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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

1 JULY 2015

(19.00 - 20.30)

PRESENT Councillors Suzanne Grocott(in the Chair), Peter McCabe and Peter Southgate

Marissa Bartlett (Joint Head of HR Transactional Services), Paul Dale (Assistant Director of Resources) and Caroline Holland (Director of Corporate Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Councillors Hamish Badenoch and Dennis Pearce sent apologies.

2 MINUTES OF MEETING HELD ON 26 FEBRUARY 2015 (Agenda Item 2)

Minutes were agreed as an accurate record of the meeting.

3 UPDATE ON CURRENT STAFFING POSITION (Agenda Item 3)

Marissa Bartlett, Head of Joint HR Transactional Services, introduced the report and Appendix A (which was laid round and will be published with the minutes).

Marissa Bartlett said that HR had been carrying out an intensive piece of work over the past year, known as a “technical establishment exercise” in order to identify each post (generic job title such as Revenue and Benefits Officer) and position (particular role assigned to the people in each of those posts) that is budgeted for in order to produce a fully costed staffing structure baseline. Data has also been produced to set out the number of vacancies as at 1st June 2015 and how many of these are filled by agency/temporary workers. She said that this is a work in progress and she would welcome comments on how comprehensive members considered the data in the appendix to be..

Caroline Holland, Director of Corporate Services, added that her intention is to provide information on budgeted hours rather than posts and positions as she believes this would be more meaningful to service managers and to councillors. She will also ensure that this information is consistent with the information on interim/temporary workers that is provided to General Purposes Committee.

In response to a question about what information was provided to service managers, Paul Dale, Assistant Director of Resources, said that the finance team provide detailed budget information on each post for managers to verify before the start of the financial year so that managers can check it and will fully understand their staffing budget.

Caroline Holland explained that the finance information comes from a separate system and that the data provided to the task group comes from the HR/payroll integrated iTrent system which, when vacant posts are also entered, will be able to provide the sort of HR monitoring data that the council requires. She added that when the contract for the previous HR system expired and the contract for iTrent began in April 2012, a decision was taken to focus on the payroll function to ensure that staff were paid that month. Vacant post information was not entered initially due to the importance of keeping to the go live date for the other two councils in the partnership.

Marissa Bartlett said that other councils do not use iTrent in the way Merton applies their staffing establishment control, which is why this has been a lengthy exercise and much care has been taken to ensure the data is accurate.

In response to a question about what the position would be with iTrent when the Merton and Sutton HR shared service came to an end, Caroline Holland said that the iTrent contract is for 10 years, with a break clause, so it is likely to remain in use. She assured members that the system could be developed

Task group members said they found the information in Appendix A difficult to understand and would prefer to have information given in terms of full-time equivalents (FTEs), vacancies and number of vacancies covered by agency and interim staff to produce the information that they require. They stressed that they need to be able to see the big picture but also to have confidence in the accuracy of the information provided.

It was AGREED to invite Marissa Bartlett to a future meeting of the task group to present FTE staffing, vacancy and vacancy cover information and summary level data.

4 2014-15 FINANCIAL OUTTURN REPORT (Agenda Item 4)

Members AGREED to take agenda items 4,5 and 6 together.

Caroline Holland introduced the reports. She drew members' attention to the key areas:

- the council's revenue budget was overspent in 2014/15 for the first time in many years. There were three main service areas that were overspent and steps have been taken to address these to limit possibility of overspend in 2015/16. However, current forecast is for an overspend of £1.2m in 2015/16
- the level of general fund reserves was reduced in 2014/15 for the first time in several years
- total capital expenditure in 2014/15 was less than predicted in November 2014. There has already been some slippage in the 2015/16 capital budget
- the collection fund for business rates has fallen in 2014/15 following new government regulations that have resulted in a large increase in the number of appeals and therefore provisions required

- the pension fund accounts have been reported to the Pension Fund Advisory Panel and to General Purposes Committee where members were reasonably happy with its performance. The council is looking to change its pension fund manager to get even better returns in future. A one-off £10m deficit funding transfer from reserves was put in as planned to reduce the impact on future years.

In response to questions about the pension fund, Paul Dale said that the method of evaluating the pensions liability differed from that used in the private sector and that the gap was much lower in cash terms. He added that the return on investment achieved was reasonable and that Merton is in a better position than most councils.

Caroline Holland explained that the policy on the use of the reserves and balances is set out in the council's medium term financial strategy. General fund balances are intended to meet unexpected items such as the 2014/15 overspend. Earmarked reserves can only be used for the purpose for which they are earmarked.

Members expressed concern at the £1.2m projected overspend for 2015/16 and asked whether the causes of the 2014/15 had been addressed. Caroline Holland outlined the three areas of major overspend and that, of these, adult social care costs and, to a lesser extent, children's social care remained an area of concern to her. She said that more work would be done to challenge budget managers and to see if monies could be released from corporate items to address genuine budget pressures elsewhere. In response to a question, she said that the council was likely to need to draw on general fund reserves again this year.

Members also questioned whether sufficient was being done at this early stage in the financial year to bring the projected overspend under control. Caroline Holland said that analysis was being undertaken and that it is important to track progress on achievement of savings that had already been agreed as underperformance on this would also impact on the 2015/16 outturn prediction. Paul Dale said that he would be meeting with assistant directors and cost centre managers to address overpends.

In response to a question about the importance of challenge so that only essential capital schemes are funded, Caroline Holland said that this does happen but she would welcome members' support on this.

ACTION: Caroline Holland undertook to provide task group members with appendix 4: on street parking account 2014/15.

- 5 SUPPLEMENTARY INFORMATION ON THE CAPITAL PROGRAMME (Agenda Item 5)
- 6 DRAFT STATEMENT OF ACCOUNTS, 2014-15 (Agenda Item 6)
- 7 DATE OF NEXT MEETING (Agenda Item 7)

The dates and membership of the financial monitoring task group for 2015/16 will be agreed by the Overview and Scrutiny Commission at its meeting on 14 July 2015. The proposed meeting dates are 22 July, 5 November 2015 and 23 February 2016.

It was AGREED that the only agenda item on 22 July will be the financial monitoring report for 2015/16 quarter 1. Councillor Suzanne Grocott sent apologies.