

Agenda item 7 – Councillors strategic theme priority questions and answers

1. From Councillor Janice Howard to the Deputy Leader and Cabinet Member for Finance

Is Merton Council's commercial waste collection service profitable on a full cost basis using Merton's current cost of capital and proper allocation of G & A and depreciation? Please state all assumptions and show all calculations.

Reply

Yes it is profitable. Overall Merton's Commercial Trade Waste Collection is operating with a projected surplus of £247,997, excluding overheads. Commercial Wastes' forecasted expenditure is £1,247,211, (including all operating costs and depreciation) with an income stream of £1,495,208, thus showing a projected surplus of £247,997. This forecast is based on residual waste being 4,447 tonnes and recycling tonnage of 1,153.

Supplementary

A surplus minus overheads, if these are added back then the service does run at a loss, so would the Cabinet Member comment on whether this represents unfair loading and what controls have been introduced as a result to the report

Reply

As part of our approach to the finance of the Council, we look to what is best for each individual service and we will continue to monitor each individual service we provide a great deal of financial monitoring information, that is one of the reasons why this Council has been able to get on top our finances. She should remember when her Conservative party was the Administration they put up council Tax by £100, whilst the current Administration have frozen Council Tax and protected priority services, and improved services like waste. That is the difference between a Labour administration that knows what it is doing and a conservative opposition that doesn't have a clue.

2. From Councillor Brenda Fraser to the Deputy Leader and Cabinet Member for Finance

Following a statement by the Chair of London Councils, Mayor Jules Pipe, in December 2013 regarding the Government's intention to expect councils to manage a 25% reduction in their budgets whilst continuing to deliver improvements in services, is the Cabinet Member planning to write on behalf of Merton Council regarding the disproportionately large share of the reduction in budget that Local Authorities are required to shoulder and could he state the impact of this reduction on the management of the budget.

Reply

The reduction in Government grants is a major factor in the pressures on the council budget. I will be working closely with London Council's to lobby for the appropriate levels of funding for both the borough and London as a whole. While Merton Council has thus far done a good job in protecting priority services and keeping Council Tax

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frozen for all, the Government must understand that their spending reductions could impact on the quality and levels of service that can be offered.

Supplementary

Does he agree with me and the people of Longthornton ward that it is important to continue to protect the key services residents that they value such as street cleaning and weekly refuse collection

Reply

I agree with much of what she said, these are difficult times for our country and everyone is feeling the pinch, but I can reassure her that this council will continue to protect priority services while keeping Council Tax down. 4 years ago few people believed we could achieve that, but we have shown we are up to the task. The independent survey of residents says we are providing better value than ever before and all of us this side are up for the challenges ahead.

3. From Councillor Suzanne Grocott to the Deputy Leader and Cabinet Member for Finance

What reduction in Council Tax precept are you expecting from the Mayor of London?

Reply

On 20 December 2013, the Mayor published his 2014-15 draft revenue budget and capital spending plan for consultation. This includes the budget proposals for the GLA (Mayor and Assembly), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Legacy Development Corporation (LLDC).

The budget proposes a reduction in the Mayor's Band D council tax precept of £4.00 (1.3 percent) from £303.00 to £299.00 in 2014-15 for council taxpayers in the 32 London boroughs.

The budget comprises of £218.88 to support the Mayor's Office for Policing and Crime, £49.76 for the London Fire and Emergency Planning Authority, £28.03 for the GLA (Mayor and Assembly) and £2.33 for Transport for London (TfL).

The final draft budget will be considered by the London Assembly on 14 February 2014 and the Assembly can amend and agree an alternative budget by a two-thirds majority so the draft precept of £299.00 could change as a result.

The Assembly will also need to take account of the impact of falling expenditure on the quality of some of the services he provides. For instance, as a result of the Mayor's budgets, the number of police employed by the Metropolitan Police has reduced, and some influential figures are calling for Councils to increase their expenditure to restore some of that service reduction, although they "do not have a clue where that money will come from". I very much hope that the Mayor will consider such concerns before he further reduces the expenditure of the Metropolitan Police.

Supplementary

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Will he join me in welcoming this reduction from the Mayor and would he tell me why if he is so on top of finances, why can't the Administration do the same with Council Tax?

Reply

What I think is the Mayor's budget shows when money is tight the Tory's don't have a clue as there are difficult decisions to make, Labour in Merton shows the way. We have kept council Tax down and protected the services that are most important to our residents, like libraries and weekly street collection. The Mayor of London has cut his most important service the police by 80 officers in Merton and her colleagues are so unhappy about it that they want some of them back even though they do not know where that money will come from.

4. From Councillor Iain Dysart to the Deputy Leader and Cabinet Member for Finance

How does he reconcile the increasing need for children's and adult social care with continuing underspends in these areas?

Reply

Children's' social care is now overspending as a result of increased demand. Spending on Adult Social Care is being contained by the Council agreeing growth from its own resources (the only area that received growth in 2013/14) and the availability of significant money from the NHS. Recent underspends in this area have largely been due to the very late arrival of NHS grants. Rather than splurge these grants in the financial year in which they were received, spending has been phased over a longer period.

Supplementary

Last year Council failed to spend £1.5 million budgeted for adult social care, so with rising young elderly populations, coupled with by officers own admissions inadequacy of budget management isn't Merton failing these key stakeholders

Reply

I don't remember describing our policies as inadequate. We have significantly increase the amount of financial monitoring that we publish and it helps us to get a better picture of our spending and plan effectively. We are careful with money and I should have thought it was a good thing, that sometimes we can spend less than was budgeted whilst providing the right level of service. It helps us avoid making big cut elsewhere and it is one reason why according to the annual survey that Merton's residents thinks this administration is delivering better value for money than ever before

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5. From Councillor Diane Neil Mills to the Deputy Leader and Cabinet Member for Finance

How much has been cut from the budget in the last 3 years by department as a result of improved procurement?

Reply

It is always difficult to accurately estimate the level of savings arising from one particular cause, but analysis of the savings for the past three years indicates that the level of revenue savings included in the budget by department is as follows:-

	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
CSF	200	105	100	405
C&H	2,365	2,668	2,063	7,096
CS	182	695	180	1,057
E&R	431	142	581	1,154
	3,178	3,610	2,924	9,712

Supplementary

How do these savings compare with targets which were established by Deloittes for the same period and what are the Cabinet Member targets and/or expectations for further savings from procurement beyond 2013/2014

Reply

Cllr Neil-Mills is obviously a clever women and has helped substantially the way that we procure our services, I am very grateful for that and I would always take her suggestions on board. I clearly don't have the information to hand but what I would say this Administration has done a good job overall protecting priority services and keeping Council Tax down and clearly procurement has had a role to play. Which is why we have reviewed the procurement strategy and published our procurement register on the London portal. We will certainly bear in mind her suggestions, along with other from the Scrutiny task group as it important that we deal with the Council's finances in a professional manor and do what is best for our residents.

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6. From Councillor Richard Williams to the Deputy Leader and Cabinet Member for Finance

Could the Cabinet Member indicate what indications he has had from the Wimbledon Common Conservators about the implications for Merton of any decision by them to raise their levies?

Reply

The WPCC precept in 2014/15 will be £293,184.23, a change of £24,669.52 from the 2013/14 levy of £268,514.71.

Although the total cost of the precept to Merton has increased by 9.2%, the average Band D cost to a council taxpayer in the WPCC area has reduced from £27.84 in 2013/14 to £27.38 in 2014/15. (1.65%) The reason for the cost increase to Merton is due to the rise in Council Tax Base, relative to Kingston and Wandsworth, who are also subject to this levy.

The Government has still not issued its Council Tax Requirement form (CTR1) or related guidance with respect to Council Tax referendums and the WPCC precept will need to be considered as the year on year change in average Band D council tax is used for this purpose.

Supplementary

Would he agree with me that it is outrageous that each year millions of pounds worth of funding to this authority is put at risk by Eric Pickles refusal and the actions of the Conservative in increasing their precept and would he also agree with me that it is very ironic that Conservative in Wimbledon Common that the true blue areas of Merton, Wandsworth and Kingston are not actually able to do what this Administration did in Merton of protecting services and keeping the Council Tax frozen

Reply

I do agree with him and he makes a very good point this Council has been able to protect priority services and keeping the Council Tax down, because we are good with money and are able to make efficiency savings and I do agree with him that the Conservatives should do the same

7. From Councillor Richard Hilton to the Deputy Leader and Cabinet Member for Finance

What progress has been made to date on the report into serious allegations of corruption in November 2013 and why is an interim report not being presented at this meeting?

Reply

Following receipt of the allegations the Council appointed it's external auditors to carry out a full investigation.

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The investigation included

- A review of the whistleblowing statement.
- Identifying processes and procedures used by the Council to procure interim and consultancy work
- Identifying payments made by the Council in respect of a number of consultants
- Identifying the manner in which payments associated with consultants have been accounted for
- Identifying budgets concerning the cost centres used to account for consultants time

Following this work which was completed before the Christmas period the auditors requested to interview a number of officers to complete their investigation. Eight interviews were conducted and completed by 24th January.

The Auditors are currently finalising their report to the Council which includes seeking further responses from individuals interviewed during the process. The outcome of their work is expected to be provided to the Council within the next three weeks.

The latest update received by the Council for members information at this meeting is that their work to date has not identified evidence of corruption, malpractice or unlawful expenditure.

Supplementary

My question relates to the serious corruption allegations received by all of this Council Chamber in November, put forward by 6 officers of this Council, which are serious. To date I question is why is there no interim report. Whilst it disgraceful that we have not received the full report yet and we have not even received an interim report.

What we do have is an email sent at 4.22pm today to Group Leaders basically saying that the rates of pay given to these Consultants, which have been hired and has been accepted, was in line with norms. However nothing about the process about how we went about doing that. What we do know is that procurement processes were not followed properly, so can the Cabinet Member explain why he is not taking such a serious issue seriously.

Reply

Of course I wished that the investigator that concluded finished their enquiry by now, and this cloud has been hanging over too long. These were anonymous allegations that are being investigated, the length of time the investigation has taken and the lack of disciplinary actions that has been taken does suggest that the investigator have looked under every stone, and still have not found any serious misdemeanours, but of course there might be some procedures that we can tighten up. But we have to wait for the outcome of that report. We must give them time to do it and rather than insinuating that things are very wrong with this Council, and essential smearing

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the good record of our staff here, he should let the investigation be concluded and responded to it in a measures fashion just as we will.

8. From Councillor Samantha George to the Deputy Leader and Cabinet Member for Finance

There is £8.4million in reserves earmarked for transformation projects. The last administration left £3.5million of this amount and since then considerably more has been put into the reserve than spent from it. Could this administration not think of any "spend to save" technology projects which could have been bearing fruit after 3 years on which this money could have been spent for the purposes for which it was intended?

Reply

It is our view that the amount set aside by the last administration was insufficient to transform the service and increase the resilience of the Council, and that the expenditure should take place in a controlled manner over a longer period in order to ensure that improvement would be lasting. The Outstanding Council Programme Board Reserve has been increased by the consolidation of other specific reserves. As can be seen from page 480 of the Overview and Scrutiny Agenda, there are already plans to reduce this £6.7m by the end of the MTFs period. This includes projects such as replacing Financial Systems, Customer Contact, Document Management etc. Other reserves are being used to fund the enhancement of Social Care systems. Savings arising from these transformational projects are built into the MTFs, and have helped to reduce the budget gap. There are other projects in the pipeline e.g. around the Mascot Service and Confirm that will utilise the bulk of the remaining money.

Supplementary

In his answer on the transformation programme it appears that the Cabinet Member is agreeing that he has done nothing on transforming the Council over the last 3 years. On the customer contact programme, how does he justify making no progress on this, despite the deloitte report and despite bring back former employees to work on the programme?

Reply

I don't actually agree with the premise of the follow up question, the latest independent survey, more people think that the current Administration is doing a good job and providing value for money than ever before. We have been awarded the best Council of the year and that is no accident. We are careful with people's money, we do not throw it around, and we have moved to longer term financial planning. We plan ahead and we build resilience, we don't just think of way to spend money like as she has suggesting, we use it effectively as a result we are the first Administration ever in Merton to Freeze Council Tax every year for everyone while protecting priority services likely library and creating an extra 2000 school places.

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9. From Councillor Agatha Akyigyina to the Deputy Leader and Cabinet Member for Finance

Can he outline how he has ensured Merton residents on low incomes have not faced an increase in council tax?

Reply

For 2013/14 central government cut the funding for Council Tax Benefit by 10% and merged it into general grant funding, effectively abolishing the old scheme. Many councils decided to respond by reducing the benefits paid to claimants. Despite the “localisation” of benefits government required payments to pensioners to remain unchanged. The result of this was that if the funding reduction were passed onto others in receipt of benefits then they faced a cut in excess of the 10% reduction. This would have a particular impact on those who are low paid.

In July 2011, the Council agreed its ‘July principles’ which would govern this administration’s priorities. One of the very top priorities was to keep Council Tax low. We therefore seek to avoid increasing Council Tax for our low paid residents.

The administration recommended, and council agreed, in setting the budget for 2013/14, that own scheme should therefore be the same as the old council tax benefit scheme, so that those on low incomes would not have to pay more in Council Tax if their circumstances remained the same. It was further agreed that this would continue in 2014/15. It should be noted that those councils that took the alternative approach have seen substantial increases in council tax arrears from those affected and so are unlikely to have recouped the loss of government grant.

It should be noted that the lack of a specific grant means that government support will be cut at the same rate as general funding and that any increase in demand/cost will fall fully upon the council to meet.

Supplementary

Can I congratulate the Cabinet Member for being in a position of having 4 years of a Council tax freeze? Does he agree with me this is important to ensure that the people with the lowest income pay the least?

Reply

By maintaining rebates we are the only Council for miles around to freeze Council Tax every year for low paid household and I think that is the right approach. It’s everyone paying the right amount. Clearly as Government funding for low income households is falling and it will be more difficult for us to achieve that. But we do have a good track record and low Council Tax remains one of our top priorities.

10. From Councillor Suzanne Evans to the Deputy Leader and Cabinet Member for Finance

Does the Cabinet Member believe that it is right to lie to the public about the Council spending?

Reply

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No doubt she is referring to the suggestion from her Party Leader that UKIP representatives are “Walter Mittys seeking a role in politics”. Therefore, if she is asking me for advice as to whether or not she should lie to the public I would strongly urge her to consult with her Party Leader before doing so.

Supplementary

Does the Cabinet Member know the difference between fiction and finance? I was referring to his comments to the Wimbledon Guardian 23 January, where he refers to the cost of Group officers, with certain ones costing of tens of thousands of pounds. In fact it is only the Labour and Conservative Group offices, that cost tens of thousands of pounds, to run; £130,000 and £80,000 respectively. Could he please apologise to me?

Reply

I really don't like the implication of the question that a serious public servant is lying. Just to be clear her and her colleagues were not elected as UKIP councillors, but their allowances, the value of their Town Hall office space, their phones, computers their staff, also the cost in officer time in answering all their questions, enquiries, their baseless calls to sack staff, amounts to tens of thousands of pounds. She should think about that for a moment rather than complaining about other people allegedly lying.

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