

Merton Council

Cabinet

15 October 2018

Supplementary agenda

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CABINET

Date: 15 October 2018

Subject: Draft Business Plan 2019-23

Lead officer: Caroline Holland – Director of Corporate Services

Lead member: Councillor Mark Allison – Deputy Leader and Cabinet Member
for Finance

Contact Officer: Roger Kershaw

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2019/20 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2019-2023. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 6 March 2019 and set a Council Tax as appropriate for 2019/20.

Recommendations:

1. That Cabinet considers and agrees the draft savings/income proposals (Appendix 3) and associated draft equalities analyses (Appendix 5 – TO FOLLOW) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in November 2018 for consideration and comment.
 2. That Cabinet agree the proposed amendments to savings set out in Appendix 2 and incorporate the financial implications into the draft MTFS 2019-23.
 3. That Cabinet agrees the latest draft Capital Programme 2019-23 detailed in Appendix 4 for consideration by scrutiny in November and notes the indicative programme for 2023-28.
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1. Purpose of report and executive summary

- 1.1 This report provides an update on progress towards preparing the Business Plan 2019-23 and requests Cabinet to consider and agree new savings proposals for 2019-23. Cabinet are also asked to consider and agree some proposed amendments to savings, including replacement savings, which have been approved previously and are incorporated into the current MTFS.
- 1.3 The report also provides details of the latest capital programme, including new bids for 2022/23 and an indicative programme for 2023- 2028.

Details

2. Medium Term Financial Strategy 2019-23

2.1 At its meeting on 17 September 2018 Cabinet considered a report which updated the Business Plan 2019-23. At the meeting it was resolved by Cabinet:-

RESOLVED:

1. That the rolled forward MTFs for 2019 – 23 be noted.
 2. That the latest position with regards to savings already in the MTFs be confirmed.
 3. That the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2019-23 be agreed.
 4. That the proposed savings targets be agreed.
 5. That the timetable for the Business Plan 2019-23 including the revenue budget 2019/20, the MTFs 2019-23 and the Capital Programme for 2019-23 be agreed.
 6. That the process for the Service Plan 2019-23 and the progress made so far be noted.
 7. That the information regarding the London Business Rates Pool - Strategic Investment Pot set out in Appendix 3 be noted and authority be delegated for future action regarding the London Business Rates Pool to the Director of Corporate Services in collaboration with the Deputy Leader and Cabinet Member for Finance.
- 2.2 In the September Cabinet report, the following budget gap in the MTFs was identified before identifying any new savings and income proposals:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budget Gap	791	13,731	2,433	1,774
Budget Gap (Cumulative)	791	14,522	16,955	18,729

These figures assume that there is no loss of Adult Social Care grant funding, net of Adult Social Care Council Tax hypothecation of 2% in 2019/20. If this is not the case, the budget gap is estimated to rise to £20.204m by 2022/23.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budget Gap	791	15,207	2,433	1,773
Budget Gap (Cumulative)	791	15,998	18,431	20,204

2.3 Assuming the worst case scenario to include a potential shortfall in Adult Social Care funding , the targets to balance the MTFs at this stage for each department are as follows:-

Savings Targets	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	138	2,650	426	379	3,593
Children, Schools & Families	143	2,740	438	299	3,620
Environment & Regeneration	263	5,066	807	495	6,631
Community & Housing	247	4,751	762	600	6,360
Total	791	15,207	2,433	1,773	20,204
Net Cumulative total	791	15,998	18,431	20,204	

2.4 In accordance with the Business Planning timetable agreed by Cabinet on 17 September 2018, service departments have been reviewing their budgets and formulating proposals to address their targets. The progress made to date is set out in this report.

2.5 The proposals submitted to this meeting by each department are summarised in the following table and set out in detail in Appendix 3. E&R will be bringing forward savings proposals to December Cabinet and January Scrutiny . Work is underway on these and in particular sustainable transport plans that will inevitably have revenue consequences . It is preferable for all of these E&R proposals to be considered together and since they are not complete yet they will be brought to the next round of the budget consideration process.

SUMMARY (cumulative)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	75	15	0	0	90
Children, Schools & Families	0	550	0	0	550
Environment & Regeneration	0	0	0	0	0
Community & Housing	0	100	0	0	100
Total	75	665	0	0	740
Net Cumulative total	75	740	740	740	

2.6 Draft Equalities Assessments where applicable are included in Appendix 5 (To follow).

3. Proposed Amendments to Previously Agreed Savings

- 3.1 In recent years, the introduction of multi-year financial planning has resulted in savings agreed in a particular financial year having an impact on future years. These have been incorporated into the Council's Medium Term Financial Strategy. The full year effect of savings in the current MTFs from 2019/20 onwards is shown in the following table:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	1,418	261	40	0	1,719
Children, Schools & Families	429	150	0	0	579
Environment & Regeneration	1,230	95	75	0	1,400
Community & Housing	1,387	1,100	0	0	2,487
Total	4,464	1,606	115	0	6,185
Cumulative total	4,464	6,070	6,185	6,185	

- 3.2 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed. Progress on delivering savings that have been agreed by Council as part of the budget is reported to Cabinet as part of monthly monitoring. In some cases the circumstances change in relation to specific savings which mean that it is no longer possible to deliver the saving either in full or in part. In order to ensure that a balanced budget is still achieved and that it is not necessary to undertake unplanned use of reserves which puts pressure on future budget planning, departments are required to identify alternative savings proposals (replacement savings) to substitute for savings which are deemed to be unachievable. Budget management such as this is an important part of the Business Planning process.

The following changes to agreed savings are proposed in this report:-

3.2.1 Children, Schools and Families

Savings totalling £0.429m which are in the MTFs are not going to be achieved. Replacement savings totalling £0.329m are proposed, leaving a net shortfall of £0.100m for which replacement savings will be identified in a future report.

Draft Equalities Assessments will be included in the report to Cabinet where applicable.

- 3.2.2 Further details of the proposed amendments to previously agreed savings are provided in Appendix 2.

3.3 Summary

The overall effect of the proposed amendments is set out in the following table:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	0	0	0	0	0
Children, Schools & Families	(100)	0	0	0	(100)
Environment & Regeneration	0	0	0	0	0
Community & Housing	0	0	0	0	0
Total	(100)	0	0	0	(100)
Cumulative total	(100)	(100)	(100)	(100)	

4. Treasury Management: Capital Financing Costs and Investment income

4.1 The report to Cabinet in September 2018 provided information on the capital financing costs of the Capital Programme based on the June monitoring position.

4.2 Investment Income

There are two key factors that impact on the level of investment income that the Council can generate:-

- The amount invested
- The interest rate that is achieved

Based on latest information, the projected levels of investment income over the period of the MTFs have been revised. The following table show the latest projections compared with the amounts included in the MTFs approved by Cabinet in September 2018:-

Investment Income	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
MTFS (Cabinet September 2018)	(584)	(449)	(395)	*(1,386)
Latest projections	(619)	(463)	(395)	*(1,383)
Change	(35)	(14)	0	3

* Includes interest on Property Company loan which is subject to review.

4.3 **Capital Programme for 2019-23**

This report includes the latest information on the draft Capital Programme 2019-23 based on August monitoring information including the addition of new schemes commencing in 2022/23. An indicative programme for 2023-28 is also provided. The draft programme is set out in Appendix 4.

- 4.4 The bidding process for 2022/23 was launched on 25 June 2018.
- 4.5 The current capital provision and associated revenue implications in the currently approved capital programme, based on August 2018 monitoring information, are as follows:-

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	38,134	24,640	19,800	13,677
Revenue Implications (net of investment income)	10,125	11,438	12,814	12,933

- 4.6 The change in the capital programme since that reported to Cabinet on 17 September 2018, which was based on June 2017 monitoring information, is summarised in the following table:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Programme:				
- Cabinet 17 September 2018	37,247	24,378	19,808	11,743
- Revised Position with Slippage revisions and new schemes commencing in 2022/23	38,134	24,640	19,800	13,677
Change	887	262	8	1,934
<u>Borrowing Costs</u>				
Cabinet 17 September 2018	10,872	11,900	13,062	14,118
Revised	10,745	11,894	13,193	14,300
Change	(127)	(6)	131	182

- 4.6 The programme has been rigorously reviewed and reduced where appropriate. The changes made to the programme are detailed within Appendix 4, along with movements when compared to the current programme. This review is continuing and it is envisaged that further information will be presented to December 2018 Cabinet.

5. Update to MTFS 2019-23

- 5.1 If the changes outlined in this report are agreed the forecast budget gap over the MTFS period, assuming loss of Adult Social Care Funding is:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budget Gap	653	14,692	2,593	1,828
Budget Gap (Cumulative)	653	15,345	17,938	19,766

- 5.2 A more detailed MTFS is included as Appendix 1.

5.3 It is anticipated that new revenue savings/income proposals and revisions to the capital programme will continue to be identified during the business planning process and these will be included in future reports to Cabinet in accordance with the agreed timetable and these will go onto Overview and Scrutiny Panels and the Commission in January 2018.

6. Business Rates Retention in 2019/20

6.1 In 2018/19, along with all other London boroughs, Merton was part of the London Business Rates Pilot Pool which was trialling 100% Business Rates Retention. In return for a greater share of the Business Rates generated, Revenue Support Grant was foregone.

6.2 In the MTFs 2018-22 agreed by Council in February 2018, it was assumed that the pilot would only operate in 2018/19 and Merton would revert back to its previous funding basis whereby Revenue Support Grant would be received in accordance with the four-year funding guarantee set out in the Local Government Funding settlement 2016-17. On this basis the draft MTFs 2019-23 includes the following:-

DRAFT MTS 2019-23	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Revenue Support Grant	(5,076)	0	0	0
Business Rates (inc. Section 31 grant)	(35,360)	(37,726)	(38,286)	(38,501)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,028)	(1,304)	(1,008)	(800)
Corporate Government Grant in the MTFs	(47,261)	(43,827)	(44,091)	(44,098)

6.3 In December 2017, the government announced the aim of increasing the level of business rates retained by local government from the current 50% to the equivalent of 75% in April 2020. This is less than the 100% currently being piloted by some authorities, including the London pool.

6.4 On 18 September 2018, the Ministry of Housing, Communities and Local Government (MHCLG) published its latest guidance on Business Rates Retention pilots. In respect of the ten 100% business rates retention pilots (excluding London) that were agreed for 2018/19, the guidance states that:-

“Whilst these pilots are set to end on 31 March 2019, we are inviting the areas involved to apply to become 75% business rates retention pilots in 2019/20.”

However, in respect of the London pilot the guidance states:-

“The government will continue to have separate discussions with London about their pilot programme.”

- 6.5 As part of the 2018/19 pilot, London agreed a “no detriment” clause. A “no detriment” guarantee ensured that the pool, as a whole, could not be worse off than the participating authorities would have been collectively if they had not entered the pilot pool. In the unlikely event of this arising, Government would intervene to provide additional resources and as a result, London would be able to guarantee that no authority could lose out as a result of participating.
- 6.6 However, in the latest guidance it is stated that:-
“As the pilots are testing the pooled authorities’ approach to risk, the government has agreed that a ‘no detriment’ clause will not be applied to the 2019/20 pilots. Instead, selected areas will test a 95% safety net to reflect increased risk in the proposed increased business rates retention system. Applying a ‘no detriment’ clause to the pilots would not be reflective of the reformed business rates retention system that the government aims to introduce in 2020/21.”
- 6.7 The deadline for any proposals for new pilots is 25 September 2018 and within the conditions for agreeing these the Government state that:-

“The 2019/20 pilot programme will last for one year only in preparation for the full implementation of a reformed business rates retention system that the government aims to introduce on 1 April 2020 and does not prejudice the discussion the department will be continuing to have with Local Government on the future of the business rates retention system as a whole.”
- 6.8 Given the uncertainty currently surrounding the future of the London pool, it is not proposed to change the funding currently included in the MTFs at this stage. Details will be included in future reports as more information becomes available and a decision over the continuation of the pool has been determined.

7. Local Government Finance Settlement 2019-20

- 7.1 The Government has indicated its proposed approach to the 2019/20 Local Government Finance Settlement but final decisions will not be known until the Provisional Local Government Settlement is announced, usually mid-December.
- barring exceptional circumstances and subject to the normal statutory consultation process for the Local Government Finance settlement, the Government intends to use the four year offer allocations set in 2016-17 in the 2019-20 Provisional Local Government Finance Settlement following the Autumn Budget. If the London Business Rates Pilot Pool continues to 2019/20 this will not apply.
 - New Homes Bonus 2019/20 - New Homes Bonus calculations are based on additional housing stock reported through the council tax base and decisions

on the baseline for 2019- 20 will be made following a review of the data when it is published in November. Any changes intended for the baseline in 2019-20 will be detailed at the time of the provisional settlement. In 2018-19 the baseline remained at 0.4%. Due to the continued upward trend for house building, the Government expects to increase the baseline in 2019- 20.

- New Homes Bonus 2020 Onward: 2019-20 represents the final year of funding agreed through the Spending Review 2015. In light of this, it is the Government's intention to explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. Government will consult widely on any changes prior to implementation.
- Council Tax Referendum Principles: The Government remains minded to maintain the existing core principles in 2019-20. This would mean:
 - a core principle of up to 3%.
 - a continuation of the Adult Social Care precept, with an additional 2% flexibility available for shire county councils, unitary authorities, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly. This is subject to total increases for the Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and consideration of authorities' use of the Adult Social Care precept in the previous years.
 - the Government intends to provide an update on its proposals for council tax referendum principles including the Adult Social Care precept, alongside the provisional Local Government Finance Settlement 2019-20 which is usually announced mid-December.
- Negative Revenue Support Grant in 2019/20 – This is the name given to a downward adjustment of a local authority's business rates top-up or tariff. This occurs as a consequence of changes to the distribution methodology adopted at the 2016-17 settlement, which formed the basis of the multi-year settlement. In 2019-20 Negative RSG totals £152.9m and affects 168 authorities. Merton is not one of the authorities affected. The Government considers direct elimination of Negative RSG via forgone business rates receipts the preferred approach to resolve Negative RSG, meeting the key criteria of being both fair and affordable. This funding would be met from the Government's share of business rates.

8. Alternative Options

- 8.1 The range of options available to the Council relating to the Business Plan 2019-23 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable.

9. Consultation Undertaken or Proposed

- 9.1 All relevant bodies have been consulted.

9.2 The details in this report will be considered by the Overview and Scrutiny Panels and Commission on the following dates:-

Sustainable Communities	1 November 2018
Healthier Communities and Older People	6 November 2018
Children and Younger People	7 November 2018
Overview and Scrutiny Commission	14 November 2018

9.3 As for 2018/19, it is proposed that a savings proposals consultation pack will be prepared and distributed to all councillors at the end of December 2018 that can be brought to all Scrutiny and Cabinet meetings from 9 January 2019 onwards and to Budget Council. This makes the information more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings is easier. It considerably reduces printing costs and reduces the amount of printing that needs to take place immediately prior to Budget Council.

9.4 The pack will include:

- Savings proposals
- Equality impact assessment for each saving proposal
- Service plans (these will also be printed in A3 to lay round at scrutiny meetings)

10. Timetable

10.1 In accordance with current financial reporting timetables.

10.2 The proposed timetable for developing the business plan and service plans was approved by Cabinet on 17 September 2018.

11. Financial, resource and property implications

11.1 As contained in the body of the report.

11.2 The Autumn Budget sets out the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility (OBR). Overall funding allocations for local government will be notified in the review but details of provisional funding allocations for each local authority will not be known until the provisional Local Government Finance Settlement is published in mid/late December 2018. The date of the Autumn Budget 2018 has been announced as 29 October 2018. The date will fall the week after a Brexit summit in Brussels and before another key Brussels Brexit summit mid November. It means there will likely be no Brussels deal available at the time of the budget for the Office for Budget Responsibility to assess in its economic and fiscal risks report (which is published alongside the Treasury's plans for the years ahead).

11.3 The working group being established to look at Brexit implications will feed into future iterations of the Business Plan reports.

12. Legal and statutory implications

12.1 As outlined in the report.

13. Human rights, equalities and community cohesion implications

13.1 None for the purposes of this report. These will be dealt with as the budget is developed for 2019 – 2023.

13.2 Equalities Assessments for replacement savings are provided in Appendix 5. (To follow)

14. Crime and Disorder Implications

14.1 Not applicable.

15. Risk Management and health and safety implications

15.1 There is a specific key strategic risk for the Business Plan, which is monitored in line with the corporate risk monitoring timetable.

16. Appendices – The following documents are to be published with this Report and form part of the Report.

Appendix 1 – Latest draft MTFS 2019-23

Appendix 2 – Proposed Amendments to previously agreed savings

Appendix 3 - New savings/income proposals 2019-23

Appendix 4 – Draft Capital Programme 2019-23

Appendix 5 - Equalities analyses for new and replacement savings **(TO FOLLOW)**

17. Background Papers

17.1 The following documents have been relied on in drawing up this report but do not form part of the report:

Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.

Budget Monitoring working papers

MTFS working papers

18. REPORT AUTHOR

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DRAFT MTFS 2019-23:				
	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Departmental Base Budget 2018/19	149,808	149,808	149,808	149,808
Inflation (Pay, Prices)	4,436	7,479	10,522	13,565
Autoenrolment/Nat. ins changes	0	0	0	0
FYE – Previous Years Savings	(4,464)	(6,070)	(6,185)	(6,185)
FYE – Previous Years Growth	(2,506)	(2,006)	(2,006)	(2,006)
Amendments to previously agreed savings/growth	100	100	100	100
Change in Net Appropriations to/(from) Reserves	99	242	398	335
Taxi card/Concessionary Fares	450	900	1,350	1,800
Adult Social Care - Additional Spend	1,054	0	0	0
Growth	0	0	0	0
Other	2,468	4,555	4,835	4,911
Re-Priced Departmental Budget	151,445	155,008	158,822	162,328
Treasury/Capital financing	10,125	11,438	12,814	12,933
Pensions	3,552	3,635	3,718	3,801
Other Corporate items	(16,781)	(16,705)	(16,654)	(16,229)
Levies	607	607	607	607
Sub-total: Corporate provisions	(2,497)	(1,025)	485	1,112
Sub-total: Repriced Departmental Budget + Corporate Provisions	148,948	153,983	159,307	163,440
Savings/Income Proposals 2018/19	(75)	(740)	(740)	(740)
Sub-total	148,873	153,243	158,567	162,700
Appropriation to/from departmental reserves	(1,350)	(1,493)	(1,649)	(1,586)
Appropriation to/from Balancing the Budget Reserve	(6,024)	0	0	0
BUDGET REQUIREMENT	141,499	151,750	156,918	161,114
Funded by:				
Revenue Support Grant	(5,076)	0	0	0
Business Rates (inc. Section 31 grant)	(35,360)	(37,726)	(38,286)	(38,501)
Adult Social Care - Improved Better Care Fund	(1,054)	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,028)	(1,304)	(1,008)	(800)
Council Tax inc. WPC	(91,789)	(94,053)	(96,365)	(98,726)
Collection Fund – (Surplus)/Deficit	(742)	0	0	0
TOTAL FUNDING	(140,846)	(137,880)	(140,456)	(142,824)
GAP including Use of Reserves (Cumulative)	653	13,869	16,462	18,290
Potential Unfunded ASC commitments due to Loss of Better Care Funding	0	3,218	3,218	3,218
GAP assuming no new ASC Government Grant (Cumulative)	653	17,087	19,680	21,508
Possible Offset if 2019/20 ASC CT hypothecation can be used to replace Better Care Funding	0	(1,742)	(1,742)	(1,742)
GAP assuming no new ASC Government Grant but 2019/20 CT hypothecation can be used(Cumulative)	653	15,345	17,938	19,766

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - SAVINGS TO BE REPLACED

Panel	Ref	Description of Saving		Baseline Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2015-09	<u>Service</u> Description Service Implication	<u>Cross Cutting</u> Review of CSF staffing structure beneath management Deliver for September 2018 so estimated full year effect of £390k split over two years. With changes to the structure of the department, the implementation of SCIS and a focus on minimal education and social care core functions we will redesign our workforce across the smaller department. We have reviewed our workforce following our strategy to reduce agency cost and changes to team management positions. Due to less experienced staff and increased inspection burdens, we revised the risk score for this saving.	1,049	201				High	Medium	SS2
		Staffing Implications	Expect a reduction of 7 posts from a total of 65FTE.								
		Business Plan implications	We will prioritise our core statutory education and social care functions.								
		Impact on other departments	A smaller workforce will reduce our ability to work on cross cutting issues and new developments.								
		Equalities Implications	We will use the Council's agreed HR policies and procedures for restructuring. An EA will be developed for the service change staffing proposals.								
		TOM Implications	The TOM refresh includes an increased focus on delivering the restructure as well as flexible working and the introduction of the SCIS. The CSF workforce needs to be more highly skilled and flexible. Delivery of a functioning MOSAIC product is key to delivering this saving.								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - SAVINGS TO BE REPLACED

Panel	Ref	Description of Saving	Baseline Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2016-02	Service	Children Social Care & Youth Inclusion							
		Description	Reduced costs/offer through the national centralised adoption initiative	509	78			High	High	SP1
		Service Implication	It is anticipated that the regional centralisation of adoption services will deliver savings through a larger commissioning base and the benefit of economies of scale.							
		Staffing Implications	Some staff may TUPE into the regional arrangements but this will not be known until later in the project							
		Business Plan implications	Will be implications with pressures on other CSF services							
		Impact on other departments	We will need to ensure the new arrangements maintain the improvement of the adoption process and post adoption support to maintain and improve outcomes for this group of vulnerable children and young people. We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs.							
		Equalities Implications	In line with CSF TOM							
		TOM Implications								
C&YP	CSF2016-03	Service	Cross Cutting							
		Description	Further staff savings to be identified across the department.	811	150			High	High	SS2
		Service Implication	This is likely to impact on managing safe service and failing to meet regulatory requirements							
		Staffing Implications	3-6 staff - we will follow our usual HR processes							
		Business Plan implications	These reductions will place additional burdens on universal targeted and specialist services							
		Impact on other departments	The majority of CSF's General Fund staff are delivering services for highly vulnerable children and young people. We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs.							
		Equalities Implications	The TOM sets out an approach to prioritisation but this level of saving will impact on those already most at risk and vulnerable young people at the top end of our Well Being Model							
		TOM Implications								
Total Children, Schools and Families Savings				429	0	0	0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-01	Service	Children Social Care & Youth Inclusion								
		Description	Reduced costs/offer through the national centralised adoption initiative	509	30				Medium	High	SP1
		Service Implication	It is anticipated that the regional centralisation of adoption services will deliver savings through a larger commissioning base and the benefit of economies of scale.								
		Staffing Implications	Some staff may TUPE into the regional arrangements but this will not be known until later in the project								
		Business Plan implications	Certain services will cease to be provided by Merton as they will be outsourced to a Regional Adoption Agency.								
		Impact on other departments	Will be implications with pressures on other CSF services								
		Equalities Implications	We will need to ensure the new arrangements maintain the improvement of the adoption process and post adoption support to maintain and improve outcomes for this group of vulnerable children and young people. We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs.								
		TOM Implications	In line with CSF TOM								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-02	<u>Service</u> Description	<u>Children Social Care & Youth Inclusion</u> Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.		130				Low/Medium	Medium/High	SS1
		Service Implication	Potential loss of management oversight and increased pressures on the team managers. Potential loss of focus and input into recruitment of foster carers and/or placements as the capacity to do both roles well will be limited. Less resource available for CASA and Early Help assessments and MSCB training budget will need to be used for training around these assessments.								
		Staffing Implications	Risk of redundancy and costs of redundancy for experienced staff. Affecting three to four posts. No specific Implications								
		Business Plan implications	Will be implications with pressures on other CSF services								
		Impact on other departments	We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs.								
		Equalities Implications	This is in line with the CSF TOM and our Child and Young Person well-being model approach.								
		TOM Implications									

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-03	<u>Service</u> Description	<u>Education</u> Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.		49				Low	Medium	SNS2
		Service Implication	We could consider a combination of both raising income and reducing some services. We will review and consider the impact of ceasing services on the service as well as service users.								
		Staffing Implications	If services are ceased this would impact on staffing. Would								
		Business Plan implications	No specific Implications								
		Impact on other departments	None								
		Equalities Implications	This will reduce support to vulnerable children and families increasing pressure on our parents/carers and universal service's capacity to manage these needs.								
		TOM Implications	The TOM sets out an approach to prioritisation but this level of saving will impact on those already most at risk and vulnerable young people at the top end of our Well Being Model.								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-04	<u>Service Description</u>	<u>Education</u> Review schools trade offer, raise charges or consider ceasing services from 2020.		30				Low/Medium	Low	SI1
		Service Implication	All CSF SLAs as well as de-delegated services with schools will be reviewed to ensure i) full cost recovery; ii) LBM charges are in line with other providers. We will also examine further opportunities to trade with schools.								
		Staffing Implications	If schools are unwilling/unable to pay for core and enhanced services this will result in approximately 2 posts deleted.								
		Business Plan implications	Should funding not be secured there will be implications for service volumes and outcomes.								
		Impact on other departments	Possible impact on child protection services if service reductions result in escalations from schools and others.								
		Equalities Implications	We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs.								
		TOM Implications	Education and Social Care services for C&YP will be reduced with higher thresholds for access. The department will continue to be reorganised to reflect downsizing. This saving is in line with TOM direction of travel to focus delivery on the council's statutory duties.								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-05	Service Description	Children Social Care Delivery of preventative services through the Social Impact Bond		45				Low	Low	SP1
		Service Implication	The LA will buy into the Pan-London Care Impact Partnership for the provision of a Social Impact Bond (SIB) to deliver services designed to work with families to keep young people out of care using the well established Multi-Systemic (MST) and Functional Family Therapy (FFT) methodologies. This work takes place in the context of a rising population with increasing complex needs.								
		Staffing Implications	None								
		Business Plan implications	No specific Implications								
		Impact on other departments	None								
		Equalities Implications	This is a service for some of our most vulnerable children and young people.								
		TOM Implications	This is in line with the CSF TOM and our Child and Young Person well-being model approach.								
C&YP	CSF2018-06	Service Description	Children Social Care South London Family Drug and Alcohol Court commissioning		45				Low	Low	SP1
		Service Implication	Enable children to return home safely, thereby reducing cost of care placements. This work takes place in the context of a rising population with increasing complex needs.								
		Staffing Implications	None								
		Business Plan implications	No specific Implications								
		Impact on other departments	Potential impact on legal department.								
		Equalities Implications	This is a service for some of our most vulnerable children and young people.								
		TOM Implications	This is in line with the CSF TOM and our Child and Young Person well-being model approach.								
Total Children, Schools and Families Savings					329	0	0	0			
Replacements still to be submitted					(100)	0	0	0			

NEW SAVINGS PROPOSALS 2019-23

SUMMARY (cumulative)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	75	15	0	0	90
Children, Schools & Families	0	550	0	0	550
Environment & Regeneration	0	0	0	0	0
Community & Housing	0	100	0	0	100
Total	75	665	0	0	740
Cumulative Total	75	740	740	740	

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Savings Type

- SS1** Staffing: reduction in costs due to efficiency
- SS2** Staffing: reduction in costs due to deletion/reduction in service
- SNS1** Non - Staffing: reduction in costs due to efficiency
- SNS2** Non - Staffing: reduction in costs due to deletion/reduction in service
- SP1** Procurement / Third Party arrangements - efficiency
- SG1** Grants: Existing service funded by new grant
- SG2** Grants: Improved Efficiency of existing service currently funded by unringfenced grant
- SPROP** Reduction in Property related costs
 - SI1** Income - increase in current level of charges
 - SI2** Income - increase arising from expansion of existing service/new service

NEW SAVINGS 2019-23

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2019/20

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2019-20 CS01	Service/Section	Revenues and Benefits								
		Description	Amend discretionary rate relief policy	524	75				L	H	SNS2
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	Some charities, sports clubs, education establishments and non profit making organisations will have a reduction in rate relief								
		TOM Implications									

NEW SAVINGS 2019-23

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2019/20

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2019-20 CS02	Service/Section Description	Concessionary Travel Charge for Blue Badges			15	0		M	H	S12
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	All surrounding LA's currently charge. Maximum of £10.00 per badge. Alrerady stated on-line but charge not enforced.								
		TOM Implications	None								
		Corporate Services: New Savings Total			75	15	0	0	90		

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-08	Service Description	Education Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer.	2,071		150			Medium	High	SS2
		Service Implication	This will mean reduced support for vulnerable children and families accessing targeted services as well as the universal offer. This reduced offer could result in increased numbers needing high cost statutory intervention.								
		Staffing Implications	Majority of costs associated with direct services are staffing costs as part of this proposal. This will equate to approximately 5 members of staff.								
		Business Plan implications	No specific Implications								
		Impact on other departments	These reductions will place additional burdens on universal, targeted and specialist services.								
		Equalities Implications	This will reduce support to vulnerable children and families increasing pressure on our parents/carers and universal service's capacity to manage these needs.								
		TOM Implications	The TOM sets out an approach to prioritisation but this level of saving is likely to impact most on those already most at risk.								

Panel	Ref	Description of Saving	Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-09	<p>Service Description</p> <p>Education Radically reduce some statutory education functions</p> <p>Service Implication We will agree with schools priorities for the use of the retained DSG to support delivery of a reduced statutory service function.</p> <p>Staffing Implications Majority of costs associated with direct services are staffing costs as part of this proposal. This will equate to approximately 7 members of staff</p> <p>Business Plan implications No specific Implications</p> <p>Impact on other departments No specific Implications expected although we could see some legal challenge.</p> <p>Equalities Implications We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs. This will reduce support to vulnerable and at risk children, increasing pressure on our universal service's capacity to manage these needs.</p> <p>TOM Implications Statutory Education and Social Care services for C&YP will be further reduced. The department will be reorganised to reflect downsizing. This saving is in line with TOM direction of travel to focus delivery on the council's statutory duties. Detailed work will need to ensure that risk and vulnerability is prioritised and careful consideration of the ability to deliver the statutory minimum required.</p>	8,137		200			High	High	SS2

Panel	Ref	Description of Saving		Baseline Budget 18/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-10	Service Description	Children Social Care Radically reduce support for LAC/CSE/respice During 2019/20 we will review our eligibility criteria and service offer for some of our most vulnerable clients. This is likely to mean reduced therapeutic support to highly vulnerable children including looked after children and care leavers	10,545		200			High	High	SNS2
		Service Implication									
		Staffing Implications	These services are mainly commissioned or spot purchased. There may be staffing implications as the current contract means that some of our own staff are employed and could be eligible for redundancy.								
		Business Plan implications	No specific Implications								
		Impact on other departments	These reductions may place additional burdens on universal, targeted and specialist services.								
		Equalities Implications	This will reduce support to vulnerable and at risk children including C&YP In Need, on a Child Protection Plan, on the edge of care, Looked After C&YP, care leavers or young people with complex disabilities, young people in the youth justice system, increasing pressure on our parents/carers and universal service's capacity to manage these needs.								
		TOM Implications	The TOM sets out an approach to prioritisation but this level of saving is likely to impact on those already most at risk and vulnerable young people at the top end of our Well Being Model								
Total					0	550	0	0			

Panel	Ref	Notes	Description of Saving	Baseline Budget 18/19	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
Adult Social Care											
18/19		Mascot Telecare provides support for individuals to live at home by a combination of alarms and sensors. The service increasingly underpins packages of care provided via social work and reablement teams and can enable practitioners to be more precise with the amount of care visits required. Mascot also provides this service to a large number of self funders, as well as having contracts with Housing Associations to monitor extra care and supported living sites. A new Telecare hub is due to be installed at Mascot in late 2018 which will enable to staff to have more time and opportunity to widen the support offered and seek new commercial opportunities.	<p>Service Description</p> <p>Mascot Service(Direct Provision) We are planning to maximise income generation from Telecare in a number of ways;</p> <p>Increase individual paying customers Review and renegotiate existing commercial contracts with Housing Associations, and seek more similar business.</p> <p>Service Implication</p> <p>Compete for Telecare contracts in other boroughs. Explore commercial contracts for out of hours and concierge call handling services. Keep abreast of developments in all areas of Assistive Technology, including monitors and sensors, Telehealth, GPS, Robotics and similar. Explore benefits for ASC customers, self funders and as part of a more commercial offer to partner organisations.</p> <p>Staffing Implications</p> <p>There are no staffing implications.</p> <p>Business Plan implications Impact on other departments Equalities Implications TOM Implications</p> <p>This proposal fits in with the Adult Social Care plan, and Merton's Corporate Business Plan and MTFS Continued support from IT services, increased liaison with Communications Team None identified This is in line with the C&H TOM</p>	£470k		£100			Medium	Medium	SNS2
Total Community & Housing 2020/21								100			
								100			

Annex 1 Annex 4

Capital Investment Programme - Schemes for Approval 19-23

Merton - By Department	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Movement from Indicative 2022/23
	£000	£000	£000	£000	£000
Corporate Services	26,252	3,945	12,084	2,995	345
Community and Housing	480	630	280	842	462
Children Schools & Families	16,045	3,202	650	1,900	1,250
Environment and Regeneration	8,060	7,517	7,264	4,007	(10)
Capital	50,837	15,294	20,277	9,744	2,047

Merton - By Service	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Movement from Indicative 2022/23
	£000	£000	£000	£000	£000
Customers, Policy & Improvement	250	0	1,900	0	0
Facilities Management	1,250	950	950	950	0
Infrastructure & Transactions	2,027	1,060	1,012	1,345	345
Resources	0	125	0	700	0
Corporate Items	22,725	1,810	8,222	0	0
Corporate Services	26,252	3,945	12,084	2,995	345
Adult Social Care	0	0	0	0	0
Housing (1)	280	280	280	742	462
Libraries	200	350	0	100	0
Community and Housing	480	630	280	842	462
Primary Schools	650	650	650	1,900	1,250
Secondary School	8,740	2,552	0	0	0
SEN	6,550	0	0	0	0
CSF Schemes	105	0	0	0	0
Children Schools & Families (2)	16,045	3,202	650	1,900	1,250
Public Protection and Developm	60	0	35	0	0
Street Scene & Waste	340	340	340	330	(10)
Sustainable Communities	7,660	7,177	6,889	3,677	0
Environment and Regeneration (3)	8,060	7,517	7,264	4,007	(10)
Capital	50,837	15,294	20,277	9,744	2,047

(1) Excludes any grant funding from the Better Care Fund

(2) Assumed level of School Condition Grant £1.9 Million from 2019-20

(3) Excludes any grant funding from Transport for London

Detailed Capital Programme 2019-23

	Scrutiny	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Movement from Indicative 2022/23
		£000	£000	£000	£000	£000
Corporate Services						
Customer Contact Programme	OSC	250	0	1,900	0	0
Customers, Policy & Improvement		250	0	1,900	0	0
Works to other buildings	OSC	650	650	650	650	0
Civic Centre	OSC	300	0	0	0	0
Invest to Save schemes	OSC	300	300	300	300	0
Water Safety Works	OSC	0	0	0	0	0
Facilities Management Total		1,250	950	950	950	0
IT Systems Projects	OSC	747	0	42	340	240
Social Care IT System	OSC	400	0	0	0	0
Planned Replacement Programme	OSC	880	1,060	970	1,005	105
Infrastructure & Transactions		2,027	1,060	1,012	1,345	345
Financial System	OSC	0	0	0	700	0
ePayments System	OSC	0	125	0	0	0
Resources		0	125	0	700	0
Acquisitions Budget	OSC	0	0	7,035	0	0
Capital Bidding Fund	OSC	0	0	1,186	0	0
Multi Functioning Device (MFD)	OSC	600	0	0	0	0
Housing Company	OSC	22,125	1,810	0	0	0
Corporate Items		22,725	1,810	8,222	0	0
Corporate Services		26,252	3,945	12,084	2,995	345
Community and Housing		£000	£000	£000	£000	£000
Disabled Facilities Grant (1)	SC	280	280	280	280	0
LD Supported Living	SC	0	0	0	462	462
Housing		280	280	280	742	462
West Barnes Library Re-Fit	SC	200	0	0	0	0
Library Self Service	SC	0	350	0	0	0
Library Management System	SC	0	0	0	100	0
Libraries		200	350	0	100	0
Community and Housing		480	630	280	842	462

(1) Excludes any grant funding from the Better Care Fund

(2) Assumed level of School Condition Grant £1.9 Million from 2019-20

(3) Excludes any grant funding from Transport for London

Detailed Capital Programme 2019-23 Continued.....

	Scrutiny	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Movement from Indicative 2022/23
Children Schools & Families		£000	£000	£000	£000	£000
Schs Cap Maint & Accessibility	CYP	650	650	650	1,900	1,250
Primary Schools		650	650	650	1,900	1,250
Harris Academy Morden	CYP	3,044	0	0	0	0
St Mark's Academy	CYP	2,752	2,552	0	0	0
Harris Academy Wimbledon	CYP	2,944	0	0	0	0
Secondary School		8,740	2,552	0	0	0
Perseid	CYP	0	0	0	0	0
Cricket Green	CYP	4,002	0	0	0	0
Secondary School Autism Unit	CYP	1,360	0	0	0	0
Further SEN Provision	CYP	1,188	0	0	0	0
Melrose primary SEMH annex - 16 places	CYP	0	0	0	0	0
Primary ASD base 1 - 20 places	CYP	0	0	0	0	0
Primary ASD base 2 - 20 places	CYP	0	0	0	0	0
Secondary SEMH/medical PRU - 20 places	CYP	0	0	0	0	0
New ASD school (Haydons Road) -40 places	CYP	0	0	0	0	0
SEN		6,550	0	0	0	0
Admissions IT System	CYP	105	0	0	0	0
CSF Schemes		105	0	0	0	0
Children Schools & Families (2)		16,045	3,202	650	1,900	1,250

(1) Excludes any grant funding from the Better Care Fund

(2) Assumed level of School Condition Grant

(3) Excludes any grant funding from Transport for London

Detailed Capital Programme 2019-23 Continued.....

	Scrutiny	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Movement from Indicative 2022/23
Environment & Regeneration		£000	£000	£000	£000	£000
Parking Improvements	SC	60	0	0	0	0
Public Protection and Developm	SC	0	0	35	0	0
Public Protection and Developm		60	0	35	0	0
Fleet Vehicles	SC	300	300	300	300	0
Alley Gating Scheme	SC	40	40	40	30	(10)
Smart Bin Leases - Street Scen	SC	0	0	0	0	0
Waste SLWP	SC	0	0	0	0	0
Street Scene & Waste		340	340	340	330	(10)
Street Trees	SC	60	60	60	60	0
Highways & Footways	SC	3,067	3,067	3,067	3,067	0
Mitcham Area Regeneration	SC	1,301	1,000	533	0	0
Wimbledon Area Regeneration	SC	0	0	0	0	0
Morden Area Regeneration	SC	500	2,000	2,500	0	0
Borough Regeneration	SC	0	0	0	0	0
Morden Leisure Centre	SC	242	0	0	0	0
Sports Facilities	SC	1,500	250	250	250	0
Parks	SC	991	800	479	300	0
Sustainable Communities		7,660	7,177	6,889	3,677	0
Environment and Regeneration (3)		8,060	7,517	7,264	4,007	(10)
Capital		50,837	15,294	20,277	9,744	2,047

(1) Excludes any grant funding from the Better Care Fund

(2) Assumed level of School Condition Grant

(3) Excludes any grant funding from Transport for London

Annex 5

Indicative Capital Programme 2023-28

	Scrutiny	Proposed Indicative 2023/24	Proposed Indicative 2024/25	Proposed Indicative 2025/26	Proposed Indicative 2026/27	Proposed Indicative 2027/28
Corporate Services		£000	£000	£000	£000	£000
Customer Contact Programme	OSC	0	0	1,000	1,000	1,000
Customer, Policy & Improvement		0	0	1,000	1,000	1,000
Works to other buildings	OSC	650	650	650	650	650
Invest to Save schemes	OSC	300	300	300	300	300
Facilities Management Total		950	950	950	950	950
Planned Replacement Programme	OSC	720	905	1,060	970	1,005
IT Systems Projects	OSC	625	500	325	50	425
Social Care IT System	OSC	2,100	0	0	0	0
Infrastructure & Transactions		3,445	1,405	1,385	1,020	1,430
Multi Functioning Device (MFD)		0	600	0	0	0
Corporate Items	OSC	0	600	0	0	0
Corporate Services		4,395	2,955	3,335	2,970	3,380
Community and Housing		£000	£000	£000	£000	£000
Disabled Facilities Grant (1)	SC	280	280	280	280	280
LD Supported Living	SC	145	0	0	0	0
Housing		425	280	280	280	280
Library Enhancement Works	SC	0	0	350	0	0
Library Management System	SC	0	0	0	0	100
Libraries		0	0	350	0	100
Community and Housing		425	280	630	280	380
Children Schools & Families		£000	£000	£000	£000	£000
Schs Cap Maint & Accessibility (2)	CYP	1,900	1,900	1,900	1,900	1,900
Primary Schools		1,900	1,900	1,900	1,900	1,900
Children Schools & Families		1,900	1,900	1,900	1,900	1,900
Environment and Regeneration (3)		£000	£000	£000	£000	£000
Parking Improvements	SC	0	60	0	0	0
Public Protection and Developm	SC	0	0	0	35	0
Street Scene & Waste		0	60	0	35	0
Fleet Vehicles	SC	300	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30	30
Waste SLWP	SC	0	0	3,998	0	0
Street Scene & Waste		330	330	4,328	330	330
Street Trees	SC	60	60	60	60	60
Highways & Footways	SC	3,067	3,067	3,067	3,067	3,067
Sports Facilities	SC	250	250	250	250	250
Parks	SC	300	300	300	300	300
Sustainable Communities		3,677	3,677	3,677	3,677	3,677
Environment and Regeneration		4,007	4,067	8,005	4,042	4,007
Capital		10,727	9,202	13,870	9,192	9,667

(1) Excludes any grant funding from the Better Care Fund

(2) Assumed level of School Condition Grant

(3) Excludes any grant funding from Transport for London

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Cabinet

Date: 15 October 2018

Subject: Financial Report 2018/19 – August 2018

Lead officer: Roger Kershaw

Lead member: Mark Allison

Urgent report:

Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2018/19. This requires consideration as it has implications for current and future years' budget monitoring and management.

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £ 2.78million, 0.5% of gross budget.
- B. That Cabinet approve the virement of £160k between Parking Services and Future Merton in relation to work related to CPZs.
- C. That Cabinet note the position in respect of the Capital Programme contained in Appendix 5b and approve the adjustments summarised in the Table below:

Scheme	2018/19 Budget	2019/20 Budget	Narrative
<u>Children, Schools and Families</u>			
Cricket Green expansion	(955,730)	955,730	Reflects the estimated programme post contract award
Secondary School Autism Unit (Harris Morden)	(160,000)	160,000	Reprofiled in accordance with anticipated spend
Unallocated SEN (Further SEN provision)	(188,000)	188,000	Reprofiled in accordance with anticipated spend
Harris Academy Morden - Expansion	(143,560)	143,560	Reprofiled in accordance with anticipated spend
St Mark's Academy	(200,000)	200,000	Reprofiled in accordance with anticipated spend
Perseid Expansion	152,000	0	Virement to cover additional costs of expansion
Harris Academy Wimbledon - Expansion	(1,142,940)	771,440	Virement to Cover Essential Works at PFI Schools
Harris Academy Morden - Essential Wks	104,000	0	Virement to Cover Essential Works at PFI Schools
Ricards Lodge - Essential Wks	15,000	0	Virement to Cover Essential Works at PFI Schools
Raynes Park - Essential Wks	79,000	0	Virement to Cover Essential Works at PFI Schools
Rutlish - Essential Wks	21,500	0	Virement to Cover Essential Works at PFI Schools
<u>Environment and Regeneration</u>			
Bus Priority Scheme	150,000	0	New TfL Funding
School Keep Clear B750-7	190,480		£50k S106 remainder virement
Fleet Vehicles	(60,000)		Virement to School Keep Clear
Alley Gating	(1,510)		Virement to School Keep Clear
Street Trees	(2,310)		Virement to School Keep Clear
Street Lighting	(11,210)		Virement to School Keep Clear
Traffic Schemes	(5,600)		Virement to School Keep Clear
Surface Water Drainage	(2,700)		Virement to School Keep Clear
Footways	(18,110)		Virement to School Keep Clear
Anti Skid	(3,400)		Virement to School Keep Clear
Borough Roads	(44,710)		Virement to School Keep Clear
Total	(2,227,800)	2,418,730	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 5, 31st August 2018 presented in line with the financial reporting timetable.
This financial monitoring report provides:-

- The income and expenditure at period 5 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2018/19 will continue to focus on adult social care and children's social care as these areas overspent in 2017/18 and continue to have budget pressures.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 5 to 31st August 2018, the year-end forecast is a net £2.78m overspend compared to the current budget, 0.5% of the gross revenue budget (£1.95m forecast overspend at period 4).

Summary Position as at 31st August 2018

	Current Budget 2018/19 £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn variance 2017/18 £000s
Department					
3A. Corporate Services	10,607	9,350	(1,257)	(1,218)	(812)
3B. Children, Schools and Families	56,495	60,126	3,630	3,404	2,249
3C. Community and Housing	64,072	64,498	426	389	922
3D. Public Health	0	86	86	108	0
3E. Environment & Regeneration	18,550	17,916	(633)	(698)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	149,724	151,976	2,253	1,985	1,148
3E. Corporate Items					
Impact of Capital on revenue budget	8,403	8,930	527	(32)	(103)
Other Central budgets	(14,732)	(14,732)	0	0	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(5,391)	(4,864)	527	(32)	(926)
TOTAL GENERAL FUND	144,333	147,113	2,780	1,953	222
FUNDING					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
FUNDING	(144,333)	(144,333)	0	0	(487)
NET	(0)	2,780	2,780	1,953	(265)

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £2.1m overspend.

DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (August) £000	2018/19 Full Year Forecast Variance (August) £000	2018/19 Full Year Forecast Variance (July) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,567	3,628	61	-7	46
Infrastructure & Technology	11,195	10,881	-314	-240	71
Corporate Governance	2,431	2,449	18	12	-229
Resources	5,997	5,744	-253	-168	-515
Human Resources	1,811	1,809	-2	-17	-207
Corporate Other	796	29	-767	-799	22
Total (Controllable)	25,797	24,540	-1,257	-1,218	-812

Overview

At the end of period 5 (August) the Corporate Services (CS) department is forecasting an underspend of £1,257k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £39k compared to the period 4 (July) position.

Customers, Policy and Improvement - £61k over

The principal reason for the forecast overspend is lower than budgeted advertising income within the Communications Service. This is partly offset by additional income within the registrars service reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There has been an adverse movement of £68k from the position reported in June, mainly due to a reduction in the level of income forecast for the registrars and translation services based on the current level of demand for these services.

Infrastructure & Technology - £314k under

There is a forecast underspend of £154k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is an underspend of £158k against the Business Systems budget principally due to vacant posts and recharge income to CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level. There has been a favourable movement of £74k from the position reported in June, mainly due to an increase in the expected income generated from the post room, an increase in the underspend on the Business Systems

budget reflecting continuing delays to recruitment and increase in income on the corporate cleaning contract based on the latest charges to other departments.

Corporate Governance - £18k over

The budget for the South London Legal partnership (SLLp) is forecast to overspend by £30k. The latest income projections, based on chargeable hours at the end of August, alongside the latest expenditure projections, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken, which will need to be agreed with the other borough partners. At the moment, the deficit is projected to be in the region of £160k and Merton's share of that deficit would be £30k. The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary. There has been a minor adverse movement of £6k in the division from the position reported in July.

Resources - £253k under

The Merton Bailiff Service is forecasting to underspend by £283k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £149k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services of £65k principally due to additional IT licence and postage costs. There is a forecast underspend within the Assistant Director's budget of £57k mainly within consultancy that will be used to part fund a forecast overspend of £176k on the Financial Information System budget where some additional temporary staffing resource is required pending a request to increase the permanent establishment by one full-time equivalent post to meet additional demand. There is also a forecast overspend within the budget for external audit fees to reflect the latest agreement with Ernst & Young. There has been a favourable movement of £85k from the position reported in July mainly due to an agreement from E&R to fund additional credit card charges relating to the increased volume of transactions on the RingGo contract. The additional costs are being quantified and Cabinet will be requested to approve a virement in due course.

Human Resources – £2k under

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buy back scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston. There has been an adverse movement of £15k from the position reported in July mainly due to an increase in forecast salary costs based on the latest expectation of staffing levels for the remainder of the year.

Corporate Items - £767k under

The Housing Benefit budget shows a forecast surplus of £1.5m on the account against a budgeted surplus of £1m. The £0.5m unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit. The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry. There has been an adverse movement of £32k from the position reported in July mainly due to a revised assessment of the Housing Benefit surplus.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget	Full year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	2017/18 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(10,987)	(11,891)	(904)	(991)	(1,602)
Public Space	15,126	14,815	(311)	(236)	632
Senior Management	953	1,026	73	108	3
Sustainable Communities	8,104	8,613	509	422	(244)
Total (Controllable)	13,196	12,563	(633)	(697)	(1,211)

Description	2018/19 Current Budget	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	2017/18 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	578	116	65	78
Underspend within Parking Services	(12,451)	(999)	(1,016)	(1,663)
Underspend within Safer Merton & CCTV	886	(21)	(40)	(47)
Total for Public Protection	(10,987)	(904)	(991)	(1,602)
Underspend within Waste Services	13,875	(682)	(580)	97
Underspend within Leisure & Culture	736	(6)	0	(166)
Overspend within Greenspaces	1,400	309	291	754
Overspend within Transport Services	(885)	68	53	(53)
Total for Public Space	15,126	(311)	(236)	632
Overspend within Senior Management & Support	953	73	108	3
Total for Senior Management	953	73	108	3
Overspend within Property Management	(2,901)	156	58	(422)
Overspend within Building & Development Control	(32)	147	174	397
Overspend within Future Merton	11,038	206	190	(219)
Total for Sustainable Communities	8,104	509	422	(244)
Total Excluding Overheads	13,196	(633)	(697)	(1,211)

Overview

The department is currently forecasting an underspend of £633k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Future Merton.

Public Protection

Parking Services underspend of £999k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,099k). The positive effects of this fully functional system are beginning to be realised e.g. a reduction in congestion and improved traffic flow.

Included within this forecast is employee related overspend of c£204k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. This has led to the need to continue to employ additional agency staff. However, this has not yet occurred to the level expected as processing volumes remain above estimated levels, but the section still expects compliance to further increase.

Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but this will be revisited when the new Manager starts in mid-September.

During December, free parking will be provided every Sunday within all town centre car parks in the run up to Christmas, as well as on Saturday 23rd and Christmas Eve. This will result in an estimated loss of income of c£25k.

Regulatory Services

On the 1st November 2017, Wandsworth became the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure is currently out for staff consultation, with an estimated go live date of 1st November. Work is also well under way with updating and agreeing a revised cost allocation methodology for the three partners, which will have an impact of the section's forecast. Therefore, a revised forecast will need to be provided as soon as this has been agreed.

Public Space

Waste Services underspend of £682k

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,175k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, is now begun testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

The section is also funding the Capital debt charges costs with regard to the vehicles and containers associated with Phase C, which total £276k this financial year. To progress the contract it was necessary to purchase new refuse vehicles and new wheelie bins. The additional cost of this expenditure and the additional interest incurred are being charged to the service (the annual charge to the service has apportioned the costs over the useful life of the assets purchased i.e. 7 years for the vehicles and 15 years for the containers) and built into the savings required by the service.

This forecast underspend on disposal costs is being further offset by the mobilisation costs relating to the October 2018 service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

Greenspaces overspend of £309k

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £158k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£98k), whereby related savings of £170k have been implemented over the last few years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£9k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter (paid for) parking. Mitigating actions are being considered and will be reported accordingly.

Leisure & Culture underspend of £6k

As part of the contractual arrangements with our Leisure Centre provider, the Authority may receive income as part of a profit share arrangement. However, the amount, if any, will not be known until later in the year.

Sustainable Communities

Property Management overspend of £156k

The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the recent departure of the leaseholder (£319k). Consideration is being given to reducing the holding costs for Battle Close by short term lettings or demolition.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, resulting in a forecast premises related overspend of £264k.

An overspend on counsel fees of £52k is also being forecast as a result of a pending court case involving the pursuit of the property freehold by an existing tenant, which is being contested by the authority. If the council is successful, these costs will be recovered.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £556k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £346k relates to ongoing rental income but £210k is one-off due this year only.

Future Merton overspend by £206k

£158k of the forecast overspend relates to the costs incurred with disabled bays, and consulting on and, where applicable, implementing Controlled Parking Zones. The majority of this overspend relates to the increased CPZ roll-out, the cost of which will be reimbursed by Parking Services.

The section is also forecasting to underachieve on skip licence income by £47k. The drop in skip licence applications may be a response to the increases in parking bay suspension fees (this income goes to Parking Services).

Virement

Future Merton incur the costs relating to disabled bays, and consulting on and, where applicable, implementing Controlled Parking Zones. Parking Services fund these costs as they benefit from any income received. The current budget allocated by Parking Services to Future Merton is currently insufficient, so Cabinet are requested to approve a virement of £160k between the two sections.

Children Schools and Families

Children, Schools and Families	2018/19 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000	2017/18 Variance at year end £000
Education	19,289	19,910	621	608	(703)
Social Care and Youth Inclusion	21,511	25,052	3,541	3,327	3,596
Cross Department budgets	480	455	(25)	(25)	(95)
PFI	8,075	7,839	(236)	(236)	(342)
Redundancy costs	2,124	1,854	(270)	(270)	(207)
Total (controllable)	51,479	55,110	3,631	3,404	2,249

Overview

At the end of August Children Schools and Families had a forecast overspend of £3.631m on local authority funded services; an increase in overspend from July's forecast. This was mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

The CSF department received £500k growth for the current financial year that has mainly been used to fund the additional eight social workers that were previously funded through contingency for three years and were last year part of the departmental overspend. Last year's overspend also included planned underspends and non-recurring management action which, together with additional demographic growth for this year, is currently forecast to result in a higher overspend for the current financial year.

Local Authority Funded Services

Significant cost pressures and underspends identified to date are detailed in the table below:

Description	Budget £000	Aug £000	Jul £000	2017/18 £000
Procurement & School organisation	643	(157)	(163)	(319)
SEN transport	4,133	962	960	566
Other small over and underspends	14,513	(184)	(189)	(738)
Subtotal Education	19,289	621	608	(703)
Fostering and residential placements (ART)	7,094	630	445	813
Un-accompanied asylum seeking children (UASC)	664	1,126	1,133	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	261	261	353
MASH & First Response staffing	1,587	228	242	403
Other small over and underspends	12,145	340	290	288
Subtotal Children's Social Care and Youth Inclusion	21,511	3,541	3,327	3,596

Education Division

Procurement and school organisation budgets are forecast to underspend by £157k because of lower spend on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £962k at the end of the financial year, which includes £844k taxi cost and £118k direct payments. The forecast outturn for taxis is £3,223k, circa £451k more than last year. The forecast increase reflects the 35 extra taxi service agreements (21% increase in routes) compared to this time last year. Due to the increase in EHCPs requiring a specialist placement, the number of children needing to be transported is expected to continue to go up through the financial year and particularly from September. Strategies are in place to alleviate this further pressure, including maximising any further opportunities for placing more children on the buses, re-tendering routes and considering any consolidation possible. The position is unlikely to be much clearer until the October 2018 budget return when the outcome of summer tendering and 2018/19 academic year placements will be better known. We will report details on leavers as part of the September reporting cycle.

There are various other small over and underspends forecast across the division netting to a £184k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £621k.

Children's Social Care and Youth Inclusion Division

The numbers of Looked after Children (LAC) in Merton remains relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below.

Overview	2016	2017	2018
Number of children in care as at 31st March	163	152	154
Of which UASC	22	20	28
Rate per 10,000	35	33	33
London Rate	51	50	n/a
England Rate	60	62	n/a

While the numbers remain relatively stable, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis to ensure that

projections of spend are as accurate as possible. Between July and August the forecast placement overspend has increased by £185k, mainly due to the revised end dates in residential placements.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Aug £000	Jul £000	Aug Nr	Jul Nr
Residential Placements	2,271	2,381	110	(53)	11	11
Independent Agency Fostering	1,816	1,966	150	197	41	43
In-house Fostering	978	1,387	410	389	58	60
Secure accommodation	136	122	(14)	(84)	2	1
Mother and baby	101	0	(101)	(101)	0	0
Supported lodgings/housing	1,792	1,868	76	97	54	57
Total	7,094	7,724	630	445	166	172

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the capacity within our in-house provision and the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts.

- The residential placement expenditure is now forecast to overspend by £110k. This is due to the fact that placements for 3 young people have now been budgeted to the end of the financial year. The numbers of young people in residential care remain the same and we have already previously forecast for two young people who will leave in September and October. Respite costs for one young person was transferred to the CWD budget.
- The agency fostering placement overspend has reduced by a further £47k from last month. This is due to three children leaving and one new child being placed.
- The in-house foster carer expenditure is forecast to overspend by £410k for the year. The increase off £21k from last month is due to the extension of an existing placement.
- We have one new young person in secure accommodation at the moment making a total of 2. The predicted underspend on this budget has therefore reduced to £14K.
- We still have had no mother and baby assessment placements for this year and are therefore forecasting no expected spend at this stage.
- We are forecasting that the budget for semi-independent accommodation and supported lodgings/housing placements will overspend by £76k. There were 54 semi-independent placements for young people at the end of August 2018. This is a net decrease of three placements this month resulting in a decreased overspend of £21K.

At the end of August, UASC placements are expected to overspend by £1.126m this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Aug £000	Jul £000	Aug Nr	Jul Nr
Independent Agency Fostering	272	392	120	183	12	12
In-house Fostering	225	550	325	269	20	20
Supported lodgings/housing	167	848	681	681	31	30
Total	664	1,790	1,126	1,133	63	62

- At the end of August we had 32 placements for UASC young people under 18. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+.
- We have budgeted for 31 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rota, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

We are forecasting a £956k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best estimate at this stage but is subject to change. A review has been underway to change the current provision with the intention that this should reduce the cost to Merton, but unfortunately the intended provider has withdrawn from the review and as a result it will not be possible to quantify any likely reduction in costs until fresh proposals are agreed. The current position of the CCG is that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once settled it is likely to mean that the reduced cost apportioned to the council will transfer from the general fund to the DSG.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £261k in the current financial year. This is about £90k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

We are expecting to overspend by £228k on the MASH and First Response teams' staffing costs. This is because the team is covering 12 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff. This is again a reduction from last month's overspend.

There are various other small over and underspends forecast across the division netting to a £340k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,541k.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £4.303m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £2.839m on Independent Day School provision. It is likely that these numbers will increase further towards year-end. There will be a review of contributions from the CCG for placement costs.

Other pressures include £714k on EHCP allocations to Merton primary and secondary schools, £763k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £763k on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting a £616k underspend on independent residential placements. The table below shows the increase in number of EHCPs over the past 4 years.

+Type of Provision	Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	%	No.	%	No.	%	No.	%
Mainstream School (inc. Academies)	456	44%	423	39%	432	34%	526	35%
State Funded Special School	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	15	1%	23	2%	32	3%	41	3%
Total	1045	100%	1078	100%	1264	100%	1486	100%

There are various other smaller over and underspends forecast across the DSG netting to a £160k underspend which, combined with the items above, equates to the net overspend of £4.303m.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to eleven in 2018/19. The main reasons for setting deficit budgets relate to a combination of factors. These include unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Staffing

At the end of quarter one, the number of employed Social Workers rose again in the last quarter to 125 (117.30 WTE) from 120 (113.6 WTE) in Q4. This increase is positive as it indicates a reduction in reliance on more expensive agency workers to cover establishment posts. Vacancy rates have continued to decrease to 22.32% (23.86% in Q4). This reflects an ongoing strong recruitment campaign in CSC. There were 12 new starters this quarter, including a HoS (Safeguarding & Care

Planning (S&CP)), 2 Team Managers (Children With Disabilities & Quality Assurance) and 9 SW's (5 X First Response (FR), 3 S&CP and 1 Vulnerable Children Team). Additionally a TM (S&CP3) and IRO are due to start in Q2. Offers have been made for; a Team Manager (MASH) and 8 SW's (inc. 4 NQWS's from Front line).

Turnover went up slightly in Q1 to 18.45% (17.95% in Q4) and reflects a sharp increase in the number of leavers(12 leavers).

The use of Agency Social Workers has reduced to 17% (from 20% in March 2018), as has agency expenditure (£470,225 in Q1 from £559,743 in Q4). 45% of all agency workers are working in MASH or First Response (FR), although strong recruitment to the vacant posts in FR is steadily reducing this figure. Most agency workers are covering vacant posts (74%). 16% are covering long-term vacancies (mainly secondments & maternity leave cover). 10% are over the establishment to meet service needs (mainly handovers as permanent staff are starting and will therefore only be over establishment for a short period of time). We are considering whether we can further reduce use of agency over the establishment.

Placements

We have good management oversight of children coming into care and our numbers remain stable. This stability disguises a reduction in the number of local children coming into care which is offset by the number of UASC entering our care. This pattern suggests that our early help arrangements continue to be effective in reducing the need for higher level interventions in those populations where early help can have an impact. We are aiming to strengthen this demand management further by the use of panel processes going forward. We are introducing a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UAS young people. We have recruited four new sets of foster carers (one who has come from an IFA with three of our UAS young people in placement) and there are fifteen new sets of mainstream carers in assessment, eight of whom are interested in fostering either teenagers or UAS young people, which is our area of greatest need. Whilst there may be a drop out in these applications, we are currently confident that we will be able to approve a significant number of carers this year. These figures compare favourably with last year when at the same point, only six carers were in assessment. Our aim is to slow down the increase in more expensive agency foster placements and our use of IFA placements has decreased slightly again this month, but there will be a time lag whilst assessments are completed. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the Domiciliary Care Framework to enable them to take and retain children with more challenging behaviours in placement.












We are also targeting our recruitment to increase our number of in house mother and child foster placements. Although there is no use of parenting assessment units at present this year, we placed 8 families for parental assessments during the course of last year. We have continued to support four of those families in IFA foster placements during on-going court processes, significantly affecting our IFA costs for the past 4 months.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. However, despite a reduction in numbers this month, we still have 54 young people in Semi-independent Accommodation (SIA) placements. We have

reintroduced the SIA panel and will be recording cost reductions as a result of this going forward. In addition we will be recruiting a specific BS post to chase Housing Benefit owed to the Council.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total five placements in the provision, this cost is £1,800 per week including support costs. This is a better financial deal than using the semi-independent market for our care leavers where the average cost for five placements averages at £2,500 per week for a similar service. We have five young people living there, fully utilising these cost-effective placements. We expect to be able to procure further placements of this type over the next quarter.

Our average placements costs against each budget code are reported each month. Our biggest increase is in the unit cost for secure accommodation. We have little choice over which accommodation our young people may be remanded to and costs are set by the YJB.

	May	June	July	Aug	Movement from last month	Aug
Description	£	£	£	£	£	No
ART Independent Agency Fostering	925	907	905	892	 -13	41
ART In-house Fostering	449	444	428	443	 15	58
UASC Independent Agency (Grant)	782	783	791	791	 0	12
UASC In house Fostering (Grant)	504	498	498	505	 7	14
UASC Independent Agency (Non-Grant)	766	770	761	764	 3	0
UASC In house Fostering (Non-Grant)	485	482	437	448	 11	6
ART Residential Placements	3,878	4,174	4,022	4,021	 -1	11
ART Secure Accommodation	0	0	3,752	3,918	 166	2
Supported Housing & Lodgings (Art 16+ Accommodation)	605	614	627	645	 18	54
Supported Housing & Lodgings - UASC (Grant)	834	835	841	839	 -2	6
Supported Housing & Lodgings - UASC (Non Grant)	480	486	520	507	 -13	25

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. We currently have nine young people remaining with in house foster carers and a further four with IFAs. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UAS young people. As already stated, we continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to children with complex needs, particularly through continuing healthcare funding. This is an area we need to improve and closer working with the CCG is a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate;

promotion of independent travel training and personal travel assistance budgets where this is option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both a request for assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have recently approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £1.836m, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Aug overspend forecast £000	Jul overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	76	97	156
Supported lodgings/housing- UASC	167	681	681	520
Un-accompanied asylum seeking children (UASC)	498	445	452	173
No Recourse to Public Funds (NRPF)	21	261	261	353
Total	2,478	1,463	1,491	1,202

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding of £21k was provided to support implementation of this change. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- the increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which are causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- new statutory duties in relation to children missing from education has increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level)

Further new burdens are expected for 2018/19 including:

- Social Care Act requirement for new assessment process for all social workers
- SEND tribunals will cover elements of children care packages and therefore cost
- New requirement of social work visits to children in residential schools and other provision.

Community & Housing Current Summary Position

Community and Housing is currently forecasting an over spend of £513k as at period 5 August 2018.

The department is currently forecasting an over spend of £513k as at August 2018 which is an increase of £16k since July. The Adult Social Care forecasted overspend has increased by £51k mainly due to agreed inflationary increases for placement providers. Paying a fair price for care is essential to ensure quality and sufficient capacity. All increases are approved by the Assistant Director.

The department's overall position continues to be impacted by the judicial review currently in progress. There are also additional pressures in the joint community equipment service which are being investigated. The department has developed a plan to address this issue and is consulting partner organisations for agreement.

The largest budget pressure in the department is Housing, where the shortfall in subsidy for temporary accommodation continues to be an issue. The pressure has reduced this month due to increased income.

The Public Health pressures are due to demand on sexual health services is expected to continue, but mitigating actions has reduced the overall pressure in period 5 August 2018.

Community and Housing	2018/19 Current Budget £000	Forecast (Aug'18) £'000	Forecast Variance (Aug'18) £000	Forecast Variance (Jul'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,986	45,902	(84)	(142)	455
Commissioning	4,579	4,585	6	(3)	211
Direct Provision	4,430	4,385	(45)	(41)	(195)
Directorate	973	1,163	190	203	181
Adult Social Care	55,967	56,035	67	17	652
Libraries and Heritage	1,996	2,015	19	12	20
Merton Adult Learning	(11)	(11)	0	0	(6)
Housing General Fund	1,848	2,188	341	359	256
Sub-total	59,800	60,227	427	388	922
Public Health	(143)	(57)	86	109	0
Grand Total	59,657	60,170	513	497	922

Access & Assessment - £84k underspend

This section is forecasting an under spend of £84k which made up of under and overspends as set out in the table below. This is due to a combination of issues such as, 15 new clients, inflationary uplifts to a provider mitigated by adjustments for transitions. On the whole placements has remained stable for a number of months but it is important to note that this is a volatile budget and demand could increase due to a number of reasons, particularly as we enter the winter period.

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Aug'18 £'000	Forecast Variances Jul'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares	(14)	(14)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	36	32	(307)
Placements	501	427	1,671
Income	(607)	(587)	(1,234)
Total	(84)	(142)	455

The placements budget is showing a small forecast underspend, when income is taken into account. However, it should be noted that we the winter is traditionally a period with high demand.

There is pressure on the pool equipment budget, which is joint with the Merton Clinical Commission Group (MCCG). Part of this pressure is due to a new requirement to increase the frequency of equipment inspection at an annual cost of £43K. Further analysis is in progress to ascertain reasons for increase in health prescriptions of equipment. Actions are being agreed with MCCG to mitigate or reduce this budget pressure.

The forecast also does not take account of forthcoming winter pressures. The impact of winter is difficult to assess, with each winter being different in its social care impact to the one before. The impact will depend on factors such as the frequency and duration of cold weather and the prevalence and strain of influenza. However, we should expect an increase in activity, including in short term placements and the increase in demand for reablement. The service has submitted a bid for winter resilience for £250k jointly with the community health provider and is awaiting the outcome. It is expected that a decision will be made shortly at an upcoming board meeting.

Savings for 2018/19 are largely on track. Two savings will not be achieved fully in year. The work on the mental health savings will continue into next financial year. The savings related to transport require further in depth work and will not be delivered this year. We expect these shortfalls to be met by the demand management work. The position on savings is fully reflected in the period 5 forecast.

The table below sets on the movement in the number of service users in each care group between months. It shows a net increase of 15 packages since July.

Total Number of Clients with an external care package

Placements	Nos. of Clients Aug'18	Nos. of Clients Jul'18	Nos. of Client Jun'18	Nos. of Client May'18
Older People	1142	1135	1150	1157
Physical/Sensory	213	211	214	215
Learning Disabilities	350	347	353	353
LD Housing Support	3	2	2	2
Mental Health	134	132	130	126
MH Housing Support	12	12	11	11
Substances Misuse	3	3	2	2
Grand Total	1857	1842	1862	1866

Commissioning - £6k overspend

The commissioning service is currently forecasting a small overspend of £6k as at August'18. Increased staff costs is offset by increased income and efficiencies.

Direct Provision - £45k underspend

Direct Provision service is forecasting an under spend of £45k. This service continues to improve with underspends in the daycentres supporting overspend on employee cost at Riverside Drive residential home.

The residential services are increasingly difficult to manage within budget for a number of reasons. CQC regulations, as well as best practice, determine the number of staff required per shift. The increasing complexity of residents, particularly at Riverside, where eight people live means this is usually a minimum of three, apart from overnight when there is one staff member awake and one sleeping in. Meadowsweet, with six residents has lower ratios but this will be kept under review as more of the residents there acquire additional support needs.

Pay increases in recent years, apart from the Single Status settlement of 2014 which added around £40k to the salaries budget, have been funded centrally.

Supported Living is able to contain costs by not requiring sleep-in staff, having fewer staff on shift, and having more flexibility as to when and how the staff are deployed, topping up core staff hours with bank staff. This model is difficult to replicate in Residential care.

Management are reviewing Riverside weekly to ensure that staffing is controlled as effectively as possible. There is an issue of long term sickness with a member of night staff which has added to the cost pressure as these shifts are expensive to cover.

Adult Social Care: other management action 2018/19

The detailed scrutiny of placements activity and commitments is reflected in the marginal increase in the budget forecast for Adult Social Care. This level of scrutiny will continue. The increase in income forecast is a reflection of the focus on improving the work of the financial assessment team.

We are renewing our focus on several areas

- Transitions from Children's to Adult Services

- Ensuring that Direct Payments are used for the designated purposes
- Staff rostering in in-house services to minimise the use of agency and bank staff and
- Planning with health and providers for winter

C&H - Other Services

Libraries - £19k overspend

The Library & Heritage Service is reporting a slight increase in overspend due to reduced take up of the Schools Library Service, which impacts on income collection. Salary forecasts have also been reviewed and costs have also gone up to reflect maternity cover. There also an outstanding query regarding business rates and if it is resolved in the service favour will result in the reduction in Libraries current forecasted overspend.

Merton Adult Education – Breakeven

The Merton Adult Learning service continues to forecast a breakeven position for 2018/19.

Housing - £341k overspend

The housing service is forecasting an over spend as at August'18 of £341k which is a reduction of £19k since July'18. It is expected that forecast in this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy and client contributions.

The market for temporary housing is distorted by its reliance on housing benefit and the introduction of a subsidy cap on housing benefit. It bears resemblance to the wider housing market in London e.g. inexpensive accommodation is rare and in high demand, it has a key distortion which is driven by the Welfare Benefits system it supports.

Generally speaking the supply of temporary accommodation is owned by a number of private landlords with properties. The pricing of this accommodation is reliant on Welfare Benefit subsidy arrangements, rather than the more natural market pricing

In recognition of this pricing mechanism and in the face of escalating Housing Benefit costs, government imposed a cap on subsidy cost, and thereby temporary accommodation costs in 2011, when it fixed Local Housing Allowances, which were previously increased at an inflationary rate on annual basis. The cap has been fixed at 90% of Local Housing Allowance levels in 2011, with a fixed additional £40 per week (notional administration costs. Temporary accommodation pricing has settled therefore at 90% of Local Housing Allowance plus £40.

In April 2017, the £40 per week management fee was removed from Housing Benefit subsidy formula with at "least equivalent" funding being devolved to the Council through a new grant (Flexible Homeless support Grant). This is included in current forecast.

Despite this, and despite the cap on subsidy, the demand for temporary accommodation continues to be fierce and the competition for it across London is great. Landlords continue to demand the LHA formula plus a premium. The effect of this there is a net cost to the budget for this type of accommodation, which falls fully on the housing General fund. Furthermore in an attempt to control the pricing structure for accommodation London Councils Housing Directors have adopted a maximum fee rate for landlords. Officers continue to be compliant with these arrangements.

Demand arrangement

This revolves around increasing homeless prevention activities and providing housing solutions

By way of a background, we have little room to improve here and this is demonstrated by

This service continues to maintain the lowest numbers of homeless households in temporary accommodation (TA) in London, as at the end of August 2018 there were 176, which is an increase of one household in TA accommodation.

The average number of households in temporary accommodation as at the end of March 18, using data from 8 boroughs (including Merton) which include Croydon, Kingston, Lambeth, Richmond, Wandsworth, Bromley and Sutton is 1,139.

In addition with the implementation of the HRA on the 3rd April 2018 the service has assessed 479 new cases, which is an increase of 57% in case load from last financial year. It is important also to point out that of the 479 cases assessed, only 72 cases were accommodated in TA (15% and 62 households left TA in the same period.

Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Aug'18) £'000	Forecast Variances (Jul'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	752	769	909
Temporary Accommodation-Client Contribution	(140)	(612)	(565)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	(92)	(81)	(160)
Temporary Accommodation-Subsidy Shortfall	322	489	517	517
Temporary Accommodation- Grant	-	(466)	(466)	(406)
Sub-total Temporary Accommodation	512	71	174	259
Housing Other Budgets- Over(under)spend	1,336	270	185	(3)
Total	1,848	341	359	256

Temporary Accommodation (TA) Movements to date

The data below shows the number of households i.e. families and single (placements) in TA.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2018	16	16	165
April 2018	22	17	170
May 2018	21	16	175
June 2018	14	17	172
July 2018	15	12	175
August 2018	16	15	176

Public Health - £86k overspend

This service is forecasted overspend has reduced by £22k since July to £86k. The service had identified mitigating actions to reduce overspend and it is anticipated that the service will achieve a breakeven position. There is however as previously reported the risk of an increase in demand for sexual health services due to the emergence of a new pathogen.

Corporate Items

The details comparing actual expenditure up to 31 August 2018 against budget are contained in Appendix 2. The main areas of variance as at 31 August 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	8,403	8,930	527	(32)	(103)
Investment Income	(759)	(759)	0	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	1,122	0	0	(736)
Contingencies and provisions	4,291	4,291	0	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(2,357)	(2,357)	0	0	2,445
Central Items	4,276	4,276	0	0	(823)
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	(5,391)	(4,864)	527	(32)	(926)

In August there has been a change to the forecast for the contribution towards capital financing costs from the South London Waste Project (SWLP). This has reduced from the budgeted contribution of £0.835m to £0.276m in 2018/19.

4 Capital Programme 2018-22

4.1 The Table below shows the movement in the 2018/22 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	9,878	0	9,878	26,252		26,252	3,945	0	3,945	12,083	0	12,083
C&H	932	0	932	480		480	630	0	630	280	0	280
CSF	11,507	(2,419)	9,088	13,626	2,419	16,045	3,202	0	3,202	650	0	650
E&R	19,810	191	20,001	8,060		8,060	7,517	0	7,517	7,264	0	7,264
TOTAL	42,127	(2,228)	39,899	48,418	2,419	50,837	15,294	0	15,294	20,277	0	20,277

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at July 2018. The detail is shown in Appendix 5a

Capital Budget Monitoring August 2018

Department	2018/19 Actuals £	Profiled Budget To August £	Variance £	Revised Annual Budget £	August Year End Forecast £	Forecast Full Year Variance £
Corporate Services	1,878,792	2,957,240	(1,078,448)	9,878,040	9,461,777	(416,263)
Community and Housing	408,256	451,090	(42,834)	931,990	930,323	(1,667)
Children Schools & Families	2,066,355	2,110,760	(44,405)	9,087,720	9,087,720	(0)
Environment and Regeneration	5,041,732	5,099,235	(57,503)	20,001,240	19,968,503	(32,738)
Total	9,395,135	10,618,325	(1,223,190)	39,898,990	39,448,322	(450,668)

- a) Corporate Services – There is currently one projected in year underspend Customer Contact (£416k). There is also one proposed virement from the ePayments System to Invoice Scanning FIS of £59k
- b) Community and Housing – Officers are projecting a small underspend of £2k on Libraries IT.
- c) Children, Schools and Families – Officers are currently projecting no underspends on budgets, with the exception of Harris Wimbledon. £2,419k of budget for Secondary and SEN Schools is being re-profiled from 2018/19 to 2019/20. Under the schools PFI contract the council has a liability for essential works that are undertaken by the PFI contractor. The present estimate is £220k for all four schools and the proposal is that this sum is vired from Harris Wimbledon to fund this liability. £105k of this cost is for Harris Academy Merton. Officers have received legal advice on whether this can be passed to the Academy Federation who receive capital grants from government for capital maintenance; there is a process for requesting the Department for Education which will be undertaken but there is no guarantee this will be recovered. A virement from Harris Wimbledon to Perseid for £152k to cover additional costs of the Perseid expansion project is also being progressed.
- d) Environment and Regeneration – Officers are currently projecting one underspend £50k on Fleet Vehicles and £33k in Parks Investment. £150k has been added for a TfL Bus Priority Scheme and £41k added for school keep clear. The school keep clear scheme has been supplemented by 9 virements totalling £150k

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month, those requiring Cabinet approval are summarised in the following table:-

Scheme	2018/19 Budget	2019/20 Budget	Narrative
<u>Children, Schools and Families</u>			
Cricket Green expansion	(955,730)	955,730	Reflects the estimated programme post contract award
Secondary School Autism Unit (Harris Morden)	(160,000)	160,000	Reprofiled in accordance with anticipated spend
Unallocated SEN (Further SEN provision)	(188,000)	188,000	Reprofiled in accordance with anticipated spend
Harris Academy Morden - Expansion	(143,560)	143,560	Reprofiled in accordance with anticipated spend
St Mark's Academy	(200,000)	200,000	Reprofiled in accordance with anticipated spend
Perseid Expansion	152,000	0	Virement to cover additional costs of expansion
Harris Academy Wimbledon - Expansion	(1,142,940)	771,440	Virement to Cover Essential Works at PFI Schools
Harris Academy Morden - Essential Wks	104,000	0	Virement to Cover Essential Works at PFI Schools
Ricards Lodge - Essential Wks	15,000	0	Virement to Cover Essential Works at PFI Schools
Raynes Park - Essential Wks	79,000	0	Virement to Cover Essential Works at PFI Schools
Rutlish - Essential Wks	21,500	0	Virement to Cover Essential Works at PFI Schools
<u>Environment and Regeneration</u>			
Bus Priority Scheme	150,000	0	New TFL Funding
School Keep Clear B750-7	190,480		£50k S106 remainder virement
Fleet Vehicles	(60,000)		Virement to School Keep Clear
Alley Gating	(1,510)		Virement to School Keep Clear
Street Trees	(2,310)		Virement to School Keep Clear
Street Lighting	(11,210)		Virement to School Keep Clear
Traffic Schemes	(5,600)		Virement to School Keep Clear
Surface Water Drainage	(2,700)		Virement to School Keep Clear
Footways	(18,110)		Virement to School Keep Clear
Anti Skid	(3,400)		Virement to School Keep Clear
Borough Roads	(44,710)		Virement to School Keep Clear
Total	(2,227,800)	2,418,730	

4.4 Appendix 5c details the impact all the adjustments to the Capital Programme have on the funding of the programme in 2018-22. The table below summarises the movement in 2018/19 funding since its approval in February 2018:

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051				(18,656)	9,878
Community & Housing	773	165	(5)			0	932
Children Schools & Families	15,158	924		928	15	(7,937)	9,088
Environment and Regeneration	21,853	919		1,942		(4,713)	20,001
Total	61,266	7,059	(5)	2,870	15	(31,306)	39,899

4.5 The table below compares capital expenditure (£000s) to August 2018 to that achieved over the last few years:

Depts.	Spend To August 2015	Spend To August 2016	Spend To August 2017	Spend to August 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	431	568	714	1,879	1,448	1,311	1,165
C&H	23	119	174	408	385	289	235
CSF	6,719	2,032	1,213	2,066	(4,653)	34	853
E&R	1,889	4,343	3,368	5,042	3,153	698	1,674
Total Capital	9,062	7,062	5,469	9,395	333	2,333	3,926

Outturn £000s	29,327	30,626	32,230	
Budget £000s				39,899
Projected Spend August 2018 £000s				39,448
Percentage Spend to Budget				23.55%
% Spend to Outturn/Projection	30.90%	23.06%	16.97%	23.82%
Monthly Spend to Achieve Projected Outturn £000s				4,293

- 4.6 August is 5 months into the financial year and departments have spent just under 24% of the budget. Spend to date is higher than each of the previous financial years shown.

Department	Spend To July 2018 £000s	Spend To Aug 2018 £000s	Increase £000s
CS	1,527	1,879	352
C&H	264	408	144
CSF	1,553	2,066	513
E&R	4,023	5,042	1,019
Total Capital	7,368	9,395	2,027

- 4.7 During August 2018 officers spent £2.027 million. If spend can be maintained throughout the rest of the financial year then this will result in a higher outturn than the last three financial years. Finance officers will continue to work with budget managers to re-profile budgets across the approved programme.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 5 Forecast Shortfall	Period 4 Forecast Shortfall	Period Forecast Shortfall (P5)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	302	13.7%	0
Environment and Regeneration	1,874	1,188	686	636	36.6%	127
Total	6,585	5,122	1,463	1,413	22.2%	502

Appendix 6 details the progress on savings for 2018/19 by department, with the position deteriorating by £50k since last month.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 5 Projected shortfall	2019/20 Period 5 Projected shortfall	2018/19 Period 4 Projected shortfall	2019/20 Period 4 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	2,258	1,163	45	1,114	45
Total	10,398	2,662	1,312	94	1,263	94

Appendix 7 details the progress on savings for 2017/18 by department and the impact on the current year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

- Appendix 1- Detailed position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2018/19
- Appendix 5b - Detail of Virements
- Appendix 5c - Summary of Capital Programme Funding
- Appendix 6 – Progress on savings 2018/19
- Appendix 7 – Progress on savings 2017/18

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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APPENDIX 1

Summary Position as at 31st August 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast 2018/19 £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-
3A. Corporate Services	9,495	10,607	9,350	(1,257)	(1,218)	(812)
3B. Children, Schools and Families	56,145	56,495	60,126	3,630	3,404	2,249
3C. Community and Housing	-	-	-	-	-	-
Adult Social Care	58,778	59,237	59,305	68	18	646
Libraries & Adult Education	2,771	2,694	2,713	19	12	20
Housing General Fund	2,207	2,141	2,481	340	359	256
3D. Public Health	(0)	0	86	86	108	0
3E. Environment & Regeneration	17,951	18,550	17,916	(633)	(698)	-1,211
NET SERVICE EXPENDITURE	147,345	149,724	151,976	2,253	1,985	1,148
3E. Corporate Items	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	8,930	527	(32)	(103)
Other Central items	(12,353)	(14,732)	(14,732)	0	0	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(5,391)	(4,864)	527	(32)	(926)
TOTAL GENERAL FUND	144,333	144,333	147,113	2,780	1,953	222
Funding	-	-	-	-	-	-
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
Grants	(56,894)	(56,894)	(56,894)	0	0	(487)
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
Council Tax	-	-	-	-	-	-
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPC	(331)	(331)	(331)	0	0	0
Council Tax and Collection Fund	(87,439)	(87,439)	(87,439)	0	0	0
FUNDING	(144,333)	(144,333)	(144,333)	0	0	(487)
NET	(0)	(0)	2,780	2,780	1,953	(265)

Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	2,631	1,856	8,930	527	(32)	(103)
Impact of Capital on revenue budget	8,403	8,403	8,403	2,631	1,856	8,930	527	(32)	(103)
Investment Income	(759)	(759)	(759)	(316)	(348)	(759)	0	0	408
Pension Fund	3,346	3,346	3,346	0	0	3,346	0	0	(389)
Corporate Provision for Pay Award	2,108	2,108	744		0	744	0	0	0
Provision for excess inflation	378	378	378		0	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	2,486	2,486	1,122	0	0	1,122	0	0	(736)
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,500)
Single Status/Equal Pay	100	100	100		10	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Reduction in Education Services Grant	0	0	0		0	0	0	0	0
Apprenticeship Levy	450	450	450	150	126	450	0	0	(235)
Revenuisation and miscellaneous	1,361	1,361	1,361		316	1,361	0	0	(432)
Contingencies and provisions	4,291	4,291	4,291	150	453	4,291	0	0	(2,447)
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
Income items	(1,367)	(1,367)	(1,367)	0	(6)	(1,367)	0	0	(104)
Appropriations: CS Reserves	0	0	(648)	(648)	(555)	(648)	0	0	0
Appropriations: E&R Reserves	4	4	(361)	(361)	43	(361)	0	0	2
Appropriations: CSF Reserves	49	49	47	47	(2)	47	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	(1,342)	(1,342)	(2,357)	(2,357)	(514)	(2,357)	0	0	2,445
Depreciation and Impairment	(19,008)	(19,008)	(19,008)	0	0	(19,008)	0	0	0
Central Items	(3,950)	(3,950)	(6,329)	108	1,441	(5,802)	527	(32)	(926)
Levies	938	938	938	395	395	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(3,012)	(5,391)	503	1,836	(4,864)	527	(32)	(926)

Pay and Price Inflation as at August 2018

In 2018/19, the budget includes 2.7% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.378m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.4% and RPI at 3.4% this budget will only be released when it is certain that it will not be required

Pay:

The local government pay award for 2018/19 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%. The Chief Officers pay award is 2% for 2018/19.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.7% in August 2018, up from 2.5% in July 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.4% in August 2018, up from 2.3% in July 2018.

Rising prices for a range of recreational and cultural goods and services, transport services and clothing produced the largest upward contributions to the change in the rate between July and August 2018. Partially offsetting downward contributions came from furniture and household goods, and telecommunications; prices for these rose between July and August 2018 but by less than a year ago.

The RPI 12-month rate for August 2018 stood at 3.5%, up from 3.2% in July 2018.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 12 September 2018, the MPC voted unanimously to maintain the Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The next Bank Rate decision by the MPC is on 1 November 2018.

The latest Inflation Report was published on the 2 August 2018.

In the August 2018 Inflation Report, the MPC noted that "with a very limited degree of slack remaining, a small margin of excess demand was therefore projected to emerge by late 2019 and build thereafter, feeding through into higher growth in domestic costs than has been seen over recent years. The contribution of external cost pressures, which has accounted for above-target inflation since the beginning of 2017, was projected to ease over the forecast period. Taking these influences together, and conditioned on the gently rising path of Bank Rate, CPI inflation remained slightly above 2% through most of the forecast period, reaching the target in the third year"

In the minutes to its September 2018 meeting the MPC stated that "recent news in UK macroeconomic data has been limited and the MPC's August projections appear to be broadly on track. UK GDP grew by 0.4% in 2018 Q2 and by 0.6% in the three months to July. The UK labour market has continued to tighten, with the unemployment rate falling to 4.0% and the number of

vacancies rising further. Regular pay growth has risen further to around 3% on a year earlier. CPI inflation was 2.5% in July”.

The MPC also note the continuing uncertainty in relation to Brexit saying that it “continues to recognise that the economic outlook could be influenced significantly by the response of households, businesses and financial markets to developments related to the process of EU withdrawal. Since the Committee’s previous meeting, there have been indications, most prominently in financial markets, of greater uncertainty about future developments in the withdrawal process.”

In summary the MPC concluded that “were the economy to continue to develop broadly in line with the August Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. As before, these projections were conditioned on the expectation of a smooth adjustment to the average of a range of possible outcomes for the United Kingdom’s eventual trading relationship with the European Union.... Any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent.”

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (September 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.8	2.6	2.2
RPI	2.9	3.8	3.2
LFS Unemployment Rate	3.8	4.5	4.1
2019 (Quarter 4)			
CPI	1.5	3.5	2.1
RPI	2.6	4.2	3.1
LFS Unemployment Rate	3.6	4.8	4.2

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2018 to 2022 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.4	2.1	2.0	2.0	2.1
RPI	3.4	3.1	3.0	3.1	3.2
LFS Unemployment Rate	4.2	4.2	4.2	4.3	4.4

Treasury Management: Outlook

At its meeting ending on 12 September 2018, the MPC voted unanimously to maintain the Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to the meeting the MPC concluded that “although it was too early to arrive at a comprehensive view of the effects of last month’s increase in Bank Rate, the initial impact on interest rates faced by households and companies had been consistent with the passthrough of the November 2017 Bank Rate increase. Variable mortgage rates had adjusted fully to August’s 0.25 percentage point increase and the pricing of fixed-rate mortgages had generally increased prior to the rise in Bank Rate, reflecting the move up in swap rates earlier this year as financial markets had anticipated a tightening in monetary policy. Household sight deposit rates were likely to increase in coming months...”

The MPC maintained that “were the economy to continue to develop broadly in line with the August Inflation Report projections..... Any future increases in Bank Rate were likely to be at a gradual pace and to a limited extent.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit up to May 2016 are summarised in the following table:-

	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q.3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021	End Q.3 2021
Aug.'18	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1
May '18	0.7	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2	
Feb.'18	0.6	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2		
Nov.'17	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0			
Aug.'17	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8				
May '17	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5					
Feb'17	0.4	0.4	0.5	0.5	0.6	0.6	0.7						
Nov.'16	0.3	0.3	0.3	0.3	0.4	0.4							
Aug.'16	0.1	0.2	0.2	0.2	0.2								
May '16	0.6	0.7	0.7	0.8									
Feb. '16	1.0	1.0	1.1										
Nov '15	1.2	1.3											
Aug.'15	1.7												

Source: Bank of England Inflation Reports

In order to maintain price stability, the Government has set the Bank’s Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government’s economic policy, including its objectives for growth and employment.

The MPC's projections are underpinned by four key judgements :-

1. global demand grows at above-potential rates
2. net trade and business investment continue to support UK activity, while consumption growth remains modest
3. demand growth outstrips subdued potential supply growth, and a margin of excess demand emerges, pushing up domestic cost growth
4. domestic inflationary pressures continue to build over the forecast period, while external cost pressures ease

Merton Capital Programme August 2018 Monitoring

Description	2018/19 Actual	Profiled Budget To August	Variance	Revised Annual Budget	August Year End Forecast	Forecast Full Year Variance
Capital	9,395,135	10,618,325	(1,223,190)	39,898,990	39,448,322	(450,668)
Corporate Services	1,878,792	2,957,240	(1,078,448)	9,878,040	9,461,777	(416,263)
Business Improvement	101,767	58,970	42,797	2,412,980	1,996,717	(416,263)
Customer Contact Programme	4,305		4,305	1,899,010	1,482,747	(416,263)
IT Systems Projects	49,462	58,970	(9,508)	363,970	363,970	(0)
Social Care IT System	48,000		48,000	150,000	150,000	0
Facilities Management Total	1,055,864	1,535,720	(479,856)	3,301,220	3,301,220	0
Works to other buildings	49,375	260,040	(210,665)	695,040	695,040	0
Civic Centre	78,683	268,430	(189,747)	568,430	568,430	0
Invest to Save schemes	927,806	1,007,250	(79,444)	2,037,750	2,037,750	0
Infrastructure & Transactions	656,161	1,164,000	(507,839)	2,005,290	2,005,290	0
Disaster recovery site	393,638	175,000	218,638	394,290	394,290	0
Planned Replacement Programme	262,523	989,000	(726,477)	1,611,000	1,611,000	0
Resources	0	132,050	(132,050)	132,050	132,050	0
ePayments System		91,050	(91,050)	32,050	32,050	0
Invoice Scanning SCIS/FIS		41,000	(41,000)	100,000	100,000	0
Corporate Items	65,000	66,500	(1,500)	526,500	526,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Capital Bidding Fund			0	0	0	0
Transformation Budgets			0			0
Multi Functioning Device (MFD)			0			0
Westminster Ccl Coroners Court			0	460,000	460,000	0
Investments	0	0	0	1,500,000	1,500,000	0
Housing Company			0	1,500,000	1,500,000	0
Community and Housing	408,256	451,090	(42,834)	931,990	930,323	(1,667)
Adult Social Care	0	43,750	(43,750)	43,750	43,750	0
Telehealth	0	43,750	(43,750)	43,750	43,750	0
Housing	397,143	370,600	26,543	771,500	771,500	0
Disabled Facilities Grant	397,143	370,600	26,543	771,500	771,500	0
Libraries	11,113	36,740	(25,627)	116,740	115,073	(1,667)
Library Enhancement Works	7,113	16,740	(9,627)	16,740	16,740	0
Major Library Projects			0			0
Libraries IT	4,000	20,000	(16,000)	100,000	98,333	(1,667)

Merton Capital Programme August 2018 Monitoring

Description	2018/19 Actual	Profiled Budget To August	Variance	Revised Annual Budget	August Year End Forecast	Forecast Full Year Variance
Children Schools & Families	2,066,355	2,110,760	(44,405)	9,087,720	9,087,720	(0)
Primary Schools	78,849	791,330	(712,481)	836,050	836,050	0
Hollymount			0	59,850	59,850	0
Hatfeild	264	50,000	(49,736)	50,000	50,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(21,195)	50,980	(72,175)	50,980	50,980	0
Poplar	(8,371)	40,000	(48,371)	40,000	40,000	0
Wimbledon Park		23,500	(23,500)	23,500	23,500	0
Abbotsbury	(628)		(628)			0
Morden	8,622	74,380	(65,758)	74,380	74,380	0
Cranmer	12,528	72,000	(59,472)	66,000	66,000	0
Gorringe Park	6,401	60,000	(53,600)	40,000	40,000	0
Haslemere	3,023	50,000	(46,977)	50,000	50,000	0
Liberty	7,400	70,000	(62,600)	70,000	70,000	0
Links	(690)		(690)			0
Singlegate		11,000	(11,000)	11,000	11,000	0
St Marks	8,396	99,240	(90,844)	99,240	99,240	0
Lonesome	264	55,000	(54,736)	55,000	55,000	0
Stanford	60,000	132,330	(72,330)	132,330	132,330	0
Unlocated Primary School Proj			0	10,870	10,870	0
Secondary School	1,045,763	428,210	617,553	5,193,090	5,193,090	(0)
Harris Academy Morden			0	104,000	104,000	0
Harris Academy Merton	307,457	173,130	134,327	444,090	444,090	0
St Mark's Academy		50,000	(50,000)			0
Raynes Park			0	574,000	574,000	0
Ricards Lodge			0	15,000	15,000	0
Rutlish			0	21,500	21,500	0
Harris Academy Wimbledon	738,306	205,080	533,226	4,034,500	4,034,500	(0)
SEN	790,758	1,042,260	(251,502)	2,537,980	2,537,980	0
Perseid	729,200	475,960	253,240	1,087,960	1,087,960	0
Cricket Green	60,351	428,370	(368,019)	1,350,000	1,350,000	0
Secondary School Autism Unit		30,000	(30,000)			0
Unlocated SEN	1,207	77,930	(76,723)	100,020	100,020	0
Melbury College - Smart Centre		30,000	(30,000)			0
CSF Schemes	150,985	(151,040)	302,025	520,600	520,600	0
CSF Other Schemes	3,735	58,310	(54,575)	58,310	58,310	0
School Equipment Loans		(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	147,250		147,250	353,390	353,390	0

Merton Capital Programme August 2018 Monitoring

Description	2018/19 Actual	Profiled Budget To August	Variance	Revised Annual Budget	August Year End Forecast	Forecast Full Year Variance
Environment and Regeneration	5,041,732	5,099,235	(57,503)	20,001,240	19,968,503	(32,738)
Public Protection and Developm	219		219	229,970	229,970	0
Off Street Parking - P&D			0	190,480	190,480	0
CCTV Investment	219		219	39,490	39,490	0
Public Protection and Developm			0			0
Street Scene & Waste	7,861	227,630	(219,769)	5,947,120	5,947,120	0
Fleet Vehicles		156,400	(156,400)	502,900	502,900	0
Alley Gating Scheme	7,861	15,000	(7,139)	38,490	38,490	0
Smart Bin Leases - Street Scen			0	5,500	5,500	0
Waste SLWP		56,230	(56,230)	5,400,230	5,400,230	0
Sustainable Communities	5,033,651	4,871,605	162,046	13,824,150	13,791,413	(32,738)
Street Trees			0	57,690	57,690	0
Highways & Footways	666,252	1,248,790	(582,538)	4,544,150	4,544,150	0
Cycle Route Improvements	174,493	245,200	(70,707)	480,830	480,830	0
Mitcham Transport Improvements	20,515	211,680	(191,165)	713,680	713,680	0
Tackling Traffic Congestion			0		(1)	(1)
Mitcham Area Regeneration	8,210	339,360	(331,150)	186,360	186,360	0
Morden Area Regeneration			0			0
Borough Regeneration	219,505	204,820	14,685	559,590	559,590	0
Morden Leisure Centre	3,692,861	2,000,000	1,692,861	6,203,360	6,203,360	0
Sports Facilities	64,254		64,254	446,960	446,960	0
Parks	187,561	567,865	(380,304)	577,640	544,903	(32,737)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - August 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
e-Payments System		91,050	(59,000)			32,050	0	0	0	Reprofiling between schemes in accordance with projected costs
Invoice Scanning FIS		41,000	59,000			100,000	0	0	0	Reprofiling between schemes in accordance with projected costs
Children, Schools and Families	-									
Cricket Green expansion	(1)	2,305,730			(955,730)	1,350,000	3,046,000	955,730	4,001,730	Reflects the estimated programme post contract award
Secondary School Autism Unit (Harris Morden)	(1)	160,000			(160,000)	0	1,200,000	160,000	1,360,000	Reprofiled in accordance with anticipated spend
Unallocated SEN (Further SEN provision)	(1)	288,020			(188,000)	100,020	1,000,000	188,000	1,188,000	Reprofiled in accordance with anticipated spend
Harris Academy Morden - Expansion	(1)	143,560			(143,560)	0	2,899,940	143,560	3,043,500	Reprofiled in accordance with anticipated spend
St Mark's Academy	(1)	200,000			(200,000)	0	2,552,300	200,000	2,752,300	Reprofiled in accordance with anticipated spend
Perseid Expansion	(1)	935,960	152,000			1,087,960	0		0	Virement to cover additional costs of expansion
Harris Academy Wimbledon - Expansion	(1)	5,177,440	(371,500)		(771,440)	4,034,500	2,172,570	771,440	2,944,010	Virement to Cover Essential Works at PFI Schools & additional Costs Perseid
Harris Academy Morden - Essential Wks	(1)	0	104,000			104,000	0	0	0	Virement to Cover Essential Works at PFI Schools
Ricards Lodge - Essential Wks	(1)	0	15,000			15,000	0	0	0	Virement to Cover Essential Works at PFI Schools
Raynes Park - Essential Wks	(1)	0	79,000			79,000	0	0	0	Virement to Cover Essential Works at PFI Schools
Rutlish - Essential Wks	(1)	0	21,500			21,500	0	0	0	Virement to Cover Essential Works at PFI Schools
Environment and Regeneration										
Bus Priority TfL	(1)	0		150,000		150,000		0		New TfL Scheme
School Keep Clear B750-7	(1)	0	149,550	40,930		190,480	0	0	0	Virement and S106 Funding
Fleet Vehicles	(1)	562,900	(60,000)			502,900	300,000	0	300,000	Virement to School Keep Clear
Alley Paving	(1)	40,000	(1,510)			38,490	40,000	0	40,000	Virement to School Keep Clear
Street Trees	(1)	60,000	(2,310)			57,690	60,000	0	60,000	Virement to School Keep Clear
Street Lighting	(1)	298,020	(11,210)			286,810	290,000	0	290,000	Virement to School Keep Clear
Traffic Schemes	(1)	148,320	(5,600)			142,720	150,000	0	150,000	Virement to School Keep Clear
Surface Water Drainage	(1)	72,000	(2,700)			69,300	77,000	0	77,000	Virement to School Keep Clear
Footways	(1)	994,040	(18,110)			975,930	1,000,000	0	1,000,000	Virement to School Keep Clear
Anti Skid	(1)	90,000	(3,400)			86,600	90,000	0	90,000	Virement to School Keep Clear
Borough Roads	(1)	1,700,000	(44,710)			1,655,290	1,200,000	0	1,200,000	Virement to School Keep Clear
Total		13,308,040	0	190,930	(2,418,730)	11,080,240	16,077,810	2,418,730	18,496,540	

1) Requires Cabinet Approval

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	29,622	12,505	42,127
<u>Children, Schools and Families</u>			
Cricket Green expansion	(956)	0	(956)
Secondary School Autism Unit (Harris Morden)	(160)	0	(160)
Unallocated SEN (Further SEN provision)	(188)	0	(188)
Harris Academy Morden - Expansion	(144)	0	(144)
St Mark's Academy	(200)	0	(200)
Harris Academy Wimbledon - Expansion	(771)	0	(771)
<u>Environment and Regeneration</u>			
Bus Priority Scheme	0	150	150
School Keep Clear	41	0	41
Proposed Capital Programme	27,244	12,655	39,899

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	44,099	4,319	48,418
<u>Children, Schools and Families</u>			
Cricket Green expansion	956	0	956
Secondary School Autism Unit (Harris Morden)	160	0	160
Unallocated SEN (Further SEN provision)	188	0	188
Harris Academy Morden - Expansion	144	0	144
St Mark's Academy	200	0	200
Harris Academy Wimbledon - Expansion	771	0	771
Proposed Capital Programme	46,517	4,319	50,837

APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 5 Forecast Shortfall	Period 4 Forecast Shortfall	Period Forecast Shortfall (P5)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	302	13.7%	0
Environment and Regeneration	1,874	1,188	686	636	36.6%	127
Total	6,585	5,122	1,463	1,413	22.2%	502

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
Adult Social Care											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	John Morgan	Achieved as at period 4 (cumulative reduction in placement spend April to July)	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	38	62	R	100	0	G	Richard Ellis	Work is ongoing regarding the integration model for mental health	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	A	38	0	G	Steve Langley	Project recruited. Plan & timetable in place	Y
Page 71 PH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	A	50	0	G	Phil Howell	Analysis done. Work is underway with the Direct Payments team	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	100	0	A	Richard Ellis	Not achievable in 1819	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis	Additional income from more efficient processes. £115k achieved to date	Y
Subtotal Adult Social Care		1,506	1,344	162		1,506	0				
Library & Heritage Service											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	Anthony Hopkins		Y
Housing Needs & Enabling											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	A	62	0	G	Steve Langley	Work on demand and capacity is in progress. May be achieved through new income streams.	Y

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<u>Schools</u>								
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	200	0	G	0	G	Jane McSherry		N
	<u>Commissioning, Strategy and Performance</u>								
CSF2015-04	Commissioning rationalisation	60	0	G	0	G	Leanne Wallder		N
	<u>Cross cutting</u>								
CSF2017-01	Review of non-staffing budgets across the department	106	0	G	0	G	Jane McSherry		N
CSF2017-02	Reduction in business support unit staff	33	0	G	0	G	Jane McSherry		N
	<u>Children Social Care</u>								
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	0	G	0	G	Jane McSherry		N
CSF2017-04	South London Family Drug and Alcohol Court commissioning	45	0	G	0	G	Jane McSherry		N
	Total Children, Schools and Families Department Savings for 2017/18	489	0		0				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G	18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G	100	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
PUBLIC PROTECTION											
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	Cathryn James		N
Page 5/3 ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	Cathryn James	£13k saving will be made in CCTV but equipment savings of £47k will not be achieved in Parking due to continued necessary expenditure on P&D maintenance / technical team operations.	Y
Page 5/3 ENR05	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R	0	40	R	Cathryn James	Alternative saving required	Y
Page 5/3 ENV05	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	Cathryn James	Commercial income generating team to be established as part of the proposed restructure of regulatory services. Currently investigating charging for food hygiene rating rescues.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	22	22	R	44	0	G	Cathryn James	Implementation of saving delayed due to May 18 elections. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	In May 2017, we were advised that members wanted options to review/increase permit prices for all Parking activities. These options have now been collated for presentation to the new Cabinet member following the May 18 election. Any increase in season tickets will form part of this as extensive work will be needed to change relevant TMOs / statutory notices etc. Once decided, it is unlikely that any price increases will be implemented before April 19. Shortfall will be mitigated by over-achievement in other revenue streams	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
PUBLIC SPACE											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G	4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G	5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G	100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G	-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award	N
ENV18	Greenspaces: Increased income from events in parks	100	50	50	R	100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	Y
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G	9	0	G	Anita Cacchioli	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	Alternative saving required	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	0	150	R	150	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	0	35	R	35	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV38	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENV39	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENV40	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	This can no longer be delivered as LB Sutton no longer require this service.	Y
Total Environment and Regeneration Savings 2018/19		1,874	1,188	686		1,747	127				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend?
Customers, Policy & Improvement									
CSD19	Staff reductions - Delete 1 FTE	49	0	G	0	G	Sophie Poole		Y
CS2015-11	Reduction in corporate grants budget	19	0	G	0	G	John Dimmer		Y
CSREP 2018-19 (7)	Translation - increase in income	10	0	A	0	A	Sean Cunniffe	The decision of existing customers to refer work elsewhere, within other organisations i.e. LB Sutton using RBK translation Services.	N
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
Infrastructure & Technology									
CS71	Delete two in house trainers posts	43	0	G	0	G	Richard Warren		Y
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	G	0	G	Richard Neal		Y
CS2015-09	Restructure of Safety Services & Emergency Planning team	30	0	G	0	G	Adam Vicarri		Y
CS2015-10	FM - Energy invest to save	465	465	R	365	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving will be delayed with £100k expected in 19/20 and the balance in 20/21. Shortfall to be funded by Corporate Services reserve	Y
CSREP 2018-19 (1)	Renegotiation of income generated through the corporate catering contract	20	0	G	0	G	Edwin O Donnell		Y
CSREP 2018-19 (2)	Review the specification on the corporate cleaning contract and reduce frequency of visits	15	0	G	0	G	Edwin O Donnell		Y
CS2015-01	Reduction in IT support / maintenance contracts	3	0	G	0	G	Clive Cooke		Y
CS2015-02	Expiration of salary protection	16	0	G	0	G	Clive Cooke		Y
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and supp	10	0	A	0	G	Clive Cooke	At risk due to APR increases by some suppliers.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	0	A	0	G	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R	10	R	Karin lane	This saving will be met in the year from other underspends in the team.	Y
CS2015-06	Delete auditor post and fees	50	0	G	0	G	Margaret Culleton		Y

CS2015-12	Savings in running expenses due to further expansion of SLLP	41	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (9)	Corp Gov -Reduction in running costs budgets	11	0	G	0	G	Julia Regan		Y
CSREP 2018-19 (10)	SLLp - Increase in legal income	25	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (11)	Audit and investigations	50	0	G	0	G	Margaret Culleton		Y
	<u>Resources</u>								
CSD20	Increased income	16	0	G	0	G	Nemashe Sivayogan		Y
CSD27	Further restructuring (2 to 4 posts)	100	0	G	0	G	Roger Kershaw		Y
CS2015-05	Staffing costs and income budgets	75	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (6)	Reduction in running costs budgets	9	0	G	0	G	David Keppler		Y
CSREP 2018-19 (3)	Miscellaneous budgets within Resources	13	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (4)	Recharges to pension fund	128	0	G	0	G	Nemashe Sivayogan		Y
	<u>Human Resources</u>								
CSREP 2018-19 (12)	Reduction in posts across the department	185	0	G	0	G	Kim Brown		Y
	<u>Corporate</u>								
CSREP 2018-19 (5)	Council tax and business rates credits	220	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (8)	Dividend from CHAS 2013 Limited	215	0	G	0	G	Ian McKinnon		Y
	Total Corporate Services Department Savings for 2018/19	2,024	475		375				

APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 5 Projected shortfall	2019/20 Period 5 Projected shortfall	2018/19 Period 4 Projected shortfall	2019/20 Period 4 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	2,258	1,163	45	1,114	45
Total	10,398	2,662	1,312	94	1,263	94

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-07	Children Social Care Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	7	R	0	G	0	G	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	N
	Total Children, Schools and Families Department Savings for 2017/18		7		0		0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
CSD42	Restructure functions, delete 1 AD and other elements of management	170	70	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
CS2015-	Staffing support savings	13	13	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Infrastructure & transactions									
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	35	R					Pam Lamb	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Resources									
CSD26	Delete 1 Business Partner	78	78	R	0	G		G	Caroline Holland	Due to delays in projects this saving was not achieved until 18/19
	Total Corporate Services Department Savings for 2017/18		196		0		0			

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend ? Y/N
Adult Social Care											
CH57	Staff savings: transfer of savings from housing	50	19	R	0	G	0	G	Richard Ellis	To be met from housing related support review	Y
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R	100	R	0	G	Richard Ellis	Work on re-commissioning in progress. May not be achieved until 2019/20	Y
Library & Heritage Service											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	33	R	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
Housing Needs & Enabling											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	R	49	R	49	R	Steve Langley	The additional demands in homelessness reduction, TMO licencing and housing enforcement means that staff reductions may no longer be viable. This may be met through increased income however.	Y
Total C & H Savings for 2017/18			201		149		49			The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&H	

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	214							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	18	R	18	R	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	0	G	0	G	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R34	Alternative delivery model of highway safety inspection service	30							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R35	Reduce street lighting contract costs	25	0	G	0	G	0	G	James McGinlay	Contract renegotiated	N
E&R37	Introduction of Lane rental approach to Highways works to assist in reducing congestion.	50							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R41	Staff restructure	80							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
D&BC1	Fast track of householder planning applications	55	55	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	50	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	50	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	R	45	R	45	R	James McGinlay	Alternative saving required	Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	35	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices	10	10	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Column stock most capable of delivering savings	148	48	R	0	G	0	G	James McGinlay		N
ENV16	Further reductions in the highways maintenance contract costs following reprocurement. Part year effect in 17/18 due to contract start date mid year.	65							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV17	Reduction in reactive works budget	30							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV20	Increased income from building control services.	35	35	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV24	Cease subscription to Urban London and Future London Leaders	10	0	G	0	G	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	0	G	0	G	0	G	James McGinlay		N
SENIOR MANAGEMENT											
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	0	G	0	G	0	G	Chris Lee		N
PUBLIC PROTECTION											
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	0	G	0	G	0	G	Cathryn James		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	0	G	0	G	0	G	Cathryn James		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the implementation of ANPR.	-1,540	0	G	0	G	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	100	R	85	R	0	A	Cathryn James	Wandsworth staff transferred under TUPE to Merton on 1st November with the new expanded service expected to go live in August/September 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	0	G	0	G	0	G	Cathryn James		N
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	190	R	190	R	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	45	R	45	R	0	A	Cathryn James	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	0	G	0	G	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	70	G	0	G	0	G	Cathryn James	Review of back office staffing complement has achieved saving required	Y
ENV06	Reduction in transport related budgets	46	46	R					Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	43	R	50	R	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	0	G	0	G	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engined motor vehicles	250	0	G	0	G	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	0	G	0	G	0	G	Cathryn James		N
PUBLIC SPACE											
E&R1	Arts Development - further reduce Polka Theatre core grant	5	0	G	0	G	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	0	G	0	G	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	0	G	0	G	0	G	Anita Cacchioli		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	705	R	371	R	0	A	Anita Cacchioli	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under Litter/A/ ASB legislation with FPN fines for contraventions.	-3	0	G	0	G	0	G	Anita Cacchioli	The level of FPN issued and paid continue to increase . Revenue income exceeds budget	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C WWP procurement contract with LB Sutton	160	116	R	0	G	0	G	Anita Cacchioli		N
ENV11	Outsource leisure and sports activities	59	0	G	0	G	0	G	Anita Cacchioli		Y
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	70	R	0	A	0	A	Anita Cacchioli		N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	70	R	70	R	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV18	Increased income from events in parks	100	100	R					Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	0	G	0	G	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	6	R	0	G	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	0	G	0	G	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	160	R	98	R	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	191	R	191	R	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV26	Re-balancing of rounds	20	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	0	G	0	G	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	0	G	0	A	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	0	G	0	G	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
Total Environment and Regeneration Savings 2016/17		3,218	2,258		1,163		45				