Present: Cllr Dave Miles (Chair), Cllr Amardeep Singh Jamu (Deputy Chair), Cllr Jeanne Alexander, Cllr Rocky Gill, Cllr Eileen Keller, Cllr Tony Ramsay, Cllr Phil Waker and Cllr John White

Also Present: Cllr Mick McCarthy

Apologies: Cllr Dan Young

37. Declaration of Members' Interests

There were no declarations of interest.

38. Minutes - (13 January 2015)

The minutes of the meeting held on 13 January 2015 were confirmed as correct.

Matters Arising

Minute 32 – Children Services In year overspend- Having regard to the latest budget monitoring figures being reported to the next Cabinet we have reiterated our concern on the continuing overspend position in the Children Social Care budgets and have requested the attendance of the Corporate Director and the member for Children Services and Social Care at the next meeting to explain the actions being taken to address the overspending.

Minute 33- Financial issues arising from PWC review of LBTH- Forming part of the Select Committee consideration of the report in respect of the issues it raised for the Council’s operations, reference was made to the arrangements around a number of land disposals. This included the Fanshawe Centre where the Committee’s concerns were recorded as to the lack of progress with the disposal. It was noted in the most recent budget monitoring report being presented to the next Cabinet that forming part of the budget savings proposals, the decision had been taken to retain the site for community uses.

We expressed concern at the manner in which this decision was arrived at and at the loss of potential revenue through realising a significant capital receipt from the land sale at a time when the Council is experiencing financial difficulties.

39. Information Governance Report

The Information Governance Manager presented a detailed annual report updating Councillors on Information Governance issues within the Council.

The Select Committees attention was drawn to three areas of the report:
• Both the Manager and Officer roles within the team were vacated in 2014, with the Customer Services Client taking on the role of Information Governance Manager and the post of Information Governance Officer only recently filled.

• In April 2014 following an accidental disclosure of a social work case file, the ICO asked the Council to sign an undertaking to ensure that steps would be in place to guarantee prompt and efficient data breach reporting and investigation.

• The “Managing Information” online training course was made available on the Council’s new i-Learn system in October 2012. To date 86% of the workforce had undertaken the module.

The Select Committee were advised that the most common type of breach reported was the wrong address being used by Officers when sending out information. In response to these type of breaches one simple solution be promoted in the organisation is for staff to check each others work to make sure the correct addresses are selected.

The Select Committee considered the increasing resource and financial pressures of Freedom of Information (FoI) requests on the Authority. Unfortunately the costs have to be absorbed by the Council as the legislation does not allow charges to be levied unlike requests made under the Data Protection Act where a maximum £10 fee is levied which at least deters frivolous requests.

The Select Committee noted the report.

40. Overview of Budget Process 2015/16

The purpose of the report was to enable PAASC to scrutinise the overall budget in advance of final approval by the Assembly on 24 February 2014.

The Chief Finance Officer (CFO) presented the report, setting out the medium term financial strategy at a two year summary level, the impact of the Local Government Finance Settlement and the proposed level of Council Tax for 2015/16. Overall the current financial position remains as projected with the one exception that the expected reduction in the Government’s Benefit Administration Grant has not materialised due to the delays in introducing Universal Credit.

The Select Committee were aware that the current financial position was challenging, particularly with the level of savings that the Council were required to make. A Council Tax increase of 1.99% had been proposed to help address the funding gap. The merits of introducing a Council Tax rise next year were challenged seeing the anticipated funding surplus of £565K on the budget in 2015/16 and especially seeing only six London Boroughs had indicated that they intend to make an increase. The CFO responded that it was his understanding that nationally 43% of authorities were going for an increase and that locally with further reductions anticipated in Government Support Grant, to continue to freeze Council Tax will not help the Council as it faces bigger financial challenges in 2016/17 and beyond.
Referring to the public examination of the budget savings that was conducted through the Select Committees last year and the list of approved savings for the two year period as appended to the report, PAASC expressed concerns regarding the review of the Council’s Corporate Accommodation Strategy and the proposed reduction in major buildings used by the Council, including the future closure of the Civic Centre, upon which a number of detailed comments as to the merits or otherwise of the decision were highlighted. The Select Committee were advised that a petition submitted on behalf of Jon Cruddas MP would be presented to the meeting on 25 March for a full examination and debate in line with the Council’s Petition Scheme.

It was noted that despite being recommended at the Select Committee stage the the approved budget savings did not include any proposals to introduce short stay parking concessions for shoppers. The CFO responded that all the select committee comments were presented before the Cabinet but not all were accepted.

In respect to the decision to expand the Council’s hostel portfolio to make savings in the cost of temporary bed and breakfast accommodation costs PAASC enquired as what sites had been identified. Although a number of sites have been earmarked a further report is yet to be presented to the Cabinet. Members questioned the strategy in setting a two year budget when the financial position is only clear for 2015/16. The CFO responded that a two year budget creates the space to achieve better financial planning in the lead up to the election of a new Government when it is clear going forward that making savings year on year will be more difficult to achieve.

The Select Committee were concerned that the Council appeared to be increasing borrowing by £2m to support the Capital Programme and questioned why more reserves were not be used. The CFO explained that it is a choice for Cabinet but that the principal of borrowing was on the basis that it is used against the generation of future capital receipts whilst reserves are there to support the Council during difficult financial times. The model of the Council’s Borrowing Strategy is based on the idea of securing loans on fixed low interest rates in order to generate additional housing, which in turn generates more rents to off set borrowing.

On the issue of the Capital Programme the question was raised as to how the Council intends to finance the expansion of much needed school places, seeing the current DFE grant of around £2.5m per year will not meet the demand for places in this borough. The CFO acknowledged that although the Council has funding up to 2016, beyond that time unless grant funding continues then the Council will struggle to keep up with demand based on projected numbers, albeit it will be able to fund some schemes through new capital receipts generated by land sales.

The Select Committee noted the report

41. Corporate Delivery Plan Update

The Head of Strategy and Communications (HoSC) presented the report updating progress for the priority projects and performance indicators agreed as part of the Corporate Delivery Plan by Cabinet in October 2014. In addition, the report provided a progress update on the LGA Peer Challenge.

The Select Committee considered the detailed report before them and noted that good progress had been made overall. In relation to the LGA Peer Challenge
action plan questions were raised as follows:

(i)  *Children’s Services overspend and how this was being dealt with*?

As already minuted from the last meeting it was noted that a request will be made for the Corporate Director of Children Services and the Lead Cabinet Member to attend a future meeting to explain the actions being taken to address the situation.

(ii)  *Future Business Board (FBB)*

It appeared to PAASC from the comments made in the Peer Review that there is a lack of clarity as to the staff understanding of what the Board’s function and remit is.

The HoSC confirmed that this is an action that the CE is addressing.

(iii)  *Elevate Board*

It was commented on that despite a recommendation to review the Board arrangements it appears to be continuing to meet monthly.

Officers confirmed that whilst the Board is still meeting monthly there had been a reduction in overheads. Long-term it is planned to reduce the frequency to quarterly meetings.

(iv)  *Review role of elected Councillors as community leaders.*

The action plan records as a progress point that there is strong Member engagement in the pilot areas of Marks Gate and Thames View, citing the involvement of a number of Cabinet Members. Members felt this should also include relevant ward councillors. The Select Committee raised some concerns over items contained within the report including:

- Evidence that a loan of £55m will be forthcoming from Government to enable an extension of the Gospel Oak Line to Barking Riverside to proceed.

- The adverse affect the closure of Barking Power Station may have on business rates.

Officers to prepare a briefing note for circulation to PAASC

- A reference to funding from the European Investment Bank, however, the Select Committee felt that this would be better described as a loan.

The report also included an appendix providing quarterly update on progress against key performance measures across the Council’s priorities some of the information in which it was acknowledged due to the timing of the report was out of date.

The Select Committee noted the report.

*The meeting adjourned for a short break at 19:45, reconvening at 19:55.*
42. Composite Internal Audit and Counter Fraud Report - Quarter 3 2014/15

The Group Manager Internal Audit and Corporate Anti Fraud presented the detailed report concerning all aspects of audit assurance and counter fraud work undertaken in the last quarter. The Select Committee were directed to sections 1-3 of the report summarising the key issues of interest.

The Group Manager highlighted two positive items in greater depth relating to:

(a) The successful bid for £64,000 counter fraud funding which was being utilised to train and accreditate financial investigators which would provide the service with greater investigative powers and enable the Council to retain more funds obtained from proceeds of crime awards, which could be ploughed back into the counter fraud service.

(b) The outcome from a recent proactive exercise in conjunction with Council Tax staff to review student exemptions for Council Tax which involved a review of over 700 properties, from which 51 cases were investigated in detail and resulted in 30 properties having their Council Tax discount removed where, for example, it was found the educational establishment had ceased trading. As a result £41,000 was added back to the Council Tax liability. The outcome had been publicised as a deterrent to others and to encourage members of the public to come forward if they have suspicions of Council Tax fraud being committed.

The Group Manager also stated that there had been a slight fall off in the headline performance across the teams, the reasons for which were documented in the report. This included one report where recommendations had not been implemented in a timely fashion, the details around which were set out in the next item on the agenda.

The Select Committee considered the report before them in detail and noted that although there were delays between the draft and final reports being issued, this was due to Managers now entering into dialogue with the Internal Audit Team to ensure targets would be met.

The Select Committee were advised that one limited assurance report had been issued regarding ‘Commercial Property Management’. This audit had been commissioned by the CFO. Councillors raised questions as to the validity of the statement concerning the letting and renewal of leases and undertaking of rent reviews, requesting that further information on this to be provided to the Select Committee in the form of a briefing note.

The Select Committee noted the report

43. Policy Framework Internal Audit Review - Outstanding Recommendations

The Head of Strategy and Communications (HoSC) presented a report outlining the activities undertaken and progress made in relation the reviewing the Policy Framework.

The internal audit review examined the controls around the management of
policies and associated framework whereby policy management is devolved out to departments to manage with an overview at the corporate centre through the Corporate Management Team and Strategy Team.

The following weaknesses were identified:

   a) No standard format for policies across the Council
   b) Responsibility / ownership of individual policies is not clearly defined
   c) No central repository of key policies
   d) Lack of control to ensure policies remain up to date
   e) Poor communication of policies across the Council

The Select Committee were advised that the implementation of some actions had not been completed by the target date, however considerable work had been undertaken in relation to clarifying key strategies and policies, and aligning them with new strategic priorities as they had been developed over the last 12 months.

The Select Committee were informed that some policies were high level and approved through Cabinet and some were not, which is where the inconsistency came in. It was suggested that the team be centralised to ensure consistency. It was reported that the HoSC would be shortly leaving the Council and that in the interim the team would be reporting to the CFO pending a review of structures by the new Chief Executive.

The Select Committee suggested that it would be helpful as a communication tool for elected Members to receive the CMT briefings that were sent to staff on a weekly basis. This will be taken back to the Chief Executive to consider.

The report was noted.

Standing Orders were suspended at this juncture, to allow the meeting to continue beyond 8.30pm.

44. Annual Audit Letter 2013/14

KPMG introduced the Annual Audit Letter 2013/14, which summarised the key findings from the 2013/14 external audit of the Council, which covered the 2013/14 Financial Statements and Value for Money conclusion.

The Select Committee noted that all of the issues raised within the Audit Letter had previously been reported to the Committee.

In response to questions, KPMG advised the Select Committee that there were currently nine outstanding objections to the accounts, in relation to parking charges and bailiff charges. There were many other Councils across the country that were facing objections of this nature.

Following questions regarding the Annual Fee, Councillors were advised that the fee was currently set by the Audit Commission however it was noted that going forward there would be a reduction.

The Select Committee were advised, following questions, that there were no concerns around the use of interims at the Council.
The Select Committee noted the Annual Audit letter.

45. Certification of Grants and Returns Annual Report 2013/14

The Council’s external auditor, KPMG, presented the Annual Report 2013/14 relating to certification of the Council’s 2013/14 grant claims and returns. Two claims and were certified with a total value of £164m. These were:

- Housing Benefit Subsidy Claim
- Pooling of Housing Capital Receipts

A minor amendment was made to the Housing Benefit Subsidy Claim and unqualified certificates were then issued for both returns.

The Select Committee noted the annual report.

46. Timing of Future Meetings

The Select Committee were advised that a report would shortly be presented to the Assembly on proposed changes to the Constitution in respect of the default start time and cut-off time of Council Committee meetings.

In respect of the default start time for meetings, it was proposed that the default start time would be 7.00pm, unless alternative arrangements were agreed by the majority of the members of the Committee.

PAASC currently had a start time of 6.00pm and PAASC members were asked to decide whether to keep this time or move to the recommended time of 7.00pm.

The Committee considered the proposal before it and agreed to keep the current start time of 6.00pm.

RESOLVED

That the start time of the Public Accounts and Audit Select Committee would remain at 6.00pm.

47. Work Programme 2014/15

The Group Manager Democratic Services introduced the current work programme, advising that since the publication of the agenda a petition had been received in regarding the retention of the Civic Centre, Dagenham. The petition fell within the remit of PAASC and therefore at the next meeting on 25 March 2015, an item would be added to the agenda for the Select Committee to consider the petition.

As discussed under minute 38 (Minutes 13 January 2015) it was agreed that an additional PAASC meeting be held in early March. The Select Committee requested that this meeting consider the following items:

(a) Update on Capital Delivery - Progress Against projects (moved from 25
March 2015)

(b) Children’s Services Overspend – Update report and discussion with Portfolio Holder

(c) Report on RESIDE

The work programme was noted.