

Committee: Cabinet

Date: 19 February 2018

Wards: All

Subject: Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2018-22

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission

Contact officer: Julia Regan; Julia.regan@merton.gov.uk; 020 8545 3864

Recommendations:

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1. That Cabinet, in taking decisions relating to the Business Plan 2018-22, takes into account the comments and recommendations made by the Overview and Scrutiny Commission (set out in paragraphs 2.5 to 2.12 below) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1).
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform Cabinet of the recommendations and comments resulting from pre decision scrutiny of the Business Plan 2018-22 by the Overview and Scrutiny Commission and Overview and Scrutiny Panels at their meetings in January 2018.

2 DETAILS

- 2.1. Each of the Overview and Scrutiny Panels has examined the budget and business plan proposals relating to the service areas within their remit as well as scrutinising the draft service plans.
- 2.2. The Overview and Scrutiny Commission has received and discussed the findings of the Panels and has discussed the savings proposals and the capital programme relating to Corporate Services and Safer Merton. The Commission has scrutinised the medium term financial strategy in some detail and has made recommendations on this to Cabinet.
- 2.3. Comments and recommendations from the Overview and Scrutiny Panels
- 2.4. The Commission agreed to forward to Cabinet the comments and recommendations made by the overview and scrutiny panels. These are set out in Appendix 1. The Commission also agreed that the minutes of the Panels' discussions of the Business Plan should be forwarded to Cabinet in full. These are attached in Appendix 2.
- 2.5. Comments and recommendations on corporate services savings proposals
- 2.6. The Commission scrutinised each of the Corporate Services deferred savings, replacement savings and new savings proposals. Members asked

detailed questions in order to fully understand the basis on which the savings had been put forward. Members also asked questions about some of the assumptions made and other details in the draft service plans.

2.7. Comments and recommendations on the Business Plan

2.8. The Commission discussed the proposed capital programme and commented on the size of the programme for 2018/19. The Director of Corporate Services explained that there were a number of major spend items for 2018/19, outlined these and answered questions about other items.

2.9. The Commission discussed the Medium Term Financial Strategy. Members scrutinised the November and January reports to Cabinet and noted the adjustments that had been made in response to the government settlement and other pertinent changes, including in relation to the permitted level of council tax.

2.10. The Commission RESOLVED to forward the following comments and recommendations to Cabinet:

1. The Commission would like to commend officers, in particular the Director of Corporate Services, for their initiative in recent years in producing a four year Medium Term Financial Strategy that enables the council to take a longer term view;

2. The Commission notes that in looking ahead, it is clear that there will be a substantial budget gap in 2020/21 and beyond;

3. The Commission accepts that in identifying proposed savings for future years there will be a need for some of these to be revised for a variety of reasons as the implementation date gets closer;

4. The Commission recommends that Cabinet should encourage officers to be entrepreneurial and pursue innovative solutions, subject to an acceptable level of risk, as a preferable alternative to simply ceasing to provide services;

5. The Commission recommends that Cabinet should anticipate and start to plan for 2020/2021 now, through scenario planning that will evolve over the course of the next four years. The Overview and Scrutiny Commission is keen to support this process;

6. The Commission recommends that Cabinet recognise the importance of effective and appropriately planned project management to ensure the council achieves projects on time and maximises the potential savings from these projects.

3 ALTERNATIVE OPTIONS

3.1. Cabinet is required under the terms of the constitution to receive, consider and respond to recommendations from Overview and Scrutiny.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The Constitution outlines the requirements for consulting scrutiny on the budget.

5 TIMETABLE

- 5.1. Round two of scrutiny of the Business Plan was undertaken as follows:-
- Sustainable Communities Overview & Scrutiny Panel: 16 January 2018
 - Children & Young People Overview & Scrutiny Panel: 17 January 2018
 - Healthier Communities & Older People Scrutiny Panel: 11 January 2018
 - Overview and Scrutiny Commission: 25 January 2018
- 5.2. The responses from round two will be presented to Cabinet on 19 February 2018. A meeting of full Council will then take place on 28 February 2018.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. These are detailed in the substantive reports elsewhere on this agenda.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The process for developing the budget and business plan is set out in Part 4C of the Council's Constitution. The role of the Overview and Scrutiny Commission and panels with regard to the development of the budget and business plan is set out in Part 4E of the Constitution.
- 7.2. The legal and statutory implications relating to the budget and business plan are contained in the reports elsewhere on this agenda.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engagement.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. These were examined by the Commission and were taken into account in making their recommendations to Cabinet.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1 – Comments and recommendations made by the Overview and Scrutiny Panels at meetings in January 2018
- Appendix 2 – Draft minutes of the discussion of the Business Plan at each of the Scrutiny Panel meetings, January 2018

12 BACKGROUND PAPERS

12.1. None

References/Comments from Scrutiny Panels to the Overview & Scrutiny Commission 25 January 2018 - Scrutiny of the Business Plan 2018-2022

Healthier Communities and Older People O&S Panel: 11 January 2018

The Healthier Communities and Older People Overview and Scrutiny Panel discussed the proposed savings and had no comments that they wished to draw to the attention of Cabinet.

Sustainable Communities Overview and Scrutiny Panel: 16 January 2018

The Chair has approved this note of the Panel's discussion :

Following an update on the business plan for 2018 – 2022 provided by Caroline Holland, Director of Corporate Services, the Panel enquired about the increased taxi card and concessionary fares budget. It was explained that this reflects an inflationary increase. Additionally, the Panel asked about the Council's exposure to Carillion. Caroline Holland clarified that the Council has no contracts with Carillion but that there may be exposure through supply chains. Additionally, it is being investigated whether the Council's pension scheme has any investments in Carillion.

Having already discussed amendments to previously agreed savings from Environment and Regeneration at the November 2017 meeting, the Panel focused on amendments to previously agreed savings from housing and new savings proposals from Environment and Regeneration. Each was introduced by the relevant director giving members the opportunity to ask detailed questions.

On housing, the Director, Hannah Doody, explained it is no longer possible to achieve the proposed saving because of the new duties arising out of the Housing Reduction Act. These are currently being modelled to better understand the resource implications.

The new savings presented by Chris Lee, Director for Environment and Regeneration are from the following areas: the Regulatory Service, wood recycling, the Polka theatre, the Merantun Development, letting of vacant greenspace facilities and increasing greenspaces tenancy income. Members took the opportunity to question officers on these proposals to understand if they are realistic and whether they could achieve a greater saving.

The Panel learned that 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. It was established that there is no financial penalty resulting from the thermal treatment of wood waste and that the initial income allocated to the Merantun Development is recharging for services and staff that are provided by the Council. Income from 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. 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 what was described as many years.

Members took the opportunity to look at service plans. As a result it was agreed that the Panel should take an update item on car clubs operating in the borough to establish if these are assisting the Council with both greater uptake of electric vehicles

and income generation. The Panel highlighted that currently the service plans don't reflect any uplift in staff salary costs as mentioned in the business plan update and that this needs to be rectified.

Children and Young People Overview and Scrutiny Panel: 17 January 2018

Following an update on the business plan for 2018 – 2022 provided by Caroline Holland, Director of Corporate Services, the Panel sort to clarify whether the protection the Children, Schools and Families (CSF) Department has had from budget savings will continue over the medium to longer term, (especially in the light of the success that has been achieved as indicated by the Ofsted combined inspection judgement and attainment in Merton's schools). Yvette Stanley, Director of CSF, explained to Panel members that it is very difficult to make cuts to services without potentially impacting on vulnerable children and young people with the resulting focus therefore on efficiency.

Given the need for efficiency, members wanted to know about the use of agency workers within the CSF Department. This has reduced from around 40% two – three years ago, down to 20%. This reflects some maternity and long term sick leave but is also generated by the need to ensure safe caseloads amongst social workers. Currently there are 32 vacant posts within the Department with 10 of these already under offer. Members explored whether there would be benefit in Merton running its own agency for temporary staff; this has recently been explored as an alternative option to renewing the Council's employment agency contract. It was found this was unlikely to be a cost effective option, with no other London Borough using this approach, and therefore it had not been pursued.

Members then explored the success of the CSF Department in generating income and whether it is possible to increase the buying back of services from the Council by schools, extending the services offered or to sell services to schools in other boroughs. All but four of Merton's schools are currently buying back services but this year, anticipated income growth from service buy back is not as aspirational as in previous years; this is the first year schools will be operating under the new funding model and there is a need to understand how this will impact on their purchasing of services.

Deferred and replacement savings were reviewed by the Panel. The data review and centralisation is happening but is taking longer than planned and the review of the CSF staffing structure is happening but is taking longer to work through. The Panel heard how savings will be made from the implementation of preventative services through the Social Impact Bond and the Family Drug and Alcohol Court by preventing children returning to care. Evidence suggests that these approaches can reduce the chances of children returning to care from 60% to 40%.

Councillor Holmes proposed a motion (seconded by Cllr Chirico): Recognising the excellent progress already made by the Children, Schools and Families Department in revenue generation, officers should explore additional opportunities for revenue generation in the same way as they are exploring opportunities for cost savings.

Four Councillors voted for the motion, one against and five abstained meaning the motion was carried.