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

Also Present: Cllr Dominic Twomey, Cllr Margaret Mullane and Cllr Dan Young

Apologies: Cllr Jeanne Alexander

61. Declaration of Members' Interests

There were no declarations of interest.

62. Minutes (25 March 2015)

The minutes of the meeting held on 25 March 2015 were confirmed as correct.

63. Petition - Closure of the Civic Centre

The Cabinet Member for Finance and Central Services introduced the report regarding the response to the petition on the closure of the Civic Centre, which had been considered at the meeting of PAASC on 25 March 2015.

The petition called upon the Council to repeal the decision to convert the Civic Centre into a school, on the basis the current decision endangered the quality and accessibility of good public services for the residents of Dagenham.

Seeing the large number of residents who signed the petition and/or completed an accompanying survey, it was felt at the last meeting that it would not do justice to those concerns by simply rejecting or supporting the terms of the petition and in those circumstances a decision on the petition was deferred pending further information to be presented to subsequent meeting(s). This included seeking an independent financial evaluation of the costs involved in each option including those not originally short listed. As there was no budget available to do this work the Cabinet were asked to consider whether to support the Select Committee’s proposal and provide the necessary funding from the Council’s reserves to commission the evaluation.

The Cabinet considered the proposal at their meeting on 2 June 2015 (Minute 3 refers) and, following discussion, declined the Select Committee’s request for funding.

With regard to the request for additional information, PAASC were advised that:

- All relevant information on the existing buildings was included in the report to Cabinet in December 2014
- Information on school sites, numbers, demand etc is presented to the Cabinet every six months, the last full report having been presented in March 2015, and consequently all relevant information will be considered through that mechanism,
- As staff are required to work across different sites in their contract of employment and therefore a breakdown of numbers and post codes is not regarded as relevant in relation to coming to a view on the terms of the petition.

The Lead Member then invited Cllr Mullane to read out the following questions which had been submitted in advance of the meeting:

1. On the Agenda reference is made to Minute three which was attached?
2. Confirmation as to how much the independent financial evaluation is, as it was rejected by the Cabinet?
3. Has £10,000 has been spent on joining a strategic partnership, which the population of Barking and Dagenham did not vote for? A recent report has been commissioned by a Member for £8,000, in addition to which consultants are hired and being paid £000’s a day. The scale of the petition and public feeling, warrants an independent report and money seems to be available for what the Council feel are their own priorities.

The Select Committee, other Members, the representative for the Lead Petitioner and a local resident took the opportunity to raise a numbers of concerns and questions, summarised as follows:

- The request for funding to be made available for an independent financial evaluation of the costs of all options available should have been made to Assembly and not Cabinet.
- A further request for information on how much each of the three main municipal sites were worth (Civic Centre, Town Hall and Roycraft House)
- A new secondary school would be better placed in Barking
- Reference to the Lymington Fields site previously earmarked for a Secondary school
- Parts of the main Civic building are listed by English Heritage
- The largest capital receipt would come from selling Roycraft House.
- The decision by cabinet needs to be scrutinised properly
- If the building was converted to a school which then became an academy, Council ownership over the building would be lost forever.
- There would be a loss of public services if the building were to close

The Cabinet Member for Finance and Central Services responded to the questions asked and the points raised by those present, reminding the Select Committee that the basis of the petition was not seeking to address the values of Borough assets but was about retaining the building to ensure the quality and accessibility of good public services. He added that in his view the building has not been used for front line services for many years. He disputed the suggestion that the Cabinet had not taken the views of residents into account when making their decision, reminding Members that with the reducing number of staff brought about through the budget reductions it was not feasible to retain three main administrative buildings.

Although not directly linked to the petition the Cabinet Member did comment that
the suggestion that the Council should instead dispose of Roycraft House would only generate a one off sum. Instead by leasing the building it represented a regular income stream to the Council whilst retaining the capital asset.

The staff that were presently at the Civic Centre work for the whole Borough and therefore the location of their base was not an issue.

In response to the questions from Councillor Mullane, the Cabinet Member explained that minute 3 referred to the Cabinet decision which was outlined in the report presented to the Select Committee. The independent financial evaluation would cost between £30,000 and £50,000, not in his view an inconsiderable sum at a time when the Council is looking to save money. That said the decision not to approve the funding was not taken on purely financial grounds but on a matter of principle as there was no reason to believe that the work undertaken by officers on the project was any less robust and thorough than that of any other project approved by the Council. The issue as to whether the Assembly or Cabinet should have considered the request would need to be clarified.

As for other project funding the Cabinet on 2 June 2015, resolved that the Council would join the North East London Strategic Alliance (NELSA), the £10,000 cost of which will be met from the allocation for East London Solutions. Finally as regards to the £8,000 spent on a commissioning what was understood to be a report into travellers, the Cabinet Member was unable to confirm the exact details of how the funding came about other than it was discussed in a private meeting.

In response to the latter point aside of where the funding was discussed, it is public money and consequently it was the view of PAASC and other members that it should subject to discussions at this meeting. To that end it will be added to the Committee’s work programme for consideration at a future meeting.

The Select Committee retired to come to a decision.

DECISION

Upon returning, the Lead Member outlined the decision of the Select Committee as follows:

A final decision on this Committee’s response to the petition to be deferred to a future meeting to allow for the request for funds to meet the cost of the independent evaluation to be considered by the Assembly, subject to clarification and guidance from the Chief Executive and/or the Monitoring Officer on the provisions of the Constitution in this regard.

64. Composite Internal Audit & Counter Fraud Annual Report - Year 2014/15

The Group Manager (Internal Audit and Fraud) introduced the Composite Internal Audit and Counter Fraud Annual Report for 2014/15.

The report was a regular quarterly report on the work and outcomes of Internal Audit, Counter Fraud and the Housing Investigation Teams. As the year end report for 2014/15, it included the Group Manager’s (Internal Audit and Fraud)
annual opinion on the internal control environment which was required for and formed part of the Annual Governance Statement which accompanied the final accounts.

The Select Committee were advised that the Group Manager (Internal Audit and Fraud) had given reasonable assurance that the internal control systems which were the responsibility of management were operating adequately. In response to a question regarding levels of assurance, Members were advised that, as the team within internal audit was relatively small and thus not all areas of the council were audited, “reasonable” assurance was the maximum that could be given and Members should always seek other sources of assurance.

Members attention was drawn to the successful outcome from the HiT team being the first private prosecution where the team undertook all aspects of the investigation including interviewing under caution and with support from Legal colleagues laid charges directly with the court without any Police or CPS involvement. The case received appropriate local media coverage which was very much part of the deterrent message in line with the Council’s counter fraud strategy and was the first of several prosecutions in the pipeline. A second guilty verdict was obtained earlier this month and would be publicised when the civil action to recover the property was completed.

The Select Committee questioned the cost of prosecutions and whether they were cost effective to the Council. It was confirmed by the Group Manager (Internal Audit and Fraud) that whilst in isolation they may appear not cost effective, prosecutions sent out a strong deterrent message to others who may be considering fraudulent activities.

The Select Committee raised concerns in relation to housing, in particular sub letting of properties and Council tax fraud. For instance, there had been reports of Council Tax accounts being opened under a pseudonym without identity checks being undertaken. Information on the checks undertaken by Council Tax before an account is opened were not available at the meeting, therefore Officers advised a briefing note would be circulated to PAASC separately.

The Select Committee noted the report and requested that updates, as necessary, be received on those areas with limited assurance.

65. Review of Key Counter Fraud Policies & Strategy

The Group Manager (Internal Audit and Fraud) presented a report to the Select Committee on the review of key counter fraud policies and the counter fraud strategy.

The following policies and strategy were before the Select Committee for consideration:

- Counter Fraud Strategy
- Council Fraud Policy including Fraud Response Plan
- Prosecution Policy
- Money laundering policy
- Whistleblowing Policy
The Select Committee noted that the Counter Fraud Strategy and Policy had been split so there was a clear differentiation between the two. The strategy was concerned with how the Council will achieve ambitions for countering fraud, dovetailing with the Internal Audit Strategy that Members considered back in March, whilst the policy set out responsibilities and a set of rules to follow when fraud occurs. This was supported by the Fraud Response Plan and the Prosecution Policy.

All documents draw upon best practice and, in accordance with the counter fraud strategy, would be publicised across the Council in due course.

The Select Committee considered the use of the Regulation of Investigatory Powers Policy within the Council and noted protections under RIPA could only be obtained through the courts if the surveillance was in relation to a serious criminal act. It could not be obtained, for example, to undertake surveillance on a member of staff who was on sick leave but alleged to be working elsewhere.

The report was noted.

66. Final Statement of Accounts (inc. Annual Governance Statement)

The Chief Finance Officer presented the Final Statement of Accounts and Annual Governance Statement for the year 2014/15.

Whilst there was no requirement for the Statement of Accounts to be presented to Members ahead of certification by the Chief Finance Officer and sign off by the Leader and Chief Executive, it was considered good governance practice for the Select Committee to have the opportunity to note and discuss the accounts prior to their certification by 30 June.

The Select Committee, in considering the accounts, raised the following issues:

- Zero budgeting within departments seen as a way to avoid the building up of “slush funds”
- The reserves being £1m down on the previous financial year
- Elevate accounts not being available
- The continued level of overspends in Children’s social care budgets
- The salaries of a number of Head teachers
- HRA and depreciation costs
- Barking Market deficit position 2014/15

The Chief Finance Officer explained that previously a zero based budget pilot exercise was undertaken in Housing and Environment and more recently a similar approach is being undertaken in children services as a way of seeking to manage better the continued overspending in Children social care budgets. One of the issues to consider is the additional resources required to do the work estimated to cost up to £20,000 per dept.
The committee noted the salaries of Head Teachers were set by the School Governing bodies.

The Select Committee were advised that the accounts, including the Annual Governance Statement would be presented to the authority’s external auditors, KPMG, for audit after the meeting. An audited set of accounts would be presented to the committee prior to the statutory deadline of 30 September 2015.

During the discussion the Select Committee requested a number of further reports to be added to the work programme as follows:

- a further update on the overspend in Children’s social care budgets and the historical budget positions in previous years, and the.
- Changing governance of Barking Market and detailed historic accounts.

The report was noted.

67. Timing of Future Meetings

At the Assembly on 25 February 2015 (Minute 58 refers), it was agreed that the default start time for evening meetings should be 7.00pm, unless alternative arrangements were agreed by the majority of the Members of the Committee.

The Select Committee were advised that as this was the first meeting in the Municipal Year, Members were asked to decide whether to keep to a start time of 6.00pm or move to the default time of 7.00pm.

RESOLVED

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

68. Work Programme 2015/16

The Group Manager Democratic Services presented a report to the Select Committee considering the Work Programme for 2015/16.

The Select Committee had before them a draft work programme and noted that due to the decision to set a two year budget last year, the meeting scheduled to take place in October 2015 currently had no items listed for consideration.

The Select Committee suggested the following topics be included on the work programme for 2015/16:

- **Barking Market:** To scrutinise the deficit reported for 2014/15.
- **Children Social Care Overspend:** To receive and scrutinise an update from the Corporate Director and relevant portfolio holder as per the detail set out in minute 66 above
- **Commercial Portfolio:** Details of the types of properties owned; rent levels and any arrears; Number of lease renewals and rent reviews outstanding.
- **Consultancy, interims and agency staff:** An update on the said staffing
figures including redundancy costs for 2014/15

- **Closure of the Civic Centre Petition:** To await the response as to the request for the allocation of monies to fund an independent evaluation of the various options that lead to the Cabinet decision to propose the closure of the Civic Centre and its subsequent conversation into a secondary school. Dependant on the decision this Committee will then carry out its own financial analysis with a view to coming to a decision as whether to support or reject the terms of the petition

- **Passenger Transport - Cost of Service Update:** In relation to this item the Chief Finance Officer explained that a savings proposal for the next financial year would be shortly consulted upon and therefore the Select Committee advised to await the outcome of this before undertaking any formal scrutiny, and

- **Funding Provision Clarification:** as whom, how and why funding was allocated to commission a report on travellers.

The Select Committee were advised of the dates for the programme meetings in 2015/16 and expressed concern that the next scheduled meeting was not until 23 September. Democratic Services agreed to liaise with the Lead Member and the Chief Finance Officer in his capacity as the lead officer for the Committee to consider the opportunity for an earlier meeting in September having regard to the timescales for commissioning reports, other diarised meetings etc.