



City of Westminster

# Committee Agenda

Title:

**Audit and Performance Committee**

Meeting Date:

**Wednesday 7th September, 2022**

Time:

**6.30 pm**

Venue:

**18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members:

**Councillors:**

Aziz Toki (Chair)  
Tony Devenish  
Paul Fisher  
Patrick Lilley



**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 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.**

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Corporate Website: [www.westminster.gov.uk](http://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 pecuniary interests or any other significant interest in matters on this agenda.

#### **3. MINUTES**

To approve the minutes of the previous meeting.

**(Pages 3 - 8)**

#### **4. QUARTERLY PERFORMANCE REPORT 2022/23**

**(Pages 9 - 26)**

#### **5. QUARTER 1 FINANCIAL MONITOR**

**(Pages 27 - 46)**

#### **6. WORK PROGRAMME**

**(Pages 47 - 56)**

**Stuart Love**  
**Chief Executive**  
**30 August 2022**



CITY OF WESTMINSTER

## MINUTES

### Audit and Performance Committee

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 21st July, 2022**, Rooms 18.01-18.03, 64 Victoria Street, London, SW1E 6QP.

**Members Present:** Councillors Aziz Toki (Chair), Tony Devenish, Paul Fisher and Jessica Toale.

**Also Present:** Gerald Almeroth (Executive Director Finance and Resources), Jake Bacchus (Director of Finance), Rikin Tailor (Head of Corporate Finance), Neetu Singh (FM Deputy Head of Corporate Finance), Michelle Badham (SFM Accounts and Capital), David Hughes (Tri-borough Director of Audit, Fraud, Risk and Insurance), Moira Mackie (Head of Internal Audit), Mohibur Rahman (Head of Strategy and Performance), Nick Byrom (Strategic Performance Manager), Phil Triggs (Tri-Borough Director of Treasury and Pensions), and Clare O'Keefe (Temporary Joint Lead Policy and Scrutiny Advisor).

#### 1 MEMBERSHIP

1.1 There were no changes to the membership.

#### 2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

#### 3 MINUTES

##### 3.1 RESOLVED:

That the minutes of the meeting held on 27 June 2022 be signed by the Chair as a correct record of proceedings.

#### 4 UPDATE ON PERFORMANCE MANAGEMENT

4.1 Mohibur Rahman, Head of Strategy and Performance, introduced the report and provided to the Committee background information on the Quarterly Performance Report which enables the Committee to discharge its responsibilities for reviewing the performance of the Council. The Committee was informed that the approach to performance reporting (including an overview of structure and content) is provided in the report, setting out how

this enables focussed discussions on performance achievements and challenges. The Quarter 1 (April-June 2022) report will be produced for discussion at the Committee meeting scheduled for 7 September 2022.

- 4.2 The Committee held a discussion about key performance indicators and requested that officers notify the Committee Members immediately if there are significant changes to performance results rather than waiting for the next meeting of the Committee.
- 4.3 The Committee also stated that they would appreciate receiving the quarterly report in a reasonable amount of time ahead of the next meeting so that Members can see the detail in the report. This would allow the Committee to raise any questions prior to publishing as well as permit the relevant officers to be available to answer the relevant questions at the Committee. It was also decided that the Chair would meet with report authors prior to the next Committee.
- 4.4 **RESOLVED:**
  - 4.4.1 That the Committee noted the report.
  - 4.4.2 That the Committee would receive the next Quarterly Performance Report ahead of publishing and ask any relevant questions of officers.
  - 4.4.3 That the Chair would meet with report authors ahead of the next meeting of the Committee.

## **5 REVENUE AND CAPITAL OUTTURN 2021/2022**

- 5.1 Jake Bacchus, Director of Finance, introduced the report and advised the Committee of the Council's 2021/22 outturn positive for revenue and capital for the General Fund (GF) and Housing Revenue Account (HRA). As well as a summary of the pension fund and the Council's treasury management for the year.
- 5.2 The Committee held a discussion on property acquisitions and the need for reprofiling the budget when instances such as slippage occur. The Committee understood that compensation for lost income dropped off after Quarter 1 and it is difficult to compare underspend and overspend due to the changing levels of compensation.
- 5.3 The Committee enquired about the income shortfall at Sayers Croft, under the 2022/23 Environment and City Management variance in the report, and was informed by Gerald Almeroth, Executive Director of Finance and Resources, that there are opportunities to improve the service. It was confirmed to the Committee that Raj Mistry, Executive Director of Environment and City Management, would look into this.
- 5.4 The Committee held a detailed discussion on the Council's reserve fund and the status of its health. The Committee was advised that there had been a push to grow Council reserves and maintain a reasonable level; the

Committee noted that there is no formal guidance on the amount of reserves a Council should have but, informally, a minimum level of reserves should be around 10 percent of net revenue. The Committee understood that the Council has around 30 percent of net revenue in its reserves, but its budget is sensitive to economic activity. The Committee stated that it might be useful for Councillor David Boothroyd, Cabinet Member for Finance and Council Reform, to attend the Audit and Performance Committee when items relevant to his portfolio are discussed.

**5.5 RESOLVED:**

5.5.1 That the Committee noted the report.

5.5.2 That the case of improving the service of Sayers Croft would be investigated.

**6 STATEMENT OF ACCOUNTS 2021/2022**

6.1 Jake Bacchus, Director of Finance, introduced the report and advised the Committee of the key aspects of the 2021/22 statement of accounts. The Committee understood that the statement of accounts at the time of the meeting was in draft, and an audited version of the accounts will be presented to the Committee for sign-off in September 2022.

6.2 The Committee held a detailed discussion on the public inspection period of the 2021/22 statement of accounts. The Committee was pleased to note that queries and objections about historic accounts had been dealt with and these accounts had been fully certified and closed. A query was raised by the Committee about increasing accessibility to the statement of accounts and doing more to communicate the public inspection period and promote the ability of residents to feedback about the budget.

6.3 The Committee was informed about the accounting entry for the pension fund deficit and the assumptions provided for the pension liability sum; the Committee noted that the three-year review is approaching. The Committee was also advised of the reasons for the decrease in £15.404m in the Council's cash and cash equivalents and the Director of Finance agreed to distribute a summary what is publicly available regarding the last five years of changes to the balance sheet.

**6.4 RESOLVED:**

6.4.1 That the Committee approved the draft 2021/22 statement of accounts subject to the public inspection period and the audit currently underway.

6.4.2 That the Committee approved the draft Annual Governance Statement included in the statement of accounts subject to the public inspection period and the audit.

6.4.3 That the Committee approved to delegate authority to the Executive Director of Finance and Resources to make minor amendments to the accounts prior to formal publication of the draft accounts.

- 6.4.4 That the Committee would receive a summary of the last five years of changes to the balance sheet from the Director of Finance.

## **7 ANNUAL REPORT ON INTERNAL AUDIT AND INTERNAL CONTROL 2021/2022**

- 7.1 Moira Mackie, Head of Internal Audit, introduced the report to the Committee and advised the Committee of the work of Internal Audit in 2021/22, including an update on work completed since the previous report to the Committee, and provided the audit opinion of the Shared Services Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The Committee understood that this opinion is provided for the use of Westminster City Council and is used to support its Annual Governance Statement.
- 7.2 The Committee noted that the Internal Audit team encourage services to approach them and follow up on all recommendations to ensure they are either fully or partially implemented; ratings for the implementation status were described to the Committee. The Committee welcomed the fact that all recommendations and implementation status are detailed in the quarterly review. David Hughes, Tri-Borough Director of Audit, Fraud, Risk and Insurance, observed that the Committee's interest in both the work Internal Audit undertake and the status's of implementation will be beneficial to the response from services.
- 7.3 The Committee noted that the fraud landscape has altered as a result of the COVID-19 pandemic and the team work closely with colleagues across services as well as hold a number of proactive fraud reviews to help prevent fraud. The Committee advised they would like to see a breakdown of how much work is solely undertaken by Council officers and what is carried out jointly with other organisations.
- 7.4 The Committee were informed of the use of the term 'advisory' in the report which refers to the team providing advice on better practices to support services and making sure that the controlled environment is improved. The Committee was pleased to note that the Internal Audit team have good engagement across the Council with an agile workplan and meet with Directors each quarter to understand priorities.
- 7.5 **RESOLVED:**
- 7.5.1 That the Committee noted the report.
- 7.5.2 That the Committee would receive a breakdown of the work solely undertaken by Council officers and jointly with other organisations.

## **8 COUNTER FRAUD END OF YEAR REPORT 2021/2022**

- 8.1 David Hughes, Tri-Borough Director of Audit, Fraud, Risk and Insurance,

presented the report to the Committee and briefed Members on work undertaken by the fraud service from 1st April 2021 to 31st March 2022 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

8.2 The Committee was advised that the Fraud team work closely with other authorities and networks to prevent and protect against fraud; examples including data matching exercises and using intelligence to identify cases of fraud. The Committee was pleased to note how much the Fraud team values the intelligence that ward Councillors provide, especially regarding tenancy fraud. The Committee was also pleased to note that the Fraud team had been increasingly using social media to promote public initiatives and working with the Council's Communications team to send out press releases.

8.3 The Committee held detailed discussions on notional values, the changing landscape of fraud and the overpayment of business grants. The Committee was advised that they would receive more information about the aforementioned topics.

8.4 **RESOLVED:**

8.4.1 That the Committee noted the report.

8.4.2 That the Committee would be provided with background information setting out how the team figure out notional values.

8.4.3 That the Committee would be provided with more information regarding the changing landscape of fraud when the six-monthly report is presented to the Committee.

8.4.4 That the Committee would be updated on the figures presented in 6.18 and 7.5 of the report.

8.4.5 That the Committee would be provided with an update on the actions taken to recover funds noted in 6.19 of the report.

**9 ANY OTHER BUSINESS**

9.1 The Committee commented that they would find it useful to have an additional agenda item to set out the Committee's work programme. The Policy and Scrutiny Advisor and officers agreed to work together, and with the Chair, to pull a work programme together.

9.2 The Committee advised that they prefer to receive the agenda and papers at least 7 full days in advance to the Committee meeting.

9.3 The Committee Chair reiterated that if Members have urgent questions, they should ask officers directly rather than waiting for the next Committee.

The meeting ended at 19:44.

**CHAIR:** \_\_\_\_\_

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





## Audit and Performance Committee Report

<b>Meeting:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>Wednesday 7<sup>th</sup> September 2022</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Quarterly Performance Report – Quarter 1</b> (Covering the period 1 <sup>st</sup> April to 30 <sup>th</sup> June 2022/23)
<b>Wards Affected:</b>	<b>All</b>
<b>Key Decision:</b>	<b>No</b>
<b>Financial Summary:</b>	<b>Not applicable</b>
<b>Report of:</b>	<b>Pedro Wrobel, Executive Director for Innovation and Change</b>

# 1. Executive Summary

This performance report summarises the Council's performance and progress at the end of quarter one 2022/23. It presents the latest cumulative results available for each key performance indicator (KPI) at the end of quarter one where possible (April 2022 – June 2022).

Please note the availability of results for some Key Performance Indicators (KPIs) vary and may not align to the quarterly performance reporting cycle. In these cases, the latest position available is reported – this primarily affects Public Health KPIs – several of which are only available a quarter in arrears.

## The report covers:

- **Top Achievements from around the Council** – prioritised so that committee see information on the highest impact initiatives.
- **Challenges and Issues** – focussed and prioritised so that committee see detail on the most significant issues or potential threats identified from horizon-scanning and what impact could be.
- **Top Risks and Contextual Pressures** prioritised operational “red” risks only, so that committee see detail on the most significant risks. The risk register will be available to Committee at any time should Members require access. Top pressures will be informed by broader contextual analysis.
- **Key Performance Indicators (KPIs) by Directorate** - metrics that are important to monitor to ensure the Council is providing effective services and value for money but having recently been reviewed by the business. This will include new targets for KPIs for 2022/23.

# 2. Recommendations

- Committee to note the performance updates at Quarter 1.
- Committee to indicate any areas where they require more information or clarification.

### 3. Quarterly Performance Report

#### Headline Achievements

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This section highlights the Council's headline achievements for quarter one. These will be achievements by exception, drawn from delivery against key initiatives, and projects and programmes.

#### Health, Care and Wellbeing

- ✓ **The new Mental Health Reablement service** enables and maximises independence, providing a preventative service for those with mental health issues for up to 12 weeks. Phase 1 was launched May and Phase 2 in August 2022 introducing Independent Living Assessors and Occupational Therapists with case management roles. As of July 2022, there were 13 accepted referrals. The project is an opportunity to develop both the mental health and reablement offer to residents to improve quality of life and reduce strains on ASC and NHS services.
- ✓ **Ofsted reported that children receive excellent support and services.** In June 2022, Children's Services received a themed focused visit by Ofsted, looking at Extra Familial Abuse, often referred to as Contextual Safeguarding. The inspection looked at many areas of work including child sexual and criminal exploitation, children missing from home, care, and school, risks associated with gangs, radicalisation, trafficking, and modern slavery. Ofsted Inspectors were positive about Westminster's leadership and partnership working and no recommendations for improvement were identified by Ofsted.
- ✓ **Westminster Adults Education Service has received a Good Ofsted inspection** outcome with outstanding features. This is a very good outcome in the light of the complex nature of the Service, providing access to education and training opportunities for approximately 5000 learners, across 3 centres and 50 community-based venues, and within a more rigorous inspection framework. Ofsted said that leaders are to be commended for what has been achieved considering the pandemic.

#### Children and Families

- ✓ **The new School Uniform Support Funding has been agreed for this year** and schools have been notified. Parents will now be able to access this funding. This will offer support to an estimated 850 pupils eligible for free school meals and with the costs of school uniforms when entering primary school and transitioning to secondary school.
- ✓ **In June, the Council was successful in securing an additional £240,000 to supplement the existing Holiday Activity and Food (HAF) Programme**, which offers free activities throughout the summer holidays to children aged five to sixteen eligible for Free School Meals. This will enable young people aged 0 to 25 as well as those who fall just short of eligibility but are experiencing hardship to access the activities and food during the summer holidays for free. Through this, we will be supporting 44 organisations to provide places to over 2700 children who are in need of additional financial support.

#### Community Safety and Enforcement

- ✓ **Trading Standards Enforcement.** A joint operation organised by Westminster City Council and the Metropolitan Police saw enforcement officers raid four candy and souvenir shops on Oxford Street and the surrounding area last night. The enforcement action, named 'Operation Jade' formed part of a citywide effort to prevent shoppers from being ripped off in the run up to Christmas. Officers from across the council; including Trading Standards, Health and Safety, Food Officers City Inspectors and Planning Enforcement worked jointly with the Police. To date these operations have seized goods with an estimated sales value of more than £500,000.

- ✓ **Women's Night Safety Programme.** We have successfully bid to the Home Office Safer Streets 4 fund – and have been allocated £289k towards funding for the Women's Night Safety Programme. The night safety programme will deliver activity in six pillars including Night Stars, a service to keep people safe at night operating in Soho, China Town, Leicester Square and Piccadilly at weekends and Night Havens businesses providing access for women and those who are vulnerable to their premises at night.
- ✓ **So far we have issued 15,868 direct payments of £150 (Council Tax rebate) to our residents who are in Band A-D and pay by Direct Debit,** for our 26K residents who are in Band A-D but do not pay by Direct Debit we have awarded the £150 as a cash payment to their account and written to them to confirm that they can either leave it in their account or complete the application form for a direct payment.

## Environment

- ✓ **On Clean Air Day (16 June), the Smart City team launched a new public portal to share air quality data** with 4 schools participating in an air quality sensor pilot, aimed at influencing behaviour change to more sustainable travel methods to school. The portal provides data in real time for parents, pupils and teachers to be able to see how the air quality changes throughout the course of the day, particularly at drop off and pick up times. We also delivered the Smog mobile event during London Climate Action Week attended by 300 people.
- ✓ **The Property carbon refit programme ended on the 30th June and resulted in interventions across 63 operational buildings ( 9 Heritage Sites),** with an annual carbon reduction of c.1700 tons or approx., 20% of the operating carbon of the portfolio. In addition to the energy and carbon benefits, the programme has enabled job creation and added social value through apprenticeships and a range of learning experiences involving school children at sites across Westminster.
- ✓ **We have retained our Green Flag status for, Churchill Gardens, Lillington and Longmoore Gardens and Lisson Green Estate.** In addition to this we won the coveted Green Heritage Site Accreditation for Lisson Green. This is awarded for conservation of historical features to a high standard and maintenance of their historic character and appearance. We also have a new Sensory Children's Garden at Lillington & Longmoore Gardens. Sensory experiences help children to develop a sense of the world around them.

## Business and Economy

- ✓ **The council has consulted with local businesses on the 'Supplier Code of Conduct', setting clear standards for organisations it works with.** The Supplier Charter for Responsible Procurement and Commissioning aligns our approach with the best performing London boroughs and the GLA Group as part of joint work with the London Responsible Procurement Network. Thresholds on carbon reporting requirements have been reduced from £5m contract value to £2m, which makes our approach more robust than Central Government departments.
- ✓ **Achieved practical completion at 470 Harrow Road.** This was a long-term vacant council property in a poor state of repair. Working with colleagues in the Strategic Investment Service, a plan was put forward to redevelop this Council asset. Rebel Business School is a social enterprise focused on providing non-traditional business support to communities and they will occupy the property. Engaging over 700 people during conception, this will be its first physical and completely free business school for residents to start and grow their business.

## Housing and Built Environment

- ✓ **Progression of Queens Park Court, Adpar and Torridon to construction stage.** These schemes received Capital Review Group (CRG) approval to enter works contract and progress to construction. These schemes will deliver 64 new homes including 8 intermediate and 56 social rent homes (20 will be Community Supported Housing). A GLA grant was also secured which has improved the financial viability of these much needed, 100% affordable housing schemes.
- ✓ **Appropriation of Ebury Bridge Phase 1 fully completed**, and Agreement for Lease for Affordable Units signed and dated. This means that redevelopment of the site can now continue, allowing for the delivery of 226 new homes, of which over half will be affordable. In addition, Ebury Bridge Phase 1 recently achieved Outstanding BREEAM sustainability accreditation (third-party industry recognised quality standard).
- ✓ **The Church Street Green Spine Public Realm improvement project is now complete.** Improvements to the park at Broadley Street and the creation of a pedestrian friendly route through the Church Street area links Lisson Gardens, Broadley Gardens, Church Street and the new Luton Street development.
- ✓ **Housing has introduced 'Community Thursdays' as part of its Residents First programme.** This initiative gets Housing's management team and frontline staff out on our estates every week to engage with residents and discuss and address any issues. We have held 6 Community Thursdays and visited 19 estates across eight wards. 87 staff and 9 councillors have taken part. Over 1,200 doors have been knocked and over 200 issues logged.

## Public Affairs and Communication

- ✓ **Future of Westminster Commission.** A new Future of Westminster Commission, established by the Council met for their inaugural meeting, chaired by Neale Coleman for the first time on Thursday 21 July. The group heard from local residents and business owners about their perspectives of how the City could be improved. Their purpose is to review and make recommendations on the delivery of key council services to help deliver a fairer Westminster for residents.
- ✓ **National Windrush Day.** To mark National Windrush Day on 22nd June, WCC and the B.A.M.E Network hosted Westminster's first Windrush Film Festival celebrating the contributions of the Windrush generation. This was done in collaboration with Westminster Unison, GMB and supported by the Windrush Caribbean Film Festival held at Prince Charles Theatre in Leicester Square.
- ✓ **Pride celebrations.** To celebrate and commemorate the 50th Anniversary of Pride the Rainbow Network supported by the Diversity & Inclusion Team facilitated a Westminster City Council walk on the 2nd July. The event was attended by the Leader of the Council, the Lord Mayor, Members and officers. The march took the original route from Hyde Park with strong participation at the event which was also supported by Unison.

## PERFORMANCE CHALLENGES

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This section highlights the Council's headline challenges for quarter one. These will be challenges by exception drawn from delivery against key initiatives, and projects and programmes within our control.

- × **Over the last few months, there have been several incidents involving gang-associated young men** and there are currently ongoing tensions in Westminster between the Lisson Grove Men (LGM) also known as Mandem, and Harrow Road Boys (HRB) also known as Mozart. Lisson Grove, Edgware Road, and the area around Church Street are believed to be a potential hotspot for further conflict. The vast majority of young people who reside in Westminster are not associated or in any way involved with gangs and while we recognise these situations are worrying it is important to note that the number at direct risk of being caught up in a violent incident remains low. To those actively involved in gangs however the risk is higher and there is an increased likelihood of harm. All recent incidents have involved men who are over 18 years of age. The Integrated Gangs and Exploitation Unit (IGXU) and key partners are working proactively together to identify diversionary activity and encourage young people to consider their safety
- × **There is an increasing amount of young people being identified by schools for Special Educational Needs and Disabilities**, and as such, referrals by schools and educational settings for statutory assessments have increased. This is creating pressure on services undertaking assessment within statutory timescales, including the provision of specialist advice from therapists. Supporting children and families with autism and reducing the waiting times for autism spectrum disorder (ASD) diagnosis is a key priority for the council. In Q4 21-22, referral to 1st assessment for under 5s took on average 32.4 weeks at Woodfield Rd (compared to 33.24 weeks in Q3). The average wait times for over 5s referral to 1st assessment was 33.8 weeks for Woodfield Rd (compared to 24.9 weeks in Q3).

*[Please note at the time of writing this report, Q1 data is currently not available. We will update the committee when the data becomes available. We have increased the services and support that are available for children and young people with autism and their families. Taking a mid-to-long-term view, we are working closely with our partners to ensure we can sustainably meet the increased demand].*

- × **Procurement and Commercial Services – Procurement projects.** Some large-scale capital projects have been paused while the new administration decide future intentions. This has inevitably impacted on pre-planned procurement timelines but the market are being kept as up to date as possible. Procurement are also holding market events, such as on 26 July with construction focus for large suppliers and SMEs, to keep the market engaged and informed. The event on 26 July will be opened by the new deputy Cabinet Member for Procurement, Cllr Ormsby.
- × **Drawing down Greater London Authority (GLA) grant allocation by March 2023 deadline.** Schemes within the GLA's current Affordable Housing Programme 21-23 are required to start construction by March 2023 in order to claim funding. Due to the close proximity of this date, there is risk that certain schemes may not achieve this milestone and therefore funding could be lost. A working group and additional resources have been assigned to help resolve any dependencies and ensure schemes stand the best possible chance of claiming funding. In addition, we are in liaison with the GLA regarding potential grant funding for Church Street and Ebury Bridge Regeneration schemes and work is underway to try and implement resident ballots, and start construction, prior to the March 2023 deadline.

- × **Ebury CPO:** The Compulsory Purchase Order (CPO) hearing is scheduled for August and there are intensive negotiations being undertaken in run up to the hearing with the objectors with the intention to reach an agreed commercial position. The CPO is resource heavy and is impacting on internal and external project team members and their capacity.
- × **The cost-of-living increases are likely to put pressure on tenants ability to pay their rent and leaseholders ability to pay their service charge and major works costs.** Reduced income into the Housing Revenue Account may require a further draw on reserves and ultimately may have an impact on the level of capital repairs and services delivered to the portfolio in the coming year(s). In response, our Specialist Income Team is supporting residents. Referrals to Westminster Citizens' Advice debt advice service are being made as required and the Welfare Fund is being used to provide support. We have implemented the *Income Analytics* system to make the work of the Income Team more efficient and effective and also recruited a new Income Team Manager. (See also – Contextual Pressures below).

## CONTEXTUAL PRESSURES AND TOP RISKS

This section presents the top pressures and risks facing the Council and the City. These pressures are informed by broader contextual analysis, which allow for a view of the current operating environment the Council is in, to help inform and prioritise actions within our control.

### CONTEXTUAL PRESSURES

- **Cost of Living**

The latest official figures show consumer prices are continuing to rise. Inflation has increased to a 40-year high of 9.4% (CPI) in June 2022, and on average prices have increased by nearly 10% in the last 12 months alone. As inflation continues to rise (albeit more slowly) this represents a further reduction in living standards for residents and exacerbates cost-of-living pressures.

Whilst all residents are being impacted by the increased cost-of-living and reduction in living standards, lower income households face higher rates of effective inflation as they spend a bigger share of their income on fuel and food (key drivers of inflation). The Institute of Fiscal Studies predicts that as prices continue to rise later this year, the poorest 10% of households may face inflation of 14%. There are around 31,000 households (24%) in Westminster that are in receipt of means-tested benefits, therefore acutely exposed to the current cost-of-living crisis.

On average, disposable incomes (after essential costs) of low-income groups in Westminster fell by nearly £70/month between January and April, with this rising to between £80 and £120 for families with children, who are one of the hardest hit groups. Many households may be forced to change expenditure patterns to compensate for the increased price of energy and food. The Council launched its Cost of Living Strategy last month.

OFGEM announced on the 26<sup>th</sup> August 2022, the energy cap will increase by 80% to £3,549 per year (on typical bills), with the Bank of England predicting inflation will peak at 13.3% at the end of this year. Therefore, it is expected low-income households will see a significant further erosion of their disposable incomes and face increased financial deprivation. However, beyond this, the outlook for inflation is unpredictable considering its dependence on international factors and global energy markets.

- **Census 2021**

The first results of the 2021 Census were released on 28th June 2022 for England and Wales comprising for each local authority the estimated population at census day (March 2021). Westminster's population according to the 2021 Census is 204,300. This is 6.9% lower than in 2011 Census. Westminster is one of nine local authorities who have seen a decrease in the population of more than 7% compared with Mid-Year Population Estimates (MYE) 2020, seven of which are in Inner London. Compared to mid-year population 2020, there are 18,108 fewer children aged 14 and under, 38,140 fewer working-age adults and 9,200 fewer adults aged 65 and over.

The Census will have important implications across a wide range of areas, including local government finance, anticipated demand for health and education services, our understanding of the impacts of the pandemic and Brexit. This could result in a significant reduction in core government funding, with the majority relating to adults' and children's social care. However, the Department for Levelling Up, Housing and Communities have not yet finalised the funding formula for next year, so we are not certain of the possible funding implications, and the ONS do accept that the Census data reflects the context in which it was collected (a lockdown) and is not



representative of the population reality that we now see on the ground. Westminster is working closely with the ONS and regional partners to understand and evidence the scale of adjustment needed for future mid-year population estimates.

- **Health inequalities**

Health inequalities in Westminster continue to be a key area of concern. 8 of Westminster's 18 wards have at least one Lower Super Output Areas that ranks among the 20% most deprived in the UK, and Westminster has more people rough sleeping than other London boroughs. Geographic and demographic inequality in deprivation will be exacerbated by the disproportionate impacts of the cost-of-living crisis.

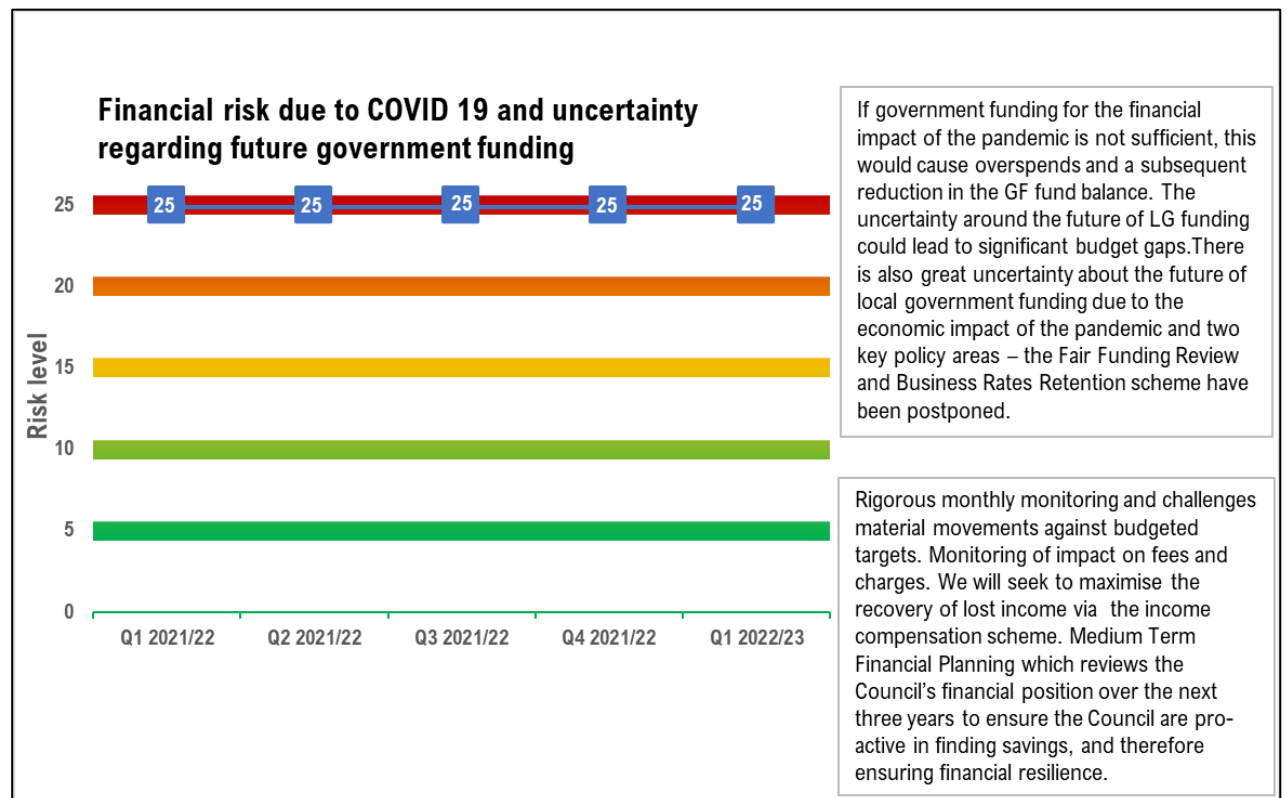
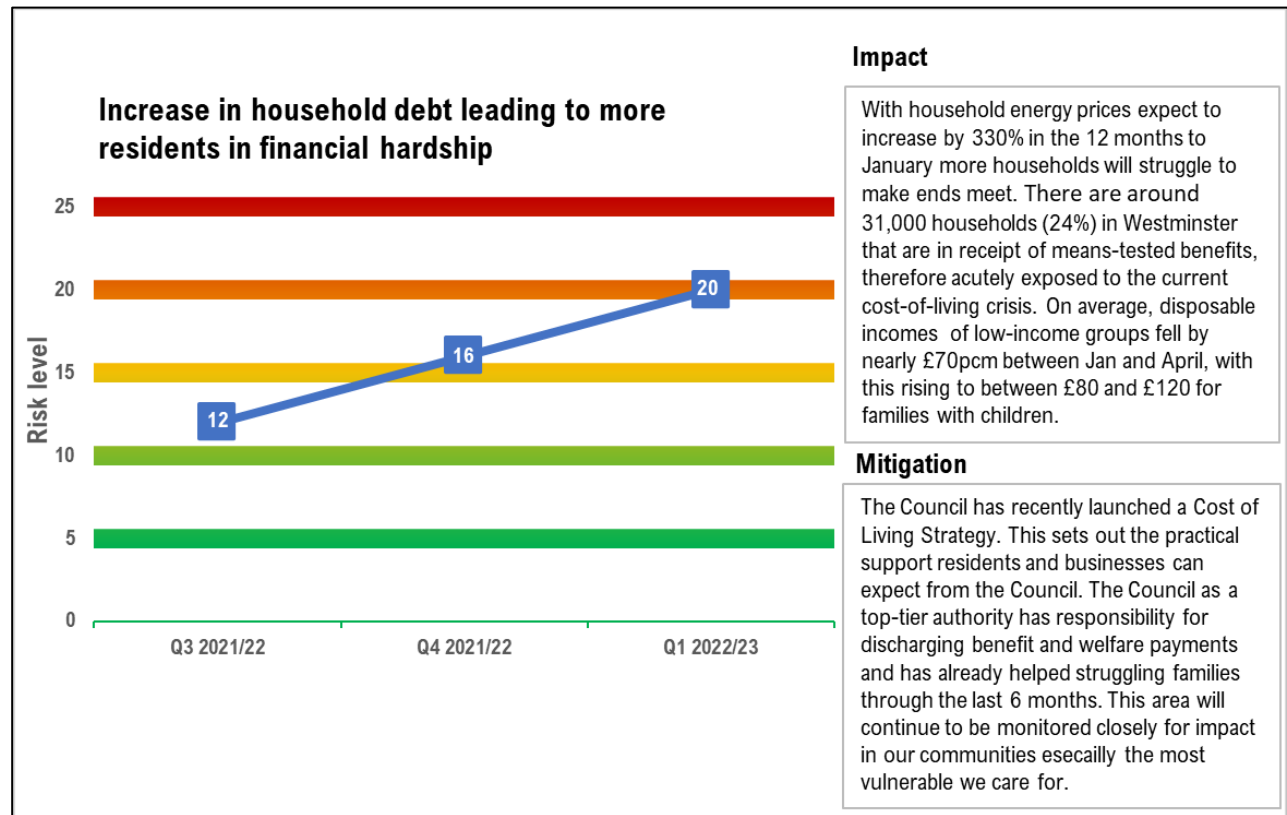
To effectively address these wider determinants of health, such as education, housing and employment, we need to work as a whole system to deliver better health outcomes for our residents. Building healthy communities and addressing health inequalities, including improving the physical and mental well-being of older residents, and tackling loneliness and isolation is a key focus of the Fairness and Equality Review workstream now in place.

- **Monkey Pox**

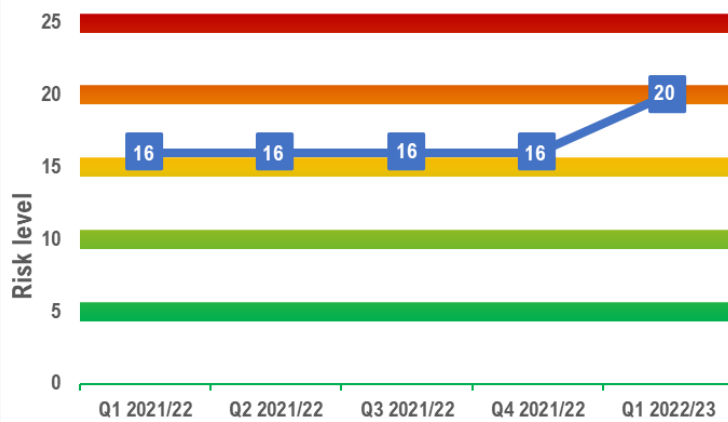
Responding to Monkey Pox is placing considerable pressures on genitourinary medicine (GUM) services which have been at the forefront of both the national testing response and vaccination for high risks groups. Health protection agencies indicate that contact tracing methodology will be inadequate to contain transmission due to the challenges of identifying casual contacts. The demands are therefore likely to grow and, as yet, there has been very little deployment of resources outside of GUM. This situation presents significant risk to GUM services and to public health both directly because of Monkey Pox and indirectly because of impacts on other sexual health and family planning services. We are working with providers and through the London Sexual Health Network to ensure issues are clearly articulated and escalated.

## TOP RISKS

This section highlights the top scoring Council-wide risks currently on the Council's Risk Register. Risks are scored from a minimum of 1 to a maximum of 25 for the most serious risks.



### Interest Rate changes



### Impact

The Council generates revenue income from cash investments and interest earnings on cash balances which underpins the General Fund revenue budget. If cash balances fall or there are reductions to interest rates, the level of income received could fall beneath budgeted levels. Recent moves by the Bank of England have seen the rate rise to 1.75% with more rises expected later in the year as CPI inflation continues to rise. This will result in improved investment income for the 2022/23 financial year versus that achieved in 2021/22. In terms of the cost of borrowing, while the UK base rate does not feed directly into the Public Works Loans Board (PWLb) borrowing rates, local authorities have seen the interest rates attached to new loans rise this year. 50-year loans are currently set at around 3.50%, which reflects the increase in UK Government gilt yields (to which PWLB interest rates are directly linked). Higher interest rates will result in additional interest expenditure and will have an impact on future capital plans.

### Mitigation

The amount of the Council's debt portfolio has for some considerable time been significantly below the Council's capital financing requirement (CFR), meaning that the 'cost of carry' has not eroded the income earned as a result of the taking out of long term loans. With regard to external borrowing, the Council entered into forward long-term borrowing to the value of £400m in 2019 to be received in 2022 (£187.5m) and 2023 (£212.5m), with a weighted average interest rate of 2.579%. These forward rate loans compare very favourably with today's interest rates and will help cushion the impact of future interest rate rises.

## Key Performance Indicator results by Directorate

These are KPIs that have been selected by directorates to help us track how well the Council is delivering on its core and statutory services.

RAG Status		KPIs that are off track to meet/ failed to meet target
		KPIs that are at risk of missing target levels
		KPIs that are on track to meet/ met target
		N/A – No target

Note: targets that are yearend rather than quarterly are marked with an Asterix\*

### ADULT SOCIAL CARE

KPIs THAT ARE ON TRACK TO MEET TARGET					
	KPI Description	Yearend 2021/22	Target	Q1 22/23	RAG
1	% of carers (caring for an adult) who have received an assessment or review of their needs	91%	92%*	<b>29.10%</b> <b>(231/793)</b>	
2	% of adult social care service users receiving an annual assessment or review of their care needs	95%	95%*	<b>19.70%</b> <b>(531/2693)</b>	
3	No. of new permanent admissions to residential and nursing care of people aged 65 years and over (by yearend)	122	122*	<b>19</b>	
4	No. of active Community Champions volunteers providing neighbourhood health and wellbeing support	90 (Q3)	80	<b>80 (Q4)</b>	
5	% of people in receipt of reablement packages that maximises independent living and reduces or eliminates need for an ongoing care package	73%	80%*	<b>76.10%</b> <b>(197/259)</b>	

### PUBLIC HEALTH

\* Public Health – Please note that Public Health indicators are latest available (Q4 2021/22) and are only available in lag due to the reporting cycle.

KPIs THAT FAILED TO MEET TARGET				
6	% of children who received a 2-2.5 year development review from health visitors	49.5%	70%	<b>53%</b>
<b>Mitigating Action.</b> A live improvement plan is in operation and is reported on monthly; in addition to fortnightly meetings addressing how to improve uptake of developmental reviews. There are plans for community nursery nurses within the service to start visiting their assigned nurseries to promote the 2-2.5-year reviews.				

KPIs THAT MET TARGET				
7	Total no. of smokers (per annum) successfully completing 4 week quits after approaching NHS stop smoking services help you quit	868	200	<b>1,083</b>
8	% of opiate drug users that left drug treatment successfully who do not re-present to treatment within 6 months	8.2%	8.5%	<b>7.87%</b> <b>(45/572)</b> <b>(Jan- Dec 2021)</b>
9	% of children overweight (obese) in reception (1 <sup>st</sup> value), and year 6 (2 <sup>nd</sup> Value)	21-46%	N/A	<b>21.1%, 37.8%</b>
10	No. of sexual health screens completed.	-	N/A	<b>61,132</b>
<b>Service Commentary.</b> 17,981 sexual health screens were delivered via the e-service, with 43,151 delivered through GUM clinics.				

## CHILDREN'S SERVICES

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIs THAT ARE OFF TRACK TO MEET TARGET</b>					
1	% of primary school vacancies (surplus places) across Westminster	22.90%	10%	<b>23.10%</b>	
<p>► <b>Service commentary/ mitigation:</b></p> <p>Due to falling numbers of young children entering our primary schools, we have a surplus of primary school places across the borough. We have worked with the Isos Partnership to identify how we can address the issue and ensure that we have the right amount of primary school places available and that our schools continue to be able to sustain themselves given falling school rolls. Further to the review of primary school provision undertaken by the Isos Partnership in summer 2020, three recommendations were agreed by Schools Forum;</p> <ol style="list-style-type: none"> <li>1. reduce surplus capacity by 5 to 4 forms of entry</li> <li>2. support schools' financial management</li> <li>3. maximise pupil numbers.</li> </ol> <p>Whilst some interim measures will remain in place, such as the temporary capping of published admissions numbers (PANs), we have developed long-term solutions such as permanent reductions to published admissions numbers and consultation on the amalgamation of schools with significant surplus capacity.</p> <p>Following formal consultation and close scrutiny and debate, the decision to amalgamate Westminster Cathedral School and St Vincent de Paul Primary School has been approved. Westminster City Council is currently working with the schools to ensure that the new amalgamated school will be ready for this September intake. Westminster City Council has undertaken capital works on the site of the amalgamated school (St Vincent de Paul Primary School) to improve accessibility and safeguarding, and has worked with the school on the new staffing structure and other to the school year in September.</p>					
2	% uptake of free early education funded placements for 3 and 4 olds	49.50%	85%	<b>48%</b>	
<p>► <b>Service commentary/ mitigation:</b></p> <p>The take up of 3 and 4 year old places has been reducing for a few years and it is a combination of different issues (the baseline used by the DfE is based on the 2011 census data; families who do not take up funded places and access education when it becomes statutory, as they may not see it as a necessity and they either rely on extended family or keep children at home; some providers are not in receipt of funding, so we have some 3 and 4 year olds accessing early education without including them in the data).</p> <p>A robust outreach strategy is in place to promote the take up of funded places. Some of the strategies are as follows:</p> <ul style="list-style-type: none"> <li>• Distribution of flyers and posters across different sites (e.g. schools, libraries, GP surgeries, children's centres, social care teams etc.);</li> <li>• School banners were introduced;</li> <li>• Attendance at team meetings to promote the funding offers amongst different services and professionals;</li> <li>• Attendance at parent and toddler and stay and play sessions to promote the funding offers;</li> <li>• Wider promotion of funded places via the Family Information Service; promotional materials (e.g. magnets, bus pass holders etc.);</li> <li>• Focus on specific geographical areas to ensure that the take up of funded places for two year olds and the extended offer (30 hours) increases;</li> <li>• Introduction of a 'Parent Champion' programme to promote the value of early education and in extension funded offers.</li> </ul>					
3	% of Looked After Children in care for more than 2.5 years and of those, have been in the same placement for at least 2 years	66.70%	75%	<b>57%</b>	
<p>► <b>Service commentary/ mitigation:</b></p> <p>The amount of children who fall within this cohort is a very small number. The recent movement of one sibling group of three children to their forever family accounts for this 10% variation of the measure. However, this is a positive story in terms of permanency outcome for these children.</p>					
4	% of Looked After Children placed within 20 miles from where they used to live in Westminster	-	85%	<b>78%</b>	
<p>► <b>Service commentary/ mitigation:</b></p> <p>This is a newly introduced aspirational target, given that we know placement provision within Westminster is very limited. Primarily this group will be the older age group who leave in semi- independent settings in less costly boroughs and some children are living with connected family carers in other parts of the UK.</p>					
<b>KPIs THAT ARE AT RISK OF MISSING TARGET</b>					
5	% of appointments to register births available within 5 days of enquiry	81%	95%	<b>90.50%</b>	
6	% of schools rated by Ofsted as good or outstanding	93%	98%	<b>93% (54/58)</b>	
7	No. of young people that were known to the Youth Offending Team and were continuing to re-offend	32	22	<b>28</b>	

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIS THAT ARE ON TRACK TO MEET TARGET</b>					
8	% of referrals to children's social care that are within 12 months of an earlier referral (re-referrals)	18.90%	15%	<b>15.20%</b>	
9	% of care leavers (aged 17-24) placed in accommodation suitable for their needs (for children not homeless or in prison)	96%	94%	<b>96.10%</b>	
10	% of care leavers (aged 17-24) in education, employment or training (EET)	80%	80%	<b>77.70%</b>	
11	% of Education and Health Care Plan plans completed within 20 weeks	100%	90%	<b>100%</b>	
12	% increase in real and virtual visits to libraries	78.9%	2%	<b>27.1%</b>	
<b>► Service Commentary</b> The target for this KPI is based on aspirational visitor increases during operations with no pandemic restrictions. Visitor numbers are increasing sharply following the lifting of restrictions. This target will be reviewed once a new operating baseline has been established.					

<b>KPIS WITHOUT A TARGET</b>					
13	% of children re-registered on a protection plan within 2 years	0%	N/A	<b>0%</b>	
14	% of children on free school meals	-	N/A	<b>35.70%</b>	

<b>KPIS WITH DATA NOT YET AVAILABLE</b>					
15	Attainment 8 score - average score obtained by a student for their best 8 GCSE results.	57.6	58	Attainment 8 data for the academic year 2021/22 not yet available	

## ENVIRONMENT AND CITY MANAGEMENT

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIS THAT ARE OFF TRACK TO MEET TARGET</b>					
1	% deviation from target reduction of overall Westminster City Emissions (%)	6%	1,850,000 tCO2	3.1% (1,907,090 tCO2e)	
2	% deviation from target reduction of overall Westminster City Council Emissions (%)	11%	1670 ktCO2e by end 2021/22	22.5% (41,014 tCO2e)	
▶ <b>Service Commentary/ Mitigating Action:</b> 3.1% off reduction target. Emissions data is not reported consistently - data is from 2019.					
<b>KPIs THAT ARE AT RISK OF MISSING TARGET LEVELS</b>					
3	No. of Category 1 hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	209	375*	41	
▶ <b>Service Commentary/ Mitigating Action:</b> Likely to be significant increase as HMO conditions inspections commence (July 22). A proportion of Cat 1's are normally removed through complaint led work (non HMO)					
4	Household waste recycling rate (%)	22%	25%	24%	
▶ <b>Service Commentary/ Mitigating Action:</b> Temporary delay to roll out of food waste service - recommencing in Maida Vale/Little Venice Aug/Sept.					
5	% of missed bin collections per 100,000	3%	3%	4%	
▶ <b>Service Commentary/ Mitigating Action:</b> Marginal increase in missed collections – time and delays caused by traffic congestion.					
<b>KPIS THAT ARE ON TRACK TO MEET/ MET TARGET</b>					
6	% of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision	83%	80%	100%	
7	% of licensed premises that are safe and well managed following a single inspection	99%	90%	96%	
8	% of streets in Westminster that pass the street score survey for litter	95%	95%	95%	
9	No. of parks and open spaces awarded with green flag status	28	28*	28	
10	% of urgent lighting defects returned to service within agreed service levels	85%	98%	100%	
11	% of carriageway and footway defects repaired or made safe within target timescales	100%	98%	99%	
12	No. of vulnerable residents supported to continue living in their homes	927	500*	205	
13	% of all high-risk food premises inspected (rated category A-B)	100% (Cat A) 92% (Cat B)	100%	100%	
14	No. physical activity providers that have been awarded the Active Westminster mark	42	40	27	
15	Percentage of cycle lane asset condition assessments completed as scheduled.	-	98%*	91%	
16	Ratio of public EV charging places to Resident ECO Permits held	-	01:08	1:3.72	
17	Number of HMOs improved	-	200*	15	
18	Total participation in play, physical activity, leisure and/or sport facilities and activities	-	4.6m/annum*	1.1m (23%)	
19	No. of visits to outdoor learning services	-	23,000*	6,760 (29%)	
<b>KPIS (Data to follow)</b>					
20	% of women accessing specialist domestic abuse services who report a reduction in abuse	-	75%	-	

## FINANCE AND RESOURCES

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIs THAT ARE AT RISK OF MISSING TARGET LEVELS</b>					
1	% of Stage 2 complaint responses despatched within 20 working days	55%	75%	49%	
<b>Service Commentary/ Mitigating Action:</b> Corporate Complaints - 67% in target. Housing management - 40% in target. Housing continues to see an increase in the volume of stage 2 complaints which is having an impact on meeting the target. The housing service is now completing a reorganisation which increases the number of front-line staff and increases the resources available for complaint resolution. Stage 2 handling processes have been reviewed and weekly meetings introduced with complaint investigators to expedite overdue complaints and reduce the turnaround time. In the short-term performance will be below target as older cases are closed, however performance will improve from August 2022. This work will put the team in a better position in readiness for the autumn/winter increase in case volume.					
2	Carbon savings achieved from portfolio of companies receiving pension fund investments compared to the 2018/19 baseline	65%	75%	65%	
<b>Service Commentary/ Mitigating Action:</b> Further improvements in carbon savings are expected from the moves into renewable energy infrastructure and the above benchmark investments these portfolios have achieved. The Government's pending consultation on carbon measuring will provide a framework for future benchmarking and monitoring and the opportunity to respond to the consultation prior to regulation being passed. Annual measurements for the current year will start later in the year.					
3	Housing Revenue Account (HRA) Rent collection	-	98.50%	97.17%	
4	% of premises with access to full fibre broadband in Westminster	65.1%	80%	67.2%	
<b>Service Commentary/ Mitigating Action:</b> The council is working with its communities to understand areas of poor connectivity, and conveying this demand to networks to bolster the business case for fibre rollouts. As well as continuing to push the residential voucher scheme with networks.					
5	% of contract awards (over £100k) to Small Enterprises	-	25%	22%	
6	% of digitally excluded residents because of lack of skills, connectivity or accessibility	4%	3%	4%	
<b>Service Commentary/ Mitigating Action:</b> The council measures the percentage of digitally excluded residents through the annual city survey. Half of all survey respondents who responded as being digitally excluded selected the categories of 'not for me' and 'reliant on others' which are the hardest segments of the population to engage and will therefore take more time to engage, to describe themselves as 'digitally included'.					

<b>KPIs THAT ARE ON TRACK TO MEET TARGET</b>					
7	% of unpaid sundry debt (raised by invoice on IBC) over 30+ days	7%	16%	9%	
8	Time taken to process benefit claims and benefit changes of circumstance notifications (days)	10	9	9	
9	Corporate Contact Centre % Calls abandoned <10%	-	<10%	9.90%	
10	Out of Hours Contact Centre % Calls abandoned <10%	-	<10%	8.10%	
11	% of invoice payments made to creditors within 30 days	98.50%	95%	98.19%	
12	% of contracts (over £100k) with Responsible Procurement commitments (e.g. to reduction to carbon footprint)	100%	90%	97%	
13	% of Business Rates Collected (National Non Domestic Rates)	91.80%	95%*	31.46%	
14	% of Council Tax Collected	98.5%	93%*	34.65%	
15	% of High Value Suppliers (contract spend of £2m and above) rated at Good or Satisfactory by contract managers	95%	90%	96%	
16	% increase in total income generated from the council's investment property portfolio per annum	3.3%	2%	14.34%	



## GROWTH, PLANNING AND HOUSING

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIs THAT ARE AT RISK OF MISSING TARGET LEVELS</b>					
1	% of residents satisfied with anti-social behaviour case handling (on housing estates) by the council	67%	65%	61%	
<b>Service Commentary/ Mitigating Action:</b> We are meeting the minimum target. This is a relatively small survey where we have had 48 responses so far this year - ASB satisfaction tends to fluctuate from month to month and accuracy will increase as more responses are received during the year.					
2	No. of residents securing jobs through the Westminster Employment Service (WES)	529	TBC	60	
<b>Service Commentary/ Mitigating Action:</b> Activity which the team is focussed on for Q2 includes increasing referrals through outreach in the community, launching a new hospitality and leisure service and delivering a Jobs Fair at Lords in September. Targets for the Service are currently being developed to reflect a stronger focus on the quality of jobs including only working with London Living Wage employers. The target will also consider the spike in jobs secured for residents in 2021/22 following the reopening of the City and large scale recruitments to support covid vaccination and testing. Targets will be included for Q2.					
3	Westminster residents supported into work focused training and skills opportunities	-	300*	39	
<b>Service Commentary/ Mitigating Action:</b> This is a revised measure. The figure is currently lower than profiled due to checks on an additional 41 residents supported into work focussed training and skills in Q1. Once verified, the figures will be included in Q2 reporting and it is anticipated that the annual target will be on track.					
4	Average % of zero carbon emissions target for major planning permissions that is met by on site measures (new measure)	-	60%	43%	
<b>Service Commentary/ Mitigating Action:</b> 2 sustainability officers start on 01/08/22 to provide resource in house to drive up on-site performance of developments. Expected that minimum target of 49% will be met or exceeded by year end. Additional resource added within dept to increase operational carbon performance of schemes going forward. Improvement in schemes coming forward later in 22/23 expected.					

<b>KPIs THAT ARE ON TRACK TO MEET TARGET</b>					
5	No. of cases of homelessness prevented	595	545*	158	
6	% of calls answered by the Housing Customer Services Centre within 30 seconds	69%	70%	76%	
7	% of tenants' satisfied with housing repairs service	75%	75%	77%	
8	Voids brought back to use with improved energy efficiency	-	80*	25	
9	No. of businesses receiving meaningful business support	10,188	2,250	1,084	
10	Businesses actively engaged and/ or contributing financially or in kind (or amount of contributions (£) from business to support our communities, residents and young people	-	180*	40	
11	% of Westminster residents supported into jobs through WES who are sustained in employment for a minimum of 6 months (new measure)	-	45%	44%	
12	% of 'major' planning applications determined within 13 weeks i.e. larger scale development	89%	70%	90%	
13	% of Westminster residents supported into jobs through WES who are sustained in employment for a minimum of 6 months	-	45%	44%	
14	% of 'non-major' planning applications determined within 8 weeks	78%	75%	78%	
15	% planning appeals determined in favour of the council (Excluding telephone boxes)	67%	65%	68%	
16	No. of affordable Housing units delivered	186	493*	29	

## INNOVATION AND CHANGE

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIs THAT ARE AT RISK OF MISSING TARGET LEVELS</b>					
1	No. of Westminster Connects volunteers (and total hours) to help their communities	1,816 (29,764 hours)	1,500 * (5,000 hours)	277 (934.5 hours)	
2	FOIs responded to in line with statutory deadlines (targets based on ICO guidance)	85%	90%	87%	
<b>KPIs THAT ARE ON TRACK TO MEET TARGET</b>					
3	Committee agendas published in line with statutory deadlines	96%	100%	100%	
<b>KPIs WITHOUT A TARGET</b>					
4	% of residents who agree the Council involves them in decisions it makes about their local area	49%	TBC	49%	
5	No. of people assisted by Night Stars	-	TBC	253	
6	Subject Area Request responded to in line with statutory deadlines (targets based on ICO guidance)	59%	TBC	82%	
<b>Service commentary: SARs</b> – 2 issues identified 2021/22 1) issue in allocation process (reviewed), and 2) pilot implemented whereby Children's cases required an additional review to be made by the service prior to review which impacts on time to respond in some cases					
<b>KPIs WITH DATA NOT YET AVAILABLE</b>					
7	% of residents who feel informed about plans for your local area	59%	69%	2022 data Jan 2023	
8	% of residents who feel informed about services and benefits	60%	69%	2022 data Jan 2023	
<b>Service Commentary:</b> This data is from the City Survey results that were reported in January 2022. We will get new data from the City Survey around January 2023 and this will be included in the yearend report. In the meantime, we're engaging more with local communities, and are using more channels to tailor messages to the recipients so we are expecting next result to show improvement.					

## PEOPLE SERVICES

KPI Description		Yearend 2021/22	Target	Q1 22/23	RAG
<b>KPIs THAT ARE AT RISK OF MISSING TARGET LEVELS</b>					
1	% of staff turnover is managed at appropriate benchmark levels (excluding redundancies)	-	11%	<b>13%</b>	
2	Gender median pay gap in the Council workforce (difference in mean hourly rate as % of men's pay)	10.10%	9%	<b>10.10%</b>	
3	Ethnicity median pay gap in the Council workforce (difference in mean hourly rate as a % of white employees' pay)	12.90%	11%	<b>12.90%</b>	
<b>KPIs THAT ARE ON TRACK TO MEET/ MET TARGET</b>					
4	% of BAME employees in senior leadership roles (band 5 and above)	26%	28%	<b>26%</b>	
5	% of women in senior leadership roles (band 5 and above)	45%	47%	<b>47%</b>	
6	% of workforce that are Temporary Agency Contractors	-	8%	<b>7%</b>	
<b>KPIs (Data to follow)</b>					
7	Westminster Way index (%)	67%	69%	-	
8	Staff Survey: % of staff who think it is safe to speak up	54%	58%	-	
9	Engagement: Employee Engagement across WCC	74%	74%	-	

#### **4. Financial Implications**

N/A

#### **5. Legal Implications**

N/A

#### **6. Carbon Impact**

N/A

#### **7. Equalities Impact**

N/A

#### **8. Consultation**

N/A

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

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## Audit and Performance Committee

<b>Decision Maker:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>7 September 2022</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>2022/23 Quarter 1 Financial Monitor</b>
<b>Wards Affected:</b>	<b>ALL</b>
<b>Key Decision:</b>	<b>No</b>
<b>Financial Summary:</b>	<b>The report summarises the Council's 2022/23 quarter 1 financial position</b>
<b>Report of:</b>	<b>Gerald Almeroth, Executive Director – Finance and Resources</b>

### **1. Executive Summary**

- 1.1 This monitoring report presents the Council's summarised 2022/23 Quarter 1 financial position to date and the forecast for the remainder of the year, based on activity trends and analysis to date.
- 1.2 As at Quarter 1 of the 2022/23 Financial Year the General Fund - Revenue is reporting a forecast overspend of £4.465m against a budget of £184.862m
- 1.3 As at Quarter 1 the capital programme for 2022/23 reflected a projected £69.296m gross expenditure variance and £47.541m net variance.

### **2. Recommendations**

- 2.1 That the Committee notes the current monitoring and forecast position at Quarter 1 for 2022/23

### **3. Revenue**

#### **Overview**

3.1 In March 2022 Full Council approved the 2022/23 budget which included £16.671m of savings and £5.789m of investment and pressures. As at quarter 1 of the 2022/23 financial year the General Fund revenue position is reporting a forecast overspend of £1.293m against a budget of £184.862m.

3.2 Primarily this is due to the following reasons:

- Contract and other inflationary pressures across all directorates as inflationary rises continue. A budget provision was made when inflation was 5.4% but this has now risen to 10.1% in July and is expected to rise further over the next 12-months
- A favourable variance of £2.335m in Finance and Resources that is due to the return on investment within Treasury & Pensions forecasting increased returns because of interest rises
- An adverse variance in of £2.000m in Growth, Planning and Housing that as planning fee income on major applications remains lower than pre-pandemic levels
- An adverse variance of £1.546m in Children's Services that is primarily due to increased pressures on SEN Transport and Short Breaks.

3.3 As at Quarter 1 of the 2022/23 Financial Year the Housing Revenue Account (HRA) is reporting a forecast balanced outturn. Primarily this is due to use of contingency earmarked to fund capital can be redirected to mitigate emerging inflationary risks (with a net £2.7m worth of risk items identified at this stage).

3.4 The table below summarises the Quarter 1 General Fund position.

Overview	FY Budget (£m)	FY Forecast (£m)	FY Variance (£m)	Risks Identified (£m)	Opps Identified (£m)	Projected Variance inc Opps and Risks (£m)
Adult Social Care	50.570	51.314	0.744	1.256	-	2.000
Public Health	(1.141)	(1.141)	-	-	-	-
Growth, Planning & Housing	19.341	21.376	2.035	2.508	(0.450)	4.093
Finance and Resources	29.154	27.433	(1.721)	-	(2.000)	(3.721)
Corporate Items	30.201	30.201	-	-	-	-
Environment and City Management	1.033	2.807	1.774	5.954	(1.350)	6.378
Children's Services	38.280	39.913	1.633	0.270	(0.426)	1.477
Innovation and Change	13.351	13.351	-	-	-	-
Other Corporate Directorates	4.073	4.073	-	-	-	-
<b>NET CONTROLLABLE BUDGET</b>	<b>184.862</b>	<b>189.327</b>	<b>4.465</b>	<b>9.988</b>	<b>(4.226)</b>	<b>10.227</b>
Council Tax	(121.567)		-			-
Business Rates - Net of Tariff	(63.295)		-			-
<b>CORPORATE FINANCING</b>	<b>(184.862)</b>		-			-
<b>Net (Surplus) / Deficit</b>			<b>4.465</b>	<b>9.988</b>	<b>(4.226)</b>	<b>10.277</b>

### 3.5 Savings Summary

- 3.6 Details of progress against approved savings are outlined in the commentary for each directorate in the table below. Where savings are not on track, the directorates will consider mitigations to bring the budget back on target for this year.

ELT	Saving Achieved	Part Achieved/On Track	Part or Completely Reprofiled	Part or Completely at risk	Total
Adult Social Care	200	2,400	-	-	2,600
Children's Services	-	1,100	-	800	1,900
Environment and City Management	1,700	3,300	900	-	5,900
Finance and Resources	-	1,100	400	-	1,500
Growth, Planning and Housing	-	3,000	-	1,100	4,100
Innovation and Change	800	200	-	-	1,000
<b>Total</b>	<b>2,700</b>	<b>11,100</b>	<b>1,300</b>	<b>1,900</b>	<b>17,000</b>

### 3.7 Inflation

- 3.8 Historically the council has budgeted for inflationary pressures in the MTFP at approximately 2%, and this has been the case for several years as the UK has experience a prolonged period of low inflation and low interest rates. As the UK has emerged from the pandemic level of inflation have steadily increased over the last 12 months with CPI report at 10.1% in July and RPI at 12.3%. Inflation is predicted to rise even further over the next twelve months which presents a significant challenge on the Council's financial position as well as the national economy.
- 3.9 Originally the MTFP included an additional £2m for non-pay inflation costs, which could be used to fund increasing contract and utilities costs. During the 2022/23 budget process a further £4.8m was included in inflationary pressures to reflect the inflation rate of 5.4% at that time. This brings the total non-pay inflation provision to £6.8m.
- 3.10 CPI has continued to rise throughout 2022/23 and in July 2022 was reported at 10.1% with predictions that this will rise further. The Bank of England is currently forecasting inflation could reach 13% by 2023 and Citibank forecast 18.6%. One



of the factors' driving inflation is the war in the Ukraine and its impact on global energy and food supplies.

- 3.11 Inflationary pressures and subsequent costs are a significant risk to the Council's financial position for 2022/23 and future years. Each contract has a different inflationary uplift metric (e.g. CPI or RPI), but on average each 1% increase in the CPI rate could add a further c£1.6m cost to the current adverse variance.
- 3.12 Procurement and Commercial Services have provided updated guidance to Contract Managers on how to negotiate inflation increase requests from suppliers and ensure that value for money is being achieved.
- 3.13 In addition to contract inflation pressures negotiations are ongoing with Employers and the Unions to reach an agreement on the 2022/23 Pay Award. As part of the approved budget 2% was agreed for pay inflation which equalled £2.5m. The current offer, if accepted, will cost the council an additional £6.6m, this is £4m more than budgeted. Combined with contract inflation pressure the council would need to potentially fund an additional £13.2m unbudgeted spend.
- 3.14 The revenue forecast overspend for Quarter 1 is £4.465m of which £3.172m is related to contract inflation over and above the £6.8m budgetary provision made at the beginning of the year. This accounts for over 70% of the current full year forecast variance and will remain the highest risk to the financial outturn. This inflationary pressure has been reflected across each directorate forecast position.

#### **4. Summary by ELT**

##### **Adult Social Care**

- 4.1 The forecast outturn for Quarter 1 is a breakeven position. This position is underpinned by an assumption that funding from Discharge to Assess (D2A) will continue to the end of July and a new funding arrangement to be negotiated on a recurring basis for the remaining months. The directorate is currently in discussion, along with other councils across northwest London with NWL Integrated Care System (ICS).

##### **Public Health**

- 4.2 The service is reporting a net underspend of £0.995m which will be taken to reserves, leaving a net nil variance. This underspend is primarily due to £0.911m of increased Public Health grant income than budgeted as the 2022/23 allocation was announced after the Council approved its budget.
- 4.3 There is also a £0.179m net underspend within the commissioning services due to activity levels being lower than the maximum usage that is budgeted across a number of demand-led services such as GUM, Health Checks and Smoking

Cessation services. This is offset by £0.095m overspend within the non-commissioned services which include all overheads

## **Growth, Planning & Housing**

- 4.4 An overspend of £2m is forecasted as at Quarter 1 against a budget of £19.341m. This is the result of income projections in Development Planning being £2m below budget. Major applications still remain significantly below pre-pandemic levels which may develop into an increased adverse variance if the remainder of the year does not improve.
- 4.5 The breakeven overall position for General Fund Housing assumes greater than budgeted use of the Homelessness Prevention Grant to off-set the increased cost of temporary accommodation leases. Current projections indicate a £2.6m increased use of HPG compared to last financial year. Cost pressures are particularly acute in the areas of Private Rented Sector units where we are projecting £1.25m increase in costs compared to 21/22 and in the nightly booked accommodation where we are projecting a £1.1m more expenditure than in 21/22

## **Finances and Resources**

- 4.6 At Quarter 1, Finance and Resources is reporting an underspend of £2.335m against the budget of £29.154m. This is almost entirely a result of the favourable variance in Treasury & Pensions with the interest on cash deposit investments yielding a more favourable return. This is primarily because of interest rate rises so far this year, with the prospect of further increases to come as the Bank of England try to combat inflationary pressures.

## **Environment and City Management**

- 4.8 ECM reports a small overspend at Quarter 1 of £0.082m against the budget of £1.033m, comprised of offsetting variances within individual services as below.
- 4.9 **Highways Infrastructure & Public Realm** - £0.028m underspend due to additional income of £0.200m in Roads Management, and an overspend of £0.172m in highways resulting from an inflationary increase to the TFL precept, paying for the maintenance on traffic signals within Westminster.
- 4.10 **Public Protection & Licensing** - due to a delay in delivery of the £0.900m saving projected through service redesign, now expected to be in place from 1 April 2023.
- 4.11 **Waste & Cleaning** - £0.790m underspend due to £0.700m of commercial waste income and £0.090 underspend from public conveniences becoming exempt from business rates.

## **Children's Services**

- 4.12 Children's Services is reporting an overspend of £1.546m against the budget of £38.280m at Quarter 1.
- 4.13 The £1.057m adverse variance in Education is driven by increasing pressures arising from the provision of high-cost support packages for children with very complex care needs, and a net increase in the number of pupils receiving SEN Transport. The adverse variance in Family Services is £0.696m. Numbers of Looked After Children (LAC) and Care Leaver numbers are significant, and placement spend is directly impacted by the increasing cases of young people with more challenging support needs.
- 4.14 Forecasts for children's social care are extremely volatile and often driven by factors outside of the services' control such as school closures, placement availability, and changes to eligibility thresholds for joint funding. An inflation risk of £0.357m has been identified in SEN Transport, however corporately held growth is expected to mitigate this.
- 4.15 The Libraries and Archives adverse variance of £0.143m reflects the impact of income targets that are going to be difficult to deliver and MTFP pressures are being flagged separately as a risk. The service is exploring options to mitigate this risk as far as possible over the course of the year. Registrars is reporting a positive variance of £0.450m due to increased bookings post-pandemic.

## **Innovation & Change / Other Corporate Directorates**

- 4.16 No variances to report at Quarter 1. There are several reviews ongoing in services areas including Communities, Strategy and Intelligence and Corporate PMO that may result in variances to be reported at Q2 when complete.

## **Housing Revenue Account**

- 4.17 At Quarter 1 the Housing Revenue Account (HRA) is projecting a balanced outturn. However, the HRA is carrying £2.7m worth of risk items which are predominantly driven by exposure to inflation on the repairs budget. Mitigations were built into the HRA business plan to manage on-going financial risk, and these may be needed to offset any potential pressures as they arise.
- 4.18 The key elements of this position includes a £0.823m favourable variance on HRA staff due to vacant posts (for which recruitment is underway), £0.237m adverse variance on regeneration voids with the biggest cost being council tax, a £0.578m adverse variance of contract growth within Neighbourhoods and Innovation & Improvement.
- 4.19 Recruitment is underway across the service, but vacant posts still constitute 19% of the total HRA permanent structure, with the largest number of vacancies in the

Major Works team. Interim staff are providing cover in many areas, but an overall underspend on salaries is projected for the HRA as a whole.

- 4.20 The HRA budgets for the full cost of the staff structure (and does not include a vacancy allowance like some services). The current staff underspend represents a c.4% vacancy factor on the 2022/23 staff outturn which is considered an acceptable operating tolerance. However, some service areas (particularly Repairs and Major Works) are experiencing recruitment challenges due to skills shortages in these sectors.

## **5. Risks and Opportunities**

- 5.1 ELT Directorates have identified £12.946m of risks and £2.226m of opportunities.

### **Risks**

- 5.2 The inflationary challenge facing the wider economy is anticipated to have an impact in all ELT areas, especially where the Council must provide a statutory service.
- 5.3 Of the £7.646m risk within Environment and City Management, £7.146m is due to expected increases in contracts due to inflation. This pressure is only a forecast as the annual indices have not been released yet. The service area working to mitigate this risk via discussions with suppliers around the impact of inflation on their key cost drivers.
- 5.4 Adults are reporting a £2.000m risk due to Discharge to Assess as it is anticipated that funds would be depleted by August 2022 and there is no confirmation if further funds will become available. Integrated Care Systems have earmarked £5.000m to cover these claims across London Boroughs.
- 5.5 Growth, Planning and housing are reporting a risk of £2.543m of which £1.000m is due to Economy service. The service is funded from external income sources but due to the pandemic this has reduced significantly. A review of the service is taking place to put the service in an ongoing sustainable position.

### **Opportunities**

- 5.6 WAES have bid for grant funding from GLA to run “Skills bootcamps for Londoners”, which could see a significant increase in grant funding to the organisation. Announcements of this funding are expected in July 2022. This could lead to an opportunity of £0.450m.
- 5.7 Environment and City Management are reporting an opportunity of £1.350m. This is mainly due to an increased performance in commercial income across Commercial Waste, Cemeteries Income and Road Management Income. Trends

are being monitored by the services to understand the movements and review the forecasts regularly to assess any impact inflation may have.

- 5.8 Children's Services are reporting an opportunity of £0.426m. This is agreed funding of the continued growth in demand for SEN Transport services.

## **6. Horizon Scanning**

- 6.1 Consideration has been given to future budgets and the following areas have been identified as potential events which may impact budgets in the medium term:
- 6.2 The cost-of-living crisis and rising inflation is a concern across the Council services. Inflationary increases may cause budget pressures due to increased cost of goods and services. Work is being undertaken to mitigate inflationary increases in contracts.
- 6.3 The current pay award offer, if accepted, may create an additional £4m pressure in 2022/23 over and above the original MTFP. Negotiations are ongoing and will be reflected in the monitor once approved.
- 6.5 Overall performance of the economy may have an impact on commercial income generated such as commercial rent.
- 6.6 Recent consultation on a change to the formula that determines the level of Homelessness Prevention Grant allocated to each authority from 2023/24 onwards has been released which may result in positive change for Westminster.

## 7. Capital Budget 2022/23

- 7.1 The table below summarises the Council's budget and forecast position on the 2022/23 capital programme, which reflects a projected £69.236m gross expenditure variance and £47.541 net variance. It should be noted that the budget with slippage will be put forward for cabinet approval in October.

ELT	2022/23 Expenditure Budget £m	2022/23 Income Budget £m	2022/23 Net Budget £m	2022/23 Expenditure Forecast £m	2022/23 Income Forecast £m	2022/23 Net Forecast £m	2022/23 Expenditure Variance £m	2022/23 Income Variance £m	2022/23 Net Variance £m
Adult's Services	0.653	(0.553)	0.100	0.532	(0.532)	0.000	(0.121)	0.021	(0.100)
Children's Services	10.428	(8.043)	2.385	10.428	(8.043)	2.385	(0.000)	0.000	0.000
Growth, Planning & Housing	138.994	(28.434)	110.560	112.216	(20.754)	91.462	(26.778)	7.680	(19.098)
Environment & City Management	125.404	(36.514)	88.890	94.389	(22.639)	71.750	(31.015)	13.875	(17.140)
Finance and Resources	54.790	(5.966)	48.824	72.697	(5.847)	66.850	17.907	0.119	18.026
Westminster Builds	50.633	(0.000)	50.633	21.404	(0.000)	21.404	(29.229)	0.000	(29.229)
Projects Funded from FCR*	0.000	(0.000)	0.000	0.000	(0.000)	0.000	(0.000)	0.000	0.000
<b>Total for Council</b>	<b>380.902</b>	<b>(79.510)</b>	<b>301.392</b>	<b>311.666</b>	<b>(57.815)</b>	<b>253.851</b>	<b>(69.236)</b>	<b>21.695</b>	<b>(47.541)</b>

- 7.2 As seen in the table below, eleven projects contribute to the majority of the expenditure variance. By way of comparison there are over 270 projects in the 2022/23 capital programme, and therefore, just 4% of the projects are causing 61% of the expenditure variance.

Project	2022/23 Variance to Budget £m	Comments
Westminster Builds	(30.503)	At Q1, the company will require £30.503m less investment than modelled in the Business Plan. The main reason for this is the decision to fundamentally change the tenure splits on 300 Harrow Road and Westmead, meaning the council will self-deliver rather than using WB. The overspends in the GF on these schemes offset this underspend – please see the line below.
300 Harrow Road and Westmead Regeneration Schemes	17.824	This is primarily due to the decision to remove private sale units on the 300 Harrow Road and Westmead schemes, meaning the scheme will now be delivered in the GF rather than through WB. This is offset by an underspend within the subsidiary company's section of the monitoring (as above) because the Council will no longer need to invest funds in WB to finance the development.
Oxford Street District	(22.749)	The programme is reporting reprofiling to future years of £22.749m with total spend in 22/23 of £2.3m. The review of the programme and its intended priorities are in progress. As a result, only the core programme costs have been included in the forecast until the future direction of the programme is set. This forecast is highly likely to increase once decisions around individual work packages have been taken, but no formal governance around this has been finalised.
Rough Sleepers' Acquisition Programme	(9.465)	£9.465m is to be reprofiled to 2023-24 due to delays on acquisition & new supply. Priority has been given to completing the partially grant funded programme.
WCH Development Loan	(6.473)	The scheme within WCH that this loan relates to is currently on hold and under review, so it is very unlikely it will be drawn down in 22/23.
Ceremonial Streetscape	(5.171)	Issues outside of the control of WCC such as access to land to commence works and material availability due to general shortage in the construction industry has resulted in re-profiling of this scheme to future years.

Electric Street Cleansing Vehicles City Wide	(4.000)	Testing of three different electric street cleansing vehicles currently underway. Recommendation on preferred vehicles and authorisation to proceed with project to come forward soon.
Public Conveniences Renovation Programme	(3.361)	Broadwick Street already begun with other sites soon to follow. Only Automatic Public Conveniences being completed this year and therefore the rest of the spend will take place in following year.
Waste Fleet Replacement Programme	(3.159)	Installation of electric charging infrastructure has some delays and delivery of electric waste vehicles rescheduled from October 2022 to April 2023.
Temporary Accommodation Acquisition Programme	(2.206)	There is £2.206m to be reprofiled into 2023-24. The 2022-23 target was for 68 acquisitions. Currently 7 units are expected to slip into 2023/24 along with the associated funding requirement.
Property Investment Acquisitions	27.094	Property will need to bring forward £27.094m of the Property Acquisitions £120m budget from 2023/24 to 2022/23 as purchases of a property in Vauxhall Bridge Road and the head lease of a property in Berwick Street were completed in April 2022.
<b>Total</b>	<b>(42.169)</b>	



### 7.3 Housing Revenue Account

7.4 The HRA capital budget and forecast position is summarised in the table below.

HRA Capital Programme	2022/23 Budget (£m)	2022/23 Forecast (£m)	2022/23 Variance (£m)
Planned Maintenance	57.826	49.985	(7.841)
Development	125.823	131.083	5.260
Other Projects	18.153	18.153	0
<b>Total</b>	<b>201.802</b>	<b>199.221</b>	<b>(2.581)</b>

7.5 The HRA is forecasting an outturn position for the year that is marginally below the in-year budget (resulting in a small underspend of **£2.581m** overall). The 2022/23 budget includes £4.294m of slippage from 2021/22 (due to be approved in July 2022).

7.6 The main area of variance is on Planned Maintenance. A full programme of works has been scheduled to deliver to the planned budget of £57.8m but a delivery adjustment has been applied to reduce the expected outturn and thereby reflect unforeseen delays across the various schemes (reflecting historic trends). The Development forecast is slightly higher than budget, which reflects minor adjustments to delivery profiles versus the business plan.

7.7 The variances within HRA Planned Maintenance are shown in the table below:

Project	2022/23 Variance to Budget (£m)	Comments
Major Works	(8.859)	The forecast is in line with service provider cashflows for the current financial year. This reflects some re-profiling versus the original assumptions in the HRA Business Plan due to some project starts now being scheduled for September.
Voids	1.700	The service is anticipating a larger number of voids in 2022/23 (329 vs 297 in 2021/22). In addition, there are a further 28 voids that had been earmarked for disposal but will now be put back into operation (creating a 20% year-on-year increase in volumes). In addition, the voids previously earmarked for disposal are generally in worse condition and are more expensive to repair (up to £39k in some cases). This has increased the average cost per void from £14,500 in 2021/22 to £15,700 in 2022/23.
PDHU	2.009	The Pimlico District Heating Unit (PDHU) project will now commence earlier than had been previously forecast in the HRA Business Plan. This does not alter the overall budget for the works over the medium-term (which remains £11m and excludes the wider strategic option considerations for the future operation of the PDHU).
Climate Works	2.928	Increase in forecast spend due to project re-profiling from 2023/24 to match grant funding now awarded in 2022/23. The key risk to the programme is resident take up (i.e., residents allowing retrofit work to be carried out within their properties).
Delivery Adjustment	(9.521)	Each element of the Planned Maintenance programme has an agreed schedule of projects and contractors in place to deliver. However, despite robust programme planning, delays are inevitable for which an over-arching delivery adjustment of c.15% has been applied to the overall programme. This reduces the outturn estimate versus what was included in the HRA business plan but would still result in a 25% increase on delivery versus 2021/22. This will be updated throughout the year as forecasts are adjusted to reflect known delays across the different programmes of work. It effectively represents an "over-programming" approach designed to maximise delivery whilst allowing for realistic financial planning (particularly in relation to HRA borrowing).
<b>Total</b>	<b>(11.743)</b>	

7.8 The key variances within the HRA Development are detailed in the table below:

Project	2022/23 Variance To Budget (£m)	Comments
Acquisitions (Ebury & Church Street)	5.721	Spend re-profiled to reflect an acceleration in the estimated number of acquisitions (based on availability).
Ashbridge	1.560	Variance reflects re-profiling on the project cashflow, as well as a cost increase driven by the inclusion of air source heat pumps to the development specification.
Ebury (Phases 1 and 2)	1.547	The spend profile for the Phase 1 scheme has been adjusted to reflect the later start on site in 2021/22 and the budget 2022/23 is now very closely aligned to the expected outturn (reflecting stable progress on the scheme). Spend on Ebury Phase 2 has been ramped up
Lisson Arches	(1.350)	The delivery profile for the scheme was accelerated in 2021/22 which led to planned spend being more front-loaded than what was reflected in the original budget estimates.
Queens Park Court	(1.470)	A preferred contractor has been identified and the forecast now reflects the revised cost plan that has been proposed. This scheme was recently reviewed by CRG and an increase to the overall cost of the scheme was noted (reflecting inflation in construction prices at the time of tender).
<b>Total</b>	<b>6.008</b>	

## 8. Financial Implications

8.1 The financial implications are set out in the Appendix 1 of the report

## 9. Legal Implications

9.1 There are no legal implications arising from this report

## **Appendices**

### **Appendix 1 – Supporting Financial Information**

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

**Jake Bacchus ([jbacchus@westminster.gov.uk](mailto:jbacchus@westminster.gov.uk))**

## Appendix 1

### Supporting Financial Information

#### 1. Savings

1.1 Of the £17m saving approved by Cabinet £2.7m have been achieved and £11.1m are currently on track to be achieved. Savings of £1.3m have been reprofiled in part or completely, whilst £1.9m are currently considered at risk of being part or completely unachievable.

1.2 The total reprofiled savings of £1.3m are made up as follows:

Directorate	Description/Service	Re-profiled (£000's)	Mitigating Actions
Environment and City Management	Future City Management	200	Safe Cities transformation programme of which the saving for Public Protection and Licensing is included are still being discussed and it is anticipated that these will be implemented after 1st April 2023
Environment and City Management	Public Protection and Licensing	700	
Finance and Resources / Adults Social Care	Planned move of ASC from NHS premises	400	The service is seeking to mitigate this in 2022/23 through an agreement to reduce the number of desks before the end of the financial year and the identification of one off savings or income.
	<b>Total</b>	<b>1,300</b>	

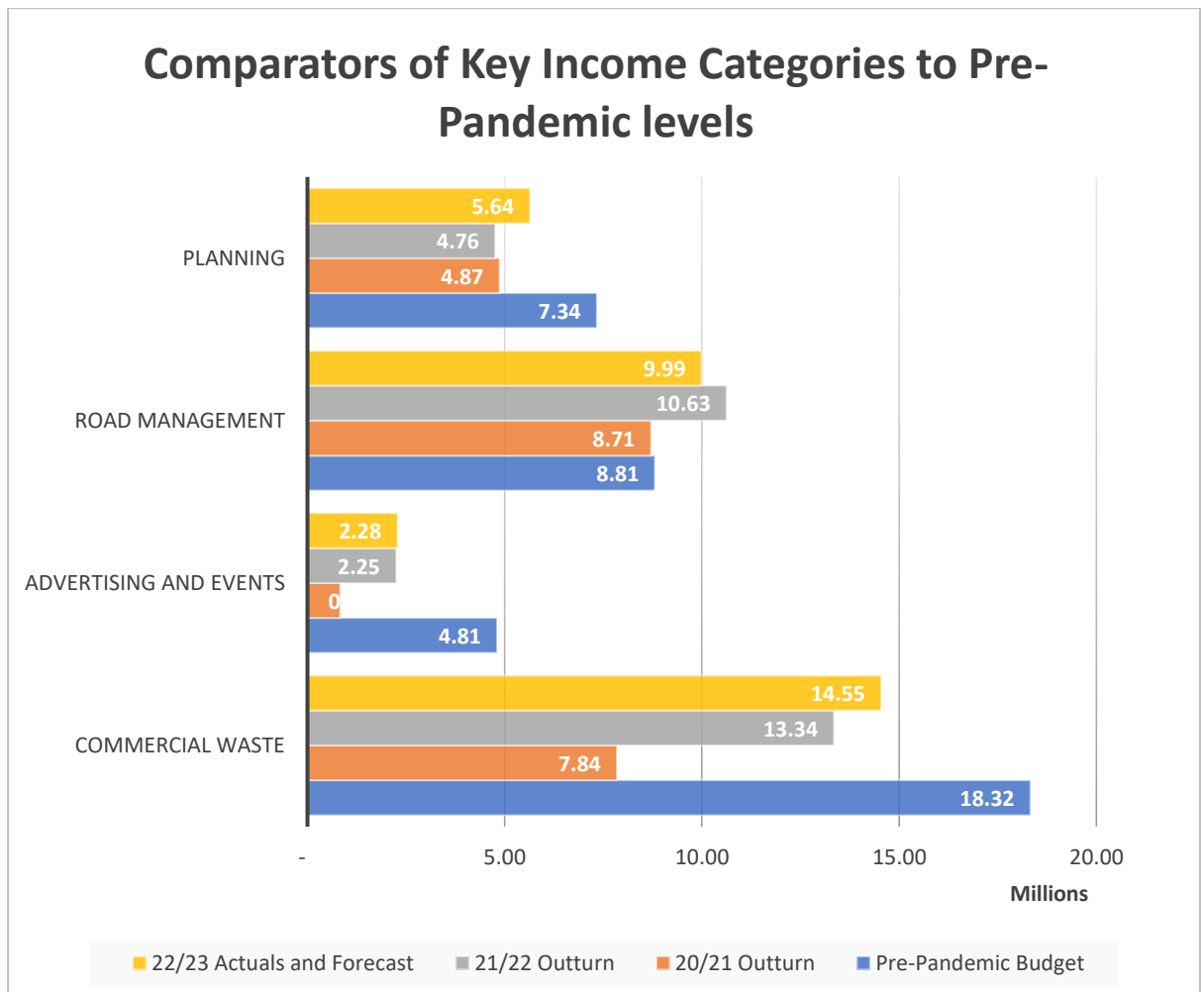
1.3 The total savings of £1.9m which are at risk of not being achieved is made up of the following:

Directorate	Description/Service	At risk Savings in 2022/23 (£000's)	Mitigating Actions
Children's	Libraries Transformation	450	Service is reviewing feasibility into commercial revenue streams and other offsetting savings

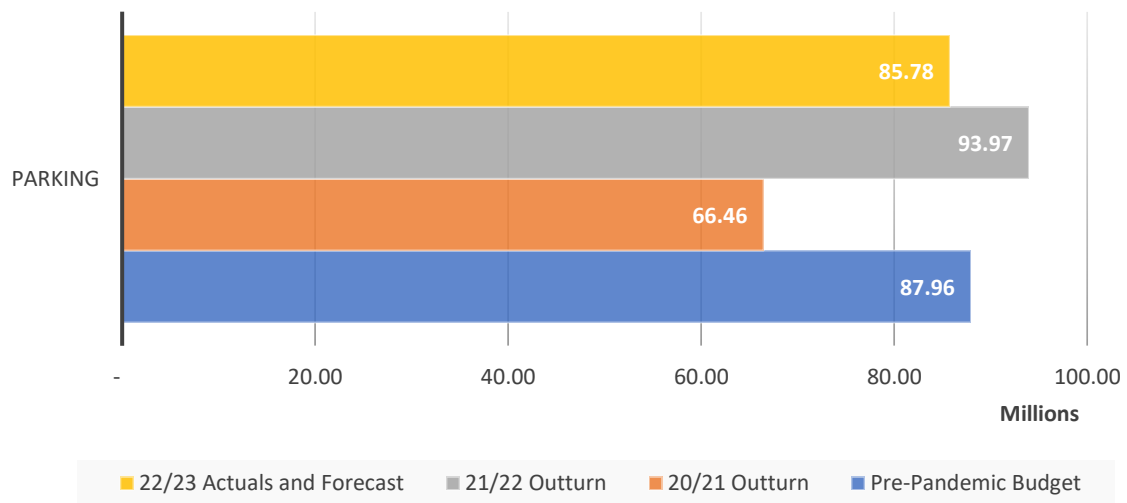
Children's	Pre-Birth to Five Service Redesign	350	Working with public health to determine if any funding available
Growth, Planning and Housing	Planning Income	1,000	The drop in planning applications is due to the pandemic and current wider economic climate. This is being closely monitored to understand if this is a longer-term position.
Growth, Planning and Housing	Procurement efficiency savings	100	The service are currently reviewing the regeneration and development programmes in response to general economic pressures. This planned saving will need to be reviewed in conjunction with this.
<b>Total</b>		<b>1,900</b>	

## 2. Commercial Income

- 2.1 The key income streams impacted are summarised in the graphs on the next slides. The graphs show indicative forecasts for the full year and compares these with prior years and pre-pandemic budgets.



## Comparators of Parking Income to Pre-Pandemic Levels







## Audit and Performance Committee Report

**Date:** 13 September 2022

**Classification:** General Release

**Title:** **2022/2023 Work Programme**

**Report of:** Head of Governance and Councillor Liaison

**Wards Involved:** N/A

**Report Author and Contact Details:** **Clare O'Keefe**  
[cokeefe@westminster.gov.uk](mailto:cokeefe@westminster.gov.uk)

### 1. Executive Summary

- 1.1 This report requests the Committee Members to consider the Work Programme for the 2022/2023 municipal year attached at Appendix 1, and to confirm the agenda items for its next meeting on 29 September 2022.
- 1.2 The Committee is asked to note the actions which arose from its meeting on 21 July 2022, as detailed in Appendix 3.

### 2. Recommendations

It is recommended that the Committee:

- 2.1 agree the agenda items for its meeting on 29 September 2022, as set out in this report and Appendix 1; and
- 2.2 consider items for the future Work Programme for 2022/2023

### 3. Selecting items for the Work Programme

- 3.1 The draft Work Programme for 2022/23 is attached at Appendix 1 to the report. The remaining scheduled meetings for the current municipal year are:
  - 29 September 2022;
  - 29 November 2022; and
  - 23 February 2023.
- 3.2 Members' attention is drawn to the Terms of Reference for the Audit and Performance Committee (attached to this report as Appendix 2) which may

assist the Committee in identifying issues to be included in the Work Programme.

- 3.3 As members are aware, the Work Programme will be reviewed at each meeting of the Committee and items can be removed or added as necessary.
- 3.4 The Committee is asked to reflect on agenda items for its meeting on 29 September 2022.
- 3.5 Members also may wish to suggest items for inclusion in the Work Programme, subject to the Committee's terms of reference.

#### **4. Task Groups**

- 4.1 There are no Task Groups operating at present.

#### **5. Monitoring Actions**

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

#### **6. Resources**

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

**If you have any queries about this report or wish to inspect any of the background papers, please contact Clare O'Keefe.**

**[cokeefe@westminster.gov.uk](mailto:cokeefe@westminster.gov.uk)**

Appendix 1: Work Programme  
Appendix 2: Terms of Reference  
Appendix 3: Action Tracker

## Work Programme – Audit and Performance Committee

<b>ROUND 3</b> <b>7 September 2022</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
Quarterly Performance Report (Apr-Jun 22/23)	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Q1 finance monitor	To monitor the City Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.	Gerald Almeroth Jake Bacchus (Finance)
Work Programme 2022/2023	To review the work programme for the remainder of the municipal year	Clare O'Keefe

<b>ROUND 4</b> <b>29 September 2022</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
Audited accounts and final Statement of Accounts	To receive and review the audited Statement of Accounts for the Council and the Pension Fund following a public inspection period of the accounts.	Gerald Almeroth Jake Bacchus (Finance) Phil Triggs (Treasury)
Treasury Management Strategy Outturn 2021/2022	To note the annual treasury management final outturn 2021/22.	Gerald Almeroth Jake Bacchus (Finance) Phil Triggs Mathew Dawson (Treasury)
Independent Member recruitment	To update the committee on the recruitment of an independent member.	Gerald Almeroth Jake Bacchus (Finance)
Internal Audit Progress 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	David Hughes Moiria Mackie (Internal Audit)
External Auditor's Annual Report	To review the External Auditor's Annual Report and management response to recommendations.	Gerald Almeroth Jake Bacchus (Finance)

Work Programme 2022/2023	To review the work programme for the remainder of the municipal year	Artemis Kassi
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<b>ROUND 5</b> <b>29 November 2022</b>		
<b>Agenda item</b>	<b>Purpose</b>	<b>Officer</b>
Q2 finance monitor	To monitor the City Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.	Gerald Almeroth Jake Bacchus (Finance)
Quarterly Performance Report (July-Sept 22/23)	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Internal Audit Progress 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	David Hughes Moirra Mackie (Internal Audit)
Review of the Internal Audit Charter	To review the Council's Internal Audit Charter which is maintained by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS)	David Hughes Moirra Mackie (Internal Audit)
Mid-Year Counter Fraud Report	To oversee and monitor the success of the Counter Fraud Service	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Review of Anti-Fraud Policies	To review and approve the following which are maintained by the Corporate Anti-Fraud Service: - Whistleblowing Policy; - Fraud Response Plan; - Anti-Bribery Policy; and - Anti-Money Laundering Policy (including procedures)	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Treasury Management Strategy Mid-Year Review	To review the Treasury Management Mid-Year Strategy	TBC
General Procurement Update		Caron Smith (Procurement)
Contract and Supplier Performance Report		Caron Smith (Procurement)

Corporate Complaints report	To consider the Corporate Complaints Annual Review	TBC
Work Programme 2022/2023	To review the work programme for the remainder of the municipal year	Artemis Kassi

Identify some time to undertake the Review of Effectiveness of the Audit Committee (could be reported separately in February 2023 or included in Annual Report in June/July 2023).  
Review to be undertaken between September and January.

ROUND 6 23 February 2023		
Agenda item	Purpose	Officer
Q3 finance monitor	To monitor the City Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves.	Gerald Almeroth Jake Bacchus (Finance)
Quarterly Performance Report (Oct – Dec 22/23)	To monitor the quarterly performance results.	Pedro Wrobel Mo Rahman (Performance)
Internal Audit Progress 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	David Hughes Moirra Mackie (Internal Audit)
Internal Audit Plan 2023/24	To review and comment on the draft audit plan for 2023/24	David Hughes Moirra Mackie (Internal Audit)
Ethical Standards report	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the City Council.	Parveen Akhtar/ Hazel Best/ Joyce Golder / David Hughes / Lee Witham
External Audit Plan	To receive an overview of the planned scope and timing of the statutory audits of the City of Westminster and the Westminster Pension Fund	Gerald Almeroth (Finance)
Work Programme 2022/2023	To review the work programme for the remainder of the municipal year	Artemis Kassi

ROUND 7 TBC 2023		
Agenda item	Purpose	Officer
Internal Audit Progress 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	David Hughes Moira Mackie (Internal Audit)
Work Programme 2023/2024	To review the work programme for the 2023/ 2024 municipal year	Artemis Kassi

Suggestions for June/ July 2023		
Agenda item	Purpose	Officer
Internal Audit Progress 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	David Hughes Moira Mackie (Internal Audit)
Counter Fraud End of Year Report	To oversee and monitor the success of the Counter Fraud Service.	David Hughes Andy Hyatt (Corporate Anti-Fraud Service)
Annual Report of the Committee (for submission to Full Council)*  *not completed last year due to timing/ elections etc	To receive the Annual Opinion report on overall adequacy and effectiveness of the organisation's framework of governance, risk management and control	Report of the Committee Chair can be supported by David Hughes and Moira Mackie (Internal Audit)

## **AUDIT AND PERFORMANCE COMMITTEE**

### **COMPOSITION**

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

### **TERMS OF REFERENCE**

#### **Audit Activity**

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

#### **Regulatory Framework**

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
9. To review any issue referred to it by the Chief Executive or a Director, or any Council body.
10. To monitor the effective development and operation of risk management and corporate governance in the Council.
11. To monitor Council policies on 'Raising Concerns at Work', the Council's complaints process and the Antifraud and Corruption Strategy; specifically the effectiveness of arrangements in place to ensure the Council is compliant with the Bribery Act 2010.
12. To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
13. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

14. To consider the Council's compliance with its own and other published standards and controls.
15. To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority and in this context to receive a report annually from the Director of Law and the Chief Finance Officer.

#### Accounts

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

#### Performance Monitoring

18. To review and scrutinise the financial implications of external inspection reports relating to the City Council.
19. To receive the quarterly performance monitoring report and refer any issues which in the Committee's view require more detailed scrutiny to the relevant Policy and Scrutiny Committee.
20. To review and scrutinise personnel issues where they impact on the financial or operational performance of the Council including but not limited to agency costs, long-term sickness, ill health early retirements and vacancies; and
21. To review and scrutinise Stage 2 complaints made against the City Council and monitor progress.
22. To consider and advise upon, prior to tender, the most appropriate contractual arrangements where a proposed contract has been referred to the Committee by the Chief Executive.
23. To maintain an overview of overall contract performance on behalf of the Council.
24. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.
25. To review and scrutinise the Council's value for money to Council tax payers.
26. To scrutinise any item of expenditure that the Committee deems necessary in order to ensure probity and value for money.

#### Staffing

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



### Appendix 3 - ACTION TRACKER

#### Audit and Performance Committee

	<b>ROUND 2 27 June 2022</b>	
Agenda Item	Action	Status/Follow Up
N/A	N/A	N/A

	<b>ROUND 2 21 July 2022</b>	
Agenda Item	Action	Status/Follow Up
Item 4 Update on Performance Management	That the Committee would receive the next Quarterly Performance Report ahead of publishing and ask any relevant questions of officers.	Complete
	That the Chair would meet with report authors ahead of the next meeting of the Committee.	Complete
Item 5 Revenue and Capital Outturn 2021/2022	That the case of improving the service of Sayers Croft would be investigated.	In progress
Item 6 Statement of Accounts 2021/2022	That the Committee would receive a summary of the last five years of changes to the balance sheet from the Director of Finance.	In progress
Item 8 Counter Fraud End of Year Report 2021/2022	That the Committee would be provided with background information setting out how the team figure out notional values.	Complete
	That the Committee would be provided with more information regarding the changing landscape of fraud when the six-monthly report is presented to the Committee.	In progress – to include in report in November
	That the Committee would receive a breakdown of the work solely undertaken by Council officers and jointly with other organisations.	In progress – to include in report in November
	That the Committee would be updated on the figures presented in 6.18 and 7.5 of the report.	In progress
	That the Committee would be provided with an update on the actions taken to recover funds noted in 6.19 of the report.	In progress

Item 9 Any other business	The Committee commented that they would find it useful to have an additional agenda item to set out the Committee's work programme. The Policy and Scrutiny Advisor and officers agreed to work together, and with the Chair, to pull a work programme together.	Complete
	The Committee advised that they prefer to receive the agenda and papers at least 7 full days in advance to the Committee meeting.	In progress