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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

27 FEBRUARY 2014

(19.00 - 21.00)

PRESENT Councillors Peter Southgate (in the Chair), Iain Dysart, Suzanne Grocott and Diane Neil Mills

Paul Dale (Interim Assistant Director of Resources), Caroline Holland (Director of Corporate Services), Brian McLoughlin (Waste Operations Manager), Julia Regan (Head of Democracy Services) and Cormac Stokes (Head of Street Scene and Waste)

1. APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Dennis Pearce and from Chris Lee, Director of Environment and Regeneration.

The task group noted the resignation of Councillor Ray Tindle.

2. MINUTES OF MEETING HELD ON 29 OCTOBER 2013 (Agenda Item 2)

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

The task group requested that Councillor Grocott's questions and the Director of Corporate Services' responses be published with the minutes. ACTION: Head of Democracy Services

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

Caroline Holland, Director of Corporate Services, introduced the report. She drew the task group's attention to:

- recommendation A, which sets out the issues reported to Cabinet
- a marginal decrease in the net service expenditure overspend
- the movement in reserves, set out on page 59, that would be subsequently updated for Cabinet and Council
- customer and clients receipts (page 60) are in a relatively healthy position
- latest arrears position (page 61), council is expecting an increase in the amount of housing benefit debt outstanding due to turnover in clientele plus difficulties in clawing back large amounts in one payment

Caroline Holland and Paul Dale, Interim Assistant Director of Resources, made a number of points in response to questions about the revenue budget:

- in 2012/13 total redundancy costs were £2.7m, of which £930,000 were payments made to staff. The remainder were statutory payments to the pension fund in relation to those staff.

- There is a shortage of social workers in London. The council is actively recruiting new staff but at least 8 key posts are currently vacant. ACTION: Director of Corporate Services to confirm exact numbers.
- The 2013/14 budget for employee expenditure (page 10) includes the pay award plus transfer of legal staff from Kingston and Sutton
- The forecast underspend outlined in recommendation A is 0.65% of the net council budget and not the gross budget. ACTION: Director of Corporate Services to correct the report text
- Decisions on the allocation of the underspend in the Dedicated Schools Grants (page 17) will be made by the Schools Forum
- Negotiations have begun with the schools PFI contractor with a view to reducing cost and improving quality
- Caroline Holland undertook to check and confirm the position on client contributions for supported living (page 19). ACTION: Director of Corporate Services to confirm current position and date decisions likely to be taken
- NHS social care income (page 19) still fluid, likely to be more funding but also more responsibilities for the council
- Agreed that the wording in relation to building and development control (page 25) is unclear and will be clarified in future reports ACTION: Director of Corporate Services
- The employee overspend in waste services (page 26) is mainly for overtime plus agency cover when staff are sick
- Still waiting for report on the pension fund revaluation. It will be cheaper in the long run to pay as much of the deficit as soon as possible. If there was a move to a Londonwide scheme, deficits would not be pooled.
- Caroline Holland provided assurances that a close eye was kept on the shared service pension contract to ensure costs are minimised

Task group members noted the reduction in the Lee Valley levy and asked why this had not been ringfenced to the Wandle Valley project. Paul Dale said any such move would have to be a Member decision.

Members noted that only 56% of forecasted capital spend has actually been spent to date. Caroline Holland said that budget managers were encouraged to make sure that invoices come through are paid promptly so they will be included in this year's capital budget. In response to a question, Paul Dale said that he suspected that budget managers' predictions on spend are optimistic and that the capital programme underspend will be higher than predicted.

4. COMMERCIAL WASTE REVIEW (Agenda Item 4)

Cormac Stokes, Head of Street Scene and Waste, and Brian McLoughlin, Waste Operations Manager responded to members' questions about the independent report by Eunomia. Cormac Stokes explained that the report had been followed by a detailed action plan that he would send to task group members. Task group members agreed that the Eunomia report was excellent and looked forward to seeing the action plan. ACTION: Head of Street Scene and Waste.

The action plan contains measures to reduce costs, to consolidate current business and to target new businesses.

Task group members noted the costs and income associated with recycling a range of different materials and endorsed action to encourage both residents and businesses to recycle more. Members stressed the importance of continuing to provide a free recycling service to schools in order to promote positive environmental messages to pupils.

The officers stressed that all contracts are examined closely in order to achieve value for money for the council. Contractors are used because they are best placed to market the materials collected.

Task group members discussed the use of IT to track customers and bins so that the cost of business waste could be more accurately assigned. ACTION: Head of Street Scene and Waste to review how bin weighing equipment, computer chips and GPS tracking systems could best be used by the waste service in future.

Brian McLoughlin answered questions about the profitability of the service and said that a surplus of £135,389 was expected for 2013/14. Total expenditure is £1.3m and total income £1.46m. Income includes £106,000 internal recharges for waste collections from council buildings such as the civic centre and libraries. The total market share is stable in terms of the number of customers. Tonnage estimates are now more accurate as they have been separated from domestic waste, therefore comparison with past data should be treated with caution.

Cormac Stokes, in response to a question about the employee expenditure overspend in the waste service, said that officers were working to reduce this and the outturn is now predicted to be £190,000. Brian McLoughlin said that sickness levels have been reduced over the past two years from nearly 30 to 16 days per full time employee by robustly implementing the council's sickness procedure and by making decisions on long term absence much faster than previously. Other local authorities have been reluctant to share data on sickness levels, but unofficially levels appear to be about the same as Merton's.

Task group members suggested that waste and street cleaning operatives could have their full name on the uniforms so that feedback could be expedited. Cormac Stokes said that this would require consultation with the trade unions.

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