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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

22 JULY 2015

(19.00 - 20.30)

PRESENT Councillors Hamish Badenoch (in the Chair), Adam Bush, Stephen Crowe, Dennis Pearce and Peter Southgate

Paul Dale (Assistant Director of Resources) and Julia Regan (Head of Democracy Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillors Suzanne Grocott and Peter McCabe.

Councillors Adam Bush and Stephen Crowe confirmed that they had joined the task group.

2 ELECTION OF CHAIR (Agenda Item 2)

Councillor Hamish Badenoch was elected as Chair.

3 MINUTES OF MEETING HELD ON 1 JULY 2015 (Agenda Item 3)

Agreed as an accurate record of the meeting.

Matters arising:

- Paul Dale, Assistant Director of Resources, confirmed that he had arranged to meet the Director and two Assistant Directors in Environment and Regeneration to address specific areas of overspend. He undertook to feedback to the next meeting of the task group. ACTION: Assistant Director of Resources
- The street parking appendix was received by Cabinet and so now publicly available on the website

4 FINANCIAL MONITORING REPORT - QUARTER 1 (Agenda Item 4)

Paul Dale, Assistant Director of Resources, provided a brief introduction to the report and drew attention to the increase in the underlying service overspend. He laid round an updated table setting out the summary position as at 30 June 2015 (paragraph 2) and a cash flow forecast. Both these documents will be published on the website alongside the meeting agenda.

In response to questions about the underlying service overspend, Paul Dale said that on a like for like basis compared to the previous month it would be £2.3m but it had

been reduced by transferring monies and the overall year end forecast is a net £0.5m underspend.

Environment and Regeneration

Paul Dale highlighted the overspend forecast for waste services. In response to a question, he said that the income target for commercial waste had been replaced by an alternative saving.

Task group members expressed concern that the income target for commercial waste had not been met and wondered if the target was realistic and whether there was more that could be done to optimise revenue, including through looking at what other boroughs are doing. Members identified this as an area for further scrutiny.

In response to a question about the operational cost of the waste transfer station, Paul Dale said that the energy from waste plan should provide a solution.

Task group members noted the continuing, though smaller, mismatch between the Greenspaces budget and service delivery.

Children, Schools and Families

Paul Dale alerted members to the high overspend in children's social care due to increased caseloads and rise in cost of placements. He said that the SEN transport budget had been increased in response to overspend in previous years, arising from increased demand.

Task group members requested further detail on SEN and adult social care transport costs, client numbers and forecasts for the future so that these could be scrutinised. This was identified as an area for further scrutiny at a future meeting.

Paul Dale undertook to find out whether Merton was part of a Londonwide scheme on the terms of engagement of social workers. ACTION: Assistant Director of Resources

In response to a question about the impact of redundancy costs on the General Fund, Paul Dale explained that as, well as redundancy payments, any loss to the Pension Fund had to be covered by the General Fund.

Community and Housing

Paul Dale said that the £2.2m of underachieved savings last year were unlikely to be delivered this year. He added that the department was more optimistic about delivering the 2015/16 savings.

Members agreed that they wish to monitor the delivery of savings in more detail at a future meeting in order to understand why some savings were not being delivered. This knowledge would be helpful for scrutiny of the budget process for future years.

In response to a question about the public health budgets, Paul Dale said that these had not been particularly well aligned to responsibilities when the funding was transferred to the council. The government may take some of this money back but it is not clear at present how much or when.

Capital programme

Paul Dale said that the capital spend for the first three months this year had been lower than in previous years and that the forecast for the year, with an underspend of £3.7m, was therefore optimistic. He explained that the structure of the capital budget had been improved in recent years and set out the main causes of slippage. He added that the corporate services budget included acquisitions and bidding funds that may not be needed but provided the council with flexibility as and when purchase or bidding opportunities arose.

Members requested a short briefing paper be provided to a future meeting to explain how the capital programme works and its relationship to the rest of the budget. Paul Dale undertook to provide a worked example and Julia Regan undertook to look at previous minutes for any text that would be of assistance. ACTION: Assistant Director of Resources and Head of Democracy Services

Delivery of savings for 2015/16

AGREED to defer discussion of this and have it as the first item of business at the task group's next meeting.

5 DATE AND AGENDA FOR NEXT MEETING (Agenda Item 5)

The task group will be meeting on 5 November 2015 and 23 February 2016. Members AGREED that the meetings would start at 7pm and ideally last a maximum of 90 minutes.

Agenda for meeting on 5 November 2015:

- Financial monitoring report – quarter 2. Agreed to have a brief discussion and focus on monitoring the delivery of savings
- Delivery of savings - wish to monitor this in more detail in order to understand why some savings had not been delivered. Key questions - were the wrong savings chosen? Are external cost pressures causing non-delivery of savings or are there other factors?
- HR metrics – brief update report
- Commercial waste – one page report on income generation, what has been done to maximise revenue, why targets could not be met plus comparative data from other boroughs
- Transport service - SEN and adult transport costs, client numbers and forecasts for the future. Key questions - Is the council getting value for money from service providers? Is the service run efficiently?
- One page briefing paper to explain how the capital programme works and its relationship to the rest of the budget, plus a worked example from Assistant Director of Resources

Agenda for meeting on 23 February 2016 to include item on estate management (delegated by Overview and Scrutiny Commission) as well as the quarter 3 financial monitoring report.

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