

Chief Executive's Office

WESTMINSTER SCRUTINY COMMISSION

Meeting on 30th November 2015

CHIEF EXECUTIVE'S PROGRESS REPORT

Update on significant matters of corporate interest

1. Introduction

1.1 This paper provides Members with an overview of some of the key corporate issues the Chief Executive is currently focused on. Members will be aware that the new Government launched an ambition legislative programme in the Queen's Speech earlier this year and that the challenging financial landscape is likely to continue for some time. In this context it is important that the Council becomes more agile and flexible and is able to think creatively about how it responds to the challenges and opportunities the sector faces, so that residents and stakeholders continue to receive the high quality services for which Westminster City Council is renowned. Many of the programmes I have highlighted below aim to achieve this. The paper starts by summarising some of the issues that are being grappled with at a London level, particularly Growth and Devolution. It then goes on to consider some of the key corporate programmes that will underpin the Council's response, particularly around better use of resources and supporting our employees so that we attract and retain the best staff we can.

2. Growth Deal

2.1 The implementation of the London Growth Deal agreed in 2014 is now underway. The City Council's particular focus is on the Working Capital pilot, which is being pursued alongside partners across the Central London Forward grouping of boroughs. The £11m, European-funded pilot will work with c.4,000 long-term unemployed central London residents with health conditions (ESA claimants), providing them with intensive case worker support integrated with local borough teams in order to help them overcome barriers and move towards employed work. Delivery of the pilot went live in October. Central London's involvement in Working Capital, in which the WCC has played a key role, has helped to inform and add weight to broader devolution discussions with government about the scope for aspects of DWP employment support programme to be delivered through more localised models in future.

3. Devolution

3.1 The pre-General Election period saw an escalation of the Government's devolution agenda, most notably through two groundbreaking 'deals'

with the Greater Manchester Combined Authority: the first offering a range of powers and funding across employment, skills, business support, planning and housing in exchange for the city-region agreeing to bring in an elected Mayor, and the second giving the city-region control over £6bn of health and social care spending to speed up integration of different services. In London, the Chancellor of the Exchequer and the Mayor of London announced a 'long-term economic plan for London' in February 2015 which included a number of new initiatives relevant to this agenda, including an indication that adult skills commissioning responsibilities would be devolved in some form to London, and the establishment of a London Land Commission to identify and make better use of surplus public sector brownfield land in the capital.

- 3.2 Following the General Election, the Government extended its offer to places to put forward 'deal' proposals to Government that would boost growth and support public service reform, and included a Cities and Local Government Devolution Bill in its Queen's Speech to underpin further deals. With Cornwall already having struck a deal with Government, 38 further deal proposals were received by Government by its initial deadline in early September.
- 3.3 These included propositions from London, which the City Council has been closely involved in developing, with the Leader, myself and other officers playing a leading role in coordinating this work across London. At the time of writing, announcements of further 'deals' with places are expected in the run up to and alongside the Spending Review statement from HM Treasury on November 25th, with the headlines of the Sheffield City Region's deal having been announced already ahead of the Conservative Party Conference. Given the complexity of the capital and the additional milestone of next year's Mayoral election it is likely that London's settlement will be more gradual. Discussions at official level to seek to shape London's settlement are ongoing across the themes below, with Westminster taking a particular direct interest in employment, skills and housing.
- 3.4 The London Proposition sets out asks and offers from London in six key areas:
 - **Employment and complex dependency:** commitment from the Department for Work and Pensions and other departments to pool resources to support long-term unemployed people into work, through 'hub' based service delivery and a co-designed, intensive programme for the hardest to help. This would be backed by an 'invest to save' financing model that allowed London to retain some of the savings from reducing benefit expenditure to reinvest in local programmes.
 - **Skills:** commitment to devolve the adult skills budget (19+) and allow London to improve the match between skills provision and current and future industry needs through setting incentives, agreeing outcome frameworks with colleges and improving labour market intelligence.

- **Enterprise support:** commitment to devolve various national budgets and programmes, such as UK Trade and Industry budgets and the national Growth Accelerator programme, to the London level to give businesses and entrepreneurs a 'one stop shop' for advice and support
- **Health and care:** commitment to back one or more health and social care integration pilots in areas within London, building on existing local work such as work taking place through the Better Care Fund
- **Crime and justice:** commitment to devolve budgets in specific areas (e.g. preventing extremism) and provide for better integration between different emergency services to save money and improve performance
- **Housing:** commitment to allow London to trial a number of measures to boost house building, including greater local flexibility on raising and spending funding and in setting planning fees. Further details regarding the work on the proposition from London local government may be available for discussion at the meeting. If not, a supplementary report will be brought to the relevant Scrutiny Committee.

4. Staff Retention and Awards

- 4.1 Reward and recognition are key to retaining high calibre staff. The Council is therefore looking at how it can demonstrate it values the contributions staff make in a number of ways.
- 4.2 The council is currently undertaking an employer branding exercise to strengthen its current position in the market as the employer of choice. Focus groups will be held with staff to ensure we have their feedback and understand what they value about working at Westminster and what they would also like to improve. This will feed into the people engagement and retention strategy for both new talent and existing staff.
- 4.3 The Council recognises that pay restraint in the public sector will continue for some time so a wholesale review of pay is not practical. Nevertheless Managers have the flexibility to award consolidated pay increases (step ups) based on staff performance and contribution as part of the annual performance appraisal. The council has a Rewarding Your Contribution scheme that enables managers to acknowledge and reward staff with one-off payments. These payments can be made during the year as immediate recognition or at the end of the performance year. The scheme is an effective means of recognising the efforts of employees who undertake additional work over and above the requirements of their role, go the extra mile or make a contribution which has tangible benefits to the council. The use of these tools has been limited in recent years, so EMT is encouraging managers to ensure that exceptional performance is properly recognised.
- 4.4 Reward is not just about pay. WCC has a recognition scheme that allows managers to acknowledge and thank individual employees for their contribution by awarding non cash benefits, such as membership

of a Westminster Leisure Centre Gym, or tea with the Lord Mayor. We are currently arranging an annual awards ceremony to be held in early 2016 to celebrate staff achievement.

- 4.5 Members will be aware that the council has been through a significant reorganisation, which has resulted in flatter organisational structures. This in turn has led to potentially fewer opportunities for career progression. We have worked with managers to develop career grade schemes, where appropriate, to support retention of staff and staff development. In addition, we have increased the number of graduates and apprenticeships into the Council in order to build tomorrow's talented workforce.
- 4.6 There are also other factors to support staff motivation and morale. WCC undertakes an annual staff survey as part of the on-going staff engagement. The survey conducted in September 2015 showed some positive engagement, with for example 68% of staff engaged with what the council is doing and 70% who are proud to work for the council. There was an increase in 6% since 2014 of staff who were satisfied with pay. Work will continue to engage with staff and managers will be developing action plans in response to the staff survey.
- 4.7 In previous staff surveys, staff have identified career development as one of their key issues and the leadership programme was developed to address this.

5. The Westminster Way Programme

- 5.1 I reported last year that the Westminster Way Programme is the Council's leadership and behaviours programme had been established. Progress has been made in many areas and a summary of the main outputs are detailed below:
- 5.2 Following agreement of the organisation's revamped values last year, considerable effort has been put into embedding them in the culture of the organisation. The PACE values and behaviours have started to be widely recognised across the Council and are embedded in the performance review process, Leadership Academy programme and underpin all our internal communication.
- 5.3 In January 2016, we began to roll out the new "Leading the Westminster Way" programme in partnership with TDP Development starting with the top 100 Westminster Leaders. This first cohort of senior Westminster leaders completed the academy programme in May 2016.
- 5.4 In June 2016, we began the roll out of this programme to our band 4 colleagues. To date, 195 colleagues have attended the programme and this will continue until September 2016. Feedback has been highly positive so far with an average score of 4.7 out of 5 agreeing that the content was clear and structured in a way that helped participants to learn. Further work is now in plan to roll out to band 3 colleagues during 2016.

- 5.5 To support the academy programme we have also organised master classes from external well known organisations who we can learn from as we continue to develop our leadership teams.
- 5.6 We have heard many success stories where leadership behaviours are changing and the impact in a variety of areas. The academy programme is helping us to develop our staff and represents our investment in their on-going development. Here are some examples of anecdotal feedback we have heard during the current phase:
- 5.7 'I can tell the difference between people in this council who have been on this programme and people who haven't - their attitude and mindset is clearly more positive. Mine is, so are the other people I work with'
- 5.8 Observation made by Band 4 colleagues of senior managers who had clearly been using the four cornerstones in their interactions (this is one of the tools used to enable leaders to engage effectively with their people)
- 5.9 In the morning two delegates met for the first time on a morning session (Crucial Conversations). They had a meeting scheduled which required a 'crucial conversation that afternoon'. They used the techniques to get the issues' out in the open and it got them to a positive outcome much more quickly.
- 5.10 One delegate has recently been successful in applying for her manager's role after they moved on. She felt that she wouldn't have had the confidence or belief in herself or her capabilities if it hadn't been for the programme.
- 5.11 Further work to embed PACE as "lived" behaviours will continue over the coming months with further work planned with the staff networks, a proposed 360 feedback process for all leaders and an awards process to openly recognise those areas and individuals who demonstrate PACE through their work with colleagues, partners, residents and members.
- 5.12 The staff network has also been refreshed this year and now has a core membership. It meets regularly and is an important tool for ensuring that there is good engagement between senior managers and staff. We have recently recruited 3 graduates from the National Graduate Development programme, the first in a number of years for us. This helps us strengthen our ambition to bring new young, talent individuals into the council alongside our apprenticeship, supported employment and intern programmes.
- 5.13 The successful roll out of Windows 7 and upgrade of hardware for staff has been well received over the last year and City Hall has undergone an intensive "de-clutter" programme to help prepare for the move during the summer of 2016 onwards.

6. Staff Survey

6.1 The 2015 Your Voice survey was live for 3 weeks between September 4th and 25th 2015 with an impressive 72 per cent response rate from Westminster staff, a significant increase from last year.

6.2 Areas to note specifically are:

- Staff felt they had more freedom to act in comparison with the overall councils' results and felt that teams regularly found ways to improve, which again had increased in comparison to the overall councils' average. However there was a slight decline of responses in clarity about what was expected of them (still at 84%) and understanding of how the Council meets its objectives (82%).
- There was an increase-compared to the overall councils' average, in senior managers being open about communication, which reverses the position in 2014. However there was a decline around the issue of performance management, with a significant drop in appraisal rates in the last 12 months of 11% (6.4% decline against the overall councils' average). The rates of 1:1s and regular feedback had also declined against the councils' average. However, these figures are being reviewed against the information we currently hold for performance reviews being completed, which is a higher figure.
- Rates of learning and development reviews with line managers have increased significantly as have opportunities for career progression.
- On the matter of communication and consultation staff did not feel as well informed as they could be about issues within their department and issues affecting them personally.
- Rates of reported bullying and harassment have declined from last year and resources available to staff have increased including IT resources. Perceptions of rates of pay have also increased, but remain at 46%, which is within the councils' average. However, views regarding physical working environment (e.g. City for All and Lisson Grove) have declined compared to the councils' average.
- Finally, there has been an increase in staff believing that action will be taken as a result of the survey.

7. Corporate Services

7.1 Members will recall that work was undertaken to look at establishing a Corporate Services function for RBKC, Westminster City Council and Hammersmith & Fulham with the intention of establishing a Director post to lead the work. Members received an early business case in 2014 for their consideration. With the change in administration in H&F the original proposition evolved and RBKC entered into an interim arrangement for a Bi-Borough Director Post with WCC. Jane West was initially seconded to this role and has recently moved on to become the Managing Director

at One Source. This provided an opportunity for both Councils to review their options.

- 7.2 As a consequence, WCC and RBKC are of the view that a permanent Bi-Borough Corporate Services Director post is needed and Members agreed to its establishment. The cost of the post will be shared between WCC and RBKC. The arrangement between the two councils will be defined in a s113 agreement, including a notice period of one year.
- 7.3 The post will manage the bi-borough responsibilities for Tri-borough ICT, Tri-borough Legal Services, the MSP programme, WCC HR and procurement plus a number of other mono-borough services for RBKC. The position will be line managed by the Chief Executive of WCC. Recruitment to the post will be completed by early December after the Bi-Borough Member Panel held on 9 December.

8. Managed Services Programme

- 8.1 Members will be aware that the introduction of the Managed Services Programme has not gone as smoothly as we had hoped, in spite of significant pre-go-live testing that suggested the system was fit for purpose. Considerable effort has been focused on recovering the programme and establishing a 'steady state'. This culminated in a significant meeting between the Leader, key Cabinet Members and senior officers with Luis Alvarez, CEO BT Global Services to discuss MSP. As a result BT agreed to deploy significant extra resources into the MSP recovery programme.
- 8.2 Whilst a number of new people have been recruited, Tri-Borough still has issues with BT trying to get staff deployed quickly into the key areas, such as the SSC at Jarrow and the need for specialist Agresso technicians. Payroll is still not consistent although payment performance is improving. Officers continue to liaise with senior BT Global Officers to progress the MSP issues as soon as possible. The deadline of end of November for business as usual is challenging but at present we are on track for Payroll, P2P and reconciliation workstreams.
- 8.3 More detailed reports have been prepared but the Audit and Performance Committee and the MSP Taskgroup chaired by Cllr Connell. It is not suggested here that the Committee undertake a detailed investigation of the problems associated with the programme's introduction.

9. Accounts 2014/15

- 9.1 The Council's accounts for 2014/15 were issued to the auditors on the 16 April (both Council and Pensions accounts) and were successfully audited, approved and published on 18 May 2015, over 4 months ahead of the statutory deadline of 30 September. This made Westminster the first local government body to publish its accounts for 2014/15 and the earliest for 75 years. It also exceeded the performance of 83% of the FTSE 100. As well as accelerating the pace of preparation, there has

been a focus on improving the quality of the accounts with the introduction of a quality assurance process and the auditors commented that the process has improved significantly compared to the prior year.

10. Medium Term Planning and Accounts 2015/16

- 10.1 The Council's Executive Management Team is supporting Members to deliver the 2015/16 budget and put in place arrangements for 2016/17 to 2018/19. Whilst Year 3's detailed proposals are yet to be worked up, a significant portion of the £117m three year target has now been identified and will be firmed up over the next few months. The 2015/16 budget is on track to balance and indeed an underspend is now expected. The Council's new financial planning framework for the forthcoming years in order to deliver the budget preparation to an earlier timeframe is beginning to show the benefits of this approach.
- 10.2 Work is ongoing on the 2015/16 accounts as part of a planned programme of continuous improvement. The Council has been undertaking monthly close down of the accounts since month 5 with increasing levels of detail and completeness as we progress through the financial year. This year the closedown will benefit from an enhanced quality assurance process, lessons learned from last year and further commitment to improve performance. There are challenges to be addressed arising from the ongoing embedding of the MSP programme.

11. West End Partnership (WEP)

- 11.1 In the summer the West End Partnership launched its fifteen-year Vision for the West End, based on a set of eight principles. These principles ranged from ensuring a vibrant, productive, and resilient West End to the provision of new jobs and skills opportunities.
- 11.2 To translate the vision into delivery, the WEP also launched its Delivery Plan in the summer. Based on the vision, this sets out the partnership's rolling programme of substantive projects, ordered under the headings of 'People', 'Place', and 'Prosperity'. Restructured 'taskgroups' consisting of a wider range of partners are currently being established under these headings to scrutinise progress of projects. The delivery programme will be supported by a small cross-cutting delivery team.
- 11.3 Key projects and programmes within the 'People' agenda include the further delivery of employment opportunities, environment enhancement, cycling, safety and enforcement, and the consolidation of freight and waste transportation across the West End.
- 11.4 The WEP Board is currently prioritising the key transformational 'Place' schemes. In particular, the Board has been assessing potential improvements to Oxford Street West. Central to this has been the vision for Oxford Street to become the world's best outdoor street shopping experience, with a reduction in vehicular use and improvements to public realm.

- 11.5 Additional areas that have been reviewed by the Board include Northbank BID's public realm plans for the Strand and Aldywch, as well as the proposed transformation of the Tottenham Court Road area to cope with increased demand that will arise from Crossrail.
- 11.6 In terms of 'Prosperity' the WEP has also undertaken lobbying to ensure greater broadband connectivity across the West End and are also currently assessing the potential impact of the localisation of business rates and ramifications of proposed new legislation, including the Housing and Planning Bill.
- 11.7 As many of the West End Partnership projects and programmes are developed, the partnership will increasingly have an important role in delivering a coordinated, area-wide approach to public affairs and communication.