

Agenda Item 3

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OVERVIEW AND SCRUTINY COMMISSION

19 JANUARY 2022

(7.15 pm - 9.05 pm)

PRESENT: Councillor Peter Southgate (in the Chair),
Councillor Peter McCabe, Councillor Ben Butler,
Councillor Billy Christie, Councillor Paul Kohler,
Councillor Nick McLean, Councillor Aidan Mundy,
Councillor John Dehaney, Mansoor Ahmad, Roz Cordner and
Dr Stannard

ALSO PRESENT: Councillor Mark Allison, Councillor Owen Pritchard, Councillor
Natasha Irons, Councillor David Williams, Councillor Nick Draper

Hannah Doody (Chief Executive) and Caroline Holland (Director
of Corporate Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Cllr Sally Kenny (with Cllr Nick Draper as substitute) and Cllr Thomas Barlow (with Cllr David Williams as substitute).

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous meeting were agreed.

4 BUSINESS PLAN UPDATE 2022-2026 (Agenda Item 4)

The Director of Corporate Services provided an update following on from the meeting of the Commission in November which scrutinised the first stages of the business plan and rolling forward of the MTFS.

To the December Cabinet we took some revenue savings to help mitigate the gap that we had identified and looked at the inflation, pay and prices provisions we had set aside.

Particularly of interest for this panel was the level of savings that have been identified and so we had looked to mitigate the gap, particularly in 2022/23, and there were savings being brought forward for 2023/24, but very few further savings in those later years.

We have built in some monies to assist with tackling our deficit ahead of information from the DfE about the outcome of the safety valve discussions.

The position as at the end of December was a balanced budget for 2022/23 but still a gap of £12.8 million in 2023/24. We had at that stage built in the 2% Council Tax increase and the 1% Adult Social care precept.

There will be further updates on the actual settlement at Cabinet in February. Certainly overall, it was a good settlement. However, it was still only a one-year settlement, so that is disappointing.

In response to questions, the Director of Corporate Services expanded upon keys areas of interest for the Commission;

With regards to the DSG, we expect to hear shortly from the DfE on the outcome of the safety valve discussions.

We have put some additional resources into the business plan of £1.1 million per annum over the next five years to assist and give some capacity to Children, Schools and Families department to help deliver some of those changes required. The challenge is that whilst we asked for some monies, we do not know the level and size of the pot that was available, or our share of it, because the DfE were looking to help five other local authorities also.

Our current outturn position, which is a deficit, could potentially swing into a surplus position depending on the amount of funding we get because of the money we have currently set aside for the DSG. So there is quite a few moving bits and pieces still to come through with regards to the monies that we have set aside currently to fund our DSG deficit - What we have currently set aside in 2022/23 is £10.5 million.

The statutory override that is in place ends at the end of 2022/23.

We are looking at expansions to our primary and secondary schools and potentially a new special school. If we're successful with the safety valve funding then those will be grant funded and we can bid for some more grant funding to support those.

With regards to inflation (running at about 5%);

At this stage, we have looked at increasing the inflation allowance to 2.5% but we are keeping that under review. Additional monies for utilities have also been added in.

Looking at the Capital Budget, the Chair requested details of any late additions from the last meeting in November:

- Contribution from Section 106 monies to the Carbon Offset Fund to help those who are fuel poor in Merton.
- Around 2,000,000 for the Customer Relationship Management system - we are bringing in a technology partner to assist with the infrastructure changes that are needed.
- As part of the closing of last year's accounts, we set aside £2 million for the Climate Change fund.

- Set aside £1,000,000 for Your Merton - December and January Cabinet papers show we have utilised and made allocations for the £1,000,000 for the Your Merton funding for the short term deliverables that have arisen out of the consultation process.

Commission Members debated the budget referral received from the Sustainable Communities Panel:

“The Panel RESOLVED to recommend Cabinet hold saving ENV2022-23 03, regarding Deen City Farm, on the basis that it is a saving to be made in 2023/24 and in anticipation of finding an alternative saving”.

It was formally moved by Cllr Nick McLean that it should be forwarded to Cabinet and seconded by Cllr David Williams. There were eight votes in favour and two abstentions. Motion passed.

The Chair of the Overview and Scrutiny Commission proposed the following referral to Cabinet:

1. Commission members welcome the opportunity to scrutinise the Budget and Business Plan 2022-26, and acknowledge the difficulties officers have faced in finalising it while the legacy costs of the pandemic remain unfunded and unresolved.
2. Because of the timetable for the budget process, the Commission has consistently been one step behind the Cabinet e.g. scrutinising the third (December) iteration of the budget on 19 January when Cabinet has approved the fourth iteration two days earlier, on 17 January. The timetable should be reviewed to see whether the final Commission meeting can be delayed to ensure scrutiny of the latest budget iteration, while still allowing time to feed back to the final Cabinet meeting on 7 February.
3. In recent years heavy reliance has been placed on the Balancing the Budget Reserve to close the gap and set a balanced budget ((£11.5m in 2022/23). The text notes: “It should be recognised that the use of reserves is a one off form of funding and alternative ongoing savings need to be identified to address the budget gap over the long term”. Is the Cabinet satisfied that this dependence on the BtBR is sustainable?
4. Resolution of the DSG deficit is now tantalisingly close, with the potential to impact the final budget for 2022/23. Cabinet will be faced with various options for allocating the provisions released, including amongst others:
 - replenishing the Balancing the Budget Reserve
 - cancelling “unachievable” savings
 - funding priorities identified by “Your Merton”
 - moving forward with the Climate Change Action Plan
5. Cabinet is requested to ensure that scrutiny members are involved in the discussion of these alternatives.

The recommendation was seconded and put to a vote.
There were four votes in favour, three against and three abstentions. Motion passed.
The Commission RESOLVED to send the reference to Cabinet.

5 SCRUTINY PANELS COMMENTS AND RECOMMENDATIONS ON THE
BUSINESS PLAN - TO FOLLOW (Agenda Item 5)

Taken with Item 4.

6 IDENTIFY QUESTIONS FOR THE BOROUGH COMMANDER (Agenda Item
6)

Members were asked to consider their questions for the Borough Commander.

7 WORK PROGRAMME (Agenda Item 7)

The work programme was noted.