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## OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

20 FEBRUARY 2017

(7.15 pm - 9.05 pm)

PRESENT Councillors Hamish Badenoch(in the Chair), Stephen Crowe, Suzanne Grocott, Jeff Hanna, Peter Southgate and David Williams

Caroline Holland (Director of Corporate Services), Bindi Lakhani (Head of Accountancy), Paul Angeli (Assistant Director Childrens' Social Care and Youth Inclusion), Yvette Stanley (Director, Children, Schools & Families Department) and Stella Akintan (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE - COUNCILLOR DENNIS PEARCE (Agenda Item 1)

2 MINUTES OF MEETING HELD ON 10 NOVEMBER 2016 (Agenda Item 2)

The minutes of the last meeting were agreed as a true and accurate record.

3 BUDGET DEEPCDIVE - SUPPORTED LODGING/HOUSING, UNACCOMPANIED ASYLUM SEEKING CHILDREN AND NO RECOURSE TO PUBLIC FUNDS (Agenda Item 3)

Paul Angeli gave an overview of the report highlighting that the council has a duty to accommodate unaccompanied asylum seeking children (UASC). The volumes vary from year to year with the majority coming from Albania, this fluctuates according to global stability. Merton is a member of the Pan London Rota System in which all local authorities work together to ensure fair distribution of UASC across the Capital. This area is a rising cost pressure; although the government has increased funding for individual placements from £71 to £91per day (for newly placed young people only) this does not cover the range of associated costs including for social workers and higher accommodation and placement prices within London.

Members asked questions including ; the growth in UASC numbers, if national government are being lobbied for additional funding and if Merton is benchmarking costs against other local authorities to ensure best value for money.

Yvette Stanley reported that Merton worked closely with London Councils who are lobbying on this issue. Larger local authorities benefit from economies of scale within the Pan London Rota System which Merton does not benefit from but takes the same number of children. We are all competing for the same placement providers and they generally charge local authorities the same amounts. We commission placements through a range of framework agreements and partnerships with other boroughs to get the best balance of quality and value. We also have a good track record in recruiting in-house foster carers.

Paul Angeli reported that housing for care leavers overall is a budget pressure and they are working with colleagues in the housing department to look at ways to reduce costs on different models. For UASC care leavers we receive no grant income to offset housing/placement or support costs. Again the Government is being lobbied on this issue.

In response to a question regarding whether UASC can make financial contributions through work or student loans, Paul Angeli reported that this cohort have no recourse to public funds so the council are responsible for them possibly until they are 25. They are not able to work until their immigration issues are resolved.

Task group members expressed concern that additional costs for UASC are presented as an over-spend in the budget when there is a government grant shortfall. It was felt that the budget did not reflect the actual situation and Council signs off a budget that cannot be delivered.

Yvette Stanley reported that the department works hard to find other ways to meet the shortfall on a one off basis and that the CSF budget overall in recent years did not have an overspend. Measure included: bringing forward savings and freezing non frontline vacancies. These were short term measures however. It has historically been hard to make assumptions about likely numbers given the international situation fluctuates. However we now have a significant period where the numbers have continued to rise and the expectation is that both the UASC and care leaver populations will continue to grow

Caroline Holland highlighted that contingencies are built into the general budget which is signed off by Council every year, for example last year the Children Schools and Families (CSF) department had an underspend and this year there is an estimated £1.2 million overspend. Last year the council overall had a minor overspend. In terms of an overall strategy the approach was that departments would not move monies to pay for an area that the government should be funding. Monitoring reports highlight the budget situation if the departmental budget was sufficient overall.

A task group member expressed concern that it is too easy for some groups to enter the UK. Yvette Stanley reported that the UK has sent a delegation to Albania to look at the underlying issues. There is a clan system with historical feuds. Young people will only be granted leave to remain in the UK if they can demonstrate they are at personal risk.

Paul Ballat gave an overview of the work on housing for care leavers and reported that the council has a statutory responsibility for looked after children. Merton currently has 100 children over 16 who are entitled to leaving care services. As a result of housing pressures we need strong relationships with housing providers and foster carers. We need to have different models of housing so young people have access to secure permanent housing. The current quota is under pressure as the requirement to look after care leavers for longer meant we need a larger supply however there is limited social housing available.

Paul Angeli gave an overview on the work of No Recourse to Public Funds (NRPF) He reported that families come to their local authorities after all other attempts have failed and they are homeless. The council is then required to provide housing and support. The case law in this area is complex and the council has made improvements in processing assessment by employing an NRPF officer who is able to help to resolve the issues, we are however dependent on the Home Office to process asylum claims.

In response to a question regarding whether recording NRPF as an overspend in the budget was consistent with other boroughs Yvette Stanley reported that this area is demand led process in some boroughs it is met from a contingency budget. The larger demand grows it gets the more difficult to contain within the CSF budget, growth may change according to national policy.

The chair gave an overall summary of the discussion and thanked officers for their report which was helpful for context, legal environment and the challenges. However the budget information provided was unsatisfactory as the task group has not been able to ascertain the underlying causes for the overspend given that details on the individual were not provided.

## RESOLVED

The panel thanked officers for their work and noted the report.

### 4 2016/17 QUARTER 3 MONITORING REPORT (Agenda Item 4)

A task group member asked the Director of Corporate Service to provide an opinion on the budget position by the 31<sup>st</sup> March 2017. Caroline Holland said £11 million of growth for 2017/18 should mean we are not in the same budget position next year, hopefully the overspend will decrease before year end but cannot make any further predictions at this stage.

**ACTION:** Department asked to provide baseline budgets for Phase C so the outturn report for next year will demonstrate what has been delivered for Lot 1, Lot 2, is starting from April 2017.

**ACTION:** Department asked to provide the alternative view of savings in the monitoring report. This should be available before the next Council meeting.

A panel member asked if an underspend due to vacancies at children and adolescent mental health services is a good thing. Caroline Holland reported that they have found a way to deliver more efficient services without putting children at risk.

**ACTION:** A task group member referred to page 94 of the agenda and queried why the majority of the debt is written off in the final quarter of the year. Caroline Holland agreed to report back on this.

RESOLVED

The panel thanked officers for their work and noted the report.

5 DATES AND WORK PROGRAMME FOR FUTURE MEETINGS (Agenda Item 5)

Task Group members have a preference for the 25<sup>th</sup> July over the 6<sup>th</sup> July and queried both meetings have been arranged.

RESOLVED

The Chair agreed to discuss agenda items with Julia Regan to determine if there is a need for an additional meeting.