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STANDARDS AND GENERAL PURPOSES COMMITTEE

6 SEPTEMBER 2018

(7.15 pm - 8.07 pm)

PRESENT: Councillors Councillor Peter McCabe (in the Chair),
Councillor Agatha Mary Akyigyina, Councillor John Dehaney,
Councillor Eloise Bailey, Councillor Ben Butler,
Councillor Pauline Cowper, Councillor Brenda Fraser,
Councillor Joan Henry and Councillor Nick McLean

ALSO PRESENT: Suresh Patel (Ersnt and Young)
Pam Donovan (Independent Person)

Caroline Holland (Director of Corporate Services), Paul Evans
(Assistant Director of Corporate Governance), James McGinlay
(Assistant Director for Sustainable Communities), Zoe Church
(Head of Business Planning), Steve Bowsher (Chief Accountant)
and Meijia Ling (Senior Accountant, General Fund)
Louise Fleming (Senior Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for absence were received from Councillors Adam Bush and Williams.
Councillors Omar Bush and Moulton attended as substitutes.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest made.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED

That the minutes of the meeting held on 30 July 2018 be agreed as a correct record.

Matters arising:

In response to a Member question, the Monitoring Officer advised that the position of Independent Person would be re-advertised and options for where best to place the advert to attract the best response were currently being considered.

4 FINAL ACCOUNTS 2017/18 (Agenda Item 4)

The Director of Corporate Services introduced the report which provided an update to the Committee on the audit of the Statement of Accounts.

The External Auditor presented his report, advising the Committee that the additional property valuation work required was ongoing and due to complete in October.

Therefore the External Auditor was not in a position to sign off the Statement of Accounts. However, all other outstanding audit work had been completed, subject to some final processes, and the Value for Money work had demonstrated that the Council had all the proper arrangements in place. The fees incurred to date had been included in the report, however further fees would be incurred through the auditing of the additional valuation work required and those would be included in the report to the next meeting.

The Committee expressed its disappointment that, despite the undertaking given at the last meeting, the work had still not completed. It was felt that the staff resource issues over the summer period should have been anticipated and planned for accordingly. Clarification was sought on what had prompted the change in methodology used for the property valuations and whether there needed to be better communication between the External Auditors and the Council. The Committee was concerned that the Council was in the bottom 10% of the Country in respect of signing off its final accounts and lessons learnt from the process should be brought to the next meeting for the Committee's consideration.

The External Auditor advised the Committee that the auditing of the valuation of property, plant and equipment (PPE) had been a focus of the regulator of external audit, the Financial Reporting Council, for the last few years. As a result, external auditors had been providing more challenge to management on how they had determined the asset figures in the accounts. The External Auditor stated that a number of other local authorities had experienced issues with the valuation of PPE and this contributed to those authorities not having audited accounts by 31 July.

The Director of Corporate Services advised that the issues with the Council's valuation figures had been raised after the initial work had been completed, on schedule. There was not currently the specialist expertise within the Council to carry out the new detailed methodology and therefore the District Valuer was asked to assist the Council's officers. Although this would not impact on the Council's overall bottom line, it was acknowledged that it was not a good position to be in and therefore a lessons learnt paper would be reported to the next meeting for the Committee's consideration.

The Assistant Director of Sustainable Communities advised the Committee that the valuation team, which he had overall responsibility for, was regulated by the Royal Institute of Chartered Surveyors. A mistake had initially been identified in the original calculations, in part due to a methodology used referred to as Depreciated Replacement Costs. There had been a change in figures input in 2015/16 resulting from a change in build costs which had impacted on the Council's figures, resulting in an undervaluation as the methodology used had effectively discounted the build costs. Once the mistake had been identified, the auditors had requested clarification and further information, which had resulted in the valuation exercise being re-run and hence the delay in the timetable.

The Committee expressed concern over the cost for the additional work required by the External Auditors and the lack of clarity over what the final cost would be. In response, the External Auditor advised that the final cost would depend on the extent

of the valuation work received from the Council. However, he assured the Committee that the audit work had been paused until the external valuation work had been completed and received by them, at which point the audit would resume.

RESOLVED

1. That the progress made on auditing the Statement of Accounts, including the Group Accounts and the Pension Fund Accounts subject to any further comments from the External Auditor be noted.
2. That EY's Audit Progress report which includes their Value For Money assessment (attached at appendix 1 to the Committee report) be noted.
3. That subject to confirmation of it being in accordance with the Committee's Terms of Reference and the Scheme of Delegation set out in the Constitution, authority be delegated to the Director of Corporate Services to agree the final accounts after consultation with the Chair and incorporating comments of the Committee, to avoid further delay.
4. Subject to the investigations as part of recommendation 3 above, that the Final Accounts be reported to the next meeting of the Committee for agreement, or an earlier one if required.

5 UPDATE ON RIPA AUTHORISATIONS (Agenda Item 5)

The Monitoring Officer presented report which provided an update on investigations authorised under the Regulation of Investigatory Powers Act since March 2018. It was noted that only one request for directed surveillance had been made and authorised by the Magistrates Court, which was in relation to fly tipping. This had resulted in one official warning being issued; seven fixed penalty notices of £400 being issued; seven cases pending legal action; and four cases pending further enforcement action. There would be an article in the next issue of My Merton publicising the work.

Members welcomed the information being publicised in My Merton, and felt that it should be publicised wider in an effort to deter people from fly tipping in the Borough. It was noted that there had been incidences of fly tipping which had been blamed on the traveller community, and it was stressed that there were examples of fly tipping from a wide range of people. Members were concerned over the levels of fly tipping and encouraged officers to use the technology available and increase levels of enforcement.

In response to a Member question, the Monitoring Officer advised that whilst surveillance was used, covert surveillance was not widely used by councils as it's use was contentious with many members, and there had been instances of abuses in other local authorities. The Committee had previously expressed concern over whether enough enforcement was used. Those comments had been fed back to officers in enforcement and the communications team, and those comments would be reiterated, stressing that more enforcement was proposed.

The Chair requested that the thanks of the Committee be passed to the staff involved in achieving the successful outcome.

RESOLVED

That the purposes for which investigations have been authorised under the Regulation of Investigatory Powers Act (RIPA) 2000 be noted; and that successful prosecutions in respect of fly tipping be widely publicised as a deterrent.

6 COMPLAINTS AGAINST MEMBERS (Agenda Item 6)

The Committee noted a verbal update from the Monitoring Officer, who advised that one complaint against a Member had been received and this was in the process of being acknowledged. The initial meetings with both the complainant and the Independent Member were being arranged. A further update would be brought to the next meeting.

7 TEMPORARY AND CONTRACT STAFF UPDATE (Agenda Item 7)

The Director of Corporate Services presented the report which provided an update on the Council's use of temporary and contract staff since the last meeting. It was noted that the number had reduced since the last meeting, and that progress would continue to be reported on a regular basis.

Members sought clarification on whether future reports could contain figures as a proportion of the total number of staff, as well as a breakdown by Department, to enable trends to be identified. In response, the Director advised that the information should be available to view on the Council's website as part of the papers for the Overview and Scrutiny Financial Monitoring Task Group, however if this did not provide the information requested, then consideration could be given to including in future reports to the Committee.

RESOLVED

That the progress made to monitor and control the use of temporary workers and consultants be noted; and officers be encouraged to continue to reduce the overall numbers.

8 WORK PROGRAMME (Agenda Item 8)

RESOLVED

That the work programme be agreed with the following additions to the November 2018 meeting:

- Final Accounts 2017/18, subject to further discussions in respect of delegated authority as agreed under item 4 above.

- Review of Final Accounts audit and Lessons Learnt report.