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## OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

27 FEBRUARY 2014

(19.00 - 21.00)

PRESENT Councillors Peter Southgate(in the Chair), Iain Dysart, Suzanne Grocott and Diane Neil Mills

Paul Dale (Interim Assistant Director of Resources), Caroline Holland (Director of Corporate Services), Julia Regan (Head of Democracy Services) and Cormac Stokes (Head of Street Scene and Waste)

### (a) QUESTIONS FROM COUNCILLOR GROCOTT AND RESPONSES FROM DIRECTOR (Agenda Item )

These have been appended to the minutes at the request of the Task Group.

**Questions/ comments raised by Councillor Suzanne Grocott during meeting held on 18<sup>th</sup> October 2013 and on the reports presented at the Financial Monitoring Task Group meeting on 29<sup>th</sup> October 2013.**

**Answers provided by Caroline Holland, Director of Corporate Services, 31 October 2013**

#### General

Q – the report on vacant posts - some vacant posts not being covered by agency staff, extra agency staff.

A - Work is underway by HR to data cleanse Itrent to ensure that an accurate response can be given, which should be by the time of our next meeting on the 6<sup>th</sup> December.

#### Cash flow statement (Updated Cash Flow statement presented at Task Group meeting)

Q1 - Why is such a large increase in Housing Benefit expenditure shown in July 2013 – has something been misallocated (as zero Inland Revenue costs that month also)?

A1 - The council pays approximately £3 million every 4 weeks and £1.5 million every 2 weeks by BACS under Merton HB and £1.5 million every 4 weeks for MPH HB. In addition smaller payments are made every day. The Head of Revenues and Benefits expects certain months to be higher and this can be demonstrated in the payments profile for previous years.

Q2 -Why was short-term borrowing needed at year-end?

A2 - Short-term borrowing outstanding as at 31st March 2013 was not entered into by the council at year-end. This was part of normal in year cash flow management based on prevailing market rates.

Deal Ref	Counterparty	Start Date	End Date	Principal	Rate	Current Status
6010001329	East Riding Pension Fund	19/6/2012	17/6/2013	£5m	0.56%	matured

6010001342	South Yorkshire Joint Secretariat	14/12/2012	1/11/2013	£3m	0.46%	matured
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Q3 - There was a drop of c£5m in Investments in October – Is this just a fall in cash or repayment of short-term investments? Caused by large increase in “other expenditure” in October. Has there been a specific expenditure that is causing this increase in costs this month?

A3 - £4.909m of the budgeted Superannuation Fund Revaluation was paid to the pension fund. Total budgeted amount for 2013/14 was £5.25m. See page 313 of 422 of the 2013 -17 approved business plan (Council Budget - 6 March 2013 meeting). The balance will be paid later in the year.

Q4 - The public health grant shows that £9m will be received this year, but the budget was only £8.9m – will this additional £100k result in a revenue underspend?

A4 - The public health grant in the cash flow is stated as £8,984,600. This is the exact figure in the notification from Public Health England

Quarter	Date Received / Expected	Amount
Quarter 1	16/05/2013	£2,246,150
Quarter 2	19/07/2013	£2,246,150
Quarter 3	18/10/2013	£2,246,150
Quarter 4	20/01/2014	£2,246,150
Total		£8,984,600

The figure in the cash flow is also the same figure in the budget approved by council on 6<sup>th</sup> March 2013 page 298 of 422 (2013/14 budget £8,985k)

Q5 – Councillor Diane Neil Mills had asked for a reconciliation in the Council Tax figures from Gross (incl GLA) to Net (excl. GLA). Could I also ask how this is linked to the expected Council tax receipts in the Cash Flow statement – i.e. how much of this year’s cash flow is related to last year’s debts being collected?

A6 - This reconciliation has commenced but is expected to take a few weeks

Q6 - Why is an increase in salary payments expected between Sept and Oct? Does this just reflect the difference between what was previously being forecast and actual amounts paid?

A6 - This reconciliation has commenced but is expected to take a few weeks , however the main factor is expected to be the payment of the backdated pay award of 1% from 1<sup>st</sup> April for the majority of staff.

Q7 - The figures in the Cash Flow Statement relate only to Council Tax raised in respect of Merton including those properties in the area covered by Wimbledon and Putney Commons Conservators.

A7 - The details in the following table are for the past two financial years and demonstrate the impact of the introduction of the Council Tax Support Scheme:-

	2012/13	2013/14
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Band D Council Tax:		
Merton	£1,102.99	£1,102.55
GLA	£306.72	£303.00
Council Tax Base	74,816.2	66,981.2
Council Tax Yield		
Merton (£000)	82,522	73,850
GLA (£000)	22,947	20,295
WPCC		
Band D Council Tax	£24.70	£27.84
Council Tax Base	10,807.2	9,645.2
Council Tax Yield (£000)	267	269
Cash Flow		
Council Tax received via All Pay (£000)		11,195
Council Tax D/D (£000)		65,336
Total in Cash Flow (£000)		76,531
Merton Budgeted Yield including WPCC		74,119
Additional Council Tax in Cash Flow		2,412

In terms of the amount collected on behalf of the GLA, these are paid over to the GLA on the basis of 10 equal instalments between April and March.

NB

Comment from Cllr Grocott - It would be helpful to include some narrative describing the rationale behind the figures included in the cash flow.

Q8 - Why is an increase in salary payments expected between Sept and Oct? Does this just reflect the difference between what was previously being forecast and actual amounts paid?

A8 - Yes, future forecast figures allow for future staff pay increases

### Corporate Services

**Question** - Bailiff Income - what is happening with shared service? Comment made "Had to change charging structure - Kingston have approached Merton. Fees on how far bailiffs travel" – please would you expand on this.

**Response:**

Following a Local Government Ombudsman enquiry we changed the method of calculating the costs that we charged debtors as our previous method was challenged by the LGO. The new method is based on a half hourly charge rate which commences from the time the bailiff leaves his previous job. The LGO felt this was

more accountable rather than a set fee based charge. This has had the result of a reduction in the costs that we change in many cases and subsequently a reduction in income.

It is estimated that the shared service will deliver £30,000 surplus income for both Sutton and Merton Councils in 13/14.

#### Children, School and Families

**Question** - How many children have resulted in extra cover? How many staff being recruited? Comment made: *"In latest monthly report"*. Please would you provide numbers – couldn't see this in October report?

#### **Response:**

The "October report" presents the figures up to the end of September 2013. Figures to the end of October will not be reported until the Cabinet meeting on 9 December. Further details in relation to the staffing pressures referred to in the report on spend to the end of September are as follows.

The major area of staffing overspend is in the Children with Disabilities Team, which has a number of vacancies both at social worker and at manager level. As a result 3 additional staff have been agreed staff above establishment, until permanent post holders are recruited and in place. The cost of the agency staff and staff above establishment is giving rise to this overspend. It is likely that this will need to continue for the remainder of the financial year.

Staffing pressures are also causing overspending in the Children's Central Social Work Service due to an increased number of children in the system and the need to have safe and manageable caseloads.

Question - Placements - what is the new outlook since July expected overspend? How many care packages? – Comment made: *"getting worse, unaccompanied asylum seeking children. Relinquished babies"*. What is the split between the overspend on fostering and mother and baby placements v underspend on residential placement budgets?

#### **Response:**

Numbers of looked after children (LAC) have increased to 165 at the end of September 2013, compared to 140 at the beginning of April 2013 132 as at the end of August 2013. This includes:

- A high number resulting from of police protection orders – 18 as opposed to the 3 we would normally expect to see for the period. These cases are relatively expensive due to the need to find care urgently. The police are looking at the reasons for this trend and we will work with them on appropriate responses.
- A high number of unaccompanied asylum seekers – accounting for 16 LAC as at the end of September 2013, with 2 cases presenting over the previous year.
- 11 cases who are children with disabilities whose needs are complex and expensive to meet.
- 2 relinquished babies currently in the system.

Placements for our LAC as at the end of September 2013 include 47 with in-house foster carers, 56 with agency foster carers, 17 in residential care, 2 in secure accommodation and 4 in custody on remand, and 25 in independent living. The numbers of LAC and the relative complexity of a significant proportion of cases are combining to cause the estimated overspend of £473k. Managers of the relevant teams within CSF are working both to ensure that our thresholds for taking children into care are applied rigorously and consistently, and to minimise the average cost of placements.

The underspending on placements budgets refers to independent residential placements for children with special educational needs, which are funded from Dedicated Schools Grant and cannot be off-set against overspending within local authority funded budgets.

**Question - Local Welfare Support scheme** – will a similar amount i.e. £367k be allocated in 2014/15? Is it likely that an under spend will occur next year also?

**Response:**

We have been allocated £366,911 funding for both years (13/14 and 14/15). We have undertaken an initial review of the scheme after six months and there are some recommendations that will hopefully increase support for those eligible. Due to the reduction in claims we have seen from the expected amount (similar across London) it is likely that despite further promotion of the scheme and changes to it there could be an underspend next year. However there is no specific grant funding from 2015/16 onwards but a mandatory scheme will be in place so all costs will fall on general funding unless monies are carried forward.

Community and Housing

**Question** - This budget still remains poorly understood. The Gross placements budget forecast to over-spend by £2.4m, but actual has for the past 3 years come in well under budget. There is still even with this predicted over spend an overall under spend in the budget.

**Response** - Adult Social Care has a Gross budget of £36.9m to spend on Placements expenditure and net budget of £25.9m

The gross placements forecast spend is £39.341m and the Net forecast spend is (£26.4m). More work is being done on income projections including client contributions.

Budget Over-view

	Current Budget @August £000	Full Year Forecast @ August £000	Forecast Variance@August £000
<b>Gross Placements</b>	<b>36,933</b>	<b>39,341</b>	<b>2,408</b>

<b>Income</b>			
Client Contribution	(8,835)	(9,606)	(770)
CCG Contribution	(2,132)	(2,666)	(534)
NHS Social Care Transfer Income	0	(677)	(677)
<b>Sub-Total Income</b>	<b>(10,967)</b>	<b>(12,949)</b>	<b>(1,982)</b>
<b>Total Net Placements</b>	<b>25,966</b>	<b>26,392</b>	<b>426</b>

Services provided are Residential and Nursing, Home Care, Direct Payments and Day care . The activity data and no of care packages as at Aug are :-

Service Area	No of Care Packages as at Aug 2013	Total Yearly Commitment @ Aug 13 £000
Older People	1,701	£20,362
Learning Disability	375	£12,409
Physical & Sensory	291	£3,975
Mental Health	160	£1,669
Substance Misuse	9	£221
No Recourse to public funds	13	£183
Other Placement Related Expenditure		£522
<b>Total</b>	<b>2,549</b>	<b>£39,341</b>

As at the end of period 5 (August), C&H overall is forecast to under-spend by £385k. Although Net placements is forecast to over-spend by £426k, this is off-set by underspends of £744k in Other Adult Social care and £73k in Housing general fund.

<b>Community and Housing</b>	<b>2013/14 Current Budget £000</b>	<b>Full Year Forecast (Aug) £000</b>	<b>Forecast Variance (Aug) £000</b>
Net Placements	25,976	26,392	427
Other Adult Social Care	28,158	27,425	(744)
<b>Adult Social Care</b>	<b>54,134</b>	<b>53,817</b>	<b>(317)</b>
Libraries and Heritage	2,489	2,494	5
Merton Adult Education	(113)	(113)	0
Housing General Fund	1,728	1,655	(73)

<b>Total (controllable)</b>	<b>58,238</b>	<b>57,853</b>	<b>(385)</b>
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### Environment and Regeneration

**Question** - What is the split between renegotiation and reduction in levels of residential waste.

Comment made *“Now clear about that split. Reduction on landfill - c£600-£700m*

**Response** - Under Contract 1 Landfill tonnage, although Phase A negotiations are in the final stages to be agreed, it is nearly there. The projected landfill at the pre Phase A pricing, would have yielded a charge of roughly £4,809,695, however as a direct result of Phase A renegotiations, the revised cost to Merton will be £3,850,556, this netting a saving of approximately £959,111 in landfill charges. The rate per ton has yet to be confirmed, although the last derivation of the calculation indicates a figure of £97.00 per ton.

**Question** - Commercial waste - when is report going to Cabinet?

**Response** - A report is planned for scrutiny in February.

**Question** - More detailed allocation of costs needed to determine how much “capacity use” is costing.

**Response** - E&R have asked for clarification of the question so that they can provide any information if required.

### Capital Programme

#### General

**Question** - The Updated Budget 13/14 on pages 21-30 (Appendix 1) does not agree with the Total budgets on pages 67-70 (C&H and CS only)

Q1 Total Budget on page 21 for 2013/14 £45,554,350

Q2. Total Budget on pages 67-70 for 2013/14 £44,537,780

Q3. Differences relate to the re-profiling of £779,850 C&H into 2014/15; mainly Western Road. Why has this been delayed? And Improving Financial systems which has also been profiled to 2014/15. Does this mean that the Updated budgets for 14/15 on pages 21-30 still need to be revised?

**Response:**

A1 Capital Programme is the August 2013 monitoring

A2. Capital Programme is the September 2013 monitoring. Summary of the change is on page 58 para 4.2.1. Explanation of these adjustments are on page 71.

A3. The budget has been re-profiled based on the payment schedule agreed with the Housing Association. The final payment on the scheme of £760k is due in June 2014 on completion. I have spoken to the budget manager and the scheme is on schedule. The improving financial systems budget has been re-profiled to reflect the latest estimate of spending.

**Question** - Community and Housing: How many staff have received/ are going to receive laptops this year and what was is the cost per laptop? What productivity improvements is this going to bring?

**Response:**

In Adult Access and Assessment, all Team Managers and Assistant Team managers(20 staff) and the DP Team(6 staff) have now received laptops and team-

co-ordinators( 10 staff)are due to receive laptops shortly. The cost of laptops is approximately £500 each.

Since the roll out of laptops for Managers and ATMs a more flexible way of working has been achieved. One of the key benefits is being able to access Carefirst(our social care information system) and other documentation for professional supervision and performance management in a confidential environment. This further improves professional standards and quality of recording. Access via Wifi throughout Civic and other Merton sites(such as libraries) has enabled managers to use their laptops to access meeting documents, rather than printing off papers, leading to a more paperless working environment. More recently, our weekly panel meeting now uses a laptop and projector to access Carefirst and to make and record decisions in real time, therefore speeding up the process for the customer. Managers are now also able to work from home if their diary permits in a more secure way, rather than remote working from home PCs.

It is anticipated that in the future the Direct Payment Team can use their laptops to support customers within their own homes to design their support plans and organise the Direct Payment implementation. This could save repeat visits to the customer and speed up the process of implementing a personal budget via a DP.

Team Co-ordinators will benefit from having laptops for a number of reasons. A key role is to minute and access information within a meeting, which they will soon be able to do within the meeting to save time.

Laptops have the potential to enable staff to access relevant systems or complete work on site, at home or in the field as the role requires rather than have to come into the office.

**Question** - Environment & Regen – What does Kingston / Hartfield Rd StratCor mean? What is being proposed?

**Response:**

A strategic Corridor is a main road. This scheme is funded by Transport for London and the work being undertaken is determined by them. The authority manages and pays for its completion. The scheme is for road resurfacing.