MINUTES OF
PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Wednesday, 3 February 2016
(6:00 - 8:15 pm)

Present: Cllr Dave Miles (Chair), Cllr Jeanne Alexander, Cllr Rocky Gill, Cllr Adegboyega Oluwole, Cllr Tony Ramsay, Cllr Phil Waker and Cllr John White

Also Present: Dr Ian Fifield and Phil Johnstone (KPMG); Cllr James Ogungbose

Apologies: Cllr Amardeep Singh Jamu and Cllr Eileen Keller

92. Declaration of Members' Interests

There were no declarations of interest.

93. Minutes (1 December 2015)

The minutes of the meeting held on 1 December 2015 were confirmed as correct.

94. Budget update 2016/17- 2020/21

This report provided an update on the Council's estimated budget position for 2016/17 to 2020/21, following the announcement in December 2015 of the Local Government Finance Settlement, which covered the parliamentary period 2019/2020, which would enable the Council to plan ahead with greater certainty.

Following detailed analysis of the settlement, the Council was now able to set a balanced budget for 2016/17. This compared favourably to the £5.7m budget deficit report in July 2015.

The overall budget gap had also reduced from £71.6m to £63m by 2020/21. This position would be subject to change, as new pressures emerged and legislative burdens are announced.

Having frozen Council Tax for seven years in a row, the Council needed to re-build its base funding position and therefore the Medium Term Financial Statement (MTFS) assumed that the Council would be increasing its Council Tax by 1.99% per annum which would generate an additional £0.9m per annum.

In addition, the Government announcement that Councils were now able to introduce a 2% precept which will be ring-fenced for Adult Social Care meant that Cabinet would be recommended to apply a further 2% increase to the Council Tax in 2016/17.

The Select Committee noted the report and whilst cautiously welcoming the better than expected financial settlement and additional precept for adult social care, they were of the view that it did not take account of the increasing population and felt that consequently Children's Services were also an area deserving of ring-fenced financial support. The Committee were of the view that the proposed increase of
3.99% overall in Council Tax would impact disproportionately on vulnerable residents.

Turning to the monitoring of general savings 2016/17 which were appended to the report, the following comments were made:

ES004- removal or self funding for School Crossing Patrols for 23 primary school locations across the borough. It was advised that the savings would be found in 2016/17-2017/18.

ES012 (ceasing garden waste collection). The Select Committee considered that ending the green waste service would be potentially detrimental and the service had widespread support from residents. The Strategic Director, Customer, Commercial and Service Delivery (SDCCSD) advised that a review of the green waste service was currently being undertaken and she would report back to the Select Committee once this review had been completed.

ACS/SAV/36 (Leisure and Cultural Services trust proposal). Noted that the Council is looking to identify alternative savings of £1m due to the delay in implementing this proposal.

In addition to the above planned savings, the Select Committee felt there was scope for additional more substantial savings in Adult Social Care, which required closer scrutiny.

In answer to a question, the Strategic Director, Finance & Investment (SDF&I) advised that the Council were lobbying to keep all of its business rates although it had a lower ability to raise business rates compared with some London boroughs and there were growth pressures for the Council relating to children’s and adults in particular, although there was a four-year plan to rebuild service budgets and service integration. He added that there would be continuing pressures on the overall Council budget as the Council’s grants would not be reviewed until 2020 following the Government’s four-year Financial Settlement by which point any additional funding is expected to be small.

95. Composite Assurance & Counter Fraud Report- Quarters 2 & 3 2015/16 Including Review of Effectiveness of the Internal Audit Service

This report brought together all aspects of assurance and counter fraud work undertaken in Quarters 2 & 3 (2015/16), including actions taken by management in response to audit and counter fraud activity, which supported the governance framework of the authority. The main body of the report provided the Head of Audit’s ongoing assurance on the internal control environment, highlighted key outcomes from assurance & counter fraud work and provided information on wider issues of interest to PAASC as the Council’s Audit Committee. The appendices provided greater detail of the performance of the Assurance & Counter Fraud Group for the period.

The Group Manager, (Internal Audit and Counter Fraud) stated that the key points in the report were:

- On Page 19, that the opinion on the internal control environment was unchanged based on work since the last report to the Select Committee.
- On Page 29 were some issues arising regarding the implementation of
recommendations that were highlighted for the Select Committee.

- Page 32 was the results of a self assessment concluding that the Internal Audit Service met the Public Sector Internal Audit Standards and thus was considered effective.
- Page 33 included additional information on the outcomes from counter fraud work from Qtr 3 onwards.
- Page 35 showed the results of a self assessment concluding that the Counter Fraud Team meets the standard set out in the CIPFA Code of Practice of Managing the Risk of Fraud & Corruption.
- Page 38 showed the full details of the mini-restructure that the Select Committee requested.

The Group Manager (Internal Audit and Counter Fraud) advised that the use of proceeds of crime legislation were beginning to gain traction. There were two ongoing cases where confiscation orders have been obtained against the fraudsters (in addition to the sentences they received) and it was hoped to receive a proportion of these funds in due course.

The Select Committee noted the report which included the mini-restructure of the Audit and Counter-Fraud Group (renamed the Assurance and Counter-Fraud Group) and enquired about work allocations within the Group and its re-active and pro-active work. It was advised that this mini-restructure was for information only and that detailed discussion of the staffing changes was not pertinent to the Select Committee.

The Select Committee requested more information in relation to various reports contained in the “detailed progress of Audit Plan 2015/16 as at 31 December 2015.” In particular they enquired about the progress of the following audits: No recourse to public funds clients, Cyber Security/Government Code of Connection, Better Care Fund S75 Arrangements & Barking Abbey Comprehensive School. The Select Committee were concerned that the finalising of these audits may have been unnecessarily delayed and the Group Manager (Internal Audit & Counter Fraud) outlined reasons for these. With the advice of the Independent Adviser, Members requested to receive explanations where such delays occurred in the future and more detailed information on ‘red’ status recommendations (i.e. those not implemented in a timely fashion). The Committee also endorsed that Managers be reminded of the importance of responding to the internal audit process in a timely fashion.

The Select Committee asked that in respect of the limited assurance internal audit report on building control, whether procedures were being followed correctly. The Group Manager (Internal Audit and Counter Fraud) advised that audit testing had not identified such instances, but that due to control gaps (e.g. lack of documented procedures) this potential risk had not been fully mitigated, but was now being addressed by management and would be followed up by audit in due course.

96. Certification of Grants and Claims 2014/15

This report summarised the results of work on the certification of the Council’s 2014/15 grant claims and returns. Three claims and returns were certified with a total value of £183m. These were:
- Housing Benefit Subsidy Claim - £145m
- Teachers Pension Agency - £20m
- Pooling of Housing Capital receipts - £18m

Unqualified certificates had been issued for all returns.

**DECISION**

The Select Committee noted the report.

97. **Annual Audit Letter 2014/15**

This report summarised the key findings from the 2014/15 external audit of the authority, which covered the 2014/15 Financial Statements and Value for Money conclusion. An unqualified opinion was issued in respect of the accounts and KPMG were satisfied that the authority had satisfactory arrangements in place to secure value for money. It was noted that all monthly reconciliations were completed by 31 December 2015.

All the issues in the letter had been previously reported. And the key recommendations were listed in appendix 1 of the report.

The Select Committee noted the report.

98. **Corporate Delivery Plan 2015/16- Quarter 2 update**

This report provided an update on progress for the priority projects and performance indicators agreed as part of the Corporate Delivery Plan by Cabinet in October 2014. In addition, this report provided a progress update for the LGA Peer Challenge implementation plan.

Progress for the priority projects and KPIs were reported quarterly to CMT and Cabinet and every six months to the Public Accounts and Audit Select Committee (PAASC).

It was noted that the report related to Quarter 2 ending in September 2015 although the Select Committee considered that it was difficult to comment further as the information was now out of date. They requested that, in future, reports should be more effectively aligned and this would be built into the work programme for meetings of the Select Committee in 2016/17.

**DECISION**

The Select Committee noted the report.

99. **Information Governance Annual report**

This report provided an update on Information Governance issues in the Council. The report also set out work that had been completed in the past year by the Information Governance Board.
The Select Committee noted that in 2014/15 the Council responded to 69% of requests within statutory deadlines and considered that this target should be improved as it had been higher at 77% in the year 2013/14. The Barking and Dagenham Client Officer stated that there was a commitment to reply to Freedom of Information (FOI) requests within the deadlines, address the issues raised and respond in plain English. The slightly lower performance levels reflected in 2014/15 were as a result of the complexity of responding to these requests, many of which were very time consuming. Work continued in supporting departments in responding as efficiently as possible to requests. Furthermore, with the return of the Complaints and FOI team to the Council from Elevate in April 2015, a new centralised Feedback Team was now being formed in order to provide a more efficient and resilient service. A re-structure was shortly to begin so that the new team would be in place by spring 2016 and this would improve intelligence and response targets.

The Select Committee asked how vexatious and time wasting FOI requests were dealt with by officers. The Information Governance Manager outlined that the Council were obligated under the Freedom of Information and Data Protection Acts.

The Select Committee asked whether the Information Commissioner issued any warning notices to Councils if the statutory deadlines were not met. The Information Governance Manager advised that there were no penalties as such although the Information Commissioner may consider that consistently not meeting of targets could potentially lead them to audit of the Information Governance service.

In answer to a question, the Barking and Dagenham Client Officer advised that internal data breaches continued to be reported and investigated internally to ensure that lessons were learnt and to try and avoid breaches in future. Most of the failures identified related to minor breaches in procedures and were not service critical. These breaches were usually relating to human error and no officers had been disciplined in these respects.

The SCCSD advised that she was currently in the process of writing to all Members of the Council, asking for their views about the recently introduced revised Member casework process and invited comments on any suggestions for improvement. The SDCCSD advised the Select Committee that service request complaints such as a ‘missed bin’ should not normally be regarded as Members’ casework. The Select Committee did however state that there were occasions when Members were contacted where individual residents had not received a response from officers relating to service delivery failures.

**DECISION**

The Select Committee

(i) **Noted** the work that has been on-going to improve Information Governance within the Council and

(ii) **Noted** the planned actions for 2016.
At the conclusion of this item at 7.28 pm, the Chair left and Councillor Gill chaired the meeting for the remainder of the meeting.

100. Barking Town Hall - Refurbishment & Repair Works 2014/15 - 2015/16

Following the review of the work programme at the meeting of PAASC on 1 December 2015, the Select Committee asked for a brief report on the cost of refurbishment and repair works at Barking Town Hall in 2014/15 and to date in 2015/16. The spend for refurbishment and minor works was £349,507.58 over the period 2014/15 and 2015/16. It was noted that in December 2014, Cabinet had approved a budget of £11.2m associated with the rationalisation of the Council’s office portfolio and the revenues savings associated with the wider Smarter Working Programme.

The Select Committee noted the report and requested the following information, which would be contained in a briefing note to them, provided by the SDF&I:

(a) Information relating to the contractors for the refurbishment and repair works 2015/16 and the framework agreement for the works undertaken via tender.

(b) A breakdown of the £11.2m budget agreed by Cabinet in December 2014 associated with the rationalisation of the Council’s office portfolio and the revenue savings associated with the wider Smarter Working Programme.

(c) The costs of the speaker system and webcasting in the Council Chamber and Committee Room 2 at Barking Town Hall. (The latter to commence during the early part of 2016)

101. Highways Investment and Reactive Maintenance Update

This report was introduced by the Strategic Director, Customer, Commercial and Service Delivery (SDCCSD) and outlined the investment in the borough’s carriageways and footways from 2013/14- 2015/16. The document also outlined the proposed capital spend for 2016/17. The scope of this report was works undertaken to the Highway under the control of the borough and therefore did not contain information pertaining to the principle road network which was the responsibility of Transport for London.

Highways Inspectors spent on the basis of need and were working within reduced and finite budgets. The Select Committee welcomed the report and considered that highways were a high priority issue for borough residents. They were keen for more budgetary resources to be allocated to highways investment and reactive maintenance although it was advised that the budget had been approved by Cabinet in January 2016 and had included Section 106 monies in respect of these received from planning applications.

The Select Committee requested:

a) That a recommendation be submitted to Cabinet to allocate a further £3m
per year to be spent on highways investment and reactive maintenance.

b) That a request be submitted to Cabinet requesting an “area” based approach for highways investment and reactive maintenance be introduced rather than for individual roads.

c) That a report for the next meeting on 22 March 2016 would show greater detail and clarification on the highways investment and reactive maintenance spend for 2015/16 with an analysis of how the money was spent with the rationale for allocating funds.

d) Clarification whether any monies were allocated to highways during that period from the Housing Revenue Account (HRA)- as part of a briefing note to be provided by the SDCCSD.

(Spending Orders were suspended at this juncture, to allow the meeting to continue beyond 8.00 pm)

102. Work Programme

The Group Manager, Democratic Services introduced the work programme 2015/16 covering the final meeting for the municipal year on 22 March 2016. He highlighted the item “Civic Centre Petition” and reminded the Select Committee that this had first been received and discussed at the PAASC meeting on 25 March 2015.

Councillor Waker advised that he would be updating Members concerning independent legal advice in relation to constitutional provisions connected to reporting processes associated with the petition on 22 March. It was considered important that the Select Committee were able to determine the petition at the next meeting in relation to the analysis of the financial aspects of the report and any further legal opinion. On this basis, the petitioner (Andrew Achilleos) and the Lead Member, Councillor Twomey would be invited to the next meeting on 22 March.

The Select Committee noted the Work Programme.