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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

26 FEBRUARY 2015

(19.00 - 21.00)

PRESENT: Councillor Suzanne Grocott (in the Chair),
Councillor Hamish Badenoch, Councillor Suzanne Grocott,
Councillor Dennis Pearce and Councillor Peter Southgate

ALSO PRESENT: Caroline Holland, Director of Corporate Services
Paul Dale, Assistant Director of Resources
Julia Regan, Head of Democracy Services

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Peter McCabe, due to clash with meeting of Standards Committee.

2 MINUTES OF MEETING HELD ON 5 NOVEMBER 2014 (Agenda Item 2)

Agreed.

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

At the suggestion of the chair, task group members agreed to discuss concerns and raise questions as part of the discussion of the next agenda item – planning future meetings.

4 PLANNING FUTURE MEETINGS (Agenda Item 4)

Caroline Holland, Director of Corporate Services, and Paul Dale, Assistant Director of Resources, provided additional information in response to questions:

- regarding the relationship between reserves held by schools - a total of £12m is held by schools across the borough, mainly for contingencies. This would not be used by schools for capital works, other than for small projects as schools are not able to borrow money for capital works in their own right.
- regarding the level of overspend in 2014/15, Caroline Holland said that this year has shown a different pattern to previous years. Her prediction is that the overspend will reduce to between £3m and £4m by the end of the financial year. A number of factors have contributed to the overspend and these are set out in the report.
- the £1m additional cost to the pension fund this year was due to a higher than average number of deaths in service and ill health retirements and does

therefore not represent a recurring cost. The council funds the cost of deaths in service and certain redundancies where the pension is released early.

- The South London Waste Partnership is a governing body that oversees tendering processes. The recycling firm EWC went bankrupt and service was taken over by Kingston Council leading to a one-off overspend. This situation is unlikely to arise with the parks maintenance contract because they are likely to attract much larger companies. A financial assessment of companies' credit worthiness will be carried out at an early stage in the tendering process.
- Savings are tracked closely and reviewed. Managers are expected to put forward alternative savings for any that can't be delivered.

Caroline Holland undertook to provide information on the level of outstanding debt written off each year over the past five years. ACTION: Director of Corporate Services

Task group members agreed that it would be helpful if budget savings and monitoring information showed percentage variances and trends so that problem areas could be easily identified and scrutinised.

Task group members identified a number of issues and areas of concern that they would like to scrutinise in more depth in future:

Capital programme

Agreed that it would be helpful to have information at a subsequent meeting to address:

- capacity of the capital programme
- process for items being accepted on to the capital programme, subsequent prioritisation and review of items that have been on for some time.
- funding of the capital programme and link to the revenue account
- links to the treasury management strategy
- capital programme month by month spend profile
- out-turn data for 2014/15 compared to the forecast at month 9 so can look at quality of monitoring by area of spend

Community transport

Members expressed concern about the predicted overspend in SEN and FE transport costs (page 11 and 14 of the report) and the adult transport services (page 20) would like more detail in order to scrutinise the budget allocation and model of delivery:

- number of children
- number of escorts
- number of journeys
- costs of each mode of transport used
- length of user journey time

Members would also like information about previous reviews, what changes were made and what else could be done.

Commercial waste service

Members noted that the savings proposals (page 59) had been over optimistic and agreed that further scrutiny of this service area would be useful.

HR metrics

Caroline Holland said that the most recent report to Cabinet provided budget numbers rather than actual numbers. It also shows low staff turnover and a fairly low vacancy rate.

Members expressed concern that actual headcount information is still not available from the iTrent software to show staffing establishment broken down by full time equivalents and vacant posts. Information on staff numbers is essential for identifying impact of savings and alternative options.

AGREED to invite Marissa Bartlett, Joint Head of HR Transactional Services, to the next meeting in order to explain when this information will be available and what the service priorities are.

Estate management

Members agreed that they would like to scrutinise the council's use of its real estate assets – who manages these, how, what is the size and yield of the assets, how does Merton compare to other councils in terms of yield?

Date of next meeting

AGREED to have next meeting on 1 July (7pm start), with the following agenda items:

- final 2014/15 monitoring report (Cabinet report)
- capital programme (as set out above)
- HR metrics – invite Marissa Bartlett (as set out above)

AGREED that Julia Regan, Head of Democracy Services, would put the other items identified by the task group onto the topic suggestions longlist for consideration at the scrutiny topic workshops in May.

Also AGREED that Julia Regan would include in the work programme planning report to the Commission on 25 March a recommendation for the continuance of the task group in 2015/16.

ACTION: Head of Democracy Services