MINUTES OF
PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Wednesday, 24 January 2018
(6:00 - 9:03 pm)

Present: Cllr Dave Miles (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Peter Chand, Cllr Elizabeth Kangethe, Cllr Margaret Mullane, Cllr Moin Quadri, Cllr Tony Ramsay and Cllr Phil Waker

Also Present: Alan Hill, Charles Medley and Neil Thomas; Cllr Lynda Rice and Cllr Dominic Twomey

Apologies: Cllr Sam Tarry

33. Declaration of Members' Interests

There were no declarations of interest.

34. Minutes - To confirm as correct the minutes of the meetings held on 18 October and 6 December 2017

The minutes of the meetings held on 18 October and 6 December 2017 were confirmed as correct.

35. Budget Presentation

The Cabinet Member for Finance, Growth and Investment provided a presentation to the Select Committee as follows in relation to an update for 2018/19.

- Budget process timetable
- Background- this stated that the Council had made over £131m of savings since 2010 and that the Council has had to deal with over £76m additional funding pressures. Additional savings of £9.7m have been identified for 2018/19 with a drawdown of £2.8m from reserves to balance the 2018/19 budget.

- Government Funding Cuts since 2010/11
- LBBD savings since 2010
- Total savings required compared to other London Boroughs
- Budget Position for 2018/19 agreed by Assembly in February 2017
- July 2017 MTFS update to Cabinet
- November 2017 MTFS update to Cabinet
- Additional Savings Proposals 2018/19 summary
- Council Tax and proposals
- London Business Rates pilot April 2018
- Reserves- currently £19.3m as at 31/03/17
- Total Reserves across London authorities
- Forecast total reserves level in 2019-20
- Proposed consultation process
Members appreciated that the Council continued to face difficult budgetary challenges with reduced Government funding and noted that there was a proposed 2.99% increase in Council Tax with the 3% Adult Social Care precept. They were concerned about the effect on vulnerable residents with this increase however the Cabinet Member for Finance, Growth and Investment stated that if Council Tax were not to be increased in 2018/19 by that amount then there would be a budget deficit of £2.7m. The Cabinet Member noted that there had been an increase in child poverty and was concerned about the effect on residents with benefits and that tough decisions on spending priorities were needed.

The Cabinet Member for Finance, Growth and Investment advised that the largest amount of Council spending related to Adult and Social Care and Education which accounted for 70% and in fact there had been occasions when emergency funding had been needed in these areas.

Members were concerned about the large increase in Council tax that would affect vulnerable residents and were also concerned about the potential overspend of £6.8m.

Members were concerned about job losses and queried if the new savings proposals would result in further job losses. They also stated that Senior Officers needed be held accountable for the budgets under their control.

Members referred to the Council’s purchase of street properties and the pre-payment to the Council’s pension fund. The Cabinet Member clarified the pension pre-payment would save money for the Council in the long run.

The Independent Adviser stated that he was concerned about the Council’s overspend particularly in relation to Public Realm. He felt that the budget appeared to be optimistic but was concerned that the Council may need to revisit this early on in the 2018/19 financial year. The Cabinet Member for Finance, Growth and Investment stated that the Council had increased investment into Public Realm in the coming year but acknowledged that due to the significant cuts that had to be made over the years, the Council were not as resilient as it could be but met officers on a regular basis to review budgets and the financial situation affecting the Council.

36. Public Realm Review presentation

The Director of Public Realm (DPR) gave a presentation to Select Committee on the new target operating model for Public Realm and covered the following areas:

- The need for change – service issues over the last couple of years
- Service redesign principles
- Recent changes to the service

A new Waste Service
- Waste behaviour change communications strategy
- Recycling and Waste Services- proposed service model

A new Cleansing Service
- Street Cleansing- Deep Clean
Barking Town Centre
  • Results-Primary Shopping Centre Operating Model

Dagenham Heathway
  • Results- Secondary Shopping Centre/'Hot Spot' Operating Model

Valence Avenue
  • Results- Valence Ward Main Street Operating Model

Exeter Road
  • Results- Village Ward side street operating model

Street Cleansing- new service model “Blue Print”

The DPR confirmed that a new permanent Head of Fleet had recently joined the council and that a new permanent Head of Operations was starting early. Two further senior posts had also recently been appointed to. He referred to a new Public Realm communications strategy which was to encourage residents to recycle more food and glass.

In answer to questions from Members, The DPR confirmed that he had worked in Public Realm and had over 20 years’ experience working with London Boroughs and District Councils. He informed the meeting that staff consultation had started on the restructure and that meeting with the Trade Unions would be undertaken during this period which was to end on 19 February 2018.

Members requested a copy of the map that shows the new Zones for cleansing and it was agreed that this would be shared with them once the consultation had been completed.

Members referred to missed bin collections. The DPR confirmed that residents can report missed bins by either by phone or online.

Members were concerned that there was no budgetary information contained in the presentation of the new model. They noted that it was only 6% of the Council’s budget. The COO responded that the budget had been baselined as part of this exercise and that in Cabinet had agreed to add a further £1.5m put into the budget for 2018/19.

The DPR clarified that currently there was no budget for holidays or weekend working although the Council was working towards getting a pool of staff for future and stated that “double shifting” reduces the life of the dustcart. He added that negotiations were on going with the East London Waste Authority (ELWA) concerning glass and other recycling.

In answer to a question about employee overtime claims, the DPR confirmed that management checked these and ensured it was necessary and justifiable.

Members asked about the use of Adecco as the agency employing workers in Public Realm. The DPR stated that this contract was a corporate one which provided all agency staff to the council.
In answer to question about sickness levels, there was a robust monitoring programme in place to deal with it.

Members asked whether the Council received revenue for recycled waste. The DPR stated with the Council did not receive any income from recycling but that this had an impact on the levy paid to ELWA as part of our long-standing contract with them.

(At the conclusion of this item, the Board agreed that, in accordance with Part 2, Chapter 3, paragraph 7.1 of the Council Constitution, the meeting be extended for a reasonable period beyond the two-hour threshold to enable the matter to be concluded.)

(At the conclusion of this item, the Board adjourned for a break at 8.00 pm and reconvened at 8.10 pm)

37. Annual Audit Letter 2016/17

This report summarised the key findings from the 2016/17 external audit of the Council, which covered the 2016/17 Financial Statements and Value for Money conclusion. An unqualified opinion was issued in respect of the accounts and KPMG were satisfied that the Council had satisfactory arrangements in place to secure value for money. All the issues in the letter have been previously reported. The key recommendations were listed in appendix 1 of the report.

Members raised about the value for money conclusions and risk and Charles Medley, KPMG advised of the process that was followed.

In answer to further questions, KPMG looked at all areas in totality and areas included the Housing Revenue Account, Council Tax, spending, economies and efficiencies. Charles Medley advised that the value for money (VFM) judgement was a specifically public sector requirement.

The Select Committee noted the report.

38. External Audit Plan 2017/18

The Independent Auditors, KPMG, audit plan sets out for the benefit of those charged with governance (in the case of London Borough of Barking and Dagenham, Public Accounts and Audit Select Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. The plan was to enable members to understand the consequences of KPMG’s work, discuss issues or risk and the concept of materiality with the Independent Auditors.

The audit of the financial statement did not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements. The contents of the Audit Plan had been discussed with management.
Members were concerned about the issues relating to HRA payments into the general fund. Charles Medley (KPMG) advised that the external auditors looked at the materiality in each of the balances and key processes and the ISA 260 report would follow at a later date.

Members referred to income generation plans and Charles Medley advised these are reviewed.

The Select Committee noted the report.

39. **Internal Audit progress report and Counter Fraud report 2017/18 Quarter 2**

   Members were concerned about whether Housing investigations and whether they were cost effective. The COO advised that the structure of the Finance team was being reviewed.

   Members asked about grant monies that had previously been received for fraud investigations. However, it was confirmed that this was no longer available.

   Members noted the report.

40. **Internal Audit progress report and Counter Fraud report 2017/18 Quarter 3**

   This report brought together all aspects of assurance and counter fraud work undertaken to date during 2017/18. The report details audit progress to 31 December 2017 and includes details of the overdue high-risk recommendations outstanding and actions being taken by management to address these.

   Members were concerned about a 50% underspend for the adaptations budget. The Director of Finance would check this out and update Members.

   Members were concerned about the progress of audits to final report stage, and in response, officers were meeting with Mazars to check progress and were confident that this was on track for improvement.

   The Select Committee noted the report.

41. **Information Governance Annual Report and Local Government Ombudsman Complaints**

   This report was deferred to the next meeting of the Select Committee.

42. **Corporate Plan 2017/18 - Quarter 2 Performance Reporting**

   This report was deferred to the next meeting of the Select Committee.
43. *Use of Agency Staff, Programme and Project Workers and Consultants as at 20 October 2017*

The report showed an analysis of non-permanent staff across all services, broken down by:

- Agency staff – non-permanent staff working under LBBD direction and covering established vacant posts pending recruitment or brought in to meet short-term operational demands such as sickness or peak workloads;
- Programme and Project workers – non-permanent staff working under LBBD direction and brought in for a fixed period to provide specific skills and knowledge for the duration of a defined programme or project; and
- Consultants - employees of third party organisations working under the third party’s direction to deliver a specific output as commissioned by the Council.

The data was at 20 October 2017 and detailed information was provided in Appendix 1. It should be noted that the data showed this workforce under the new management structure implemented on 1 October 2017 and this will be revised in future reports to reflect any further organisational changes.

Members were concerned about the high level of agency staff working at higher levels and noted about those employees affected by the new IRR35 arrangements. The COO stated that the briefing note issued in Autumn 2017 would be resent to the Select Committee.

With reference to the Transformation team, the HWC confirmed that the numbers would reduce over time. Members asked for greater clarification and information and the COO would check this with the Director of Transformation.

Members asked for greater analysis of the posts shown in this report and the HWC stated that there will be a follow up report in six months' time. The HWC confirmed that all these posts were reviewed by the Workforce Governance Group, chaired by the Chief Executive.

Members were concerned about the Agilisys contract. The HWC stated that the Council had good value from the contract and it receives a discounted rate. The COO added explained that the separate Elevate contract was with Agilisys for the provision of business as normal services such as ICT and revenues. The HWC added that in terms of agency staff undertaking cleaning and caretaking, if those staff were sick and could not work, new ways were being explored to set up an internal pool of flexible workers which will help in driving down agency costs.

The Select Committee noted the report.

*Item considered following the passing of a resolution to exclude the public by virtue of paragraphs 1 & 2 of Part 1 of Schedule 12A of the Local Government Act 1972.*