Merton Council
Cabinet
11 October 2021
Supplementary Agenda 1

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Cabinet
Date: 11 October 2021

Subject: Financial Report 2021/22 – Period 5 August 2021

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Reasons for urgency: The chair has approved the submission of this report to provide an updated financial position in line with the latest MTFS planning

Recommendations:

A. That Cabinet note the financial reporting data for month 5, August 2021, relating to revenue budgetary control, showing a forecast net adverse variance at year end on net service expenditure of £4.825m, increasing to £6.461m when corporate and funding items are included. And Cabinet note the change in reporting treatment for covid related business rate losses as outlined in section 3.
B. That Cabinet approve the transfer of £750k revenue budget from the corporate contingency to E&R relating to the unachieved emissions based charging saving target for the current financial year (saving reference ENV2021-04). This transfer and resulting forecast impact has been reflected within this report.
C. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2021-22	Budget 2022-23	Budget 2024-25	Narrative
	£	£	£	
Corporate Services				
Works to Other Buildings - Boiler Replacement	(378,680)	378,680		Re-profiled in line with projected spend
Disaster Recovery	332,960			Funded from Corporate Capital Contingency
Corporate Capital Contingency			(462,960)	Moved to 2021-22 for Disaster Recovery
Children, Schools and Families				
Abbotsbury - Capital Maintenance	13,000			Virements - projected spend capital maintenance
Merton Abbey - Capital Maintenance	50,000			Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(63,000)			£63k virement to specific schemes
Harris Academy Wimbledon	130,000			Virements - projected spend
Environment and Regeneration				
Parks Investment - Paddling Pools Option 2	(226,000)			Progressing Option 1
Highways & Footways - Active Travel Fund	(42,170)			Adjustment to TfL Funding
Total	**(183,890)**	**378,680**	**(462,960)**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 5 monitoring report for 2021/22 presented in line with the financial reporting timetable.
This financial monitoring report provides -
- A full year forecast projection as at period 5.
- An update on the financial impact of Covid-19
- An update on the capital programme and detailed monitoring information;

- An update on Corporate Items in the budget 2021/22;
- Progress on the delivery of the 2021/22 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process for 2021/22 continues to focus on the ongoing financial impact of Covid-19. The Council's services remain under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 is being monitored closely as the situation evolves following the lifting of restrictions.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2020/21 was £24.981m and the deficit is forecast to continue to increase in 2021/22, the cumulative deficit is now estimated to be £37.338m by the end of this financial year.

2.3 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

3. 2021/22 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 5 to 31 August 2021, the year end forecast is a net adverse variance of £6.461m when all incremental Covid costs are included, after applying known government grant funding.

Summary Position as at 31st August 2021

	Current Budget 2021/22 £000s	Forecast Variance at year end (August) £000s	Forecast Variance at year end (July) £000s	Covid-19 Forecast Variance £000s	Outturn variance 2020/21 £000s
Department					
Corporate Services	11,830	1,408	1,463	1,017	3,746
Children, Schools and Families	62,819	320	260	714	(2,971)
Community and Housing	69,445	(1,083)	(1,027)	1,070	(2,264)
Public Health	(0)	1	0	0	(18)
Environment & Regeneration	15,389	4,179	4,399	5,495	10,689
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	**159,483**	**4,825**	**5,095**	**8,296**	**9,182**
Corporate Items					
Impact of Capital on revenue budget	11,157	(145)	(145)	0	(27)
Other Central budgets	(7,237)	843	(43)	0	2,151
Levies	959	0	0	0	0
TOTAL CORPORATE PROVISIONS	**4,879**	**698**	**(188)**	**0**	**2,124**
Covid-19	**0**	938	864	**938**	**176**
TOTAL GENERAL FUND	**164,363**	**6,461**	**5,771**	**9,234**	**11,306**
FUNDING					
Revenue Support Grant	(5,187)	0	0	0	0
Business Rates*	(34,339)	0	2,256	0	0
Other Grants*	(16,949)	0	0	0	(382)
Council Tax and Collection Fund	(98,434)	0	0	0	4
COVID-19 emergency funding	(6,811)	0	0	0	0
Income compensation for SFC	(2,643)	TBC	TBC	TBC	
FUNDING	**(164,363)**	**0**	**2,256**	**0**	**(378)**
NET	**(0)**	**6,461**	**8,027**	**9,234**	**10,928**

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

Covid-19 Financial Impact

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This involves a 5% deductible rate, whereby the Council absorbs up to 5% and the government compensation covers 75p in every pound of relevant loss thereafter. The scheme has been extended for the first quarter of 2021/22 but it's not yet confirmed if any further extension will be made. Amounts expected from the income compensation scheme will be included in the forecast tables as and when they are confirmed, subject to clarification as to whether any excess may need to be repaid upon completion of the scheme. At the time of writing, the estimated claim for April to June 2021 under the scheme is c.£2.2m, though the full guidance for the extended scheme claim is yet to be published.

The ongoing situation with high levels of uncertainty continues to make forecasting difficult for the year ahead as it's unclear if or when some service areas will see activity return to pre-covid levels now restrictions have been lifted.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. These are the incremental costs not covered by specific covid grants, such as additional cleaning costs and the community hub.

Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2021/22 as part of the budget setting process. The savings which are now under pressure due to Covid-19 are included in the forecast of the departments. This is inclusive of 2020/21 savings which remain under pressure.

Covid-19 Summary

COVID-19 COST SUMMARY	**Forecast as at August 2021 2021/22 £000s**	**Forecast as at July 2021 2021/22 £000s**
Department	-	-
Corporate Services	1017	1020
Children, Schools and Families	714	714
Community and Housing	1070	858
Environment & Regeneration	5,495	5,755
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	**8,296**	**8,347**
Corporate Items - Covid costs	-	-
Corporate Services	220	220
Children, Schools and Families	180	150
Community and Housing	242	198
Environment & Regeneration	296	296
ADDITIONAL COVID EXPENDITURE	**938**	**864**
FUNDING	-	-
Business Rates	5,835	2,256
Council Tax	0	0
TOTAL FUNDING LOSS	**5,835**	**2,256**
GROSS COST OF COVID-19	**15,069**	**11,467**
Covid general funding	**-6,811**	**-6,811**
Income compensation for sales, fees & charges	**TBC**	**TBC**
NET COST OF COVID-19	**8,258**	**4,656**

Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Business Rates collected will be less than budgeted for 2021/22 when the budget was approved by Council in March 2021. There is usually a small surplus or deficit which arises because the amount collected during the year will vary for different reasons such as new businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in a deficit in Business Rates for the financial year 2021/22. This deficit is currently estimated at £5.835m as shown in the covid table above to demonstrate the full impact of covid, however, due to the way Business Rates are accounted for in local authorities, any shortfall will not be reflected in the 2021/22 financial year but will be managed via the Collection Fund and accounted for in future years. The Council will build estimates for Business Rates including any deficit/surplus from previous accounting years into the MTFS and budgets for 2022/23 onwards. The estimated deficit is therefore not reflected in the main summary position table for 2021/22 as it will not impact the general fund outturn. This is a change in presentation compared to previous monthly financial monitoring reports, aimed at clarifying the forecast position.

In 2020/21 Merton collected 90.04% of its Business Rates income. As at the end of August, 2021/22 business rates collected is 4.63% less than the equivalent for last year.

On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow but the position is starting to settle down in 2021-22. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

In light of Government relief announcements made last year, the Council continues to see a reduction in income. Therefore, in order to meet its commitments going forward the decision was made to keep the bulk of the Council's available funds in cash/MMFs to maintain liquidly. This approach helped the council meet its cash flow needs and avoided any short term unplanned borrowing. The Council has now increased its MMFs investment limits and the number of MMFs to maintain a healthy liquid position. However, as we can now see the signs of the UK economy returning to some sense of normality and the confidence provided by the vaccine we expect the Council's cash flow to stabilise going forward. This will help us to place any excess cash in suitable short term fixed term deposits and earn improved returns.

Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there remains a concern over the longer term in the context of the DSG deficit. However, if a cash shortfall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (August) £000	Full Year Forecast Variance (August) £000	Full Year Forecast Variance (July) £000	Covid-19 Forecast Impact (August) £000	Outturn Variance 2020/21 £000
Customers, Policy & Improvement	5,497	5,404	(93)	(92)	45	915
Infrastructure & Technology	12,488	12,687	199	207	176	(51)
Corporate Governance	2,009	2,018	10	19	27	(88)
Resources	5,695	6,346	650	693	648	1,811
Human Resources	1,903	2,115	211	191	120	102
Corporate Other	710	1,141	431	444	0	1,057
Total (Controllable)	**28,302**	**29,710**	**1,408**	**1,463**	**1,017**	**3,746**

Overview

At the end of period 5 (August) the Corporate Services (CS) department is forecasting an adverse variance of £1.408m at year end, of which £1.017m is due to the external impact of covid-19. The adverse variance has reduced since period 4 (July) by £55k.

Customers, Policy and Improvement - £93k favourable variance

The favourable variance in the division is mainly due to various vacancies expected to be held for part of the year, such as in the AD and Programme Office budgets. Additional favourable variances include £46k due to an over-achievement of income forecast against the cash collection saving and £45k against the Voluntary Sector Coordination budget. The Registrars services is also forecasting a favourable variance of £51k due to the strong recovery of income levels following the cessation of covid restrictions earlier this year. The forecast income in this service is cautious at this stage but will be kept under review as uncertainty remains around the level of demand for services this financial year following the lifting of covid restrictions.

Partly offsetting the above is the Press and PR budget which is forecasting a £128k adverse variance owing to the use of agency staff to cover the Head of Communications post pending the completion of a restructure. There is also a £68k adverse variance in the Translations service due to under-achievement against the income budget as external demand remains low and a £27k adverse variance in the Policy and Strategy team partly due to the use of agency staff earlier in the year.

The forecast favourable variance in the division has increased marginally by £1k overall since July.

Infrastructure & Technology - £199k adverse variance

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £215k on the Corporate Print Strategy and £104k on the PDC (Chaucer Centre). These will be reviewed throughout the year and may improve depending on the level of staff returning to the office. Where these are internal recharges they have not been included in calculating the impact of covid-19 on the Council as they will positively impact other departments and are therefore not a net cost to LBM.

The FM External account is also forecasting a £85k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2020/21. There is a variance on Corporate Contracts (£31k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £39k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted and £72k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. The Business Systems Team is also forecasting a £21k favourable variance due to vacancies in the team and there is a favourable £51k variance forecast for Garth Road from rental income.

The overall forecast adverse variance within Infrastructure and Technology has reduced by £8k since July due to various small updates to forecasts.

Corporate Governance – £10k adverse variance

The adverse variance within Corporate Governance is a result of prior year unachieved savings totalling £115k within the Legal service. This will continue to be reviewed and reported as part of the progress on savings for Corporate Services.

Various favourable variances within the division are offsetting the majority of the unachieved savings, including £15k within Democracy Services from IT costs and Mayor's allowances spend being less than budgeted, £20k across Electoral Services largely from less than budgeted canvass pay, £47k in Information Governance reflecting a restructure coming into effect mid-year as well as recruitment lag and £45k within the South London Legal Partnership (SLLp). SLLp is currently forecasting a £218k surplus overall, £45k is forecast to be LBM's share. The variance in SLLp is largely due to reduced running costs as staff largely continue to work remotely and less than budgeted staffing costs.

The adverse forecast variance for the division has reduced by £9k since July. This is mainly due to the removal of some election expenses which had been duplicated within the central forecast and updated salary forecasts within the division to reflect the timing of starters and leavers.

Resources - £650k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £173k adverse variance mainly due to the use of an interim Head of Recovery as a result of the pandemic, as well as additional communications spend. Also due to covid is an adverse variance forecast in the Bailiffs service of £458k (inclusive of the shared service element) as a result of unachieved income. Covid's impact on income also extends to the Local Taxation Service which has a £87k favourable variance overall due to additional funding from the GLA and new burdens income from DWP, however this masks an expected shortfall of £70k against court costs income.

The Corporate Accountancy service is forecasting a £113k adverse variance which includes an increase in fee proposed by the Council's external auditors, EY, though confirmation of the fee increase is still outstanding. A further adverse variance of £118k is forecast on insurance premiums though an updated projection is expected in the coming months when the impact on the cost of insurance premiums as a result of six schools leaving the insurance SLA arrangement is confirmed with our insurance provider. The Financial Systems Team is forecasting a £49k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year. The Budget Management Team is forecasting a £37k adverse variance due to the use of agency staff.

Favourable variances within Resources include £16k and £17k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not required in year. The Capital and Strategy team and the Support team within Revenues and Benefits have £8k and £15k favourable variances respectively, mainly against staffing costs. Within the Benefits Administration service a £135k favourable variance is largely due to receipts from DWP.

The adverse variance forecast within Resources has reduced by £43k since July. This is mainly due to an incorrect postage charge in July being removed from the Benefits Administration forecast.

Human Resources – £211k adverse variance

The adverse variance in HR is made up of the AD budget (£76k variance) and Learning and Development budget (£47k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £127k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. This is reflective of a saving not expected to be achieved in year as new contract negotiations were delayed as a result of covid during 2020/21.

The Payroll service is anticipating a £23k favourable variance across various staffing and running costs as well as overachievement of income.

The adverse variance forecast within HR has increased by £20k since July. This is predominately due to extending the period that agency cover is expected to be in place against the AD and Learning and Development budgets.

Corporate Items - £431k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £680k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2021/22 and is inclusive of £100k allowance for topping up the bad debt provision at year end in line with the level of top-up required in each of the past two financial years.

Partly offsetting the above are favourable variances on the corporately funded items budget of £152k due to budget not expected to be required in year, £50k on the added years pension budget and £45k net income forecast for the recovery of old Housing Benefits debts previously written off.

The adverse forecast variance for Corporate Items has reduced by £13k since July. This is due to a slightly reduced forecast of recharges from the shared legal service.

Environment & Regeneration

Environment & Regeneration	2021/22 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000	2021/22 Covid-19 Forecast Impact (Aug) £000	2020/21 Outturn Variance £000
Public Protection	(16,020)	(12,461)	3,561	3,694	4,036	8,973
Public Space	16,254	16,851	597	644	866	2,003
Senior Management	1,043	857	(186)	(188)	0	(134)
Sustainable Communities	8,330	8,536	209	249	593	(153)
Total (Controllable)	**9,607**	**13,786**	**4,179**	**4,399**	**5,495**	**10,689**

Description	2021/22 Current Budget £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000	2020/21 Variance at year end £000
Regulatory Services	625	225	242	194
Parking Services	(17,664)	3,312	3,379	8,804
Safer Merton & CCTV	1,019	22	73	(25)
Total for Public Protection	**(16,020)**	**3,559**	**3,694**	**8,973**
Waste Services	14,602	558	621	875
Leisure & Culture	549	214	202	764
Greenspaces	1,832	(111)	(113)	525
Transport Services	(729)	(64)	(66)	(161)
Total for Public Space	**16,254**	**597**	**644**	**2,003**
Senior Management & Support	1,043	(186)	(188)	(134)
Total for Senior Management	**1,043**	**(188)**	**(188)**	**(134)**
Property Management	(2,637)	(209)	(240)	(381)
Building & Development Control	(15)	282	288	281
Future Merton	10,982	136	201	(53)
Total for Sustainable Communities	**8,330**	**209**	**249**	**(152)**
Total Excluding Overheads	**9,607**	**4,179**	**4,399**	**10,689**

Overview

The department is currently forecasting an adverse variance of £4,179k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Property Management, and Development & Building Control.

Public Protection

Regulatory Services adverse variance of £225k

The section has implemented agreed income savings of £210k over recent years relating to potential commercial opportunities. However, the focus for the financial year 2020/21 needed to be redirected from income generation to Covid-19 service delivery and service improvement including a major IT project. The IT transition Project is scheduled for completion by the end of the calendar year but the section will look to focus efforts on generating additional income, for example, through the provision of business advice and identification of unlicensed businesses prior to the completion of this project.

Covid-19 continues to impact licensing income due to continually changing business restrictions resulting in a reduction of temporary event notices (TENS) and income from hair & beauty premises which remained closed during the early part of the financial year. Licensing income has improved through an increase in licence applications, but not at the pre-pandemic level and subsequently will not resolve the loss of income at the start of the financial year. Current forecasts estimate an adverse variance against budget of £38k.

Parking Services adverse variance of £3,312k
Covid-19 continues to affect parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Analysis to better understand the short and longer term impact of this is ongoing, but current forecasts show the adverse variance on PCN, P&D, and permit income of £1,319k, £1,143k, and £975k respectively.

Contributing to the PCN adverse variance is a 2020/21 and 2021/22 saving (ENV1920-01) of £680k relating to an application to change Merton's PCN charge band from band B to band A, which is now not expected to be implemented until November 2021. This results in an estimated shortfall against saving of £340k at this stage.

The forecast includes the anticipated impact of not implementing emission based charging in 2021/22. The unachieved £750k saving (reference ENV2021-04) in this financial year is reflected within the forecast outturn alongside a budgetary increase of £750k transferred from the corporate contingency, subject to approval as per recommendation B of this report. The service forecast also includes a £214k pressure caused by spend on the EBC scheme and payment modernisation project which was previously expected to be offset by additional EBC income. The pressure from the lost income and ongoing revenue costs of modernised parking payment options will be built into the MTFS planning for future years. The saving currently incorporated into the MTFS increases from £750k to £1.5m in 2022/23.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14th January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, which is being compounded by the impact of Covid-19, but work continues to try and better understand this.

These adverse variances are being partially offset by a favourable variance on employee spend of £203k.

<u>Public Space</u>

Waste Services adverse variance of £558k
The section is forecasting an adverse variance on disposal costs of £399k. As a result of changes to our residents working arrangements we have seen a greater increase in the number of households now working from home following the current Government advice in relation to Covid-19. This has resulted in an increase in overall domestic waste across all kerbside collection services. In order to mitigate this cost, the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire in 2022. This is due to be

presented to Cabinet in October.

An adverse variance of £189k is being forecast in relation to its waste collection and street cleansing contract, as a result of agreed and necessary services being undertaken on our behalf by the service provider.

An adverse variance of £164k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

Favourable variances on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering (£149k), and employee related spend (£119k) is partially mitigating these adverse variances.

Leisure & Culture adverse variance of £214k
Due to the ongoing impact of Covid-19 the Authority continues to support our service provider, GLL, and forego the guaranteed income due. Recovery forecasts estimate income returning in October 2021, which equates to an income shortfall of about £418k. However, during this time the Authority has been incurring lower utility costs at these premises, leading to a forecast favourable variance of £80k.

The continuation of Covid-19 related restrictions at the Wimbledon Sailing Base has also led to programmes with less attendees being available, resulting in a net adverse variance of £47k being forecast.

Favourable variances on one-off reimbursement costs of £100k, and employee related spend of £95k is partially mitigating these adverse variances.

Sustainable Communities

Property Management favourable variance of £209k
The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £475k, which includes £167k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an adverse variance of £170k on premises related expenditure, for example, utility and repairs & maintenance costs, and £153k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £282k
Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall against budget of £344k.

This adverse variance is being partially reduced by a favourable variances on employee related (£45k) and supplies & services spend (£35k).

Children Schools and Families

Children, Schools and Families (£000's)	2021/22 Current Budget	Full Year Forecast	Forecast Variance August	Forecast Variance July	2021/22 Covid Forecast Impact
Education					
Education Budgets	£ 17,035	£ 16,844	-£ (192)	-£ (103)	£ 274
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 127	£ 127	£ -	£ -	£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -
Education Sub-total	**£ 25,901**	**£ 25,710**	**-£ (192)**	**-£ (103)**	**£ 274**
Other CSF					
Child Social Care & Youth Inclusion	£ 21,009	£ 21,381	£ 373	£ 224	£ 440
Cross Department	£ 908	£ 956	£ 48	£ 48	£ -
PFI Unitary Costs	£ 8,168	£ 8,275	£ 107	£ 107	£ -
Pension and Redundancy Costs	£ 1,592	£ 1,575	-£ (16)	-£ (16)	£ -
Other CSF Sub-total	**£ 31,677**	**£ 32,187**	**£ 512**	**£ 363**	**£ 440**
Grand Total	**£ 57,578**	**£ 57,897**	**£ 320**	**£ 260**	**£ 714**

Overview

At the end of August 2021, the Children Schools and Families directorate is forecasting an adverse variance against budget of £0.320m on local authority funded services. This is a small adverse movement since period 4. Since period 3 we saw a return to more normal levels of activity, including a spike in high cost placements and we are reflecting this in the forecast. Alongside this, we have planned on a return to more normal levels of education activity (including transport from September). There has been an increase in the number of pupils being educated at home but overall the number is still small as a proportion of overall pupils.

£714k Covid-19 cost pressure has been identified relating to savings shortfalls from the last financial year. These have been included in the forecast position. There remains some uncertainty about the likely level of increased costs due to Covid-19. We are currently reviewing two of the larger savings for this year as one is unachievable as it relates to a saving from Public Health commissioning that has not been achieved and one relating to the PFI that requires additional modelling by the service and finance jointly. The increased numbers of children needing CP plans last year has now begun to reduce to more expected levels and our looked after children numbers is stable. An additional project team has been secured to help with the increased demand in our first response service which has helped to keep caseloads at acceptable levels. An additional £100k covid19 related loss of income have also been forecast for this year although uncertainty currently surrounds this estimate.

It remains difficult to forecast the patterns of demand across all services as families, communities and services return to normal life. We continue to monitor the situation closely and respond in a timely way to changes.

Local Authority Funded Services

The table below details the significant budget variances identified to date:

Local Authority Funded Services (£000's)	Budget		August Variance		July Variance	
Child Social Care and Youth Inclusion						
Adolescent & Family Services	£	2,113	-£	(213)	-£	(213)
Asylum Seeker Costs (14+)	£	137	£	198	£	198
Asylum Seeker Costs (ART)	£	306	£	53	£	86
Children Cntrl Social Wrk Serv	£	4,285	-£	(88)	-£	(270)
Head of ChildSoclCare& YthIncl	£	213	-£	(45)	-£	(45)
Mash & Child Protection Serv	£	2,643	-£	(152)	-£	(152)
Safeguarding, Stndrds & Train	£	1,322	-£	(159)	-£	(159)
Senior Management	£	274	-£	(4)	-£	(4)
Children In Care and Resources	£	9,719	£	783	£	783
CSC & Youth Incl Total		***21,012***		***373***		***224***
Education						
Contracts, Proc & School Org	£	7,425	-£	(46)	-£	(46)
Early Years & Children Centres	£	4,232	£	114	£	114
Education - School Improvement	£	3	£	50	£	50
Education Inclusion	£	1,684	-£	(114)	-£	(25)
Schools Delegated Budget	£	-	£	-	£	-
SEN & Disability Integrat Serv	£	2,093	-£	(116)	-£	(116)
Senior Management	£	864	-£	(131)	-£	(131)
Policy, Planning & Performance	£	523	£	95	£	95
Departmental Business Support	£	211	-£	(43)	-£	(43)
Education Total	**£**	**17,035**	**-£**	**(191)**	**-£**	**(103)**

Children's Social Care and Youth Inclusion Division

The Children in Care service is recording an adverse forecast of £783k compared with budget. To note, the full £400k Public Health saving which was predicated on recommissioning integrated services, which has not taken place, (referred to in the overview section above) has all been put against this budget. This savings option is now no-longer achievable. Over the past year there has been an increase in placements of children with complex needs in high cost provision. Additionally, providers have increased the cost of caring for the most complex children. The favourable forecast in Children Central Social Work Services has deteriorated this month because we have seen increased costs relating to Children with Disabilities.

Work is currently underway with this service to focus on a number of areas:

- ensure that Merton continues to develop the tri-partite process to share planning for vulnerable children.
- ensure that children's plans are reviewed regularly with senior managers offering support and challenge to explore alternative arrangements.
- improve commissioning and procurement activity to ensure best value is obtained through a more systemised purchasing approach;
- a move to more activity based forecasting across the division as a whole.

The impact of these actions will be reflected within future monitoring updates.

- The Division overall is forecasting an adverse variance against budget of £373k at period 5.

Education Division

The Education Division forecast is based on a spend situation returning to more normal levels. The period 5 budget shows a positive movement from period 4 relating to increased buy back on traded services and decreased salary estimates, we continue to monitor this carefully.

The Division overall is forecasting a favourable variance against budget of £191k

Schools PFI

Initial work in this area is forecasting an adverse position of £107k to budget. Further work re-modelling this area will be undertaken in the coming months.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget		August Variance		July Variance	
Education						
Contracts, Proc & School Org	£	286	£	3	£	3
Early Years & Children Centres	£	16,335	-£	(156)	-£	(156)
Education - School Improvement	£	1,107	-£	(86)	-£	(86)
Education Inclusion	£	1,468	£	42	£	42
SEN & Disability Integrat Serv	£	17,468	£	11,046	£	11,046
Sub-total	£	36,664	£	10,849	£	10,849
CSC & Youth Inclusion						
Adolescent & Family Services	£	43	-£	(2)	-£	(2)
Sub-total	£	43	-£	(2)	-£	(2)
Schools Delegated Budget						
DSG Reserve	£	-	£	-	£	-
Retained Schools Budgets	£	2,841	-£	(1,806)	-£	(1,806)
Schools Delegated Budget	-£	(39,784)	£	3,316	£	3,316
Sub-total	-£	(36,943)	£	1,510	£	1,510
DSG Total	**-£**	**(236)**	**£**	**12,357**	**£**	**12,357**

DSG funded services are forecasting an overspend of £12.357m.

The DSG had a cumulative overspend of £24.981m at the end of 2020/21.

Merton has been selected as one of the LAs to take part in the 'safety valve' intervention programme with the DfE as it has one of the highest percentage deficits in the country as at the end of 2020/21. The programme aims to agree a package of reform to our high needs system that will bring the DSG deficit under control. We have confirmed participation in this programme and provided a draft updated plan to the DfE.

The main reason for the adverse forecast variance from budget relates to a £8.519m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements. The forecast this month has increased by 17 pupils with an average cost of £48k per placement.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase in the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require Requests for EHCPs go through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

We are seeking to increase the number of local maintained special school places in the borough, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £24.981m cumulative deficit to increase further. The current additional pressure of the DSG is forecast to be £12.4m for 2021/22.

Other adverse variances include £2.542m on EHCP allocations to Merton primary and secondary schools, £2.104m on out of borough maintained primary, secondary and special school payments, post 16 provision is forecasting a pressure of £662k.

Since Period 1 EHCPs have increased from 2032 finalised EHCPs to 2432 EHCPs which is an increase this financial year of 400 finalised EHCPs. It should be noted that since COVID we have seen a significant increase in referrals for an EHC Needs assessments.

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 DSG deficit issue.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2021/22 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula.

The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to Covid-19. Total school balances, including capital balances, did slightly increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £1.08m as at August 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.5m, and unfavourable variances in Housing of £347k, and Libraries of £102k. Public Health and Merton Adult Learning are forecasting a breakeven position.

Community and Housing Summary Position

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets.

Community & Housing	2021/22 Current Budget £	2021/22 Full Year Forecast £ (Aug)	2021/22 Full Year Variance £ (Aug)	2021/22 Full Year Variance £ (July)	2021/22 Covid-19 Forecast £ (Aug)	2021/22 Outturn Variance £ (Mar'21)
Adult Social Care	58,557	57,024	(1,533)	(1,391)	899	(2,947)
Libraries and Heritage	2,475	2,577	102	132	120	195
Merton Adult Learning	0	0	0	0	0	0
Housing General Fund	3,575	3,922	347	232	0	489
Public Health	(163)	(163)	0	0	0	0
Total Favourable/ Unfavourable	64,444	63,360	(1,084)	(1,027)	1,019	(2,263)

Adult Social Care

Adult Social Care is forecasting a favourable variance of £1.5m as at August 2021, compared to £2.9m at year end 2020/21 demonstrates that the one off covid-19 impacts are dissipating. The current position reflects an increase of £237k in placements between July to August mitigated by an increase in placement income of £244k, and Hospital discharge pathway income from the NHS Southwest London CCG (Clinical Commissioning Groups) of £127k.

The current position is due to a net increase in packages of care for August of 39 as demonstrated in the diagram below and the new packages were at a higher cost than those leaving the service.

Monthly Movement in Packages of Care

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'21	48	-9	-13	26
May'21	31	-16	-18	-3

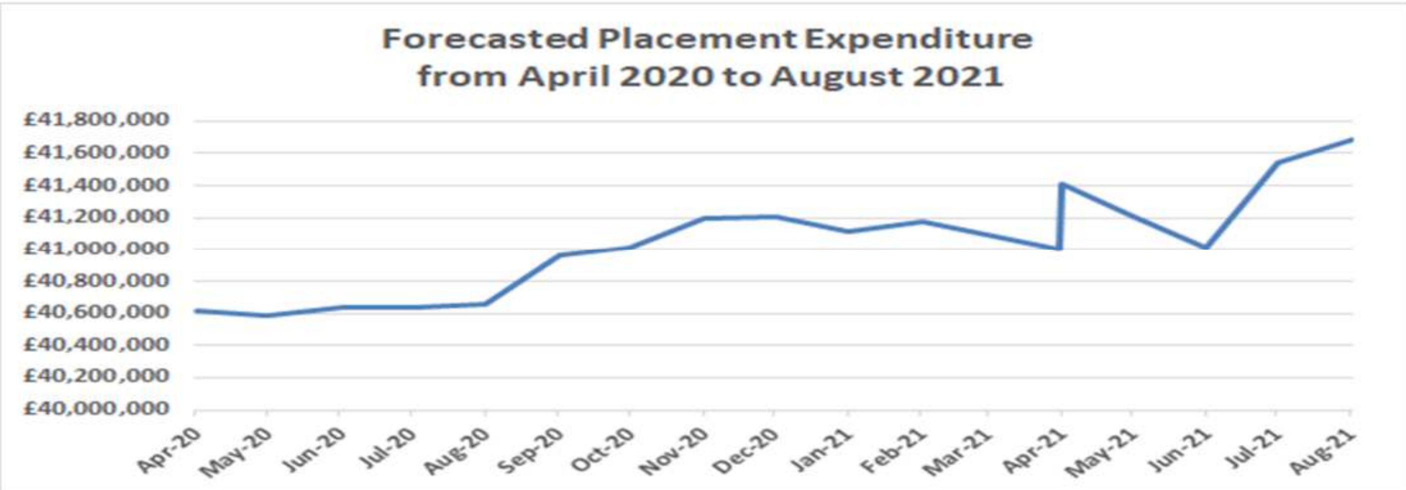
June'21	32	-17	-22	-7
July'21	45	-13	-13	19
Aug'21	43	-14	-25	4
Total to Date	**199**	**-69**	**-91**	**39**
Average to Date	**40**	**-14**	**-18**	**8**
Average 2020/21	**37**	**-27**	**-17**	**-7**
Average 2018/19	**36**	**-23**	**-25**	**-11**

The hospital discharge models that have been operated through-out the pandemic (Discharge to Assess) is expected to continue into next year. National funding has been agreed for the period from October 2021 to March 2022 and Southwest London ICS (Integrated Care System) has an allocation, but the allocation to borough level has not yet been agreed. We expect it to at least match current levels for Merton and may give scope for further expansion of the reablement services. However, from April 2022 it is likely that systems will be expected to continue the model from within local resources. Planning for winter therefore is being done with continuity of service and resourcing in mind.

Hospital discharges by pathway has increase by 35% for 2021/22 and already averaging 44 discharges a week compared with 28 throughout 2020/21. Significantly there is a >50% increase seen in discharge pathway 1 referrals, of which the majority will come to the local authority via reablement. Pathway 2 & 3 figures also show increases, and we can anticipate some of those costs coming to us for placements, in a 'worst case scenario' those costs could be significant

The service continues to receive referrals of customers discharged from hospital and NHS funded discharge care during 2021/22 however the total cost of this potential pressure is still uncertain at this stage. The forecast reflects the best understanding of the risk. It is expected that some customers are expected to qualify for Continuing Health Care (CHC) or will be self-funders. The service will continue to monitor the data of likely discharges into social care. Many boroughs around the country are experiencing an increase in demand for care, increase in care packages, and carer's exhaustion which could be due to the impact of covid-19, as well as the complexity of long Covid-19 cases. Thus, the department expects an influx of additional customers during 2021/22 with a variety of covid-19 related conditions which will place pressure on its placements and staffing budgets.

The line graph below demonstrates an expected increase in placements after the prolonged period of reduction, followed by a plateau this is due to not only an aging population, impact of the covid-19 pandemic and increase in customers with complex needs.



Adult Social Care Internal Provision – Unfavourable Variance - £8.2k

This service unfavourable variance of £8.2k has improved since July. However, the unfavourable variance is mainly due to a loss of income across the services caused by the loss of income from Mascot from a drop in individual customers and several housing associations changing their contract arrangements. The service is currently working on a plan to increase customer numbers and will update as plan progresses.

This is further compounded by the partial closure of day centres at the beginning of the year and the subsequent reduction of the daily numbers of customers attending. We are incrementally increasing the numbers but cannot open fully until DHSC (Department of Health & Social Care) guidance is updated. Out of borough customers will not be able to attend until further notice. The service is also losing income from letting its buildings to the community for various activities. We are holding some staff vacancies in Day Services to mitigate this.

Direct Provision has a number of sickness cases in areas where cover is necessary and expensive, such as night workers in Mascot and at Riverside. Managers are working with HR to resolve these cases.

Library & Heritage Service- Unfavourable Variance - £102k

This service at the end of August is showing an unfavourable variance of £102k. This is a reduction in overspend since the previous month, which is due to revised salary forecast, increase in lettings income and a reduction in forecasted expenditure on equipment repairs.

Demand for services has started to gradually recover and usage of libraries has recovered to 60% of pre-pandemic usage in August and is expected to continue to increase. Online services and new services like Connecting Merton, the services IT equipment loaning and training project, are in particularly high demand.

Adult Learning- Breakeven position

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

During the summer term the service has continued to increase physical courses alongside pre-existing online courses and new curriculum provision is planned from September onwards. New curriculum areas focus on developing resident skills for the job market and digital skills.

Adult Learning budgets operate to an academic year and the new grant allocations form the GLA and ESFA started in August.

Housing General Fund- Unfavourable variance - £347k

This service is currently forecasting an unfavourable variance of £347k as at August which is an increase of £115k since July.

This service is a demand and statutory led service and expects to see the impact of the removal of the moratorium on evictions and the enactment of the Domestic Abuse Act. However, it is difficult to predict at this stage the potential financial impact to the service but based on previous experience of national changes or directive takes time to have an impact on the local budget.

The re-settlement of Afghan families by the Home Office has led to some families presenting at local authorities as homeless even though the Home Office and Ministry for Communities & Local Government have accepted responsibility for meeting immediate and temporary housing needs. We are awaiting guidance on responsibility and funding arrangements for temporary accommodation for this cohort, but it may be a cost to be borne by the Council

The demand for accommodation continues to exceed supply which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation.

However, notwithstanding the challenges of predicting demand upon the TA (Temporary Accommodation) budget there is also the need to be mindful of the effects to TA subsidy, HB (Housing Benefit) contributions and client contributions which are all factors which shape the service's predictions.

The ban on eviction was lifted recently and currently there has not been a significant increase in cases presented as a consequence. The service continues to monitor these developments carefully.

Analysis of Housing and Temporary Accommodation Expenditure to August 2021

Housing	Total Budget 2021/22 £000	Forecast (Aug'21) £'000	Forecast Variances (Aug'21) £'000	Forecast Variances (July'21) £'000	Outturn Variances (March'21) £000
Temporary Accommodation-Expenditure	2,439	3,353	914	864	1,286
Temporary Accommodation-Client Contribution	(140)	(360)	(220)	(210)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(2,451)	(364)	(503)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,120	798	846	1,029
Temporary					

Accommodation-Grant	0	(935)	(935)	(935)	(851)
Subtotal Temporary Accommodation	**534**	**727**	**193**	**62**	**280**
Housing Other Budgets	3,041	3,195	154	170	209
Total Controllable (Favourable)/Adverse Variance	**3,575**	**3,922**	**347**	**232**	**489**

Table below shows number of households in Temporary Accommodation to August 2021.

Temporary Accommodation	Numbers In	Numbers Out	Net Movement	Previous Year
Mar'17	-	-	186	Position as at March for previous financial years ←
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
Mar'21	11	7	197	
			2021/22	2020/21
Apr'21	12	10	199	196
May'21	16	17	198	204
June'21	9	16	191	213
July'21	24	8	207	212
Aug'21	12	12	207	210

Public Health –Breakeven positions

Public Health –Breakeven positions

The service continues to forecast a breakeven position as at August 2021.

Potential Cost pressures: -
The service continues to seek a resolution with NHS provider CLCH for both the children's contract (health visitors and school nurses) and for sexual health. The provider is currently involved in an open-book exercise.

The government has announced a 3% pay increase for NHS staff on Agenda for Change effective from April this year. This applies to 2 PH (Public Health) staff and those on our CLCH contracts. Funding confirmation is still pending.

The team, together with public protection, is leading on outbreak management and Covid-19 resilience, implementing the refreshed Local Outbreak Management Plan (LOMP) which includes provision of local contact tracing, support for community testing with Lateral Flow Tests (LFTS) and surge testing in cases of outbreaks and variants of concern.
LOMP implementation costs will be covered by Covid Outbreak Management Fund (COMF) control outbreak

management fund, or directly charged to DHSC (Department of Health & Social Care) where there is a variant of concern.

Corporate Items

The details comparing actual expenditure up to 31 August 2021 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2021/22 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s	Outturn Variance 2020/21 £000s
Impact of Capital on revenue budget	**11,157**	**11,012**	**(145)**	**(145)**	**(27)**
Investment Income	(387)	(430)	(43)	(43)	(141)
Pension Fund	86	86	0	0	2,646
Pay and Price Inflation	3,338	3,063	(275)	0	(250)
Contingencies and provisions	24,755	20,444	(4,311)	0	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,213)	(1,741)	5,472	0	(7,848)
Central Items	**18,356**	**19,199**	**843**	**(43)**	**2,151**
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
TOTAL CORPORATE PROVISIONS	**4,879**	**5,577**	**698**	**(188)**	**2,124**
COVID-19 Emergency expenditure	0	938	938	864	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**4,879**	**6,515**	**1,636**	**676**	**7,480**

Based on expenditure to 31 August 2021, an adverse variance of £698,000 is forecast for corporate items. There has been a net adverse variance of £0.886m since the July 2021 forecast:-

- Based on a 2021 pay award of 1.75% (the latest offer from the employers) there will an additional cost of c. £0.225m on the provision of 1.5% provided in the original budget
- It is anticipated that there will be an underspend of £0.5m against the corporate provision for the National Minimum Wage
- It is anticipated that there will be an underspend of £35,000 in contingencies and provisions against the provision for GLA election expenses
- The budget of £4.276m included in Contingencies and Provisions for loss of income in 2021/22 from COVID-19 will be used to offset the cost of Covid.
- It is proposed not to make the £5.472m contribution from the Balancing the Budget Reserve in 2021/22 and retain it to help balance the budget in 2022/23

The budget for corporate contingencies has been reduced by £750k transferred to E&R as outlined in recommendation B to this report.

In addition to the net adverse variance of £0.886m, it is proposed to make the following appropriations to the Balancing the Budget Reserve:-
- £0.250m from the Corporate Contingency budget
- £0.2m from the budget for loss of income arising from P3/P4

5 Capital Programme 2021-25

5.1 The Table below shows the movement in the 2021/25 corporate capital programme since the last monitoring report:

Depts	Current Budget 21/22	Variance	Revised Budget 21/22	Current Budget 22/23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24	Original Budget 2024-25	Variance	Revised Budget 24/25
Corporate Services	10,255	(46)	**10,209**	7,368	379	**7,747**	5,245		**5,245**	13,534	(463)	**13,071**
Community & Housing	1,018		**1,018**	2,500		**2,500**	752		**752**	480		**480**
Children Schools & Families	8,416	130	**8,546**	4,240		**4,240**	1,900		**1,900**	1,900		**1,900**
Environment and Regeneration	18,804	(223)	**18,581**	9,378		**9,378**	7,918		**7,918**	7,324		**7,324**
Total	**38,493**	**(139)**	**38,354**	**23,485**	**379**	**23,864**	**15,815**	**0**	**15,815**	**23,238**	**(463)**	**22,775**

5.2 The table below summarises the position in respect of the 2021/22 Capital Programme as at August 2021. The detail is shown in Appendix 5.

Capital Budget Monitoring - August 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	541,766	1,326,631	(784,865)	10,209,320	10,209,320	0
Community and Housing	439,343	281,226	158,117	1,017,820	1,017,820	(0)
Children Schools & Families	1,864,634	172,816	1,691,818	8,545,690	8,545,690	0
Environment and Regeneration	4,346,339	6,792,417	(2,446,078)	18,580,960	18,608,087	27,127
Total	**7,192,082**	**8,573,090**	**(1,381,008)**	**38,353,790**	**38,380,917**	**27,127**

a) Corporate Services – After the adjustments below budget managers are currently forecasting full spend on all their budgets:

- re-profiling of £379k from 2021-22 to 2022-23 for Works on Other Buildings – Boiler Replacement the adjustment is to reflect projected spend
- a £333k new Disaster Recovery Scheme is being added to the programme to fund essential works that need to be undertaken as a result of the cessation of the reciprocal Disaster Recovery arrangement with Wandsworth in February 2022. This budget is being funded by re-profiling from the Corporate Capital Contingency budget in 2024-25.

b) Community and Housing – Budget managers are projecting full spend against budgets.

c) Children, Schools and Families – After the virements in the table below there currently some projected variances within the primary sector these balance to zero. The primary variances reflect the anticipated outcome of the tendering processes undertaken over the spring these budgets are not being adjusted yet to allow for any cost variances during delivery.

		Budget 2021-22	Narrative
		£	
Children, Schools and Families			
Abbotsbury - Capital Maintenance	(1)	13,000	Virements - projected spend capital maintenance
Merton Abbey - Capital Maintenance	(1)	50,000	Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1)	(63,000)	£63k virement to specific schemes
Harris Academy Wimbledon	(1)	130,000	Virements - projected spend
Total		**130,000**	

(1) Requires Cabinet approval

d) Environment and Regeneration – After adjusting for the reduction in TfL funding within Highways and Footways – Active Travel Fund of £43k, removing Paddling Pools Option 2 £226k and adding £45k for a new section 106 scheme for Wandle Nature Park Flood Defence, officers are projecting full spend on all budgets apart from:

- Officers are projecting a £35k favourable variance on Public Protection and Development.
- Officers are projecting a £6k favourable variance on Alley Gating
- Officers are projecting a £30k favourable variance on Waste SLWP – Waste Bins.
- Officers are projecting a £495k favourable variance on the TfL Unallocated Budget
- Officers are projecting a £594k adverse variance on the Canons Parks for the People Scheme (split £444k within Mitcham Area Regeneration and £150k within Parks Investment. Officers have submitted a bid for Strategic CIL to fund this projected shortfall.

5.3 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£000s):

Depts.	Original Budget 21/22	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 21/22
Corporate Services	11,205	1,123			153	(2,272)	**10,209**
Community & Housing	1,132	135				(250)	**1,018**
Children Schools & Families	9,050	432	135	1,139		(2,210)	**8,546**
Environment and Regeneration	19,408	3,141	(711)	30	66	(3,353)	**18,581**
Total	**40,795**	**4,831**	**(576)**	**1,169**	**219**	**(8,085)**	**38,354**

5.4 The table below compares capital expenditure (£000s) to August 2021 to that in previous years':

Depts.	Spend To August 2018	Spend To August 2019	Spend to August 2020	Spend to August 2021	Variance 2018 to 2021	Variance 2019 to 2021	Variance 2020 to 2021
CS	1,879	900	635	542	(1,337)	(359)	(93)
C&H	408	354	120	439	31	85	320
CSF	2,066	3,482	464	1,865	(202)	(1,617)	1,401
E&R	5,042	1,554	2,057	4,346	(695)	2,792	2,289
Total Capital	**9,395**	**6,290**	**3,275**	**7,192**	**(2,203)**	**902**	**3,917**

Outturn £000s	31,424	26,960	15,123	
Budget £000s				38,354
Projected Spend August 2021 £000s				38,381
Percentage Spend to Budget				18.75%
% Spend to Outturn/Projection	29.90%	23.33%	21.66%	18.74%
Monthly Spend to Achieve Projected Outturn £000s				4,170

5.5 August is five months into the financial year and departments have spent just under 18.8% of the budget. Spend to date is higher that two of the last three previous financial years

Department	Spend To July 2021 £000s	Spend To August 2021 £000s	Increase £000s
CS	463	542	79
C&H	259	439	180
CSF	1,193	1,865	672
E&R	3,563	4,346	783
Total Capital	**5,478**	**7,192**	**1,714**

5.6 During August 2021 officers spent just over £1.7 million, to achieve year end spend officer would need to spend approximately £4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

5.7 Appendix 5C summarises the impact of the budgetary changes to the Capital Programme on funding.

6 DELIVERY OF SAVINGS FOR 2021/22

Progress on savings 2021/22

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	205	1,375	87.0%	750
Total	**6,903**	**3,262**	**3,641**	52.7%	**2,105**

Appendix 6 details the progress on unachieved savings from 2021/22 by department and the impact on the current year and next year.

Progress on savings 2020/21

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (August)	Projected Shortfall 2022/23 (August)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	**12,074**	**5,048**	**3,678**	**786**

Appendix 7 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1 The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 5A –	Current Capital Programme
Appendix 5B -	Detail of Virements
Appendix 5C -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2021/22
Appendix 7 –	Progress on savings 2020/21

15. BACKGROUND PAPERS

15.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E.Corporate Items	Council 2021/22 £000s	Current Budget 2021/22 £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 2020/21 £000s
Cost of Borrowing	11,157	11,157	2,789	1,645	11,012	(145)	(145)	(27)
Impact of Capital on revenue budget	**11,157**	**11,157**	**2,789**	**1,645**	**11,012**	**(145)**	**(145)**	**(27)**
Investment Income	**(387)**	**(387)**	**(97)**	**(222)**	**(430)**	**(43)**	**(43)**	**(141)**
Pension Fund	**86**	**86**	**86**	**2,900**	**86**	**0**	**0**	**2,646**
Pay and Price Inflation	**3,338**	**3,338**	**834**	**0**	**3,063**	**(275)**	**0**	**(250)**
Contingency	1,500	500	313	12	500	0	0	(365)
Bad Debt Provision	1,500	1,500	375	0	1,500	0	0	388
Loss of income arising from P3/P4	400	200	50	0	200	0	0	0
Loss of HB Admin grant	23	23	6	0	23	0	0	(23)
Apprenticeship Levy	450	450	113	(105)	450	0	0	(80)
Revenuisation and miscellaneous	8,005	8,005	2,001	18	3,694	(4,311)	0	411
Growth - Provision against DSG	14,078	14,078	3,520	0	14,078	0	0	0
Contingencies and provisions	**25,955**	**24,755**	**6,376**	**(75)**	**20,444**	**(4,311)**	**0**	**331**
Other income	0	0	0	(5)	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(556)	(60)	(2,223)	0	0	0
Income items	**(2,223)**	**(2,223)**	**(556)**	**(65)**	**(2,223)**	**0**	**0**	**7,413**
Appropriations: CS Reserves	(1,656)	(1,656)	(414)	0	(1,656)	0	0	0
Appropriations: E&R Reserves	(50)	(337)	(84)	0	(337)	0	0	0
Appropriations: CSF Reserves	(303)	0	0	0	0	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(26)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(93)	(93)	(23)	0	(93)	0	0	0
Appropriations:Corporate Reserves	(5,472)	(5,022)	(1,256)	450	450	5,472	0	(7,848)
Appropriations/Transfers	**(7,678)**	**(7,213)**	**(1,803)**	**450**	**(1,741)**	**5,472**	**0**	**(7,848)**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**(25,593)**	**0**	**(25,593)**	**0**	**0**	**0**
Central Items	**4,654**	**3,920**	**(17,963)**	**4,632**	**4,618**	**698**	**(188)**	**2,124**
Levies	**959**	**959**	**240**	**959**	**959**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**5,614**	**4,879**	**(17,723)**	**5,592**	**5,577**	**698**	**(188)**	**2,124**
COVID-19 Emergency expenditure	0	0	0	768	938	938	864	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**5,614**	**4,879**	**(17,723)**	**6,360**	**6,515**	**1,636**	**676**	**7,480**

APPENDIX 2

Pay and Price Inflation as at August 2021

In 2021/22, the budget includes 1,5% for increases in pay and 1.5% for increases in general prices, with an additional amount 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 3.2% and RPI at 4.8% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As previously advised, in February 2021, unions submitted a pay claim of 10% plus other requirements but on 14 May 2021 the National Employers made a pay offer of 1.5% to the NJC unions.

On 27 July 2021, the National Employers made a "final offer" as follows:

- With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1
- With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above
- Completion of the outstanding work of the joint Term-Time Only review group

The employers also considered non-pay elements of union proposals and hope joint discussions can begin on the basis of the following:-

- A national minimum agreement on homeworking policies for all councils

In response the unions UNISON, GMB and Unite are urging local government employers to rethink their revised pay offer of a 1.75% pay rise (with 2.75% for those on the bottom pay point) for 2021/22 by "awarding an increase that will properly and fairly reward council and school support staff". Unite are to ballot its 70,000 members on whether they should take industrial action, including the option to strike. The ballot will run from 1 September 2021 to 4 October 2021. The GMB are also balloting its members and its joint Local Government and Schools Committee representatives have discussed the pay offer and are recommending to reject the offer. UNISON have launched a consultation to ask members to vote whether to accept or reject the final pay offer and strongly recommend that its members vote to reject the offer.

With 1.5% provided for a pay award in 2021/22, if unions accept the 1.75% offer it will require additional budget of c.£0.225m in 2021/22 and future years. (a 1% increase costs c.£0.9m per year).

Prices:

The latest statistics have been affected by COVID-19 but this is now minor. As a result of the easing of coronavirus (COVID-19) restrictions, the number of CPIH items identified as unavailable in July 2021 fell to one, accounting for 0.04% of the basket by weight; the ONS collected a weighted total of 87.2% of the comparable coverage collected before the first lockdown in 2020 (excluding unavailable items). Around 0.2 percentage points of the easing in the CPIH rate between June and July 2021 came from base effects, specifically from items that became available again in July 2020 at the end of the first coronavirus (COVID-19) lockdown.

The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to August 2021, up from 2.0% in July: the increase of 1.2 percentage points is the largest ever recorded increase in the CPI National Statistic 12-month inflation rate series, which began in January 1997; this is likely to be a temporary change. On a monthly basis, CPI increased 0.7% in August 2021, compared with a fall of 0.4% in August 2020.

The largest upward contribution to change is a base effect, because, in part, of discounted restaurant and café prices in August 2020 resulting from the government's Eat Out to Help Out scheme and, to a lesser extent, reductions in Value Added Tax (VAT) across the same sector

The largest upward contribution to the August 2021 CPIH 12-month inflation rate came from transport with further large upward contributions from restaurants and hotels, housing and household services, and recreation and culture.

Restaurants and hotels, recreation and culture, and food and non-alcoholic beverages made the largest upward contributions to the change in the CPIH 12-month inflation rate between July and August 2021.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.0% in the 12 months to August 2021, up from 2.1% in the 12 months to July.

The RPI rate for August 2021 was 4.8%, which is up from 3.8% in July 2021.

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. Previously at a special meeting on 19 March 20020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 22 September 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted by a majority of 7-2 for the Bank of England to continue with its existing programme of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion. The next MPC decision on the Bank Base Rate will be published on 4 November 2021.

The MPC state that "since the August MPC meeting, the pace of recovery of global activity has showed signs of slowing. Against a backdrop of robust goods demand and continuing supply constraints, global inflationary pressures have remained strong and there are some signs that cost pressures may prove more persistent. Some financial market indicators of inflation expectations have risen somewhat, including in the United Kingdom….Uncertainty around the outlook for the labour market has therefore increased. Key questions include how the economy will adjust to the closure of the furlough scheme at the end of September; the extent, impact and duration of any change in unemployment; as well as the degree and persistence of any difficulties in matching available jobs with workers. The Committee will review these, along with other, developments as part of its forthcoming forecast round ahead of the November Monetary Policy Report, which will also include its periodic assessment of the supply side of the economy."

In terms of the outlook for inflation the MPC say that CPI inflation is expected to rise further temporarily, to slightly above 4% in 2021 Q4, slightly higher than the projection in the August Report. Around half of the near-term projected above-target inflation is expected to be accounted for by elevated energy price inflation. The projected contribution of energy prices from October 2021 reflects a base effect as well as Ofgem's most recent announced increases in the standard variable tariff caps on retail gas and electricity prices. Spot and forward wholesale gas prices have risen materially since the publication of the August Report, against a backdrop of strong demand and some supply disruption. The MPC say that this "could represent a significant upside risk to the MPC's inflation projection from April 2022, when Ofgem next updated its retail energy price caps based on the relevant forward contracts, and meant that CPI inflation would remain slightly above 4% into 2022 Q2, all else equal. Core goods inflation was expected to remain above pre-pandemic averages, accounting for most of the remainder of the projected above-target inflation. In contrast to much of the pandemic period, services inflation was expected to rise slightly, to rates close to pre-Covid averages, which in part reflected a continued recovery of activity in consumer-facing services, as well as the tapered rise in VAT on hospitality, holiday accommodation and attractions from October. Most indicators of cost pressures had remained elevated."

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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (September 2021)			
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.1	4.3	3.2
RPI	3.0	5.9	4.6
LFS Unemployment Rate	4.5	5.8	5.3
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	5.1	2.2
RPI	1.8	6.0	3.2
LFS Unemployment Rate	4.2	6.0	4.8

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve. 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 2021 to 2025 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	2.2	2.8	2.2	2.1	2.0
RPI	3.2	4.1	3.5	3.2	3.0
LFS Unemployment Rate	5.0	5.0	4.5	4.3	4.2

Appendix 3

Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 22 September 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted by a majority of 7-2 for the Bank of England to continue with its existing programme of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

The Monetary Policy Committee's (MPC's) core approach is summarised in the minutes as they note that "The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework also recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. In the recent unprecedented circumstances, the economy has been subject to very large shocks. Given the lag between changes in monetary policy and their effects on inflation, the Committee, in judging the appropriate policy stance, will as always focus on the medium term prospects for inflation, rather than factors that are likely to be transient… should the economy evolve broadly in line with the central projections in the August Monetary Policy Report, some modest tightening of monetary policy over the forecast period was likely to be necessary to be consistent with meeting the inflation target sustainably in the medium term. Some developments during the intervening period appear to have strengthened that case, although considerable uncertainties remain. The Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack and underlying pay pressures; the extent to which businesses pass on wage and other cost increases, as well as medium-term inflation expectations."

Looking at potential future increases in interest rates the MPC state that "Market implied measures of advanced-economy policy rates had increased slightly since the Committee's previous meeting. In the United Kingdom, increases in the level of Bank Rate to 25 basis points and 50 basis points were now expected in May 2022 and December 2022 respectively, compared to August 2022 and February 2024 at the time of the Committee's previous meeting. Market expectations of the first 25 basis point increase in the federal funds rate in the United States had been brought forward to February 2023 from June 2023. At its meeting on 9 September, the ECB Governing Council had decided to reduce moderately the pace of asset purchases under the Pandemic Emergency Purchase Programme. The Governing Council had left its key policy rates unchanged….The MPC had, since the second half of 2020, had policy guidance in place specifying that it did not intend to tighten monetary policy at least until there was clear evidence that significant progress was being made in eliminating spare capacity and achieving the 2% inflation target sustainably. There remained a range of views on the Committee about whether the conditions of that guidance were met, but all members agreed that the previous formal guidance was no longer useful in the present situation. "

Some members of the MPC thought that any future initial tightening of monetary policy should be implemented by an increase in Bank Rate, even if that tightening became appropriate before the end of the existing UK government bond asset purchase programme.

The August 2021 Monetary Policy Report makes the following assumptions:-

- the impact of Covid on the economy continues to fade over time.
- Fiscal policy supports demand in the near term.
- The market path for interest rates is broadly similar to three months ago; the sterling exchange rate has appreciated a little further since the May Report.
- Risky asset prices are at a similar level to May, while household credit conditions have eased.
- Global GDP continues to rise in the near term as Covid vaccination programmes progress.
- Global inflationary pressures are forecast to remain strong in the near term, but are expected to be transitory and wane as supply and demand imbalances ease.
- UK GDP grows by 4% over the first year of the forecast, with the pace of expansion slowing over time.
- Supply growth is estimated to have been strong, but somewhat less rapid than demand growth, in part reflecting frictions in the labour market.

In the August 2021 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (August 2021)			
	2021 Q.3	2022 Q.3	2023 Q.3	2024 Q.3
GDP	7.7	4.0	1.3	1.3
CPI Inflation	2.7	3.3	2.1	1.9
LFS Unemployment Rate	4.7	4.4	4.2	4.2
Excess Supply/Excess Demand	0.0	0.5	0	-0.25
Bank Rate	0.1	0.2	0.4	0.5

The conclusions that the MPC reach in the August 2021 Monetary Policy Report are supported by the following Key Judgements:--

<u>Key judgement 1:</u> global inflationary pressures are strong in the near term – reflecting the continued recovery in world demand, higher commodity prices, and temporary supply bottlenecks – and should subside thereafter.

<u>Key judgement 2:</u> UK activity continues to recover in the near term, as the impact of Covid continues to wane and policy stimulus supports demand, with the pace of expansion slowing as those effects dissipate

<u>Key judgement 3</u>: the economy's supply capacity continues to recover in the near term as the impact of Covid wanes; in the medium term, supply growth returns to around longer-term trend rates.

<u>Key judgement 4</u>: inflation rises further above the target in the near term, largely reflecting the impact of transitory factors; in the medium term, supply and demand are broadly in balance and inflation is around the target.

Appendix 5a

Capital Budget Monitoring – August 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Capital	**7,192,082**	**8,573,090**	**(1,381,008)**	**38,353,790**	**38,380,917**	**27,127**
Corporate Services	**541,766**	**1,326,631**	**(784,865)**	**10,209,320**	**10,209,320**	**0**
Customer, Policy and Improvment	**0**	**0**	**0**	**350,000**	**350,000**	**0**
Customer Contact Programme	0	0	0	350,000	350,000	0
Facilities Management Total	**105,432**	**998,786**	**(893,354)**	**1,893,820**	**1,893,820**	**0**
Works to other buildings	80,693	335,604	(254,911)	740,000	739,700	(300)
Civic Centre	0	0	0	60,000	60,300	300
Invest to Save schemes	24,739	663,182	(638,443)	1,093,820	1,093,820	0
Infrastructure & Transactions	**236,334**	**127,845**	**108,489**	**2,504,310**	**2,504,310**	**0**
Business Systems	44,483	45,000	(517)	868,020	868,020	0
Social Care IT System	61,165	0	61,165	157,180	157,180	0
Disaster recovery site	0	0	0	332,960	332,960	0
Planned Replacement Programme	130,686	82,845	47,841	1,146,150	1,146,150	0
Corporate Items	**200,000**	**200,000**	**0**	**5,461,190**	**5,461,190**	**0**
Acquisitions Budget	200,000	200,000	0	200,000	200,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Compulsory Purchase Orders	0	0	0	4,801,190	4,801,190	0
Community and Housing	**439,343**	**281,226**	**158,117**	**1,017,820**	**1,017,820**	**(0)**
Adult Social Care	**0**	**0**	**0**	**30,400**	**30,400**	**(0)**
Telehealth	0	0	0	30,400	30,400	(0)
Housing	**345,104**	**221,277**	**123,827**	**787,590**	**787,590**	**0**
Disabled Facilities Grant	345,104	221,277	123,827	737,590	737,590	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Libraries	**94,240**	**59,949**	**34,291**	**199,830**	**199,830**	**0**
Major Library Projects	94,240	52,749	41,491	175,830	175,830	0
Libraries IT	0	7,200	(7,200)	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring- August 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	**1,864,634**	**172,816**	**1,691,818**	**8,545,690**	**8,545,690**	**0**
Primary Schools	**345,980**	**54,000**	**291,980**	**3,570,910**	**3,570,910**	**0**
Hollymount	1,929	0	1,929	60,000	60,000	0
West Wimbledon	14,203	0	14,203	350,000	350,000	0
Hatfeild	10,174	0	10,174	75,000	55,000	(20,000)
Hillcross	844	0	844	153,000	153,000	0
Joseph Hood	2,800	0	2,800	73,000	73,000	0
Dundonald	114,203	0	114,203	181,000	181,000	0
Merton Abbey	1,732	0	1,732	65,000	65,000	0
Merton Park	0	0	0	50,000	50,000	0
Pelham	1,630	0	1,630	50,000	42,000	(8,000)
Wimbledon Chase	5,719	0	5,719	176,000	176,000	0
Wimbledon Park	9,215	0	9,215	450,000	450,000	0
Abbotsbury	17,629	0	17,629	74,000	74,000	0
Malmesbury	62,338	0	62,338	95,000	95,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	18,400	0	18,400	33,000	33,000	0
Cranmer	20,986	24,000	(3,014)	59,000	53,000	(6,000)
Gorringe Park	0	0	0	0	0	0
Haslemere	0	0	0	150,000	150,000	0
Liberty	(487)	0	(487)	0	0	0
Links	6,480	0	6,480	180,000	133,000	(47,000)
St Marks	3,240	0	3,240	115,900	115,900	0
Lonesome	(1,875)	0	(1,875)	0	0	0
Sherwood	49,370	30,000	19,370	300,000	300,000	0
Stanford	0	0	0	0	0	0
William Morris	9,670	0	9,670	158,000	158,000	0
Unallocated Primary School Proj	0	0	0	723,010	804,010	81,000

Capital Budget Monitoring- August 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	**202,916**	**0**	**202,916**	**604,040**	**604,040**	**0**
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	21,000	21,000	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	395	0	395	55,000	55,000	0
Harris Academy Wimbledon	202,521	0	202,521	337,260	337,260	0
SEN	**1,196,910**	**0**	**1,196,910**	**3,779,290**	**3,779,290**	**0**
Perseid	99,258	0	99,258	364,130	364,130	0
Cricket Green	15,621	0	15,621	195,480	195,480	0
Melrose	1,083,666	0	1,083,666	2,337,980	2,337,980	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unallocated SEN	223	0	223	824,200	824,200	0
Melbury College - Smart Centre	(1,857)	0	(1,857)	7,500	7,500	0
CSF Schemes	**118,828**	**118,816**	**12**	**591,450**	**591,450**	**0**
Devolved Formula Capital	118,828	118,816	12	356,450	356,450	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	180,000	180,000	0

Capital Budget Monitoring – August 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	**4,346,339**	**6,792,417**	**(2,446,078)**	**18,580,960**	**18,608,087**	**27,127**
Public Protection and Developm	**120,267**	**443,559**	**(323,292)**	**1,669,640**	**1,634,640**	**(35,000)**
On Street Parking - P&D	0	249,000	(249,000)	833,000	833,000	0
Off Street Parking - P&D	74,293	194,559	(120,266)	645,530	645,530	0
CCTV Investment	45,974	0	45,974	156,110	156,110	0
Public Protection and Developm	0	0	0	35,000	0	(35,000)
Street Scene & Waste	**180,008**	**305,990**	**(125,982)**	**825,430**	**789,080**	**(36,350)**
Fleet Vehicles	298,792	298,790	2	673,000	673,000	0
Alley Gating Scheme	389	7,200	(6,812)	24,000	18,000	(6,000)
Waste SLWP	(119,173)	0	(119,173)	128,430	98,080	(30,350)
Sustainable Communities	**4,046,064**	**6,042,868**	**(1,996,804)**	**16,085,890**	**16,184,367**	**98,477**
Street Trees	20,328	0	20,328	134,590	134,590	0
Raynes Park Area Roads	341	0	341	2,970	2,970	0
Highways & Footways	2,275,555	3,508,624	(1,233,069)	8,630,000	8,629,997	(3)
Cycle Route Improvements	107,046	197,942	(90,896)	534,870	534,870	0
Unallocated Tfl	0	0	0	495,250	0	(495,250)
Mitcham Area Regeneration	827,877	1,145,250	(317,373)	1,315,230	1,759,480	444,250
Wimbledon Area Regeneration	102,739	279,296	(176,557)	1,234,320	1,234,320	0
Morden Area Regeneration	0	45,000	(45,000)	150,000	150,000	0
Borough Regeneration	65,833	84,246	(18,413)	746,020	746,020	0
Morden Leisure Centre	15,846	0	15,846	15,850	15,850	0
Wimbledon Park Lake and Waters	145,163	353,388	(208,225)	1,177,960	1,177,960	0
Sports Facilities	75,993	115,595	(39,602)	410,470	410,470	0
Parks	409,342	313,527	95,815	1,238,360	1,387,840	149,480

Virement, Re-profiling and New Funding - August 2021

Appendix 5B

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Services	-									
Works to Other Buildings - Boiler Replacement	(1)	**468,680**			(378,680)	**90,000**	**0**	378,680	**378,680**	Re-profiled in line with projected spend
Disaster Recovery	(1)	**0**			332,960	**332,960**			**0**	Funded from Corporate Capital Contingency
Children, Schools and Families										
Abbotsbury - Capital Maintenance	(1)	**61,000**	13,000			**74,000**	**0**		**0**	Virements - projected spend capital maintenance
Merton Park - Capital Maintenance	(1)	**0**	50,000			**50,000**	**0**		**0**	Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1)	**786,010**	(63,000)			**723,010**	**1,900,000**		**1,900,000**	£63k virement to specific schemes
Harris Academy Merton - Expansion	(1)	**207,260**	130,000			**337,260**			**0**	Virements - projected spend
Environment and Regeneration	-	-	-	-	-	-	-	-	-	-
Highways & Footways - Active Travel Fund	(1)	**282,060**		(42,170)		**239,890**	**0**		**0**	Adjustment to TfL Funding
Parks Investment - Paddling Pools Option 2	(1)	**226,000**		(226,000)		**0**	**0**		**0**	Progressing Option 1
Parks Investment - Wandle Nature Park Flood Defence		**0**		44,690		**44,690**	**0**		**0**	Section 106 Funded Project
Total		**2,031,010**	**130,000**	**(223,480)**	**(45,720)**	**1,891,810**	**1,900,000**	**378,680**	**2,278,680**	

(1) Requires Cabinet approval **(2) Requires Council Approval**

Virement, Re-profiling and New Funding - June 2021

Appendix 5B

		2023/24 Budget	Movement	Revised 2023/24 Budget	2024/25 Budget	Movement	Revised 2024/25 Budget	Narrative
-	-	£	£	£	£		£	
Corporate Services	-							
Corporate Capital Contingency		**0**		**0**	**2,143,900**	(462,960)	**1,680,940**	Moved to 2021-22 for Disaster Recovery
Total		**0**	**0**	**0**	**2,143,900**	**(462,960)**	**1,680,940**	

(1) Requires Cabinet approval **(2) Requires Council Approval**

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed July Monitoring	21,430	17,063	38,493
<u>Corporate Services</u>			
Works to Other Buildings - Boiler Replacement	(379)	0	(379)
Disaster Recovery	333	0	333
<u>Children, Schools and Families</u>			
Harris Academy Wimbledon	130	0	130
<u>Environment and Regeneration</u>			
Highways & Footways - Active Travel Fund	0	(42)	(42)
Parks Investment - Paddling Pools Option 2	(226)	0	(226)
Parks Investment - Wandle Nature Park Flood Defence	45	0	45
Proposed August Monitoring	21,333	17,021	38,354

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed July Monitoring	17,037	6,449	23,485
<u>Corporate Services</u>			
Works to Other Buildings - Boiler Replacement	379	0	379
Proposed August Monitoring	17,415	6,449	23,864

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Budget	20,038	3,200	23,238
Corporate Services			
Corporate Capital Contingency	(463)	0	(463)
Proposed May 21 Monitoring	19,575	3,200	22,775

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	205	1,375	87.0%	750
Total	**6,903**	**3,262**	**3,641**	52.7%	**2,105**

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2021-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Achieved £000	Shortfall	RAG		2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	2022/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
ENV2021-01	Future Merton: Street works team income (increase in income)	100	100	0	G		100	0	G	James McGinlay		
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R		70	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV2021-10	D&BC: Savings as a result of the 'Assure' M3 upgrade . Reduce BC/DC admin by 1 FTE	15	15	0	A		15	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R		80	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-05	D&BC: Reduction is various minor budget spends	12	12	0	G		12	0	G	James McGinlay		
	PUBLIC PROTECTION											
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	26	26	0	G		26	0	G	Cathryn James	Please refer to Item ENV 2021-04 below where the modernisation project is due to be rolled out in October 2021 and will deliver the reduction targets.	
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R		340	0	G	Cathryn James	Following the consultation process and approval by Merton, the proposal was put before London Council and, the process is now for GLA, Mayor for London and Secretary of State to approve. Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Earliest implementation will be in October 2021 pending approval in early quarter 2. The full saving will not be achieved in 2021/22. Additional questions raised by GLA have now been responded to and approved. Application now to be sent by GLA to Mayor for London.	Y
ENV2021-04	Parking: EBC - potentially commencing in 2nd half of 2021/22. Assumes a 10% reduction in 2023/24, and a further 10% in 2024/25.	750	0	750	R		0	750	R	Cathryn James	Emission based charging scheme is no longer going ahead.	Y
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	0	100	R		100	0	G	Cathryn James	Due to Covid and current on street activity this saving has not been met in Q1 2021. Operational consideration now being worked through for implementation in Q2/Q3.	Y
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R		35	0	G	Cathryn James	For 2021/2022 £35k savings will be covered through income generation.	Y
	PUBLIC SPACE											
ENV2021-09	Zero tolerance approach to littering and environmental offences leading to increase in the intensification of patrols and subsequent fix penalty notices being issued.	52	52	0	G		52	0	G	John Bosley		
	Total Environment and Regeneration Savings 2018/19	**1,580**	**205**	**1,375**			**830**	**750**				

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Forecast £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
	Customers, Policy & Improvement										
2019-20 CS28	cash collection reduction	19	19	0	G	19	0	G	Sean Cunniffe		
2021-22 CS01	Cash collection contract	23	23	0	G	23	0	G	Sean Cunniffe		
2021-22 CS05	Contract savings and IT procurement	200	200	0	G	200	0	G	CPI AD		
2021-22 CS15	Delete a post from Customer Contact	32	32	0	G	32	0	G	Sean Cunniffe		
	Resources										
2018-19 CS07	Retender of insurance contract	25	0	25	R	0	25	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	15	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	40	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS12	Miscellaneous savings within Resources (eg. Consultancy)	69	69	0	G	35	0	G	Resources Senior Management	Includes a one off saving of £34k, saving target reduces to £35k from 2022/23 onwards	
	Corporate Governance										
2021-22 CS04	Establish income grant budget for transparency agenda	13	13	0	A	13	0	A	Karin Lane	Grant income expected but not yet confirmed by central govt.	N
2021-22 CS07	Remove previous inflation built in to reduce Overall Members' Allowances Budget	11	9	2	A	11	0	G	Andrew Robertson		Y
2021-22 CS08	reduced running costs due to canvass reform	10	10	0	G	10	0	G	Andrew Robertson		
2021-22 CS09	legal services - reduce affiliation, counsel and land registry fees	40	40	0	G	40	0	G	Paul Phelan		
2021-22 CS10	reduce AD budget running costs	6	6	0	G	6	0	G	Louise Round		
2021-22 CS14	Local Land Charges - amend income budget for service to reflect net cost recovery	90	90	0	G	90	0	G	Karin Lane		
	Human Resources										
2019-20 CS26	Review of contract arrangements	120	0	120	R	50	70	A	Liz Hammond	Delayed start of new contract arrangements due to covid. New contract arrangements to be agreed during this year in order for it to come into effect for 2022/23	Y
	Infrastructure & Technology										
2019-20 CS21	Implement phase 2 of the Flexible Working Programme to generate additional vacant floor space and generate income from commercial lease arrangements.	90	90	0	G	90	0	G	Edwin O'Donnell		
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	30	0	A	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
2021-22 CS06	Facilities Management - Reduction in various running costs.	75	75	0	G	75	0	G	Various I&T managers		
	Corporate										
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	16	16	0	G	16	0	G	David Keppler		
2021-22 CS02	Corporately funded items (eg. Supplies and services)	75	75	0	G	75	0	G	Senior Management		
2021-22 CS03	Realignment of Pension Added years budget	63	63	0	G	63	0	G	Senior Management		
2021-22 CS13	CHAS Dividend	260	260	0	G	260	0	G	Senior Management		
	Total CS Savings for 2021/22	**1322**	**1090**	**232**		**1193**	**95**	**0**			

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	RAG		2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care											
CH93	LD Offer- Proposal to review the LD offer to adults with learning disabilities	500	500	0	G		500	0	G	Gill Moore	The programme is underway and additional resources are being put in place to ensure delivery	
CH94	Integration- Merton Health & Care Together Partnership Programme	500	40	460	R		40	460	G	Phil Howell	Changes in the health landscape make savings through integrated working more difficult to deliver at this time. This will be kept under review as the new ICS arrangements emerge	
CH95	Public Health	500	100	400	R		100	400	G	Dagmar Zeuner	the impact of COVID and provider issues make this undeliverable at this time.	
CH96	Home care monitoring	110	110	0	G		110	0	G	Keith Burns	Project to broaden number of providers using ECM solution is in progress.	
CH98	Transport	200	200	0	A		200	0	G	Phil Howell	The transport review has been delayed by COVID but this is offset in year by reduced concessionary fares costs (one off)	
CH99	Promoting Independence	500	500	0	G		500	0	G	Phil Howell		
CH102	Dementia Hub Recommissioning	55	55	0	G		55	0	G	Richard Ellis	The savings has been delivered for 2021/22 by achievement of additional contribution from health	
CH103	HRS Decommissiong Floating Support	176	52	124	A		176	0	G	Steve Langley	The work was delayed by COVID but is now on track to be delivered by end Dec 2021 with fye 2022/23	
	Subtotal Adult Social Care	2,541	1,557	984		0	1,681	860				
	Total C & H Savings for 2021/22	2,541	1,557	984			1,681	860				

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 21-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	21/22 RAG		2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-12	Review of public health commissioned services	400	0	400			0	400		Sue Myers	This saving is unachievable as it is related to a saving in Public Health related to recommisioning integrated service that didn't occur	
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0			20	0		Sue Myers	Review in progress full upddate to be provided in Period 6	
CSF2019-17	Increased use of in-house foster care	40	40	0			40	0		Sue Myers	Review in progress full upddate to be provided in Period 6	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200			200	0		Nick Wilson	Shortbreaks review was delayed by Covid and the saving is therefore also delayed	
CSF2019-19	SEND travel assistance	150	150	0			150	0		Nick Wilson	Review in progress full upddate to be provided in Period 6	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	0	450			450	0		Nick Wilson	Finance review of the PFI Unitary charge model needed	
2021-22 CSF03	CSF - Ongoing underspend	200	200	0			200	0		Sue Myers/Nick Wilosn	Currently CSF forecasting overspend so this saving is at risk to be reveiwed in Period 6	
	Total Children, Schools and Families Department Savings for 2021/22	1,460	410	1,050	0		1,060	400	0			

APPENDIX 7

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (August)	Projected Shortfall 2022/23 (August)
	£000	**£000**	**£000**	**£000**
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	**12,074**	**5,048**	**3,678**	**786**

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APPENDIX 7

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R		0	40	R	**40**	**0**	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	**Y**
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles**The above will be subject to the outcome of the consultation process in 2019.**	1,900	0	1,900	R		0	1900	R	**1900**	**0**	A	Cathryn James	PARKING PERMITS: The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Permit sales for 20/21 were estimated to be down by approx. 10% overall for the calendar year 2020. Due to the reasons above this saving was not be fully met in 2020/21. Lockdown continued in quarter 1 of 2021/22 and activity will continue to be monitored and reviewed. ON STREET PARKING CHARGES - PAY & DISPLAY. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection very difficult. For the period June through to October20/21 data showed off street activity at 50% of pre covid and on street at 80%. Lockdown 2 (Nov 2020) resulted in a reduction in 'on and off street' parking activity Lockdown 3 had a further significant detrimental effect in 'on and off street parking' activity. Covid / lockdown and associated change in social behaviour during the last quarter 2020/21 continued to have a direct effect on service activity and resulted in the saving not being met. This saving will continue to be reviewed and monitored on a monthly basis but lockdown during the first quarter in 2021/22 continues to affect income levels. As at July 2021 savings continue to be monitored but lockdown and change in driver behaviour continues to result in this saving not being achieved.	**Y**
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	0	13	R		13	0	G	**13**	**0**	G	Cathryn James	Expected to be achieved in 2021/22.	
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R		340	0	A	**340**	**0**	G	Cathryn James	This saving will not be achieved in 2020/21. The consultation process had been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. Following the consultation process and approval by Merton, the proposal was put before London Council in October 2020 and, the process is now for GLA, Mayor for London and Secretary of State to approve. It is estimated that if approval is granted the proposal could be implemented by April 2021 Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Earliest implementation will be in October 2021 pending approval in early quarter 2. The full saving will not be achieved in 2021/22. Additional questions raised by GLA have now been responded to and approved by GLA. Application now to be sent by GLA to Mayor for London.	**N**
ENV1920-02	Parking: Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R		0	300	R	**300**	**0**	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. As at July 2021 typical traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	**Y**
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337	0	337	R		0	337	R	**337**	**0**	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. Lockdown continues in Q1 2021/22 and on street activity remains lower than normal. Saving for 2020/21 is unlikely to be met on current trends. As at July 2021 typical traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	**Y**

ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arising and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	0	250	R	0	250	R	250	0	A	John Bosley	The service maintained a high recycling rate in 2019/20, recycled 42% of all domestic waste and delivered significant (above target) savings in the disposal cost. This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home. With the national increase in the level of recycling being generated, processing facilities are becoming stricter with regards to the quality of the material being accepted, resulting in areas of non compliance being rejected. CONFIDENTIAL The current national shortage of drivers impacting the collection schedule, the service has been required to combine rounds and co collect waste streams. This is being monitored through our BCP and the financial impact amended through our budget forecasting.	**Y**
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	0	10	R	**10**	**0**	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	**Y**
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	31	119	R	150	0	G	**150**	**0**	G	John Bosley	The commisioning and procurement of a new enforcement contract along with the wider Public Space restructure is scheduled for late 20/21 and we hope to implement this in the new year subject to any continuity plans which may take presedent over these two work streams.	
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	**64**	**0**	G	John Bosley		
	Total Environment and Regeneration Savings 2020/21	**3,404**	**31**	**3,373**		**567**	**2,837**		**3,404**	**0**				

Aug'21

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care														
CH76	OPMH Staffing	100	0	100	R		0	100	R	0	100		John Morgan	We need to review the demand for MH services with the trust due to C19. Further work is required to establish the necessary resourcing	
CH87	Mascot Income	100	72	28	R		72	28	R	72	28		Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
	Subtotal Adult Social Care	200	72	128		0	72	128		72	128				
	Total C & H Savings for 2020/21	200	72	128			72	128		72	128				

APPENDIX 7

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Outturn Over/Under spend? Y/N
	Customers, Policy & Improvement													
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2018-19 CS07	Retender of insurance contract	50	0	50	R	7	43	A	7	43	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R			N/A	20	0	G	David Keppler	Not achievable in light of covid-19 circumstances. Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
	Corporate Governance													
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	R	0	50	A	0	50	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	R	0	20	A	0	20	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	R	0	45	A	0	45	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
	Infrastructure & Technology													
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	25	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	30	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
	Corporate													
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R			N/A	0	500	R	David Keppler	Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
	Total CS Savings for 2020/21	**755**	**0**	**755**		**22**	**213**	**0**	**97**	**658**				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-10	Reduced contribution towards the MSCB	44	10	34			44	0					Nick Wison	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter of 2021/22..	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140			0	200					Nick Wilson	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity	
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30			15	30					Sue Myers	South London Family Drug and Alcohol Court contract has been decommissioned. Plan is to deliver savings from practice changes supported by the wider CSC & YI reorganisation. The reorganisation has been delayed due to coronavirus alternative operating measures. Will deliver no more than £15k. Some mitigating activity through temporary recruitment to posts likely to be impacted in the reorganisation.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	200			200	200					Sue Myers	This savings work has been significantly impacted by Covid-19 and the need to re-direct aspects of the transformation resource (Graduate Management Trainee) to Ofsted preparation. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40			60	0					Sue Myers	Part of wider CSC reorganisation which was delayed due to coronavirus alternative operating measures. Will deliver no more than £20k.	
CSF2019-13	Review of current Adolescent and Family service	100	30	70			30	70					Sue Myers	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Will deliver no more than £30k, some mitigating activity - vacancies being held and only recruited to on a fixed term basis	
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30			45	0					Sue Myers	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures.	

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DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	**50**	**0**	**50**			**50**	**0**					**Sue Myers**	Financial payments to care leavers have increased due to the impact of Covid-19 restrictions and requirement to match DWP Covid-19 increase in benefit rates - some of this has been set against the Covid-19 cost centre. Timing not appropriate to shift funding culture where continued Covid-19 situation impacts on external resources and progression of other agencies decision-making i.e. Home Office asylum decisions	
CSF2019-18	Implementation of the DfE National Minimum rate	**20**	**0**	**20**			**20**	**0**					**Sue Myers**	Covid-19 restrictions have impacted on foster carer recruitment and approval. Older age demographics of in-house carers increases risk of reduced capacity due to increased likelihood of Covid-19 health complications. This savings work would likely have resulted in short term impact on in-house fostering capacity - this risk is too high in current context. Plan to revisit this savings work when Covid-19 situation stabilises.	
	Total Children, Schools and Families Department Savings for 2020/21	**964**	**350**	**614**			**464**	**500**		**0**	**0**	**0**			