Notice of Meeting

PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Wednesday, 6 December 2017 - 6:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Dave Miles (Lead Member); Cllr Rocky Gill (Deputy Lead Member); Cllr Peter Chand, Cllr Elizabeth Kangethe, Cllr Margaret Mullane, Cllr Moin Quadri, Cllr Tony Ramsay, Cllr Sam Tarry and Cllr Phil Waker

Independent Advisor: Alan Hill

By Invitation: Cllr Lynda Rice (agenda item 7)

Date of publication: 28 November 2017

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To view webcast meetings, go to https://www.lbbd.gov.uk/council/councillors-and-committees/meetings-agendas-and-minutes/overview/ and select the meeting from the list.

AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests
   In accordance with the Council’s Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.

3. Minutes - To confirm as correct the minutes of the meeting held on 18 October 2017 (Pages 3 - 7)

4. Budget Presentation
5. Internal Audit progress report and Counter Fraud report 2017/18 -Quarter 2 (Pages 9 - 20)

6. Local Government Ombudsman Complaints (Pages 21 - 28)

7. Public Realm Review presentation

8. Work Programme (Pages 29 - 30)

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

10. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted

Private Business

The public and press have a legal right to attend Council meetings such as the Public Accounts and Audit Select Committee, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended).

11. Use of Agency Staff, Programme and Project Workers and Consultants as at 20 October 2017 (Pages 31 - 55)

12. Any other confidential or exempt items which the Chair decides are urgent
Our Vision for Barking and Dagenham

One borough; one community;
London’s growth opportunity

Our Priorities

Encouraging civic pride

- Build pride, respect and cohesion across our borough
- Promote a welcoming, safe, and resilient community
- Build civic responsibility and help residents shape their quality of life
- Promote and protect our green and public open spaces
- Narrow the gap in attainment and realise high aspirations for every child

Enabling social responsibility

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe
- Ensure everyone can access good quality healthcare when they need it
- Ensure children and young people are well-educated and realise their potential
- Fully integrate services for vulnerable children, young people and families

Growing the borough

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

Well run organisation

- A digital Council, with appropriate services delivered online
- Promote equalities in the workforce and community
- Implement a smarter working programme, making best use of accommodation and IT
- Allow Members and staff to work flexibly to support the community
- Continue to manage finances efficiently, looking for ways to make savings and generate income
- Be innovative in service delivery
MINUTES OF
PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Wednesday, 18 October 2017
(6:05 - 8:20 pm)

Present: Cllr Dave Miles (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Tony Ramsay, Cllr Sam Tarry and Cllr Phil Waker

Also Present: Alan Hill; Cllr Maureen Worby

Apologies: Cllr Peter Chand, Cllr Elizabeth Kangethe and Cllr Margaret Mullane

26. Declaration of Members' Interests

There were no declarations of interest.

27. Minutes - To confirm as correct the minutes of the meeting held on 12 September 2017

The minutes of the meeting held on 12 September 2017 were confirmed as correct.

28. Mental Health Safeguarding Audit

A presentation was provided by Tudur Williams, Operational Director Adults Social Care (ODASC). This was in relation to the Internal Audit report on Mental Health Services received by the Committee at its meeting on 12 September and where Members requested to receive a presentation relating to the the future of NEFLT.

The presentation covered the following areas:

- NELFT not meeting its statutory duties of the Mental Health Act 1983 (amended 2007) and the Care Act 2014.
- Concerns for compliance with the Safeguarding process and AMHP provision.
- Decision taken to end integrated management through the Section 75 agreement.
- Transformation aligned with ‘A New Kind of Council’ which went live on 1 October 2017.
- The new service included two new teams and an AMHP service, a new Head of Mental Health and an increase in the number of social workers. This service would deliver on statutory duties, broaden its reach and commissioning, prevent and intervene early and act on social isolation.

The ODASC highlighted that a thorough review of the Mental Health service had taken place and reported in January 2017 following a number of areas of concern. The Section 75 agreement with NELFT ended on 1 October 2017 and he advised that all social workers employed by NELFT had transferred back to working for the Council. The actions following the Mental Health audit were being undertaken and a new Head of Mental Health had been appointed in January 2017. The Council
were also in the process of recruiting social workers. By December 2017 there would be a fully functioning social worker service under the Council’s direction.

The ODASC advised that the new service would provide greater intervention at an earlier stage using a new initiative called “Thrive” and it would work with Community Solutions. The Adult Social Care IT system is being replaced with a new one called “Liquid Logic” and would also improve safeguarding. The Council will be one of the pilot boroughs focussing on intervention at an earlier stage. In terms of funding, there would also be additional investment into the new service, which included monies received from the Better Care Fund (BCF).

Councillor Worby (Cabinet Member for Social Care & Health Integration) advised that the Council were not the only local authority that had experienced these problems which had led to social workers being returned to working in-house. There were also safeguarding issues and insufficient intervention and now the service had become more proactive in dealing with issues at an earlier stage. The ODASC added the issues with NELFT and the Council had been settled amicably. It was noted that NELFT were still a mental health provider.

Members noted that up to one third of the population suffered with mental health issues during their lifetime and were concerned about the long-term funding of mental health which the ODASC noted was a challenge. The Cabinet Member Social Care & Health Integration added that the ‘Thrive’ Project did have some additional monies although it was still underfunded and the aim at every stage was to provide the best mental health service as possible to residents.

Members noted that Social Workers in the old service had been designated as Health Care Workers whilst employed by NELFT and so had not focussed on traditional social work, they asked what steps were being taken to help them in their return to their Social Work roles working for the Council. The ODASC advised that a rigorous re-training programme would be taking place in the next few months and the Council were also introducing a new scheme for Mental Health Practitioners. A new retention package was also being introduced to attract Social Workers to work for the Council.

In answer to a question about the potential for escalating social care budgets affecting those with mental health issues, the Cabinet Member for Social Care & Health Integration advised that there was a need for greater earlier intervention and increased understanding about the mental health pressures on social housing. The Street Purchase scheme would be very helpful in this regard and she advised a number of these properties would be ringfenced for social care purposes and providing supported accommodation for those with mental health issues.

(At the conclusion of this item, there was a short adjournment from 6.40-6.45 pm)

29. **Investment & Acquisition Strategy Be First Prospectus - including Regeneration of the Sanofi site**

The Select Committee received a presentation from Andrew Sivess, Head of Assets and Investment (HAI) in relation to the Investment & Acquisition Strategy. The Strategy had been approved by the Cabinet at its meeting in November 2016.
and a further update had been period to Cabinet in July 2017.

The aim of the Investment & Acquisition Strategy (IAS) is to use the Council’s favourable borrowing terms to make capital investments in schemes which will make a long-term return on investment, with an initial cash target of £5.125m by 2021.

The presentation covered the following areas:

- Overview of the IAS- schemes, income forecasts and timelines
- Contribution work streams – construction of new build properties, acquisitions and land banking, energy supply and distribution (ESCO) and purchasing of street properties
- IAS forecast income by 2021- totalling £5,200,000
- New build schemes, acquisitions and land banking – current schemes under construction and future planned schemes
- Development programme- Be First investment schemes
- Made in Dagenham Multimedia Complex – the Capital’s largest film and TV studios in twenty-five years
- District Heating – Energy Services company (ESCO)- opportunity areas, two out of seven underway
- ESCO income forecasts annual predicted gross income for seven energy schemes by 2027
- Purchasing of street properties: a target of 150 including 35 one bed flats in the borough for young adults leaving care and 15 one bed flats in the borough for mental health clients. Savings against the Children’s and Adults services budgets and an aim to generate £190,000.

The HAI stated that the programme was intended to be in place for the next 20 years working closely with Be First and B & D Reside services. He referred to the proposed ‘Made in Dagenham multimedia complex’ which could include a film studio as well as mixed industrial and residential use with Be First as a potential developer.

The HAI advised that there was an Investment Panel overseeing the Strategy, chaired by the COO and was supported by external Commercial Property advisers. At present forty-four schemes had been reported to Cabinet.

The HAI referred to the Energy Services company (ESCO) which would be important in providing greater energy for seven areas of the borough as fossil fuels were eventually becoming obsolete. A competitive tariff would be provided for residents and it was anticipated that £10m gross would be made in sales over a period of fifteen years. He stated in answer to a question that the Energy Services company is not an energy supplier but a focussed district heating business and providing as much heat to as many customers as possible, this could be provided for customers in areas such as the Town Hall, commercial premises and schools.

Members asked about the sources of funding and referred to the anticipated £5m return on investment. They asked about the costs of regeneration, temporary accommodation and purchasing of street properties. The HAI advised that lessons had been learnt from previous schemes and the Council can act as a funder with market testing taking place. Regeneration was a ‘movable feast’ and needed to be affordable during the 20-year period.
The Select Committee requested more detail about the proposed Made in Dagenham multi-media site and stated that they were not aware of the residential part of the development which would have an impact on Village and Eastbrook Wards. The HAI responded that he would ask the Be First to contact the Dagenham East Regeneration Group which would need to discuss this matter. The HAI added that the Council had been undertaking a soft market exercise, seeking expressions of interest for the development over the previous eight months and this included the funding of a film studios study. The Mayor of London had also expressed his interest in this development.

Members asked for the level of interest and were keen to avoid a situation of wasting £12m on viability costs, they sought assurance. The HAI stated that the full financial appraisal was supported by a firm of London West End surveyors and a film consortium and the next stage would be to go out to tender to formally test the market. This would be started in the next month. He added that the site could be used a variety of purposes prior to the development being finalised. Members asked for a further report on this matter and also for consideration for this to be as a standing item to each meeting. The COO advised that a further report would be submitted to PAASC when the results of the tender exercise had been evaluated.

The HAI referred to Becontree affordable housing and the development of models for greater flexibility in future. He added that there had been a tight financial model in earlier years with borrowing for public works. When income generation grew, it would be possible to adopt more flexible plans for regeneration including the purchase of street properties.

The Select Committee noted the presentation and requested that an e-mail was provided in relation to the detailed costs for Gascoigne Phase I project.

30. Housing Revenue Account (HRA) Expenditure

The Select Committee had requested further information about accounting and budgeting arrangements for the Housing Revenue Account (HRA). The Housing Revenue Account is a ring-fenced account, within the General Fund for all expenditure and income connected with the provision of its social housing. Maintaining this account is statutory for all stock holding authorities under the Local Government and Housing Act (1989.) There is a set format for the presentation of the HRA within the Statement of Accounts.

As at 31 March 2017 the London Borough of Barking and Dagenham had a housing stock of 17,923 dwellings available for rent plus approximately 3,500 leasehold properties (generally flats that have been sold under the Right to Buy.) Rent and other charges provided an income to the account of £113.369m and revenue expenditure of £75.792m was incurred. After technical adjustments and interest payments and a £24.9m investment in the HRA capital programme the net surplus on the account was £1.9m which was returned to the HRA reserve.

Members noted the report and expressed concern about some aspects and asked for greater clarity, justification and explanation in future. The Chief Operating Officer (COO) responded that the report sought to provide the principles of how costs are allocated to the HRA in the financial year 2017/18, which is a transitional one for the Council. In this year of the council has created a number of new
service blocks with the splitting of old functions and there was no longer an HRA function. The report also highlighted that there was a lot of work being undertaken in Public Realm to link in with the new IT system in order to ensure greater financial accuracy in future. The Council were seeking to move to a more confident level in this regard and collect as much data as possible. Unfortunately, it was not possible to challenge individual levels of e.g. caretaker timesheets as this would create greater overheads. The outturn for 2016/17 was higher owing to specific issues relating to transformation and voluntary redundancy.

The COO advised that the Public Realm service had been restructured. The Select Committee would receive a report at its meeting on 6 December relating to the review of Public Realm.

Members asked what the total cost of removing graffiti was and noted there were six employees on HRA land. The Group Manager (Finance) would provide this information to the Select Committee in a briefing note.

Members enquired about the costs of voluntary redundancy in 2016/17 which were quite significant. The COO advised that this was in line with the costs across the Council and had been included in the report to PASSC in March 2017.

Members noted the breakdown of Supervision and Management expenditure and the information provided about how the HRA costs are calculated.

The Select Committee:

(i) Noted the breakdown of Supervision and Management Expenditure

(ii) Noted the information provided about how HRA costs are calculated;

(During the discussions on this item the Select Committee 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.)

31. Work Programme

The Work Programme was noted.
Title: Internal Audit progress report and Counter Fraud report 2017/18 Quarter 2

Report of: Senior Internal Audit Manager

Open | For Discussion & Agreement
--- | ---
Wards Affected: None | Key Decision: No

Report Author: Matthew Cavanagh, Interim Senior Internal Audit Manager
Presented by Rachel Paddon, Interim Head of Audit

Contact Details:
Tel: 07795177099
E-mail: rachel.paddon@lbdd.gov.uk

Accountable Director: Kathy Freeman, Finance Director

Summary:
This report brings together all aspects of assurance and counter fraud work undertaken to date during 2017/18. The report details audit progress to 30 September 2017 and includes details of the high-risk recommendations outstanding and actions being taken by management to address these.

Recommendation
Members are asked to note the contents of the report.

Reason
Assurance and counter fraud work helps to ensure good practice in corporate governance, risk management and internal controls all of which assist service areas in meeting their aims and the overall Council objectives.

1. Level of Assurance and any issues arising
1.1. In June 2017, Members received the Internal Audit Annual Report which concluded based upon the work undertaken in 2016/17 which concluded that reasonable assurance could be given that the internal control environment is operating adequately.
1.2. Based upon the work undertaken since the last update to Members in June 2017, no material issues have arisen which would impact on this opinion.

2. Executive Summary of work undertaken between July and September 2017
2.1. The internal audit service continued to be supported by the London Borough of Redbridge on an interim basis. Resilience has been provided by Mazars through
the Council’s contract with Croydon and reliance has been placed on Mazars to provide additional resource.

2.2. Following a review of the current arrangements, the decision has been taken to pause the Redbridge shared service to enable LBBD to build up internal capacity and take the service forward to where it needs to be – forward looking and advising on preventative controls, whilst retaining the traditional compliance element of the service. A recruitment exercise is currently ongoing to enhance the capacity of the in-house team. The team will be restructured for a 1st April 2018 implementation. In the meantime, Rachel Paddon has joined us as the interim Head of Internal Audit from November 2017. The Council is still contracted with Mazars to support out delivery of the Internal Audit plan.

2.3. Reasonable progress has been made against the 2017/18 work plan however progress has been impacted by the number of reviews from the 2016/17 plan that needed to be finalised in the current year.

3. Current/Future Key Issues

3.1 Work is continuing to consider future options for the long term structure and delivery model that will be in place for the internal audit service. Members will be updated in due course regarding future changes.

4. Appendices - Performance of and outcomes from audit and counter fraud work

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Content</th>
</tr>
</thead>
</table>
| 1        | INTERNAL AUDIT  
Progress Against Annual Audit Plan 2017/18  
Outcomes from Internal Audit Work  
Implementation of Audit Recommendations  
Internal Audit Performance |
| 2        | COUNTER FRAUD  
Summary of Counter Fraud activity including whistleblowing  
Housing Investigation activity and key outcomes |

5. Financial Implications

*Implications completed by: Kathy Freeman, Director of Finance*

5.1 The Assurance & Counter Fraud Teams are fully funded and there are no additional financial implications arising directly from this report. Robust internal controls and preventative counter fraud activity prevents financial loss to the Authority.

6. Legal Implications

*Implications completed by: Dr. Paul Feild Senior Governance Lawyer*

6.1 The Accounts and Audit (England) Regulations 2015 (the “Regs”) Reg 3(a)(b) & (c), requires that the Council must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; that the financial and operational
management of the authority is effective; and includes effective arrangements for the management of risk. In addition, Reg 6 (1)(a) requires that each financial year a review is carried out of the effectiveness of the system of internal control as required by Reg 3.

6.2 Furthermore the Director of Finance has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council’s financial affairs.
Appendix 1: Internal Audit Update

Summary Progress of Internal Audit Plan 2017/18

1.1 The table and graph below indicate the progress made against the audit plan as at 30 September 2017. The headings shown are as follows:-

- Deferred/cancelled – following consultation with management the audit is not progressing as part of this year’s plan.
- Not started – scope of work has not yet been determined/allocated
- Planning/Scoping – audit has been allocated and scoping has commenced for the audit assignment
- Fieldwork – audit work is in progress
- Draft report – audit report issued to management for agreement.
- Final report – audit report has been signed off by management.

<table>
<thead>
<tr>
<th>Audit Type</th>
<th>Planned Audits</th>
<th>Unplanned Audits</th>
<th>Deferred/cancelled</th>
<th>Not started</th>
<th>Planning/scoping</th>
<th>Work in progress</th>
<th>Draft report</th>
<th>Final Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk &amp; Compliance</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>9</td>
<td>9</td>
<td>3</td>
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<td>Schools</td>
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<td>Total</td>
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<td>13</td>
<td>15</td>
<td>14</td>
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<td>3</td>
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1.2 Of the planned audits 74% of the plan (37 audits) have commenced. No audits have been deferred or cancelled of the original plan to date.
1.3 Whilst progress has been made in commencing 17/18 audits in the period, progress in completing reviews has not been in line with expectations. This is largely due to the completion of audits as part of the 16/17 plan in Q1 17/18. A total of 14 reviews had not been finalised at 01/04/2017 in relation to the 16/17 plan. The outturn of draft/final reports should increase in Q3/4 however it will be important for the service to mitigate a back log of audits being carried over in to subsequent audit years to ensure an improved delivery profile.

2. **Limited Assurance Reports Issued**

2.1 Limited assurance means that while there is a basically sound system there are areas of weaknesses or non-compliance, which put some of the control objectives at risk. Since our last report in September 2017 1 report has been finalised with limited assurance. A summary of the key issues arising through these reviews has been included below:

<table>
<thead>
<tr>
<th>Report</th>
<th>Key issues/recommendations identified</th>
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<tbody>
<tr>
<td>Decent Homes</td>
<td>This review considered the arrangements in place for the Council to deliver Decent Homes upgrade works on the housing stock with particular focus on project planning, procurement, payments, quality assurance and property handback. We found:</td>
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<td>- The framework agreements in place to support the commissioning of works in the North and South areas expired in June 2016. We were informed that the process of tendering to appoint new framework contractors was ongoing however at the time of fieldwork (February/March 2017) new contractors had not been appointed.</td>
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<td></td>
<td>- Estimates are provided by contractors that set out the works required at a property and agreed with the Council prior to the commencement of works. Upon considering a sample of properties to assess whether an estimate had been prepared in advance of the commencement of works in line with procedures we found for 8/10 (80%) Central Area properties estimates had not been prepared and for 10/10 (100%) North and South area properties estimates could not be provided.</td>
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<td>- Evidence of quality assurance work performed in relation to work in progress and completed work to verify that works were completed and completed to the prerequisite standard are not formally documented.</td>
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<td>- Surveys of tenants for whom Decent Homes works have been completed had not been issued in 2016/17.</td>
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3. **Implementation of High Risk Recommendations**

3.1 Internal audit recommendations are categorised high, medium and low risk depending upon the impact of the associated risk attached to the recommendation. Where a recommendation is considered to address a “major weakness with material loss, error, fraud, inability to comply with laws, regulations and internal policies or procedures, or significantly impede service delivery” it is considered to be high risk and categorised accordingly.

3.2 Management are expected to implement all high risk recommendations by the agreed target dates. Internal Audit tracks management progress by way of a chase up or follow up to the audit client accordingly. Slippage in implementing agreed actions does occur and requires management to instigate revised targets and consider ways to mitigate the identified risks.

3.3 In summary there are 2 outstanding high risk recommendations that have exceeded their implementation date.

<table>
<thead>
<tr>
<th>Delivery Units</th>
<th>Other</th>
<th>Report Title</th>
<th>Directorate</th>
<th>Audit Risk/Finding</th>
<th>Recommendation</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult’s Care and Support</td>
<td>Core</td>
<td>Records Compliance</td>
<td>Core</td>
<td>There is no list of information asset owners (IAO), a list is in the process of being compiled. The roles and responsibilities of the IAO's has not been defined or communicated to officers. A part time consultant has been appointed and is in the process of identifying IAOs.</td>
<td>a. Roles and responsibilities for IAO’s should be clearly defined and communicated and incorporated into job descriptions b. Basic training on the requirements of IAO's should be given to those holding the role.</td>
<td>31/12/2016</td>
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<td>Children’s Care and Support</td>
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<td>Community Solutions</td>
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<td>MyPlace (Inc HRA)</td>
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<td>Enforcement</td>
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<td>Public Realm</td>
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<td>Be First</td>
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<td>Core (Also includes corporate/cross cutting)</td>
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<tr>
<td>Commissioning</td>
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<td>Elevate</td>
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<td>Total</td>
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<tr>
<td>Ordering and Accounts Payable</td>
<td>Elevate</td>
<td>Supplier documentation is not requested and validated against supplier details (banking details, registration number, and addresses). Reports are not run to identify changes made to standing data to check that there is appropriate supporting documentation.</td>
<td>Where supplier details are added or amended, details such as company registration documents, letters from the bank confirming banking details and proof of supplier address amongst others should be provided and validated by Accounts Payable. Before new suppliers are set up or any changes to the supplier details are effected, Accounts Payable should review and sign off the request forms.</td>
<td>31/08/2016</td>
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### 4. Internal Audit Performance

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Target</th>
<th>Performance &amp; RAG Status</th>
<th>What it measures</th>
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<tbody>
<tr>
<td><strong>Output Indicators (Efficiency)</strong></td>
<td></td>
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<tr>
<td>% of Audit Plan completed (Audits at draft report stage)</td>
<td>&gt;25% by 30/9/16</td>
<td>16%</td>
<td>Delivery measure</td>
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<td>&gt;50% by 31/12/16</td>
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<td>&gt;80% by 31/3/17</td>
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<td>100% by 31/5/17</td>
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<td>Meet standards of Public Sector Internal Audit Standards</td>
<td>Substantial assurance or above from annual review</td>
<td>Substantial effectiveness of Internal Audit reported to PAASC June 16</td>
<td>Compliant with professional standards</td>
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<td><strong>Outcome Indicators (Effectiveness - Adding value)</strong></td>
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<tr>
<td><strong>High Risk</strong></td>
<td>&lt;5%</td>
<td>8% *</td>
<td>Delivery measure</td>
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<tr>
<td>Recommendations not addressed within timescales</td>
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<tr>
<td><strong>Overall Client Satisfaction</strong></td>
<td>&gt; 85% satisfied or very satisfied over rolling 12 month period</td>
<td>67%</td>
<td>Customer satisfaction</td>
</tr>
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* High Risk Recommendations

<table>
<thead>
<tr>
<th></th>
<th>Recommendations Made</th>
<th>Implemented</th>
<th>Outstanding</th>
<th>Beyond due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous years b/fwd</td>
<td>10</td>
<td>8</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Current Year</td>
<td>14</td>
<td>14</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>22</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
5. Emerging Audit Issues

5.1 There are no new emerging audit issues that need to be reported.
Appendix 2: Counter Fraud Update

1. Summary of Corporate Fraud Activity including Whistleblowing

The update on corporate fraud activity for 2017/18 Quarters 2 is set out below. Note, to ensure efficient use of resources, whilst all cases are logged by the Counter Fraud Team, referred cases will be assessed and the most appropriate method of investigation determined – either undertaken by the Counter Fraud Team, other agencies/sections or by management.

2017/18 Quarter 2 Fraud referrals incl. whistleblowing

<table>
<thead>
<tr>
<th></th>
<th>Qtr 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/fwd Number of Cases Outstanding</td>
<td>5</td>
</tr>
<tr>
<td>Referrals received in Period</td>
<td>75</td>
</tr>
<tr>
<td>Cases accepted for CFT investigation</td>
<td>4</td>
</tr>
<tr>
<td>No further Action after initial review/already known</td>
<td>2</td>
</tr>
<tr>
<td>Referred to others</td>
<td>69</td>
</tr>
<tr>
<td>Cases closed In Period</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL Ongoing Number of CFT Investigations:</td>
<td>6</td>
</tr>
</tbody>
</table>

The referrals received relate to the number of cases that are sent through to the Fraud email inbox or where contact is made direct with members of the team. A large proportion relate to people contacting us when not sure where else to send or mistakenly thinking our section should be dealing. Efforts are being made to improve the online reporting of fraud related issues to signpost people correctly to the right areas.

The referrals to others include such things as requests in relation to CCTV, FOI, DPA as well as referrals to Housing Benefits, CTAX & DWP, Complaints, Parking Enforcement, Housing services, Noise nuisance, Housing Associations, Planning, Private Sector Licencing, Police and Trading Standards.
Outcomes – Closed Cases in Quarter 2 2017/18

<table>
<thead>
<tr>
<th>No of Cases Qtr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Resigned during investigation/disciplinary process</td>
</tr>
<tr>
<td>Referred to Police/Management action</td>
</tr>
<tr>
<td>No fraud/No further action</td>
</tr>
</tbody>
</table>

2. HOUSING INVESTIGATIONS

Members are provided specific details on the outcomes from the work on Housing Investigations. For 2017/18 positive outcomes have been identified as set out below.

Caseload

<table>
<thead>
<tr>
<th>Qtr 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Cases (as at 1 July)</td>
</tr>
<tr>
<td>New Cases Added</td>
</tr>
<tr>
<td>Cases Completed</td>
</tr>
<tr>
<td>Open Cases (as at 30 September)</td>
</tr>
</tbody>
</table>

On Going Cases - Legal Action

<table>
<thead>
<tr>
<th>Qtr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notices Seeking Possession served</td>
</tr>
<tr>
<td>No of Cases - Civil action (recovery of property) only</td>
</tr>
<tr>
<td>No of Cases - Criminal action (prosecution of tenant) only</td>
</tr>
<tr>
<td>No of Cases - Combined Civil/Criminal action</td>
</tr>
</tbody>
</table>
## Outcomes - Closed Cases

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Quarter 2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convictions</td>
<td>1</td>
</tr>
<tr>
<td>Properties Recovered</td>
<td>4</td>
</tr>
<tr>
<td>Successions Prevented</td>
<td>0</td>
</tr>
<tr>
<td>Right To Buy prevented</td>
<td>0</td>
</tr>
<tr>
<td>Savings (Former Tenants Arrears repaid, Single Person Council Tax Discounts removed, RTB, Decant saved)</td>
<td>£0</td>
</tr>
<tr>
<td>Other Potential Fraud prevented/passed to appropriate agencies (including MCIL applications cancelled)</td>
<td>54</td>
</tr>
<tr>
<td>No further action</td>
<td>10</td>
</tr>
</tbody>
</table>
Title: Local Government Ombudsman Complaints

Report of the Chief Operating Officer

Open Report

Wards Affected: All

Key Decision: No

Report Author:
Nick Lane
Head of Client Unit

Contact Details:
Tel: 020 8215 3000
E-mail: nick.lane@lbbd.gov.uk

Accountable Director: Claire Symonds, Chief Operating Officer

Summary:
This report provides a commentary of those complaints received by the Council and in particular those that involved the Local Government Ombudsman (LGO).

Recommendation(s):
The committee is recommended to:

(i) Note the status of Local Government Ombudsman cases and current complaint performance.

Reason(s):
To provide the Public Accounts and Audit Select Committee with an assurance that Local Government Ombudsman issues are dealt with effectively.

1. Introduction and Background

1.1 While the Council has a robust and well managed process through which customers can raise a concern with the Council, should any customer remain unhappy with the response provided, they can take their issue to the Local Government and Social Care Ombudsman (LGO) or the Housing Ombudsman (for housing specific matters).

1.2 Only 1% of cases were taken to the Ombudsman by customers between April - October 2016 (we received 1,529 complaints of which 16 cases were referred to the Ombudsman with 5 upheld). Over the course of 2016/17 we received 2,485 complaints of which 30 were Ombudsman cases (1.3%).
1.3 For the same period in 2017 to date, 1.6% of cases were taken to the Ombudsman by customers (we have received 1,946 complaints of which 31 cases were referred to the Ombudsman with none so far upheld).

2. Complaints performance

2.1 A focus on resolving and speeding up our response to members casework, has ensured that our target of 90% is being met, however, Corporate Complaints performance (our ability to respond to cases within deadlines) has lagged behind at 78% for the period April to October. Workshops are currently being convened across the council to address performance and quality concerns.

2.2 Statutory complaints (Adults and Children’s social care) for the period April to October recorded 87% responded within time scales for Adults and 82% for Childrens.

2.3 In July 2017 we received our annual review letter from the Local Government and Social Care Ombudsman (LGO) which is sent to every local authority. The letter detailed the number of cases referred to the LGO; a total of 109 complaints for the period ending 31 March 2017 and the number of decisions upheld against the council. Of the cases decided upon by the LGO, 92 were closed without any action, 8 were found in our favour and 15 in the complaints favour. The majority of these latter cases were complex cases, typically adults and childrens social care or involved housing related matters.

2.4 The LGO uphold rate is calculated in relation to the total number of detailed investigations. The number of remedied complaints may not equal the number of upheld complaints. This is because, while the LGO may uphold a complaint because it finds fault, it may not always find grounds to say that fault caused injustice that ought to be remedied. The compliance rate is the proportion of remedied complaints where their recommendations have been implemented. The statistics provided by the LGO are often complex in their calculation and do not align directly with the data we hold; this is normal. For example, LGO numbers include enquiries from people we signpost back to the Council, but who may never contact us.

3. Managing LGO cases

3.1 The Council has a two stage complaints process, which once exhausted allows a complainant who feels that their issue has not been adequately dealt with, to then approach the LGO. If someone complains directly to the LGO, the Ombudsman will insist that the complaint first passes through the council’s complaints process, so to allow, where possible, for local resolution.

3.2 Although an upheld rate of 65% may seem high, only 15 complaints from a total of 115 referred, were formally investigated. We managed to resolve 2 to prevent a formal investigation, but 12 were not resolved until the LGO intervened.
4 Comparisons with other boroughs

4.1 Our performance against other boroughs shows that we are generally no better and no worse, as the table below indicates:

<table>
<thead>
<tr>
<th>Borough</th>
<th>Barking &amp; Dagenham</th>
<th>Newham</th>
<th>Tower Hamlets</th>
<th>Redbridge</th>
<th>Havering</th>
<th>Waltham Forest</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGO Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>upheld rate (%)</td>
<td>65%</td>
<td>69%</td>
<td>61%</td>
<td>56%</td>
<td>57%</td>
<td>62%</td>
</tr>
<tr>
<td>(15) of 115 cases</td>
<td>(22) of 185 cases</td>
<td>(19) of 106 cases</td>
<td>(23) of 127 cases</td>
<td>(12) of 95 cases</td>
<td>(16) of 140 cases</td>
<td></td>
</tr>
</tbody>
</table>

5. Quality and performance initiatives

5.1 A project to examine complaint and casework responses has been initiated. This involves sampling ten cases, selected at random, from a new service area each week. This will help tackle concerns about the quality of some of our responses whilst also identifying trends to support, in particular, the establishment of new service standards for My Place and Community Solutions. The results from this constant sampling are being used to structure workshops between the Feedback Team (complaints and information) and council service teams.

5.2 A cost analysis tracker has been created to track those costs associated with complex cases where compensation is involved. This will be used to support the development of a more holistic approach to a lessons learned culture and to try and better manage those cases where compensation payments may seem likely.

6. Consultation

n/a

7. Financial Issues

n/a

8. Legal Issues

n/a

9. Other Issues

None

10. Risk Management

None
11. Safeguarding Children
   None

List of appendices:

- LGO annual review letter
20 July 2017

By email

Chris Naylor
Chief Executive
London Borough of Barking & Dagenham

Dear Chris Naylor,

Annual Review letter 2017

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGO) about your authority for the year ended 31 March 2017. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority’s performance in handling complaints.

The reporting year saw the retirement of Dr Jane Martin after completing her seven year tenure as Local Government Ombudsman. I was delighted to be appointed to the role of Ombudsman in January and look forward to working with you and colleagues across the local government sector in my new role.

You may notice the inclusion of the ‘Social Care Ombudsman’ in our name and logo. You will be aware that since 2010 we have operated with jurisdiction over all registered adult social care providers, able to investigate complaints about care funded and arranged privately. The change is in response to frequent feedback from care providers who tell us that our current name is a real barrier to recognition within the social care sector. We hope this change will help to give this part of our jurisdiction the profile it deserves.

Complaint statistics

Last year, we provided for the first time statistics on how the complaints we upheld against your authority were remedied. This year’s letter, again, includes a breakdown of upheld complaints to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us.

We have chosen not to include a ‘compliance rate’ this year; this indicated a council’s compliance with our recommendations to remedy a fault. From April 2016, we established a new mechanism for ensuring the recommendations we make to councils are implemented, where they are agreed to. This has meant the recommendations we make are more specific, and will often include a time-frame for completion. We will then follow up with a council and seek evidence that recommendations have been implemented. As a result of this new process, we plan to report a more sophisticated suite of information about compliance and service improvement in the future.

This is likely to be just one of several changes we will make to our annual letters and the way we present our data to you in the future. We surveyed councils earlier in the year to find out, amongst other things, how they use the data in annual letters and what data is the most useful; thank you to those officers who responded. The feedback will inform new work to
provide you, your officers and elected members, and members of the public, with more meaningful data that allows for more effective scrutiny and easier comparison with other councils. We will keep in touch with you as this work progresses.

I want to emphasise that the statistics in this letter comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

The statutory duty to report Ombudsman findings and recommendations

As you will no doubt be aware, there is duty under section 5(2) of the Local Government and Housing Act 1989 for your Monitoring Officer to prepare a formal report to the council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGO has conducted an investigation in relation to the matter.

This requirement applies to all Ombudsman complaint decisions, not just those that result in a public report. It is therefore a significant statutory duty that is triggered in most authorities every year following findings of fault by my office. I have received several enquiries from authorities to ask how I expect this duty to be discharged. I thought it would therefore be useful for me to take this opportunity to comment on this responsibility.

I am conscious that authorities have adopted different approaches to respond proportionately to the issues raised in different Ombudsman investigations in a way that best reflects their own local circumstances. I am comfortable with, and supportive of, a flexible approach to how this duty is discharged. I do not seek to impose a proscriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority’s performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

- Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report on complaints to members, for example.

- Where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, I would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.

- In the unlikely event that an authority is minded not to comply with my recommendations following a finding of maladministration, I would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.
The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever my office issues a formal, public report to your authority you are obliged to lay that report before the council for consideration and respond within three months setting out the action that you have taken, or propose to take, in response to the report.

I know that most local authorities are familiar with these arrangements, but I happy to discuss this further with you or your Monitoring Officer if there is any doubt about how to discharge these duties in future.

**Manual for Councils**

We greatly value our relationships with council Complaints Officers, our single contact points at each authority. To support them in their roles, we have published a Manual for Councils, setting out in detail what we do and how we investigate the complaints we receive. When we surveyed Complaints Officers, we were pleased to hear that 73% reported they have found the manual useful.

The manual is a practical resource and reference point for all council staff, not just those working directly with us, and I encourage you to share it widely within your organisation. The manual can be found on our website [www.lgo.org.uk/link-officers](http://www.lgo.org.uk/link-officers).

**Complaint handling training**

Our training programme is one of the ways we use the outcomes of complaints to promote wider service improvements and learning. We delivered an ambitious programme of 75 courses during the year, training over 800 council staff and more 400 care provider staff. Post-course surveys showed a 92% increase in delegates’ confidence in dealing with complaints. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely

Michael King
Local Government and Social Care Ombudsman for England
Chair, Commission for Local Administration in England
Complaints and enquiries received

<table>
<thead>
<tr>
<th>Adult Care Services</th>
<th>Benefits and Tax</th>
<th>Corporate and Other Services</th>
<th>Education and Children’s Services</th>
<th>Environment Services</th>
<th>Highways and Transport</th>
<th>Housing</th>
<th>Planning and Development</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>16</td>
<td>4</td>
<td>23</td>
<td>14</td>
<td>20</td>
<td>21</td>
<td>1</td>
<td>2</td>
<td>109</td>
</tr>
</tbody>
</table>

Decisions made

<table>
<thead>
<tr>
<th>Incomplete or Invalid</th>
<th>Advice Given</th>
<th>Referred back for Local Resolution</th>
<th>Closed After Initial Enquiries</th>
<th>Not Upheld</th>
<th>Upheld</th>
<th>Uphold Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>7</td>
<td>52</td>
<td>24</td>
<td>8</td>
<td>15</td>
<td>65%</td>
<td>115</td>
</tr>
</tbody>
</table>

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
The number of remedied complaints may not equal the number of upheld complaints.
This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.
# Agenda Item 8

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Agenda Item</th>
<th>Officer</th>
<th>Final Papers deadline</th>
<th>Publication Date</th>
<th>Relevant Cabinet Member(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Meeting Title</td>
<td>Presenter(s)</td>
<td>Date</td>
<td>Presenter(s)</td>
<td></td>
</tr>
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</tr>
<tr>
<td>7 March 2018</td>
<td>1. Annual Audit Letter</td>
<td>KPMG</td>
<td>22 February 2018</td>
<td>Cllr Twomey</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Debt Management inc write-offs 6 monthly update</td>
<td>Stuart Kirby</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Internal Audit Charter, Audit Strategy and Audit Plan</td>
<td>KPMG</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. External Audit Plan</td>
<td>Internal Audit</td>
<td></td>
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<tr>
<td></td>
<td>5. Risk Management Framework (end of Year report)</td>
<td>KPMG</td>
<td></td>
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<tr>
<td></td>
<td>6. Employment Tribunals Annual Report</td>
<td>Sharon Roots</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>8. Work Programme</td>
<td>Jonathan Toy</td>
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<td>22 February 2018</td>
<td>1. Annual Audit Letter</td>
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<td>4. External Audit Plan</td>
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<td>5. Risk Management Framework (end of Year report)</td>
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<td></td>
<td>8. Work Programme</td>
<td>Jonathan Toy</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A of the Local Government Act 1972.
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