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## OVERVIEW AND SCRUTINY COMMISSION

30 JANUARY 2014

(19.15 - 21.30)

**PRESENT:** Councillors Peter Southgate (in the Chair), Iain Dysart, Samantha George, Suzanne Grocott, Jeff Hanna, Logie Lohendran, Russell Makin, Diane Neil Mills and Dennis Pearce

**ALSO PRESENT:** Councillor Mark Allison

Paul Dale (Interim Assistant Director of Resources), Caroline Holland (Director of Corporate Services) and Julia Regan (Head of Democracy Services)

### 1. DECLARATIONS OF PECUNIARY INTEREST - SEE NOTE OVERLEAF (Agenda Item 1)

None.

### 2. APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies were received from Councillor Peter McCabe, who was substituted by Councillor John Dehaney. Apologies were also received from co-opted members Peter Connellan and Colin Powell.

### 3. MINUTES OF THE MEETING HELD ON 26 NOVEMBER 2013 (Agenda Item 3)

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

As a matter arising, Councillor Diane Neil Mills requested further detail on housing benefit spend for each housing sector. Councillor Samantha George asked that this be included in Merton Priory Homes' report to the Sustainable Communities Overview and Scrutiny Panel meeting if it hasn't been received before then. **ACTION:** Director of Corporate Services

### 4. BUSINESS PLAN UPDATE 2014-18 (Agenda Item 4)

It was agreed to take agenda items 4, 5 and 6 together.

The Director of Corporate Services, Caroline Holland, outlined the content of the reports. She said that some information was still awaited on business rates and the pension fund valuation. It is expected that revised figures containing the most recent assumptions will be provided to Cabinet on 17 February. She drew attention to the uncertainties for 2016/17 and 2017/18 pending the next government's

comprehensive spending review and that this may pose further financial challenges for the council.

In response to questions, Caroline Holland provided further detail on the assumptions behind estimates for business rates and the relationship between inflation, interest rates and reserves and balances.

**Corporate Services savings proposals** (pages 30, 32-41)

The Commission discussed each of the Corporate Services savings proposals in turn. Points of clarification, comments made by the Commission and its decision on what to recommend to Cabinet on each is set out in the table below:

<p><i>Business partners - amendment to previously agreed savings</i></p> <p>Caroline Holland said that the 2014/15 saving had been moved to 2016/17 so that the business partners could continue to assist staff through organisational changes.</p> <p>RESOLVED: to recommend that Cabinet accept this change to the savings proposal.</p>
<p><i>CS60 deletion of Assistant Director post</i></p> <p>Caroline Holland explained the background to this proposal and explained that options were being kept open at present as to which post would be deleted, pending further detail on the direction of the customer contact programme.</p> <p>RESOLVED: to recommend that Cabinet accept this saving, with the proviso that it should delete the post at the earliest opportunity when the post is no longer needed.</p>
<p><i>CS61 dividend income from CHAS 2013 Ltd</i></p> <p>Caroline Holland said that CHAS accounts would be published and audited.</p> <p>RESOLVED: to recommend that Cabinet accept this saving.</p>
<p><i>CS62 recharges to public health</i></p> <p>The Interim Assistant Director of Resources, Paul Dale, said that there were contractual issues in relation to this item but that the saving would be taken earlier if possible.</p> <p>RESOLVED: to recommend that Cabinet accept this saving and bring it forward</p>

to 2015/16 if possible.

*CS63 business improvement*

Caroline Holland said that the posts to be deleted in systems development will be identified once a restructure has been put in place. In response to a question about the risk assessment for this saving, Caroline Holland agreed that it should be changed from high to medium risk.

RESOLVED: to recommend that Cabinet accept this savings proposal and change the risk rating to “medium”.

*CS64 reduction of treasury running costs*

Paul Dale explained how these savings would be made by streamlining processes once the new financial management systems are in place

RESOLVED: to recommend that Cabinet accept this saving and bring it forward if possible.

*CS65 consolidation of budgets in resources division*

*CS66 review recharges to pension fund*

*CS67 reduction in bank and giro charges*

RESOLVED: to recommend that Cabinet accept these saving and bring them forward as soon as there is an opportunity to do so.

*CS68 reduction in interest charges*

Caroline Holland said that the savings would be made by better matching lending and borrowing on short term cash markets, that this would be in addition to savings already achieved and that if there were further opportunities for saving then these would be taken.

Paul Dale undertook to confirm the base budget for this item. ACTION: Interim Assistant Director of Resources

RESOLVED: to welcome this proposal as an opportunity for making savings that don't impact on services and to recommend that Cabinet accept this saving.

*CS69 cease councillors' courier service*

Commission members said that they thought that the cost of posting large agendas would outweigh the small saving from ceasing the courier service.

RESOLVED: to recommend that Cabinet reject this saving.

*CS70 administrative charge for paper invoices*

Caroline Holland and Paul Dale said that the customers affected are those who have agreed to receive invoices by email and that this saving is linked to the introduction of new financial systems.

RESOLVED: to recommend that Cabinet accept this saving and bring it forward if possible.

*CS71 delete two in-house IT trainers*

Caroline Holland explained that deletions would be taken once the new social care system had bedded in and there was no longer need for the posts.

RESOLVED: to recommend that Cabinet accept this saving

*CS72 consolidation of infrastructure & transaction division's revenue budgets*

RESOLVED: to recommend that Cabinet accept this saving

*CS73 saving from 4 borough legal service*

Caroline Holland confirmed that the base budget relates to salaries for Merton and Richmond, that substantial savings have already been made, that the quality of the service has improved and costs reduced through the shared service arrangements. The saving relates to the Merton portion of the four borough service. Service level agreements and performance indicators are in place.

RESOLVED: to recommend that Cabinet accept this saving

*CS74 review of learning and development spend*

*CS75 review of central operations transactions (COT) team staffing*

RESOLVED: to recommend that Cabinet accept this saving

RESOLVED: that in its reference to Cabinet, the Commission will highlight the general principle of bringing forward budget savings whenever that can be done, including for the financial year 2014/15.

**Safer Merton savings proposal (p45)**

RESOLVED: to recommend that Cabinet accept this efficiency saving in the procurement of the CCTV maintenance contract (EV01).

**Comments and recommendations from the overview and scrutiny panels**

RESOLVED: to forward to Cabinet the comments and recommendations made by the overview and scrutiny panels, together with additional comments and recommendations made by the Commission as set out below.

Sustainable Communities Overview and Scrutiny Panel

Agreed to draw Cabinet's attention to the unanimity of the Sustainable Communities Overview and Scrutiny Panel in rejecting the savings relating to building and development control (EV03-07).

*EV02 – parking permit changes*

*EV11 – on street pay and display charges*

There were differing views expressed on the desirability of increasing parking charges. Caroline Holland explained that all departments have been given income targets and have developed alternative savings proposals where targets cannot be met.

One member urged officers to pursue efficiency savings and trading of services as an alternative. She said that it would be helpful to have a report at a future meeting setting out costs and fees for the service so these could be scrutinised in detail.

Another member said that he thought it was appropriate to increase charges in line with inflation, otherwise the real cost would decline. A third member added that the proposal was in line with the council's policy of encouraging fewer car journeys, with more use of public transport and car sharing.

It was moved and seconded that the Commission should recommend that in principle it disagreed with an automatic raising of charges as a means of closing the budget gap and to urge that alternative means are brought forward, in particular efficiency savings and value added services. A vote was taken, 5 members were in favour, 5 against and the Chair used his casting vote against the motion. The motion fell. Councillor Makin asked that his vote against the motion be recorded.

Another member suggested that parking meter charging periods and costs should be amended so that smaller denomination coins (5p and 10p) are not needed.

A number of members expressed concern about the impact of the increase in the charge for teacher parking permits.

**RESOLVED:**

To recommend to Cabinet that savings proposal EV02 should be amended to exempt teachers' parking permits from an increase in charges.

*EV10 – Greenspaces*

The Commission noted that the proposal had been rejected on ground of lack of detail last year and so was disappointed to see that this had not been provided.

Children and Young People Overview and Scrutiny Panel

Councillor Dysart said that although the Panel's reference in relation to CSF01 reflects the general view, he wished his reservations to be placed on record about the impact the savings proposal might have on staffing and on service standards.

Councillor Hanna, the Panel Chair, confirmed that savings proposal CSF03 for further reductions in staffing across the decision had not been approved by the Panel due to lack of detail on the proposal. Commission members concurred that further information should be provided to Cabinet before it makes a decision on this savings proposal.

**RESOLVED:** to recommend that Cabinet withdraw savings proposal CSF03 due to lack of detail at the present time and re-consider it next year.

Healthier Communities and Older People Overview and Scrutiny Panel

Some concerns were expressed regarding savings proposals for Commissioning and Placements (CH1, 2 and 3). Caroline Holland and Councillor Southgate said that the Director of Community and Housing had assured the panel that he was confident of being able to make the savings.

**RESOLVED:** to recommend that Cabinet should receive further detail about how savings CH1,2 and 3 will be achieved prior to making a decision.

**Capital programme**

The Commission scrutinised the capital programme in relation to Corporate Services and Safer Merton:

Officers undertook to check accuracy/rationale of the zeros against the invest to save items and the asbestos safety works in the corporate services capital programme (page 79) **ACTION:** Assistant Director of Resources

A building survey is currently underway and any asbestos related work that is identified would be brought forward in both revenue and capital programmes as required

Water safety works relate to water tanks, legionella prevention and similar work (page 79)

The spend on CCTV was noted (page82). Further information was requested on the location of the equipment. **ACTION:** Director of Environment and Regeneration.

## **Reserves and balances** (page 480)

Caroline Holland made a number of points in response to questions:

The earmarked reserves for the Outstanding Council Programme Board will include salaries and other costs relating to making business cases for transformation projects and major change programmes

There will be a reduction over time in the specific project funding required for major transformation work

The local land charges reserve will be used once there has been a court decision on claims made

The energy renewable reserve will be used once the contract is let

The use of the apprenticeships reserve will depend on how the programme is taken forward. It has been successful so far so Caroline Holland anticipates that the reserves will be used.

The community care reserve has a number of potential calls on it but nothing planned at present

Caroline Holland said that the table is still draft and some figures will change once changes have been made to other parts of the budget. There are some negative figures in the final columns - these are wrong and will be corrected.

In response to a question about the level of reserves, Caroline Holland said that information will be provided on where Merton stands in relation to other authorities.

**ACTION:** Director of Corporate Services

She said that the earmarked reserves had been challenged by the auditors and that the council's explanations had been accepted.

### 5. SCRUTINY OF THE BUSINESS PLAN 2014-18: COMMENTS AND RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY PANELS (Agenda Item 5)

See agenda item 4.

### 6. BUSINESS PLAN UPDATE - REPORT TO CABINET 20 JANUARY 2014 (Agenda Item 6)

See agenda item 4.

### 7. WORK PROGRAMME 2013/14 - INCLUDING CONSIDERATION OF CHANGE OF DATE FOR MEETING ON 30 APRIL 2014 (Agenda Item 7)

The draft work programme was agreed, subject to a change of date for the final meeting from 30 April to 7 April 2014.

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