



CITY OF WESTMINSTER

DRAFT MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a virtual meeting of the **Audit & Performance Committee** held at 6.30pm on Wednesday 15th July 2020.

Members Present: Councillors Ian Rowley (Chairman), David Boothroyd, Danny Chalkley and Richard Elcho.

Also Present: Gerald Almeroth (Executive Director of Finance Resources), Marine Andre (Corporate Performance Manager – Strategy & Intelligence), Mike Clarke (Bi-borough Director of Libraries Archive), Graham Collins (Head of Procurement & Supply Chain), Sarah Crouch (Bi-borough Deputy Director of Public Health), Paul Dossett (Grant Thornton), Annelie Drabu (Head of Strategy and Intelligence), Lucy Glover (Strategy Manager – Strategy & Intelligence), Joyce Golder (Principle Solicitor), David Hughes (Shared Services Director for Audit, Fraud, Risk & Insurance), Andy Hyatt (Head of Fraud), Debbie Jackson (Executive Director Growth Planning & Housing), Artemis Kassi (Senior Committee & Governance Officer), Moira Mackie (Head of Internal Audit), Stephen Muldoon (Director of Commercial & Financial Management), Anita Stokes (Commercial & Financial Management – Children’s Services), Andrew Tagg (Director of Operations & Programmes – Children’s Services), Rikin Tailor (Head of Corporate Finance), Phil Triggs (Tri-borough Director of Treasury & Pensions), Gareth Wall (Bi-borough Director of Integrated Commissioning), Greg Ward (Director of regeneration & Economic Development), Neil Wightman (Director of Housing), Paul Willmette (Special Projects Commissioner) and Lee Witham (Director of People Services).

1 MEMBERSHIP

- 1.1 There were no changes to the Membership.
- 1.2 It was proposed and seconded that Councillor David Boothroyd be appointed as Deputy Chair for the meeting.
- 1.3 **RESOLVED:** That Councillor David Boothroyd be appointed Deputy Chair of this meeting of the Audit & Performance Committee.

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 5th February and 18th June 2020 be agreed by the Committee as a correct record of proceedings.

4. 2019/20 END OF YEAR PERFORMANCE REPORT

- 4.1 Annelie Drabu (Head of Strategy & Intelligence) introduced a year-end report that presented detailed performance results for the year April 2019 to March 2020 against City for All priorities, and which considered progress in achieving the deliverables and targets within departmental business plans. The report also noted where services had experienced risks or issues arising from the Covid-19 outbreak and where performance had been particularly good despite challenging conditions. The information presented was by exception and highlighted the top achievements and challenges in quarter four of 2019/20.
- 4.2 The Committee considered the overall performance of the City Council and submitted questions to individual members of the Executive Leadership Team on performance within their directorates. This included queries about key performance indicators critical to the Council's performance which had either missed the ideal target at year end or had only met the minimum standard.
- 4.3 Issues discussed included local preparations for a possible second wave of Covid-19; continued pressure on the care market and the need for immunisation; and safeguarding children while school attendance was disrupted.
- 4.4 The Committee asked for further information on a range of issues arising from the report, which included an update on the care market and the additional costs to Westminster; the performance of the virtual school during the Covid-19 lockdown period; an update on the community contribution, including collection, allocation and sustainability.
- 4.5 **RESOLVED:** That the End of Year Performance Report for 2019/20 be noted.

ACTIONS:

1. Written response required on suppliers not delivering on Social Value commitments. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**
2. Written update required on the Public Health response to youth violence/youth offending. **(Action for Bernie Flaherty – Bi-Borough Executive Director for Adult Social Care & Health)**
3. Figures to be provided on the numbers of electric cars (both percentage and total) for the City. **(Action for Kevin Goad - Director, City Highways, Environment & City Management)**

4. Committee to receive an update on the care market, including extra costs to Westminster, impact on cash flow and staffing in care homes. **Action for Bernie Flaherty – Bi-Borough Executive Director for Adult Social Care & Health)**
5. Data to be provided on call performance/abandonment, including call performance of the Councillor phone line. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**
6. Committee to receive details of the performance of the virtual school during the Covid-19 lockdown period. **(Action for Sarah Newman - Bi-Borough Executive Director of Children’s Services)**
7. Information to be provided on resident satisfaction derived from the City Survey – and during the Covid-19 lockdown period if available. **(Action for Sophie Shore – Strategy & Intelligence)**
8. A report to be provided on the Community Contribution, to include the collection and allocation of sums; how sustainability was established; the robustness and transparency of the allocation process (including governance, monitoring and decision making); testing of validity of organisations, including in the Covid-19 context; and robustness of reporting and management of benefits. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**

5. FINANCE PERIOD 2 MONITORING REPORT

- 5.1 Gerald Almeroth (Executive Director of Finance & Resources) and Rikin Tailor (Head of Corporate Finance) submitted the Period 2 finance report, which provided details of the forecast outturn in respect of actual and projected revenue and capital expenditure by Cabinet Portfolio. The report included key risks and opportunities, together with details of revenue and capital expenditure for the Housing Revenue Account (HRA).
- 5.2 The Committee noted the significant impact of Covid-19 on the City Council’s local economy, which had led to additional costs from supporting the most vulnerable. The pandemic had also led to significant drops in income from sales, fees and charges; and savings proposals being delayed or considered undeliverable. The government had recognised local authorities were at the forefront of responding to the crisis and had agreed a number of measures which included additional funding and cashflow support.
- 5.3 The report projected a nil variance compared to budget with net risks of £17.5m, which comprised of income losses of £15.2m and additional expenditure of £2.3m. The City Council had so far received additional core funding of £16.4m from the government. Indicative forecasts for the rest of the year estimated an adverse variance of between £50m to £60m against budget, before taking additional government funding into account. It was noted that this was likely to change so should be viewed as indicative only.

The Council was looking at measures to reduce spending on non-essential functions where possible in order to reduce this impact over time. The HRA was forecasting an overspend of £4.7m, of which £3.9m was due to additional costs and reduced income as a result of the impact of Covid-19.

- 5.4 Issues discussed included grant funding for small businesses; and the significant drop in income during lockdown on areas such as parking and commercial waste.
- 5.5 **RESOLVED:** That the Period 2 Monitoring Report be noted.

6. 2019/20 SCHOOL BALANCES OUTTURN POSITION REPORT

- 6.1 Steve Muldoon (Director of Commercial & Financial Management) and Andrew Tagg (Director of Operations & Programmes, Children's Services) presented a report on the 2019/20 School Balances Outturn Position, which provided details of the level of school balances at the end of the financial year. Deficits had continued to increase, with 14 schools in Westminster having a deficit balance at the end of 2019/20, which represented a net increase of 2 over the previous year. It was noted that schools were facing increasing and ongoing funding pressures, particularly due to falling school rolls and the higher costs and less income arising from Covid-19.
- 6.2 With the agreement of the Schools' Forum, ISOS had been commissioned to undertake a strategic review that would seek to develop a robust school placement planning model and uniform budgetary principles to promote accuracy and consistency across the system in the future. The review would also seek to develop a full appraisal of future options.
- 6.3 The Committee noted that school deficits had been an ongoing issue and asked that the findings of the report be submitted to a future meeting, with the consultants being invited to attend.
- 6.4 **RESOLVED:** That the 2019/20 School Balances Outturn Position be noted.

ACTIONS:

1. Committee members to receive information about rates of decline and transition funding in addition to the GLA data. **(Action for Ian Heggs – Bi-Borough Director of Education)**
2. Strategic Review of schools finance in Westminster to be reviewed by the Committee. **(Action for Steve Muldoon – Director of Commercial & Financial Management)**
3. ISOS to be invited to a future Committee meeting. **(Action for Steve Muldoon – Director of Commercial and Financial Management)**

7. ANNUAL REPORT ON INTERNAL AUDIT AND INTERNAL CONTROL 2019/20

- 7.1 The Committee received a report from Moira Mackie (Head of Internal Audit) and David Hughes (Tri-Borough Director for Audit, Fraud, Risk & Insurance) that summarised the work of Internal Audit in 2019/20. The report also provided an opinion on the adequacy and effectiveness of the City Council's governance, risk management and internal control environment that would support Westminster's Annual Governance Statement. The Committee noted that from the work carried out by the Council's Internal Audit Service, reasonable assurance could be provided that systems of internal controls in place during the financial year were effective, with 83% of the audits undertaken receiving a positive assurance opinion.
- 7.2 There were a few areas where control improvements were required and compliance with agreed systems could be improved, which had included housing complaints (integration into corporate systems); client affairs and cyber security. Each case had been reported to the Audit & Performance Committee, and action plans put in place to remedy the weaknesses that had been identified. In most areas, the City Council was found to be effective at implementing recommendations where concerns in respect of controls had been identified.
- 7.3 The Committee asked for further information on several issues, which included housing complaints and how measures for improvement were tracked; and the Client Affairs Team.
- 7.4 **RESOLVED:** That the Annual Report of Internal Audit and Internal Control for 2019/20 be noted.

ACTIONS:

1. Committee to receive more information on housing and complaints, including tracking of improvement measures. **(Action for David Hughes – Tri-Borough Director for Audit, Fraud, Risk & Insurance)**
2. Committee to receive an update on the Client Affairs Team at the next meeting. **(Action for David Hughes – Tri-Borough Director for Audit, Fraud, Risk & Insurance)**
3. Committee to receive more information on monitoring compliance and areas of progress for cemeteries at the next meeting. **(Action for David Hughes – Tri-Borough Director for Audit, Fraud, Risk & Insurance)**

8. ANTI-FRAUD AND CORRUPTION STRATEGY REVIEW 2020

- 8.1 Andy Hyatt (Tri-Borough Head of Fraud) presented the revised Anti-Fraud and Corruption Strategy, which was a collection of interrelated policies and procedures, which included the Code of Conduct, Financial Regulations and

Whistle Blowing Policy; and which set out the framework for the City Council's commitment to preventing, detecting and deterring fraud and corruption.

8.2 The Committee discussed the potential for fraud in claims for business grants, and noted that taking legal action was dependant on the amount of evidence that was available and on whether prosecution would be in the public interest.

8.3 **RESOLVED:** That the revised anti-fraud and corruption policies be approved.

9. COUNTER FRAUD 2019/20 - END OF YEAR REPORT

9.1 The Committee received a report from Andy Hyatt (Tri-Borough Head of Fraud) that provided an account of fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from April 2019 to March 2020.

9.2 Since April 2019, CAFS had identified 221 positive outcomes including 57 successful prosecutions and 43 recovered tenancies and stopped successions. For the financial year ending March 2020, fraud identified by CAFS had a notational value of over £900,000. One new referral had been made via the whistleblowing process but had not been deemed a qualifying disclosure and had been resolved by People Services via the City Council's formal grievance process.

9.3 The Committee discussed the report and asked to receive information on fraud recovery; together with details of fraud relating to the blue and white badge schemes over the past five years.

9.4 **RESOLVED:** That the Counter Fraud End of Year Report for 2019/20 be noted.

ACTIONS:

1. Committee to receive information about the rate of referrals and prosecutions. **(Action for Andy Hyatt – Tri-Borough Head of Fraud)**
2. Committee to receive information of recovery. **(Action for Andy Hyatt – Tri-Borough Head of Fraud)**
3. Committee to receive information on white badge/blue badge fraud for the last five years. **(Action for Andy Hyatt – Tri-Borough Head of Fraud)**

10. WORK PROGRAMME AND ACTION TRACKER

10.1 The Committee noted and discussed its Work Programme the 2020/21 municipal year, and for the forthcoming meetings on 23 September and 2 December 2020.

10.2 Following cancellation of April 2020 meeting, the Committee asked to receive

a report from NHS England on immunisations. Committee members also requested information about the consequences of not being vaccinated and what could be done to improve vaccination rates.

10.3 It was suggested that an additional meeting of the Committee be arranged to receive the Annual Audit Report from the City Council's external auditors.

10.4 **RESOLVED:** That

1. The NHS be invited to attend the forthcoming meeting on 23 September to present a report on immunisation;
2. The Metropolitan Police be asked to provide a review of the performance of the Basic Command Unit for Westminster at the meeting on 23 September, or following meeting on 2 December;
3. An additional meeting of the Committee be arranged in August to receive the Annual Audit Report from the City Council's external auditors; and
4. Reports submitted to the Committee in future will include a section that considers the impact of Covid19.

ACTIONS:

1. NHS England now to be invited to the Committee meeting on 23 September. **(Action for Bernie Flaherty – Bi-Borough Executive Director for Adult Social Care & Health)**
2. Update on the performance of the MPS Basic Command Unit for Westminster, including Key Performance Indicators, to be included in the Committee Work Programme for September / December 2020. **(Action for Annette Acik – Director of Public Protection & Licensing)**
3. The Grant Thornton Audit report to be scheduled for a committee meeting in early August. **(Action for Gerald Almeroth - Executive Director of Finance & Resources)**

11. OTHER BUSINESS

11.1 No further business was reported.

The Meeting ended at 8.40pm.

CHAIRMAN: _____

DATE _____