

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

GENERAL PURPOSES COMMITTEE

26 JUNE 2014

(19.15 - 20.50)

PRESENT: Councillors Councillor Peter McCabe (in the Chair), Councillor Laxmi Attawar, Councillor Adam Bush, Councillor Tobin Byers, Councillor Mary Curtin, Councillor Suzanne Grocott, Councillor Abigail Jones, Councillor Ian Munn, Councillor Michael Bull (Substitute for Councillor David Williams) and Councillor Daniel Holden (Substitute for Councillor Janice Howard)

ALSO PRESENT: Steve Bowsher (Chief Accountant), Brendan Bradley (Senior Accountant), Margaret Culleton, Paul Dale (Assistant Director of Resources), Paul Evans (Assistant Director of Corporate Governance), Caroline Holland (Director of Corporate Services), Dean Shoesmith (Joint Head of HR), Michael Udall (Democratic Services) and Paul King (Audit engagement lead)

2 APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies for absence were received from: Councillors Janice Howard and David Williams.

1 DECLARATIONS OF INTEREST (Agenda Item 1)

None

3 MINUTES OF THE MEETING HELD ON 12 MARCH 2014 (Agenda Item 3)

RESOLVED: That the Minutes of the meeting held on 12 March 2014 be agreed as a correct record.

4 EXTERNAL AUDITOR: PROGRESS REPORT (Agenda Item 4)

The report was NOTED.

5 EXTERNAL AUDITOR: ANNUAL AUDIT AND CERTIFICATION FEES 2014/15 (Agenda Item 5)

Introducing the report, Paul King (External Auditor) explained that the downward trend for the amount of fees for Certification of claims and returns (shown in the table on page 16) was due to fewer claims being certified than in previous years.

It was noted that on page 16 (3rd para.) "audit for 2012/13" should read "audit for 2013/14".

The report was NOTED.

6 EXTERNAL AUDITOR: ANNUAL AUDIT FEES 2014/15 - MERTON PENSION FUND (Agenda Item 6)

It was noted that on page 20 (1st line) “audit for 2012/13” should read “audit for 2013/14”.

The report was NOTED.

7 EXTERNAL AUDITOR: SECTOR BRIEFING (Agenda Item 7)

Paul King (External Auditor) explained that this report was mainly for information.

It was noted that by the time this regular report was submitted to the Committee, some of the information in the report could potentially be out of date.

As indicated below, the Committee agreed that this regular report be no longer included on the Committee agenda, but circulated separately to Committee members. The Chair indicated that if any Councillor wished to raise an issue included in a circulated Briefing, then they should contact the Chair or the Director of Corporate Services, so that the issue could be added to the Committee agenda.

RESOLVED: That (1) the External Auditor’s Sector Briefing reports be no longer included on the Committee agenda, but circulated separately to Committee members; and

(2) the report be NOTED.

8 ANNUAL GOVERNANCE STATEMENT 2013/14 AND ANNUAL INTERNAL AUDIT REPORT (Agenda Item 8)

1. Introducing the report, Margaret Culleton (Head of Audit and Investigations) indicated that in relation to the 14 overdue actions related to schools (para. 4.3 on page 63 refers), the schools concerned had promised to submit responses in the next few weeks.

2. In response to a query about the Council’s new responsibilities under the Care Act and the last sentence of paragraph 2.7 (on page 37) stating “Funding will be provided to Local Authorities to support adult social care.”, Caroline Holland (Director of Corporate Services) advised that whilst the Council would receive some funding, it was not known whether this would be sufficient for the Council’s new responsibilities.

3. Reference was made to paragraph 7.21 of the Statement (on page 48) referring to the annual report presented to Council outlining the work of the overview and scrutiny function. A Member suggested that an extra paragraph be also added referring to the report compiled annually outlining the work of the Borough Plan Advisory Committee (BPAC). Caroline Holland undertook to look into the matter.

4. **Procurement** - A Member indicated that the appendix referred to in Minute (9) (Procurement) of the previous meeting (on page 5 of this June agenda) had yet to be circulated to Members. The Chair requested that the Democratic Services Officer follow this up with Simon Williams (Director of Community and Housing).

RESOLVED: That the General Purposes Committee -

(1) agrees the Annual Governance Statement; and

(2) NOTES the Internal Audit Annual Report 2013/14.

9 REVIEW OF POLLING DISTRICTS AND POLLING PLACES (Agenda Item 9)

RESOLVED: That the General Purposes Committee agrees that the compulsory review of UK Parliamentary polling districts and polling places should now take place.

10 RESPONSE TO ERNST AND YOUNG REPORT - "REVIEW OF ANONYMOUS WHISTLEBLOWING STATEMENT" (Agenda Item 10)

1. The Committee considered each of the recommendations 1-7 set out in the Ernst and Young report "Review of anonymous whistleblowing statement" (and also detailed below in italics for ease of reference). Each recommendation was introduced by Paul Evans (Assistant Director, Corporate Governance) with further comments as needed from Dean Shoemith (Joint Head of Human Resources), and then discussed by Members.

Recommendation (1) That the Council should review the use of single price quotation forms, particularly in respect of the justifications required to be documented and the approval process for their use, and report back to the Committee in June;

Recommendation (2) That officers should report all prospective interim and consultancy positions to HR and that HR should be responsible for maintaining a central database of all prospective and live roles filled by interim and consultancy appointments; and that a mechanism is built in to allow monitoring of this register at Member level;

Recommendation (3) That HR should challenge departments on their use of long term interim and consultancy appointments (over six months), the rates which are being paid and ensure that external recruitment is considered;

Recommendation (4) That HR should be involved in any recruitment process, including the recruitment of interim managers;

Recommendation (5) That Council should review its interview process and the policy on the number of interviewers required, including in relation to the appointment of interim managers;

Recommendation (6) That the Council should review its policy on declarations of interest to include personal friendships; and

Recommendation (7) That the Council should communicate to all Council officers any revisions it makes to its procurement policies.

2. Recommendation (1) – Paul Evans highlighted that in future it was proposed that any exemptions from Contract Standing Orders would need to be signed off by the Head of Commercial Services in addition to the Director of Corporate Services, which would mean that managers would need to discuss the appropriateness of any proposed exemption in advance with the Head of Commercial Services.

2.1 Paul Evans confirmed that the failure of a manager to forward plan would not be a justifiable reason to use the exemption process; and that the use of the exemption process would need to be monitored.

2.2 Members noted that the proposed guidance to managers included a statement in bold block capitals “PLEASE NOTE AN EXEMPTION CAN ONLY BE GRANTED IN EXCEPTIONAL CIRCUMSTANCES” (as shown on agenda page 83) but were concerned that managers were made aware that exceptional does mean exceptional circumstances such as an emergency or where normal processes hadn’t produced the necessary results. The Committee agreed that the wording of the guidance to managers on exemptions to Contract Standing Orders be reinforced (as shown below), and Paul Evans confirmed that this could be done.

3. Recommendations (2), (3) & (4) – There was extensive discussion of the proposed response to these recommendations relating to the recruitment of (temporary) interim or consultancy staff, and particularly the requirement for HR to be involved in any recruitment process including for such appointments.

3.1 Paul Evans advised that there would be a monthly monitoring report to managers on the recruitment of interim or consultancy staff, and suggested that there be also reports to Members through the quarterly monitoring reports to Cabinet and scrutiny.. The Committee agreed that there be reports to General Purposes Committee starting with its next meeting in September, until further notice. Paul Evans indicated that the report in September would allow the Committee to decide the subsequent frequency of submission of such reports.

3.2 In response to queries, Dean Shoesmith advised that -

- (a) the proposed new system would give a comprehensive breakdown of “on” and “off” contracts placement of temporary workers in the Council, “On contract” being through Comensura the Council’s main agency workers supplier and also the London Borough Recruitment Partnership (LBRP) for senior interim managers;
- (b) systems were being developed to capture the “off contract” supply;
- (c) this would give greater confidence in the data for the Council’s overall staff establishment, but that the latter was partly dependent on the completion of the establishment exercise within iTrent (referred to in para. 2.32 on page 79) which would tidy up iTrent so as to reconcile posts, budget and establishment; and
- (d) the first technical assessment of the iTrent exercise was due to be done by end of

July, which would enable a better estimate for the completion time for the iTrent exercise, but that pending that assessment, whilst no firm timescale could be given, the current estimate for completion of the iTrent exercise was September 2014 or later.

3.3 Margaret Culleton (Head of Audit and Investigations) confirmed that Internal Audit during 2014/15 would be reviewing the new database (for recruitment/establishment), including checking whether it captured all posts/personnel; and that the results would be reported to General Purposes Committee.

3.4 Members reiterated their concern that all managers complied with the new proposals for recruitment of interim or consultancy staff, and in particular that HR be involved in any recruitment process including for such appointments.

3.5 Paul Evans advised that the current figures for “off” contracts were 14 agency placements, and 4 self-employed placements and 6 “on contract” from the London Borough Recruitment Partnership (used for senior interim managers).

3.6 Reference was made to the last sentence of para. 2.32 (on page 79) which stated that *“The HR function will also be enabled to challenge directorate managers on the use of interims over time and the effectiveness of permanent recruitment, and provide support as required.”* The Committee agreed that the word “enabled” should be changed to read “required”.

3.7 Reference was made to the last sentence of para. 2.24 (on page 7) which stated that *“The independent consultant should not generally cover the duties of a post, rather they are engaged to undertake specific project work within a defined task and outcomes for a defined time period.”* In response to a suggestion that the word “generally” should be deleted, Caroline Holland (Director of Corporate Services) advised that the word should be retained as there could be occasions when an independent consultant may need to be used.

3.8 No change was made to the wording but Members reiterated their concern that any use of consultants should only be in exceptional circumstances.

4. Recommendation (5) – Paul Evans highlighted that any short listing panel would now need to consist of a minimum of two people (as detailed in para.2.3.5 on page 80). The Committee made no changes in relation to this recommendation.

5. Recommendation (6) – Paul Evans highlighted the proposed changes to policy on declarations of interest to include personal friendships and where any situation arose where there was the potential for a conflict of interest staff were required to notify their line manager . The Committee made no changes in relation to this recommendation.

6. Recommendation (7) – Paul Evans highlighted that, subject to the proposed changes to procurement and recruitment systems being approved, there would be a special managers briefing in July 2014, with a view to implementation from 1

September 2014 (as detailed in para.2.40 on page 81). The Committee made no changes in relation to this recommendation.

7. Submission to Council – Paul Evans confirmed that the proposed changes to the procurement part of the exemption process would need to be submitted to Council for approval.

RESOLVED: That in response to the recommendations 1-7 set out in the Ernst and Young report “Review of anonymous whistleblowing statement”, the General Purposes Committee agrees the changes and actions set out in the report for implementation and recommendation to Council where necessary,

subject to the following -

Recommendation (1) – The wording of the proposed guidance to managers on exemptions to Contract Standing Orders be clarified to reinforce that an exemption can only be granted in exceptional circumstances, and that exceptional does mean exceptional circumstances such as an emergency or where normal processes couldn't be used.

Recommendations (2), (3) & (4) – Monitoring reports on the recruitment of interim or consultancy staff be submitted to General Purposes Committee starting with its next meeting in September, until further notice.

In the last sentence of paragraph 2.32 (on page 79) the word “enabled” be changed to read “required” so that the sentence reads as follows
“The HR function will also be required to challenge directorate managers on the use of interims over time and the effectiveness of permanent recruitment, and provide support as required.”

11 WORK PROGRAMME (Agenda Item 11)

Reference was made to the monitoring report on the recruitment of interim or consultancy staff to be submitted to the September meeting further to the discussion on the previous item (10) (Response to Ernest and Young Report – “Review of anonymous whistleblowing statement”).

Paul King (External Auditor) also indicated that the work programme should be updated as follows -

(a) move “External auditor: Fee letters for audit for the Council and Pension Fund” from March to June; and

(b) move “External auditor: Audit results report” from November to September.

Street Management Advisory Committee (SMAC) - Reference was made to possible governance issues arising from SMAC not being re-established by Cabinet for 2014/15. It was noted that such matters came within the purview of the Leader's scheme of delegation.

A Member indicated that future SMAC meeting dates were still on the Council calendar. The Democratic Services Officer undertook to check on this.

12 LOCAL GOVERNMENT PENSION SCHEME 2014 EMPLOYER DISCRETIONS (Agenda Item 12)

Reason for Urgency: The Chair had approved the submission of this report as a matter of urgency so as to enable the Committee to make recommendations for consideration by the Council on 9 July 2014.

RESOLVED: That the General Purposes Committee recommends to the Council the following for adoption:

A. Not to exercise the discretion on Shared Cost Additional Pension Contributions – (SCAPCs) or Shared Contribution AVCs (SCAVCs) but to review annually (see paragraph 2.4 Option d)).

B. Flexible retirement - agree to the option whereby the Council exercises the discretionary power to continue to adopt a Flexible Retirement policy from 1 April 2014 but only to exercise the discretionary power to waive the actuarial reduction in exceptional cases where the Director of Corporate Services considers it to be justified on financial, equal opportunity or other relevant grounds (see paragraph 2.19 Option c)).

C. Waiving Actuarial Reduction for early payment of benefits - not to waive the actuarial reduction for early payment of pension benefits at the request of a current employee but to review annually (see paragraph 2.23 Option c)).

D. Not to exercise the discretion to 'switch on' the 85 year rule for members who choose to voluntarily draw their benefits from age 55 (see paragraph 2.24 Option c)) but to review annually.

E. Award of additional pension – not to use the discretion to award additional pension contributions (see paragraph 2.25 Option c)) but to review annually.

F. To agree to continue the discretion to continue the provision for deferred benefits to be brought into payment on compassionate grounds for pre 2014 deferred members. The discretion will not normally be exercised, but the Director of Corporate Services will consider applications (see paragraph 2.28 Option b)).

(Note: Under A, C, D and E, an annual review would be undertaken by CMT (Council's Management Team) and the General Purposes Committee.)

13 2013-14 DRAFT REVENUE OUTTURN AND STATEMENT OF ACCOUNTS (Agenda Item 13)

1. Reason for Urgency: The Chair had approved the submission of this report as a matter of urgency so as to enable the Committee to comment before the final date for signing off the Statement (30 June 2014).

2. Caroline Holland (Director of Corporate Services) introduced the report and then responded to queries including on the increase in Capital Receipts, the restrictions on the use of Capital Receipts for revenue projects; and the use of reserves and Capital Receipts to decrease borrowing requirements; and advised that, despite the increase in reserves, there would still be a need to borrow funding to build any proposed new secondary school.

3. Caroline Holland undertook to circulate to Members details of the reasons for the unexpected increase in Capital Receipts.

4. Caroline Holland also advised that the Pension Fund Account had been submitted to the Pension Fund Account Panel on 24 June 2014 and that whilst the Panel members had some queries, they had been on the whole happy with the accounts.

5. Caroline Holland indicated that the recent Government restrictions on the use of CCTV vehicles to enforce parking restrictions would have little effect on Merton's parking revenues as the Council carried out little on-street CCTV enforcement.

RESOLVED: That the General Purposes Committee notes the draft Statement of Accounts for the Council for the year ended 31st March 2014 before they are authorised (subject to any final minor drafting, numerical and amendments) by the Section 151 Officer at a date up to the latest of 30 June 2014.