

Committee: Overview and Scrutiny Commission

Date: 30 April 2013

Agenda item: 12

Wards: All

Subject: Financial monitoring scrutiny task group

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission

Forward Plan reference number: n/a

Contact officer: Julia Regan; Julia.regan@merton.gov.uk; 020 8545 3864

Recommendations:

- A. That the Overview and Scrutiny Commission note the minutes of the task group meeting held on 19 March 2013.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To present the minutes of the task group's meeting on 19 March 2013.

2. DETAILS

- 2.1 At its meeting on 26 April 2012, the Commission agreed to establish a financial monitoring task group to lead on the scrutiny of financial monitoring information on behalf of the Commission, with the following terms of reference:
- To carry out scrutiny of the Council's financial monitoring information on behalf of the Overview and Scrutiny Commission;
 - To advise on other agenda items as requested by the Overview and Scrutiny Commission;
 - To report minutes of its meetings back to the Overview and Scrutiny Commission;
 - To send via the Commission any recommendations or references to Cabinet, Council or other decision making bodies.
- 2.2 At its meeting on 17 July 2012, the Commission appointed Councillors Iain Dysart, Suzanne Grocott, Diane Neil Mills and Peter Southgate to the task group. Following an invitation to the finance leads on the Overview and Scrutiny Panels, Councillors Samantha George, James Holmes and Greg Udeh also joined the task group.
- 2.3 The notes of the meeting of the task group on 19 March 2013 are attached for information, as required under the task group's terms of reference.

3. ALTERNATIVE OPTIONS

- 3.1 The Overview and Scrutiny Commission can discuss the notes and agree any issues that it wishes to scrutinise further..

- 4. CONSULTATION UNDERTAKEN OR PROPOSED**
None for the purposes of this report.
- 5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**
 - 5.1 None for the purposes of this report.
- 6. LEGAL AND STATUTORY IMPLICATIONS**
 - 6.1 None for the purposes of this report.
- 7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**
 - 7.1 None for the purposes of this report.
- 8. CRIME AND DISORDER IMPLICATIONS**
 - 8.1 There are none specific to this report.
- 9. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**
 - 9.1 None for the purposes of this report.
- 10. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**
 - 10.1 Appendix 1 – notes of financial monitoring scrutiny task group, 19 March 2013
- 11. BACKGROUND PAPERS**
 - 11.1 None

Financial monitoring scrutiny task group - note of meeting 19 March 2013

Present:

Councillors Peter Southgate (Chair), Iain Dysart, Suzanne Grocott, Diane Neil Mills and Greg Udeh.
 Sean Cunniffe, Head of Customer Contact
 David Keppler, Head of Revenues and Benefits
 Julia Regan, Head of Democracy Services

Apologies:

Councillors Samantha George and James Holmes

Note of meeting 07.02.13

Agreed with addition of sentence "Councillor Iain Dysart submitted questions to the task group, some of which were answered during the meeting and the rest were answered subsequently".

Members expressed concern that the information requested at the 7 February meeting had not been received. ACTION: Julia Regan undertook to chase.

Merton translation services review

Sean Cunniffe, Head of Customer Contact, introduced the report, explaining that the service review had been carried out independently of his service by an officer from the Council's Business Improvement team.

The level of external work has declined in recent years and so one of the review recommendations (recommendation 3) is to actively promote the service. The review suggested that this could be achieved by using the budget surplus to employ a marketing expert.

Sean Cunniffe explained that he disagreed with recommendation 3 because his experience suggests that there is not much scope for increasing external work and that the service could not compete with the large companies that already have national contracts. He referred to the comparative prices charged by the Merton translation service (MTS) compared to external companies (set out in Appendix B) and explained that although the MTS seemed more expensive, their costs were fully inclusive where the other companies have significant additional charges on top of the basic quote.

Sean Cunniffe laid round a budget report (attached) that predicted a surplus of about £40,000 for the service at the year-end. In response to a question, he confirmed that the service would need an annual income of £250-260k to "break even". He undertook to find out which items were VAT exempt
 ACTION: Head of Customer Contact

Task group members commented that an income statement would be more helpful in order to identify the position in relation to the budget surplus.

Task group members asked a number of questions to explore the relationship between costs and income and the costs of different services for different customers. They also examined a table setting out detail of charges made by the service – part of a report to the Overview and Scrutiny Commission on 26 April 2012.

In response to a question, Sean Cunniffe said that the £120,000 cost of outsourcing the service had been estimated by the Business Improvement team. Task group members asked whether the 2FTE staffing level would still be required if the service was provided just to internal customers. Sean Cunniffe said that he suspected that under that model, although there would no longer be a central team, the staffing resources used within departments would amount to at least 2FTE.

Sean Cunniffe explained that the translation/interpreting market is a complex and inter-related one. Local external customers are willing to pay more for MTS because of its reputation for quality, reliability and helpfulness. Also, the various companies will use competitors to provide jobs that they can't deliver, for example MTS will use Croydon Solutions and vice versa.

The task group concluded that a more detailed breakdown of volume, cost and charges would be necessary in order to take a view on the profitability of keeping the service in-house versus outsourcing. It recommended that the service carry out a monitoring exercise to collect this information over a one month period - each payment to sessional workers should be categorised as internal or external and translation or interpreting. ACTION: Sean Cunniffe

The task group recommended that for each type of service currently supplied to internal customers, whether there were cheaper methods that could be used instead (such as google translate). The task group also suggested that the service investigate opportunities for providing other services (such as drafting documents and communication services) to external customers. ACTION: Head of Customer Contact

The task group agreed that the council should identify and take into account the less tangible benefits of keeping the service in-house, such as quality control that will reduce the level of work and promote cost effective methods such as the use of telephone translators.

In relation to employing a marketing expert, the task group agreed that (with the exception of NHS work that is currently being explored) other additional external work would be on an ad-hoc basis and would not necessarily be winnable in competition with large commercial companies. It agreed to review the option once the detailed breakdown of volume, costs and charges has been completed.

Changes to council tax benefit scheme

David Keppler, Head of Revenues and Benefits, introduced the report, drawing attention to the information on schemes adopted by other councils (as requested by the task group) and details of the Merton scheme. He said that although the 2013/14 is unchanged from the previous year, some groups of claimants will be worse off due to some technical adjustments that the government has made. This has been explained to claimants by letter.

Further points were made in response to questions:

- The backdating of a beneficial change by just one month (paragraph 2.22) has been introduced in order to bring it in line with existing rules. The task group therefore asked David Keppler to re-word paragraph 2.20 to make it clear that this change (in contrast to the other changes set out in paragraphs 2.23 and 2.24) is not for the benefit of the customer. ACTION: Head of Revenues and Benefits
- Those claims where there is highly likely to be changes that affect eligibility are reviewed every year, other claims are reviewed less often
- The level of earned income disregard of £25 for lone parents was chosen to be inline with other boroughs
- It is difficult to estimate how many people who are eligible for council tax benefit are not claiming it. The welfare benefits team do promote the scheme.
- When universal credit is fully implemented, council tax benefit will be the only benefit that is the responsibility of the council, the rest will be covered by the Department of Work and Pensions

David Keppler explained that the council has effectively agreed to continue the default scheme in 2014/15 because if any changes were to be made, these would have to be reviewed. Consulted on and agreed by January 2014 which would mean starting the process now. This will have cost implications for the council.

The task group welcomed the table in Appendix A which sets out the changes that neighbouring authorities have made to their council tax benefit schemes. It noted that all four had opted to protect the most vulnerable and to increase non-dependent deductions.

It also noted that Sutton and Croydon have made the most changes to their schemes, the most significant of which is that everyone shall pay something. Sutton have assumed the impact of their changes will be to reduce the council tax collection rate by 0.54% - David Keppler said that a 0.5% reduction in Merton would cost the council £450,000. The task group discussed the costs of collecting unpaid council tax from those affected and the impact on those who already have financial difficulties and agreed that a decision on the whether everyone should pay something would be a political one.

RESOLVED:

- 1) To request information on Wandsworth's council tax benefit scheme
ACTION: Head of Revenues and Benefits

- 2) To receive a report on the review of local schemes undertaken for the full year 2013/14, including information from neighbouring boroughs, as well as the success of exemptions and discount measures in achieving target savings. ACTION: Head of Revenues and Benefits
- 3) To note and agree the administration changes made to Merton's local council tax support scheme

Date of next meeting

25 June, 7pm, 8th floor meeting room 3. Councillor Suzanne Grocott gave her apologies for the meeting.

The purpose of the meeting is to scrutinise the final accounts prior to their being considered by General Purposes Committee on 27 June.