

# Agenda Item 3

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## OVERVIEW AND SCRUTINY COMMISSION

25 JANUARY 2018

(7.15 pm - 9.40 pm)

PRESENT: Councillors Peter Southgate (in the Chair), Peter McCabe, Mike Brunt, Brenda Fraser, Sally Kenny, Dennis Pearce, Oonagh Moulton, David Williams, Suzanne Grocott and John Dehaney

Co-opted Member Helen Forbes

ALSO PRESENT: Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance) and Edith Macauley MBE (Cabinet Member for Community Safety, Engagement and Equalities)

Caroline Holland (Director of Corporate Services) and Julia Regan (Head of Democracy Services)

### 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Hamish Badenoch (substituted by Councillor Suzanne Grocott), Councillor Abigail Jones (substituted by Councillor John Dehaney) and from co-opted member Colin Powell.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes were agreed as an accurate record of the meeting.

### 4 BUSINESS PLAN UPDATE 2018-2022 (Agenda Item 4)

Members agreed to take agenda items 4,5 and 7 together.

#### Savings proposals for Corporate Services

(set out on pages 20-34 and 48-56 of the consultation pack)

The Director of Corporate Services, Caroline Holland, introduced the proposals for replacement, deferred and new savings. Caroline Holland outlined some of the reasons for the deferral and replacement of some of the savings, particularly in relation to proposals for shared services. She said that every effort had been made to minimise the impact on both internal and external customers but that there would be some impact.

Members scrutinised each of the savings proposals and asked detailed questions to clarify some of the detail, baseline budgets and context. In particular, members asked

for more detail on savings that would result in post deletions. Caroline Holland said that turnover should minimise the need for redundancies.

Members noted the dividend received from CHAS. Caroline Holland said that there may be further dividends and that the Financial Monitoring Task Group would be receiving a report on CHAS at its next meeting.

In response to questions, Caroline Holland undertook to provide additional information on CSREP 2018-19 (11) the baseline budget for the Audit and Investigations Service (p30 of the consultation pack). ACTION: Director of Corporate Services.

Members noted that a further £3.2m savings in 2019-22 would be required to meet the target for Corporate Services. Caroline Holland said that the January report to Cabinet showed a lower shortfall for 2019/20 and that the refresh of the council's Target Operating Model should also help with the delivery of savings.

Service plans (pages 258-270 and 288 of the consultation pack)

Members noted that the service plans provide a useful context for budget scrutiny.

Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities, said that the service plan for Safer Merton assumed that the level of demand would not change very much but that this was being carefully monitored and would be updated as appropriate. She said that the Police had put in additional resources to respond to increased reporting of domestic abuse.

Caroline Holland provided further detail in response to questions about the service plans for Corporate Services:

- Human Resources – the predicted overall number of council staff will be affected by staff transferring in and out of shared services and TUPE arrangements. The refresh of the Target Operating Model will enable current assumptions to be adjusted.
- Infrastructure and Transactions – the 13<sup>th</sup> floor is let to CLCH and the 14<sup>th</sup> is part let to CHAS and part to CLCH. The council is looking to release further floors through flexible and mobile working.

Capital budget (pages 38 and 40, main agenda pack)

Caroline Holland identified and explained the purpose of the largest items in the corporate services capital programme. She said that an update on the customer contact programme would be provided to the Commission at its meeting on 20 February, including information on capital costs.

In response to a question about why the capital programme was so much larger for 2018/19 than for subsequent years, Caroline Holland said that there were a number of large capital projects coming to a crucial point at the same time, including Morden Leisure Centre, Harris Academy Morden and the Mitcham and Morden Area Regeneration Programmes.

Caroline Holland undertook to provide some additional information in response to questions on items listed on page 41:

- Where the secondary school autism unit will be located (capital funding proposed for 2018/19)
- What parking improvements are included within the £60,000 capital funding proposed for 2019/20

#### Medium term financial strategy (MTFS)

The Chair asked Caroline Holland to introduce the December and January Cabinet reports and to highlight the changes that had been made since the publication of the December report.

Caroline Holland said that the December report to Cabinet included a larger than expected increase in the council tax base (number of households) and set out departmental savings proposals to address the budget gap. The January report was prepared after the Local Government Finance Settlement for 2018/19 had been received. The MTFS was adjusted accordingly to take the settlement and other pertinent information into account as set out in the report. Cabinet will receive an update in February on the business rates retention pilot proposals for London.

Caroline Holland drew the Commission's attention to the budget gaps set out on page 115 of the main agenda pack and to the updated capital strategy, treasury management strategy and workforce strategy contained in the January report.

In response to questions, Caroline Holland said that in terms of the budget gap Merton was probably in the middle compared to other London boroughs; that government have increased the proportion by which council tax can be raised without triggering a referendum and that an additional 1% on council tax would raise about £800,000.

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.

5 BUSINESS PLAN UPDATE - CABINET REPORT 15 JANUARY 2018  
(Agenda Item 5)

6 SCRUTINY OF THE BUSINESS PLAN - COMMENTS AND  
RECOMMENDATIONS FROM SCRUTINY PANELS (Agenda Item 6)

The Commission RESOLVED to forward the comments and recommendations from the Panels to Cabinet.

The Commission also RESOLVED to forward the minutes of the Panels' January budget scrutiny meetings to Cabinet.

In accordance with Rule 16.5 of Part 4A of the Council's Constitution, the Chair adjourned the meeting at 20:45 and reconvened the meeting at 21:05.

7 SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 7)

8 REPORT OF THE RECRUITMENT AND RETENTION OF TEACHERS  
SCRUTINY TASK GROUP (Agenda Item 8)

The Commission RESOLVED to endorse the task group's report and to forward it to Cabinet for approval and implementation of the recommendations.

9 WORK PROGRAMME (Agenda Item 9)

The Commission RESOLVED to agree the work programme with the addition of an item at the meeting on 21 March on the findings of the Communities and Local Government Select Committee report on the effectiveness of local authority overview and scrutiny committees.

10 FINANCIAL MONITORING TASK GROUP - PUBLIC MINUTES OF MEETING  
HELD ON 14 NOVEMBER 2017 (Agenda Item 10)

The Commission noted the minutes of the Financial Monitoring Task Group's meeting on 14 November 2017.

11 FINANCIAL MONITORING TASK GROUP EXEMPT MINUTES FROM 14  
NOVEMBER MEETING (Agenda Item 11)

The Commission noted the minutes of the Financial Monitoring Task Group's meeting on 14 November 2017.

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