



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Tuesday 28th November, 2023**, rooms 18.06-08, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher, Alan Mendoza, Jessica Toale and Aziz Toki (Chair).

Independent Person Present: Mark Maidment.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Jessica Barnett (Councillor and Governance Support Officer), Jo Brown (Audit Partner, Grant Thornton), Nick Byrom (Strategic Performance Manager), Nicky Crouch (Director of Family Services), Lyndsay Gamble (Head of Strategic Finance), Debbie Jackson (Executive Director of Regeneration, Economy and Planning), Frances Martin (Executive Director of Environment, Climate and Public Protection), Clare O’Keefe (Lead Policy and Scrutiny Advisor), Ibukun O Oluwasegun (Grant Thornton), Vis Sathasivam (Bi-Borough Director of Social Care), Phil Triggs (Tri-Borough Director of Treasury and Pensions) Gareth Wall (Bi-Borough Director of Integrated Commission), Sarah Warman (Strategic Director of Housing and Commercial Partnerships) and Pedro Wrobel (Executive Director of Innovation and Change).

1 MEMBERSHIP

1.1 The Committee noted that there were no apologies.

2 DECLARATIONS OF INTEREST

2.1 The Committee noted that there were no declarations of interest.

3 MINUTES

3.1 The Committee approved the minutes of its meeting on 24 October 2023.

RESOLVED:

3.2 That the minutes of the meeting held on 24 October 2023 be signed by the Chair as a correct record of proceedings.

4 MATTERS ARISING AND WORK PROGRAMME

- 4.1 The Committee noted that the accounts and finance monitor items would be taken first as colleagues in the Finance team had been shortlisted for Finance Team of the Year at the Public Finance Awards, which were being held that evening. The Chair was pleased their excellent work had been recognised and wished them good luck.
- 4.2 The Committee noted that this would be Jake Bacchus' (Director of Finance) last Audit and Performance meeting as he is moving on to a new role. The Committee gave Jake their thanks and wished him well for the future.

ACTION

- 4.3 That the outstanding items on the Committee's Action Tracker be followed up.

5 AUDITED ACCOUNTS AND FINAL STATEMENT OF ACCOUNTS

- 5.1 The Committee received an overview from Jake Bacchus (Director of Finance) and Jo Brown (Audit Partner, Grant Thornton) which set out that the draft account was received by the Audit and Performance Committee at its meeting on 24 July 2023 and the final accounts were complete and ready for sign-off. The Committee noted that this meeting was an opportunity for the Committee to see what had changed in the accounts from the draft to the audited position.
- 5.2 The Committee was informed that the audit opinion is unmodified, and the appendices to the report set out the audit adjustments at the time of writing. The Committee queried changes from the draft report to the final report and understood that some material changes in the account audit findings report (AFR) have been made, including issues which have since been resolved, and that the final report will be circulated in due course.
- 5.3 The Committee noted the challenges faced by local audit teams, which has been increasingly understood by central Government, and that Westminster has also been affected by this especially regarding the impact on subsidiaries and main accounts. The Committee welcomed that lessons will be learned from this ahead of the 2023-24 accounts.
- 5.4 The Committee was pleased to acknowledge Grant Thornton's thanks to the Finance team for their support during the audit process.
- 5.5 The Committee queried where the Grant Thornton team found their time was being spent and how that impacted the delay to the accounts sign-off. The Committee was informed that the Council has a very large, complex, set of accounts and most of the time spent fell under the scope of audit procedures such as significant risks of valuation investment properties, valuation of land and buildings and the Housing Revenue Account. Other areas of focus included group accounts and, although not referred to in the report, grants received in advance and the supporting documentation.

- 5.6 The Committee asked what lessons were learnt from both Grant Thornton and Council officers to ensure that the Council can reach the 30 September 2024 deadline. The Committee noted that the deadline will be a challenge when finding the balance between time and quality and that November is felt by Grant Thornton as a more reasonable deadline. The Committee was informed that how well both teams work together has a significant impact on progress and working together in the same place to cut down on email traffic is something to work towards. The Committee noted that audit planning was to be started before the end of the year but that the main bulk of the work would be undertaken in February 2024.
- 5.7 The Committee queried what the purpose of the hot review was and how it added value to Westminster's audit. The Committee was informed that it is a randomised sample and represents another layer of checking on the quality of the notes and ensuring all code requirements are watertight.
- 5.8 The Committee asked for details on Analyse Local and noted they are a nationally recognised third-party consultant who provides technical expertise and analysis to the Council. The Committee queried whether the Council is able to benchmark against local authorities who do not use Analyse Local and noted that there are no industry rivals to Analyse Local and it would depend on the size of the collection and provision and how information is already available to those teams and whether they feel equipped to consider that and make the provision judgment without Analyse Local. The Committee was informed that Analyse Local have a model based on Valuation Office Agency data which is risk assessed and are able to access comparable data across the UK and can horizon scan where appeals are likely to happen. The Committee raised concerns about there being only one agency on which local authorities are reliant on and was pleased to note that the Council undertakes a secondary piece of work using another organisation to check the percentage of appeals provision compared to the net collectable rate and this corroborated Analyse Locals data.
- 5.9 The Committee queried whether the debt provision and sundry debts remained prudent and was informed that they do remain conservative.
- 5.10 The Committee queried why the value for money assessment had been delayed and was informed that a split is allowed between the submission of the financial statements audit and the Value for Money Assessment (VfM). Grant Thornton uses an expert to do the VfM work and this is ongoing. A decision was made after considering resources and priorities to focus on getting the financial statements audit concluded knowing that the VfM assessment can be done within a permitted three-month window. The Committee queried whether the Council is anticipating being able to submit both together next year and was informed that Grant Thornton have a very large public sector portfolio and backstops have an impact and, although they will aim to do this, when it comes to resources and looking what to prioritise the financial statements will take precedence.

RESOLVED:

- 5.11 That the Committee noted the expected unmodified (i.e., unqualified) opinion of both the Council's accounts and pension fund report;
- 5.12 That the Committee considered the findings outlined in Grant Thornton's Audit Findings Reports (AFR) of both the Council's Statement of Accounts and Pension Fund report (Appendices 1 and 2, respectively);
- 5.13 That the Committee approved the adjustments outlined in both AFRs that will be reflected in the final audited sets of 2022/23 accounts; and
- 5.14 That the Committee agreed to delegate any residual matters relating to the audit of the accounts and Pension Fund report to the Section 151 Officer.

6 Q2 FINANCE MONITOR

- 6.1 The Committee received an overview from Gerald Almeroth (Executive Director of Finance and Resources). The Committee noted that the Q2 position shows a projected underspend of £2.420m where there was a £3.258m overspend at Q1. The Committee noted that the Council have seen a significant increase in Temporary Accommodation (TA) costs and the increase in interest earnings has gone some way to offset these costs. The Committee was informed that some of the overspends previously reported have reduced slightly. The Committee noted that the Housing Revenue Account has a projected overspend of £1.895m and the Capital Programme has a projected underspend £106.339m largely due to slippage of various schemes and the bringing forward of some spend.
- 6.2 The Committee recognised that income levels in planning are continuing to drop and asked how the Planning Service is mitigating against the falling demand for Major applications, as well as the baseline for factoring it into the Budget, whilst gearing up for the expected increase in workload linked to the Building Safety Act 2022. The Committee was informed that the Planning Service has seen a reduction in total income for a number of years, starting during the COVID-19 pandemic; the reduction in Major planning applications is largely outside of the Service's control and is a function of wider dynamics of the industry and some planning fees which are set by the Government. The Committee noted that there are implications from the Building Safety Act in terms of matters that are considered at the planning application stage; fundamental changes for the Building Control Service highlights a risk as the Service will need to increase resources but they will also be able to charge income.
- 6.3 The Committee queried that while the continued pressure of TA is clear, with the Housing General Fund projecting a budget pressure of £17.5m, compared to £9.5m in Quarter 1, how confident are officers that the proposed interventions will control this pressure. The Committee was informed that the Council's modelling is robust as a conservative position with significant risk is built in, and has a strategic board to oversee this area given the financial risk. The Committee noted that the Council has a broad ranging work programme in place to manage the pressure.

- 6.4 The Committee asked what is being done to meet the challenge of increased use of agency staff into social work teams and how the Council can recruit more effectively for permanent roles. The Committee was informed that the Council's reliance on agency staff is low in comparison to the sector more broadly. The Committee was pleased that officers continue to try and secure a permanent workforce and pan-London work has been undertaken on agency rates. The Committee noted that there is a national shortage of social workers and while there are more newly qualified social workers looking for work, there are not many experienced social workers. The Committee also noted that the Council's current rate of agency workers is 4-5 percent, where some authorities are running at 30-40 percent.
- 6.5 The Committee asked what is being done to lobby the Integrated Care Board (ICB) for social care placements funding. The Committee noted that the current level of funding is very disappointing and continues to be a pressure but that officers are lobbying Government and are in discussions with neighbouring boroughs who also fall within the ICB footprint to make a joint challenge.
- 6.6 The Committee queried how the demand for repairs, and the relating spend, is being managed. The Committee noted there has been a 12 percent increase in repairs from last year and in the last three months that has risen to 20 percent. The Committee recognised that the service is not where it would like to be so, while dealing with demand, officers are also trying to drive service improvement as it is a key priority for the Council.
- 6.7 The Committee asked how much slippage had been built into the 5 percent of projects causing 28 percent of the expenditure variance and how many of the 5 percent of projects were anticipated to contribute to an expenditure variance. The Committee was informed that the majority is slippage due to operational reasons or being overoptimistic with timescales for projects and these reasons have been referenced in the variation statements. The Committee noted that there are not many instances where a project has come in at underspend.
- 6.8 The Committee queried that the projected loss for Westco is forecasted to be less than last year and whether it is too soon to say this is a positive trend. The Committee was informed that the Council is limited in what can be said given commercial confidentiality however it is positive that the company has moved into a profitable position in the second half of the year and has undertaken work to restructure its core operations.
- 6.9 The Committee queried whether the decrease in the leased properties that the Council owns is a trend expected to continue where landlords have left the sector due to costs increasing, the strategy to replace these, and whether these play a role in the Capital Programme strategy. The Committee was informed that they do play a role in this strategy and the Council is working with providers and looking to attract new providers to engage, however, nightly TA is driving costs upwards.

- 6.10 The Committee queried whether the Council is developing new streams of income and, if so, where. The Committee was informed that there are several areas officers are investigating for additional income opportunities. The Committee noted that advertising was briefly discussed at a recent meeting of the Budget Scrutiny Task Group as a potential opportunity now that the market has recovered; the Committee understood that the Council has for the first time sold the advertising for hoarding in Piccadilly Circus. The Committee also noted that officers are looking at other areas and activating some of the Council's public spaces and making more use of digital advertising. The Committee was informed that officers are examining the Council's leisure offer and ensuring it is generating as much income as possible whilst meeting the needs of residents.
- 6.11 The Committee queried the legal challenge from a customer against parking charges applied, which had an associated £500k risk. The Committee was informed that the Council are not recruiting more marshals and the current coverage is where it needs to be, it is however monitored closely. The Committee also held a detailed discussion about the rolling programme of parking CCTV cameras and was informed of the frequency of mobile enforcement where marshals move to areas where there is a spike in activity.
- 6.12 The Committee queried whether parking income is now in excess of pre-pandemic levels and the process of road management. The Committee noted parking income is now in excess and that road management refers to licences for skips, road closures and works for demolition which generate income. The Committee was pleased to note that these figures were rising.
- 6.13 The Committee asked what the Council is doing to increase event advertising and noted that the reason for a drop in this income area is due to the Piccadilly underpass being closed for six months; the Council earns £800k from the Piccadilly underpass and when the works are complete in January the income trend will go up. The Committee was pleased to see these figures return to pre-pandemic levels.
- 6.14 The Committee queried what caused the delay in the Westminster Housing Investment Limited Ebury Phase 2 to now be scheduled for 2024/25. The Committee was informed the Ebury Phase 1 is progressing and there are no significant on-site delays. Phase 2 is under demolition at present and is a separate contract to the main contract and the Council will be procuring for the contractor and this has had an impact on the phasing of the payments. The Committee also queried the cause of the variant increase for the Oxford Street Programme and was informed that this is due to the engagement and consultations that took place over the summer.
- 6.15 The Committee queried the cause of the Parking Fee Structure Review to be delayed to February 2024 and noted that the Cabinet Member decision on the proposals for emissions-based charging has been called in for scrutiny which will take place on 6 December 2023.
- 6.16 The Committee queried whether the public conveniences renovation is concentrated in a particular area or a borough-wide issue and how the

Council is protecting this investment. The Committee noted that the Council has been looking at all public conveniences and prioritising based on need and state of repair. The Committee also noted that there is a strategy in place to look at how existing public conveniences can be improved and look at the re-provision of others. The Committee was informed that many of the renovated public conveniences will be pay-to-use with card payments.

- 6.17 The Committee queried whether the Council is expecting the decline in sexual entertainment venues (SEVs) to continue and eventually become a loss and whether the Council is allowed to increase licensing fees in respect of SEV's that are not shops. The Committee noted that while there is a decline in the trend, alternatives are taking its place, such as massage therapy. The Committee also noted that the Council is unable to increase licensing fees as they are prescribed.
- 6.18 The Committee queried whether the fast tracking of asylum refugees is impacting on the Council's homeless numbers and whether this has been factored into the forecast. The Committee noted this is having more of an impact on rough sleeping services and work is ongoing to understand the policy position. The Committee also noted that the Council is in constant communication with the Home Office and the Department for Housing, Levelling Up and Communities to identify latest trends and what they consider to be strategic risks to the Council. The Committee understood that the Council has the highest numbers of rough sleepers in any local authority and spends the most money supporting that population.

RESOLVED:

- 6.19 That the Committee noted the current monitoring and forecast position at Quarter 2 for 2023/24.

ACTIONS:

- 6.20 That details of the legal challenge from a customer against parking charges applied, which had an associated £500k risk, will be shared with the Committee.
- 6.21 That further information on the current number of CCTV cameras and the rolling programme of camera review and installation will be shared with the Committee.
- 6.22 That further information on the Public Conveniences Renovation will be shared with the Committee.

7 Q2 YEAR END PERFORMANCE REPORT

- 7.1 The Committee received an overview from Nick Byrom (Strategic Performance Manager) and understood that the Quarter 2 Performance Report covers the period from July 2023 to September 2023. The Committee was informed that the report now includes information regarding strategic risks and the half-year position on tenant satisfaction measures that the

Council are now required to report to the Regulator of Social Housing. The Committee noted that a new directorate has been established for Democracy, Law and People which has resulted in the moving of some performance indicators between directorates.

- 7.2 The Committee was also informed that the Council is continuing to make good progress against the annual performance framework with three quarters of Key Performance Indicators (KPIs) on track to meet target which would result in a 2 percent improvement on last year. The Committee noted that there are three KPIs that are at risk of meeting the year-end target, at the time of publishing.
- 7.3 The Committee enquired about feedback the Council received from the School Mental Health Conference on 26 September 2023. The Committee noted that feedback was positive and schools found it very useful to come together with health professionals as many children are struggling to transition back into full-time education following the COVID-19 pandemic. The Committee raised concerns about the new housing offices not being adequately advertised to residents.
- 7.4 The Committee asked why the internal KPI which looks at percentage of tenants satisfied with the housing repairs service is noted as 79 percent whilst the feedback of the Regulator of Social Housing Tenant Satisfaction Measures reports a 66 percent satisfaction measure relating to the repair service. The Committee was informed that the difference is due to the fact that the Council's current survey is a transactional survey which asks questions to those that have had a repair carried out while the Regulator of Social Housing Tenant Satisfaction Measures are based on a perception survey which is completed by a sample of tenants and leaseholders whether or not they have had a repair service. The Committee noted that both survey results relate to the Council's housing stock and not TA.
- 7.5 The Committee queried whether officers are assured that there are appropriate mitigations and controls around the strategic risks, and how they are measured and monitored. The Committee was assured that the risks reflect a thorough and rigorous discussion amongst the Executive Leadership Team facilitated by an exercise carried out by the Strategy and Intelligence team following discussions at the last Audit and Performance Committee. The Committee was informed that each strategic risk has both mitigations and controls and those can be included in future reports. The Committee noted that the risks are measured and monitored at a Quarterly Performance Board and where one of those risks has moved or worsened further discussion will be had.
- 7.6 The Committee asked what work had been undertaken with residents to improve rates of school attendance. The Committee was informed that the Council works closely with schools and where attendance is an ongoing issue, schools know to refer to the local authority. The Council had a school inclusion pilot and invested and redeployed additional resource to extend the pilot.

- 7.7 The Committee queried whether the Building Safety Act 2022 has had an impact on officers' workloads and how is this being managed. The Committee was informed that the nature of the Building Safety Act interfaces with the Council in a number of ways as it focuses on residential buildings and impacts on homes the Council is building. The work is being absorbed within the current planning teams however the biggest impact is within the Building Control service where the Council is in the process of upskilling and increasing resources; the Committee understood that one of the main challenges is finding suitably qualified staff and noted that a plan is in place in terms of training, development and how the Council can attract and retain staff. The Council is speaking with other local authorities to see if there is any collaborative work to be done. The Committee also noted that the appropriate governance is in place to ensure that the Council has the correct oversight at both Member and officer level.
- 7.8 The Committee queried whether the Council's legal team has considered the impact of the extension to the limitation period for defective premises. The Committee noted that the changes to the Defective Premises Act 1972 is not something the Council has considered in great detail but sought to assure the Committee that they will consider this change in more depth.
- 7.9 The Committee asked how the Council responds to missed refuse collections and noted that the Council's level of missed bin collections is very low (3 to 4 percent per 100,000) and when notified of a missed collection a refuse collection lorry is sent out to collect the same day. The Council also utilises electric bikes for smaller refuse collections.
- 7.10 The Committee queried how officers arrived at the 4,500 target for the number of residents directly engaged by Community Thursdays. The Committee was informed that the figure is a result of positive feedback received from residents through engagement initiatives. The Committee recognised the positive feedback from residents from the door knocking engagement initiative that some Councillors had taken part in and felt this was something that should continue in some form; the Committee were pleased to note that door knocking is still included in the new engagement model.
- 7.11 The Committee was pleased to note that so many of the KPIs were on track. The Committee queried that while all Adult Social Care KPIs on track, with the fragility of the sector, how confident is the Council that these will not be affected and the mitigations that are in place to deal with these pressures. The Committee was informed that the Council has an ongoing programme through quality assurance contract management commissioning with adult social care providers and also liaise with the Care Quality Commission and other boroughs to ensure there is a reciprocal information exchange about the sustainability, robustness and quality of care providers. The Committee also noted that the Council monitors providers regularly through contract management and quality assurance processes, meeting with them quarterly and taking regular credit safe checks to understand their financial position. The Committee noted that the Government has issued a grant called the Market Sustainability Improvement Fund which the Council in part is able to

use to address some of the inflationary pressures and specifically to invest the social care workforce.

- 7.12 The Committee asked what the Council is doing to reach the 60 percent target for carbon emissions. The Committee noted that the Council has increased resourcing on sustainability and has a team dedicated to working on this and upskilling the rest of the Planning Service. The Council is also issuing guidance to developers on how they can meet requirements. The Committee understood that the Council's action in this field is recognised by Climate Action UK who assessed Westminster City Council as doing the most possible to address the climate crisis.
- 7.13 The Committee asked what the Council is doing to address the volume of housing complaints. The Committee was informed that the volume of complaints received has increased by 20 percent in the last few months: Stage 1 complaints received in October peaked at 189 and Stage 2 peaked at 37. The Committee noted that following analysis of these figures, part of this increase is believed to be linked to a consultation carried out on the Council's compensation policy and through some of the resident engagement initiatives. The Committee was pleased to note that the escalation rate of Stage 1 complaints to Stage 2 has reduced. The Committee also recognised that this continues to be a priority area and, as repairs account for 78 percent of complaints the Council receives, a new approach to handle these complaints is being piloted within a dedicated team. The Committee was informed that the Council is implementing systemic training across the service which is the model used in Children's Services.
- 7.14 The Committee asked for an update on the geo-fencing work for dockless bikes. The Committee was informed that the Council is continuing work with three dockless bikes providers alongside Transport for London and fines are being issued to users who leave bikes outside of the geo-fencing, which is fully operational. The Council is continuing to monitor closely where there are pinch points and pressures, three of note being Marylebone Road, West End and St James', and whether it is possible to extend existing geo-fencing or find new areas where this can be installed.
- 7.15 The Committee asked whether the dockless bike providers cover the cost of the extra work to the Council created by this industry. The Committee was informed that the Council have negotiated for the dockless bike providers to pay for reasonable costs on an ad hoc basis. The Committee asked about the figure agreed with the dockless bike providers and was informed that due to commercial sensitivity and confidentiality this was not possible to state during the meeting, but officers sought to assure the Committee that the Council is robust in what has been negotiated to cover costs. The Committee was pleased to note that the Council will review this figure if the level of issues continue as this would likely need to increase to ensure full cost recovery and was assured that the Council is very clear with providers that the duty is on them to do their own clear up, operations, and acknowledge that this is not where it needs to be. The Committee acknowledged that the Council is being innovative and agenda setting while dealing with a difficult situation is commendable.

- 7.14 The Committee queried whether the percentage of primary school vacancies across the City is a long-term trend. The Committee noted that this is a complex issue and will involve the Council closely tracking birth rate trends as there is a risk that merging or shutting schools now could later result in a shortage should birth rates increase; this is an area where caution is needed along with exploring all options particularly with the dioceses and schools to work better to mitigate the impact of the current fall.

RESOLVED:

- 7.15 That the Committee noted the performance updates at Quarter 2.

ACTIONS:

- 7.16 That details of feedback from the School Mental Health Conference will be shared with the Committee.
- 7.17 That officers should ensure the new housing offices being opened will be adequately advertised to residents and ensure that the information on the Council website is updated accordingly.
- 7.18 That, if there are issues with full cost recovery, officers will ensure that dockless bike providers are held to account on the time that Council officers are spending on the scheme.

The meeting ended at 20:51.

CHAIR: _____

DATE _____

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