



CITY OF WESTMINSTER

# MINUTES

## Audit and Performance Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 14th July, 2016**, Rooms 13A & 13B - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

**Members Present:** Councillors Jonathan Glanz (Chairman), David Boothroyd and Judith Warner and Councillor Jacqui Wilkinson

**Also Present:** Steve Mair (City Treasurer), David Hodgkinson (Assistant City Treasurer), Stephen Muldoon (Assistant City Treasurer, Commercial and Financial Management), Paul Dossett (Engagement Lead, Grant Thornton), Elizabeth Olive (Engagement Lead, Grant Thornton), John Quinn (Bi-borough Director of Corporate Services), Moyra McGarvey (Head of Shared Services, Audit, Fraud, Risk and Insurance), Craig Anderson (BT Global Services), George Lepine (Subject Specialist, Managed Services Programme) and Reuben Segal, Senior Committee and Governance Officer

#### **1 MEMBERSHIP**

- 1.1 It was noted that Councillor Jacqui Wilkinson had replaced Councillor Lindsey Hall.

#### **2 DECLARATIONS OF INTEREST**

- 2.1 Councillors Glanz, Warner and Wilkinson declared that they are BT customers.

#### **3 2015-16 ANNUAL ACCOUNTS - FORMAL APPROVAL**

- 3.1 The Committee received a report on the 2015-2016 final audited Annual Accounts which were being submitted with the final audit reports to Members for formal approval.
- 3.2 The Committee noted that the report set out in the Agenda had been withdrawn at the request of the City Treasurer and that a revised report had been submitted. The audit report had been amended to reflect changes to the documentation by the Council's auditors subsequent to the issue of the initial

report. These included the inclusion of Management Representation letters and also a final audit report. The amended report also reflected for completeness the outcome of the audit, the final unaltered financial position, the position on objections to the accounts, the outcome of the audit work and the contribution to the financial transformation programme.

- 3.3 The Chairman noted that the revised report had been provided with less than the statutory five working days' notice. The Committee agreed to accept the report as a matter of urgency to avoid a delay in signing off the Council's accounts.
- 3.4 Steve Mair, City Treasurer, summarised the key matters set out in the covering report and highlighted that since the meeting on 12 May 2016 when the Committee considered the draft Statement of Accounts only minor changes had been made to the accounts. The most significant of which was within note 6 to reference the potential impact of the EU Referendum decision. In response to questions he clarified that the added reference did not affect the accounts which were based on the previous financial year. He further clarified that while the Council had not undertaken detailed work in advance of the referendum in case of a possible vote to leave the EU it had put in place measures to mitigate a possible change in the economic climate by steadily increasing its general reserves.
- 3.5 As mentioned at the meeting on 12 May all previous objections from 2008/2009 to 2014/2015 had now been resolved and the accounts for those years formally signed off. This was also noted in note 6 to the accounts as a change from the signed Annual Governance Statement.
- 3.6 Due to a change in legislation, formal approval of the accounts was not possible before a fixed period of public inspection had taken place. The change in legislation meant that this must now include the first ten working days in July. Therefore the inspection period had taken place between the 3<sup>rd</sup> June and 14<sup>th</sup> July 2016.
- 3.7 The City Treasurer confirmed that no objections had been received on the accounts during the inspection period.
- 3.8 Paul Dossett, Engagement Lead, Grant Thornton, summarised changes in the final audit findings report for the Council since the committee considered the draft audit findings report on 12 May. He advised that only minor changes had been made to the report. This included a table that provided details of unadjusted misstatements relating to Westminster Community Homes.
- 3.9 Mr Dossett confirmed that Grant Thornton had not received any queries relating to the Council's accounts. He advised that while the City Treasurer had received advice from the Council's Director of Law that the end of the inspection period was deemed to be 4.00pm the advice from the Public Sector Audit Appointments Ltd was that Grant Thornton should treat the end of the working day as midnight. He therefore advised that Grant Thornton would not formally sign off the Council's accounts until the following day.

3.10 The Chairman thanked the City Treasurer and his team, as well as the Council's Auditors for the work that they had undertaken given the challenges faced this year relating to the Managed Services Programme. He also commended officers for the achievement of building on the performance for the production and publication of the Annual Statement of Accounts in 2014-2015.

3.11 **RESOLVED:**

1. That the 2015-2016 accounts be formally approved.
2. That it be noted that the pension fund annual report was reported to Pensions Committee on 21 June 2016. The Committee agreed to delegate approval of the final Pension Fund Annual Report 2015-16 document to the Tri-Borough Director of Treasury and Pensions, in consultation with the Chairman.

3.12 **ACTIONS:** Include in future finance period monitoring reports to the committee updates on any implications to the Council relating to exiting the EU. (**Action for: Steve Mair, City Treasurer**)

*The meeting was then briefly adjourned for the chairman to formally sign off the Council's accounts.*

#### **4 FINANCE (PERIOD 2) REPORT**

4.1 The Committee received a period 2 Finance Report which had originally been listed for consideration at the committee's previous meeting on 30<sup>th</sup> June.

4.2 The Committee noted that the report set out in the Agenda had been withdrawn at the request of the City Treasurer and that a revised report had been submitted. The Monitoring Report had been amended to simplify the content to include analysis at the Cabinet level only. Previously information was included for Executive Management Structure also. The formatting had also been amended to reflect the formal committee format and some typos have been corrected.

4.3 The Committee noted that the revised report had been provided with less than the statutory five working days' notice but agreed to accept it as a matter of urgency in order to hold officers to account on how the Council is delivering on the agreed budget.

4.4 Steve Mair, City Treasurer, introduced the report and summarised the key issues as set out in the paper.

4.5 The Committee asked for an update on the Council's approach to debt management including the prevention of debtors. With respect to the latter the City Treasurer advised that the finance team would be profiling all income to the Council. Officers will be comparing this to the income received in the previous year and challenging service managers on when they chase payments and to raise and follow up payments earlier where relevant. He further advised that the recovery of existing debt had already started with the

largest debts being chased first. The recovery of smaller debts which would be undertaken with BT would begin in the summer. The intention is to transfer the debt management function to BT in April 2017.

4.6 The Committee asked for an update on the determination of the large backlog of business rates appeals by the Valuation Office Agency (VOA) which was significantly impacting on the Council's finances each year. The City Treasurer advised that while the matter was a national issue the Council had been robust in highlighting to representatives of the VOA when they had recently visited the Council that the matter needed resolving. The Council had also lobbied the Department for Communities and Local Government to provide more resources to the VOA to meet the challenges.

4.7 **RESOLVED:** That the period 2 monitoring report be noted.

4.8 **ACTIONS:**

1. The committee would like details of the Tower Hamlets judgement which may result in the Council incurring an additional £0.200m in fostering allowances.

2. The Committee would like an explanation about the increased parental awareness which may result in an increase in demand for SEN transport of £0.590m.

3. The Committee would like clarity on the review being undertaken on the Marylebone Library capital scheme.

4. The Committee would like an update on debt management included in future period monitoring reports.

**(Action for: Steve Mair, City Treasurer)**

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

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

## **6 UPDATE ON THE MANAGED SERVICES PROGRAMME**

6.1 The Committee received an update on Managed Services Programme which set out progress made towards the target of completing core programme activities by 30<sup>th</sup> June and the timetable for delivering a fully functioning solution.

- 6.2 The Committee welcomed Craig Anderson, BT Global Services, to the meeting to answer questions on the delivery of the programme.
- 6.3 John Quinn, Bi-borough Director of Corporate Services, summarised the key issues for the Committee's attention as set out in the report.
- 6.4 The Committee then submitted questions to Mr Quinn and Mr Anderson on various matters raised.
- 6.5 **RESOLVED:** That the report be noted.
- 6.6 **ACTIONS:**
1. The Committee would like a list of the officers involved in the Enhanced Framework Intelligent Client Function together with their responsibilities and BT personnel in the BT Shared Service Centre Senior Management Team.
  2. The Committee would like a note of the outcome of the workshops taking place on Monday 18<sup>th</sup> and Tuesday, 19 July between BT and Tri-borough sponsors to prioritise outstanding activity and service improvement. (**John Quinn, Bi-Borough Director of Corporate Services**)
  3. The Committee would like a meeting on MSP in September at which it wants to consider representations from service users on their experiences of the system. (**Action for: Reuben Segal, Senior Committee & Governance Services Officer**)

The Meeting ended at 5.38 pm

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

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