PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE

Wednesday, 7 November 2012
(6.00 - 8.40 pm)

Present: Councillor A S Jamu (Chair), Councillor T Saeed (Deputy Chair),
Councillor S Alasia, Councillor J Channer, Councillor G Letchford and Councillor M
Mullane; Dr Ian Fifield

Also Present: Councillor E Carpenter, Councillor R Gill, Councillor L A Reason,
Councillor N S S Gill, Councillor E Keller and Councillor H S Rai

44. Declaration of Members' Interests

None.

45. Appointment of Independent Adviser to PAASC

The Public Accounts and Audit Select Committee (PAASC, “the Committee”) noted
the appointment of Dr Ian Fifield as its Independent Adviser.

Dr Fifield was recruited via a competitive external interview process with The Lead
Member (Councillor A S Jamu), the Deputy Lead Member (Councillor T Saeed),
the Divisional Director Finance (Mr Jonathan Bunt), and the Scrutiny Officer (Mr
Christopher Owens) sitting on the panel.

Dr Fifield brings a wealth of knowledge and experience to benefit the Committee.
He is a full member of the Chartered Institute of Public Finance and Accountancy
(CIPFA) an undergraduate degree in Business Economics and Accountancy,
along with a postgraduate degree centred on the audit of municipal corporations.
He has training and advisory experience and used to be a local government senior
officer.

The Committee welcomed Dr Fifield and ratified his appointment.

46. Minutes - To confirm as correct the minutes of the meeting held on 27
September 2012

The minutes of the meeting held on 27 September 2012 were AGREED as an
accurate record.

47. Budget options for 2013/14 relating to the Public Accounts and Audit Select
Committee

The Lead Member outlined to all those present that the budget options have been
proposed by the Cabinet and that the purpose of the meeting was for the Select
Committee to consider the draft budget proposals, test their validity, and send
comments – and the public’s comments – back to Cabinet which will meet in
December to consider the feedback. It was noted that the Assembly (all 51
councillors) will meet in February 2013 to agree the budget.
The PAASC received a presentation from the Divisional Director Finance (DDF), setting out the context in which the budget savings proposals were being put forward and, summarising the relevant savings proposals.

It was highlighted that the budget shortfall results from a reduction in Local Government funding from Her Majesty’s Government (HMG), coupled with some additional pressures:
- Changing national policy including welfare reform and localisation of Council Tax benefit, changes to business rates, charging for Social Care, and statutory places for 2 year-olds (etc).
- Increasing demand on services from a growing population – almost 50% increase in 0-4 year-olds between the 2001 and 2011 census and a projected population increase of 20% between 2010 and 2020.
- A reduction in the freeze grant from HMG for not increasing Council Tax at 1% for 2013/14.

If all of the 2013/14 proposals are accepted the London Borough of Barking and Dagenham (LBBD, “the Council”) will have a £751k “buffer” in its budget. However, there will remain a budget gap of £7,471,000 in the 2014/15 financial year. Of the £23,000,000 in total savings the London Borough of Barking and Dagenham (LBBD, “the Borough”) need to make, the savings to be made within the departments which fall within PAASC’s remit amount to £3,125,000 between 2013/14 and 2015/16.

The Committee was concerned that the anticipated £28,000,000 of savings that could be made by Elevate East London (as stated at the outset of the joint venture) are not presented in the figures. Officers confirmed that these savings are already reflected in the figures and the budget gap has been adjusted accordingly. The savings are £3,000,000 in 2011/12, £4,000,000 in 2012/13, and £5,000,000 in 2014/15. Officers AGREED that these figures should be incorporated into all future budget paperwork.

The savings proposals were discussed:

(CEX/SAV/01) Reduction in the Chief Executive’s supplies and services and third party payments budgets.

The saving proposed is a £30,000 reduction in the Chief Executive’s office budget. The savings arise from budgets historically used to fund ad-hoc projects required by the Chief Executive.

The Deputy Leader of the Council (DLC) urged the Committee to support this straightforward 5.7% budget reduction. Councillor Carpenter, who was a guest at the meeting, asked if more savings could be found from this budget. The DLC outlined that the Cabinet has asked the Chief Executive to do just this, and more savings will be presented in 2014/15 for consideration.

The Committee supported the savings proposal.

(CEX/SAV/02) Reduction in Policy and Performance supplies and services budgets and deletion of one PO2 post.
This saving proposal would see a reduction of supplies and services spend by £60,000. This is made up of historically under spent equipment and administration budgets. The deletion of 1 Full Time Equivalent (FTE) post, a policy and performance officer, would save £42,000 including overheads. This is a £102,000 saving, 13.8% of the budget.

The Committee raised concerns about the level of cuts in this area and whether the remaining service was sustainable. The Group Manager Policy and Performance (GMPP) outlined that 30% of the overall budget is used to pay subscriptions to the Local Government Association (LGA) and London Councils. The Council’s membership of both of these organisations is under review.

The DLC affirmed that the Council does need a central policy and performance team, but that the central team could sustain this cut and have enough capacity to cover future work.

The Committee requested officers establish the total number of people under taking policy and performance (and/or related) work across the Council so a true picture of the Council’s capacity can be properly established. The DDF AGREED to undertake this work and report back to the Committee, noting that policy and performance activity will only be one part of a lot of staffs' job descriptions. It is further exasperated by the difficulty in applying an absolute definition to this type of work.

The Committee supported the savings proposal.

(CEX/SAV/10) Further reductions to policy and performance functions across the Council and the possibility for a shared service.

This savings proposal would see a further £150,000 being identified in 2014/15 from a further review of policy, performance and research posts across the Council, including the deletion of the Group Manager Business Support and Improvement post from 2013/14. This is subject to exploring a shared service with Thurrock Council and identifying efficiencies across the teams in directorates providing similar strategic support functions around policy/strategy, performance, research, and data analysis.

The DLC reiterated the need to clearly define the policy and performance type roles. He outlined that the total budget for this area is £1,500,000, so finding a £150,000 saving is fairly modest.

After enquiries from the Committee, it was noted that more savings can be made from this area by amalgamating roles and teams. However, adapting the service should be done in stages. The Committee was asked to accept this round of cuts and informed that it is likely a further paper would be forthcoming in the next financial year’s round of savings.

The Committee reprimanded officers for omitting the risk rating from this savings proposal.
The Committee supported the savings proposal.

(CEX/SAV/05) Reduction in Communications and Marketing supplies and services budgets and increased income from external suppliers.

This savings proposal would see a reduction in supplies and services budget with increased use of digital media and communications combined with increased income generation from advertising on Council assets such as our fleet of vehicles, roundabouts, online advertising, and other sources. The total saving is £100,000.

It was noted that basing savings on projected income is problematic due to the fluctuating marketplace. The Committee agreed with this assessment, noting that previous similar proposals have tended to be revised down. The Committee and DLC were reassured by the Group Manager Marketing and Communications (GMMC) stating that, compared to the cash generated by other authorities, the figures in the proposal are fairly modest, but it is a prudent starting point officers are confident they are able to achieve. Soft market testing has been undertaken and strong interest has been expressed. It was noted that Luton achieves figures in the region of £200-250,000 whereas LBBD currently achieves £30-35,000. The Borough will have an income strategy for the first time in the very near future (if agreed by Cabinet).

The Committee was keen to protect front line services by making more cuts along these lines. They acknowledged that the Council must maintain a viable back office, but insisted that there should only be staff that are absolutely essential in these areas, to ensure resources are where they are needed – the front line. The DLC agreed with this sentiment.

The Committee supported the savings proposal.


This savings proposal would see the cessation of ‘The News’. This would lead to savings in print and distribution costs and a reduction in communications staff (four posts). The Council will promote the Council’s priority campaigns, services, and messages through press releases and through its increasingly active social media and digital mechanisms. The gross budget for this service is £380,000. However, due to the cash generated through advertising, the net saving would be £60,000.

It was noted that there is an ongoing Department for Communities and Local Government (DCLG) consultation on the issue of statutory notices. This Council hopes the outcome of this will be a relaxation in the current law to allow statutory notices to be placed online, rather than in print. This consultation ends in 2014 and the Council is obliged to continue the status quo until then.

The Committee raised concerns that by relying on social media and digital mechanisms older residents and the vulnerable might be excluded. Further to this,
small community groups rely on the News to publicise their events. The DLC agreed with this but reiterated that savings have to be made. The Committee remained unconvinced that the borough’s web presence is currently strong enough to replace the News. A member of the public informed the committee that the Council’s Twitter feed currently has 1,078 followers. The Committee directed the GMMC to provide the Committee with a report on the current usage statistics in relation to the website and any social media presence the Council has. The GMMC AGREED to undertake this request. It was noted that many residents are starting to access such information via smart phones, rather than computers. It was also noted that only 4 other boroughs have their own in-house newspapers and by 2013/14 the Secretary of State for Communities and Local Government, the Rt Hon Eric Pickles MP, has stated that there should be no council run papers published more than quarterly from 2013/14 onwards.

Councillor Carpenter asked the Committee to be mindful that, at £60,000, the News costs the Council less than £1 per household per year and it is liked by a majority of her constituents. Councillor Rai noted that the Post is not sent to every household in the borough like the News is and that it is not just the elderly and vulnerable that lack internet access. Councillor N Gill stated his preferred option was Option 2 (page 34 of the agenda pack). The DLC acknowledged that the News’ most attractive element is its high distribution. He went on to outline that Option 2 has its own pros and cons; if the publication frequency is reduced this would result in less income being generated and if statutory notices do go online, a large proportion of the News’ revenue stream would be lost. The DLC also highlighted the rapidly changing demographics and that 1/3 of the borough is comprised of young people, and accessing information online is fast becoming the norm.

The Committee supported the savings proposal.

(CEX\SAV06) Reduction of employee budgets and increase in income for Legal and Democratic Services.

This proposal would involve a £100,000 saving from Legal Services made up of £50,000 from the salaries budget, £30,000 income to be collected directly from schools and £20,000 income to be collected from other sources (e.g. Section 106 / community infrastructure levy / property management / courts). There would also be a saving of £46,000 from Democratic Services by reorganising the way the Council’s scrutiny function is delivered through the deletion of one Scrutiny Officer post. The total projected saving is for £146,000 in 2013/14.

The Committee outlined their support for the Legal Services portion of the proposal but that they could not back a further reduction in the Scrutiny function as councillors need to retain their power and effectiveness to hold the executive to account.

The DLC accepted that, constitutionally, strong and clear checks and balances need to be in place. He reminded the committee, however, that statutorily the Council was only obliged to have one Overview and Scrutiny committee, but the Council currently has five. The Head of Legal and Democratic Services (HLDS) stated that she is satisfied in the robustness of the proposals and that the Council
would still have an effective Scrutiny function if the savings were implemented. She informed the Committee that she has worked closely with the Designated Scrutiny Officer (DSO) to ensure the proposed changes were fit for purpose and in line with other council’s scrutiny provision. It was noted that, upon agreement from councillors, there would be two Scrutiny Officers servicing four committees, which is comparable to the current allocation of resources. The current draft proposals would see one overview and scrutiny committee, one health scrutiny committee (statutory), one crime and disorder committee (statutory), and one final committee with no defined remit so members could decide what to investigate without being bound by terms of reference as they currently are. The Audit Committee function would be removed and handed back from Scrutiny to Democratic Services, in line with best practice. There would also be more support from the departments in delivering the review reports.

The Committee supported the Legal Services saving of £100,000. The Committee did not support the Democratic Services saving of £46,000 and asked Cabinet to reconsider making this saving.

(CEX/SAV/12) Reducion in employee budget and further sharing of Legal Services with Thurrock Council.

This proposal would see a saving of £54,000 from the Legal Services salaries budget due to the removal of a Group Manager post and the sharing of the Head of Service post with Thurrock.

The Committee supported the savings proposal.

(CEX/SAV/09) Reduction in the Health and Safety Team (Human Resources)

This savings proposal would see a reduction in the size of the Health, Safety, and Welfare Team in Human Resources (HR) by deleting the manager post from April 2014. The total saving would be £56,000 in 2014/15.

The Cabinet Member for Adult Services and HR (CMASHR) outlined that, with the general downsizing of the Council, the Health and Safety team can be downsized too. However, due to operational issues, this should be delayed until the 2014/15 financial year – namely the end of the Enterprise contract and staff coming back “in house”.

The potential to share the health and safety function with Thurrock Council and East London Solutions was also discussed.

The Committee supported the savings proposal.

(CEX/SAV/08) Chief Executive’s Department

This savings proposal would see additional savings from the Chief Executive’s department covering Policy and Performance, Communications and Marketing, Human Resources, Legal and Democratic Services, and the Chief Executive’s
The Committee was critical at the lack of information available for this proposal. It was noted that LBBD has 19 Communications and Marketing staff and Thurrock has 13. Discussions how these two teams could work together are ongoing. The £622,000 is a fairly modest estimate, and officers and Cabinet hope the final figure could exceed £1,000,000. The Committee directed the DDF to report back to the Committee with detailed proposals when available. The DDF agreed to undertake this request.

The Committee supported the savings proposal.

(FIN&RES/SAV/06) Efficiencies through the implementation of the Oracle R12 system.

This savings proposal would see a consolidation and reduction of posts at various levels in the Accountancy and Treasury teams through expected efficiencies and reduction in transactional level work following the implementation of Oracle R12. The savings would amount to £400,000 in 2013/14 and £200,000 in 2014/15. The Committee affirmed that it expects close monitoring of the implementation of this system due to the knock-on issues that could be created if it goes wrong. The Committee directed the DDF to produce a report at the end of 2013 which assesses the success of the project and whether the £600,000 total efficiencies have been realised. The DDF agreed to undertake this request.

The Committee supported the savings proposal.

(FIN&RES/SAV/10) Reduction in the assets and commercial services central budgets

Following the transfer of Technical Support, Property Services and the management of the Building Schools for the Future (BSF) project from the Council to Elevate, a number of budgets have become surplus to requirements. There has also been a review of supplies and services budgets, which has identified further savings.

The Committee supported the savings proposal.


It was noted that Emergency Planning is a joint service with the London Borough of Waltham Forest (LBWF). Half of the vacant Group Manager’s post is already charged to LBWF. A third partner, the London Borough of Havering (LBH) has entered the joint working arrangement on a pilot basis and it is likely that the combined service will now be managed by a Group Manager employed by LBH or LBWF. This will create a net saving of £10,000 in 2013/14.
The Committee supported the savings proposal.

**(FIN&RES/SAV/12) Internal Audit – removal of special projects provision.**

This savings proposal would see the removal of the special projects provision from April 2014 creating a saving of £26,000 in 2014/15.

It was noted that this budget was created three years ago to cover one off projects, such as the previously reported data breach incident. The budget is normally under-spent and funds, if needed, can be identified on an ad hoc basis from other budgets. This would not cause delays in the ability to swiftly react to events and the DDF is authorised to sign-off funds of this nature as long as they are below £100,000.

The Committee supported the savings proposal and recommended it be brought forward into the 2013/14 financial year.

**(FIN&RES/SAV/13) Risk Management – staffing reductions**

This savings proposal would see the deletion of a vacant Risk Management Officer post saving the Council £31,000 in 2013/14.

The Committee supported the savings proposal.

**(FIN&RES/SAV/14) Reduction in Corporate Management Unit Budget (Finance)**

This savings proposal would see a reduction in third party budgets used to fund one off corporate projects. It would save the Council £100,000 in 2013/14.

This budget has previously been used on a wide variety of projects, including the Athletics Arena (last financial year) and the refurbishment of Woodlands (this financial year). The remaining funds would be used to fund the borough’s credit union (£40,000), the sponsorship of Dagenham and Redbridge FC (£30,000) and East London Solutions (£40,000). It was noted that the sponsorship of Dagenham and Redbridge FC has many benefits including free tickets for schools, training for young people, promotion of the Borough’s health agenda, and building community links. It is a modest sum with a respectable return. Aside from Voluntary Grants, the Council undertakes no similar sponsorships. The CMASHR believed it demonstrates excellent strategic spending as it brings huge benefit to young people.

The Committee supported the savings proposal.

**(FIN&RES/SAV/15) Deletion of a Project and Technical Officer Post.**

This savings proposal would see the deletion of a post in the programme management team as a result of improved, streamlined, and automated business processes for programme management and board meetings administration. It
would save the Council £47,000 in 2013/14.

**The Committee supported the savings proposal.**

**(FIN&RES/SAV/16) Assets and Facilities Management**

This savings proposal would see staffing and associated budget savings following a restructure of the Assets and Facilities Management trams. It would save the Council £300,000 in 2013/14.

The Committee expressed misgivings about an external contractor and the cleaning staff becoming responsible for the opening and closing the building, and by inference building security. Councillor Keller, a guest at the meeting, used to previously be the Facilities Manager and outlined her displeasure at the proposal, noting that the proposal lacks detail and health and safety, and out of hours service were not assessed. Overall, the Committee was concerned that the risk to staff and the Council’s infrastructure would be too high, should this proposal progress.

The DDF informed the Committee that the facilities staff element of the £300,000 saving was only £17,000.

The DLC accepted the Committee’s concerned and proposed that the saving go ahead with the £17,000 facilities element removed for further consideration.

**The Committee supported the savings proposal on the understanding the £17,000 Facilities saving is not progressed any further.**

**(FIN&RES/SAV/19) Closure of buildings as part of the office accommodation strategy.**

This savings proposal would see building related savings from the planned closure or vacation of leased buildings within the office accommodation portfolio. This would save the Council £300,000 in 2014/15 and a further £280,000 in 2015/16.

It was outlined that the leases on Bridge House, Crown House, and Maritime House are due to expire shortly. Furthermore, the overdue maintenance bill for 2 and 90 Stour Road now exceeds £1,500,000 making prolonged use of these sites unfeasible, thus they should be vacated also. Future proposals could include Ripple Road and John Smith House.

The DLC informed PAASC that Cabinet is assessing the entire estate with a view to disposing sites that are now surplus to requirements. This will facilitate capital spending on, for example, Axe Street Leisure Centre.

**The Committee supported the savings proposal.**

**(CORP/SAV/01) Increase fees and charges**

It was outlined that the Council levies numerous fees and charges which are
usually in respect of discretionary services charged for at the point of delivery. This proposal would see an increase of 3% on all fees and charges that are within the Council’s control. Each income stream would go through robust market testing and benchmarking with other boroughs to ensure they are comparable and achievable. Some charges may need to be higher or lower than the standard 3% assumed. This would amount to £191,408 in 2013/14.

The Committee raised concerns at passing on the cost to the residents of the borough in a time when wages have been frozen. They felt that the arguments being used to justify the freeze in Council Tax are just as valid for freezing fees and charges.

The DLC stated that, historically, LBBD has low fees and charges. He asked the Committee to agree the saving in principle, noting the average increase would be 3%, but this would vary from case to case. The DDF informed the Committee that fees and charges are revised after the completion of the formal budget process, but it’s advisable to reflect anticipated changes in this revenue stream in the budget setting process.

Successful schemes such as the new pay and display were noted.

The Committee supported the savings proposal on the understanding the increase of 3% is an average and not a rule.

The Lead Member thanked the Committee, Cabinet Members, Officers, and the public for their contributions to the budget discussions.

48. Draft Work Programme & Date of Next Meeting

Noted.

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

The Lead Member accepted a late report submitted under Agenda Item 7. The Lead Member agreed that it could be considered as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972 in order not to delay the implementation of the in-depth review.

The DSO outlined that, to coincide with the approval of the first full-year annual report of the Elevate Joint Venture, the Cabinet has requested that a select committee undertake a review of the contract and the performance of the services delivered through it. The report (tabled) set out the terms of reference for the review, and sought approval for the proposed scope, timetable, and resources.

The Committee AGREE to undertake the in-depth review and directed the Scrutiny Officer to schedule it into the work programme.

The meeting closed at 20.40.