



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Tuesday 2nd March, 2021**, This meeting will take place virtually.

Members Present: Gerald Almeroth (Executive Director of Finance & Resources), Deirdra Armsby (GPH), Paul Dossett (Grant Thornton), Mathew Dawson (Treasury and Pensions), Susan Ironmonger (Grant Thornton), Toby Howes (Senior Committee and Governance Officer), David Hughes (Tri-Borough Director of Audit, Risk and Fraud), Andy Hyatt (Tri-Borough Head of Fraud), Debbie Jackson (Executive Director, GPH), Jeffrey Lake, Moira Mackie (Head of Internal Audit), Raj Mistry (Executive Director, ECM), Stephen Muldoon (Director of Commercial and Financial Management), Sophie Shore, Annabel Saunders (Director of Operations and Programmes, CS), Rikin Tailor (Head of Corporate Finance), Phil Triggs (Tri-Borough Director of Treasury & Pensions), Gareth Wall (Director of Integrated Commissioning), Greg Ward (Director of Regeneration and Economic Development), Neil Wightman (Director of Housing), Lee Witham, Paul Wilmette and Pedro Wrobel.

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 GRANT THORNTON ANNUAL AUDIT LETTER

3.1 The Committee received a report from its external auditors, Grant Thornton, on the Annual Audit Letter. The Committee heard that, as per the November 2020 audit report, all local authorities had experienced similar issues in respect of valuations and the COVID-19 pandemic. However, the Committee was advised that there were no issues in respect of use of statutory powers and that the audit was now certified as closed.

- 3.2 The Committee heard that the action plan would be agreed with the audit authority for 2021 regarding improving record-keeping on valuations and that the City's overall financial position and recognition of upcoming challenges was rated as "very strong". The Committee heard that the fee process, subject to agreement with the Public Sector Audit Appointments, was yet to be determined.
- 3.5 The Committee heard that Paul Dossett for Grant Thornton had spent the maximum five years permitted as external auditors' engagement lead for the City of Westminster, and noted that the City had a strong financial management culture. Paul Dossett introduced the Committee to his successor at Grant Thornton, Sarah Ironmonger.
- 3.6 The Committee discussed various key themes, including slippage on the capital programme; valuations; the use of remote technology; and providing timely data to the valuer. The Committee queried when slippage on a Capital Programme scheme was considered to have adverse impact. The Committee was advised that this depended upon context, the Local Authority's understanding of reasons for slippage, mitigation arrangements, and plans for review. It was noted that there were no serious issues with the Council's approach.
- 3.7 The Committee raised issues with respect to values of land and buildings seeming to be related to processes and systems rather than market fluctuations. The Committee queried whether annual valuation was necessary, given small variation in property values generally each year, and whether having annual valuations was a decision for the Council. The Committee was advised that the Council would be developing an action plan to address such process and system issues. Further, the Committee heard that, regarding regularity of valuations, this was complex as the CIPFA code demanded investments be valued annually, and assets valued on a five-yearly basis. The Committee was advised that, for the ease of meeting the five-yearly requirements, annual valuations might be most useful though this might not necessarily be considered the best use of council funds.
- 3.8 The Committee queried whether the use of remote technology to gather audit evidence during COVID-19 was sufficient. The Committee raised concerns about record-keeping and queries about benchmarks or comparators to help improve the Council's understanding and approach. The Committee was advised that a mixed approach had been taken whereby the external auditors, Grant Thornton, in the proximity of sites had carried out physical visits and had used resources such as Google Maps where this could not be done. Regarding record-keeping, the Committee heard that the City had a complex portfolio and was aware that the classification of assets could be an issue, therefore improvements to the process would form part of the action plan. The Committee noted the clear need to provide timely and accurate data to the valuer and suggested that valuation guidance should be produced for the Council to aid this process.
- 3.9 **RESOLVED:** that the Committee note the report.

4 GRANT THORNTON PROGRESS REPORT

- 4.1 The Committee received a report by its External Auditors, Grant Thornton, on progress to date. The Committee was advised that Grant Thornton would ordinarily be presenting audit plan, but that progress is behind as last year's audit had taken longer than anticipated, that the 2019-20 audits had been completed and closure certified, with three grant claims also certified. The 2020-21 audit was in the planning process, and preliminary meetings had taken place with Finance, Estates, and valuers to improve the audit process for this year. The External Auditors' Progress Report was summarised by Sarah Ironmonger (Grant Thornton), and changes to the Code of Audit Practice were noted. It was noted that Value for Money would be more of a focus, with recommendations made in line with the new Code.
- 4.2 **RESOLVED:** that the Committee note the report

5 UK LOCAL AUTHORITY CREDIT RISK

- 5.1 The Committee decided to discuss UK Local Authority Credit Risk in a separate meeting.

6 FINANCE AND PERFORMANCE BUSINESS PLAN MONITORING

Finance Report

- 6.1 The Committee received a monitoring report on the Finance and Business Plan. The Committee heard that, for the forecast to December 2021, the COVID-19 context was noted to have had a significant impact on variation against budget (£70m) owing to reduced economic activity in Westminster during the pandemic. Officers advised the Committee that Government grants and support had partially offset this, and that there was net variation of £10m-£20m.
- 6.2 Rikin Tailor summarised the financial report, highlighting Government grants and the amounts allocated to the Council, as well as giving overview of projects in which variances had occurred. The Committee heard that Council tax and business rates collections had both dropped to 6% and 9.95% respectively year-on-year by December 2020, with court restrictions noted as impeding collection efforts.
- 6.3 The Committee raised concerns about these drops and any resultant draws on reserves. The Committee further raised its additional concerns about future increase on statutory services as a result of longer-term impacts of COVID-19 also affecting reserves, and delays to capital programme potentially resulting in cost implications for the Council. The Committee was assured that the impacts of COVID-19 had been built in to budgets including for Adult Social Care, and that contingency of risk had been allocated. A floor of £50m was noted as the point at which plans would be made to rebuild reserves.

- 6.4 Key themes of the Committee's discussion emerged around lowered income from key activities, including parking and commercial waste. This was compared to the wider national economic contraction of 11-12%, with recovery forecast to take two years. The Committee heard that the Council's approach was aligned with this, with 5% and 6% growth projected for those years respectively.
- 6.5 Regarding the Capital Programme, the Committee discussed the delay to the Place Shaping Enterprise Programme, with Deirdra Armsby noting that a dispute with a sub-contractor was one cause of this delay, but that such programmes of work generally had been at slowed pace throughout Covid-19, owing to social distancing rules.

Performance Report

- 6.6 The Committee received the performance report with a summary presentation from officers. The Chairman suggested the possibility of a separate meeting to discuss the substantial report and its methodology.
- 6.7 The Committee raised queries about ensuring sufficient resourcing to ensure compliance with the draft Building Safety Bill should it become law. The Committee was given assurances by officers (Deirdra Armsby) that this would be addressed as the Bill progressed through parliamentary committee stages and evolved. On the point of youth unemployment, Greg Ward explained some of the Council's efforts to address this, including dedicating five Westminster Employment Service coaches to young people, creating 30 council roles for young people using the Government's KickStart funding and signing up 30 additional employers to the KickStart scheme, creating Westminster Wheels to train young people as bicycle mechanics with an initial cohort of 25 trainees, and encouraging apprenticeships from the Council's partners and suppliers. The Committee commended the initiatives and it was agreed that this topic should be explored in more depth separately.
- 6.8 The Committee also made queries relating to the City Survey, including: changes to methodology; the likelihood that face-to-face interviews during the pandemic may have skewed the sample to be unrepresentative; the proportion of residents who do not use the internet (8%) and the overlap with residents in highest need of Council services; and the lack of increase in electric car users proportionate to increased investment in infrastructure. Officers (Greg Ward and Sarah Newman) provided the Committee with information about how the Council was assisting some of the City's digitally excluded by distributing laptops.
- 6.9 The Committee queried the desirability of benchmarking against peers rather than nationally, and noted that for the risk ratings, no indication of how severity was calculated had been given. The Committee also queried the increase in re-referrals to Children's Services and received reassurances that this increase appeared to be related to the Covid-19 pandemic and reflected families seeking support. There was in addition a query around how targets were decided upon, with a target of 65% satisfaction for how the Council's housing teams were performing, with anti-social behaviour being used as an example of a seemingly low target.

6.10 **RESOLVED:** that the Committee note the report.

7 INTERNAL AUDIT MONITORING REPORT

7.1 The Committee received the Internal Audit Monitoring report, which raised no pressing issues. Key themes from the Committee's discussions included a point on 250 property purchases at a cost of >£88m and a query regarding the split of in-borough vs out-of-borough purchases.

7.2 The Committee was advised that housing direct payments were noted as having a "limited" assurance level. This was clarified as being due to the complexity of the issue, and improvements were being made. The Committee was advised that the next internal audit report would be the end-of-year report.

7.3 **RESOLVED:** that the Committee note the report.

8 INTERNAL AUDIT PLAN

8.1 The Committee heard a report on the Council's Internal Audit Plan and upcoming plans to include persistent risks affecting the City of Westminster and other councils, as well as to allow annual planning to be more dynamic. The Committee was advised that meetings with Executive Directors had been constructive. Internal Audit expected to be able to present their quarterly work on an ongoing basis to the Committee.

8.2 **RESOLVED:** that the Committee note the report and receive quarterly reports in future.

9 CORPORATE COMPLAINTS

9.1 The Committee received a report on Corporate Complaints and was advised that housing management complaints formed a significant proportion of the increase in complaints, and this was explained as a result of CityWest Homes being returned to the City Council. Without housing complaints, there had been a reduction of 18% in Stage 1 complaints to the WCC through formal complaints procedures, and 13% of Stage 2 complaints, although the overall complaints figures for both stages were up significantly when Housing was included.

9.2 The Committee queried how good the Council was at learning from complaints. It was suggested that this was an area which could use some work and could be included in next year's report. The Chairman requested that Adult Social Care and Children's Services both shared their separate statutory complaints reports to ensure the Committee had a clearer picture of the total volume of complaints to the Council.

9.3 **RESOLVED:** that the Committee note the report and receive future updates.

10 WESTMINSTER HOUSING SERVICE

10.1 The Committee received an update on the Council's housing service from Neil Wightman. The Committee heard that asbestos surveys in communal parts of housing estates were noted as a key issue, with surveys dropping to 35% during the pandemic (from 100%); although, as of the date of the Committee meeting, they were back up to 72% and on track to be completed by the end of March 2021. Complaints regarding antisocial behaviour on housing estates increased by one third in 2020-21 compared to 2019-20. To address this, the Committee was advised that the Westminster Housing Service was working with other departments and the police to obtain injunctions against serious offenders. Repairs, having been reduced during the pandemic, would return to full service by April 2021.

10.2 The Committee queried increasing resident involvement in estates. There were plans to maintain online engagement established during the pandemic and increase online opportunities for residents to get involved in consultations. This would be in addition to the estate action plans in development.

10.3 The Committee raised the need for improvements to case management for repairs services, as ward councillors often found that lack of contact is at the heart of resident complaints. Another query from the Committee noted culture issues present under CityWest Homes and asked Neil Wightman for his views on ethos and morale in housing services. He commented it was good, and staff were committed, with culture being a focus of the upcoming reorganisation.

10.4 The Committee reiterated the point about 65% seeming a low target for satisfaction with regard to antisocial behaviour complaints, given the severe impacts antisocial behaviour can have on multiple facets of people's lives. The Committee was advised that targets were set with the aim of incremental improvements on the previous year's figure, which was 63%.

10.5 **RESOLVED:** that the Committee note the report.

11 MAINTAINING HIGH ETHICAL STANDARDS AT WESTMINSTER CITY COUNCIL

11.1 The Committee received a report on maintaining high ethical standards at Westminster City Council. The Committee raised a query about the impact of remote working on oversight. The Committee was reassured by Lee Witham, Director of People Services, who stated that reassurance and trust levels were high. A further query was raised regarding the proportion of staff (9%) in the "Prefer not to say" category when responding to a staff survey question on whether the respondent had experienced bullying and/or harassment, and why staff may not feel comfortable answering "Yes" or "No". It was agreed that

it was undesirable that 18% of staff did not feel able to say they had not experienced bullying or harassment.

12 WORK PROGRAMME REPORT

12.1 The Committee did not discuss its work programme, with discussions to be taken offline.

13 ANY OTHER BUSINESS

The Meeting ended at [21:00].

CHAIRMAN: _____

DATE _____