

Agenda Item 9

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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP 23 FEBRUARY 2016

PRESENT: Councillor Hamish Badenoch (in the Chair),
Councillor Adam Bush, Councillor Stephen Crowe,
Councillor Suzanne Grocott, Councillor Peter McCabe and
Councillor Dennis Pearce

ALSO PRESENT: Councillor Andrew Judge

Marissa Bartlett (Joint Head of HR Transactional Services), Kim Brown, Caroline Holland (Director of Corporate Services), Howard Joy (Property Management & Review Manager, ENVR), David Keppler (Head of Revenues and Benefits), Bindi Lakhani (Head of Accountancy) and Julia Regan (Head of Democracy Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for absence were received from Councillor Peter Southgate and for lateness from Councillor Hamish Badenoch.

It was AGREED that Councillor Peter McCabe would chair the meeting until Councillor Badenoch arrived.

2 MINUTES OF MEETING HELD ON 5 NOVEMBER 2015 (Agenda Item 2)

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

3 ANALYSIS OF CURRENT STAFFING VACANCIES (Agenda Item 3)

Marissa Bartlett, Joint Head of HR Transactional Services, introduced the report and said that the figures provide a full overview of the workforce as at 26 January 2016.

Members requested additional information on the number of people undertaking apprenticeships at the council.

ACTION: Joint Head of HR Transactional Services

Caroline Holland, Director of Corporate Services, said that the staffing information could be synchronised with the quarterly financial monitoring reports. Members AGREED that that would be helpful and requested that the two reports be presented together. They also asked for more data to be provided in the savings column.

ACTION: Director of Corporate Services and Joint Head of HR Transactional Services

RESOLVED:

1. to thank the officers for an informative and helpful report
2. to receive staffing information quarterly in future, synchronised with and presented at the same time as the quarterly monitoring reports

4 COUNCIL TAX RECOVERY (Agenda Item 4)

David Keppler, Head of Revenues and Benefits, introduced the report and outlined the process for recovery of council tax debt. He said that taxpayers who we have previously had difficulty collecting the council tax from would be pursued with recovery action as soon as possible, this would give us a longer period to try to collect the debt within the year .

He provided additional information in response to questions:

- the council is not allowed to charge interest on overdue payments but can recoup the statutory costs and fees incurred
- system problems had delayed the recovery process this year but the end of year collection rate is on target
- in 2014/15 Merton had the 10th highest collection rate in London
- the collection rate is impacted by having a fairly transient population – around 20,000 new council tax accounts are set up each year
- 98-99% of all council tax will be received over a three year period

RESOLVED: to thank the Head of Revenues and Benefits for providing a thorough explanation of the council tax recovery process

5 ESTATE MANAGEMENT (Agenda Item 5)

Howard Joy, Property Management and Review Officer, introduced the report setting out estate management arrangements for the non-operational estate and details of the yield of the assets.

Members welcomed the low vacancy rate and debt levels as set out in the report.

Howard Joy explained that the return on investment (yield) is calculated by comparing the market value of the estate against income generated. He undertook to provide data on the range of return on investment figures for other boroughs as identified within the report. ACTION: Property Management and Review Officer

A member asked whether there had been any research into other models for estate management, such as outsourcing the function and the subsequent yield. Howard Joy said that he had not approached other providers for quotes for increasing yield as the direction had been to increase income and reduce costs but that he had investigated different ways of managing council property and each time had found

the existing service to be performing well. He explained that it is difficult to get information from other boroughs.

In response to questions, Howard Joy said that the holding in Leatherhead is land that was acquired for a potential expansion of a crematorium and was retained when the crematorium was sold. Its currently rented to a farmer. The plan is to sell the land for residential development subject to planning permission being received.

RESOLVED: to thank the officer for his report.

6 FINANCIAL MONITORING REPORT - QUARTER 3 (Agenda Item 6)

Caroline Holland, Director of Corporate Services, introduced the report. She drew the task group's attention to the additional appendices on progress on savings for periods 9 and 10, changes to the capital programme, update on debt position, customer and client receipts and movement in reserves.

Members asked a number of questions about the New Homes Bonus and Cabinet's decision to use some of this for a Savings Mitigation Fund of £1.3m.

Caroline Holland explained that the New Homes Bonus is a grant from DCLG that is linked to the number of new homes built that are eligible for council tax. The funding was originally given over a six year period and DCLG are currently consulting on reducing this to 4 years. It is not clear whether there will be future tranches of funding. It is a complex calculation and therefore difficult to predict. For example, topslicing arrangements have changed – last year just over £1m was topsliced for the GLA but there has been no topslicing this year. Notification of the provisional settlement was made available to the council on 22 December and was finalised on 10 February 2016.

Caroline Holland said that the impact of the establishment of the Savings Mitigation Fund on reserves and on the budget gap will be shown in the report to Budget Council on 2 March.

Members made comments and asked questions relating to the departmental summaries:

Corporate Services

Noted and welcomed the underspend.

Environment and Regeneration

Members expressed concerns regarding the Greenspaces budget, particularly the staffing overspend on the firework displays and Wimbledon fortnight given that these are predictable annual events plus the loss of £56k on the classics in the park event compared to the £90k surplus that was originally forecast. Members suggested that, if events such as classics in the park were to be held in future, consideration should be given to sharing risk and profit with a private sector partner.

RESOLVED: to look at the Greenspaces budget in more detail at the task group's next meeting through a report that will set out the budget for 2015/16 and for 2016/17 in detail, explain how the budget is being managed and what has been learned from previous overspends.

Children Schools and Families

Noted that a report on SEN transport will be presented to the next meeting of the task group.

Note the underspend on the Dedicated Schools Grant.

Community and Housing

In response to members' concerns about delayed hospital discharge, Caroline Holland said that about £90k had been paid in fines and that the main issue was difficulty in finding providers, particularly for people who require two carers at any one time.

Caroline Holland said that analysis of processes and payments and the impact of proposed savings was being carried out. She is also seeking information on the average costs of care for different age groups and the extent to which price reductions are still achievable from providers and the work that is being done to continue to negotiate kept prices.

RESOLVED: to receive information at a future meeting (November) to examine the population estimates on which the adult social care budget is based in order to better understand the demand on services.

7 CAPITAL PROGRAMME - ITEM DEFERRED FROM LAST MEETING (Agenda Item 7)

Caroline Holland briefly introduced the report and provided additional information in response to questions:

- the size of the capital programme in other boroughs would depend on their approach to increased demand for school places
- sources of funding include borrowing, grants and contributions and section 106 payments. The cost of borrowing is set out on page 49 of the agenda pack.

Members expressed interest in identifying whether savings in the revenue budget could be achieved by removing some items from the capital budget. Caroline Holland said that scope for this would be limited as many projects are already underway and that officers are rigorously challenged on new items and already encouraged to remove items wherever possible.

RESOLVED: to request a list of new schemes by department, to include cost impact on the revenue budget.

ACTION: Director of Corporate Services to circulate by email

8 DATES AND WORK PROGRAMME FOR FUTURE MEETINGS (Agenda Item 8)

AGREED dates of next three meetings:

5 July (outturn report), 26 July (quarter 1) and 10 November 2016 (quarter 2).
The date for receiving the quarter 3 monitoring report will be agreed in due course.
ACTION: Head of Democracy Services

AGREED work programme items for future meetings, as identified earlier in the meeting:

- Greenspaces budget
- demographics for adult social care

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