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SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

16 JANUARY 2018

(7.18 pm - 9.35 pm)

PRESENT: Councillors Abigail Jones (in the Chair), Daniel Holden, Stan Anderson, Kelly Braund, Michael Bull, David Chung, Russell Makin and John Sargeant

ALSO PRESENT: Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance), Nick Draper (Cabinet member for Community and Culture), Ross Garrod (Cabinet Member for Street Cleanliness and Parking), Peter Southgate, Martin Whelton (Cabinet Member for Regeneration, Environment and Housing), Hannah Doody (Director of Community and Housing), Paul Foster (Head of the Regulatory Services Partnership), Caroline Holland (Director of Corporate Services), Anthony Hopkins (Head of Library and Heritage Services), Graeme Kane (Assistant Director of Public Space, Contracting and Commissioning), Chris Lee (Director of Environment and Regeneration), James McGinlay (Assistant Director for Sustainable Communities), Paul Walshe (Parking Services Manager) and Annette Wiles (Scrutiny Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 PRE-DECISION SCRUTINY: BUSINESS PLAN UPDATE 2018-2022 (Agenda Item 3)

Caroline Holland, Director of Corporate Services, provided an update on the business plan for 2018 – 2022. This includes changes made since the business plan was presented in late 2017. For example, there is allowance made for a two year pay award which would increase pay by 2.7% in 2018/19 and 2.8% in 2019/20. However, it is unclear how this will proceed with the outcome of an employers meeting and the Unite response to the proposal awaited.

Additionally, there has been an increase in the Council Tax base which was more than expected. Merton has signed-up to the business rate pilot for London proposed for 2018/19. Under the pilot, responsibilities previously funded by the Revenue Support Grant will be expected to be met by business rates.

Funding received from the New Homes bonus is lower than expected and there has been a further slippage on the capital programme budget of around £12m which is

largely accounted for by the schedule of works for the leisure centre development and the timetable for the property company.

It was highlighted that whilst the budget for 2018/19 is balanced there are gaps in subsequent years (increasing from just over £3.7m in 2019/20 up to around £18.2m in 2021/22). These budget gaps need to be reduced and therefore the Council cannot be complacent.

In response to member questions, the Director clarified:

- the increased taxi card and concessionary fares budget reflects an inflationary increase on a £9m budget; and
- the Council has no contracts with Carillion but there may be exposure through supply chains. Additionally, it is being investigated whether the Council's pension scheme has any investments in Carillion (confirmed subsequent to the meeting as less than £5K).

4 PRE-DECISION SCRUTINY: SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 4)

It was noted that the Panel discussed amendments to previously agreed savings from Environment and Regeneration at the November 2017 meeting. It was therefore agreed that the Panel would focus on amendments to previously agreed savings from housing and new savings proposals from Environment and Regeneration.

Hannah Doody, Director for Community and Housing, explained it is no longer possible to achieve the proposed savings (staff reductions in Housing Services and a reduction in staff for the in-house unit). This is because of the new duties arising out of the Housing Reduction Act. These are currently being modelled to better understand the resource implications.

Chris Lee, Director for Environment and Regeneration, presented the new departmental savings proposals with members asking questions in turn for clarification:

- Regulatory Services Partnership (E1): savings will be achieved over three years as the services builds on its success by further expanding to include Wandsworth and achieve even greater economies of scale. The Director is confident these savings can be achieved because it is building on the prior success of the service which has already realised cost savings. There are a number of ways the Regulatory Service might generate a commercial income. Examples given include from air quality monitoring, polluted land assessments and mentoring for those wishing to improve their food hygiene rating. In response to whether it would be possible to increase the targets for a commercial income from regulatory services, officers thought it more prudent to start with a realistic target;
- Waste Services (E2): As there is a cost attached to recycling wood, it has been decided to turn this into wood pellets for burning. It was established that there is no financial penalty resulting from the thermal treatment of wood waste. It was

clarified that China's recently imposed ban on the importation of plastics for recycling is not causing significant alarm with the risk being spread by the plastics contractor. There are no plan to reduce recycling and burn other waste;

- Leisure and Culture Development Team (E3): work to improve the financial viability of the Polka Theatre will allow the Council to reduce its grant funding over time. The Panel discussed whether there would be financial benefit to the Council from increasing available parking in Wimbledon town centre to allow better usage of venues/attractions such as the Polka. Use of the P4 site was suggested. The Director noted that there is already car parking available for users of the Polka theatre with no ability for this to be increased and that it is the stated policy of the Council to dispose of the P4 site to benefit from a capital receipt. An analysis of parking in Merton has found that there is an over supply and it is not consistent with the Council's policy on parking and air quality;
- Sustainable Communities (E4): this is the initial income from the Merantun Development Company which will become clearer as development starts with more detail being provided next year. At least initially, this income will reflect recharging for services and staff that are provided by the Council. Whilst the Ealing Council property company of was cited as loss making, it was noted that many other authority property companies are successfully making a profit. It was noted that whilst the development will be of property mainly for residential use some commercial property will be included at the margins (ie: on the ground floor of residential blocks). Also, whilst some staff are being seconded from the Council to the property company, the implications of this are not considered to be significant. Staff will be seconded with some back filling needed;
- Greenspaces (E5): the additional income target for greenspaces reflects that Idverde doesn't need to use all the available greenspace facilities. The department is keen to utilise all the assets available and hence is seeking to let these;
- Greenspaces (E6): similarly, the increase in greenspaces tenancy income reflects the desire to maximise the return from all assets especially as rents haven't been increased for many years. It was recommended that this would provide a better return for the Council compared to trying to sell these assets and benefit from a capital receipt given it is expected that this review will achieve close to a market rent.

Members took the opportunity to look at the service plans of the Environment and Regeneration Department with the following clarification provided in response to questions:

- DC/Building control income target: the downturn in the number of planning applications has been a key driver in why the building control income target hasn't been achieved. However, it was also noted that the Government is in the process of relaxing restrictions on planning fees giving Councils the ability to increase these by up to 20%;
- Charging points for electric cars: it was noted that these aren't anticipated to provide a commercial income. Whilst there is a licence fee from which the Council benefits it is not seen as in the interests of the Council to increase the costs associated with electric car ownerships given there is a desire that this increase. Members explored if this was something that should be considered in

the future as it is assumed commercial providers will gain an income from their provision through service stations etc;

- New homes allowance: this hasn't provided the income predicted. This is because it tapers more quickly (reducing from six to four years) with adjustments made for affordable and empty housing;
- Parking: it was explored if it is possible to increase the income from parking by changing the number of employees and/or increasing the use of automation to issue enforcement notices. It was highlighted that the Government changed the law two years ago to prohibit the use of mobile vans with cameras installed as a means of enforcement; parking enforcement has to be through the issuing of a ticket. The Director highlighted that balance between the number of enforcement employees and revenue is optimal at current levels. It was noted that increasing parking to benefit revenue would also drive up air pollution and impact on the objective of having viable town centres;
- Green flags: the costs of gaining additional green flags for Merton's parks are not seen as prohibitive. This will depend on which parks. The Director indicated that he would be very happy to meet to explore the role of friends groups in helping to sustain Merton's parks;
- Parks events: it was accepted that the number of events in Merton's parks that generate a commercial income could increase but would be limited to a certain degree by factors such as the weather;
- Wage growth: it was agreed that the service plans would have to be amended to reflect potential wage growth; and
- Free Christmas parking: it was noted that this costs £60K per annum and that a consultation on this is currently ongoing. This will be brought forward for budget setting next year.

RESOLVED: it was resolved that the Panel would take an update report, including consideration of commercial income, on electric car clubs operating in the borough (to be included in next year's work programme).

Cllr Bull proposed a motion (seconded by Cllr Holden): "The Panel investigate the potential for the Council to raise revenue from electric cars and through widening the electric charging point scheme".

Two members voted for the motion (Cllr Bull and Holden). It was opposed by Cllrs Anderson, Braund, Chung and Makin. Cllr Sargeant abstained. The motion therefore fell.

Cllr Bull proposed a further motion (seconded by Cllr Holden): "The Panel investigate substantially increasing parking in Merton in order to increase revenues".

Two members voted for the motion (Cllr Bull and Holden). It was opposed by Cllrs Anderson, Braund, Chung and Makin. Cllr Sargeant abstained. The motion therefore fell.

5 CABINET MEMBER PRIORITIES (STREET CLEANLINESS AND PARKING)

(Agenda Item 5)

Cllr Ross Garrod, Cabinet Member for Street Cleanliness and Parking, highlighted that this current priorities are the contract with Veolia and the implementation of wheeled bins across the borough as well as the air quality action plan and the diesel levy.

In response to member questions, Cllr Garrod clarified that it is currently difficult to assess the impact of the diesel levy as renewals are processed monthly and as yet there isn't a full year of data available. However, there has been an increase in the take-up of CPZs which may be indicative of a response to the diesel levy. Currently, there are no plans to look at a price increase for the levy.

6 ANNUAL REPORT: ADULT LEARNING (Agenda Item 6)

Anthony Hopkins, Head of Library, Heritage & Adult Education Service, introduced the item highlighting that there has been a shift to a commissioning model in order to ensure the service is financially sustainable. The new commissioning model has now been subject to inspection by Ofsted. The inspection covers a two year period even though the new model has only been in place for a year. The outcome of the inspection was a requires improvement judgement. Despite this, the service is on an upward trajectory with work ongoing to secure further improvement.

In response to member questions, further clarification was provided:

- All provision continues to be in venues within the borough;
- Whilst the Ofsted inspection praised the community provision, the quality of teaching in particular at Merton College needs to improve;
- It is a duty on the Council to implement the *Prevent* duty through its adult learning provision. This is happening but needs to be developed further; the duty is weaved into courses and teaching;
- If a student leaves a course before completion, whether funding will be affected will depend on the type of course. For example, accredited learning is funded by attendance with a further payment if the student achieves their accreditation. Currently, student retention is good;
- The Ofsted judgement on outcomes might be considered harsh. This was based on a decline in student results but there has been a national decline resulting from the introduction of new qualifications. English and Mathematics GCSE results were highlighted as strengths. There had been a decline in some ESOL and functional skills provision but this is now showing improvement;
- There has been a change in the contractor for the provision of family learning and employability training as the former didn't meet the requirements. The new contractors are starting this month and have experience in provision to other authorities. Therefore there is confidence in their abilities;
- The Advisory Panel to provide independent input and scrutiny of the service is now meeting termly;
- The Council was routinely overspending between £250-£500K per annum on the adult learning service. Now the service is on budget representing a considerable cost saving with a small income being achieved through the service;

- The service has undertaken a mock inspection and there is confidence that it is close to a good judgement; and
- Unfortunately, inspectors weren't able to attend all of the classroom based learning that had been scheduled for their visit.

RESOLVED: members recommended that the Panel look at the *Prevent* duty in adult learning as part of its work programme during the new municipal year.

7 DRAFT FINAL REPORT: AIR QUALITY TASK GROUP (Agenda Item 7)

Cllr Holden, in his capacity as chair of the air quality task group, introduced the draft final report highlighting that air quality is now a major concern for residents and therefore it is good news that Merton isn't breaching its quotas as previously.

Noted that the Council is in the process of creating an air quality action plan into which the task group has fed its ideas and that this action plan had just been approved by Cabinet. Given the level of complexity involved in the issue of air quality the task group has focused its efforts specifically on air quality issues around building sites as there is potential for enforcement through building control with support coming forward for stronger planning guidance and a scheme for sharing best practice. Suggested that there would be a need for training for members of the planning committee and officers.

Thanks were given to officers Stella Akintan and Jason Andrews for their support of the task group.

In response to member questions, it was clarified that the focus on bonfires at building sites reflects feedback received from individual Cllrs. Efforts to address issues around wood burning stoves would be more of a matter for the Mayor of London.

RESOLVED: the Panel agreed the report of the air quality task group that will now progress to Cabinet.

8 ACTION PLAN REVIEW: COMMERCIALISATION TASK GROUP (Agenda Item 8)

James McGinlay, Assistant Director of Sustainable Communities, introduced the review of progress against the recommendations of the commercialisation task group. It was highlighted that a review of the Council's property portfolio has been commissioned and will report in April/May 2018. Also, that the development of Morden town centre is ongoing with approval received from Cabinet to negotiate with Transport for London (TfL) and for involvement in the joint venture. Advice is now being taken on establishing an energy service company (ESCO) around the development of housing in Morden.

In response to member questions, it was further clarified:

- Development of an ESCO is being discussed with TfL and will be built into the revised target operating model for the department. Following specialist advice, it

has become clear that a major housing development is required in order to make an ESCO financially and logistically viable;

- Outline planning applications are now being developed for the Morden regeneration; and
- The Council has a land interest in the Morden town centre development and needs to understand if the development proposals are attractive to the commercial market in order to gain investment.

9 PRESENTATION OF ACTION PLAN: CARE LEAVER ACCOMMODATION REFERENCE (Agenda Item 9)

RESOLVED: The Panel thanked officers for the care leaver accommodation action plan which it endorsed.

10 PERFORMANCE MONITORING (Agenda Item 10)

Chris Lee, Director of Environment and Regeneration, introduced the item highlighting three performance measures:

- **Veolia's performance:** this is top of the agenda for the Cabinet Member and officers with senior level meetings being held to apply every pressure. Noted that some areas are improving but others are getting worse. There is a specific focus on communal waste collection and street cleaning. Twenty percent of payments to Veolia is being withheld in order to impose reductions. Veolia has recently invested in additional caged vehicles to help improve the service;
- **Planning performance and fees:** as previously noted, the Government has relaxed the restrictions around charges for planning fees. The department is now working with Capita to ensure adequate resourcing of the planning team. Noted that the figures in the report are incorrect and that there is confidence that the target will be reached; and
- **ANPR:** highlighted the success of the automated number plate recognition system. However, currently this doesn't seem to be generating greater compliance amongst drivers.

Cllr Holden, as performance monitoring lead for the Panel, reported back on his discussions with officers prior to the meeting. Highlighted that it seems unlikely street cleaning will get back on track this year. Noted that figures for temporary accommodation are good compared to other boroughs and that the Council is achieving the air pollution targets. Requested that more challenging targets be set for the library service and that the number of failures on under age test sales be shared. Reported that PATAS performance figures are to be streamlined and requested that the Panel received month-on-month data in order that the trend be established and performance monitoring is made easier.

In response to member questions, it was further clarified:

- Veolia's performance hasn't reached a level where it could be considered a breach of contract;

- With permission, it would be possible to share performance data for Veolia from other boroughs to provide a comparison and to see if there is anything that can be learned from the experience of others. Noted that Veolia's performance in other boroughs may be better because of specific circumstances (fly tipping is much worse in Merton) and in other instances the contract is much more long standing;
- Alternative contractors were explored through the Phase C tendering process which resulted in Veolia securing the contract; and
- Unaware of any authorities in England where collections are every four weeks.

11 WORK PROGRAMME (Agenda Item 11)

The Panel noted the work programme.