

Agenda Item 3

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SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

12 JANUARY 2017

(7.17 pm - 9.57 pm)

PRESENT: Councillors Abigail Jones (in the Chair), Daniel Holden, Stan Anderson, Michael Bull, David Chung, Russell Makin, John Sargeant and Imran Uddin

ALSO PRESENT: Councillors Mark Allison (Deputy Leader and Cabinet Member for Finance), Nick Draper (Cabinet member for Community and Culture), Ross Garrod (Cabinet Member for Street Cleanliness and Parking), Martin Whelton (Cabinet Member for Regeneration, Environment and Housing), John Hill (Head of Public Protection and Development, ENVR), Caroline Holland (Director of Corporate Services), Anthony Hopkins (Head of Library and Heritage Services), Steve Langley, Chris Lee (Director of Environment and Regeneration), Paul McGarry (FutureMerton Manager), James McGinlay (Head of Sustainable Communities), Cormac Stokes (Head of Street Scene and Waste), Steve Webb (Business Support and Relationship Manager) and Annette Wiles (Scrutiny Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

Councillor Makin declared that he is the Chair of Merton Community Transport.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous Panel meeting (1 November 2016) and the Belvedere Road and Belvedere Grove call-in (27 October 2016) were agreed as a true and accurate record.

Matters arising

1. Circle Housing: Members were asked to report on their individual dealings with Circle Housing following its attendance at the previous two Panel meetings. The scrutiny officer was asked to follow-up with members after the meeting. Councillor Sargeant reported that the Morden House meeting discussed at the November 2016 Panel meeting has not yet happened and he hasn't received any communication from Simon Gagen, Head of Reactive Repairs at Circle Housing. The Scrutiny Officer was asked to contact Circle Housing and pursue this item directly; and
2. Commercialisation Task Group report: Councillor Makin reported that this has been accepted by Cabinet with an action plan anticipated for presentation to the Panel's February 2017 meeting.

4 BUDGET AND BUSINESS PLAN (Agenda Item 4)

Caroline Holland, Director of Corporate Services, introduced the budget and business plan item:

- At the time of the October 2016 report to Cabinet, there was no budget gap in years 2017/18 and 2018/19, and only a small gap in 2019/20;
- However, subsequent to this substantial growth has been built into the budget from 2017/18 to benefit Adult Social Care, waste and regeneration, *futureMerton* and Children, Schools and Families;
- This will be funded using the balancing the budget fund leaving a gap (£1.6m in 2017/18, rising to £14.3m in 2018/19, £15,107 in 2019/20 and £21,450 in 2020/2021); and
- Other budget complications were noted including whether the level of funding from the *Better Care Fund* (from the Merton Clinical Commissioning Group) will remain unchanged, the announcement in the Financial Settlement of a potential Adult Social Care precept of 3% for 2017/18 and 2018/19, and the redistribution of the new homes bonus (now being given over 5 and not 6 years) for which the effect is roughly even for Merton in 2017/18 only.

In response to member questions, the Director of Corporate Services clarified:

- The 3% Adult Social Care increase for 2017/18 includes 1% for service improvement. This equates to a £800k budget and as yet there is no guidance on what is meant by service improvement;
- Changes to revaluations result from new definitions with items moving from capital to revenue expense if no improvement is provided. For example, replacing a flat roof like-for-like would be classified as a revenue expense as there is no improvement provided on what existed previously. Whereas, replacing the flat roof with a pitched roof would provide an improvement and be classified as a capital expense;
- The cost implications of the *Freedom Pass* are being carefully monitored. It was noted that increases to this budget result from travel price increases (notably train fares) and some from increased usage; and
- Any underspend in the capital programme, will be clawed back to reduce the overall capital spend, decrease costs overall and the overall revenue cost of borrowing.

New departmental savings proposals

Members considered each individual new departmental savings proposal:

ENR1: this saving will be realised from the expansion of the regulatory shared service about which advance discussions are in progress with Wandsworth (the saving has already been built into the Medium Term Financial Strategy [MTFS]) with a new borough partner to be identified.

ENR2: free parking for Blue Badge holders in Pay & Display parking bays in off-street car parks is in excess of statutory requirements. Research has also found that designated Disabled Parking bays off-street are not being fully utilised. The

introduction of fees for Blue Badge holders using Pay & Display parking off-street is therefore intended to ensure full utilisation of designated Disabled Parking bays and to free other bays for use by other drivers. The estimated revenue is based on research conducted on usage of Disabled Parking bays on 1 December 2016 with the resulting potential revenue estimate considered conservative by the department. Whilst three new Disabled Parking bays have been installed recently, numbers and usage will continue to be monitored in the run-up to the launch of the new policy with the potential to increase the number of Disabled Parking bays in off-street parking. Any change in charges for Disabled Badge holders using Pay & Display parking bays will be fully communicated in advance with implementation planned for 2019/20. Members noted the need to balance the provision of sufficient Disabled Parking bays with retention of sufficient Pay & Display parking bays to ensure the saving can be realised;

ENR3: it is intended to increase the cost of a town centre parking season ticket in Morden, Mitcham and Wimbledon from £300 to £450 per annum. It was noted that these are much in demand. **RESOLVED:** the Panel resolved to recommend to Cabinet that this saving be brought forward and achieved earlier than currently indicated in the MTFS;

ENR4: the Panel welcomed the aspiration of realising Merton's investment in its CCTV facilities to offer CCTV services to existing and new partners to gain a new income stream;

ENR5: this saving reflects that Phase C of the South London Waste Partnership means one management post in transport services can be deleted. **RESOLVED:** to recommend to Cabinet that this saving be brought forward and achieved earlier than currently indicated in the MTFS;

ENR6: this saving reflects the waste services back office will shift from a support function to a commercialised commissioning and client services team, and therefore there is a need to explore and deliver efficiency savings. The Panel requested that the department look at bringing part of this cost saving forward into 2018/19;

ENR7: this will realise the efficiencies to be gained from one council managing a shared transport fleet. Income will be achieved by charging Sutton for these services;

ENR8: this item realises the additional income being gained from annual rent reviews which have resulted in increases beyond original budget estimates;

ENR 9: the shift from engagement to enforcement around waste disposal activities will bring an increased income. It was noted by the department that as a result of the South London Waste Partnership, the new provider is liable for waste collections and street cleaning and will be taking more responsibility for engagement and education; and

CH67: whilst the first year of its operation is being funded by Arts Council England, this saving realises an income from the Merton Arts Space in subsequent years. In response to member questions, it was noted that funding in its first year of operation is being used to showcase the space to providers and residents. Also, the department is currently being reorganised to ensure it has the necessary commercial skills to achieve this income. It was highlighted that Crown House Creative is a pop-up creative space which is not a longer term option for a commercial income given it will be reoccupied.

Amendments to previously agreed savings

Members considered amendments to previously agreed savings:

Waste services

It was noted that this saving was predicated on a three percentage increase to recycling but, as is happening elsewhere in London, rates of recycling have plateaued. However, it has also been shown that the forthcoming service changes can increase recycling. This saving (achieved through a reduction in landfill costs) has been pushed back to 2019/20. It was highlighted that this slippage has already been built into budget projections.

Building Control

As discussed at the previous meeting, a shared planning service is not viable and therefore this previously proposed cost saving cannot be realised. Alternative cost savings have been brought forward. Members expressed their concern about the proposed saving to be realised from no longer sending consultation letters on building applications and relying on site notices only (D&BC6). It was noted that sending consultation letters is beyond statutory duties and has been stopped by Croydon and Lambeth.

RESOLVED: the Panel resolved to recommend to Cabinet that the cessation in consultation letters be reconsidered given it is a relatively small saving compared to the potential impact on the Council's reputation.

Growth proposals

It was confirmed that the growth proposal for Morden and Wimbledon regeneration makes allowance for the recharging of costs to Transport for London.

Additional budget motions

Free Christmas parking

Councillor Bull moved a motion for an additional cost saving; "To recommend to Cabinet an end to current free Christmas parking at weekends during December which is losing revenue and is inefficient. This should be replaced with free Christmas parking on Thursday evenings in December to encourage greater throughput of shoppers". The motion was seconded by Councillor Holden. It was noted by the department that this initiative currently costs the Council £60K in lost revenue and both the Merton Chamber of Commerce and *LoveWimbledon* have requested a different approach that would be more beneficial to local businesses. However, it was also noted that the implications of free parking on Thursday evenings in December have not yet been fully explored. The Panel noted it would like to understand this better. The motion was moved to the vote and fell.

Minimising commercial risk

Councillor Bull moved a motion; "To recommend to Cabinet that the private sector be utilised as far as possible to insulate the Council from the risk in hosting popular events in Wimbledon Park". The motion was seconded by Councillor Holden. Officers noted that such an approach may hamper the Council in achieving a commercial income, (for example, the annual fireworks event which the Council delivers directly, without a commercial partner and from which it has been receiving a

commercial income for some years). It was also noted that the Panel is awaiting the Commercialisation Task Group action plan. The motion was moved to the vote and fell.

Adult Social Care precept

Councillor Bull moved a motion; “To recommend to Cabinet that the 3% precept for Adult Social Care be utilised for 2018/19”. This was seconded by Councillor Holden. The motion was moved to the vote and fell.

5 SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 5)

This was covered by the Panel under Agenda Item 4 (Budget and Business Plan).

6 PERFORMANCE MONITORING (Agenda Item 6)

Officers responded to member questions on the provided Environment and Regeneration performance report:

- CRP 044 – “Parking services estimated revenue”: whilst the *Year to Date* target is behind, the monthly position is improving. There have been technical difficulties with the start of the Automatic Number Plate Recognition (ANPR) system. A full report will be provided to the next Panel meeting; and
- SP 040 – “Percentage of market share retained by LA (Building Control)”: this is an estimated value based on the insight of a very experienced team and its knowledge of on-going development at any given time. The Building Control market is very competitive but the department is doing better than covering its costs.

7 HOUSING SUPPLY TASK GROUP: PROGRESS MONITORING AGAINST THE RECOMMENDATIONS (Agenda Item 7)

A progress report on action against the recommendations of the housing supply task group was provided to the meeting prepared jointly by *futureMerton* and Housing. This showed progress against all recommendations except that on overcrowding (recommendation 12) which the Panel accepted should be reviewed. It was noted that the Panel will receive a further report on progress against the task group’s recommendations in six months.

8 UPDATE REPORT: CAR CLUB PROPOSAL (Agenda Item 8)

Paul McGarry, the head of *futureMerton*, introduced the proposal for a new form of car club in Merton. Rather than this being based on designated parking, with cars having to be returned to specified bays, this initiative will allow the car fleet to move around the borough using on-street parking. This will make the scheme more attractive to users and free-up designated bays for use by other drivers rather than remaining empty.

In order for the scheme to operate effectively, it will need to be supported by a new form of parking permit and for Merton to work with other local boroughs to enable

travel over an effective distance. The Council is at the stage of having a draft three year agreement with *DriveNow*.

The scheme has a good technical solution that allows usage to be monitored, to inform pricing structures and other aspects such as where parking should be prohibited.

In response to member questions, officers provided further clarification about the scheme:

- The new parking permit allowing use of on-street parking addresses any concerns over there being sufficient designated parking bays for the scheme;
- Fuelling is tracked through an app. Where this needs to happen the user or next user is prompted giving instructions on the location of the nearest charging point for electric cars and fuel cards allow petrol cars to be filled-up (there are no diesel cars in the fleet);
- Control over where cars can be parked and restrictions on parking in already congested areas can be controlled through the app supporting the scheme. This will tell users where they can and can't park and can be varied over time depending on usage and changing traffic and parking patterns;
- Parking revenues will not be affected by the scheme as the operator will reimburse the Council for usage as well as paying penalty notices; and
- The scheme has been successfully implement in Europe and is currently being trialled in North London.

9 WORK PROGRAMME (Agenda Item 9)

Public Transport Liaison Committee: Councillor Jones, who also chairs this committee, reported that it has been agreed to defer the next meeting until May 2017. This is in order that the meeting can be timed with the next round of the Crossrail2 consultation. However, it was also noted that if this consultation should be delayed the committee meeting will go ahead regardless.

10 PRE-DECISION SCRUTINY: SHAREHOLDER DECISION REGARDING RESURGENCE AND THE COLLAPSE OF THE CIRCLE GROUP STRUCTURE (Agenda Item 10)

A proposal has been received to consolidate all nine of Circle Housing's organisations into one to become Circle 33. This would mean Merton Priory Homes board would be disbanded, with the loss of a local governance board to be replaced by a local community panel onto which the Council could place its nominated representatives.

Councillor Whelton, Cabinet Member for Regeneration, Environment and Housing, highlighted that this has been a long running process. The Council has robustly negotiated with Circle on behalf of residents given dissatisfaction with Circle's handling of complaints, reflected in the recent issuing of a second regulator notice by the Homes and Communities Agency (HCA). However, Councillor Whelton also noted that the provisions of the incoming Housing and Planning Act have limited the

Council's ability to negotiate. Additionally, whilst the stock transfer agreement requires the Council to agree any change to the company's status as a separate legal agreement, this requirement expires on 22 March 2017. He noted that the Council has therefore done well to extend from two to ten years the requirement that the Council's agreement would need to be gained to either change or scrap the new local community panel once established. Councillor Whelton recommended the need to be realistic and to reach an agreement before the deadline in the transfer agreement otherwise there is a risk negotiations will collapse leaving the Council with a reduced ability to hold Circle to account.

In response to member questions, Councillor Whelton and officers clarified:

- The Council cannot answer for Circle's performance which was agreed as poor. Following the HCA regulatory notice, the Council has requested comparative data in order to be more informed about Circle's performance but this hasn't been forthcoming;
- Big changes in the percentage of homes deemed non-decent were thought likely to be the result of resurveying in addition to an increased programme of planned works to the stock;
- Addressing regulatory notices can be used to streamline structure and finances;
- The Council will have the right to determine who will be its representatives on the local community panel. There is no requirement for these to be or not be current or former councillors. Party groups will be asked to put forward their nominations from which selection will be made at Full Council. It was noted that a local community panel would provide less power to influence than currently achieved through scrutiny;
- It was agreed that Circle's performance did improve but this has dropped off again in recent months;
- The Council has argued that the requirement for it to agree to change or end the local community panel should cover the period of the regeneration (10 years). This is likely to be the maximum period that can be secured;
- Other aspects of the stock transfer agreement mean that the Council and Circle are bound together in perpetuity; ie: the Council has 100% access to all vacancies and Circle has to make special arrangements for all aids and adaptations requested by the Council. This gives a basis for an on-going relationship; and
- The Council withholding its agreement will simply result in Circle waiting until the deadline in the transfer agreement has elapsed and proceeding anyway.

Councillor Bull moved a motion: "This Panel is concerned that the voice of local residents is being lost. We therefore recommend to Cabinet that it does not provide its written permission to change Circle's current constitutional arrangements unless there is agreement to resident representation on the governing board of Clarion". Councillor Holden seconded the motion. The motion was moved to the vote and fell.

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