Present: Cllr Dave Miles (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Jeanne Alexander, Cllr Elizabeth Kangethe, Cllr James Ogungbose, Cllr Adegboyega Oluwole, Cllr Tony Ramsay and Cllr Phil Waker

Also Present: ; Cllr Cameron Geddes and Cllr Dominic Twomey

Apologies: Cllr Peter Chand

26. Declaration of Members' Interests

There were no declarations of interest.

27. Minutes (21 September 2016)

The minutes of the meeting held on 21 September 2016 were confirmed as correct, with the following amendments:

Minute 20- Approval of the Statement of Accounts 2015/16

To add at the end of the second paragraph: “Members expressed significant concerns about the overspend”.

Minute 21- External Audit Report 2015/16

To add at the end of the fifth paragraph: “It was noted that the budget overruns were higher at Barking and Dagenham than some other London Boroughs”.

Matter Arising on the External Auditor’s report- Accounts Payable and Bank Reconciliations

The Select Committee asked for a sample of evidence of bank reconciliations. These were still outstanding and Members needed evidence and assurance. The Strategic Director, Finance & Investment would need to check this out and report back to the Select Committee.

28. The Homelessness Overspend

This report introduced by the Cabinet Member for Economic & Social Development sought to quantify the likely overspend to the Homelessness budget, briefly explained the factors that have influenced this and illustrated the actions and proposals both in this year and next to minimize the unbudgeted expenditure. The Interim Head of Housing Advice Service (IHHAS) stated that due to the Government welfare reforms and tough sanctions coupled with a climate of rising rents in the private sector significantly more people were becoming homeless. He referred to a list of actions detailed in the report which are already in place or in preparation designed to address the overspend.
Responding to findings of the report the Select Committee raised the following questions:

(i) **How many people could take up the option of “part buy”?**

The Cabinet Member acknowledged that accessing peoples’ financial ability to take up part ownership was important to break the cycle of dependency and come off the housing waiting list.

(ii) **How long before more hostel type accommodation becomes available and has an effect in reducing the budget pressures?**

The Council were required to comply with the provisions of Part 7 of the Housing Act (as amended) in which the Council has a statutory duty to assess and, as appropriate, assist persons presenting as homeless. The Council’s primary task when assisting a person in such circumstances was to prevent their homelessness but, if prevention was neither possible nor appropriate, the Council was required to then explore alternatives to the making of a homeless application. He added that the Council were seeking to maximise opportunities to homeless people and had produced a “heat map” for Cabinet, which was relevant in dealing with temporary or otherwise downsizing HRA accommodation.

He outlined the timetable for providing additional hostel accommodation at a number of sites as detailed in the report. This included the possibly conversion of the Sacred Heart Convent for some 17 units of temporary accommodation together with 45 units of new build temporary accommodation on the site. In addition, officers were looking at other facilities for potential adoption in mid to late 2017 that could provide an additional 50-60 units of accommodation. The provision of temporarily hostel type accommodation is anticipated to generate a surplus to the Council when compared to the use of bed and breakfast. The Select Committee asked for details of the costs to be provided to them in a briefing note as well as details as to how long on average homeless people remain in hostel accommodation.

(iii) **Why the reluctance to building more social housing?**

The Cabinet Member stated that it was not a question of not supporting social housing, more the reality of the situation that under the current arrangements it is hard to make the financial case stack up to achieve the level of social housing that this Council would like to see. He remains hopeful that the Mayor for London will grasp the meaning of what amounts to “affordable” housing for our residents and take positive action to facilitate change in his Housing Strategy.

The Strategic Director for Growth and Homes added that officers were trying to maximise the opportunity for affordable housing in the borough highlighting the example of Reside where properties have been let for 50% of market rents.

(iv) **What about pursing previous initiatives such as buying up housing further afield where property is cheaper such as previously had been considered in Lowestoft and then encourage residents to volunteer to relocate?**
Finally in response to the suggestion about sourcing properties further afield the Strategic Director stated that officers were actively looking to maximise opportunities to house people wherever.

The IHHAS acknowledged that previously officers had not taken a sufficiently tough line on the qualifications as to homelessness. Given however the current climate, officers are now trained to be more challenging as to the reasons and the possible solutions. The service is now considerably firmer whilst fair and is not about creating a continued cycle of dependency.

The Select Committee acknowledged the depth of the homeless problem and whilst welcoming the reduction in the use of bed and breakfast accommodation they noted that the Housing Advice Service still had a predicted overspend of £3.1m in 2016/17 and they enquired about the projected overspend in 2017/18. They were concerned about the impact of this on the Council’s reserves and need for future savings across the Council if the overspend was not addressed. The IHHAS referenced the proposed actions set out in the report but acknowledged that there was still more to be done to tackle the overspend. He considered that the £3.1m overspend for 2016/17 was a worst-case scenario and he was confident it would be reduced to £1.8m in 2017/18. The Strategic Director, Finance & Investment stated that the £1.8m was included within the Medium Term Financial Statement (MTFS) and the base budget would be adjusted in 2017/18 accordingly.

The Select Committee enquired about the robustness of the action plans in tackling the overspend and asked if there was a plan B in place. They also asked about the potential for private landlords to increase rents and what incentives could be offered by the Council to avoid this situation arising. The IHHAS stated that there was not a Plan B as such. He added that the increase in hostel accommodation would provide a funding surplus for the Council to offset private landlord costs. He considered there would come a point where landlords would turn to first time buyers who are now first time renters. Plan A was currently in progress and he felt that officers were moving to a plan A plus, building on the work achieved to date alongside putting in place actions designed to reduce demand for the service, a key objective of Community Solutions.

The Select Committee asked whether officers were looking to work with other Boroughs to achieve a pan London or even a sub-regional approach otherwise there is the danger that the Council is undercut by other Boroughs who are prepared to pay private landlords more to house their tenants.

The IHHAS explained that there is in place an inter Borough accommodation agreement across London that all but two boroughs are signed up to. This seeks to ensure that no one borough pays a private landlord more than the host borough. The one exception concerns emergency night lets although due to the strategies now in place these are mostly gone.

The Strategic Director concluded by providing assurances to the Select Committee about the new Community Solutions service which would be operational in 2017. This new transformational service would seek to liaise with those on the housing waiting list at an earlier stage as part of better intelligence and an integrated approach to tackling the homeless issue.
The Select Committee noted this report and the proposals to minimise expenditure. There remains however concerns about the lack of information and details in the report to validate the projected savings, and consequently a further report would be presented to the meeting in June 2017 to gauge the results of the planned mitigations and to monitor progress in tackling the homeless overspend.

29. Composite Internal Audit and Counter Fraud report 2016/17- Half Year Report

This report brought together all aspects of assurance and counter fraud work undertaken for the first six months of 2016/17, including actions taken by management in response to audit and counter fraud activity, which supported the governance framework of the authority. The main body of the report provided the Head of Audit’s ongoing assurance opinion on the internal control environment, highlighted key outcomes from assurance and counter fraud work and provided information on wider issues of interest to the Select Committee as the Council’s Audit Committee. The appendices provided more detail on the performance of the Assurance & Counter Fraud Group for the period.

Whilst proposals for a regional shared internal audit service were being considered, the London Borough of Redbridge was continuing to provide management capacity to run the Council’s internal audit service.

The Head of Internal Audit introduced the report and highlighted that progress had been made in implementing recommendations from several audits and that no significant issues of concern had arisen.

The Select Committee expressed concern about internal audit's overall performance, in that only 12% of the Audit Plan had been completed by 30 September 2016. The Strategic Director, Finance & Investment accepted that the 12% completion rate was low although he advised that this was owing to the Internal Audit team working without a Manager for several months, as well as a depleted internal staffing resource. Whilst slippage on performance targets had occurred a recovery plan had been produced for internal audit. Further resilience and capacity was being provided by external skill and experience delivered through the Council’s contract with Croydon Council. The Head of Internal Audit was now working on revised audit plans, which had been reflected in the report. The Strategic Director added that additional staffing resources were needed in the team as well as the scoping of this function and it would take time for an improvement in the audit plan to be shown. He added that in the short term, completed audit targets may not be met, however it was anticipated that an 80% target would be reached by March 2017 with 100% completed by May 2017.

The Select Committee thanked the Strategic Director, Finance & Investment for his frankness in this matter.

The Select Committee were concerned about some items in the Internal Audit limited assurance reports, including overtime compliance and the Sickness Absence Review. Regarding sickness absence, management weaknesses had been identified around failing to monitor trigger levels and record “Return to Work” interviews within Oracle. Sickness procedures were found to be applied inconsistently by Managers. The Head of Internal Audit advised the lack of intervention was owing to management oversight, however the recommendations
in the audit had been implemented. The Select Committee requested a briefing note providing details in this matter.

*(Standing Orders were suspended at this juncture, in order to allow the meeting to proceed beyond 8.00 p.m.)*

The Select Committee thanked the Head of Internal Audit for a well-written and informative report. Looking to future areas to audit the Select Committee asked that a review be conducted into the cost of rolling out Chromebooks across the organisation. The Head of Internal Audit advised that she would look to build this into next year’s Audit Plan.

The Select Committee enquired how much money was being saved by recommendations being implemented in the internal audit process. The Head of Internal Audit stated that it was intended to provide assurance and robustness and not about missing monies per se but weaknesses and failings in control frameworks were being addressed.

The Select Committee referred to one of the internal audit works listed in the report as “No recourse to public funds”, where limited assurance had been given. They requested a briefing note providing details of the recommendations shown in the limited assurance report.

30. Risk Management Framework - six monthly report

This report, as well as providing an update on the review of Corporate Risks and Service Level Risks, incorporated identified Transformational Risks, coming from Ambition 2020, as a subset of the Corporate Risk Register (CRR), to be fully incorporated when the CRR review has been completed. Also attached was a revised Corporate Risk Policy and Strategy.

The Group Manager, Risk and Insurance highlighted that the compilation of risk registers had undergone a complete overhaul since the last report to the Select Committee and had incorporated transformational risks arising from Ambition 2020 and this had been circulated in the corporate risk register. These risks would also incorporate the changes to traded services and companies, carrying out services on behalf of the Council.

The Select Committee in noting the report, considered that large parts were incomplete. In response, the Group Manager, Risk and Insurance advised that details shown in Quarter 1 had been carried over to Quarter 2 although a number of risks had not been completed owing to transformational change and changes in formatting which were being discussed on an on-going basis with risk owners.

The Group Manager advised that an Action Plan risk update would be provided to the Select Committee at its meeting in April 2017.

The Select Committee requested details of the Corporate Risk Log and Corporate Risk Register for Quarters 1 and 2 should be submitted to them in a briefing note.

The Select Committee:
(i) Noted the current review position.

(ii) Noted the future incorporation of the reporting of Corporate Continuity Risks within the CRR and

(iii) Agreed the revised Risk Policy & Strategy.

31. **Options for the Appointment of an External Auditor**

The report summarised the changes to the arrangements for appointing external auditors following the disbandment of the Audit Commission and the end of the transitional arrangements after the 2017/18 audits. The Council was required to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017. An external auditor for the Council and for the pension fund would take effect in the 2018/19 financial year.

The Select Committee noted that the report recommended option 3 (to opt into a National Procurement Scheme, the “appointing person” arrangement offered by Public Sector Appointments Ltd (PSAA)), by 31 December 2017, however they requested officers to explore the possibility of considering option 2 (to set up a Joint Auditor Panel/local joint procurement arrangements) and asked that their recommendation should be included in the report to Assembly at its meeting on 25 January 2017 for Assembly’s final decision.

32. **Work Programme 2016/17**

The work programme was noted and the Select Committee requested that the following additional reports should be added:

1) Reserves- Position statement on the three reserves (General, HRA and Collection Fund)

2) Voluntary Redundancy - costs of the latest round of VR, and how many staff have left the Council plus the on-going costs of redundancies

3) Investment and Acquisition Strategy update

4) Three-year costs of Employment Tribunals, including information on the amounts paid in settlements.

The Select Committee noted that seeing the number of reports anticipated for the February 2017 meeting compared to planned for April 2017, they requested officers to review the programme including the possibility of holding an additional meeting in March 2017.

33. **Agency and Programme/Project Workers Update**

This regular update report was introduced by the Interim Head of Workforce Change and
showed an analysis of the current 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 shown in the report was current at 31 October 2016 and detailed information was provided in Appendix 1. It was noted that the data showed this workforce under the interim management structure implemented on 1 April 2016. The current statistics showed a slight increase in agency numbers due to covering absentees during the summer holiday period.

The Select Committee noted the report and objected to the deletion of names in the appendix which had been removed on the advice of the Head of Law and Governance due to data protection reasons. They were also concerned about the increase in numbers of agency staff, programme and project workers, which now totalled 600. They were concerned that several Housing Officers were agreed to leave the Council on grounds of voluntary redundancy which then led to an increase in agency staff. They expressed concern about the number of ‘business analysts’ and the corresponding rates of pay.

The Interim Head of Workforce Change responded that the Council had a rigorous approach to the employment of agency and temporary staff and these were scrutinised very carefully by the Workforce Governance Group chaired by the Chief Executive. No manager is allowed to recruit an interim without the approval of the Group and the recruitment of agency workers is reviewed if they were being employed over a period of twelve months or more. He advised however that there were a number of agency Social Workers as shown in the appendix and these were “difficult to fill posts”. The Chief Executive added that a number of agency staff had been engaged to work for only one or two days covering permanent staff attending training courses. The Select Committee referred to the Council’s Voluntary Redundancy scheme. The Chief Executive confirmed that this had been introduced in 2015 to avoid the need for compulsory redundancies wherever possible. All requests for VR were presented for decision to the Workforce Governance Group. In a small number of cases posts lost to VR had been temporarily backfilled whilst a service was being restructured. The only exception to this is the Leisure Service where backfilling will continue up until the new Leisure Trust is established.

The Select Committee asked why the previous budget decision to reduce the redundancy multiplier of 30 weeks had been reversed back to 45 weeks despite the Council’s financial situation. The Deputy Leader and Cabinet Member for Finance, Growth and Investment considered that with the high level of change and restructuring evident for the Council and for its employees, it was deemed fair to offer an enhanced voluntary redundancy package at this time. This had been discussed with Trade Unions and it was also appropriate to ensure the Council could retain a motivated workforce. The Select Committee requested a report to a future meeting about the overall costs of the VR scheme to date.
The Select Committee noted that the statistics covered the two-quarter period May to October 2016 and therefore it was not possible to quantify the differences from one quarter to the next. They also noted that there has been an Agency Policy introduced in 2014 and asked whether this was being accorded with. Reference was also made to a skills audit that had been requested by Councillor Ogungbose in his then capacity as the responsible portfolio holder, and had this been undertaken. The IHWC confirmed that in line with the Agency Policy, the Council operates within a London-wide arrangement with the employment agency, Adecco. Only if Adecco were unable to recruit staff would the Council then seek to recruit from other agencies. With reference to the skills audit, he confirmed that these were regularly undertaken to identify “gaps” in the organisation. It was agreed that information on the ‘skills gap’ would be provided to members.

Councillor Twomey assured the Select Committee that Cabinet Members robustly challenged agency staff costs at a time of severe financial constraint as they also sought to ensure value for money. He stated that if the Select Committee had concerns about the way the information had been presented to them then they needed to raise this with officers prior to agenda publication however he noted that the Employee Joint Consultative Committee requested the information to be presented to them by directorate. He also stated that VAT was reclaimed on agency staff being employed.

The Select Committee requested that future agency and programme/project workers update reports should identify the collective costings for agency staff rather than just a list of posts and asked for the report to show a separate page with agency staff earning over £400 per day, which avoided the need to go through every page to find the information on high earning agency staff. They also asked that the appendix showing the list of agency employees should be presented in A3 large font size to ensure it was easier to follow.

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

34. Vote of thanks

The Select Committee accorded their sincere thanks to Jonathan Bunt, Strategic Director, Finance & Investment who was leaving the Council’s service at the end of December 2016. In particular, they thanked him for his professionalism, advice, support, transparency and consideration to them over a long period of time and felt that he would be greatly missed and a hard act to follow. They also expressed their disappointment that this post was being subsumed into the new role of Chief Operating Officer.

Minutes agreed as a true record.

Chair: ........................................

Date: ........................................