resources to reinvigorate proactive anti-fraud activities and to enhance coverage.

E-Learning

4.5 CAFS have designed and created an e-learning programme which will include many different learning packages. Once fully complete the range of courses will include "identity document checking" and "general fraud awareness", as well more focused courses aimed at specific departments or pay grades. For example, "anti-bribery and corruption", "internal controls" and "tenancy fraud".



4.6 The first completed package, "identity document checking" teaches officers the step by step process in how to check identification papers, and how to spot forged or counterfeit items.

4.7 This first module is currently being tested and rolled out to over 50 frontline officers, including the Housing Options Service.

4.8 The courses enable CAFS to reach the whole organisation, individual departments or specific roles, i.e. managers. They have been written and designed by CAFS and therefore support the Council's anti-fraud and corruption policies and enhance our anti-fraud culture. They are built to be engaging and interactive, and are presented using various templates such as 'real-life' scenarios, case studies and 'knowledge bites'.

Right to Buy (RTBs)

4.9 The number of RTB applications continues to rise over with tenants benefiting from the scheme's discounts up to a maximum of £103,900.

4.10 With such significant discounts available to prospective purchasers there is a greater risk of fraud, and to this effect, CAFS apply an enhanced fraud prevention process to all new RTB applications, including anti-money laundering questionnaires as well as financial and residential verification.

4.11 For CAFS to prioritise cases more efficiently a new Service Level Agreement (SLA) between CAFS and Lessee Services has been agreed, along with a revised anti-money laundering questionnaire which draws upon the best elements from similar forms used by the three Partnership Councils of Tri-borough.

4.12 To date, CAFS have successfully prevented 13 Right to Buys from completion, where suspicion was raised as to the tenant's eligibility or financial status. In many instances, these have been as a result of the tenant voluntarily withdrawing their application once checking and verification by CAFS commenced.

- 4.13 The prevention work undertaken by CAFS in respect of RTBs continues to protect valuable Council stock.

5. FRAUD DETECTION ACTIVITIES

Corporate investigations

- 5.1 Corporate investigations are defined as fraud cases which relate to employee fraud or other third party fraud which does not fall within a particular CAFS service areas such as Housing or Disabled Parking Fraud.

- 5.2 Since 1 April 2016 work in this area has included;

- The dismissal of a member of staff who had abused their position to influence the procurement of building work at a school, as well as failing to declare a Declaration of Interest.
- The resignation of an employee following an investigation into the misuse of a school's headed stationery for personal gain, namely a false reference.
- Single Person Discounts removed during investigations into housing and residents parking
- Misuse of concessionary travel including Freedom Passes

- 5.3 Details of a sample fraud cases are reported in Appendix 2.

Tenancy Fraud

- 5.4 CAFS continues to provide an investigative support across all aspects of Housing, from the initial applications for assistance to the investigation of tenancy breaches or unlawful subletting.

- 5.3 For CAFS to prioritise cases more efficiently, and to increase the quality of referrals, a new Service Level Agreement (SLA) between CAFS and CityWest Homes has been agreed, along with a new monitoring process for Housing Option referrals.

- 5.4 As well as working with CityWest Homes CAFS continue to provide investigative support to PRPs operating within the borough and where CAFS recover properties on behalf of PRPs, following investigations of unlawful subletting; abandonment or false applications for tenancy succession, the nomination rights for these properties are passed to the Council.

- 5.5 Although CAFS work across Housing involves prevention (as detailed at 4.9) as well as detection, the full extent of CAFS activities are described in the table below.

Activity	Fraud proved 2015/16	Fraud proved 2016/17 (6 months)	Notional value 2016/17 (£'s)
CWH Tenancy Fraud	5 (2 keys returned)	7 (2 keys returned)	394,000
PRP Tenancy Fraud	1 (keys returned)	3 (3 keys returned)	186,000
RTB - CWH	9	13	1,350,700
False succession applications	-	3	54,000
Unlawful Profit Order	1	-	-
Total	16	26	1,984,700

5.6 Details of sample cases are reported in Appendix 2.

Disabled parking investigations

5.7 The introduction of a dedicated resource, body cameras and a regular Blue Badge inspection regime has proven successful with 15 offenders apprehended who have had appropriate sanctions applied for misuse, including 12 successful prosecutions.

5.8 Details of sample fraud cases are reported in Appendix 2.

Resident parking investigations

5.9 CAFS continue to investigate the misuse of resident parking permits and to date have successfully apprehended ten offenders. Positive outcomes include fraudulently obtained permits, height restricted vans and permits issued to commercial addresses.

5.10 Details of sample fraud cases are reported in Appendix 2.

6. FRAUD DETERRENCE

6.1 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, important that a robust enforcement response is available to pursue fraudsters and deter others.

Sanctions

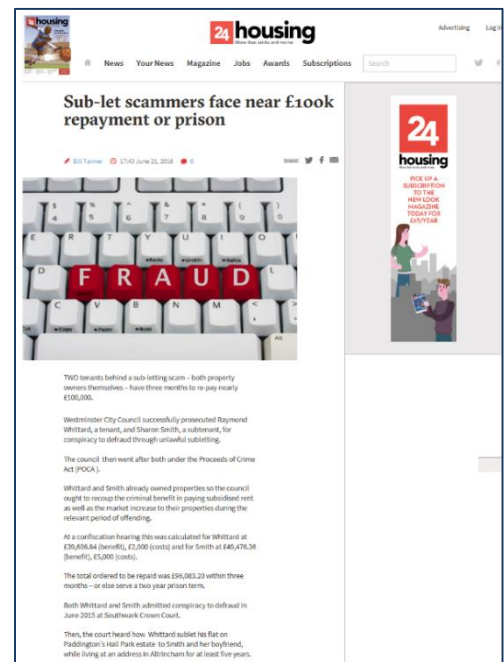
6.2 For the period 1 April 2016 to 1 September 2016, CAFS have successfully prosecuted twelve offenders, and currently, have eleven cases lodged with the Council's solicitor for prosecution activity.

Proceeds of crime act

- 6.4 The use of dedicated powers under the Proceeds of Crime Act (POCA) continues to provide rewards with £96,083 awarded in the first half of the financial year to 31 September 2016, and £49,477 repaid.
- 6.5 In June 2015, in a landmark case, Westminster City Council successfully prosecuted a tenant and a subtenant for conspiracy to defraud through unlawful subletting
- 6.6 In June 2016, following action under POCA, the pair were ordered to repay £96,083.20 (tenant £41,607 and subtenant £54,476) within three months or face a two-year prison term.
- 6.7 The POCA investigation was unable to identify any monies or assets belonging to the tenant and the Judge reluctantly accepted a small contribution. The POCA investigation did, however, identify assets owned by the sub-tenant who repaid £48,477 forthwith.

Press releases

- 6.8 To deter fraud attempts it is important that the Council publicise its successes in tackling it. Positive publicity about the successful detection, prosecution or prevention of a fraud may help to deter others.
- 6.9 CAFS continue to record details of press releases as a positive outcome each time a story is published in a national or local media, news websites or trade magazines.



Moira Mackie

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Local Government Access to Information Act – background papers used:
Case Management Information

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Generic Fraud Risks

Fraud Risk Code	Risk Title	Residual Fraud Risk	Action plan 2016/17	Status	Aim
G4	Decision Making (Bribery and Corruption)	8	e-Learning fraud awareness (bespoke) design & rollout	On-going	Q.3
G5	Procurement	15	e-Learning fraud awareness (bespoke) design & rollout	To do	Q.4
G6	ICT and Data Security	15	Fraud newsletter to inform staff of risks	To do	Q.3&4

Service Specific Risks

Risk Code	Risk Title	Current Risk Status	Fraud risk action plan 2016/17	Status	Aim
F7	P/cards	3	WCC – pro-active operation – substantive testing using Benford’s Law analytics	On-going	Q.3
F8	Pension Fraud	6	Keep under review NFI due March 2017	On-going	Q.4
F10	Right to Buy	12	Review of process, anti-money laundering forms and service level agreement with Lessee Services. New processed shared and formed part of Lessee Service process.	Complete	Q.2
			e-Learning fraud awareness (bespoke) design & rollout	To do	Q.3

F11	Housing Fraud	12	Revised engagement to improve working relationships – new process of monitoring introduced to ensure CAFS manage referral expediently.	Complete	Q.2
			e-Learning fraud awareness (bespoke) design & rollout – currently at test stage	On-going	Q.3
F12	Tenancy Fraud	12	Revised engagement to improve working relationships – new process of monitoring introduced to ensure CAFS manage referral expediently	Complete	Q.2
F15	Direct Payments/Personal Budgets	6	Pro-active operation using Direct Payments/Personal Budgets to compare to DWP deceased list and other datasets held by Cabinet Office	On-going	Q.3
F17	Fake Invoices	9	Fraud newsletter to inform staff of risks	To do	Q.3&4

New & emerging

TBC	No recourse to public funds	TBC	Pro-active operation to assess risk	On-going	Q.2&3
TBC	Residential Care Homes/Tenancy	TBC	Pro-active operation to assess the risk of clients being placed from Council property into care within housing being notified of the change.	On-going	Q.2&3

	Case Description	Result/Outcome
1.	<p>EMPLOYEE FRAUD - Allegation received from Tri-Borough Schools Human Resources (HR) that a member of staff had provided false employment reference and bank statements to a third party to secure a private tenancy.</p> <p>In doing so, it was believed that the individual fraudulently used school's headed paper and forged a previous Head Teacher's signature.</p> <p>The Primary School had been approached by a vetting agent, Diligent Services, to confirm the authenticity of an Offer of Employment letter. The letter said the subject was employed as a Behaviourist Specialist on £32,000 per annum. In fact, the subject was employed as a Teaching Assistant at a lower salary.</p> <p>Enquiries with Diligent Services confirmed that she had provided a counterfeit employment letter on headed school paper, and bank statements in support of her application on which she had made a false declaration. They also provided recordings of several phone calls in which the subject continued to lie about her employment when challenged.</p>	<p>CAFS provided HR with a full report to consider further action, although the employee failed to report for work and subsequently resigned with immediate effect which was accepted by the school.</p>

<p>2.</p>	<p>EMPLOYEE FRAUD - CAFS received an allegation from a local Primary School. The school's Head Teacher raised concerns regarding the Office Manager and her involvement in a recent building procurement.</p> <p>During the build, the Head Teacher had been told that the Office Manager's son was on site and undertaking the construction and that a company, who were rejected at tender stage of the procurement, had now been commissioned to complete the build. These changes had not been declared to the governors or the Head Teacher.</p> <p>CAFS attended the site where the Office Manager was suspended pending investigation.</p> <p>CAFS investigation revealed that the Office Manager had overseen the procurement of design and building work for the school's main entrance, main reception area and office. In May 2015 she presented her proposals. Four companies had bid for the work, and the board of governors gave authorisation for the contract to be awarded, for the value of £25,000.</p> <p>However, it transpired that when the work was commenced, in the 2015 summer break, it was undertaken by one of the unsuccessful tenders and that the final cost of the project was £38,709.</p> <p>Furthermore, while the work was being carried out, it was revealed that the Office Manager's son was one of the builders and that there were further links between the Office Manager and company.</p>	<p>A hearing, held in April 2016, found that the Office Manager had breached the Council's disciplinary code and as a result, she was dismissed without notice with effect for gross misconduct.</p> <p>A case review was held to consider prosecution action, although it was deemed to have failed the evidential test due to hearsay rules, an absence of documented decision making and any evidence that proved the Office Manager financially benefitted from the offence.</p>
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<p>3.</p>	<p>TENANCY FRAUD (CWH) – CAFS received a referral from an Estate Office regarding the possible subletting of a Tothill House property. Housing Officer visits to the address found another person in the property who claimed that the tenant was visiting relatives in Newham.</p> <p>Background checks failed to link tenant to any other address but confirmed that their relatives had properties in Newham.</p> <p>Extensive, unannounced visits carried out across a period of 6 weeks but on each occasion investigators received no answer at the property.</p>	<p>A Notice to Quit was served by the Estate Office based upon the evidence gathered. This was not contested, and a possession order was obtained. Bailiffs carried out eviction on 26 April 2016, recovering the one-bedroom property that can now be allocated to someone in genuine need of assistance.</p>
<p>4.</p>	<p>PROCEEDS OF CRIME (deterrent) – In August 2015 CAFS successfully prosecuted a man who illegally sub-let his CWH property in Cuthbert House, W2. But in a "groundbreaking" case, CAFS also prosecuted the subtenant who had colluded with the man to defraud CWH.</p> <p>The investigation revealed that the tenant had been living with his partner at an address in Altringham, which they jointly owned. He had been subletting the Cuthbert House address to a female and her partner.</p> <p>To disguise that the property was being sublet the male tenant conspired with the female subtenant and pretended to be in a relationship.</p>	<p>On 3rd August 2015 at Southwark Crown Court the tenant was given a 10month prison sentence, and the subtenant was given a 9month prison sentence, both of which were suspended for one year.</p> <p>Upon sentencing, CAFS served Proceeds of Crime papers on the two convicted individuals. The tenant, for the rent he received from the subtenant and the subtenant, which the Council stated, had saved money by illegally renting the CWH address below market rents, and at a cost to Council who could not use the property to support a family in genuine need of assistance.</p> <p>On 28th April 2016 the Court ordered the defendants to repay a total of £96,083.20 within three months or else serve a two-year prison sentence. The tenant was ordered to pay £39,606.84 plus costs (£2,000). The subtenant was ordered to pay £49,476.36 plus costs (£5,000).</p>

5.	<p>BLUE BADGE FRAUD – During an inspection regime checking on disabled bays, officers saw the driver of a black Mercedes CLC get into the vehicle and drive to the next road, Duchess St, where she parked in another Disabled Bay.</p> <p>Officers asked to see the badge which she confirmed belonged to her grandfather. She claimed he was in an Eye Clinic in Harley Street.</p> <p>Officers asked which one, but she refused to say. Getting agitated the driver called her sister who she said was a lawyer. The mobile phone was passed to the investigator where the sister proceeded to tell the officer she would “sue” him, and telling him what he was doing was completely illegal and harassment and just utterly deplorable.</p> <p>After the phone call the driver refused to cooperate any further and drove off.</p> <p>Officers checked badge’s detail with the issuing authority, London Borough of Hackney, who confirmed that the family had reported the badge lost.</p>	<p>The case was heard at Westminster Magistrates Court in July 2016. The driver entered a guilty plea by post. In the correspondence, she admitted she had lied to officers and apologised to the court.</p> <p>The Magistrates gave her credit for her early guilty plea and took into account her means. She was fined £175, ordered to pay costs £810 and a victim surcharge of £20.</p> <p>The defendant was given 28 days to pay, and a collection order was made in the event of non-payment</p>
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<p>6.</p>	<p>HOUSING FRAUD (Succession) – Investigation into allegations that Dukes House property was being sublet identified that a succession tenancy application, being made by the tenant’s brother at a different address, may be fraudulent.</p> <p>The subject applied to succeed a tenancy on Sheraton House following the death of his mother, the sole secure tenant. He had claimed to have been living there for two years before the death of his mother and therefore qualified to succeed her tenancy. His succession was being challenged by the estate office. However, they had no evidence to place him elsewhere.</p> <p>During the investigation by CAFS into the alleged sublet a Dukes House property, evidence was gathered that linked the succession applicant to Dukes House and not Sheraton House.</p> <p>In fact, there were no financial links or any other evidence to associate the applicant with Sheraton House.</p> <p>The evidence, along with a brief statement of the results were supplied to the estate office and subsequently formed the central part of their civil action to deny the tenancy succession on Sheraton House.</p>	<p>The applicant failed to file a defence by the required deadline of 09 December 2015, following the serving of notice of court action. However, he was granted an extension by the District judge hearing the case.</p> <p>The subject attended the offices of the Council's appointed solicitors to file his defence after the expiry of the extension and became verbally abusive to the staff.</p> <p>Following a further delay, a hearing was set at Central London County Court on 30 March 2016 for CityWest Home’s application to reject the tenancy succession.</p> <p>The subject failed to attend, so an order was granted in his absence. However, he subsequently sought to appeal that decision.</p> <p>A further hearing took place on 13 April 2016 at which time his application to set aside the possession order was dismissed. His application to appeal that decision was refused. An order was made giving a 14-day notice of vacant possession of the Sheraton House address to CityWest Homes, and he was sentenced to pay costs of £668.64</p>
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<p>7.</p>	<p>TENANCY FRAUD – A case was referred to CAFS by an anonymous caller advising that the legal tenant had parted with possession of her social housing property by leaving the UK and returning to Turkey. The caller said that she had passed the property over to her daughter.</p> <p>Investigation showed that the daughter was not entitled to the tenancy and had not applied for any assignment. Visits made to the property revealed that the tenant was not present, and investigations, including liaison with UK Border Agency, showed the tenant had travelled to Turkey many years previous and had never returned.</p>	<p>The matter was listed at court for an abandonment hearing and possession forthwith was granted to CityWest Homes on 18 May 2016.</p> <p>Authority to Evict procedure was conducted by the Estate Office to ensure vacant possession was obtained so that this two bedroom, first floor flat, could be occupied by someone in genuine need of assistance.</p>
<p>8.</p>	<p>HOUSING FRAUD (Succession) – CAFS received a referral from CWH when they suspected the succession application for a flat in Doneraile House, Ebury Bridge might not be genuine.</p> <p>The Housing Officer knew of no one else except the late tenant living at the property.</p> <p>CAFS were unable to find any record of the applicant in the UK and therefore turned to the UK Border Agency. They confirmed that the applicant had only been in the UK for a short period when the application was made and had since returned to Pakistan. Qatar Airways confirmed that this had been a return ticket purchased in Pakistan.</p>	<p>Other background checks confirmed that the deceased tenant had declared being a sole occupant for benefit and council tax purposes, and there were notes on file to show he was being supported by Adult Social Care as a single person with no family.</p> <p>An interview appointment was sent, but this was never replied to. However, keys to the property were returned to CWH and vacant possession received.</p>

<p>9.</p>	<p>TENANCY FRAUD (Octavia) - A Long-standing case with Octavia, who had investigated on several occasions but had never been able to proceed, was referred to CAFS.</p> <p>The allegation was that the tenant of a Penfold Street property owned property in Milton Keynes and sublet the Octavia property in NW1.</p> <p>Octavia referred the case to CAFS for further enquiries, and in January 2016 investigators further confirmed that the tenant was liable for Council Tax and utility bills at the Milton Keynes address. Bank statements were also obtained under PoSHFA powers that showed that all of his financial activity is in the Milton Keynes area and that he is paying the mortgage for the property.</p>	<p>The tenant was invited to attend an interview under caution which he declined to attend and returned the keys forthwith to Octavia with vacant possession.</p>
<p>10.</p>	<p>BLUE BADGE FRAUD – Officers challenged a driver who had parked his vehicle in Duke Street, in a Disabled Bay, and was displaying his mother’s Blue Badge.</p> <p>When questioned he said that his mother was shopping alone on Oxford Street, and he would go to collect her later. However, when officers suggested they accompany him to meet his mother, he confessed that his mother was actually at home in Harrow.</p> <p>He accepted that he should not have parked in the Disabled Bay without his mother and knew that Disabled Badges were only for use by the Badge Holder.</p>	<p>The case was heard at Westminster Magistrates Court in August 2016. The defendant was not in attendance and so the Council applied to prove the case in the absence of the defendant.</p> <p>The matter was duly proved, and the Judge said that there was an apparent attempt by the defendant to mislead.</p> <p>The defendant was fined £200 for the offence. The defendant was ordered to pay costs in the sum of £450, and a £20 victim surcharge was imposed. The defendant was ordered to pay in full within seven days.</p>

<p>11.</p>	<p>TENANCY FRAUD (Genesis Housing) – The case was referred to CAFS by London Borough of Kingston-Upon-Thames when the subject applied to Kingston’s school admissions stating her and her children lived in the borough.</p> <p>During their due diligence checks, Kingston realised the subject’s links to WCC and advised us accordingly to ensure that all services within WCC were no longer being provided to this ex-resident.</p> <p>CAFS interrogated the Council’s systems and identified the subject as a resident in Westbourne Terrace where she held a social tenancy with Genesis Housing Association that had not been surrendered.</p> <p>Further investigations revealed the tenant had vacated WCC in February 2015 when she signed a joint tenancy with her fiancé at a private letting (four-bedroom property) in Kingston.</p>	<p>The subject was invited to attend an interview where the evidence was disclosed to her. She confirmed she was living elsewhere as her main and principle home and that it was big enough for her, her fiancé and their three children.</p> <p>She was apologetic about not advising Genesis this change and signed a relinquish of tenancy form.</p> <p>Tenancy became vacant possession on 28 June 2016 and nomination rights are given to CityWest Homes for the recovery of this two bedroom flat.</p>
<p>12.</p>	<p>BLUE BADGE FRAUD – Investigation Officers stopped a gentleman who had parked his vehicle in Great Portland Street.</p> <p>Upon inspection, it was clear that the badge holder was the son of the driver, but following questioning the driver admitted that he parks the car while he works his shift in the local Pret-a-Manger.</p> <p>In his mitigation, he claimed that as he had to get home quickly after work to care for his son, he needed his car to drive to work. He said that he felt because he was returning home quickly to help his son that he could park in a disabled bay.</p>	<p>In August 2016, at Westminster Magistrates Court, the driver pleaded guilty, and in sentencing, the judge gave him credit for his plea. The judge accepted that there might have been a misunderstanding to some extent, but went on to reprimand the defendant saying that people cannot abuse the system and think they can get away with it.</p> <p>For the credit given the judge reduced the costs, and reduced the fine due to the defendant’s means. He was sentenced to a fine of £100, costs £100 and a victim surcharge of £20</p> <p>The defendant was ordered to pay £20 per week every Friday, and a collection order was made should the defendant default.</p>

<p>13.</p>	<p>RESIDENT'S PARKING – A referral was passed to CAFS when a new application appeared suspicious. The applicant had applied for a permit giving a residential address in Shepherd Market. This particular address had no residential properties listed.</p> <p>Proofs of residency included bank statements and a BT phone bill. On each occasion, the address is given as Suite 194, Shepherd Market.</p> <p>The address was known to CAFS as a commercial address and was the location of commercial premises for the company Mail Box Etc, who provide a mail collection service and offer P.O.Box facilities.</p> <p>The permit was declined, although this did not deter the applicant's personal assistant who called to enquire why the permit had been refused.</p> <p>During the conversation, the P.A. argued that all the applicant's evidence provided clearly shows her employer's address. However, when it was pointed out to the P.A. that Suite 194 was merely a 12" x 12" metal postal box, she admitted that her employer lived in Wembley, and quickly began to realise why the permit was not issued.</p>	<p>A decision was taken that it was not in the public interest to proceed with legal action, although a warning letter was issued which will remain on file, should the applicant re-apply while not eligible.</p>
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14.	<p>TENANCY FRAUD – A data matching output suggested that the tenant of Westbourne Terrace property was also receiving welfare benefit for an address in the London Borough of Hackney.</p> <p>Enquiries with Hackney Council and Islington & Shoreditch Housing Association confirmed that tenant had held an assured tenancy in Islington since 2008.</p> <p>The file showed the tenant had spent a period in prison between 2009 and 2011. On his release, he approached WCC as homeless and failed to declare having another tenancy. He was subsequently granted the tenancy at Westbourne Terrace.</p>	<p>The tenant attended an interview with legal representation, and an agreement was reached that no further action would be taken if the tenancy was surrendered immediately. Following consultation with CWH this was arranged, but when the Housing Officer went to take possession of the property, an illegal subtenant was found in occupation.</p> <p>A witness statement was obtained, and the original tenant attended a further interview regarding further sub-letting offences where he made no comment.</p> <p>However, following this interview the witness withdrew their statement claiming that it had been their cousin who was a subtenant and that they had been squatting. Further enquiries were made to identify the subtenant, but these were unsuccessful.</p> <p>Due to contradictory witness evidence regarding the subletting, no further action could be taken in respect of these new charges, and original case closed as per agreement on surrendering the tenancy.</p>
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City of Westminster

Audit & Performance Committee Report

Committee	Audit and Performance Committee
Date:	24 th November 2016
Classification:	General Release
Title:	Arrangements for the Appointment of External Auditors from 2018/19 onwards
Wards Affected:	All
Key Decision:	This will be a key decision for Full Council
Financial Summary:	The financial implications for the Council are considered for each option, although full details of the cost of each option are not yet available
Report of:	Steven Mair, City Treasurer

1. Executive Summary

- 1.1. This report provides a briefing on the options for appointing an external auditor to the Council for the 2018/19 financial year onwards. The current arrangements cover up to and including the 2017/18 audits.
- 1.2. The Council's current external auditors, Grant Thornton UK LLP, are currently working under a contract originally let by the Audit Commission. This was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.
- 1.3. Regulations made under the Local Audit and Accountability Act 2014 allow authorities options for appointing an external auditor from 2018/19 onwards. They can opt-in for their external auditor to be appointed by an "appointing person", as defined in the Regulations. Alternatively, they can establish an auditor panel and conduct their own procurement exercise solely or in partnership with other authorities.

- 1.4. The briefing note outlines the options in more detail, along with an analysis of the benefits and risks to the Council with the intention of opting into a procurement being run by the PSAA under the “appointing persons” regime.

Background information, including policy context

- 1.5. The Local Audit and Accountability Act 2014 (the Act) brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.
- 1.6. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18. Given this, the position for the Council is that Grant Thornton UK LLP will be the external auditors until the completion of the audit of the 2017/18 accounts.
- 1.7. The Act also set out the arrangements for the appointment of external auditors after 2017/18, with the opportunity for authorities to make their own decisions about how and by whom their external auditors are appointed.
- 1.8. There are three options available to the Council in the appointment of an external auditor after 2017/18:
 - Option 1: The Council can opt-in to a sector led body that will negotiate contracts and make the appointment on behalf of all opted-in Councils.
 - Option 2: The Council can set up its own independent auditor panel and manage a procurement exercise to appoint its own external auditor.

It should be noted that the members of the panel must be wholly or a majority of independent members as defined by the Act. For this purpose, this would exclude current and former elected members or officers and their close family and friends. This means that elected members will not have a majority input to assessing bids and appointing an external auditor.
 - Option 3: The Council can join with other Councils to set up a joint independent auditor panel and participate in a joint procurement exercise to appoint an external auditor to the group.

As above, this will require the establishment of a panel which is wholly or majority independent. Further legal advice would be required on the exact constitution of the panel with regard to the obligations of each authority under the Act.

- 1.9. The background to Option 1 is that in July 2016, Public Sector Audit Appointments (PSAA) were specified by the Secretary of State as an appointing person (also referred to as a sector led body) under regulation 3 of the Local Audit (Appointing Person) Regulations 2015.
- 1.10. PSAA is an independent, not-for-profit company, limited by guarantee, which was established by the Local Government Association (LGA). It was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State.
- 1.11. PSAA has invited the Council to become an opted in authority in accordance with the Regulations. The closing date for opting-in is 9 March 2017. If the Council chooses not to opt-in at this time, this route for appointing an external auditor would then be closed to them until 1 April 2018, at which point the PSAA will allow other authorities to opt-in.
- 1.12. The decision to opt-in commits the Council to having their external auditor appointed to the PSAA for the next five consecutive years – this is referred to as the compulsory appointing period. The PSAA will therefore appoint an external auditor for all opted-in authorities for each of the five consecutive financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate the PSAA's role as the appointing person. The Secretary of State may only do so after first consulting opted-in authorities and the LGA.
- 1.13. The PSAA have established an advisory panel to support the development of the procurement strategy. This will provide feedback on proposals and maintaining communication with both PSAA and opted-in authorities to ensure the strategy reflects the needs of opted-in authorities within the constraints set out in legislation and in professional requirements.
- 1.14. In order to ensure high quality audits the PSAA will only contract with firms with a proven track record in undertaking public audit work, and will include obligations around quality in the tender evaluation criteria and contract terms. They will also ensure they maintain appropriate registration, liaising with them and the Financial Reporting Council (FRC) to detect quality concerns at an early stage.

Benefits of opting-in

- 1.15. Opting-in to this scheme could have several benefits for the Council:

- 1.15.1. Minimising the use of time and resources in the complexities of setting up an independent auditor panel; managing the procurement exercise and ensuring we achieve the best contractual arrangements to deliver on price and quality; monitoring the independence of the appointed external auditor for the duration of the contract; and managing the contractual relationship for the duration of the appointment.
- 1.15.2. It is expected that a large scale contract procured through PSAA will bring economies of scale and attract keener prices from the market than a smaller scale competition.
- 1.15.3. Although the Council would not avoid procurement costs by choosing the opt-in route, these would be expected to be lower than an individual smaller scale local procurement exercise, although these are not yet quantified (see paragraph 1.16.3)
- 1.15.4. Opting-in allows the Council to access economies of scale whilst avoiding the additional legal complexities of entering into a joint arrangement with other authorities, assuming there would be any appetite for such an arrangement with other Councils.
- 1.15.5. The Council will mitigate the risk of failing to appoint an external auditor in time or not achieving value for money in the appointment process.
- 1.15.6. During initial exploratory discussions with the PSAA, the Council has received assurance that the relationship with the PSAA will be consultative and that they will work closely with their opted-in authorities to ensure a successful appointment.
- 1.15.7. Specifically for the Council, the PSAA has agreed to be mindful of the fact that we have relatively recently changed external auditor in 2015/16, and would wish to minimise the disruption and workload increase involved in establishing a new relationship so soon.
- 1.15.8. In addition, our requirement for external auditors willing to work to our closing timetable will form some part of the procurement process, although they have been clear that tenders cannot be evaluated on this basis, as this is not a requirement for all opted-in authorities.
- 1.15.9. The PSAA scheme is explicit that they will endeavour to appoint the same external auditors to opted-in bodies involved in formal collaboration or joint working initiatives, if we consider that this will enhance efficiency and value for money. It should be noted that the

Council does not currently have the same external auditors as our tri-borough partners. Any gains from aligning this arrangement would have to be weighed against the costs of transition.

- 1.15.10. The scheme is also explicit that they will be flexible about changing the external auditor during the five year period if there is a good reason e.g. to accommodate new joint working arrangements or failure to deliver the required standard of service. This would provide the Council with the opportunity to remove a poorly performing external auditor without have to enter into contract termination processes and a re-tendering exercise.

Risks of opting-in

- 1.16. Whilst there are clearly benefits to the Council of opting-in, there are also some risks which have to be considered.
 - 1.16.1. Detailed terms and conditions of the opt-in arrangement are not yet available. Whilst the PSAA have put in place assurances around the opted-in authority's ability to provide feedback and replace an external auditor on reasonable grounds, this is still not within the Council's control. Close examination would have to be given to the Terms & Conditions of opting-in to the PSAA and clarifying whether we would be able to opt-out within the five year period in the unlikely event we deem it necessary.
 - 1.16.2. The Council's requirement for our external auditors to support our faster closing timetable will not be explicitly evaluated as part of the quality criteria of the tender, with the attendant risk that we are appointed an external auditor who cannot deliver the service we require. Should this happen the City Treasurer has already advised PSAA that the appointment will be challenged and an alternative auditor from the approved list sought. Should this not be confirmed as an option by PSAA then the Council will be recommended to procure its own auditors.
 - 1.16.3. The costs at this stage are not fully clarified. The costs of setting up and managing the PSAA will need to be covered by audit fees. Although the PSAA expect their annual operating cost to reduce once the scheme is operational, and have outlined the basic details of their charging mechanism. They intend to pool scheme costs and audited bodies in accordance with a fair scale of fees which have regard to size, complexity and audit risk. This will most likely be evidenced with reference to 2016/17 audit fees, but without fully understanding the

costs to be apportioned and the mechanism, we cannot yet have clarity on the costs of opting-in compared against the costs of running our own process.

Benefits of setting up an independent auditor panel for the Council either solely or as a joint arrangement with other authorities (Options 2 and 3)

- 1.16.4. Setting up an independent auditor panel would allow the Council to take maximum advantage of the new local appointment regime, albeit within of constraints of independence required by statute, and have local input into the decision.
- 1.16.5. This would also allow the Council to run its own procurement exercise, setting the quality and price criteria, and ensuring the right weight is given to factors that reflect its priorities. This would ensure that factors such as committing to our faster closing timetable are able to be taken into account in the tender evaluation.
- 1.16.6. The costs associated with establishing an independent auditor panel and running a procurement exercise could potentially be reduced by working in a joint arrangement with other authorities and sharing costs across the partnership. This could potentially also allow for the achievement of economies of scale in the tender prices.
- 1.16.7. The Council would not be opting-in to sector led arrangement which is only just being established and would be binding for five years.

Risks of setting up an independent auditor panel for the Council either solely or as a joint arrangement with other authorities

- 1.16.8. The risks of these options are in the main mitigated by the opting-in option.
- 1.16.9. Setting up an independent auditor panel and running a procurement exercise would have a significant cost to the Council in terms of time and resources. This could potentially be ameliorated by working in partnership, however, setting that up in itself is likely to be a time-consuming and costly exercise, with financial and legal implications to be considered.
- 1.16.10. The Council could fail to appoint an external auditor within the time required or fail to achieve value for money in the appointment.

1.16.11. The Council would also be committing to a significant workload in terms of monitoring the independence and quality of the external audit service and contractual arrangements.

1.16.12. Should there be contractual or quality issues with the external audit service, the Council would have to manage these on an individual basis whilst having to ensure other arrangements were in place. This is a function that will be managed by PSAA for all opted-in authorities.

2. Financial implications

2.1. If the decision is taken not to opt-in to the sector led body arrangement offered by the PSAA, a significant resource in terms of staff time and cost will be required to establish the auditor panel, conduct the procurement exercise, contract negotiation and monitoring.

2.2. It is not possible at this stage to quantify the additional resource that may be required for audit fees under any new arrangement. However, it is anticipated at this stage that opting-in to the PSAA will provide best value for money through:

- procuring an external auditor at a price which delivers on the economies of scale provided by the PSAA exercise
- spreading the running costs across all opted-in bodies

3. Legal implications

3.1. Schedule 3 of the Local Audit and Accountability Act 2014 states that the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority.

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

David Hodgkinson (dhodgkinson@westminster.gov.uk), Assistant City Treasurer (Deputy S151 Officer), 020 7641 8162

BACKGROUND PAPERS

PSAA Prospectus - Developing the option of a national scheme for local auditor appointments (August 2016)

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Work Programme 2016/17 Audit and Performance Committee

2 June 2016

Agenda Item	Reasons & objective for item	Lead Officer
Update on Managed Services Programme	To review plans to upgrade the Agresso operating system to resolve identified issues in order to move to “steady state”. The paper to include details regarding possible implications and risks and plans for related staff training in using the upgraded system.	John Quinn (Corporate Services)

30 June 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016/17	The Committee is invited at its first meeting of the 2016/17 municipal year to agree a work programme.	Reuben Segal
Annual Contracts Review 2015/16	To review of the City Council’s contracts, including details of contracts awarded, waivers and performance.	Anthony Oliver (Procurement)
2015/16 End of year Performance Business Plan Monitoring and Period 2 (May) Report	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	Steve Mair (Finance) Mo Rahman (Performance)

	recovery within the City Council as well as monitoring the write-off position.	
Audit Charter	To note the recently updated Audit Charter.	Moyra McGarvey (Internal Audit)

14 July 2016

Agenda Item	Reasons & objective for item	Lead Officer
Annual Statement of Accounts	To formally receive and approve the final accounts with any update arising from the public inspection period.	Steve Mair (Finance)
Update on MSP	To receive a report on meeting the target of completing core programme activities by the end of June.	John Quinn (Corporate Services)

6 September 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Finance & Performance Business Plan Monitoring Report	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)
Internal Audit Monitoring Reports	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)
Internal Audit Update on Tenant Management Organisations	To review work undertaken by the internal Audit Service with CityWest Homes in respect of TMOs and whether recommendations previously made have been implemented and are producing results.	Moira Mackie (Internal Audit Manager)

22 September 2016

Agenda Item	Reasons & objective for item	Lead Officer
Update on Managed Services Programme	To review plans to upgrade the Agresso operating system to resolve identified issues in order to move to “steady state”. The paper to include details regarding possible implications and risks and plans for related staff training in using the upgraded system.	John Quinn (Corporate Services)

24 November 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Grant Thornton Annual Audit Letter 2015/16	To consider Grant Thornton's assessment of the Council's financial statements and its arrangements to secure value for money in its use of resources.	Elizabeth Olive Paul Dossett (Grant Thornton)
Progress and Update on 2016-2017 Audit	To consider an update on the 2016-2017 Audit and key information on accounting changes and emerging issues for local government	Elizabeth Olive Paul Dossett (Grant Thornton)
Corporate Complaints 2015/16	To report on the volume and details of complaints received by the Council and CityWest Homes in 2015/16.	Sue Howell (Complaints)
Finance & Performance Business Plan Monitoring Report	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)
Internal Audit Monitoring Report	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)

Mid-Year Counter Fraud Monitoring Report	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
Audit Arrangements beyond 2017-2018	To update Committee on the audit arrangement options for the Council beyond 2017-2018	Steve Mair City Treasurer

9 February 2017

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Grant Thornton Certification of Claims and Returns Annual Report (Audit 2015/16)	To report the findings from the certification of 2015/16 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.	Elizabeth Olive Paul Dossett (Grant Thornton)
Grant Thornton Annual Audit Plan 2016/17	To set out the audit work that Grant Thornton proposes to undertake for the audit of the financial statements and the value for money (VFM) conclusion 2016/17.	Grant Thornton
Finance & Performance Business Plan Monitoring Report	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)
Maintaining High Ethical Standards at	To maintain an overview of the arrangements in place for maintaining high	Tasnim Shawkat (Monitoring Officer)

the City Council	ethical standards throughout the Authority	
Internal Audit Monitoring Report	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
Internal Audit Plan 2017/18	To review and comment on the draft audit plan for 2017/18	Moyra McGarvey (Internal Audit)

ADDITIONAL ITEMS

Date to be confirmed

Housing Revenue Account	To assess the implications to the Council's HRA of the Planning & Housing Act (requirement of local authorities to sell off their top third most expensive housing as it becomes vacant; 1% social housing rent reduction.	Steve Mair (Finance) Ed Watson (Growth, Planning & Housing)
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??? May 2017

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Draft Annual Statement of Accounts	To review the draft Annual Statement of Accounts 2016-17.	Steve Mair (Finance)
Annual Internal Audit Monitoring Report	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)
Annual Counter Fraud Monitoring Report	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)

COMMITTEE ACTION TRACKER
ACTIONS: 14 September 2016

ACTION	OUTCOME	LEAD OFFICER
MINUTES AND MATTERS ARISING		
The Committee would like an updated version of the forward plan of procurements which they would like to include details of the objectives for each contract, any savings expected to be delivered, the contracts proposed start and end date and the name of the relevant contract manager.	This was circulated on 16 November	Anthony Oliver, Chief Procurement Officer
<u>Period 3 Finance</u> 1. The Committee would like to know how much has been spent to date on working up proposals for the Luxborough Development which is now under review.	This information was circulated on 4 November	Steve Mair, City Treasurer)
2. What is the process that governs the reclassification of commercial tenanted properties from the HRA to the general fund?	This information was circulated on 25 October	Steve Mair, City Treasurer)
3. With regards to the HRA, how many Westminster dwellings are expected to be affected by the duty on the Council to sell high value local authority voids to fund extension of the 'Right to Buy' to housing associations? Will this apply to units in CityWest Homes housing blocks? It was noted that the duty only requires the Council to consider selling such properties and that it can choose instead to pay a sum to the government.	This information was circulated on 25 October	Steve Mair, City Treasurer)

<u>Quarter 1 Performance</u>		
1. Why has BNP Paribas Real Estate been appointed to analyse the Council's operational portfolio instead of Bilfinger GVA, who are responsible for the day-to-day management of the portfolio.	A note was circulated on 30 September 2016	Damian Highwood/Mo Rahman, Strategic Performance Team
2. The committee would like to know when members' email accounts will be transferring to Office365, what benefits moving to the new platform will provide and of any other changes to the way that councillors inboxes operate. The committee suggested that a note on this should be sent to every councillor.	Ben Goward has been invited to the meeting on 24 November to provide a verbal update on this issue and answer any questions that members may have.	Ben Goward, Interim Bi-Borough Director of ICT
3. With reference to the Homelessness Reduction Bill, provide the committee with a best case analysis of the likely impact to the Council of the removal of a requirement for homeless people to demonstrate a local connection.	A note was circulated on 30 September 2016	Damian Highwood/Mo Rahman, Strategic Performance Team
<u>Internal Audit Monitoring Report</u>		
1. The Committee would like to know whether any of the server problems experienced by the authority in the last few months could have been caused by the misuse of Internet usage by staff exposing the Council to viruses or malware.	Ben Goward has been invited to the meeting on 24 November to provide a verbal update on this issue and answer any questions that members may have.	Ben Goward, Interim Bi-Borough Director of ICT
2. Given the volume of digital correspondence received by councillors and the lack of division between these and their private emails the committee considered that it would be useful for all members to receive a dedicated training session on IT/digital security.	Ben Goward has been invited to the meeting on 24 November to provide a verbal update on this issue and answer any questions that members may have.	Ben Goward, Interim Bi-Borough Director of ICT, Janis Best, Member Services Manager)