



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 10th July, 2019**, .

Members Present: Councillors Ian Rowley (Chairman), David Boothroyd, Robert Rigby and Jacqui Wilkinson

Also Present: Gerald Almeroth (Executive Director of Finance & Resources), Ian Farrow (WestCo Manager), Damian Highwood (Evaluation & Performance Manager), Gary Hamilton (Consultant Programme Manager, ASC), David Hughes (Shared Services Director for Audit, Fraud, Risk & Insurance), Andy Hyatt (Tri-Borough Head of Fraud), Stuart Love (Chief Executive), Moira Mackie (Senior Internal Audit Manager), Andrew Palmer (Senior Committee Officer), Jim Paterson (Director of Property Services), Mo Rahman (Planning & Performance Manager), Stuart Reilly (Head of Service Development), Sara Sutton (Executive Director of City Management & Communities), Jenny Travassos (Head of Prevention, Housing) and Lee Witham (Director of People Services).

1 MEMBERSHIP

1.1 There were no changes to Membership.

2 DECLARATIONS OF INTEREST

2.1 No declarations were made.

3 MINUTES

3.1 **RESOLVED:** That the Minutes of the meetings held on 2 May 2019 and 17 June 2019 be agreed by the Committee as a correct record of proceedings.

3.2 Matters Arising

3.2.1 **Minute 4.3** - 17 June 2019

The Committee noted that since the last meeting on 17 June, the Supreme Court had refused leave for the Government to appeal against the McCloud judgement on Pension Funds. The Executive Director of Finance & Resources confirmed that the implications of the Supreme Court's ruling had been assessed and that the Local Government Pension Scheme needed to be amended. It had been agreed that the City Council's auditors would add a note to the accounts as a contingent liability, which would increase Westminster's liability estimate by approximately £9m which represented 0.7%.

4 YEAR END PERFORMANCE REPORT

- 4.1 Ian Farrow (WestCo Manager) introduced a year-end report that presented detailed performance results for the year April 2018 to March 2019 against the 2018/19 business plans. The report set out how the Council performed against City for All priorities and included progress towards achieving the deliverables and targets within the business plans. The information presented was reported by exception and focused on those areas of notable achievement or concern where action or intervention was likely to be required. The report also provided early views into the challenges that were anticipated during 2019/20.
- 4.2 The Committee considered the overall performance of the City Council and submitted questions to individual members of the Executive Leadership Team on performance within their directorates. This included queries about key performance indicators critical to the Council's performance which had either missed the ideal target at year end, or had only met the minimum standard.
- 4.3 The Committee discussed the increase in the number of rough sleepers over the past year, and noted that the rise could be associated with wider knowledge of the StreetLink campaign which enabled members of the public to connect people sleeping rough with local services; with the possibility that the same person could be reported more than once. Members also discussed the effectiveness of the engagement between rough sleepers and the City Council, and commented on the enforcement that was available. Jenny Travassos (Head of Prevention, Housing) confirmed that the 'no second night out' scheme had resulted in 83% of rough sleepers not being on the streets for a second night; and that police could only become involved when there was anti-social behaviour or begging. The Committee noted that the rough sleepers in and around the Cathedral Plaza tended to be a transient group with a high proportion of foreign nationals, and that people were reluctant to engage in schemes that took them away from London.
- 4.4 The Head of Prevention, Housing reported that the City Council had the best outcomes for assessment relocation in Greater London, and that 167 people had been sustainably resettled into their home area at Quarter 3. The Committee noted that following relocation from Greater London, people were tracked for 6 to 12 months with only three having returned to Westminster.

- 4.5 The Committee discussed the increase in the number of Looked After Children in Westminster, which had risen by 10 in one quarter. Members noted that the pan London and national approaches to Asylum Seeking Children had ended, and that the Leader of the City Council was leading on this issue for London Councils and had suggested a short-term solution. Westminster was second to Croydon in the number of Asylum Seeking Children it accommodated, and the London Councils were lobbying the Government for a sustainable solution with sustainable funding for local authorities. The Committee noted that if projections continued, placement costs would increase from £4.5m in 2019/20 to £9.4m in 2021/22; and that the number of social workers required to look after the cases would also rise.
- 4.6 Committee Members commented on the Ofsted ratings given to Westminster's schools, and noted that being rated as 'outstanding' affected the timing of subsequent inspections which could highlight any issues which may have arisen. Members acknowledged that falling school rolls could result in reduced funding for pupils and increase the risk of schools developing budget deficits, and Gerald Almeroth (Executive Director of Finance & Resources) confirmed that the schools formula provided for money to be put aside to help schools through difficult periods.
- 4.7 The Committee discussed the fragility of the market for adult social care, and suggested that possible outcomes, direct costs and effect on other Council departments needed to be quantified. The Executive Director of Finance & Resources acknowledged that the risk needed to be built into the City Council's business contingency plans and procurement, and agreed to provide some analysis of what the direct risk could be to Westminster.
- 4.8 Jim Paterson (Director of Property Services) updated the Committee on progress in integrating CityWest Homes into the Westminster Housing Service, which had been well managed with former CityWest staff receiving Westminster Way training. Key Performance Indicators following the first 100 days of the new service had been positive, and the increased visibility of the housing service in estates had contributed to a significant improvement in residents' satisfaction. Consideration was now being given to improving the delivery of building repairs and the support available for vulnerable residents. A more detailed report on the housing service would be provided at the next meeting of the Committee.
- 4.9 Sara Sutton (Executive Director of City Management & Communities) updated the Committee on the preparations that were being made to mitigate the strategic risk of Brexit. The Executive Director was co-ordinating the City Council's Strategic Board for Brexit, which was a regular cross-departmental forum that included partners and would step up to become pan-London for contingency planning. The main risks associated with Brexit related to economic management which could affect the workforce and income levels from construction. Other risks related to the care market; the protests and demonstrations that would take place in Westminster; and the impact on community cohesion and hate crime. In addition to the overarching strategy, each directorate had its own plan to mitigate risk

- 4.10 The Committee discussed the Oxford Street Project, and sought clarification of how much of the project was dependent of co-funding with other partners, which may not be guaranteed. Stuart Love (Chief Executive) confirmed that the private sector were keen to invest in the £230m project, but wanted to see the finalised plans before making a formal commitment. The business case had been set out in a report to Cabinet, which would be circulated to the Committee. Members highlighted the need for the Committee to monitor progress in the Oxford Street project.
- 4.11 Committee Members sought clarification of the expansion policy for electric vehicle charging points, as uptake had continued to rise. The Executive Director of City Management & Communities confirmed that there were currently 165 electric vehicle charging points in Westminster, and that all options and available technology for expansion were being considered.
- 4.12 The Committee noted that the Metropolitan Police Basic Command Unit (BCU) for Westminster was currently being scrutinised by the City Management & Public Protection Policy & Scrutiny Committee. The Executive Director of City Management & Communities suggested that a review of the performance of the BCU by the Audit & Performance Committee would be more beneficial after the current review had been completed.
- 4.13 The Committee asked for further information on a range of key service updates within the 2017/18 performance business plans. Other issues discussed included sundry debtors; benchmarking in the Staff Survey; the scheme to plant 3,000 trees by 2020; and the London in Bloom awards.
- 4.14 **RESOLVED:** That the End of Year Performance Report for 2018/19 be noted.

ACTIONS:

1. More detail and numbers to be provided of rough sleepers in the City during 2018-19. **(Action for Jenny Travassos - Head of Prevention, Housing)**
2. Details be provided of the costs associated with the City Council's Looked After Children – including placements, accommodation and education. **(Action for Gary Hamilton - Consultant Programme Manager, ASC)**
3. More detail be provided on the fragility of the market for Adult Social Care, together with the current challenges in the market place and main risks. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**
4. Committee Members to receive that Cabinet report which provided details of funding mechanisms for Oxford Street. **(Action for Sara Sutton - Executive Director of City Management & Communities)**

5. Committee Members to receive details of the expansion strategy and targets for electric vehicle charging points. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
6. Committee Members to receive the report on Borough Command Unit performance submitted to the Scrutiny Committee, prior to consideration of Key Performance Indicators by the Audit & Performance Committee. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
7. More detail to be provided on the figures provided for Sundry Debtors. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**
8. Benchmark numbers to be provided for the Staff Survey result, if available. **(Action for Lee Witham - Director of People Services)**
9. Further information to be provided on the City for All pledge to plant 3000 trees, which currently appears to be off track. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
10. Details to be provided of the Wards and parks which contributed towards the London in Bloom awards. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
11. An update to be given on the number of drinking fountains installed in Westminster by Ward. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
12. Details to be provided of Parking Permit changes between 2017 and 2018. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
13. Details to be provided of streets being surveyed and hotspots where litter is a concern. **(Action for Sara Sutton - Executive Director of City Management & Communities)**
14. More detail to be provided on the City Survey results which indicated an apparent drop in the proportion of households who use sports and leisure facilities. **(Action for Sara Sutton - Executive Director of City Management & Communities)**

5 PERIOD 2 FINANCE REPORT

- 5.1 Gerald Almeroth (Executive Director of Finance & Resources) presented the Period 2 finance report, which provided details of the forecast outturn in respect of revenue and capital and projected revenue and capital expenditure by Cabinet Portfolio. The report included key risks and opportunities, together with details of revenue and capital expenditure for the Housing Revenue Account.

- 5.2 The report projected a nil variance compared to budget with net risks of £3.540m; which compromised £4.874m of risks and £1.307m of opportunities. Although the majority of Cabinet Portfolios were forecasting to budget, it was noted that this would change as monitoring continued over the coming months. The monthly Capital Monitoring report projected a gross expenditure overspend of £7.895m by year end; and income was forecast to over recover by £10.673m resulting in a net underspend of £2.778m. The HRA revenue forecast as at period 2 was an overall net surplus of £10.159m, which represented a favourable variance of £0.366m compared to budget. The forecast gross capital expenditure outturn for the HRA was £146.387m, resulting in a total variance of £3.466m compared to the budget of £149.853m.
- 5.3 The Committee discussed the report, and highlighted the additional risk of CityWest Homes returning to Westminster's Housing Service. Committee Members also discussed progress in lobbying for legislative support in the City Council's 'Don't be Idle' campaign; and noted that although parking income remained volatile, it was likely that the risk would be downgraded during the current quarter.
- 5.4 **RESOLVED:** That the Period 2 Monitoring Report be noted.

ACTIONS:

That details be given of the financial link between the Westmead development and Wilberforce School. (Action for Dave Gerald Almeroth - Executive Director of Finance & Resources)

6 ANNUAL REPORT ON INTERNAL AUDIT AND INTERNAL CONTROL 2018/19

- 6.1 Moira Mackie (Senior Internal Audit Manager) and David Hughes (Shared Services Director for Audit, Fraud, Risk & Insurance) presented a report that summarised the work of Internal Audit and Internal Control in 2018/19. The report also provided context for the opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control environment. The opinion was provided for the use of the City Council and would support its Annual Governance Statement.
- 6.2 The Committee noted that from the work carried out by the Internal Audit Service, reasonable assurance could be provided that systems of internal controls in place during the financial year were effective, with 91% of the audits undertaken receiving a positive assurance opinion.
- 6.3 There had been a few areas where the review had been rated 'limited' and required improvements to control and compliance, which had related to leaving care in Children's Services; IT procurement and contract management; Members' IT; and Freedom of Information (FOI) requests. Each case had been reported to the Audit & Performance Committee, with action plans being put in place to remedy the weaknesses that had been identified.

The Committee noted that many of the areas that had been audited had been rated 'satisfactory', which was a positive assessment that recognised scope for improvement and needed follow-up actions and recommendations. In 85% of cases, the recommendations were being implemented, and the Shared Services Director confirmed that the City Council was now considering how the ratings of more auditable areas could be raised to 'substantial'. In most areas, the Council was found to be effective at implementing recommendations where concerns in respect of controls had been identified. Audits that were in progress would be reported later in the year.

- 6.4 The Committee discussed FOI requests, and noted that the Campaign for Freedom of Information had undertaken a benchmarking exercise of all London Boroughs in which Westminster had been in the bottom third. It was acknowledged that some requests were complicated and could take longer to process, and that the Cabinet Member for Customer Services & Digital was currently considering how the service could be improved. The Committee noted that Westminster's FOI policy had last been reviewed in 2011, and agreed that it should be reviewed more regularly. Committee Members also suggested that more clarity was needed on who to contact in particular departments.
- 6.5 The Committee expressed concern that only 2 of the 6 recommendations concerning the Leaving Care service had been implemented, and noted that the response was taking longer due to consistency of approach and problems in recording. Other issues discussed included deferred audits; and the audits undertaken by Hampshire Services during 2018/19 for the integrated business centre (IBC).
- 6.6 **RESOLVED:** That the annual report of Internal Audit and Internal Control for 2018/19 be noted.

7 COUNTER FRAUD 2018/19 - END OF YEAR REPORT

- 7.1 Andy Hyatt (Tri-Borough Head of Fraud) presented a report that provided an account of fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from April 2018 to March 2019. Since April 2018, CAFS had identified 231 positive outcomes including 100 prosecutions and 24 recovered attendances. For the financial year ending 31st March 2017, fraud identified by CAFS had a value of over £629,548.
- 7.2 The Committee suggested that some narrative was needed to support the data given on fraud proved and notional values. The Tri-Borough Head of Fraud commented that changes in service had led to a reduction in referrals for housing fraud; and that detection was improving and was more positive, due to better quality reporting and more triage to focus limited resources on areas that would give good outcomes. Members also commented on the rise in fraud relating to disabled parking.

- 7.3 The Committee discussed organised crime in City Council housing lets; and the Tri-Borough Head of Fraud agreed to investigate the distribution of estate agents' cards which were inducing tenants to sub-let their properties.
- 7.4 Other issues discussed included the need to publicise success stories; the need to engage with Ward Members in cases of blue badge, residents parking and housing fraud; and the annual review of the City Council's whistle blowing policy.
- 7.5 **RESOLVED:** That the end of year report for Counter Fraud 2018/19 be noted.

ACTION:

That details be provided by Ward of the 93 recorded cases of fraud relating to disabled parking. (Action by Andy Hyatt - Tri-Borough Head of Fraud)

8 WORK PROGRAMME AND ACTION TRACKER

- 8.1 The Committee noted the items that were on its Work Programme for the next meeting on 19th September.
- 8.2 **RESOLVED:** That
1. The Work Programme including the agenda items for the next meeting on 19th September 2019 be noted; and
 2. The review of the performance of the Metropolitan Police Basic Command Unit for Westminster be kept on the Committee's Work Programme and allocated to a meeting when appropriate.

9 ANY OTHER BUSINESS

The Meeting ended at 8.18 pm.

CHAIRMAN: _____

DATE _____