1. **Declaration of Members' Interests**

There were no declarations of interest.

2. **Minutes (5 April 2017)**

The minutes of the meeting held on 5 April 2017 were confirmed as correct.

**Matter Arising**

Members referred to the Member training and development budget report 2016/17 at its meeting on 5 April 2017 and subsequent briefing note. They requested clarification on why new DBS checks were included within the training and development budget.

3. **Composite Internal Audit and Counter Fraud report 2016/17**

This report brought together all aspects of audit assurance and counter fraud work undertaken in the 2016/17 financial year, including actions taken by management in response to audit and counter fraud activity, which supported the governance framework of the authority. The report included the Internal Audit opinion on the internal control environment for 2016/17. The main body of the report also highlighted key outcomes from audit & 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 each of the teams for the period.

Members asked whether Parking Enforcement maintained centralised records including data on parking appeals. The Corporate Investigation Manager (Assurance and Counter Fraud) (CIM) responded that the recommendations arose from Internal Audit and had not been raised as an issue.

Members asked about limited assurances in a number of areas referred to in the report, including overtime and sickness absence. They asked about the robustness of sickness absence reporting and whether the internal audit report referred to departments and also considered there were weaknesses in the sickness triggering levels. The CIM responded that the report showed a sample across work areas in the Council. The Cabinet Member for Finance, Growth and
Investment added that sickness absence levels had been falling in the Council within the last six months. He added that Managers were asked to explain the reasons for sickness absence. In response to a comment from a member of the committee he stated that if they were aware of managers not recording sickness that it should be reported to senior officers. It was also noted that there had been compulsory training for all Managers in dealing with sickness absence matters.

Members asked about Housing Benefit rents analysis and the audit concern that there was a lack of information and record keeping processes were inconsistent. The CIM advised that the inconsistent record keeping was still an issue. In addition, the Director of Finance had discussed this matter with Head of Benefits (Elevate) and advised that new policies were to be incorporated up to 31 July 2017. In addition, a report would be submitted to the Select Committee at its meeting on 25 July 2017 relating to an update on Housing Benefit Performance. It was also noted that a Housing Rent internal audit would be undertaken in the future.

Members asked about internal audits across a number of schools in the Borough. The CIM responded that the audit had been a sample across the schools and there had been a distinct pattern concerning record keeping such as poor inventory management and a failure to review key documents such as financial procedures.

Members asked why some internal audits had been cancelled and an explanation of this was shown in the Executive Summary of the report.

Members considered that there was a lack of information and evidence on auditing on stock control. The Cabinet Member for Finance, Growth and Investment responded that he was able to provide Members with an assurance on stock control, particularly at a time of stretched and finite resources in local authorities.

The Select Committee noted the report.

4. Review of Key Counter Fraud Policies and Strategy

To ensure proper arrangements to administer the Council’s financial affairs, the Council adopted key policies and a strategy to combat fraud and irregularity. These policies were approved by Cabinet and to further strengthen their importance, as part of robust governance, recommended for review annually. Accordingly, they were presented to PAASC to note and comment upon.

The following changes had been made since the policies were last submitted to the Select Committee:

- Updated to reflect officer designation changes where appropriate
- The Regulation of Investigatory Powers Act Policy has been updated to reflect the recommendations made by the Office of the Surveillance Commissioner inspection in December 2016, being:
  - Amendment of appendix listing current Principal & Authorising officers for RIPA applications
• Insertion of Appendix listing staff currently authorised to seek Judicial Oversight and Approval for RIPA applications

• Insertion of an Aide Memoir for RIPA authorising officers

• Insertion of an appendix detailing record keeping requirement when viewing Open Source material as part of an investigation

• Insertion of RIPA Application, Renewal, Review and Cancellation forms into the policy (previously links only within the document)

• Insertion of a link to advice on Compiling an Audit Trail for Digital Evidence

Otherwise these documents had been reviewed and were deemed fit for purpose.

The Select Committee noted the Council’s updated Counter Fraud Policies and Strategy.

5. Risk Management Review

Strategic leadership of corporate risk management set the tone for the whole risk management framework. This supported 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.

This report provided an update of the current position of Corporate Risks and the Select Committee noted the report.

6. Debt Management Performance and Write-Offs 2016/17 (Quarter 4 2016/17)

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 and final quarter of the financial year 2016/17. The report also included summaries of debt written off in accordance with the write off policy that was first approved by Cabinet on 18 October 2011 and with an updated version having been approved by Cabinet on 25 April 2017. Overall performance of Elevate East London was good, with most targets being met or exceeded.

Members asked about Housing Benefit collection which had ended in quarter 4 at 41.7%, up from 37.8% at the end of quarter 3 and recognised that many of those in debt were potentially vulnerable but the debt was high. The Revenues Manager advised that each debt recovery case was dealt with individually on its own merits although he would provide more information on penalties paid to the Council by Elevate, also the cost of evictions, in a briefing note to Members.

Members asked for the number of housing evictions across wards. The Revenues Manager would provide this information in a briefing note to Members.

In answer to a question about some low debt collection rates, the Revenues...
Manager advised that it was rarely the case that all debts to the Council would be completely recovered. The governance of enforcement changed two years ago and Enforcement Agents (Bailiffs) often must revisit debtors to recover costs. However, enforcement agent action was only one area of collection work and was always the action of last resort.

Members felt that Enforcement Agents (Bailiffs) tended to add charges for debt collection and enquired whether different innovative ways could be considered in recovering monies, which might increase the debt collection rate. The Revenues Manager advised that no monies go to Enforcement Agents (Bailiffs) until debtors have been billed and it was sought to attach these debts to earnings. If the Agents have reported that those paying back were having difficulties in paying back debts and were vulnerable, Elevate sought different solutions and debts can be withdrawn in some cases. He added that 8,400 cases had been referred to Enforcement Agents (Bailiffs) in the Council.

The Select Committee:

(i) Noted the contents of this report as it related 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 2016/17

7. Scrutiny of the Abbey Leisure Centre Budget 2016/17

At the Select Committee on 5 April 2017, Members raised concerns regarding the overspend with the Abbey Leisure Centre budget and requested a report to this meeting for their consideration.

The main areas that had contributed to overspend were staffing costs, supplies and service costs, building cleaning costs and an increase in utility charges due to an increase in consumption.

Members expressed disappointment with the report and were concerned about the £800K overspend. There were a range of issues of concern, particularly in relation to: lack of marketing sales, archaeological dig, Contractors not finishing on the build on time and the cost of the Gym compared to the that in Mayesbrook Park. In response, the Head of Commissioning for Healthy Lifestyle stated that the delays were caused by the English Heritage archaeological dig and during the new build, the contractors had changed personnel. It was clear that the new build programme was not in line with what had been agreed with the Contractors. He also referred to the Budget Gym and the main competitor had an impact on the price. There were 4,000 members of the Budget Gym and the model was low cost. Turning to the price structure, this was looked at in terms of how it compared to other local authorities. The cost was broadly comparable with a range of different membership options available and regarded as value for money. Members of the Leisure Staff provided a basic range of services in this low-price range.

There was high demand at Abbey Leisure Centre for the facilities provided and it
was considered the numbers were realistic with sufficient potential with loyalty shown to families in the locality. SLM (the new contractor from September 2017) had considered developments in regeneration and growth and would provide this as part of their long-term plan. It was noted that SLM have a dedicated Marketing team. Members asked whether there were arrangements for profit share, the Head of Commissioning for Healthy Lifestyle would check this out and notify Members in a briefing note.

Members asked whether SLM anticipated future growth as part of their long-term plans for the Leisure Centre. The Head of Commissioning for Healthy Lifestyle stated SLM were seeking to reduce costs and they currently worked with forty-four local authorities which included energy agreements. SLM as the new contractor would receive 80% relief as the company was on a non-profit basis. He advised that Becontree Heath Leisure centre has 90,000 customers a month and the Gym was very busy, particular for the over 60’s. The Becontree Heath Leisure Centre had a good swim programme and were working with SLM to increase this capacity. The Director of Finance added that the Leisure Centre was also VAT exempt as it was classed as a charitable trust.

The Independent Adviser referred to the Government’s proposals that local authorities could in future retain all their business rates. The Director of Finance advised that 30% of business rates were currently retained although the changes proposed some while ago were not contained in the recent Queens Speech for the new Parliamentary session 2017-19. There was a possibility that the full saving mentioned in the report would not be achieved if the Council were allowed to retain all business rates in the future.

Members asked whether the building contractors had been penalised for late delivery of the project, the Director of Finance stated she would provide a briefing note with details.

Members asked why on-costs had been detailed in the report as approximately 16% of basic pay. The Director of Finance responded that this should figure should have been nearer 25-30%.

Members again expressed concern about the lack of detail in the report and asked for more information to be provided and requested a briefing note setting out the changes in staff costs over the last three years The Head of Commissioning for Healthy Lifestyle advised that the employee expenses had been £1.77m and that a restructure had been undertaken in the first two months of the 2017/18, employee costs were declining but there had been some initial costs.

It was advised that the swimming pool as part of the new partnership a new pool of 50 metres will be built

The Select Committee noted the report.

8. Work Programme

The Work Programme was noted with the following requested changes:

   a) Consultancy staff covered by HMRC regulation IR 35- to be included in the
quarterly agency report and shown separately.

b) Investment and Acquisition presentation to be included in the October 2017 meeting (being submitted to Cabinet on 19 September 2017)