MINUTES OF
PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Monday, 25 July 2016
(6:00 - 8:03 pm)

Present: Cllr Rocky Gill (Deputy Chair in the Chair), Cllr Elizabeth Kangethe, Cllr James Ogungbose, Cllr Adegboyega Oluwole and Cllr Phil Waker

Apologies: Cllr Dave Miles, Cllr Jeanne Alexander, Cllr Peter Chand and Cllr Tony Ramsay

11. Declaration of Members’ Interests

There were no declarations of interest.

12. Minutes (29 June 2016)

The minutes of the meeting held on 29 June 2016 were confirmed as correct.


This report provided an update on the 2015/16 key performance indicators, Priority Projects and LGA Peer Review Action Plan which were agreed as part of the Corporate Delivery Plan by Cabinet in October 2014.

The report was a closedown report for 2015/16. From 2016/17 onwards progress on the priority projects and LGA Peer Review Action Plan will no longer be reported. Instead a new interim performance framework for 2016/17 with 40 KPIs and key tasks for each Member portfolio will form the basis of corporate performance monitoring. The interim framework sets out what needs to be monitored in the year ahead whilst acknowledging that a new framework for 2017/18 will be required as the Council moved further towards becoming a commissioning based organisation.

The Strategic Director, Finance & Investment highlighted areas of concern in the Corporate Delivery Plan specifically in relation to the levels of waste recycling and an increase in sickness days lost for staff from 7.5 days to 10 days.

The Select Committee were concerned about the increase in sickness absence for Council employees. The Strategic Director, Finance & Investment advised that rates tended to be higher for front line employees and in areas working with vulnerable people, for example in social care where staff cannot risk passing on any ailments to residents. He stated that management were working hard to reduce absence which included the need for better sickness recording by Managers as well as more robust but fair sickness procedures.

In respect of the targets for recycling waste, the Select Committee were of the view that improvements would likely only occur through a significant behavioural and cultural shift from residents and businesses alike.

Members enquired as to whether there were any obligations within the existing
contract with ELWA to improve the borough’s recycling rates and if so, and on the basis these were not being met, could break clauses be applied to renegotiate the terms of the contract? From his limited knowledge of the terms of the contract the SDF&I, was not aware that there were any break clauses and that the contract still had something of the order of 10 years to run. Therefore members asked for a report to be presented to their next meeting providing a legal overview of the terms of the current contract.

It was noted that Cabinet were considering the Council’s Waste Strategy at their meeting on 20 September 2016 and therefore, assuming there is little or no scope within the ELWA contract, it was felt opportune to ask the Strategic Director, Customer, Commercial and Service Delivery to attend the next Select Committee meeting on 21 September to provide an update on the Strategy including how the Council could achieve the behavioural shift to support an increase in recycling rates.

KPM No. 8 referred to the number of active volunteers in the borough which has increased significantly. PAASC asked about the details in terms of who they are and the number of voluntary hours undertaken. The increase had been brought about as a result of the number who had supported the various events making up last year’s 50th anniversary celebrations. Without the valued contribution of the volunteers, the financial position for the Council would be even more challenging. The SDF&I commented that the amount of hours undertaken by volunteers tended to be underestimated.

The Select Committee noted Key Performance Measure (KPM) No.7 (the number of Active Age (over 60’s) memberships and that there had been a significant drop in active memberships. The Strategic Director, Finance & Investment would request a detailed briefing note for the Select Committee with reasons why this was the case.

The Select Committee were concerned about KPM’s 48, 49 and 51, which related to stage 2 and 3 complaints being responded to within the deadline and specifically the percentage of member enquiries responded to within the deadline. They noted that these were all below target. There had been a new Members’ enquiries system in place for six months and that the Strategic Director, Customer, Commercial and Service Delivery was conducting a review, which would be finalised and reported on in due course.

The Select Committee were concerned about KPM 36 (average time taken to re-let local authority housing (calendar days) as this was below target. The Strategic Director, Finance & Investment responded that in terms of voids, the performance had flat lined over the previous year, however performance had improved.

The Select Committee noted

(i) The closedown report for the LGA Peer Review Implementation Plan update.
(ii) The final summary of progress on the Corporate Priority Projects.
(iii) Performance against the KPIs, agreeing any actions to address areas of deteriorating performance.
14. **Debt Management Performance and Write-Offs 2015/16 (Quarter 4)**

This report set out the performance of the Council’s partner, Elevate East London, in carrying out the contractual debt management function on behalf of the Council. This report covered the fourth quarter of the financial year 2015/16 and also included details of debt written off in accordance with the write off policy that was approved by Cabinet on 18th October 2011.

The Strategic Director, Finance & Investment introduced the report and highlighted that in terms of Council tax and rent collections, the performance target had been slightly missed although he advised that other areas were more positive, in particular Council tax arrears collection and that in terms of business rates, it was the best level of collection since 2009.

The Select Committee referred to the debts written off during 2015/16 for rents (£6,075) and enquired what the percentage collection rate was based upon and how it compared to other Councils. The Strategic Director, Finance & Investment stated that the collection of arrears figure included collection rate (made up of in year and collected rent arrears) and he would send an e-mail response of the split to the Councillor who asked the question.

The Select Committee asked as to how debts from chargeable household repairs were recorded. The Strategic Director, Finance & Investment explained that these would appear under the heading of “general Income”. Reference was made to specific cases which the SDF&I was happy to take up outside of the meeting.

It was also noted that when this report was presented to Cabinet on 19 July 2016 members had agreed that the previous practice of publicising the top 10 debtors should cease, as there had been no examples where members of the public had identified any of those debtors which would have enabled Elevate to re-instate recovery action.

The Select Committee:

(i) Noted the contents of this report as it relates to the performance of the debt management function carried out by the Revenues and Benefits service operated by Elevate East London, including the performance of enforcement agents; and

(ii) Noted the debt write-offs for the fourth quarter of 2015/16; and

(iii) Requested that Cabinet reconsider the decision to cease the previous practice of publicising the top 10 debtors seeing it costs nothing to do so and may result at some point in the identification of a debtor which would enable Elevate to re-instate recovery action.


The report of the independent Growth Commission was published on 24 February 2016. The Council published its response on 20 April, accepting the ten key steps recommended by the Commission; and indicating that long term plans in response to the Commission’s findings would be developed in the light of engagement with
partners.

In the sections of their report about ‘The Borough and its urban form’, ‘The Borough’s areas’, ‘Skills and employment’ and ‘Business’, the Commission made over 60 recommendations about issues within the remit of the Living and Working Select Committee. In the section about ‘Opportunities and potential: Supporting People’, the Commission made 21 recommendations about issues within the remit of the Children’s Services Select Committee.

The Living and Working Select Committee reviewed recommendations 17-66, 87-90, 92-94, 96, 98-109 and were asked to approve three top priorities, however given the number of recommendations to review, they presented a list of nine priorities that were directly related to the recommendations contained in the Independent Growth Commission report plus two other areas which they considered should be prioritised relating to protection and redevelopment of all shopping areas and cleanliness.

The Children’s Services Select Committee had reviewed recommendations 67-86 and 95 and been asked to approve three top priorities reported orally to PAASC as the Children’s Services Select Committee met on 18 July, after the publication of the this agenda. Their Chair outlined the recommendations. CSSC were primarily interested in the recommendations supporting aspiration and ambition of young people, developing innovative partnerships to support young people’s achievement and encouraging a broad and varied curriculum which develops young people’s talent and prepares them well for adulthood. They chose recommendations 81, 69 and 82 but noted some areas of overlap with other recommendations which could be straightforwardly be incorporated into the work stream.

In addition in the ‘Skills and Employment’ section, seeing the cross cutting nature of two of the recommendations the Select Committee were asked to consider recommendations 91 and 97 as set out as an appendix to this report.

The Select Committee welcomed and agreed the two additional recommendations to be submitted to Cabinet, on the basis that they should be linked together and that in addition to the Council playing a facilitating role with a range of service providers it should be highlighted that the Council is a key employer in the borough in its own right.

The Select Committee expressed general concerns about the total cost of the Growth Commission report and the approach to the public consultation exercise which they felt was less than comprehensive. They questioned the methods used for public feedback, seeing that only one resident responded to an on-line consultation via “My Account”, suggesting that a multi facet approach should have been adopted such as holding face to face meetings with local residents. They also felt that there should have been far greater Member engagement in the consultation.

Members also sought the total costs to date of the Ambition 2020 programme as well as Housing Transformation Programme and lastly the PWC consultancy report presented in 2014. This information will follow in a separate briefing note to all Members.
16. Work Programme 2016/17

The Select Committee noted the work programme and in particular the reports going to the next meeting on 21 September. This would now include an update report on the ELWA contractual arrangements.

Members were advised that if they requested additional reports to be submitted this should be made via the Select Committee.

17. The Council's debt and borrowing levels

The Select Committee requested the Strategic Director, Finance & Investment to explain the Council’s debt and borrowing levels. This had been included in the Treasury Management Annual report, agreed at Assembly on 13 July 2016.

The Strategic Director, Finance & Investment referred to the Council’s borrowing strategy and in particular the agreed £150m loan from the European Investment Bank (EIB) secured at a considerably lower rate of interest than that of even the Public Loans and Works Board (PWLB). £89m of the loan had been used to fund new homes at Abbey Road and the first phase of the Gascoigne redevelopment programme. The Council had been in contact with the EIB with regard to the remaining £61m which, following the outcome of the EU Referendum, would require further negotiations to secure as soon as suitable regeneration projects had been identified including the phase 2 Gascoigne redevelopment.

The investment decisions taken by the Council during the year showed that rates of return for the Council had consistently outperformed both London and national averages helping to protect the Council during times of austerity. The fund formed part of the Growth and Investment strategy rather than cuts.

The SDF&I was content that in his opinion the Council had a clear strategic plan in place including paying down ‘old’ debt taken out at significantly higher rates of interest in the past.