Present: Councillor A S Jamu (Chair), Councillor T Saeed (Deputy Chair) and Councillor J Channer; Jon Hayes and Garry Gerrish

Also Present:

Apologies: Councillor S Alasia, Councillor G Letchford and Councillor M Mullane;

32. Declaration of Members' Interests

None.

33. Minutes - To confirm as correct the minutes of the meeting held on 25 July 2012

The minutes of the meeting held on 25 July 2012 were AGREED as an accurate record.

34. Audit Commission - Annual Governance Report LBBD

The District Auditor, Audit Commission (DAAC) introduced the reports.

Annual Governance Report

The report summarised the findings from the 2011/12 audit which is complete. It included the messages arising from the audit of the financial statements and the results of the work that has been undertaken to assess the arrangements in place to secure value for money in relation to the London Borough of Barking and Dagenham’s (LBBD, “the Council”) use of resources.

As at 28 September 2012 the DAAC expects to issue an unqualified audit opinion. The Council has continued with the improvements reported in the previous year in relation to its closedown procedures. Management have amended the financial statements for the errors identified during the audit. The impact of the only amendment on the Core Statement has been to increase the reported gross expenditure by £1,237k, although this has no ‘bottom-line’ effect.

The DAAC expects to conclude that the Council has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

It was noted that compliance has massively improved in recent years, but there a number of residual issues to still address. The risks posed to the Council were detailed in Table Two on page 14 of the agenda pack.

Members enquired where LBBD stood in comparison to other London boroughs. The DAAC was confident it was now on par with others. The Divisional Director Finance (DDF) was confident that a lot of the historical problems LBBD faced have
now been overcome, while those that are remaining can and will be tackled on an ongoing basis. The Council now enjoys more robust procedures, a new procurement process, and better controls (such as multiple signatories). The Chief Executive Officer (CEO) commented that changing culture cannot happen overnight, but progress is being made.

PAASC AGREED to:
- Note the adjustments to the financial statements included in the report at Appendix Two.
- Approved the letter if management representation at Appendix Three. And,
- Consider the action plan at Appendix Five at a future meeting with the responses from Council officers.

Annual Governance Report – Pension Fund

The report also summarised the findings from the 2011/12 audit of the Pension Fund financial statements which is substantially complete.

As at 28 September 2012 the DAAC expects to issue an unqualified audit opinion. Management have amended the financial statements for the errors identified during the audit. The impact of three amendments to the Pension Fund Account is to change the reported decrease in net assets from £8k to £110k.

The DAAC found that the Pension Fund is not at present using a separate Pension Fund bank account. The DDF informed the committee that the recommendation to have a separate bank account for the Pension Fund results from the Icelandic crisis of 2008 onwards. It would involve a massive upheaval of current processes which would incur huge costs. However, when Oracle R12 is introduced, the separate bank account will be introduced as part of that project meaning no additional cost to the Pension Fund.

The DDF is outlined that the Council has recruited a new member staff to manage this area of business. The post holder is very competent and this is a marked improvement from last year when the post was vacant.

The DAAC concluded by informing members that they can be confident in approving the Council’s Statement of Accounts.

PAASC AGREED to:
- Note the adjustments to the financial statements included in the report at Appendix Two.
- Approve the letter of representation at Appendix Three, on behalf of the Pension Fund. And,
- Consider the action plan at a future meeting with the responses from Council officers.

It was noted that this is the last meeting of the DAAC who is taking on a new contract handling role at the Audit Commission. The Committee thanks the DAAC for his hard work and dedication which has no doubt been a contributing factors to the improved financial processes the Council now has in place.

The Committee noted the report.
35. **Statement of Accounts 2011/12**

The Divisional Director Finance (DDF) introduced the report and statement.

The Statement of Accounts is governed by the requirements of the Accounts and Audit Regulations 2011. These require the Statement of Accounts to be certified by the Council’s Section 151 Local Government Act 1972 Officer (Corporate Director of Finance and Resources) as presenting a true and fair view of the financial position of the Council by 30 June of each year and then submitted for external audit in order to publish audited accounts by no later than the 30 September of the same year.

The Council’s draft accounts were approved by the Section 151 Officer in June 2012 and have been subjected to Audit by the Audit Commission. Members scrutinised the accounts at the Public Accounts and Audit Select Committee (PAASC) on 27 June 2012 and, following the audit, the accounts have been brought back to PAASC for their consideration and approval prior to publication on 30 September 2012.

It was noted that large fluctuations are normal within the Pension Fund as it is influenced by a great number of variable external forces (stock markets etc). However, even with the fluctuations, the Pension Fund shows long term general growth. The DDF and Councillor J Channer AGREED to meet to discuss Pension Fund arrangements in more detail.

The DDF thanked his staff for their hard work and professionalism. He referred members to the District Auditors comments from the previous item and asked members to approve the Statement of Accounts.

PAASC AGREED to:

- Approve the Statement of Accounts for the year ended 31 March 2012.
- Confirm that the Statement of Accounts for the year ended 31 March 2012 can be published.

36. **Senior Management Arrangements and the Potential for Shared Services with Thurrock Council.**

The Chief Executive Officer (CEO) introduced the report.

PAASC have sought reassurances from the CEO regarding the robustness of the current management structure in relation to the management of the Council’s corporate risks and the Internal Audit department. This issue was raised due to the departure (or planned departure) of the officers responsible for managing the audit and risk teams and ensuring the Council has a strong and compliant corporate culture. The posts in question are:

- Chief Executive / Head of Paid Service
- Corporate Director of Finance and Resources / Section 151 Officer
- Divisional Director of Legal and Democratic Services / Monitoring Officer

It was noted that Risk Management and the management of the Internal Audit department are undertaken by separate managers at Group Manager level who, in turn, report to the Divisional Director Finance. None of the three senior
management changes (bullet points above) impact on these arrangements which will continue.

Further to the information in the report; it was noted that when the current Corporate Director of Finance and Resources (CDFR) departs at the beginning of October, the Divisional Director Finance (DDF) will become the statutory Section 151 Officer and the CDFR’s responsibilities will be split between the CEO and the DDF.

The report introduced the mechanisms for exploring and bringing forward shared services between LBBD and Thurrock Council. It set out possible governance and decision making mechanisms. It contained details of the process that will be undertaken to evaluate the potential opportunity for both in terms of savings for each Council and mechanisms for strengthening the resilience of individual services.

The Committee noted the report.

37. Corporate Complaints Update

The Barking and Dagenham Client Officer (BDCO) introduced the report.

The report updated PAASC on the numbers, nature and result of the top ten corporate complaints received at stages 1 and 2 for the first six months of 2012. PAASC received its last complaints report in December 2011. The report also outlined recent changes and improvements within corporate complaints.

It was noted that Stage One and Stage Two complaints are managed by Elevate East London, with Stage Three being handled by the Group Manager – Policy & Performance, Chief Executive’s Unit. Furthermore, a number of improvements have recently been made in how complaints data is analysed and report on to the Council. As a result, the Customer Services Contracts, and Business Improvement Team have managed to rationalise the volume of reports produced monthly from 33 to 8.

The top ten complaint areas at Stage One for the Council for the period January to June 2012 were:

1. Domestic refuse collection – 201
2. Day-to-Day repairs – 94
3. Recycling collection – 61
4. Parking – 51
5. Community Housing Partnership Staff – 45
6. Boiler repairs – 35
7. Garden waste collection – 31
8. Contact centre – 30
9. Becontree Heath Leisure Centre – 30
10. Housing Management – 26

The top ten complaints at Stage Two for the Council for period January to June 2012 were:

1. Day-to-day repairs – 51
2. Parking – 28
3. Damp / flood damage – 25
4. Mayesbrook Park – 17
5. Boiler – 16
6. Housing management – 13
7. Backdating of payments – 8
8. Domestic refuse collection – 7
9. Housing allocations – 7
10. Gas servicing – 5

Compensation paid out at stage three is on a downward trend from £8,036.50 in 2009/10 to £275.00 in 2012.

Improvements in the complaints policy and key performance indicators were outlined and members attention was drawn to the case studies which were included in the report.

The peak in complaints in January is attributable to the harsher weather at that time of year. There has been a focus by the Corporate Director of Housing and Environment and the Divisional Director Environmental and Enforcement Services to reduce the number of complaints from their service area.

Finally, it was noted that housing repairs ceases to be a contracted service in March 2012 when it will be a service directly managed by the Council. Service rates will be stringent, at 95%.

The Committee noted the report.

38. Procurement Presentation

The Strategic Procurement Manager, Elevate East London (DPMRRL) introduced the presentation.

The item was presented as a follow-on from the previous report regarding contract work being awarded to local businesses. The presentation is a new officer resource. It is designed to be a step-by-step guide to use when undertaking a procurement exercise.

The guide has been approved by the Council’s Procurement Board. Each slide presents officers with a clickable option, they are then presented with only the relevant rules and information they need to undertake a legal, fair, and value for money procurement process.

Members were reassured that this new approach to ensuring procurement compliance places a greater emphasis on advertising available council contracts. It is anticipated that this will benefit local business and ensure they, in future, bid for and are awarded a greater proportion of the Council’s contracted work and business. Members asked officers to monitor this assurance and be in a position to report on its success at the future meeting.

It was noted that no regular procurement training is provided or is undertaken by Council officers, but that the new procurement guide removes the need for such training.
The committee noted the presentation.

39. **Transfer of Community Halls - Update**

The Divisional Director Adult Commissioning (DDAC) introduced the report.

It was noted that a report on this topic was presented to PAASC on 21 March 2012 detailing the transfer of community halls to Community Associations and the overall cost to the Council. PAASC requested officers report back with an update at a future meeting. This report facilitated that request.

It was noted that eight community associations have now been managing their buildings under the provisions of the negotiated leases for a period of nine months. There have been some issues regarding recruiting and retaining adequate numbers of volunteers.

The committee noted the report.

40. **Performance House Quarter 1 2012/13 for PAASC**

The Group Manager Policy and Performance (GMPP) introduced the report.

A wide range of performance is monitored and managed across the Council and is reported in a number of ways including in portfolio holder meetings and to partnership boards. The Performance House provides a collective overview of performance across the Council/borough in order to inform decision-making and use of resources, and to provide Members with a clear snap-shot of how priorities are being managed and implemented.

The report set out some key performance indicators in areas of real interest to Members, highlighting where performance has improved or dipped. The report also set out performance at Quarter One (April to June 2012), where available for:

- Performance House indicators by exception (i.e. where performance has dipped)
- 19 “top priority” key council indicators
- The Performance House (full set of indicators)
- Complaints and Member enquiries report

It was noted that LBBD’s GCSE performance is about 2% behind the national average of 58.9%, but next year the borough expects to be above the national average as the national average is expected to fall. The 70% target has been agreed by the Corporate Director of Children’s Services in liaison with the borough’s head-teachers.

Members requested that the benchmarking data is clearer in future incarnations of the report. Officers AGREED to undertake this request. The Chief Executive Officer said that officers will review the way performance monitoring is presented overall, with the potential for clearer reporting and the opportunity to focus on a few key areas as well as receiving the overview data.

The Committee noted the report.
41. Quarter One Risk Management Report and RM Framework

The Group Manager Risk and Insurance (GMRI) introduced the report.

Strategic leadership of corporate risk management sets the tone for the whole risk management framework. This supports the expectation that effective management of risk becomes “part of the day job” underpinning day-to-day decision-making, service delivery and, ultimately, delivery of outcomes and benefits for the community.

The report provided a summary of the position of the Corporate Risks for Quarter One (2012/13) and additional risks being considered by the Corporate Management Team (CMT) for incorporation into the Corporate Risk Register (CRR).

It was noted that the reporting on Quarter One was due to the disruption to normal Council business resulting from the London 2012 Olympic and Paralympic Games. However, most of the risks have stayed fairly static, with only two experiencing changes:

- Community Tension: this has been raised due to heightened tensions within the community.
- Olympics: the risk level has been reduced to green as the Games were delivered successfully.

The risks dashboard was noted on page 305 of the agenda pack. The risks are being managed and all are on target to reach their CMT agreed level by the prescribed deadlines.

Officers AGREED to the Committees request to provide data from one year ago to clearly demonstrate annual progress.

It was noted that shared management arrangements will be appearing as a risk on Quarter Two after PAASC highlighted the concerns raised earlier on in the agenda.

The Committee noted the report.

42. Draft Work Programme & Date of Next Meeting

The Scrutiny Officer (SO) introduced the report.

It was noted that the next meeting will almost exclusively focus on the budget proposals which will be published in late October 2012. As such, the Work Programme will be adjusted.

The Committee noted the report.

43. Any other public items which the Chair decides are urgent

It was noted that this is the last meeting of the Corporate Director of Finance and Resources (CDFR).

The Corporate Director of Children’s Services (CDCS) presented the CDFR with a
gift and thanked her for her outstanding hard work and dedication over the past three and a half years. Her experience and expertise has improved LBBD’s culture and governance greatly and she leaves the Council in a much stronger position than when she joined.

The meeting closed at 19.27.