

Merton Council

Overview and Scrutiny Commission - financial monitoring task group

10 November 2016

Supplementary agenda

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Financial Monitoring Task Group

Date: 10th November 2016

Subject: Financial Report 2016/17 – September 2016

Lead officer: Paul Dale

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £5.695 million, 1.07% of the gross budget.
 - B. That Cabinet approve the virement of £120k from the corporate contingency to Children, Schools and Families for the second quarter costs of additional social worker capacity.
 - C. That Cabinet note the adjustments to the Capital Programme detailed in appendix 5b.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for the at the half year of 2016/17 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 6 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2016/17;
- Progress on the delivery of the 2016/17 revenue savings
- Progress on the delivery of 2014/15 and 2015/16 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process will continue to focus on adult social care and children's social care as these areas are forecasting significant overspends. Urgent mitigating action is required to address the scale of the forecast overspend.

- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are under spent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

2.3 2016/17 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At the half year to 30th September 2016 the year end forecast is a net £5.695m overspend (£4.966m overspend last month) compared to the current budget.

**Summary Position as at 30th
September 2016**

	Current Budget 2016/17	Full Year Forecast (Sept)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	Outturn variance 2015/16
	£000s	£000s	£000s	£000s	£000s
Department					
3A. Corporate Services	11,679	11,414	(265)	(137)	(373)
3B. Children, Schools and Families	51,020	52,769	1,749	1,852	(7)
3C. Community and Housing	56,763	65,312	8,548	7,407	940
3D. Public Health	43	43	(0)	0	(7)
3E. Environment & Regeneration	22,458	22,405	(53)	238	3,632
Overheads	0	0	0	0	272
NET SERVICE EXPENDITURE	141,963	151,942	9,979	9,360	4,457
3E. Corporate Items					
Impact of Capital on revenue budget	13,643	13,649	6	6	49
Central budgets	(8,922)	(12,006)	(3,084)	(3,194)	(2,846)
Levies	928	928	0	0	0
TOTAL CORPORATE PROVISIONS	5,648	2,571	(3,078)	(3,188)	(2,797)
TOTAL GENERAL FUND	147,612	154,513	6,901	6,173	1,660
FUNDING					
Revenue Support Grant	(23,156)	(23,156)	0	0	0
Business Rates	(34,230)	(34,230)	0	0	0
Other Grants	(9,811)	(10,353)	(542)	(542)	(954)
Council Tax and Collection Fund	(80,399)	(80,399)	0	0	(6)
FUNDING	(147,597)	(148,139)	(542)	(542)	(960)
Appropriation from reserves		(665)	(665)	(665)	0
NET	15	5,709	5,695	4,966	699

	Current Budget 2016/17	Full Year Forecast at (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)
Expenditure	£000	£000	£000	£000
Employees	93,549	94,891	1,342	1,505
Premises Related Expenditure	8,488	8,060	-428	-281
Transport Related Expenditure	14,499	15,338	839	740
Supplies and Services	168,366	167,204	-1,162	-946
Third Party Payments	89,612	100,646	11,034	10,142
Transfer Payments	104,224	96,573	-7,652	-11,096
Support Services	32,134	32,135	0	0
Depreciation and Impairment Losses	17,638	17,640	3	-0
GROSS EXPENDITURE	528,511	532,487	3,977	64
Income				
Government Grants	-265,820	-257,300	8,520	10,171
Other Grants, Reimbursements and Contribs	-24,490	-27,081	-2,591	-1,582
Customer and Client Receipts	-63,413	-63,065	348	789
Interest	-46	-15	31	23
Recharges	-32,518	-32,519	-0	-0
Balances	-261	-566	-305	-106
GROSS INCOME	-386,548	-380,545	6,003	9,296
NET EXPENDITURE	141,963	151,942	9,979	9,360

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against prior years.

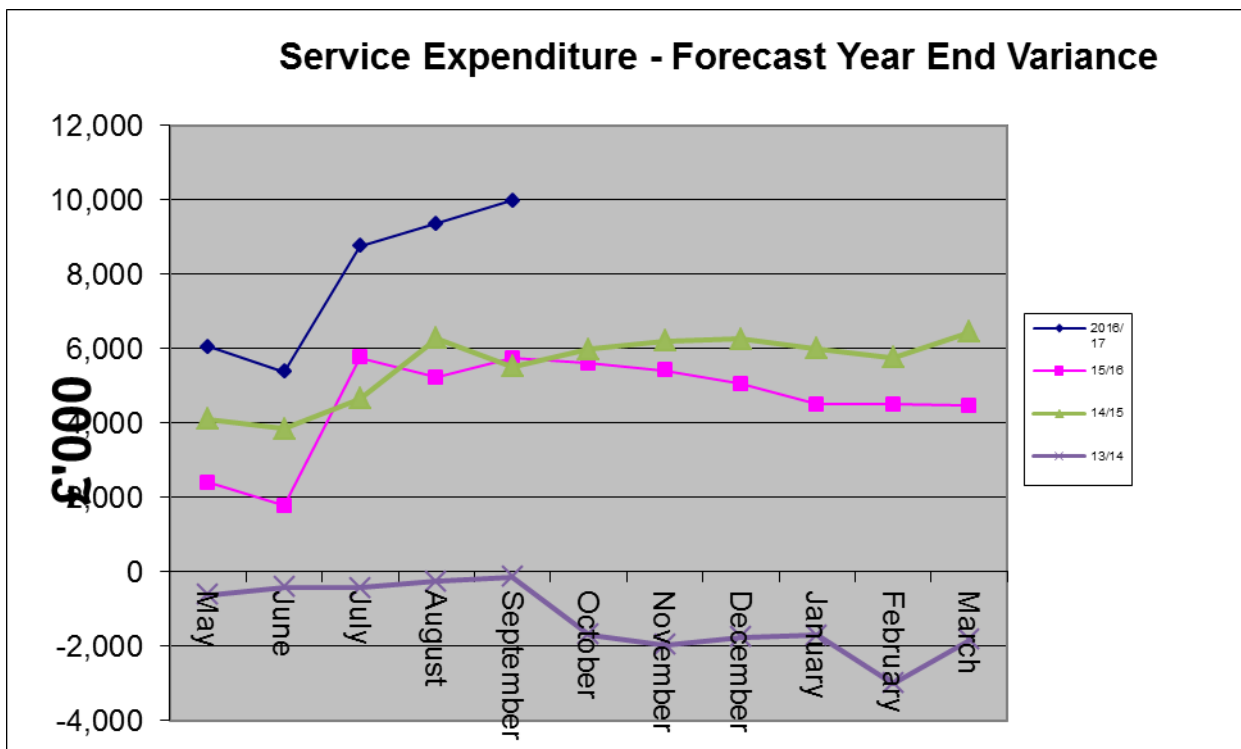
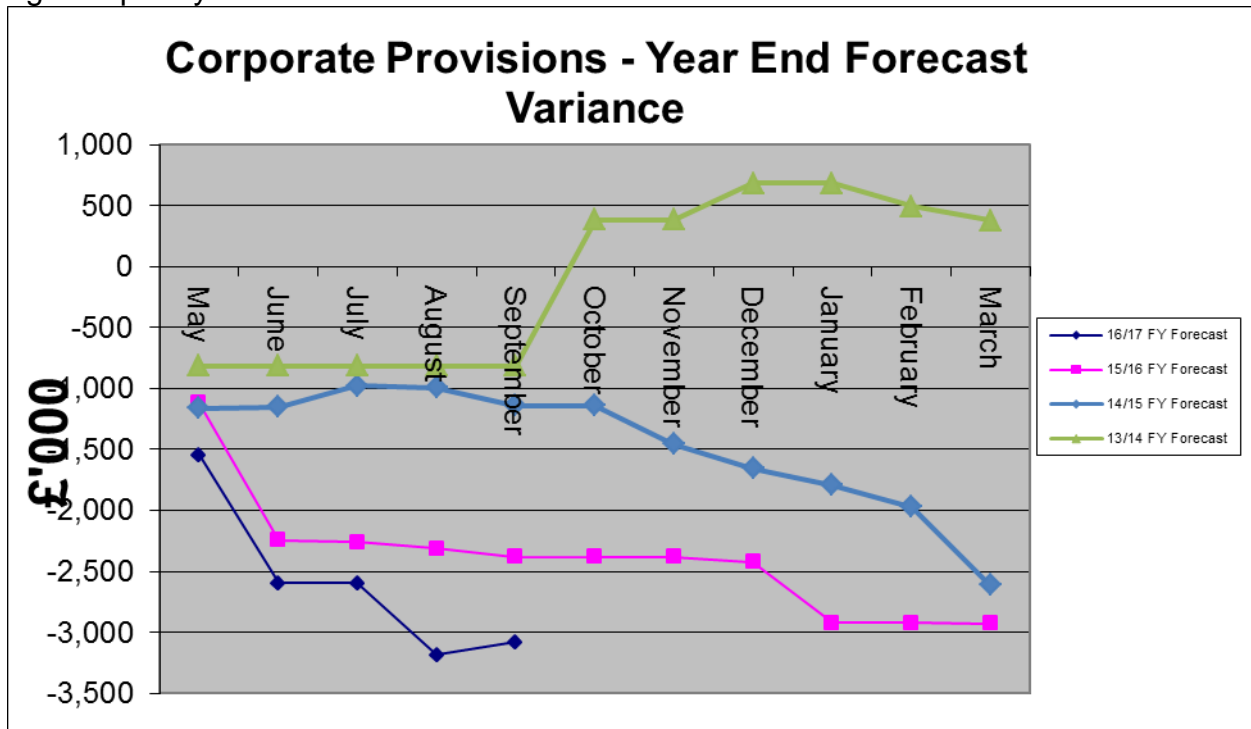


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2016/17	Full year	Forecast	Forecast	2015/16
	Current	Forecast	variance	variance	
	Budget	September	at year	at year	
	£000	£000	end	end	Outturn
			Sept	Aug	Variance
			£000	£000	£000
Business Improvement	3,280	3,196	-84	-94	-29
Infrastructure & Transactions	9,875	9,715	-160	-44	-249
Resources	6,801	6,816	15	2	-243
Human Resources	2,231	2,105	-126	-102	-55
Corporate Governance	2,663	2,433	-230	-216	-426
Customer Services	2,584	2,551	-33	-26	-479
Corporate Items including redundancy costs	981	1,334	353	343	1109
Total (controllable)	28,415	28,150	-265	-137	-372

Overview

The Corporate Services (CS) department are forecasting an underspend of £265k at year end, an increase in underspend of £128k from period 5.

Business Improvement - £84k under

The underspend is due to an overachievement of street naming income and an underspend relating to non-salary expenditure.

Infrastructure & Transactions - £160k under

A review of the capital programme was carried out to identify schemes that were not needed or non-priority works that could be completed in future year's without causing significant risk. Approx. £100k underspend relates to revenue expenditure that will not be needed in the current year as the full programme of energy invest to save capital works will not be carried out this year . This is a one-off as the capital works will be completed next year.

Resources - £15k over

There is an overspend of £80k relating to the delayed implementation of the FIS/E5 finance system. This has been largely absorbed by underspends elsewhere in Resources.

Human Resources – £126k under

The underspend of is due to unfilled posts within the new HR structure.

Corporate Governance - £230k under

The forecast underspend is partly due to a £52K underspend in Internal Audit, a consequence of an Audit Partnership restructure and £38k in Benefits investigation where a 17/18 saving has been captured early.

Merton legal are also forecasting an overachievement of income relating to S106 and Merton Property charges of approx. £80k

Customer Services - £33k under

Customer Services' underspend has reduced by £123k from period 4. This is largely due to a reduction in the anticipated recovery of court cost income.

There is a £24k overachievement of translation services income. Of this, two thirds of the overachievement relates to external customers and one third internal customers.

Corporate Items - £353k over

Redundancy costs are forecasted to be £300k over budget.

Estimates from Westminster Council regarding the shared coroner court service are £72k higher than budget. The cost of the overall service has increased and further information has been requested to clarify the reasons for the increase.

The budget monitoring process will focus on pressures to ensure remedial action is taken and underspends can be held to offset any overspends.

Environment & Regeneration

Environment & Regeneration	2016/17 Current Budget £000	Full year Forecast (Sept) £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2015/16 Variance at year end £000
Public Protection	(10,962)	(11,241)	(279)	(319)	3,709
Sustainable Communities	12,334	12,049	(285)	(30)	(600)
Waste Services	15,283	15,630	347	399	187
Other	(847)	(683)	164	188	336
Total (Controllable)	15,808	15,755	(53)	238	3,632

Description	2016/17 Current Budget £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2015/16 Variance at year end £000
Overachievement of Customer & Client Receipts within Parking Services	(17,194)	(263)	(263)	3,281
Other small over and underspends	6,232	16	(56)	428
Total for Public Protection	(10,962)	(279)	(319)	3,709
Overachievement of rental income within Property Management	(4,090)	(248)	(248)	(430)
Employee overspend within Greenspaces	2,271	67	97	80
Underachievement of Customer & Client Receipts within Greenspaces	(2,053)	231	190	278
Overachievement of Grants & Contributions within Greenspaces	(149)	(115)	(55)	(14)
Overachievement of Customer & Client Receipts within D&BC	(1,973)	(124)	33	14
Underspend within Senior Management & Support	972	(93)	(93)	(149)
Other small over and underspends	17,356	(3)	46	(379)
Total for Sustainable Communities	12,334	(285)	(30)	(600)
Employee overspend within Waste Services	7,594	163	203	213
Overspend on 3 rd party payments within Waste Services	6,756	437	320	346
Overspend on Transport related costs within Waste Services	1,938	142	137	(146)
Overachievement of Customer & Client Receipts within Waste Services	(2,348)	(166)	(54)	(164)
Overspend within Transport Services	(847)	164	188	336
Other small over and underspends	1,343	(229)	(207)	(62)
Total for Street Scene & Waste	14,436	511	587	523
Total Excluding Overheads	15,808	(53)	238	3,632

Overview

The department is currently forecasting a slight underspend of £53k at year end. The main areas of variance are Parking Services, Property Management, Greenspaces, Development & Building Control, Waste Services, and Transport Services.

Pressures

Public Protection

Parking & CCTV Services – forecasting a total £159k underspend

The section is forecasting to overachieve on its customer and client receipts by £263k, mainly as a result of an over-recovery in most areas of on-street/ permit / bay suspension revenue (£246k), and off-street parking income (£221k). However, this is being partially offset by the continued funding of CPZ related expenditure (£200k). In addition, this outturn position currently includes allowance for a c£60k loss of income as a result of providing free parking during the Christmas period.

The physical installation of the ANPR cameras across the borough is now complete. However, the contractor has needed to carry out several upgrades of the ANPR camera software with further fine tuning of each camera during the week ending 14th October 2016. It is expected that a full analysis will be completed of this captured data by the 25th October 2016 with further updates on performance once this work is completed. However, because of initial technical difficulties with data received from some of the cameras, the ANPR data received for July, August and September will not be truly representative.

Sustainable Communities

Property Management – forecasting a total £175k underspend

The main reason for the forecast underspend is as a result of exceeding their commercial rental income expectations by £248k mainly due to conducting the back log of rent reviews in line with the tenancy agreements.

Greenspaces – forecasting a total £164k overspend

The forecast employee overspend of £67k is as a result of overtime payments (Parks), and staffing of the firework displays (before taking into account income received from the event).

The section is also forecasting an underachievement of income of £231k, which is a result of an underachievement of sports income (£75k), a delay to the implementation of saving E&R26 i.e. P&D within certain parks (£45k), and the 'Live at Wimbledon Park' event (£70k). Unfortunately, due to lower than expected ticket sales, the event has been cancelled with a total of c£33k of costs incurred (net of refunds), and although this event was expected to break-even this year, there was a budgeted expectation for it to achieve a surplus of £70k. Work continues to identify how we can generate further income from events in parks.

These pressures are being partially off-set by expected underspends within Supplies & Services (£55k), and Grants & Contributions (£115k).

Development & Building Control – forecasting a total £176k underspend

An underspend of £105k is being forecast mainly due to an overachievement of customer & client receipts of £124k, which is mainly attributable to parking application fees.

Street Scene & Waste

Waste Services – forecasting a total £347k overspend

The section is forecasting an employee related overspend of £163k as a result of covering for absences, sick leave, and in order to maintain the level of service performance. However, as the section's employee establishment is still to be finalised it is not yet possible to confirm how this impacts on their budgeted establishment.

The forecast overspend on 3rd party payments of £437k mainly relates to waste disposal costs. Landfill waste has increased by c388 tonnes (0.7%) compared to the same period last year, at a cost of £92 p/t. A major contributing factor to this increase is the reduction of food waste which has fallen by 4.2%. In addition to this, Garden waste has increased by 8.5% which is a positive contributor to the services recycling performance. However this additional waste is subject to a gate fee and haulage cost.

These pressures are being partially offset by expected underspends within Supplies & Services (£96k), Grants & Contributions (£94k), and Customer & Client Receipts (£166k).

Transport Services – forecasting a total £164k overspend

The overspend is mainly as a result of additional agency and overtime requirements due to a number of staffing issues, which are being addressed in line with corporate policy. A recent recruitment process for drivers through the conventional market places yielded only 7 applications and no appointable applicants. Advice has been taken from one of the commercial bus companies who have had similar issues in the past, in preparation for another recruitment drive in the coming months.

Children Schools and Families

Children, Schools and Families	2016/17 Current Budget £000	Full year Forecast (Sep) £000	Forecast Variance at year end (Sep) £000	Forecast Variance at year end (Aug) £000	2015/16 Variance at year end £000
Commissioning, Strategy and Performance	8,122	9,563	1,571	1,417	677
Education	16,265	16,690	254	401	34
Social Care and Youth Inclusion	11,800	12,351	631	722	309
Public Health contribution	0	0	0	0	(328)
PFI	7,799	7,292	(507)	(488)	(368)
Redundancy costs	2,077	1,877	(200)	(200)	(331)
Total (controllable)	46,063	47,792	1,749	1,852	(7)

Overview

At the end of September Children Schools and Families had a forecast overspend of £1.749m on local authority funded services. Close scrutiny of overspending areas and management action to offset these overspends are on-going by the management team.

Local Authority Funded Services

There are a number of volatile budgets requiring continuous and careful demand management which will be reflected through fluctuating monthly forecasts. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Sep £000	Aug £000	2015/16 £000
Fostering and residential placements (ART)	5,056	421	271	377
Supported lodgings/housing	634	1,084	1,001	546
Un-accompanied asylum seeking children (UASC)	60	519	470	308
Procurement & School organisation	550	(337)	(214)	(276)
Other small over and underspends	1,822	(116)	(111)	(278)
Subtotal Commissioning, Strategy and Performance	8,122	1,571	1,417	677
SEN Transport	3,785	421	429	374
Staffing underspends across Early Years services	2,873	(250)	(250)	(315)
Children's Centre programme funding	90	(120)	0	0
Children with disabilities team (CWD) staffing	541	57	85	8
Other small over and underspends	8,976	146	137	(33)
Subtotal Education	16,265	254	401	34
No Recourse to Public Funds (NRPF)	20	436	436	470
Social Work staffing	3,075	393	492	151
Other small over and underspends	8,705	(198)	(206)	(59)
Subtotal Children's Social Care and Youth Inclusion	11,800	631	722	309

Commissioning, Strategy and Performance Division

While the numbers of Looked After Children (LAC) remain relatively stable, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placements are checked on a monthly basis and assumptions reviewed quarterly to ensure that they are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep Nr	Aug Nr
Residential Placements	2,127	2,608	481	285	22	21
Independent Agency Fostering	1,762	1,720	(42)	11	41	44
In-house Fostering	905	1,072	167	198	46	49
Secure accommodation*	164	22	(142)	(142)	0	0
Mother and baby	98	55	(43)	(81)	1	0
Total	5,056	5,477	421	271		114

*Known changes in secure accommodation was included in previous month's forecast.

The ART service seeks to make placements with in-house foster carers wherever possible. However, the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required.

- The forecast spend on residential placements has increased by £196k from last month. This was in part caused by the fact that a placement due to end has needed to continue. Additionally, one young person required a move to a more expensive residential provision and the placement charge for a further young person increased due to an escalation of needs.
- The forecast spend for agency fostering placements has reduced by £53k from last month due to four children leaving and one new case moving from in-house fostering resulting in a net reduction of 3 cases.
- The forecast spend on in-house foster carers reduced by £31k from last month. This is due to a combination of one child going to an agency fostering placement, children being adopted and various other adjustments to fees.
- The forecast spend on mother and baby has increased by £38k from last month due to a new placement made during the month as directed by the court.

The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £1,084k. This budget is used to finance an increased number of placements for young people aged 16/17 and above due to the requirements for Staying Put. These young people require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21, as part of our new statutory duties. There are currently 61 placements, up from 59 last month and 35 at the end of 2014/15. Since 2014/15 average weekly cost have reduced by c£100.

The UASC supported lodgings/housing placements are expected to overspend by £519k this year due to an increase in cases in recent years with no corresponding growth in budget. At the end of September there were 28 placements with more claimant turning 18 later during the year, although these increases have been included in the September forecast.

Procurement and school organisation budgets are expected to underspend by £337k as a result of lower spend forecast on revenue budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

There are various other small over and underspends forecast across the division netting to a £116k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £1,571k.

Education Division

SEN and FE transport cost are expected to overspend by £421k, £8k less than the forecast last month. This forecast is calculated using a case-by-case costs model and is reviewed monthly. We are reviewing demand management, cost efficiency of supply, and safeguarding of students with E&R who provide the in-house transport and commission the taxi service. We are in the process of procuring a Dynamic Purchasing System which should provide some cost reductions in future. The cost will be met from the transport budget so we do not anticipate a big reduction in the current year cost. We do however expect a reduction in cost from 2017/18 to reduce the current levels of overspend. Due to the changes in school attendance from the 15/16 to 16/17 academic years, we would expect the main change in this year's forecast in October monitoring while changes in routes are bedded down.

As part of management action, where possible, recruitment to vacancies in some areas will be delayed in preparation for 2017/18 savings with the aim to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £250k.

£120k of accumulated grant funding (which was originally ring-fenced), but which is now able to be used across children services and has been identified as a once-off contribution towards overspends.

The CWD team staffing costs is expected to overspend by £57k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to two additional social workers. For the first two quarters an adjustment of £54k have been made towards the overspend for these costs (a maximum of £120k can be adjusted for the year). On top of the additional staff, the team also has to cover vacancies with higher cost agency staff.

There are various other small over and underspends forecast across the division netting to a £146k overspend. These combine with the item described above to arrive at the total reported divisional overspend of £254k.

Children's Social Care and Youth Inclusion Division

The NRPF budgets are forecast to overspend by £436k for the current financial year. This forecast is based on the assumption that case levels will stay the same as last year. We expect to receive more successful applications which will increase the level of overspend towards year-end. The new NRPF worker is now in post and working closely with housing colleagues to manage cases as they arise. We continue to use the Connect system to progress cases and have started a process of reviewing all open cases with the aim to limit the cost pressure on the council.

The Central Social Work, MASH and First Response team's staffing costs is expected to overspend by £393k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to six additional social workers. For the first two quarter an adjustment of £175k was made towards the overspend of these costs (a maximum of £360k can be adjusted for the year). On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies. Following a review of the MASH we have had to change staffing structures to strengthen management oversight given the complexity and volume of current cases. We are partially offsetting the additional cost through keeping vacancies elsewhere in CSF and will keep this under review as we complete the restructure of the department.

There are various other small over and underspends forecast across the division netting to a £198k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £631k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £305k. These budgets are not within the council's general fund and cannot be offset against or increase the local authority funded budgets. Any underspend or overspend will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental analyses.

The Independent Residential School provision is expected to underspend by £188k. This is our best estimate at the moment with the information available as we are still awaiting confirmation on one placement.

Independent Day School provision is estimated to overspend by £340k. This is in the main due to an increase of 21 placements from the new academic year which started in September.

Payment for Merton pupils that receive education in other boroughs is expected to overspend by £270k in the current financial year. The increase is due to new placement information available from September 2016.

There are various other smaller over and underspends forecast across the DSG netting to a £117k underspend which, combined with the items above, equates to the net overspend of £305k.

Management Action

New burdens

There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. Excluding the cost of these duties would leave a net departmental underspend of £290k. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Sep overspend forecast £000	Aug overspend forecast £000
Supported lodgings/housing	634	1,084	1,001
Un-accompanied asylum seeking children (UASC)	60	519	470
No Recourse to Public Funds (NRPF)	20	436	436
Total	714	2,039	1,907

Staffing

Recruitment and retention (R&R) continues to be a priority at Merton, as the national shortage of children's Social Workers persists. Merton has had particular difficulty recruiting and retaining staff in 3 key areas; Multi Agency Safeguarding Hub & First Response (MASH), Safeguarding & Care Planning (S&CP) and the Children with Disabilities Team (CWDT). These three areas have R&R measures in place, which after a recent review will continue until at least March 2017.

There has been a significant reduction in the numbers of agency staff being used and the quarterly expenditure. In September 2016, agency Social Workers reduced to 20% of the Children's Social Work workforce.

Placements

Our edge of care panel continues to ensure that entry to care threshold is maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning. It is difficult to predict these negotiations on a monthly basis as they are often connected with children's progress in placement.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to ensure a reduction in more expensive agency foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is now an established agreed cost framework for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

We ensure that accurate information about changes to placement costs are kept up to date. We are improving our response to invoice queries by having tight timescales in place. The placement reconciliation is completed on a monthly basis and builds in challenge meetings with colleagues in corporate finance.

We have commissioned an independent analysis of our residential and semi-independent expenditure to establish what further action we can take to reduce cost whilst meeting the needs of our young people.

We have tightened up our processes with YOS for obtaining information about young people remanded into secure accommodation and reviewed our forecast methodology. We will contact respite providers on a monthly basis going forward to ensure more accurate forecasts.

Transport

We have continued to develop a number of alternatives to transport and to develop a more cost effective continuum of offer to meet our SEN Transport statutory duties. In the current year to date we have had 1 personal budget taken up providing an annual saving of £6k. In addition 7 young people have been through the independent travel training programme this year providing an on-going cost reduction of £62k. We are monitoring tight eligibility thresholds with the view to limit any additional cost pressure.

Work continues through the corporate group to procure a Dynamic Purchasing System which should provide some taxi cost reductions and we are piloting initiatives to provide more cost effective answers to our statutory duties with a growing population.

The clienting of buss and taxi provision will transfer to CSF on the 1st April 2017.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we will use grant and income flexibly and will also implement agreed savings for 2017/18 in year if possible to bring our anticipated spend in line with available budgets.

Additional social worker capacity

As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. CMT / Cabinet are asked to approve the virement for the second quarter of £120k from the corporate contingency. This adjustment has already been built into budget forecast for September.

Community and Housing

Community and Housing is forecasting an over spend of £8.5m as at September 2016. Which is apportioned as follows:-

Adult Social Care over spend is £7.8m and Housing and Merton Adult Education £700k.

Please note that this forecast has been reduced by £500k over commitment on homecare and anticipated other placement savings.

The Director has produced and is implementing an action plan to determine the full extent and reasons behind the current forecasted over spend, and to do everything possible to contain or reduce expenditure. This action plan is monitored and updated on a weekly basis.

The work to date shows that the over spend has a number of elements to it. A significant part is the gross underlying over spend in the Adult Services placements budget of £3.2m brought forward from 2015/16. In the previous financial year this was partially offset by underspends in other Adult Services budgets, contributions from Public Health and the Care Act and underspends in other parts of Community and Housing. Current monitoring suggests that offsetting underspends will be at half as much in 2016/17, as under spending budgets in 2015/16 were subject to savings in 16/17, and because Care Act funding has not been ring fenced or pass-ported to the adult social care budget. There has also been a £540k adverse movement in the housing forecast due to a change in accounting for costs of temporary accommodation and a change to the forecast for adult education due to budgeted fee income not being achievable now that the service is commissioned.

The underlying pressure is a mixture of savings not achieved in 2014/15 due a change in market conditions, subsequent increases in provider prices, increasing complexity of required support packages, and a shortfall in income in 2015/16. The under achievement of 2014/15 savings are set out elsewhere in this paper. Further information on price pressures and income shortfalls are set out below.

Community and Housing	2016/17 Current Budget £000	Full Year Forecast (Sept) £000	Forecast Variance (Sept) £000	Forecast Variance (Aug) £000	2015/16 Variance @ year end £000
Access and Assessment	37,241	45,448	8,207	7,816	3,259
Commissioning	4,225	4,108	(117)	(82)	(50)
Direct Provision	5,753	5,734	(19)	(37)	(197)
Directorate	815	505	(310)	(324)	(17)
Care Act Implementation Expenditure	0	0	0	0	(1,230)
Contribution from Public Health	0	0	0	0	(328)
Adult Social Care	48,034	55,795	7,761	7,373	1,437
Libraries and Heritage	2,217	2,050	(167)	(115)	(176)
Merton Adult Education	(238)	297	543	(168)	218
MAE- Commissioning Service	0	0	(8)	0	0
Housing General Fund	2,052	2,471	419	318	(538)
Total C&H	52,065	60,613	8,548	7,408	940

Access and Assessment - £8.2m over-spend

Access and Assessment	Variance (Sept'16) £000	Variance (Aug'16) £'000	2015/16 Variance @ Year end £000
Gross Placements overspend	6,666	6,484	3,146
Other A&A Over-spends/(underspend)	693	795	(526)
Sub-total Net over-spend	7,359	7,279	2,620
Under/ (Over-achievement) of income	848	537	639
Total A&A Forecast over-spend	8,207	7,816	3,259

Adult Social Care

Placement Activity

The table below details the current number of clients and care packages numbers as at September 2016. Care packages have increased by 8 between August and September and this is in Learning Disabilities and Mental Health services.

Activity Data	Care Packages (No's) Sept'16		Care Packages (No's) Aug'16	Clients (No's) Sept'16		Clients (No's) Aug'16	Total
							Commitment Sept'16 £'000
Service Areas							
Mental Health	151	↑	147	134	↑	129	£2,276,478
Physical & Sensory	333	↔	333	245	↔	245	£5,131,390
Learning Disabilities	397	↑	390	323	↑	322	£13,704,696
Older People	1,663	↓	1,664	1,177	↓	1,178	£22,775,001
Substance Misuse	5	↔	5	5	↔	5	£214,607
No Recourse to Public Funds	17	↔	17	11	↔	11	£293,378
LBM- In-house	132	↓	134	66	↓	68	£106,984
TOTAL	2,698	↑	2,690	1,961	↑	1,958	£44,502,534
Net Increase	8			3			

Whilst the number of clients is relatively stable the amount of care provided and the price of care has increased. Whilst the number of clients is relatively stable due to actions to contain this despite demographic pressures, the amount of home care provided and the price of care have grown. This is a reflection of the increasing complexity of care needs, which results in larger packages of care, and changes in the care market where providers are much less willing to accept less than market rates for care. These market rates are in turn a factor of actual costs and of demand for care exceeding supply.

Challenges of Adult Social Care in 2016.17:-

Access and Assessment

The main pressures are set out below.

Complexity of care needs: There is a long term trend in complexity of care needs, whereby the amount of care required per client has increased. (see table below). Whilst the number of Home Care hours stabilised in 2015/16, this was the net effect of increasing package sizes and the impact of reviews in reducing existing packages of care. In 2016/17 the number of care hours has risen significantly.

External Homecare Hours	2013-14	2014-15	2015-16	2016-17 (Projected)
Actual hours	449,485	495,532	487,228	611,094
Double-up hours	121,274	151,229	165,512	198,638
Percentage of Double-up	26.98%	30.52%	33.97%	32.51%

One factor of this increasing complexity is that a growing number of older people require two carers to move them, particularly when leaving hospital, which is reflected in the steady growth in the percentage of double-up packages. These packages are often first assessed for whilst people are in hospital, and reflect the assessed risks associated with moving and handling. The department is focussing OT time to review cases where double ups are indicated to ensure that appropriate equipment or adjustments to the home setting are put in place.

More generally as older people, in particular, are being discharged from hospital earlier, they have had less opportunity to recuperate and receive input such as physiotherapy to recover confidence and mobility. This can be exacerbated by changes in medication on discharge and the confusion inherent in moving vulnerable people between home and hospital. The Hospital to

Home team was identified in the recent restructure as the key team to manage these challenges along the re-ablement and brokerage services, and work continues to optimise the team's input.

Price pressures: Nationally the market in social care has shown that providers are successfully demanding increases in fees. This means that to secure supply and sustain a viable market Merton had to negotiate new higher fees in 2015/16 and is facing similar challenges in 2016/17.

Recent comparator data indicates that Merton has been paying less than the average for south west London when placing people in care homes. For example, an analysis of 2015/16 data shows that Merton paid an average of £502 and £636 per week for older peoples residential and nursing care, compared to ££561 and £690 per week paid by comparator authorities. However, this position has proved difficult to sustain, with residential care providers in particular seeking to make up for several years of nil or below inflation increases. As reported in the press recently, even not for profit providers are considering moving the focus of their business away from local authority business and are increasingly demanding commercial rates.

As a consequence and to secure an adequate supply a number of uplifts have been agreed with providers of older people residential and nursing care services which has resulted in a £820k cost pressure. Some of these were prior year's commitments that were made to secure lower inflationary uplifts or the result of fixed price contracts coming to an end. Providers are aware of the lack of alternative supply thus the tactic has been to demand uplift or move your client knowing this cannot be done easily.

Given capacity shortfalls in key areas of the care home market, providers are now more able to demand higher fees from Merton. This is being mitigated by the work of the brokerage team which consistently looks for care within the capped rates they are given to negotiate with, minimising voids in any remaining block contracts, and looking for any possible advantageous new block contracts even for short periods of time.

There are significant cost pressures in the home care market due to the London Living Wage, low margins leading to some providers recently exiting the market and a high demand for labour. Our contracted providers have been struggling to supply the level of carers needed, which has forced the council to spot purchase care, often at a higher price.

A major re-commissioning exercise is being undertaken this year that will seek to create a more sustainable supply of care, without the need to go off contract. Work is on-going with the South West London authorities and health to try to improve market leverage, particularly in residential care through joint working.

Savings

Adult Social Care has a savings target of £5m in 2016/17, of which £3m has been achieved to date. £2m remains to be achieved, of which £1.8m relates to the placement budgets of which £543k is forecast at this stage to be achieved. These savings will largely be achieved through reviews of existing packages of care and a more robust scrutiny of packages being agreed through a formal sign off process. The budget is also bearing the on-going pressure of £834k of savings not achieved in 2014/15. Savings are removed from the budget at the start of the year, thus savings not achieved create an on-going budget gap.

Learning Disabilities Rising 18, School and College Leavers - Transitions

Learning Disabilities commitments also includes estimated costs for 2016/17. In period 5 budget monitoring a pressure of £1m was forecasted. A further detailed review of transitions pressures has been undertaken. Now that we are half way through the year, it is clearer which of the potential transition clients will enter into adult services, when and at what cost. As a result the pressure has reduced this to £657k.

The Transitions Board has been re-established which will be responsible for overseeing practice and managing the pipeline of transitions cases into the future enabling better planning.

Income

Adult Services receives income from two main sources: the NHS via the Better Care Fund and some contributions to individual packages involving healthcare, and via client contributions to care. Contributions from health have been maintained at a relatively stable level to date.

Client contributions are subject to two main regimes: Fairer Charging for care at home and in the community and Charging for Residential Accommodation Guidance. There is also further guidance around the non-chargeability for some re-ablement and section 117 mental health after care, as well as the right to request to defer payments for residential care where the service user is a home owner. In broad terms, the main tenets of the regimes are that charges must relate to actual costs of care and that people must be assessed for their ability to contribute towards the costs of their care based on published criteria.

Income from client contributions fell short in 2015/16 by £1m against the income target. A prudent assumption of a similar shortfall was made in forecasts up to period 5. Further work has been done based on actual invoiced income and financial assessments in the pipeline to reach a revised forecast. This has reduced the projected income by a further £300k.

The reduction in income is partly due to delays in financial assessments caused by the upheaval of the re-structure. Action has been taken to stabilise the re-enforce the team, and progress is being made to reduce the backlog of work. However, this only explains some of the additional shortfall this year. It is clear from a review of last year's data that there are a growing number of people assessed as not being required to contribute to their care. Further work is required to fully understand this trend, but it is a trend reported by other authorities. It may be, at least in part, due to greater awareness of charging for care and families hiding or transferring savings and assets before assessment. It is clear from a review of last year's data that there are a growing number of people assessed as not being required to contribute to their care. Further work is required to fully understand this trend, but it is a trend reported by other authorities. It may be, at least in part, due to greater awareness of charging for care and families transferring savings and assets before assessment. It may also be due to the switch from residential to home care when the value of properties can no longer be taken into account.

Deprivation of Liberty Assessment (Dols) (Cheshire West judgement)

Management action has been taken to prioritise the assessments to be completed in year in order to reduce the overspend on this budget line. The financial pressure has been caused by a significant growth in demand as well as the cessation of the government grant initially provided to respond to the legislative changes. . Adult Safeguarding is currently forecasting an over spend of £128k which is an increase of £3k from amount forecasted in August 2016.

Commissioning under-spend £117k

In the Commissioning Service a current underspend is forecasted on the Supporting People contract, and planning sections. Under spend has increased due to the successful re-negotiations of various supporting people contracts.

Direct Provision - £19k under-spend

Under spend has reduced due to long term sickness and the requirement to have adequate cover at day centres.

Staffing costs have increased in this area due to Single Status settlements. One registered manager is responsible for both internal residential homes and it is expected that this will result in the reduction of staffing costs. The aim is to use employees across both internal residential sites where possible, therefore reducing the need for additional bank staff.

Action plan to address challenges

The most recent version of the action plan is appended in full to this report. What follows is a summary of progress against key elements. The action plan is itself the result of a detailed review earlier in the year as to whether all processes and controls are working optimally, especially in the light of the staffing restructure and the delay in implementing the new social care information system. What follows is a summary of progress against key elements:

Care homes:

- the target reduction in the use of care homes is being achieved
- brokerage are working to spot purchase fee limits which can only be exceeded by individual agreement. These fee limits are continually reviewed to ensure that they strike the right balance of affordability challenge and realism in terms of actually being able to find anywhere.
- attempts are being made to negotiate around previously agreed fee uplifts with certain local high volume providers. At present these attempts have been unsuccessful due to lack of leverage.
- Discussions are taking place with a number of local providers to investigate whether any are willing to provide capacity on a block basis

Home care:

- £505k has been achieved to date in savings through reviews
- There is a focussed programme to review double ups and 15 minute visits
- Telecare is being used wherever possible instead of home care hours. The Just Checking tool is used to support accurate initial assessment of someone's needs.
- Fee levels are generally being contained this year

Direct Payments:

- Capacity has been put in place to ensure that the council tracks unused funds. To date £92k has been achieved.

Transitions:

- The forecast spend for the 16/17 cohort has been confirmed, and at the same time all arrangements for this cohort have been reviewed to ensure that we are achieving good value

- An assistant team manager for this function, with good experience elsewhere, has been recruited
- There is still more to do to get this function to a more strategic level whereby demand can be forecast more accurately and expectations managed (for young people, parents and practitioners) for what adult social care is likely to provide. The Transitions Board has been re-established to lead this.

Income:

- Due to the size of the staffing restructure, a backlog for financial assessments has arisen. This is now being cleared through putting in place some temporary extra capacity
- The intention is to start the financial assessment process as part of the very first contact with a customer through key “trigger” questions. It was decided to introduce this as part of Mosaic the new social care information system. There have been delays in the go-live date for this but it is now expected to be early in 2017.
- Working with NHS colleagues, there have been successful discussions in agreeing a local protocol for continuing health care. We are also reviewing with them some of the hospital discharge arrangements in an effort to make demand more predictable and target staffing resources on those most needing it

Contracts:

- Contracts for meals on wheels and mental health day care have been ended in line with savings and new models of care put in place. We remain on track to end the contract with South Thames Crossroads at the end of the calendar year as agreed.
- Contracts for Supporting People are being actively reviewed and some further savings have been achieved
- The contract for equipment, shared with the CCG, is running ahead of budget. Some changes have already been made around issues such as recycling and delivery. The key challenge is the amount of equipment being ordered by front line staff, in large part due to the greater complexity of need in the community. We are working with NHS colleagues to see how this can be mitigated.

Process:

- The first contact element is being reviewed with help from BI .
- Whilst we believe that forecasts are soundly based on the information in the system, we continue to ensure that entries are correct as they go on.

Staffing:

- The restructure was completed in June, and those posts previously filled by agency staff to minimise redundancies are now broadly recruited to.
- With the restructure done, there is renewed focus on how we can make our processes lean to manage with less staff, and to understand better how we can measure and improve productivity

Direct Provision:

- The biggest area of overspend this year has been in Riverside Drive and Meadowsweet, management action has now reduced the monthly run rate to within budget.
- MASCOT is believed to have greater potential for income from self payers or other organisations, and options are being investigated and pursued

Controls:

- Whilst not part of the action plan because these controls have been in place for several years, it is worth summarising how controls on the placements budget operate.
- When people are first referred to adult social care (or present themselves), an initial screening assessment is done to determine whether the person should be fully assessed or whether a different immediate solution is better (for example assistance from the voluntary sector). A high percentage of initial contacts do not proceed to assessment and make no further claims on council resources
- Where an assessment is done, the assessment and draft support plan is undertaken by a front line member of staff. Sometimes people coming out of hospital go through re-ablement, and in this case a short term package of care is put in place while the initial assessment is done, in order to avoid delays in hospital discharge. In all other cases no resources are committed until a support plan has been produced and approved
- The draft support plan is then approved by a manager. For proposed plans costing over £8k a year this goes to a weekly panel consisting of senior managers. For plans costing less than this, a team manager is authorised to approve. In all cases the front line worker is challenged to ensure that the most cost effective solution is being used in line with the person's needs
- The agreed support plan then goes to the brokerage team to action by finding a provider. Channelling all this through one team ensures that negotiations with the market are done effectively, and sometimes the team may also suggest that the support plan could be changed to be more cost effective.
- The final support package is then confirmed as a personal budget and entered into the system
- The package is reviewed with a view to seeing whether needs have changed and whether the person still requires the same level of input.

Libraries- £167k under-spend

Under spend is due to staff vacancies and reduced expenditure due to building works at the Donald Hope Library. The Art Council project at Wimbledon library has also generated additional income for Merton. There is also a new 'Shakespeare' project funded by the Arts Council.

There is however a reduction in schools buy-in income but the service is working to establish alternative sources of income.

Merton Adult Education - £535k over-spend

Merton Adult Education (MAE) has moved to a commissioning model; with go live from 1st September 2016.

The overspend is based on the final 4 months of the old service and the increased expenditure costs that were unable to be offset by income collection as no fees were being collected for 2016/17 courses. The service is currently looking at possible solutions to reduce current overspend.

Housing - £ 419k over-spend

The Housing service is forecasting an over spend of £419k in September which is an increase of £101k from August. This is due to an increase in the forecasted expenditure on temporary accommodation.

The accounting change in 2016/17 is to reflect the true cost of temporary accommodation, all related costs and budgets were transferred to Housing Services from Corporate Services in June 2016. An annual budget of £321k was transferred against a forecast commitment of £867k, which has now increased to £919k in September resulting in a net forecast increase in costs to housing of £598k

Public Health

Public Health is expected to currently forecasting a breakeven position as at September 2016.

Public Health	2016/17 Current Budget £000	Full year forecast (Sept) £000	Forecast Variance (Sept) £000	Forecast Variance (Aug) £000	2015/16 Variance @ Yearend £000
PH - Directorate	558	558	0	0	(116)
PH - Admin	26	20	(5)	(4)	0
PH-Contraception	748	748	0	0	(41)
PH - GUM	2,136	2,136	0	0	(27)
PH-Sexual Health Advice	137	125	(12)	(12)	(9)
PH-NHS Health check	493	490	(3)	(10)	(78)
PH-Falls Prevention	57	0	(57)	0	0
PH - Obesity	415	415	0	0	(200)
PH - Projects	10	10	0	0	0
PH - Smoking	0	0	0	(7)	(16)
PH-Substance Misuse	1,846	1,897	51	(70)	(32)
PH-School Nursing	752	752	0	0	(16)
PH-Infectious Diseases	0	0	0	0	(10)
PH - Determinants	338	296	(42)	(11)	(83)
PH-Community	0	0	0	0	(1)
PH-New Investments	20	20	0	0	2
PH-Health Visiting	3,338	3,338	0	0	(15)
Sub-Total Public Health	10,875	10,806	(69)	(114)	(642)
PH - Main Grant	(8,046)	(7,977)	69	114	642
PH-Health Visiting Gant	(2,952)	(2,952)	0	0	0
Grand Total	(123)	(123)	0	0	0

Corporate Items

The details comparing actual expenditure up to 30 September 2016 against budget are contained in Appendix 2. The main areas of variance as at 30 September 2016 are:-

Corporate Items	Current Budget 2016/17 £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (August) £000s	2015/16 Year end Variance £000s
Cost of borrowing	13,643	13,649	6	6	49
Use for Capital Programme	0	0	0	0	0
Impact of Capital on revenue budget	13,643	13,649	6	6	49
Investment Income	(739)	(1,160)	(421)	(411)	(613)
Pension Fund	5,232	4,732	(500)	(500)	(616)
Pay and Price Inflation	752	320	(432)	(432)	(654)
Contingencies and provisions	4,286	2,655	(1,631)	(1,751)	(2,716)
Income Items	(948)	(1,048)	(100)	(100)	(667)
Appropriations/Transfers	132	132	0	0	1,727
Central Items	8,715	5,631	(3,084)	(3,194)	(3,539)
Levies	928	928	0	0	0
Depreciation and Impairment	(17,638)	(17,638)	0	0	0
TOTAL CORPORATE PROVISIONS	5,648	2,571	(3,078)	(3,188)	(3,491)

There have been two changes since August.

The first change is in the Contingency and Provisions budget, where the budget for the second quarter's cost of £120k relating to 8 additional social worker posts has been vired to Children, Schools and Families.

The other change is an increase of £10k in the forecast level of interest income on investments following a review.

4. CAPITAL PROGRAMME 2016-20

4.1 The Table below shows the movement in the 2016/20 corporate capital programme since the August monitoring report:

Depts	Current Budget 16/17	Variance	Revised Budget 16/17	Current Budget 17/18	Variance	Revised Budget 17/18	Revised Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20
C&H	2,080	(50)	2,030	1,205	50	1,255	629	0	629	280	0	280
CS	9,679	0	9,679	6,506	0	6,506	2,852	0	2,852	2,530	0	2,530
CSF	15,668	(1,392)	14,276	15,272	884	16,155	11,415	486	11,900	9,934	0	9,934
E&R	17,679	(78)	17,601	20,408	0	20,408	15,294	0	15,294	4,437	0	4,437
TOTAL	45,106	(1,520)	43,586	43,390	934	44,324	30,189	486	30,675	17,181	0	17,181

4.2 The table below summarises the position in respect of the Capital Programme as at September 2016 the detail is shown in Appendix 5a

Merton Summary Capital Report - September 2016 Monitoring

Department	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,029,650	215,219	633,020	(417,801)	1,486,480	(543,170)
Corporate Services	9,679,460	915,887	1,668,355	(752,468)	6,307,160	(3,372,300)
Children Schools and Families	14,276,210	2,811,280	4,360,846	(1,549,565)	14,171,742	(104,468)
Environment and Regeneration	17,600,790	5,930,409	5,532,069	398,338	17,575,977	(24,813)
Total Capital	43,586,110	9,872,795	12,194,290	(2,321,496)	39,541,359	(4,044,751)

- a) Community and Housing – The projected £543k underspend is on one scheme – Disabled Facilities Grants. Officers are currently projecting the maximum projected spend £500k on the scheme. The remaining £50k of the £200k budget of the Colliers Wood Library Re-Fit has been re-profiled into 2017/18.
- b) Corporate Services – The projected underspend is caused by two major corporate schemes which are the Acquisition Fund £1,533k, Bidding Fund £1,839k. All other schemes are projecting a full spend at year end in 2016/17.
- c) Environment and Regeneration – Officers are currently projecting that two schemes will underspend £5k on Replacement of Fleet Vehicles and £20k on Change of £1 coinage in P&D Machines. Two section 106 schemes have been removed for Wimbledon Broadway (£46k) and Wimbledon Town Centre (£42k). Finally £10k of section 106 budget has been added to Traffic Schemes.
- d) Children, Schools and Families – Officers are currently projecting a £104k underspend on the School Equipment Loans. Perseid (£42k) and Harris Morden schemes have re-profiled budget from 2016/17 to 2017/18. Finally, £486k of the New School Budget has been re-profiled from 2016/17 to 2018/19. Officers envisage that progression of the new school will boost departmental spend considerably over the next few months.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month.

4.4 Appendix 5c details the impact of all the adjustments to the Capital Programme have on the funding of the programme in 2016/17 and 2017/18. The table below summarises the movement in 2016/17 funding since approval in March 2016:

Depts.	Original Budget 16/17	Net Slippage 2015/16	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 16/17
Community & Housing	2,074	271	0	0	(115)	(200)	2,030
Corporate Services	7,565	4,065	(1,319)	341	137	(1,110)	9,679
Children Schools & Families	13,998	141	(239)	368	224	(216)	14,276
Environment and Regeneration	15,658	2,176	(20)	452	123	(788)	17,601
Total	39,295	6,653	(1,578)	1,161	369	(2,314)	43,586

4.5 The table below compares capital expenditure (£000s) to September 2016 to that achieved over the last few years:

Depts.	Spend To September 2012	Spend To September 2013	Spend To September 2014	Spend To September 2015	Spend To September 2016	Variance 2012 to 2016	Variance 2013 to 2016	Variance 2014 to 2016	Variance 2015 to 2016
C&H	418	778	182	267	215	(203)	(562)	34	(52)
CS	1,083	1,372	480	610	916	(167)	(456)	435	306
CSF	13,732	4,725	7,979	7,944	2,811	(10,921)	(1,913)	(5,168)	(5,133)
E&R	4,334	4,149	1,685	3,006	5,930	1,596	1,782	4,245	2,925
Total Capital	19,568	11,023	10,326	11,827	9,873	(9,695)	(1,150)	(454)	(1,954)

Outturn £000s	40,487	31,564	36,869	29,327	
Budget £000s					43,586
Projected Spend September 2016 £000s					39,541
Percentage Spend to Budget					22.65%
% Spend to Outturn/Projection	48.33%	34.92%	28.01%	40.33%	24.97%
Monthly Spend to Achieve Projected Outturn £					4,945

4.6 September is half way through the financial year; departments have spent less of their budget than compared to previous financial years. To achieve a projected spend of £39.5m officers will need to spend just over £4.9 million each month. The table below shows that officers spent just over £2.8 million in September 2016.

Spend During September 2016

Department	Spend To August 2016 £000s	Spend To September 2016 £000s	Increase £000s
C&H	119	215	96
CS	568	916	348
CSF	2,032	2,811	779
E&R	4,343	5,930	1,587
Total Capital	7,063	9,873	2,810

4.7 Based on current spend patterns both 2016/17 to 2018/19 need to be reviewed and realistically profiled. Officers are continuing to challenge budget managers to encourage further re-profiling.

5. DELIVERY OF SAVINGS FOR 2016/17

5.1

Department	Target Savings 2016/17	Projected Savings 2016/17	Period 6 Forecast Shortfall	Period 6 Forecast Shortfall	Period 5 Forecast Shortfall	Period 5 Forecast Shortfall
	£000's	£000's	£000's	%	£000's	%
Corporate Services	2,316	2,028	288	12.4%	288	12.4%
Children Schools and Families	2,191	2,191	0	0.0%	0	0.0%
Community and Housing	5,379	3,542	1,837	34.2%	2,191	40.7%
Environment and Regeneration	4,771	4,124	647	13.6%	567	11.9%
Total	14,657	11,885	2,772	18.9%	3,046	20.8%

Appendix 6 details the progress on savings for 2016/17 by department.

Progress on savings 2015/16

Department	Target Savings 2015/16	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's
Corporate Services	1,170	0	0
Children Schools and Families	781	0	0
Community and Housing	2,154	14	14
Environment and Regeneration	4,192	3,493	28
Total	8,297	3,507	42

Appendix 7 details progress on savings for 2015/16. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

Progress on savings 2014/15

Department	Target Savings 2014/15	2014/15 shortfall	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	0	0	0
Children Schools and Families	860	40	0	0
Community and Housing	2,465	1,339	1,339	834
Environment and Regeneration	3,338	129	125	125
Total	8,313	1,508	1,464	959

Appendix 8 details progress on savings for 2014/15. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2016/17
Appendix 5b –	Adjustments to the Current Capital Programme 2016/17
Appendix 5c –	Funding Current Capital Programme 2016/17 & 2017/18
Appendix 6 –	Progress on savings 2016/17
Appendix 7 -	Progress on savings 2015/16
Appendix 8 -	Progress on savings 2014/15
Appendix 9 -	Customer/Client receipts
Appendix 10 -	Debt Report at 30 th September 2016
Appendix 11 –	Cashflow statement
Appendix 12	HR Metrics

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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**Summary Position as at 30th
September 2016**

APPENDIX 1

	Original Budget 2016/17	Current Budget 2016/17	Year to Date Budget (Sept.)	Year to Date Actual (Sept.)	Full Year Forecast (Sept.)	Forecast Variance at year end (Sept.)	Forecast Variance at year end (August)	Outturn Variance 2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	11,357	11,679	13,773	13,377	11,414	-265	(137)	-373
3B. Children, Schools and Families	50,183	51,020	14,194	15,556	52,769	1,749	1,852	-7
3C. Community and Housing	-	-	-	-	-	-	-	0
Adult Social Care	51,413	51,575	19,541	23,058	59,336	7,761	7,373	1,437
Libraries & Adult Education	2,796	2,845	1,442	1,632	3,213	368	(284)	41
Housing General Fund	2,009	2,343	811	1,066	2,763	419	318	-538
3D. Public Health	417	43	-950	-2,781	43	0	0	-7
3E. Environment & Regeneration	21,230	22,458	5,322	1,805	22,405	-53	238	3,632
Overheads	0	0	0	0	0	0	0	272
NET SERVICE EXPENDITURE	139,405	141,963	54,134	53,712	151,942	9,979	9,360	4,457
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	13,643	13,643	2,790	2,453	13,649	6	6	49
Other Central items	-5,962	-8,922	3,352	3,895	-12,006	-3,084	-3,194	-2,846
Levies	928	928	504	504	928	0	0	0
TOTAL CORPORATE PROVISIONS	8,608	5,648	6,647	6,852	2,571	-3,078	-3,188	-2,797
TOTAL GENERAL FUND	148,013	147,612	60,781	60,564	154,513	6,901	6,173	1,660
Funding	-	-	-	-	-	-	-	-
- Business Rates	(34,230)	(34,230)	(4,111)	(4,111)	(34,230)	0	0	0
- RSG	(23,156)	(23,156)	(12,030)	(12,030)	(23,156)	0	0	0
- Council Tax Freeze Grant 2014/15	0	0	0	0	0	0	0	(6)
- Section 31 Grant	(822)	(822)	(271)	(271)	(898)	(76)	(76)	83
- New Homes Bonus	(4,192)	(4,192)	(2,405)	(2,405)	(4,658)	(466)	0	(1,037)
- PFI Grant	(4,797)	(4,797)	(2,398)	(2,398)	(4,797)	0	0	0
Grants	(67,198)	(67,198)	(21,215)	(21,215)	(67,740)	(542)	(542)	(960)
Collection Fund - Council Tax Surplus(-)/Deficit	(3,200)	(3,200)	0	0	(3,200)	0	0	0
Collection Fund - Business Rates Surplus(-))/Deficit	1,721	1,721	0	0	1,721	0	0	(0)
Council Tax	-	-	-	-	-	-	-	0
- General	(78,620)	(78,620)	0	0	(78,620)	0	0	(0)
- WPC	(300)	(300)	0	0	(300)	0	0	(0)
Council Tax and Collection Fund	(80,399)	(80,399)	0	0	(80,399)	0	0	(0)
FUNDING	(147,597)	(147,597)	(21,215)	(21,215)	(148,139)	(542)	(542)	(961)
NET	417	15	39,566	39,348	6,374	6,359	5,631	699
Appropriation from reserves	-418				(665)	(665)	(665)	
NET	(1)	15	39,566	39,348	5,709	5,695	4,966	699

	Original Budget 2016/17	Current Budget 2016/17	Full Year Forecast at (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)
Expenditure	£000	£000	£000	£000	£000
Employees	91,638	93,549	94,891	1,342	1,505
Premises Related Expenditure	8,382	8,488	8,060	-428	-281
Transport Related Expenditure	14,575	14,499	15,338	839	740
Supplies and Services	167,239	168,366	167,204	-1,162	-946
Third Party Payments	88,286	89,612	100,646	11,034	10,142
Transfer Payments	104,169	104,224	96,573	-7,652	-11,096
Support Services	32,134	32,134	32,135	0	0
Depreciation and Impairment Losses	17,638	17,638	17,640	3	-0
GROSS EXPENDITURE	524,061	528,511	532,487	3,977	64
Income					
Government Grants	(267,787)	-265,820	-257,300	8,520	10,171
Other Grants, Reimbursements and Contribs	(21,271)	-24,490	-27,081	-2,591	-1,582
Customer and Client Receipts	(62,799)	-63,413	-63,065	348	789
Interest	(46)	-46	-15	31	23
Recharges	(32,518)	-32,518	-32,519	-0	-0
Balances	(238)	-261	-566	-305	-106
GROSS INCOME	(384,658)	-386,548	-380,545	6,003	9,296
NET EXPENDITURE	139,403	141,963	151,942	9,979	9,360

Appendix 2

3E. Corporate Items	Council 2016/17 £000s	Original Budget 2016/17 £000s	Current Budget 2016/17 £000s	Year to Date Budget (Sept.) £000s	Year to Date Actual (Sept.) £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (August) £000s
Cost of Borrowing	13,643	13,643	13,643	2,790	2,453	13,649	6	6
Use for Capital Programme							0	0
Impact of Capital on revenue budget	13,643	13,643	13,643	2,790	2,453	13,649	6	6
Investment Income	(739)	(739)	(739)	(308)	(603)	(1,160)	(421)	(411)
Pension Fund	5,232	5,232	5,232	4,395	4,899	4,732	(500)	(500)
Corporate Provision for Pay Award	883	883	0	0	0	0	0	0
Provision for excess inflation	540	540	452	0	0	20	(432)	(432)
Utilities Inflation Provision	300	300	300	0	0	300	0	0
Pay and Price Inflation	1,723	1,723	752	0	0	320	(432)	(432)
Contingency	1,500	1,500	1,271	0	441	440	(831)	(951)
Single Status/Equal Pay	100	100	100	0	17	0	(100)	(100)
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	100	(300)	(300)
Loss of HB Admin grant	200	200	200	0	0	200	0	0
MAE 1st year redundancies	600	600	600	0	0	600	0	0
Revenuisation and miscellaneous	1,414	1,414	1,215	0	0	815	(400)	(400)
Contingencies and provisions	4,714	4,714	4,286	0	458	2,655	(1,631)	(1,751)
Local Services Support Grant	204	204	204	68	0	104	(100)	(100)
Other	(1,152)	(1,152)	(1,152)	0	(2)	(1,152)	0	0
Income items	(948)	(948)	(948)	68	(2)	(1,048)	(100)	(100)
Appropriations: CS Reserves	(1,371)	(1,371)	(1,883)	0	0	(1,883)	0	0
Appropriations: E&R Reserves	(520)	(520)	(1,372)	(715)	(715)	(1,372)	0	0
Appropriations: CSF Reserves	44	44	(115)	(60)	(115)	(115)	0	0
Appropriations: C&H Reserves	1,146	1,146	1,146	0	0	1,146	0	0
Appropriations: Public Health Reserves	0	0	(28)	(28)	(28)	(28)	0	0
Appropriations: Corporate Reserves	2,394	2,394	2,385	0	0	2,385	0	0
Appropriations/Transfers	1,693	1,693	132	(803)	(858)	132	0	0
Depreciation and Impairment	(17,638)	(17,638)	(17,638)	0	0	(17,638)	0	0
Central Items	7,681	7,681	4,721	6,142	6,348	1,643	(3,078)	(3,188)
Levies	928	928	928	504	504	928	0	0
TOTAL CORPORATE PROVISIONS	8,608	8,608	5,648	6,647	6,852	2,571	(3,078)	(3,188)

Pay and Price Inflation as at September 2016

In 2016/17, the budget includes 1% for increases in pay and 0.5% for increases in general prices, with an additional amount of £0.540m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. There have been a number of requests to call on this budget which are being reviewed. Any balance on this budget will be used to offset the forecast overspend on services

Pay:

The local government pay award for 2016/17 has been agreed and will cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this means a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 will receive 1% in year one and the same again the following year. The offer also includes a joint review of the NJC pay spine and term-time working for school support staff. The budget has now been reallocated to services.

Prices:

The Consumer Prices Index (CPI) rose by 1.0% in the year to September 2016, up from a 0.6% rise in the year to August. The rate in September 2016 was the highest since November 2014, when it was also 1.0%.

The main upward contributors to the change in the rate were rising prices for clothing, overnight hotel stays and motor fuels, and prices for gas, which were unchanged, having fallen a year ago. These upward pressures were partially offset by a fall in air fares and food prices.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, rose by 1.2% in the year to September 2016, up from 0.9% in August.

The RPI 12-month rate for September 2016 stood at 2.0%, up from 1.8% in August 2016.

Outlook for inflation:

As indicated in Appendix 4, there was no MPC meeting in October 2016 and the next meeting will be on 3 November 2016. The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 14 September 2016, the MPC voted unanimously to keep the Bank Base Rate at 0.25%. It also voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves and also voted unanimously to continue with the programme of £60 billion of UK government bond purchases to take the total stock of these purchases to £435 billion, financed by the issuance of central bank reserves.

Twelve-month CPI inflation remained at 0.6% in August, lower than projected at the time of the August Inflation Report, and well below the 2% inflation target. The MPC believe that “as the unusually large drags from energy and food prices attenuate, CPI inflation is expected to rise to around its 2% target in the first half of 2017, consistent with the August Inflation Report, albeit with the projection a little lower over the remainder of 2016 than had been anticipated in August.”

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

Source: HM Treasury - Forecasts for the UK Economy (October 2016)			
	Lowest %	Highest %	Average %
2016 (Quarter 4)			
CPI	0.6	1.8	1.1
RPI	0.6	2.9	2.1
LFS Unemployment Rate	4.8	5.4	5.1
2017 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.9	3.7	2.5
RPI	0.7	4.4	3.0
LFS Unemployment Rate	4.5	6.0	5.4

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 2016 to 2020 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2016)					
	2016	2017	2018	2019	2020
	%	%	%	%	%
CPI	0.7	2.3	2.3	2.0	2.0
RPI	1.7	2.8	3.0	3.1	3.3
LFS Unemployment Rate	5.1	5.5	5.9	5.9	5.8

Treasury Management: Outlook

Bank Rate decisions - MPC Meetings

Until this month, the MPC met every month to set the Bank Base interest rate. After the meeting on 15 September 2016, the meetings have changed to eight times a year. This means that the meeting planned for October 2016 will no longer take place. These changes follow the recommendations of the Warsh Review, and are set out in the Bank of England and Financial Services Act 2016. The next meeting will be on 3 November 2016.

Up until September 2016, the MPC met every month to set the interest rate but after this the meetings will change to eight times a year. This means that the meeting planned for October 2016 will no longer take place. These changes follow the recommendations of the Warsh Review, and are set out in the Bank of England and Financial Services Act 2016. The next meeting will be on 3 November 2016. To recap, at its meeting ending on 14 September 2016, the MPC voted unanimously to maintain Bank Rate at 0.25% and to continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves. The Committee also voted unanimously to continue with the programme of £60 billion of UK government bond purchases to take the total stock of these purchases to £435 billion, financed by the issuance of central bank reserves.

The quarterly Inflation Report for November 2016 will be published on 3 November.

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

	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017	End Q.3 2017	End Q.4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.2 2019
Aug.'16	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
May '16	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	
Feb. '16	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1		
Nov '15	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3			
Aug.'15	0.9	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.7				
May '15	0.8	0.9	1.0	1.1	1.2	1.3	1.3	1.4					
Feb.'15	0.7	0.8	0.9	1.0	1.0	1.1	1.1						
Nov '14	1.2	1.4	1.5	1.5	1.7	1.7							
Aug.'14	1.9	2.0	2.1	2.2	2.3								

Source: Bank of England Inflation Reports

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Appendix 5a

Community & Housing Summary Capital Report - September 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care						
The Gables Mitcham	0	(13,382)	0	(13,382)	0	0
Adult Social Care IT Projects	131,510	26,635	558	26,077	131,510	0
Libraries						
Library Self Service	94,970	(22,871)	74,970	(97,841)	94,970	0
Colliers Wood Library Re-Fit	0	0	0	0	0	0
Housing						
8 Wilton Road	0	(4,371)	0	(4,371)	0	0
Western Road	760,000	0	380,000	(380,000)	760,000	0
Disabled Facilities	1,043,170	229,208	177,492	51,716	500,000	(543,170)
Community and Housing Total	2,029,650	215,219	633,020	(417,801)	1,486,480	(543,170)

Corporate Services Summary Capital Report - September 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	2,451,020	80,500	864,922	(784,422)	2,451,020	0
Corporate Items	3,372,300	0	0	0	0	(3,372,300)
Facilities Management	1,822,020	280,992	193,819	87,173	1,822,020	0
IT Total	1,531,350	336,401	421,644	(85,243)	1,531,350	0
Resources	476,100	197,836	161,300	36,536	476,100	0
IT Transformation Unallocated	26,670	20,158	26,670	(6,512)	26,670	0
Corporate Services Total	9,679,460	915,887	1,668,355	(752,468)	6,307,160	(3,372,300)

Children, Schools & Families Summary Capital Report - September 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion*	0	(11,083)	(11,083)	0	0	0
Joseph Hood Permanent Expansn	3,720	1,000	3,720	(2,720)	3,720	0
St Mary's expansion*	0	(43,972)	(23,722)	(20,250)	0	0
Hillcross School Expansion*	3,090	(69,767)	(69,767)	0	3,090	0
Merton Abbey Temp Accomodation*	0	(23,684)	(23,684)	0	0	0
Pelham School Expansion*	10,660	(8,117)	(8,117)	0	10,660	0
Dundonald expansion	2,694,410	1,782,937	1,703,000	79,937	2,694,410	0
Poplar Permanent Expansion*	1,000	(49,144)	(49,144)	0	1,000	0
Singlegate expansion	1,014,020	824,785	863,020	(38,235)	1,014,020	0
Primary School Exp. Overspen Provision*	61,490	(344,131)	(344,131)	0	61,481	(9)
Wimbledon Park expansion*	0	(27,000)	(27,000)	0	0	0
Primary Expansion	3,788,390	2,031,824	2,013,092	18,732	3,788,381	(9)

CSF department has undertaken a number of major school expansion projects over the past few years. Under the contract terms the council holds back a retention sum which is only paid at least a year after the building project is completed, and then only when we are satisfied that all minor defects on the building are completed satisfactorily. This can frequently take a considerable period and the cumulative effect is that there are a series of accruals from the end of the 2015/16 financial year where the money has not been spent in 2016/17. It is not in the council's interests to spend this money until we are absolutely sure the building is defect free.

Appendix 5a

Children, Schools & Families Summary Capital Report - September 2016 Monitoring Continued ...

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Secondary School expansion	30,000	0	0	0	30,000	0
St Marks Expansion	0	0	0	0	0	0
New School	6,964,500	16,662	1,613,250	(1,596,588)	6,964,500	0
Harris Merton Expansion	1,383,440	211,994	250,000	(38,006)	1,383,434	(6)
Harris Morden Expansion	50,000	0	0	0	50,000	0
Secondary Expansion	8,427,940	228,656	1,863,250	(1,634,594)	8,427,934	(6)
Cricket Green Site	1,560	(705)	(1,200)	495	1,560	0
Primary school autism unit	70,730	(32,583)	(34,783)	2,200	70,730	0
Perseid	160,000	(136,805)	(120,805)	(16,000)	160,000	0
Secondary School Autism Unit	50,000	0	0	0	50,000	0
Futher SEN Units	295,320	0	29,500	(29,500)	295,320	0
SEN Expansion	577,610	(170,093)	(127,288)	(42,805)	577,610	0
Devolved Formula Capital	367,820	183,353	183,918	(565)	367,820	0
Free School Meals	0	(24,126)	(24,126)	1	0	0
B698 St Catherines Fields Fencing	24,100	20,250	27,000	(6,750)	24,097	(3)
Schs Cap Maint & Accessibility	985,900	541,416	425,000	116,416	985,900	0
Schools Equipment Loans	104,450	0	0	0	0	(104,450)
Other	1,482,270	720,893	611,792	109,102	1,377,817	(104,453)
Children Schools and Families	14,276,210	2,811,280	4,360,846	(1,549,565)	14,171,742	(104,468)

Environment & Regeneration Summary Capital Report - September 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	680,367	400,000	280,367	1,000,000	0
Greenspaces	886,350	211,468	244,360	(32,892)	886,350	0
Highways General Planned Works	435,860	109,464	174,500	(65,036)	435,860	0
Highways Planned Road Works	1,500,000	1,288,666	1,070,000	218,666	1,500,000	0
Leisure Centres	4,946,140	481,301	728,699	(247,399)	4,946,440	300
Other E&R	243,240	60,342	40,000	20,342	243,127	(113)
On and Off Street Parking	9,900	0	0	0	9,900	0
Regeneration Partnerships	3,294,690	991,816	801,623	190,193	3,294,690	0
Street Lighting	662,000	427,252	438,689	(11,437)	662,000	0
Street Scene	105,950	47,742	47,872	(130)	105,950	0
Transport for London	2,436,620	984,675	883,699	100,975	2,436,620	0
Traffic and Parking Management	1,404,540	497,881	507,400	(9,519)	1,384,540	(20,000)
Transport and Plant	500,000	112,346	112,477	(131)	495,000	(5,000)
Environmental Health	0	18,619	0	18,619	0	0
Waste Operations	175,500	18,470	82,750	(64,280)	175,500	0
Environment and Regeneration	17,600,790	5,930,409	5,532,069	398,338	17,575,977	(24,813)

Virement, Re-profiling and New Funding - August 2016

Appendix 5b

	2016/17 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2016/17 Budget	2017/18 Budget	Adjustment	Revised 2017/18 Budget	Narrative
-	£	£	£	£	£	£		£	
Community & Housing									
Colliers Wood Library Re-fit	50,000			(50,000)	0	150,000	50,000	200,000	Reprofile to 17/18
Children, Schools and Families									
Perseid	201,930			(41,930)	160,000	850,000	41,930	891,930	Reprofile to 17/18
B698 St Catherines Field fence	47,000		(22,900)		24,100	0		0	Full s106 bid not required - surrender part of budget
New School 6fe	7,450,000			(485,500)	6,964,500	4,916,250	0	4,916,250	Reprofile from 16/17 to 18/19
Harris Merton 2fe	2,225,110			(841,670)	1,383,440	2,181,310	841,670	3,022,980	Reprofile to 17/18
Environment & Regeneration									
S106 Wim broadwy CA	46,480		(46,480)		0	0		0	Remove budget - S106 funding not available
B610 Wim Town Centre trans imp	41,600		(41,600)		0	0		0	Remove budget - S106 funding not available
Traffic Schemes	163,920		10,000		173,920	156,000	0	156,000	s106 Bid B714 for Arthur/Durnsford road
					0	0		0	
Total	10,226,040	0	(100,980)	(1,419,100)	8,705,960	8,253,560	933,600	9,187,160	

1) Requires Cabinet Approval

Virement, Re-profiling and New Funding - August 2016

Appendix 5b

	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	£	£	£	£	£	£	
Children, Schools and Families							
New School 6fe	2,203,600	485,500	2,689,100				
Total	0	0	0	0	0	0	

Capital Programme Funding Summary 2016/17

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - October - August 2016 Mon.	30,343	14,763	45,106
<u>Children, Schools and Families</u>			
Perseid	(42)		(42)
B698 St Catherines Field fence	(23)		(23)
New School 6fe	(486)		(486)
Harris Merton 2fe	(842)		(842)
<u>Community and Housing</u>			
Colliers Wood Library Re-fit	(50)		(50)
<u>Environment & Regeneration</u>			
S106 Wim broadwy CA	(46)		(46)
B610 Wim Town Centre trans imp	(42)		(42)
Traffic Schemes	10		10
Cabinet - November - September 2016 Mon.	28,823	14,763	43,586

Capital Programme Funding Summary 2017/18

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - October - August 2016 Mon.	27,061	16,329	43,390
<u>Children, Schools and Families</u>			
Perseid	42		42
Harris Merton 2fe	842		842
<u>Community and Housing</u>			
Colliers Wood Library Re-fit	50		50
Cabinet - November - September 2016 Mon.	27,994	16,329	44,324

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care										
CH02	Promoting Independence - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence	100	52	48	R	100	0	G	David Slark	Some savings achieved through provider negotiations	Y
CH29	Older People - Managing Crisis (including hospital discharge) admissions to residential care. This would include a number of activities designed to reduce admissions to residential care placements. We would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.	125	0	125	R	125	0	R	Kim Carey	We continue to manage to target the number of admissions to residential care, but this is having a knock-on to the cost of care in the home. Arrangements are now in place to mitigate the cost of double handed care using proactive OT engagement in these packages.	Y
CH34	Substance Misuse Placements - Actively manage throughput in residential rehab placements - A reduction in the placements available for Substance misuse clients	6	6	0	G	6	0	G	Henrietta Brown		Y
CH05	Realise benefits of new prevention programme in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to Voluntary Organisations. -Reduced demand for statutory services or reduced level of preventative services. In the latter case people would lose some of the services which make their life fuller.	500	500	0	G	500	0	G	Richard Ellis		Y
CH04	Reduce Management costs and reduction in staffing costs Access & Assessment- Staffing restructure to deliver efficient processes, and building on planned shift of some customers to manage their own processes.	100	75	25	R	100	0	G	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y
CH20	Access and Assessment Employees - Staff Savings 12 FTE to be deleted in 2016/17 12 FTE in 17/18, 12 FTE in 18/19 - These savings will come from across Access and Assessment, covering all service areas. - Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments. (CH20)	511	468	43	A	511	0	G	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving may not be fully realised in year.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH58	Access and Assessment Employees - Staff Savings	700	700	0	A	700	0	G	Kim Carey		Y
CH22	Commissioning Employees- Staff Savings- 4 FTE to be deleted- Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market.	156	151	5	A	156	0	G	Richard Ellis	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y
CH21	Direct Provision Employees - Staff Savings 11FTE to be deleted- Less activities available both at day centres and in the community. Clients would spend more time in larger congregated settings with less choice of activities. These savings would be made across the three LD and PD day centres.	274	274	0	A	274	0	G	Andy Ottaway-Searle		Y
CH59	Direct Provision Residential and supported living management -staff reductions- We would expect to keep front line support staff but reduce management. This would mean less resource to provide outreach and the emphasis would primarily on providing core services (Bring forward savings -CH37) 2 FTE's	100	100	0	A	100	0	G	Andy Ottaway-Searle		Y
CH23	Directorate- Staff Savings - 0.46 FTE to be deleted-None, post now funded by Public Health	21	21	0	G	21	0	G	Richard Ellis	Saving to be achieved as change of funding	Y
CH64	Directorate- Staff Savings - (Budget contribution to Joint Public Health consultant post to be deleted)-None, post now funded by Public Health	30	30	0	G	30	0	G	Richard Ellis	Saving to be achieved as change of funding	Y
CH24	Learning Disabilities- High Cost Packages - Review of High Cost Packages with a view to promoting independence This would be a holistic review of 17 identified high cost placements (i.e. those receiving packages of care over £1,500 per week and not health funded). We will use promoting Independence as the basis of these reviews. We are designing these figures based on a 6% reduction in support for the identified client group.	100	100	0	G	100	0	G	Kim Carey		Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH25	Learning Disabilities- Medium Cost Packages- Review of medium cost packages with a view of promoting independence -This would be a holistic review of identified medium cost placements of care of between £400 -£1,500 per week and not health funded). We will use the promoting independence model as the basis for these reviews. We are designing these figures based on a 10% reduction in support for the relevant clients within the identified group.	400	258	142	R	400	0	A	Kim Carey	These cases are taking a lower priority due to the opportunity afforded by addressing the high cost packages first.	Y
CH26	Learning Disabilities - Direct Payments- Review of all Direct Payments in Learning Disabilities with a view to promoting independence .We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 7% for the individual support packages within this client group. There are currently 98 packages in this group.	50	0	50	R	50	0	A	Kim Carey	This has stalled due to lack of capacity but will be given priority when other work has been finalised.	Y
CH27	Mental Health- Care Packages - Review of support packages within all areas of Mental Health services. - We anticipate this being a reduction of 5% across all support packages and will include a review of Direct Payments within this area. Options include less use of residential placements and quicker reviews as part of a recovery model.	76	0	76	R	76	0	G	Henrietta Brown	Reviews in progress	Y
CH28	Older People- Home Care Review of Home Care within support packages. There are currently 596 Older People within Merton receiving home care within their support packages. This represents an average reduction of 9% in home care support packages.	387	147	240	R	387	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y
CH30	Older People - Review of Direct Payments support packages -Review of Direct Payments in Older People using the enablement model. We will review the Direct Payments received by clients to assess whether the full payment is being utilised. We will use the enablement model as the basis of these reviews. We anticipate this being an average reduction of 15% for individual support packages within this client group. There are currently 225 packages.	345	0	345	R	345	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH31	Physical Disabilities- Review of all Direct Payments for clients with physical disabilities using promoting independence. -We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 10% for the individual support packages within this client group. There are currently 150 packages in this group.	134	0	134	R	134	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y
CH32	Physical Disabilities - Home Care -The saving would be delivered through a review of home care provision within support packages. There are currently 89 Physical Disabilities clients within Merton receiving home care within their support packages. The proposed savings represents an average reduction of 8% in home care for this group.	48	0	48	R	48	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y
CH33	Physical Disabilities- High Cost Packages - Review of PD Residential and 1-1 packages. This saving would be delivered through a targeted review of a small number of PD customers in residential care. These reviews would look at renegotiating unit costs, transferring users to other types of accommodation in the community and reducing or removing 1-1 costs.	60	0	60	R	60	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y
CH60	South Thames Crossroads : Decommission the crossroads service for carers. Replace with domiciliary care service/ Direct Payment offer and commissioned holistic carers support service from voluntary sector.	294	130	164	A	294	0	G	Richard Ellis	Service to be decommissioned from 31st December 2016, therefore will not meet all of savings target.	
CH61	Meals on Wheels (Sodexo): Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure	153	85	68	G	153	0	G	Richard Ellis	Service was decommissioned on 31st July 2016, therefore will not meet all of savings target.	Y
CH62	Supported accommodation mental health : Decommission service as a result of Provider notice to cease service in Merton	106	106	0	G	106	0	G	Richard Ellis	The service has been decommissioned & saving achieved.	Y
CH63	Day support Imagine Independence : Decommission service and recommission cost effective peer led day opportunities for people with mental health	84	84	0	G	84	0	G	Richard Ellis	The tender has been awarded and will commence 4th July (which will achieve the saving)	Y
CH51	NHS Income :Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.	200	0	200	R	0	(200)	R	Richard Ellis	Not achievable	Y
	Library & Heritage Service										

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH44	Deletion of all administrative support (Deletion of 1 x FTE)	26	26	0	G	26	0	G	Anthony Hopkins	Reorganisation complete and individual has been slotted into a new post in the council.	Y
CH45	Reduction in activities programme	2	2	0	G	2	0	G	Anthony Hopkins	Budget re-profiled and savings delivered.	Y
CH46	Withdrawal from annual CIPFA public library user survey (PLUS)	3	3	0	G	3	0	G	Anthony Hopkins	New systems devised and saving achieved. New consultation exercise running in October 2016.	Y
CH47	Reduction in volunteering contract	20	20	0	G	20	0	G	Anthony Hopkins	Contract renegotiated and new arrangements in place from 1 April 2016	Y
CH48	Reduction in media fund	45	45	0	G	45	0	G	Anthony Hopkins	Budget reduction re-profiled to reflect new expenditure, savings on course to delivered.	Y
	<u>Merton Adult Education</u>										
CH15	MAE :Staffing cost reductions -Delivery utilising the use of Information Technology and other efficiencies	8	0	8	R	8	0	G	Anthony Hopkins	Saving built into new SFA funding profile	Y
	<u>Housing Needs & Enabling</u>										
CH38	Reduction of Homelessness Prevention Grant:	56	0	56	R	56	0	A	Steve Langley		Y
CH39	Rationalisation of admin budget :	30	30	0	G	30	0	G	Steve Langley	Savings achieved	Y
CH40	Housing Strategy officer - deletion of 1 FTE :	43	43	0	G	43	0	G	Steve Langley	Post vacant and will be deleted - saving will be achieved	Y
CH41	Environmental health Technical officer deletion of 1 FTE:	33	33	0	G	33	0	G	Steve Langley	Post vacant and will be deleted - saving will be achieved	Y
CH42	Housing options adviser deletion of 1.5 FTE :	53	53	0	G	53	0	G	Steve Langley	Post vacant and will be deleted - saving will be achieved	Y
	Total Community & Housing Department Savings for 2016/17	5,379	3,542	1,837		5,179	(200)				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Commissioning, Strategy and Performance											
CSF2012-04	Reduce expenditure on LAC and SEN placements	50	50	0	R	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter. At the end of the first quarter, this equated to £438k.	Y
CSF2014-02	Reduce the post 16 LAC/CL accommodation.	50	50	0	R	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter. At the end of the first quarter, this equated to £438k.	Y
CSF2014-03	This will be achieved through a combination of reducing our training for facilitators of parenting programmes and decommissioning a service where the commissioned outcomes are not being delivered.	40	40	0	G	40	0	G	Paul Ballatt		
CSF2014-05	Reduction in commissioning of early intervention and prevention services from the VCS.	300	300	0	G	300	0	G	Paul Ballatt		
Children Social Care											
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	100	0	R	100	0	G	Paul Angeli	Insight was not closed as we were not able to opt out of the lease early. This saving will be delivered in 2017/18 and the short for 2016/17 covered through reduced grant-funded and targeted intervention services.	
CSF2015-01	Serious Case Reviews	77	77	0	G	77	0	G	Paul Angeli		
Early Years											
CSF2013-01	Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	17	17	0	G	17	0	G	Jane McSherry		

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	254	254	0	G	254	0	G	Jane McSherry		
	Youth Service										
CSF2014-06	Young people will be signposted to VCS youth provision. Work continues with RSLs and other possible funders to identify some residual funding.	480	480	0	G	480	0	G	Jane McSherry		
	Public Health										
CSF2014-07	Children's centres deliver the widest outcomes for under fives and getting a good start in life is key to narrowing inequalities in health outcomes.	400	400	0	G	400	0	G	Jane McSherry		
	Schools										
CSF2014-08	Increased income from schools and/or reduced LA service offer to schools.	400	400	0	G	400	0	G	Jane McSherry		
	Cross cutting										
CSF2015-02	Service management review across the CSF dept (2/3 FTE depending on grading of posts)	23	23	0	G	23	0	G	Paul Angeli		
	Total Children, Schools and Families Department Savings for 2015/16	2,191	2,191	0		2,191	0				

CSF2012-04 and CSF2014-02 is shown as amber because, although the savings are met, the overall budgets are overspending due to demographic pressures.

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG
Customer Services								
CS13	Reduction in discretionary relief (replacement of CS12 and CS13 which had both been deferred until 2016/17)	81	81	0	G	81	0	G
CS36	Re tendering of Cash Collection Contract	10	10	0	G	10	0	G
CS39	Impact of Customer Service Review	30	0	30	R	30	0	A
CS61	Dividend income from CHAS 2013 Limited	58	58	0	G	58	0	G
CS62	Recharges to Public Health	70	70	0	G	70	0	G
CSD9	Ending of e-Capture Service	9	9	0	G	9	0	G
CSD10	Ending of Risk Based Verification	22	22	0	G	22	0	G
CSD11	Terminate the Experian trace and search system contract	10	10	0	G	10	0	G
CSD14	Reduction of 1 FTE Revenues Officer	30	30	0	G	30	0	G
CSD15	Increase in Court Costs (council tax) - Increase from £110.00 to £115.00	40	40	0	G	40	0	G
CSD16	Reduction in discretionary relief	231	231	0	G	231	0	G
CSD18	My Merton and staff reductions - Renegotiate supplier costs for My Merton	32	32	0	G	32	0	G
CSD19	My Merton and staff reductions - Delete 1 FTE - Communication Asisstant	25	25	0	G	25	0	G
Business Improvement								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	21	21	0	G	21	0	G
CS63	Reorganisation of systems development and support arrangements.	88	0	88	R	88	0	G
CSD37	PO Restructure	64	64	0	A	64	0	A
CSD38	Reduction in support budget	5	5	0	G	5	0	G
CSD39	Business Systems Team Restructure Phase 2	50	50	0	G	50	0	G
CSD40	Secure additional income generated through gazetteer maintenance and street naming and numbering	30	30	0	G	30	0	G
CSD41	Consolidation of systems support	20	20	0	A	20	0	A
IT Service Delivery								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	29	0	G
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	20	20	0	G	20	0	G
CS8	Reduction of costs through re-procurement of Wide Area Network(WAN) Links contract. Savings achieved against a number of revenue budgets spread across the Council	20	20	0	G	20	0	G
CS10	Outsourcing - Service Desk	20	0	20	R	20	0	G
CS12	Information Governance Vacant Post	37	37	0	G	37	0	G
CS16	Surrender of remainder of ITSD Overtime budget	35	35	0	G	35	0	G
CS23	Outsourcing - Building Services & Security Service	50	50	0	G	50	0	G
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	20	20	0	G	20	0	G
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	150	R	150	0	G

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG
CSD3	Rationalise IT Service Delivery support & maintenance contracts.	86	86	0	G	86	0	G
CSD4	Rationalise Facilities Management Building Repairs & Maintenance budgets	15	15	0	G	15	0	G
CSD5	Increase income generation from external bookings at Chaucer centre	40	40	0	G	40	0	G
CSD6	Reduction in the number of vehicles operated by Infrastructure & Transactions division from three to two	5	5	0	G	5	0	G
CSD8	Restructure IT Service Delivery section and delete 1 FTE post.	40	40	0	G	40	0	G
	Resources							
CS46	Resources -Deletion of 3 Posts within the Division	25	25	0	G	25	0	G
CS64	Reduction of treasury running costs through review, improvement and efficiency	20	20	0	G	20	0	G
CS65	Consolidation of various budgets within Resources division	66	66	0	G	66	0	G
CS67	Reduction in bank and giro charges	12	12	0	G	12	0	G
CSD20	Increased income	16	16	0	G	16	0	G
CSD21	Rephase existing Savings	42	42	0	G	42	0	G
CSD23	Cut running costs budgets	30	30	0	G	30	0	G
CSD24	Consultancy budget	100	100	0	G	100	0	G
CSD25	Increased charge to Pension Fund	20	20	0	G	20	0	G
CSD47	Delete 1 Policy post	50	50	0	G	50	0	G
	Human Resources							
CS49	Introduction of new application tracking system	10	10	0	G	10	0	G
CS50	Occupational Health & Employee Assistance programme	40	40	0	G	40	0	G
CS74	Review of L&D spend	69	69	0	G	69	0	G
CSD32	Review of HR business support (printing and stationery)	5	5	0	G	5	0	G
CSD35	Learning and Development Budget	18	18	0	G	18	0	G
	Corporate Governance							
CS73	Saving from 4 borough shared legal service	60	60	0	G	60	0	G
CSD44	Stop web casting meetings, remove scrutiny support fund and reduce other supplies and services	35	35	0	G	35	0	G
CSD45	Share audit and investigation service	60	60	0	G	60	0	G
	Other							
CSD48	CHAS Dividend	145	145	0	G	145	0	G
	Total Corporate Services Department Savings for 2016/17	2,316	2,028	288		2,316	0	

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
ER23	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	130	130	0	G	130	0	G	James McGinlay		N
ER23	Restructure of team to provide more focus on property management and resilience within the team.	52	52	0	A	52	0	G	James McGinlay		Y
EN27	Reduction in the Lining Budget	10	10	0	G	10	0	G	James McGinlay		N
EN30	Reduction in supplies and Services Costs	20	20	0	G	20	0	G	James McGinlay		N
EN31	Reduction in energy costs	30	30	0	G	30	0	G	James McGinlay		N
EN32	Renegotiation of J C Deceaux Contract	10	10	0	G	10	0	G	James McGinlay		N
EN35	Various Budgets - Increased Income through various charging increases where the service provided will still be purchased eg Increases % commercial uplift from 30% to 50% per hr; increases in charges in halls and at watersports centre, etc	14	14	0	G	14	0	G	James McGinlay		N
EN36	Various Budgets - Increased Income through sale of advice & guidance from senior professional officers and sale of specialist arts & leisure developed service packages to groups and organisations e.g private care homes, etc	10	10	0	G	10	0	G	James McGinlay		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	5	0	G	James McGinlay		N
EN42	Consultancy Income. This is based on an average daily rate of £300 per day (15/16 equates to 7 days per year for each chargeable member of staff and 16 days in 16/17) based on the consultancy project management working practices adopted by FutureMerton team.	50	50	0	G	50	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP. However, income is not guaranteed for future years.	N
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants,etc), aligned to the emerging strategy for sports.	13	0	13	R	13	0	G	James McGinlay	This saving is not currently being achieved. However, it forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	James McGinlay		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	James McGinlay		N
E&R6	Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	39	39	0	G	39	0	G	James McGinlay		N
E&R24	Reduction in current levels of staffing in the Greenspaces grounds maintenance and horticulture and sports teams.	130	0	130	R	130	0	G	James McGinlay	This saving is not currently being achieved. However, it forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
E&R26	Introduction of P&D within certain parks responding to demand for the management of parking and controlling excess demand for spaces/commuter parking	60	10	50	R	60	0	A	James McGinlay	Due to a delay in implementation, this saving will not be achieved this year. It is currently expected to be implemented around January 2017.	Y
E&R27	Additional property rental income	44	0	44	R	44	0	A	James McGinlay	An alternative saving is being worked upon, and will be presented to Cabinet in due course.	N
E&R31	Senior management and support-Deletion of the 2 management support posts and absorption into existing resources.	70	70	0	G	70	0	G	Chris Lee		N
E&R32	Wifi Concessionary Contract-Income from wifi concessionary contract to be let from 2015/16	20	20	0	G	20	0	G	James McGinlay		N
E&R33	Various Budgets - Increase in income from commercialisation of services	250	180	70	R	250	0	A	James McGinlay/ Cormac Stokes	The £70k saving relating to the Live at Wimbledon Park event is not expected to be achieved this year.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	James McGinlay		N
E&R36	Reduction in reactive work budget	60	0	60	R	60	0	A	James McGinlay		Y
E&R38	Income from Section 278/Developers agreements where traffic works are required as part of development . Charging for work currently not charged for	50	50	0	G	50	0	G	James McGinlay	Being achieved from 20% developer admin fees for highway works required.	N
E&R39	Pre-application income. This is in addition to any previous pre-app savings proposal.	50	30	20	R	50	0	A	James McGinlay	Being achieved from 20% developer admin fees for highway works required. An alternative saving is being worked upon, and will be presented to Cabinet in due course.	Y
E&R40	Consultancy income. This is in addition to any previous savings proposal.	60	10	50	R	60	0	A	James McGinlay	Income achieved via Estates Regeneration income from CHMP. However, income is not guaranteed for future years. An alternative saving is being worked upon, and will be presented to Cabinet in due course.	Y
E&R42	Align Vestry Hall income budget with current levels of income being achieved.	20	20	0	G	20	0	G	James McGinlay		N
PUBLIC PROTECTION											
EN02	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	226	226	0	G	226	0	G	John Hill		N
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	260	260	0	A	260	0	A	John Hill	The current estimates for new CPZ permit income is 170k. CPZ extensions to Tooting (GC), Colliers Wood (CW) and Merton Park (MP1) zones are pending and this will influence ability to meet £260k target.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	1,700	1,700	0	A	1700	0	G	John Hill	The implementation phase of the contract is complete. There has been an initial growth in PCNs but technical issues need to be resolved before level of achievable savings can be measured.	N
E&R9	Change in on-street bay suspension pricing structure.	500	250	250	R	500	0	G	John Hill	Due to elasticity of demand shortfall of £250k expected (will be offset by E&R11)	Y
E&R10	Back office reorganisation	80	0	80	R	80	0	G	John Hill	Savings will not be achieved as the reorganisation is based on a review of staff numbers following the successful implementation of ANPR which still has technical difficulties.	N
E&R11	Enforcement of pavement parking	60	310	-250	G	60	0	G	John Hill	Expected to exceed target by at least £250k and will be used to offset shortfall on E&R9.	Y
E&R12	End lease of Wycliffe Road	14	14	0	G	14	0	G	John Hill		N
E&R13	Increase income from discretionary fees & charges	50	50	0	A	50	0	A	John Hill	Work underway, but potential for slippage and subsequent failure to achieve full year effect. Currently considering the implementation of a number of income generating schemes such as a licensing pre-application service, scientific consultancy, food safety consultancy and chargeable business advice. Business cases to be finalised and reviewed by the Joint Regulatory Committee in February 2017.	N
E&R15	Alter funding of post dedicated to investigating potential recovery of funds under the POCA, to be funded from costs recovered.	50	50	0	A	50	0	A	John Hill	We are still still optimistic of achieving £50k by year end but this is subject to the legal process and defendants' payments.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
STREET SCENE & WASTE											
EN14	Mobile technology including GPS and in cab monitors. Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency.	100	0	100	R	100	0	G	Cormac Stokes	This saving is linked to new CRM project and Environmental asset Management Business case. GPS and vehicle tracking will not be delivered this year.	Y
E&R17	To reduce the costs of the service and maintain current standards of cleaning within Merton it is proposed to alter how we deploy our resources by reducing residential solo sweepers and alter the use of mechanical sweepers by investing in electric sweepers	157	157	0	G	157	0	G	Cormac Stokes		N
E&R18	Cease the distribution of food caddy liners	70	70	0	G	70	0	G	Cormac Stokes		N
E&R19	Align income budget to levels of income being generated from the sale of Textiles.	50	50	0	G	50	0	G	Cormac Stokes		N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	20	20	0	G	20	0	G	Cormac Stokes		N
E&R21	HRRC Site operations procured to external provider. Contractual savings.	30	0	30	R	30	0	A	Cormac Stokes	Although procurement led to significant cost reduction, it was not sufficient enough to reduce below existing budget level. Therefore, an alternative saving will be presented to Cabinet in due course.	Y
E&R22	Removal of borough wide dog bins including Parks	42	42	0	G	42	0	G	Cormac Stokes		N
Total Environment and Regeneration Savings 2014/15		4,771	4,124	647							

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
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All savings for 2015/16 achieved

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2015-16

Ref		2015/16 Savings Required £000	2015/16 Savings Achieved £000	Shortfall	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ER10	Merton & Richmond shared regulatory services.	230	89	141	R	230	0	G	John Hill	New structure commenced in October 2015, so only a part-year effect saving was achieved in 2015/16. The shortfall is not expected to repeat in 2016/17.	N
EN29	Re-Structure of Traffic and Highway Services	252	146	106	R	252	0	G	James McGinlay	Due to delay in implementation, the full effect of this saving was not realised in 2015/16.	N
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants,etc), aligned to the emerging strategy for sports.	39	11	28	R	11	28	R	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
EV02	Increase charges for the following types of parking permits Business £5, Trade £5, Teachers £5. Please note no allowance has been made for elasticity of demand this figure could reduce by 10%.	4	0	4	R	4	0	G	John Hill		N
EV12	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	3,214	0	3,214	R	3,214	0	A	John Hill	The implementation phase of the contract is complete. There has been an initial growth in PCNs but technical issues need to be resolved before level of achievable savings can be measured	N
Total Environment and Regeneration Savings 2015/16		3,739	246	3,493		3,711	28				

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	15/16 RAG	Responsible Officer	Comments
All savings for 2015/16 achieved							

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Adult Social Care													
ASC13/ASC34	Brokerage Efficiencies	300	118	182	118	182	R	187	113	R	Julie McCauley	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC8	Optimising the use of block and spot contracts-OP&LD	300	141	159	141	159	R	141	159	R	David Slark	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	0	50	R	0	50	R	Henrietta Brown	There was an increase in customers with higher needs, which led to a greater expense of placements. In addition, there were not sufficient opportunities for people to move to a lower level of support, so savings were not achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	0	250	R	0	250	R	Andy Ottaway-Searle	Due to the small number of residential customers this target was not able to be achieved.	Y
CH14	All Saints Respite extension	36	0	36	0	36	R	0	36	R	Julie McCauley	Building work not started to accommodate suitable environment for customers with physical disabilities, therefore savings not achieved.	Y
CH15	Assistive Technology	70	0	70	0	70	R	70	0	A	Andy Ottaway-Searle	Assisted technology used with new customers but tracking cost avoidance is difficult to demonstrate as previously these customers have not incurred costs. Work needed to review existing customers to identify if any savings can be made.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CH6	Voluntary Organisation- SLA reduction	150	0	150	0	150	R	150	0	A	Simon Williams	Work on-going with voluntary sector to review funding to meet savings targets.	Y
ASC53	Meals on wheels contract	50	0	50	0	50	R	0	50	R	Simon Williams	Meals on Wheels contract will not be renewed, however the saving on the contract cost is a 16/17 saving.	Y
ASC50/CH7	Staffing savings in Direct Provision	216	0	216	0	216	A	216	0	A	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year, but, increased volumes from 12 to 38 people at our supported living services, plus the need to back fill long term sickness to meet CQC standards led to other staffing budgets overspending. This offset the planned savings. Since increased activity remains unfunded this overspend will only be recouped in 2015-16 if other savings targets are over achieved.	Y
58	<u>Merton Adult Education</u> Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	0	176	R	0	176	R	Yvonne Tomlin	Saving not delivered due to changes in SFA funding	
	Total Community & Housing Dep't Savings for 2014/15	1,598	259	1,339	259	1,339		764	834				

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Education													
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	100	40	140	0	G	140	0	G	Jane McSherry	The full year effect of the travel training programme and the roll-out of personal budgets will result in achieving this saving. During 2015/16 £108k was saved from ITT (£63k in the current year to date) and £111k from PB (£6k in the current year to date). The overall transport budget is expected to overspend due to complexity of caseloads and increased prices. A transport board has been set up to review the various cost reduction actions being implemented.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Unders pend? Y/N
EN45	Further commercialisation and development of sports and allied parks services	96	67	29	71	25	R	71	25	R	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	0	100	R	0	100	R	Cormac Stokes	Improved management of the sickness monitoring is in place. All LTA being seen by HofS. The technical establishment is expected to be signed off soon. Once done so, it will be reconciled to the use of temporary staff to confirm if this saving has been met.	Y
Total Environment and Regeneration Savings 2014/15		196	67	129	71	125		71	125				

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	14/15 RAG	Responsible Officer	Comments
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All savings for 2014/15 achieved

Customer & Client Receipts - £000's		2016/17							
Department	Division/Service	Total Budget	Year to Date Actual (P6)	Year to Date Budget (P6)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-1,172	-755	-433	-322	-1,197	-25	0	-1,197
	Early Years & Childrens Centres	-1,358	-807	-679	-128	-1,313	46	0	-1,313
	Other	-308	-207	-122	-85	-329	-22	0	-329
	CSF Total	-2,838	-1,769	-1,235	-534	-2,839	-1	0	-2,839
Corporate Services	Business Improvement	-114	-35	-57	22	-282	-168	-203	-79
	Corporate Governance	-3,097	-1,708	-1,487	-221	-3,363	-266	-3,346	-18
	Customer Services	-2,268	-1,017	-1,130	113	-2,181	87	-2,071	-110
	CS Resources	-726	-536	-363	-173	-820	-94	-819	-1
	Human Resources	-560	-257	-217	-40	-535	25	-357	-178
	Infrastructure & Transactions	-2,584	-904	-1,336	432	-2,659	-75	-1,087	-1,573
	Corporate Items	0	-3	0	-3	0	0	0	0
CS Total	-9,349	-4,459	-4,589	130	-9,841	-491	-7,882	-1,958	
Environment & Regeneration	Street Scene & Waste	-11,369	-5,986	-5,703	-283	-11,833	-464	-9,153	-2,680
	Public Protection	-17,618	-7,019	-7,730	711	-17,839	-221	-85	-17,754
	Sustainable Communities	-10,744	-6,678	-5,304	-1,374	-10,956	-212	-477	-10,479
	E&R Total	-39,731	-19,683	-18,737	-946	-40,628	-897	-9,715	-30,913
Community & Housing	Adult Social Care - Client Contribution & Other Cont	-10,157	-4,134	-4,289	156	-8,844	1,314	0	-8,844
	MAE & Libraries	-1,151	-272	-968	696	-442	709	-6	-435
	Housing	-178	-198	-89	-109	-414	-236	0	-414
	C&H Total	-11,486	-4,604	-5,346	742	-9,699	1,787	-6	-9,693
Grand Total	-63,405	-30,515	-29,907	-608	-63,007	398	-17,604	-45,403	

Appendix 10

Subject: Miscellaneous Debt Update September 2016

1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2016, is shown in column F of the table below.

Sundry Debtors aged balance – 30 September 2016 – not including debt that is less than 39 days old

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 16 arrears f	June 16 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	412,927	237,541	166,560	207,136	1,024,164	1,815,385	↓
Corporate Services	150,582	126,030	73,827	159,719	510,158	401,015	↑
Housing Benefits	652,504	1,205,154	905,961	1,409,470	4,173,089	4,014,558	↑
Children, Schools & Families	122,754	655,516	33,016	171,973	983,259	1,248,528	↓
Community & Housing	1,408,112	817,878	988,201	1,761,084	4,975,275	5,162,464	↓
Chief Executive's	1,380	0	0	0	1,380	0	↑
CHAS 2013	52,353	15,535	20,009	9,514	97,411	105,967	↓
Total	2,800,612	3,057,654	2,187,574	3,718,896	11,764,736	12,747,917	↓
<i>Sep-15</i>	<i>3,354,187</i>	<i>1,482,517</i>	<i>2,136,642</i>	<i>3,231,413</i>	<i>10,204,759</i>		
<i>Variance Sept 15 to Sept 16</i>	<i>-553,575</i>	<i>1,575,137</i>	<i>50,932</i>	<i>487,483</i>	<i>1,559,977</i>		↑

1.2 Since the position was last reported in June 2016, the net level of arrears, i.e. invoices over 39 days old, has reduced by £983,181.

1.3 The net level of level of arrears has increased by £1,559,977 when compared to the position at the end of September 2015.

1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.

1.5 The table below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old
Sundry debt September 2012 to September 2016 – not including debt that is less than 39 days old

Department	Sept 2012	Sept 2013	Sept 2014	Sept 2015	Sept 2016
	£	£		£	£
Env & Regeneration	680,980	793,107	839,287	1,318,904	1,024,164
Corporate Services	375,091	368,730	628,537	559,390	510,158
Housing Benefits	3,086,410	2,950,651	2,857,391	3,085,562	4,358,505
Children, Schools & Families	271,244	121,140	407,783	343,210	983,259
Community & Housing	3,514,938	4,213,449	4,861,456	4,760,720	4,975,275
Chief Executive's	180	500	500	2,880	1,380
CHAS 2013	0	0	181,542	134,093	97,411
Total	7,928,843	8,447,577	9,776,496	10,204,759	11,950,152

1.7 The figures in the table above show that the major area of increase in debt over the four year period is housing benefit overpayments and Community and Housing. It should be noted that the amount of housing benefit paid out has increased over this period. In 2008/09 £61.3 million was paid out and just under £100 million was paid in 2015/16. The level of Community and Housing debt over 39 days has increased by just under £1.46 million in the four year period.

1.8 The action being taken to recover the largest debts is outlined below

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

2.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

The process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to	After 30 days and	The debt and debtor is evaluated to ensure the	If the debt remains unpaid then County	The final stage is

debtor with 30 days allowed for payment.	following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	most effective recovery action is taken to attempt recovery. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	Court action is taken by the Debt Recovery team's solicitor who administers this process.	consideration of the debt for write-off if all other attempts to collect the debt have failed.
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3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

- 3.1 One of the two largest debts owed to the council is for Community Care Debt and the current level of debt is £4.75 million.
- 3.2 Over the past few years council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.3 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. Although the debt has grown the actions being taken are mitigating the impact.
- 3.4 Of this £4.75 million debt £0.77 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and/or reminder. Of the remaining £3.98 million debt which is older than 39 days just over £0.7 million is secured debts against charging orders or deferred payment arrangements, £0.9 million is where the council has deputyship or awaiting probate, £0.25 where court action is taking place or there are queries on the invoices and a further £0.45 million has repayment arrangements in place. Whilst we are actively

working on securing the remaining debt by similar means there is £1.62 million unsecured debt..

- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care Debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at September 2016 compared to March 2016 and June 2016

Community Care Debt	31-Mar-16	% at stage	30-Jun-16	% at stage	30-Sep-16	% at stage
Invoice stage	656,084	14%	387,608	9%	772,555	16%
Charge & Deferred Payment	995,753	22%	775,880	18%	706,043	15%
Payment arrangement	372,108	8%	462,801	11%	451,694	10%
Probate, DWP & Deputyship	925,447	20%	944,870	22%	895,603	19%
Court action	147,886	3%	141,345	3%	256,347	5%
Dept or service query	154,802	3%	182,702	4%	51,821	1%
No action secured	1,386,446	30%	1,460,347	33%	1,624,173	34%
Total Debt	4,638,526		4,355,553		4,758,236	

- 3.7 Community Care debt has increased by £402,683 since the end of June 2016. The majority of this increase is new debt and just over £1.3 million of new Community Care Invoices were raised in September.
- 3.8 There is £1.0 million of other Community and Housing Debt, this is mainly made up of £185,000 of debt owed to Mascot although the vast majority of this is being paid by monthly direct debits. There is also £0.64 million owed to Housing and Social Services Accountancy team, which is mainly due from Merton CCG although this figure has reduced from £1.1 million when last reported. Action is being taken by both the debt recovery team and Accountancy to pursue this debt.
- 3.9 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.35 million, this figure includes £4,358,505 within the sundry debtors system as reported in 1.1 above and the debt still within the housing benefit system.
- 3.10 It has been previously reported that the Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at identifying overpayments of housing benefit. The DWP have compared housing benefit claim data

and HMRC data and over the six month life of the initiative highlighted 900 cases for Merton where there were data discrepancies.

- 3.11 In May 2015 the second phase of the initiative commenced and we are receiving approximately 150 cases per month.
- 3.12 As at the end of September 2016, £3.2 million of overpayments have been identified and created. A number of cases have resulted in overpayments of over £10,000 and have been referred to the Internal Audit team and the new joint DWP Fraud team.
- 3.13 Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we contact the claimants employer and are paid a percentage deduction of their salary each month. So far we have over £160,000 set up to recover in this way.
- 3.14 A further tranche of these cases commenced in May 2016.
- 3.15 The Department of Work and Pensions commenced another initiative in the final quarter of 2014/15. This initiative is where council's are encouraged to identify fraud and error within the system and have been awarded set up funding and on-going funding based on achieving performance targets. This initiative is being extended for 2016/17.
- 3.16 The Council exceeded three of the five periods from December 2014 to March 2016 and obtained £60,246. The Council has committed to continuing this initiative for 2016/17 and has received £49,000 funding to administer this. The first quarter target has been exceeded and additional funding of £28,169 has been received.
- 3.17 These two initiatives and the normal churn of claims has resulted in the level of housing benefits debt increasing and it is very likely that it will continue to increase.
- 3.18 Although the overall housing benefit debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £3.04 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.18 million is on a payment arrangement or recovery from on going benefit
- 3.19 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from June 2015 to September 2016 by quarter

	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Invoice and Reminder stage	542,969	814,303	1,571,934	1,205,885	667,690	624,877
On-going recovery	3,070,965	2,839,286	3,237,225	3,105,644	2,928,207	3,048,093
Payment Arrangements	1,514,546	1,324,634	1,606,401	1,792,340	1,922,400	2,134,893
No Arrangements secured	2,325,949	2,255,792	1,608,915	1,870,006	2,528,002	2,544,392
Total HB Debt	7,454,429	7,234,015	8,024,476	7,973,875	8,046,299	8,352,255

3.20 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.21 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16 and 2016/17.

Debt written off in 2014/15, 2015/16 and 2016/17 by debt type

	2014/15	2015/16	2016/17				
	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type							
Sundry Debt	£347,726	£581,419	£129,338	£0			£129,338
Housing benefit overpayments	£1,050,105	£510,352	£116,012	£68,489			£184,501
Council Tax	£526,881	£951,280	£118,937	£109,969			£228,906
Business Rates	£790,373	£659,514	£0	£0			£0
Total	£2,715,085	£2,702,565	£364,287	£178,458	£0	£0	£542,745

3.22 Of the business rates debt written off in 2014/15 just over £400,000 related to businesses that went into liquidation and for 2015/16 £392,000 related to businesses that went into liquidation and therefore it was not possible to collect the rates.

3.23 Towards the end of 2014/15 an exercise was commenced targeting the highest housing benefit debts with the aim of agreeing payment arrangements where possible and where appropriate writing debts off. This included many large overpayments, some identified through fraud activity where the prospect of collecting the debt was minimal. In some instances payment arrangements were put in place for 5 years and the remainder of the debt written off. If circumstances change of the

debtors or after 5 years all payments are made there is the option of writing part or all of the debt back to collect.

- 3.24 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2015/16 the council was collecting a net debt of £102.6 million in council tax (this includes the GLA portion), a net debt of £92.3 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.
- 3.25 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

- 4.1 The table below shows the amount of sundry debt raised over the past four years along with the payments received via cash, journals or credits, and shows the amount written off for each year along with the balance outstanding. These figures are as at the end of August 2016.

Year	Invoices raised	Credits	Journals	Written Off	Payments	O/s	% Collected	% o/s or w/o
2013/14	£44,842,844	-£2,515,060	-£100,561	-£217,833	£41,162,418	£846,973	97.63%	2.37%
2014/15	£57,041,098	-£6,728,829	£449,753	-£179,094	£49,546,062	£1,036,866	97.87%	2.13%
2015/16	£67,409,189	-£10,592,591	-£123,014	-£48,375	£53,733,094	£2,912,116	95.61%	4.39%
2016/17	£20,333,928	-£1,440,193	-£40,136	-£690	£12,699,368	£6,153,542	69.73%	30.27%

- 4.2 Active recovery action continues to be undertaken on all outstanding debts. Included in the amounts outstanding would be cases where the debt has already been secured against a charge on the property or deferred payment arrangement.
- 4.3 For 2013/14 and 2014/15, invoices for over £101.8 million were raised and over 97.5% has already been collected.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made available for writing off bad and doubtful debts held within the ASH and Housing benefits systems. These provisions are £2.83m for ASH miscellaneous debt and £6.29m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.12m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.

- 5.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using the collection rates for individual departmental debt, and the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2015	At 31/03/2016
	£000's	£000's
Env & Regeneration	332	377
Corporate Services	432	342
Housing Benefits	6,344	6,287
Children, Schools & Families	90	121
Community & Housing	1,996	1,995
Total	9,194	9,122

6. EXECUTIVE SUMMARY / CONCLUSION

- 6.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30 September 2016 is £11,764,736. The net level of arrears, when the matter was last reported in June 2016 was £12,747,917.

7. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2016 is detailed in the table below.

Total debt outstanding as at 30 September 2016 and compared with previous periods over the past 15 months

Description	2014/15 Actual £000	2015/16 Actual £000	Sep-16		2016/17 Year end Forecast as at September 2016 Forecast £000	2016/17 Previous Forecast at June 2016 Forecast £000	2016/17 Current Budget Forecast £000	Forecast Variance at year end (June forecast /Sept forecast) Forecast £000	Forecast Variance at year end (Sept forecast compared to "Budget") Forecast £000
			2016/17 Year to Date (Second quarter to September 2016) Actual £000	2016/17 Oct - March Forecast £000					
Payments									
Payroll Related Payments (including payroll element of Schools' advances)-net pay	104,256	116,209	56,853	56,853	113,706	117,676	109,615	-3,970	4,091
Payroll related-HMRC	37,321	41,600	19,534	19,534	39,068	42,829	37,642	-3,761	1,426
Payroll related-Teachers Pensions Authority	13,010	14,502	6,846	6,846	13,691	13,187	8,678	504	5,013
Payroll related-pension fund and disbursements and including back funding and added years	36,259	22,712	12,988	8,593	21,580	23,952	15,752	-2,372	5,828
Service payments- (Premises, Transport, Supplies and Services and Third Party payments)	284,626	299,145	129,833	108,898	238,731	300,392	359,642	-61,661	-120,911
Transfer Payments-Housing Benefits	92,065	93,060	45,917	45,917	91,834	93,060	97,349	-1,226	-5,515
Bank Charges & Related Expenditure	252	247	125	155	280	264	246	16	34
Precepts and Levies - CTAX (GLA) and NDR(GLA,CLG) and levies	79,341	80,113	43,322	40,928	84,250	83,323	84,250	927	0
Business Rates and CTax Refunds	5,601	5,787	2,998	2,998	5,996	8,268	6,360	-2,272	-364
Capital Payments	37,118	29,078	9,872	35,234	45,106	39,295	32,006	5,811	13,100
Total Payments	689,849	702,452	328,288	325,956	654,243	722,246	751,540	-68,003	-97,297
Receipts									
Business Rates Receipts	-91,292	-90,733	-54,627	-42,112	-96,739	-96,267	-91,913	-472	-4,826
Council Tax Receipts	-103,301	-104,431	-59,643	-46,356	-105,999	-108,931	-105,028	2,932	-972
DWP - Housing Benefit Subsidy & Admin Grant & Discretionary Housing Payment grant&S31 Grant)	-87,289	-93,310	-46,140	-46,140	-92,280	-96,632	-97,816	4,352	5,536
Grants (Including Capital Grants and Public Health Grants)	-228,412	-240,758	-107,450	-107,450	-214,900	-239,082	-270,641	24,182	55,741
Other receipts-fees and charges	-73,621	-72,025	-30,697	-30,698	-61,395	-73,621	-77,689	12,226	16,294
Payroll Recoupment	-82,897	-83,440	-42,875	-42,875	-85,750	-85,832	-85,218	82	-532
VAT Reimbursement	-24,247	-21,830	-10,234	-10,234	-20,468	-22,484	-21,546	2,016	1,078
Total Receipts	-691,059	-706,527	-351,666	-325,865	-677,531	-722,849	-749,850	45,318	72,319
1. Net Cashflow (Revenue and Capital Cash)	-1,210	-4,075	-23,378	90	-23,288	-603	1,690	-22,685	-24,978
Interest Received on investments	-798	-942	-427	-489	-916	-950	-580	34	580
Interest on Pooled Property Investment	0	-198	-123	-121	-244	-200	-284	-44	284
Interest Paid on Debt inc DME	6,718	6,704	3,357	3,240	6,597	6,702	3,937	-105	-3,937
2. Interest-net (Net cash flow)	5,920	5,564	2,807	2,630	5,437	5,552	3,073	-115	-3,073
B/F Cash Deposits Balance (SoA Note 9 Financial Instruments)	80,000	86,100	85,400	102,050	85,400	85,400	58,538	0	-58,538
B/F Bank Balance (SoA Note 14 Cash and cash equivalents)	-182	-252	2,049	970	2,049	2,049	-200	0	200
B/F ST Borrowing (SoA Note 9 Financial Instruments)	-1,170	-11,910	-15,000	-10,000	-15,000	-15,000	0	0	0
B/Fwd Total	78,648	73,938	72,449	93,020	72,449	72,449	58,338	0	-58,338
Change in cash and investments (1+2)	4,710	1,489	-20,571	2,720	-17,851	4,949	4,763	-22,800	-4,763
C/F Cash Deposits Balance (SoA Note 14 Financial Instruments)	86,100	85,400	102,050	90,500	90,500	67,700	53,775	22,800	-53,775
C/F Bank Balance (SoA Note 14 Cash and Cash Equivalents)	-252	2,049	970	-200	-200	-200	-200	0	200
C/F ST Borrowing (SoA Note 9 Financial Instruments)	-11,910	-15,000	-10,000	0	0	0	0	0	0
B/Fwd Total	73,938	72,449	93,020	90,300	90,300	67,500	53,575	22,800	-53,575
	0	0	-0	0	0	0	0	0	0

The £61.6 is due to a reduction in running costs due to tightening control over expenditure (£53m) and receipts not specified in Cash Flow forecast and therefore not incorporated in the June receipts figure (£9m). These latter receipts will have the effect of reducing running costs in this model; they are capital receipts (£1.3m) and revenue (non governmental contributions (£7.7m) Figs for first 6 months 1617.

Forecast based on pro rating actuals. Actuals have fallen

June forecast prudently assumed breakeven between receipts and payments. Reduction in running costs (£41m CR), fall in specified receipts (£24m DR), reduction in payroll costs (£9.6m CR), increase in forecast capital payments (£5.8m DR), £1.8m CR other (net) yields net change of £22.6m CR.

Date of meeting: 10 November 2016		Appendix 12
Title of report:	Establishment Control and Vacancy reporting	
Lead Director:	Caroline Holland	
Lead Officer:	Kim Brown	
To which strategic theme(s) does this item relate?	Sustainable communities	
	Safer & Stronger communities	
	Healthier Communities	
	Older People	
	Children & Young People	
	Corporate Capacity	Yes
Is this item for:	Information only?	
	Discussion?	Yes
	Decision?	
If this report is for decision, please list the recommendations that you are making to CMT	1.	
	2.	
	3.	
	4.	
	5.	
Is this report intended to...	Come back to CMT?	No
	Go to Leader's Policy Group?	No
	Go to Cabinet?	No
	Go to Council?	No
	Go to Overview & Scrutiny?	No
	Go to the LSP?	No

Committee: Financial monitoring scrutiny task group

Date: 10 November 2016

Agenda item:

Wards:

Subject: Establishment Control and Vacancy reporting

Lead officer: Kim Brown – interim HR lead

Lead member: Councillor Mark Allison

Contact officer: Kim Brown ext 3152

Recommendations:

A. To note the contents of this report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The last report to this committee reported data as at Q4 2014/15, 31 March 2016.
- 1.2. This report provides data as at 2nd quarter 2016/17, with data as at 30 September 2016. Subject to timing of committee dates it is intended to provide a quarterly update in future, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 1.3. The latest data reflects changes in the last 6 months, including the TUPE-out of Merton Adult Education staff in Community and Housing and, in Corporate Services, the Human Resources function transferring back in to Merton.
- 1.4. The September data also reflects further work to align on iTrent agency workers and interims with the established posts they are covering.
- 1.5. Work is underway to create a mechanism to convert agency workers to Employees, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency or an interim basis and then offered direct employment with no competitive selection.

2 DETAILS

- 2.1. Appendix A shows the position as at 30 September 2016. The appendix shows vacancies not filled by direct employees, and vacancies not filled by either a direct employee or an agency worker/consultant. The size of establishment is measured in terms of authorised Full Time Equivalents, rather than numbers of posts, and therefore the appendix totals FTEs for budgeted posts, employees, agency workers and vacancies.

- 2.2. Further work has been undertaken to ensure the accuracy of the data including close liaison with Heads of Service to review the detailed establishment for their areas.
- 2.3. The establishment can vary for a number of reasons, including planned budget changes, TUPE transfers in and out of groups of employees, and in-year adjustments due to reorganisations.
- 2.4. Apprentice data has been excluded as they are at present centrally funded on a case by case basis and do not form part of the formal establishment.
- 2.5. The base data behind these statistics is now being circulated to DMT officers on a monthly basis so that they are up to date on the current establishment and vacancy position, and have the opportunity to address any errors or corrections. Subject to the timing of committee dates it is then intended to provide a quarterly update in future, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 2.6. HR provides information to Standards and General Purposes Committee on agency and interim usage.
- 2.7. HR has strategies in place to address recruitment to hard to fill roles, reduce dependency on agency staff. There will be situations where certain specialist roles can only be covered by agency, and shorter term usage of agency to cover vacancies during periods of planned organisational change.
- 2.8. HR is also developing a Temp to Perm mechanism whereby agency workers or interims can be converted to direct employment, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency or an interim basis and then offered direct employment with no competitive selection. Appointment to senior roles which require member-level involvement will continue to be dealt with in the normal way. The aim will be to encourage agency workers, particularly those in hard to fill roles, to become Employees. Any such conversions will only be to posts that have been subject to full establishment control processes.

3 ALTERNATIVE OPTIONS

- 3.1. Without accurate establishment data, the Authority cannot appropriately plan for the future service or workforce needs. There is also a need to be able to report on unfilled substantive posts, and to monitor and control the use of agency workers to cover unfilled vacancies.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Merton Improvement Board is kept up to date on work to refine the technical establishment and ensure robust establishment controls remain in place.

5 TIMETABLE

- 5.1. Subject to the timing of committee dates it is proposed to provide a quarterly update to this committee, based on data as at 31st March, 30th June, 30th September and 31st December each year. Heads of Service will receive a monthly update of establishment details in their area so that they can address any corrections required.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Employees account for 25% of the gross General Fund spend in the authority. Having an accurate establishment helps managers plan their service and financial implications.
- 6.2. As a result of the earlier technical establishment exercise and ongoing establishment controls, each post will be linked to appropriate budgetary provision.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There are no specific legal implications arising from this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no specific human rights, equalities or community cohesion implications arising from this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no crime disorder implications arising from this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. There are no specific risk or health and safety issues arising from this report.

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

- Appendix A – establishment analysis including FTE agency workers and vacancies as at 30 September 2016

12 BACKGROUND PAPERS

- 12.1. 1 July 2015 report to Financial monitoring scrutiny task group on Update on Staffing Position

Column	Explanatory Notes
	<p>The tables have been simplified to focus on FTE establishment, FTE employees and agency workers and FTE vacancies - with the aim of making them easier to read and understand.</p> <p>The data excludes Schools and Apprentices</p>
Budgeted FTE Establishment	The total budget FTE
FTE Employees	Total FTE employees
Vacancies: Budgeted FTE less FTE Employees	Budgeted FTE less FTE employees, i.e. the vacancies before accounting for agency workers
FTE vacancies covered by agency workers	Total FTE agency workers
Unfilled vacancies	Total FTE vacancies not filled by an employee or covered by an agency worker

Department	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	559.60	424.82	133.78	74.60	59.18
Children Schools and Families	566.72	447.89	118.83	87.00	31.83
Community and Housing	429.13	341.20	87.93	35.47	52.46
Environment and Regeneration	700.85	537.30	163.55	59.57	103.98
Total	2256.30	1751.21	504.09	256.64	247.45

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HR Manager comments	Finance Comments
Chief Exec - Management		2.00	2.00	0.00	0.00	0.00		
Chief Exec - Management Total		2.00	2.00	0.00	0.00	0.00		
Business Improvement (Corporate Services)								
Business Systems Team		37.00	19.20	17.80	10.00	7.80		CS63 - 2FTE (16/17) and 2FTE (17/18),CSD39 - 1FTE (16/17)
Communications		7.00	4.80	2.20	1.00	1.20		
	Community Engagement	2.00	2.00	0.00	0.00	0.00		
	Web Team	4.00	2.00	2.00	0.00	2.00		
Continuous Improvement		4.50	4.50	0.00	0.00	0.00		CSD37 - 1FTE (16/17)
Customer Contact Programme		8.60	3.80	4.80	5.00	-0.20		
Social Care Information System Project (SCIS)		9.60	0.00	9.60	8.20	1.40		
Systems Development & Improvement		0.00	1.00	-1.00	0.00	-1.00	Post has no Budgeted hours on iTrent	H Davies
Management		3.00	1.80	1.20	1.00	0.20		CSD42 - 2FTE (17/18)
Business Improvement (Corporate Services) Total		75.70	39.10	36.60	25.20	11.40		
Corporate Governance								
Democracy Services		13.20	12.40	0.80	0.00	0.80		
Electoral Services		19.29	4.00	15.29	1.00	14.29		
Information		11.01	10.93	0.08	3.00	-2.92		CSD43 -1FTE (16/17)
Legal Services	Merton & Richmond Legal Services	58.29	42.11	16.18	11.00	5.18		
	RBK / LBS Mirror	36.00	27.32	8.68	9.00	-0.32		CS73 -2FTE (16/17 and 17/18)
Management		1.00	1.00	0.00	0.00	0.00		
Corporate Governance Total		138.79	97.76	41.03	24.00	17.03		
Customer Services								
Customer Contact	Reception - Contact Centre & Cash Office	19.03	13.00	6.03	5.80	0.23		CS39 -1FTE(16/17)
	Translation	2.00	1.60	0.40	0.00	0.40		
	Management	1.00	1.00	0.00	0.00	0.00		
Registrars		10.30	6.80	3.50	0.00	3.50		
Revenues and Benefits	Bailiffs	16.60	14.60	2.00	1.00	1.00		
	Council Tax Incl R&B	1.00	1.00	0.00	0.00	0.00		CSD14 - 1FTE (16/17)
	Council Tax Incl R&B Team 2	22.70	22.30	0.40	0.00	0.40		
	HB Support	10.00	8.80	1.20	1.00	0.20		
	Housing Benefits Incl Appeals	43.86	37.43	6.43	0.00	6.43		
	Income Collection C Tax Recovery	11.80	11.80	0.00	0.00	0.00		
	Management & Support	2.00	2.00	0.00	0.00	0.00		CS60 - 1FTE (17/18)
Management	Management	1.00	0.00	1.00	0.00	1.00		
Customer Services Total		141.29	120.33	20.96	7.80	13.16		
Executive								
Executive Assistant		2.00	2.00	0.00	0.00	0.00		
Executive Total		2.00	2.00	0.00	0.00	0.00		
Human Resources								
Human Resources	Advice and Consultancy (including Recr	11.50	11.21	0.29	1.00	-0.71		All HR staff savings deferred due to HR redesign programme
	HR Processing and Report	7.00	6.80	0.20	0.00	0.20		
	Organisational Development & HR Strat	12.00	9.44	2.56	0.00	2.56		
	Staff Side - Merton	3.54	3.26	0.28	0.00	0.28		
	Management	1.00	0.00	1.00	0.00	1.00		
HR Total		35.04	30.71	3.33	1.00	2.33		
Infrastructure & Transactions								
Client Financial Affairs Team		6.00	5.80	0.20	1.00	-0.80		
Commercial Services		5.00	2.80	2.20	0.20	2.00		
Facilities Management	Building Services & Security	1.00	1.00	0.00	0.00	0.00		CS23 - 1FTE 16/17 - not an FTE saving - saving to be met from EH10
	Corporate Contracts & Admin	4.00	4.00	0.00	0.00	0.00		
	Energy & Sustainability	4.00	4.00	0.00	0.00	0.00		
	Facilities Technical	11.90	7.70	4.20	3.00	1.20		CSD7 - 2FTE (16/17) - deferred to 17/18
	Post & Print	12.07	11.07	1.00	0.00	1.00		
	Management	1.00	1.00	0.00	0.00	0.00		
IT Service Delivery	Business Development and Projects	3.00	3.00	0.00	0.00	0.00		
	IT Customer Support & Services	14.00	13.60	0.40	0.40	0.00		CS71 - 2FTE (17/18)
	IT Operations	15.00	11.00	4.00	2.00	2.00		CS10 - 1FTE (16/17) - not an FTE saving, CSD8 - 1FTE (16/17)
	Management	4.00	2.00	2.00	0.00	2.00		CS12 - 1FTE (16/17)
Safety Services		7.50	4.00	3.50	0.00	3.50		
Transactional Services	Trans Services (Accounts)	9.00	8.00	1.00	0.00	1.00		
	Trans Services (Care First)	3.00	2.60	0.40	0.00	0.40		
	Vendor Maintenance Officer	1.71	1.71	0.00	0.00	0.00		CS2015-03 - 3FTE (18/19)
	Management	1.00	1.00	0.00	0.00	0.00		
Management		2.00	2.00	0.00	0.00	0.00		
Infrastructure & Transactions Total		105.18	86.28	18.90	6.60	12.30		
Resources								
Accountancy	Budget Team	16.00	9.40	6.60	3.00	3.60		CS46 - 1FTE (16/17)and 2FTE (17/18), CSD27 £100k - 3 FTE (18/19) and CS1015-05 £216k - 4 FTE across Accountancy, Business Planning and BP teams
	Corporate Accountancy	8.00	8.00	0.00	0.00	0.00		
	Service Financial Adviser CSF	4.50	3.43	1.07	1.00	0.07		
	Treasury & Insurance	4.50	3.50	1.00	1.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Business Planning		14.00	9.00	5.00	5.00	0.00		
Policy Strategy & Partnerships		5.60	5.60	0.00	0.00	0.00		CSD 47 - 1FTE (16/17)
Business Partner C&H		1.00	2.00	-1.00	0.00	-1.00	Cover for secondment	
Business Partner CSF		1.00	1.00	0.00	0.00	0.00		CSD26 - 1 FTE (17/18)
Business Partner E&R		1.00	1.00	0.00	0.00	0.00		
Management	Management	2.00	1.71	0.29	0.00	0.29		
Resources Total		58.60	45.64	12.96	10.00	2.96		
Management								
Management		1.00	1.00	0.00	0.00	0.00		
Management Total		1.00	1.00	0.00	0.00	0.00		
Grand Total		559.60	424.82	133.78	74.60	59.18		

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance comments
Children's Social Care & Youth Inclusion								
Family & Adolescent Services	Education, Training & Employment Team	12.80	9.27	3.53	0.00	3.53		2FTE savings CSF2012-07. 42.04 FTE at budget setting
	Support Team	7.00	5.60	1.40	1.00	0.40		
	Transforming Families Team	17.24	10.24	7.00	0.00	7.00		
	Youth Offending Team	17.10	13.03	4.07	0.00	4.07		
	Management	2.00	1.00	1.00	1.00	0.00		
MASH & Child Protection Services	Family Support Centre Bond Road	21.80	16.30	5.50	0.50	5.00		58.00 FTE at budget setting
	MASH and First Response Teams	22.00	13.60	8.40	9.00	-0.60		
	Support Team	9.00	7.00	2.00	3.00	-1.00		
	Vulnerable Children Team	12.60	7.60	5.00	3.00	2.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Permanency, Looked after Children	14+ Looked After & Leaving Care	20.37	16.97	3.40	2.00	1.40		New team following restructure currently being recruited to. 51.18 FTE at budget setting
	Adoption Team	8.00	6.90	1.10	2.00	-0.90		
	Fostering Team	5.10	5.90	-0.80	0.00	-0.80		
	Permanency	6.00	5.60	0.40	0.00	0.40		
	Quality Assurance & Panel	1.00	0.80	0.20	0.00	0.20		
	Support Team	8.60	9.00	-0.40	0.00	-0.40		
	Management	1.00	1.00	0.00	0.00	0.00		
Safeguarding Standards & Training	Safeguarding Standards & Training Services	13.80	10.60	3.20	1.00	2.20		20.40 FTE at budget setting
	Support Team	9.20	5.20	4.00	5.00	-1.00		
Social Work Intervention Services	Safeguarding and Care Planning Team 1	8.00	5.00	3.00	3.00	0.00		38.2 FTE at budget setting
	Safeguarding and Care Planning Team 2	7.00	4.00	3.00	0.00	3.00		
	Safeguarding and Care Planning Team 3	7.00	6.00	1.00	1.00	0.00		
	Safeguarding and Care Planning Team 4	7.00	5.00	2.00	1.00	1.00		
	Safeguarding and Care Planning Team 5	7.00	6.00	1.00	1.00	0.00		
	Support Team	7.00	6.00	1.00	1.00	0.00		
	Management	3.00	1.00	2.00	1.00	1.00		
Trainee Social Workers	Trainee Social Workers	1.00	0.00	1.00	0.00	1.00		
Management	Management	1.00	1.00	0.00	0.00	0.00		1.00 FTE at budget setting
Children's Social Care & Youth Inclusion Total		243.61	180.61	63.00	35.50	27.50		
Commissioning, Strategy And Performance Division								
Access to Resources		14.24	8.60	5.64	2.00	3.64		13.25 FTE at budget setting. 2 fte are out to advert (Business Support)
Business Support Team (CSPD)		4.00	3.60	0.40	0.00	0.40		4.00 FTE at budget setting
Contracts & School Organisation	Capital	4.00	1.00	3.00	2.00	1.00		15.86 FTE at budget setting
	Contracts Management	4.00	4.00	0.00	0.00	0.00		
	Schools Admissions	4.86	6.00	-1.14	0.00	-1.14		
	Management	1.00	1.00	0.00	0.00	0.00		
Joint Commissioning & Partnerships		3.44	3.44	0.00	0.00	0.00		
Policy, Planning & Performance	Research & Information	4.66	4.66	0.00	0.00	0.00		
		3.50	3.36	0.14	0.00	0.14		
Management		1.00	1.00	0.00	0.00	0.00		
Commissioning, Strategy And Performance Division Total		44.70	36.66	8.04	4.00	4.04		
Education Division								
Early Years Childcare and Children's	Business Support Resources and Facilities	6.00	5.00	1.00	1.00	0.00		12FTE savings CSF2014-06 or alternative funding arrangements.
	Continuous Improvement and Quality Assurance	56.59	47.16	9.43	13.50	-4.07		
	Development	1.69	1.69	0.00	0.00	0.00		
	Early Years 0-5s Supporting Families	7.60	4.80	2.80	3.00	-0.20		
	Early Years Locality Services Children's Centres	38.66	31.40	7.26	7.00	0.26		
	Funded Places, Sufficiency and Information	4.10	3.50	0.60	2.00	-1.40		
	Systems and Service Development	5.00	5.00	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Education Inclusion	Education Welfare Service	10.35	8.59	1.76	2.00	-0.24		12FTE savings CSF2014-06 or alternative funding arrangements.
	Learning Behaviour & Language Team	13.93	12.33	1.60	3.00	-1.40		
	Parent Partnership Service	2.00	1.00	1.00	0.00	1.00		
	Virtual Behaviour Service (Youth Inclusion)	9.70	10.60	-0.90	0.00	-0.90		
	Youth Justice Services	1.00	0.00	1.00	0.00	1.00		
	Youth Service	19.00	13.68	5.32	2.00	3.32		
	Management	1.00	1.00	0.00	0.00	0.00		
Merton School Improvement	Education Support Team	1.60	1.60	0.00	0.00	0.00		
	Equality & Diversity	4.39	4.39	0.00	0.00	0.00		
	Educational Psychology Service (moved from S)	10.35	10.85	-0.50	0.00	-0.50		
	Governance Team	3.00	3.00	0.00	0.00	0.00		
	Schools ICT Support Management	6.00	6.00	0.00	0.00	0.00		
	Strategic School Improvement	9.43	5.80	3.63	0.00	3.63		
	Sensory Impairment Service (moved from SEN)	5.06	4.40	0.66	0.00	0.66		
	Virtual Team	5.49	4.80	0.69	1.00	-0.31		
	Management	1.00	1.00	0.00	0.00	0.00		
SEN & Inclusion Service	Children with Disability Social Work Team	11.00	6.00	5.00	5.00	0.00		
	Portage, Early Support & Targeted Inclusion Team (PETIT)	3.00	2.00	1.00	0.00	1.00		
	SEN & Inclusion Service Support Team	6.00	5.00	1.00	0.00	1.00		
	SEN Team	11.50	7.06	4.44	3.00	1.44		
	Short Breaks & Brightwell Team	17.97	16.97	1.00	4.00	-3.00		
	Management	2.00	2.00	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Education Division Total		276.41	228.62	47.79	46.50	1.29		Schools saving CSF2014-08 could require another 2-3 FTEs
CSF Grant Funded								
CSF Grant Funded		0.00	0.00	0.00	1.00	-1.00		
CSF Grant Funded total		0.00	0.00	0.00	1.00	-1.00		
Management & Exec Assistant								
Management & Exec Assistant		2.00	2.00	0.00	0.00	0.00		
Management & Exec Assistant total		2.00	2.00	0.00	0.00	0.00		
Grand Total		566.72	447.89	118.83	87.00	31.83		As part of management action we are holding some posts vacant to reduce overall departmental overspend although this would not be sustainable on an on-going bases.

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance comments
Access, Assessment & Commissioning								
Access & Assessment Team	Long Term Services	42.89	29.35	13.54	9.87	3.67		
	Mental Health Team	21.63	15.00	6.63	5.60	1.03		
	Prevention and Recovery	40.60	32.06	8.54	7.00	1.54		
	Safeguarding Team Management	5.00	4.00	1.00	1.00	0.00		
Commissioning	Business Intelligence	3.00	2.00	1.00	0.00	1.00		
	Business Support	2.50	2.50	0.00	0.00	0.00		
	Commissioning and Market Development	2.00	2.00	0.00	0.00	0.00		
	Procurement and Brokerage Management	15.25	13.41	1.84	2.00	-0.16		
	Management	1.00	0.00	1.00	1.00	0.00		
Access, Assessment and Commissioning Total		135.87	100.32	35.55	27.47	8.08		
Housing Services								
Housing Needs	Advice & Options	14.50	12.50	2.00	0.00	2.00		
	Development	6.00	5.00	1.00	0.00	1.00		
	Environmental Health (Housing) Team	6.03	3.57	2.46	0.00	2.46		(CH42, CH43, CH44)
	Housing Strategy	2.00	1.00	1.00	0.00	1.00		
	Management	3.00	3.00	0.00	0.00	0.00		
Housing Services Total		31.53	25.07	6.46	0.00	6.46		
Libraries & Heritage								
Libraries & Heritage	Donald Hope Library	2.00	2.00	0.00	0.00	0.00		
	Heritage Centre	2.00	2.00	0.00	0.00	0.00		
	Mitcham Library	4.80	3.50	1.30	1.00	0.30		
	Morden Library	8.55	6.80	1.75	0.00	1.75		
	Pollards Hill Library	2.80	2.40	0.40	0.00	0.40		
	Raynes Park Library	3.20	2.50	0.70	0.00	0.70		
	Resources Team	2.50	2.00	0.50	0.00	0.50		
	West Barnes Library	1.74	1.74	0.00	0.00	0.00		
	Wimbledon Library	12.43	11.93	0.50	0.00	0.50		
	Management & Projects	7.60	5.60	2.00	0.00	2.00		(CH46)
Libraries & Heritage (Community & Housing) Total		47.62	40.47	7.15	1.00	6.15		
Merton Adult Education								
Adult Education Commissioning		3.00	3.00	0.00	0.00	0.00		Tutor / Sessional Posts which are only recruited to seasonally depending upon demand. FTE's reduced to 3.55 in the new Commissioning model commencing in September 2016.
Arts and Community Learning	Towards Independence	0.00	0.47	-0.47	0.00	-0.47		
	Management & Office Staff	1.00	1.00	0.00	0.00	0.00		
Support and Commercial Services		0.17	0.17	0.00	0.00	0.00		
Merton Adult Education Total		4.17	4.64	-0.47	0.00	-0.47		
Provider Services								
Provider Services	Management	2.00	1.00	1.00	0.00	1.00		
All Saints Day Centre		10.00	10.00	0.00	0.00	0.00		
Eastways Day Centre		8.81	8.50	0.31	1.00	-0.69		
Glebelands		9.97	8.97	1.00	0.00	1.00		
High Path Day Centre		10.39	9.43	0.96	1.00	-0.04		
Jan Malinowski Centre	NHS Tupe	8.59	6.08	2.51	0.00	2.51		
		21.27	20.27	1.00	0.00	1.00		
Mascot		22.87	16.71	6.16	0.00	6.16		
Meadowsweet		9.20	9.04	0.16	0.00	0.16		
Merton Employment Team		3.00	2.71	0.29	0.00	0.29		(CH21, CH59)
Reablement	Admin and Support	3.00	2.00	1.00	0.00	1.00		
	East Merton	13.00	9.14	3.86	1.00	2.86		
	Raynes Park	13.00	9.14	3.86	2.00	1.86		
	West Merton	13.00	8.14	4.86	0.00	4.86		
	Management	1.00	0.00	1.00	0.00	1.00		
Riverside Drive		17.46	14.64	2.82	0.00	2.82		
Service Provision Business Support		3.00	2.00	1.00	0.00	1.00		
Supported Living Service		18.46	16.54	1.92	0.00	1.92		
Provider Services Total		188.02	154.31	33.71	5.00	28.71		
Redesign								
Redesign		4.00	0.00	4.00	1.00	3.00		Team funded by reserves, 1FTE remained & left on 23rd June 16. No vacancies
Redesign Total		4.00	0.00	4.00	1.00	3.00		
Management								
Management		2.00	2.40	-0.40	0.00	-0.40		
Management Total		2.00	2.40	-0.40	0.00	-0.40		
Public Health Team								
Public Health Team		15.92	13.99	1.93	1.00	0.93		
Public Health Team Total		15.92	13.99	1.93	1.00	0.93		
Grand Total Community & Housing		429.13	341.20	87.93	35.47	52.46		

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance Comments
Public Protection								
Regulatory Services	Administration and Finance	3.00	2.00	1.00	1.00	0.00		
	Environmental Health (Commercial)	11.48	10.40	1.08	1.00	0.08		
	Environmental Health (Pollution)	9.00	7.80	1.20	2.00	-0.80		
	Licensing	6.00	4.00	2.00	2.00	0.00		
	Trading Standards Management	10.00	9.86	0.14	0.00	0.14		
		1.00	1.00	0.00	0.00	0.00		
Mediation (Safer Merton)	Mediation	1.11	0.00	1.11	0.00	1.11		Note: Posts no longer within LBM from April
Parking & CCTV Services	Business & Customer Services							
	CCTV							
	Civil Enforcement Team							
	Finance and Infrastructure	113.00	74.83	38.17	5.00	33.17		
	Parking Services Management & Admin							
Safer Merton - Strategic	Safer Merton Strategic Team - TBC	5.86	5.49	0.37	0.00	0.37		
Safer Merton Operational	ASB Team	2.00	2.00	0.00	0.00	0.00		
Management	Management	2.00	2.00	0.00	0.00	0.00		
Public Protection total		164.45	119.38	45.07	11.00	34.07		
Street Scene And Waste								
Transport Services	Finance & Administration Support	6.29	5.29	1.00	0.00	1.00		
	Fleet Maintenance	7.00	7.00	0.00	0.00	0.00	2 posts have no budgeted hours on iTrent	
	Training & Road Safety	2.00	2.00	0.00	0.00	0.00		
	Transport & Operations	46.79	39.97	6.82	4.57	2.25		
	Management	0.33	0.00	0.33	1.00	-0.67		
Waste Operations	Business Development & Service Support	10.70	8.00	2.70	4.00	-1.30		
	Street Cleansing & Public Realm	120.00	85.37	34.63	3.00	31.63		
	Waste Collection	119.03	92.23	26.80	0.00	26.80		
	Management	2.00	1.00	1.00	0.00	1.00		
Waste Services	Community Waste Partnerships	2.00	2.00	0.00	0.00	0.00		
	Enforcement & Inspection	6.00	5.00	1.00	0.00	1.00		
	Finance & Performance	3.00	2.96	0.04	0.00	0.04		
	Service Development & Strategy	4.69	3.29	1.40	0.00	1.40		
	Management	3.00	2.00	1.00	0.00	1.00		
Management		6.00	4.91	1.09	1.00	0.09		
Street Scene And Waste Total		338.83	261.02	77.81	13.57	64.24		
Sustainable Communities								
Business Performance (Sustainable Communities)	Business Performance	1.57	1.00	0.57	1.00	-0.43		
Development Control	Admin & Finance	5.00	4.00	1.00	1.00	0.00		
	Building Control	11.61	4.00	7.61	10.00	-2.39		
	Enforcement	4.50	3.50	1.00	0.00	1.00		
	Planning Mitcham & Morden	8.00	2.60	5.40	7.00	-1.60		
	Planning Wimbledon	6.00	4.00	2.00	2.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
futureMerton	Commissioning	10.04	7.63	2.41	1.00	1.41		
	Economy	6.00	4.00	2.00	0.00	2.00		
	Infrastructure	17.50	12.41	5.09	5.00	0.09		
	Programming	16.00	10.00	6.00	1.00	5.00		
	Street Works and Network Co-ordination	9.00	6.80	2.20	1.00	1.20		
	Management	1.00	1.00	0.00	0.00	0.00		
Leisure & Culture Dev	Arts Development	2.00	1.69	0.31	0.00	0.31		
	Leisure Development	2.00	2.00	0.00	0.00	0.00		
	Leisure Support Services	5.60	6.57	-0.97	0.00	-0.97		
	Wimbledon Park Watersports Centre	6.00	6.00	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Leisure & Culture Gre	Arboricultural	2.00	2.00	0.00	0.00	0.00		
	Cemeteries	7.25	12.00	-4.75	0.00	-4.75		
	Events	1.00	1.00	0.00	0.00	0.00		
	Greenspaces Development	8.90	6.70	2.20	1.00	1.20		
	Mitcham Common	0.00	3.00	-3.00	0.00	-3.00	All 3 posts have no budgeted hours	
	Parks Operations	33.00	26.40	6.60	2.00	4.60		
	Parks Support	20.00	17.40	2.60	0.00	2.60		
	Management	1.00	1.00	0.00	0.00	0.00		
Property Management	Estates (Property Management)	3.00	2.00	1.00	0.00	1.00		
	Finance & Admin (Property Management)	1.60	1.60	0.00	0.00	0.00		
	Management -	1.00	1.00	0.00	0.00	0.00		
Management	Management	2.00	1.60	0.40	0.00	0.40		
Sustainable Communities Total		194.57	154.90	39.67	32.00	7.67		
Capital Funded								
Capital Funded		0.00	0.00	0.00	3.00	-3.00		
Capital Funded Total		0.00	0.00	0.00	3.00	-3.00		
Management								
Management		3.00	2.00	1.00	0.00	1.00		
Management Total		3.00	2.00	1.00	0.00	1.00		
Grand Total		700.85	537.30	163.55	59.57	103.98		

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Committee: Financial Monitoring Task Group

Date: 10 November 2016

Wards: ALL

Subject: Transport Services

Lead officer: Cormac Stokes, Assistant Director Street Scene and Waste

Lead member:

Contact officer: Cormac Stokes, Assistant Director Street Scene and Waste

Recommendations:

A. That the Task Group discuss and comment on the contents of the report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. In November 2015 a report was brought to the Financial Monitoring Task Group (FMTG) providing an overview of the services and functions provided by the Merton Transport Services. The report included data setting out the range and level of activities and an overview of the financial position of the service.
- 1.2. At the time of the report there was a projected outturn overspend of approximately £650K that required further work to understand better and the Task Group requested a report be brought back setting out findings and progress in resolving the pressures.
- 1.3. This report provides an update on the financial position of the service and progress made with respect to addressing identified issues.

2 DETAILS

- 2.1. Following the meeting of the FMTG in November 2015 a report was taken to the Corporate Management Team that set out proposed amendments to the existing costing and charging model for transport services to align more accurately to budget and spend across departments. As a result of this review the budget for the bus provision was right-sized. However, significant concerns remained with respect to the increase in volume and costs of the taxi contract despite service led initiatives to reduce the number and percentage of children and adults receiving transport and efforts by the provider to deliver a cost effective offer through rationalising routes.
- 2.2. The review also identified possible options for further cost reductions. The following set of priorities was agreed:
 - To continue to proactively demand manage access to transport
 - To continue to promote “cheapest options” and in that context to:
 - Maximise alternatives as first priority
 - To utilise buses in preference to taxis

- To manage taxi supply and costs more robustly
 - To continue to seek efficiencies in the in-house transport provision
 - To carry out more in-depth work on taxi cabs (including the rising costs post new contract commission and to establish more robust financial monitoring and information exchange to inform budget forecasting)
 - To ensure the implications of Phase C are understood.
- 2.3. Since November 2015, CSF and C&H have worked with E&R through a Transport Review Board chaired by the Directors of each department. This board has focused on developing solutions to rectify the identified weaknesses and to design the council's future operating model with respect to the provision of transport services.
- 2.4. A key matter agreed by CMT is that the taxi commissioning and client management function be relocated to CSF in order to place the responsibility for organising transport alongside the budget responsibility.

3 INITIAL REVIEW AND PROGRESS

- 3.1. Merton Transport Services procure, manage, control and maintain the council's fleet for a wide number of internal customers including Streetscene and Waste, Parking, Enforcement, Bailiffs, Parks and Leisure and the in-house passenger transport service. The section also provides passenger transport services either through commissioned taxi providers or the council's own in-house passenger transport service (bus provision).
- 3.2. Upon review of the passenger transport commissioning process it was determined that the existing taxi framework, commissioned in partnership with Sutton, Kingston and Richmond, did not fully enable decisions to be made based on knowledge of relative or absolute costs. An 'as is' process mapping exercise identified that the framework is followed accurately: services are commissioned and prices and standards are checked in accordance with agreed protocols. However, it also highlighted that the current arrangements do not offer best value for money and that two key providers have been lost due to poor quality submissions against the criteria. The 'as is' maps for taxi commissioning also demonstrated that whilst the process was robust but lengthy it had some duplication built in and needed exploration of more cost efficient arrangements. In addition the re-commissioning of taxis using the Sutton framework revealed market conditions which identified both a limited number of providers, most of whom were not locally based, and an increase in charge rates resulting in a rise in costs as a likely result of providers mainly being located outside of Merton.
- 3.3. Such system issues needed to be addressed as a matter of urgency alongside the design of future arrangements and structures to ensure the perceived weaknesses were not taken into the emerging "to be" arrangements.
- 3.4. Merton Transport Services assess taxi providers against criteria with necessary safeguarding checks set by CSF and C&H. Given the nature of the clients served, these checks are important but it was agreed there was an element of duplication in the process which might be causing providers not to come onto the framework, again causing a contracted market with an

absence of genuine competition. There was therefore an urgent need to stimulate the supplier market to enable a competitive local process for bidding for work.

4 DEMAND ANALYSIS AND MANAGEMENT:

4.1. Demand analysis was carried out to ascertain the service needs of the future and it is clear that C&YP demographic increases are more than outstripping efforts to continue to robustly apply eligibility thresholds and provide cost effective alternative arrangements arrangements such as Direct Payments, independent travel training, provision of parental Oyster Cards etc. Over the last year these initiatives have achieved the following:

- 33 takers of Direct Payments has saved £247k recurrent;
- 35 YP have been trained in independent travel from April 2014 to date 2015/16 saving an ongoing £258k over the 2 years with an additional potential saving of £74k for young people currently receiving training;
- 38 service requests were refused during 2015/16, this is a significant increase on previous years, this may reflect demographic increases in potential service users but also suggests the access threshold is being robustly applied.

4.2. There are a number of 'works in progress' by the operational staff which have been developed following internal reviews and visits to LAs who have achieved significant savings in this area including Barking and Dagenham and Haringey. As a result we are exploring a pilot of 'pick up points'. Our learning from other LAs is that this only works for carefully selected YP and with support from their school. We are currently working with Cricket Green School to pilot this approach.

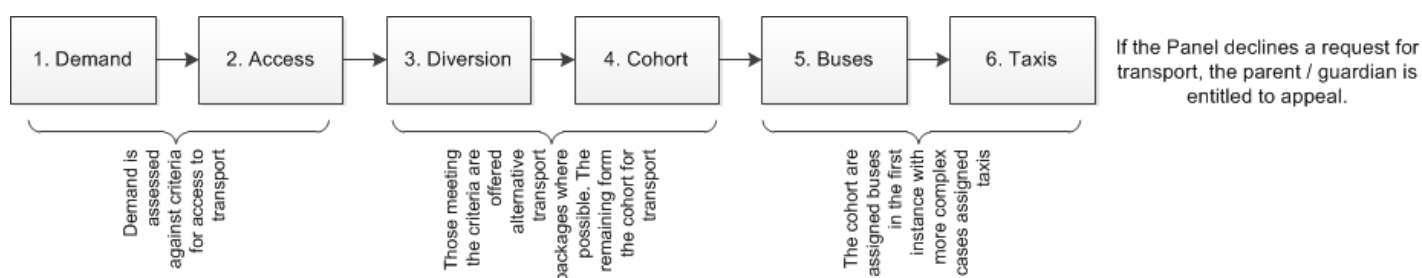
4.3. Having tested our policy against a number of local authorities there are two areas where we could tighten policy but we would need to maintain a discretionary offer; this would relate to under 5's and over 16's. The cost benefit analysis is currently being undertaken, but as there are only 3 children under 5 who fall into this category, this will not be a significant saving. In relation to over 16's many have already moved to independent travel and so there again is a higher proportion of highest needs children in this cohort for whom a discretionary offer would apply. 55 young people over 16 are still using transport with the majority attending specialist provision.

4.4. In this challenging context we have also identified cohorts of children to establish the cost benefit of transferring them from taxi routes to smaller buses managed by MTS. This work is on-going as it would require changes in the current fleet but could deliver savings in the medium term. It is proposed to run a pilot scheme in the new school year to prove viability of this approach.

4.5. In ASC work has been undertaken focusing on eligibility for and allocation of transport (including taxis). The 'as is' process mapping demonstrated that current processes are sound and Merton Transport Services have shown increased flexibility in placing clients on buses where possible rather than using taxis, which has been helpful. ASC staff have an advantage over CSF in that firstly the service use far fewer taxis and secondly, ASC staff in Direct

Provision have been collecting clients from home and taking them to their day activities as an alternative to using taxis, an option which is not open to CSF. General use of transport including taxis is reviewed on a monthly basis and this has continued alongside the improvements being made by the Transport Review, which the team anticipate benefits from.

- 4.6. Through all this work, it has become increasingly apparent that the new structure cannot completely separate the commissioning of buses and taxis as they are two services providing provision to a common cohort and our need is to secure the cheapest method of transport for each child. A lack of provision in the cheapest available transport, buses, generates demand in the other and therefore increasing the utilisation of buses and a more flexible fleet will be key to reducing costs.



5 PHASE C IMPACT

- 5.1.1 It is anticipated that Phase C will have no direct impact on taxi commissioning but could impact marginally on the bus maintenance recharges to CSF and C&H. The council will client the Phase C contractor (expected to be Veolia) in their delivery of fleet maintenance work. This will need to be undertaken by suitably qualified staff. The repair and maintenance of the retained MTS fleet will be carried out by the new Phase C contractor. This may result in a cost increase or more likely a decrease in the SLA core route charges for in-house buses. Until the cost options are finalised, figures cannot be confirmed. Once known, the Service Finance Managers will work with the departments to allocate appropriate budgets by removing the budget from MRCS and allocating to other departments including CSF. Further, Transport Commissioning are exploring with Sutton Council the possibility of hosting their transport management function and any economies of scale achieved by this partnership will be reflected in the vehicle SLA and therefore may provide a cost reduction to the in-house bus service SLA.

6 REVIEW OF EXISTING TAXI FRAMEWORK

- 6.1. Another work stream has focused on procurement of taxis and better bus / taxi planning (this work is detailed in section 4.3) but this was essential to addressing the poor value for money of the current framework.
- 6.2. A detailed review of current costs has been undertaken and it has been established that costs have increased significantly over the previous 12 months due to changes in circumstances and the establishment of the new framework in September 2015. The increase is circa £20,000 per month. Total costs will soon rise to £250,000 per month (although part of the 'as is'

process is to monitor costs and re-commission as appropriate). As noted above data is kept in multiple spreadsheets which required manual analysis. In order to address immediately the pressures arising from the new framework the Transport Review Board developed a 'select list' of suppliers in addition to the current framework. Seven providers were approached of whom three applied. This indicates that Merton is not an attractive client to the supply market and significant work will have to be carried out in attracting new providers of these services. Of the three that applied only one met the safeguarding requirements of the council, which is indicative of a significant weakness in the limited supply market, particularly with regards to Safeguarding Standards. Training has been provided to two suppliers on safeguarding and the select list was reopened in August and the providers who have received training have subsequently been selected. Their inclusion is expected to put downward pressure on quotation prices in the short term.

- 6.3. The existing framework is a closed framework offering limited scope for developing the supply chain to deliver improved competition and value for money. An alternative approach, using a dynamic purchasing system has been explored and is currently being implemented (see below).
- 6.4. Following approval by the Procurement Board on 21 June 2016 the council has procured a provider of a Dynamic Purchasing System (DPS) and is preparing to terminate the council's engagement with the current Sutton framework. A DPS is a 'live' framework which companies can apply to join at any time over its proposed term, subject to satisfying Council standards. The successful companies are then invited to quote for requirements as they arise. The DPS benefits include new entrants to the market being able to apply at any stage and continuing price pressure through a quotation process. The expectation is that the implementation of a DPS framework will initially reduce costs by circa 10-15% per annum. The DPS provider "ADAM" has been procured due to a range of perceived benefits of their approach:
- The company has a track record in developing market engagement and encouraging suppliers to bid. In the light of our experience with the 'select list' this is crucial to achieving significant cost reduction.
 - Their system allows providers to revise their price a fixed number of times which will drive down costs.
 - The system is totally automated and will; provide improved management information on provider performance, reduce manual handling of data and the current issues with multiple interactions and hand-offs.
 - Over time (i.e. after we have suppressed costs) we will be able to switch from a purely price based approach to a mixture of supplier performance and price.
 - Suppliers are able to manage their own records and documents online thus easing some of the administration burden on the transport commissioning team.

7 ADDITIONAL OPPORTUNITIES

- 7.1.1 The commissioning and clienting of the taxis and buses is currently held almost completely within E&R as the “provider” organisation. Work to date has established that the commissioning and ongoing clienting of taxis cannot be completely divorced from commissioning and ongoing clienting of buses and that robust governance arrangements will need to provide reassurance that the opportunity of cheaper bus provision has been exhausted before taxis are commissioned.
- 7.2. The Transport Review Board is currently reviewing the options to move the client and commissioning functions to CSF where budget responsibility sits. It is envisaged that the review will be completed and implemented by April 2017, coinciding with changes occurring as a result of Phase C.
- 7.3. In response to many of the issues identified above, progress has also been made in respect of the following:
 - 7.3.1 A business case was approved by the Technical Design Authority to purchase an ‘add-on’ to activate route software in the existing system to enable existing routes to be optimised. The ‘add on’ has been purchased and data is being migrated into the system ready for analysis.
 - 7.3.2 The working group have designed a ‘pick up points’ pilot which aims to increase bus utilisation by no longer collecting passengers from their homes and using buses to collect and drop-off at specific points. Findings from other LAs will be shared with the Transport Review Board to inform how to implement the pilot.
 - 7.3.3 An approach to bring the service in-house and run our own smaller vehicles was scoped. This is challenging as there are legal restrictions on how these vehicles are used without the function needing to become licenced as a taxi provider. Work is continuing to understand whether this is feasible and cost effective; a pilot will be run in the new school year.
 - 7.3.4 The Transport policies of other local authorities were examined and used by CSF to revise the LBM policy and ensure the criteria for access to transport was suitably robust.
 - 7.3.5 The taxi commissioning team are continuing to deliver shared service options with neighbouring authorities to jointly commission routes where this can offer savings.

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. Financial information is contained with attached templates.

SERVICE AREA -
Description of service

TRANSPORT SERVICES

The management, operation and repair of a mixed fleet of vehicles supporting and providing services for the Authority.

STAFFING

Number of FTE Staff
Number of Fixed term Contract
Total FTE

	2014/15	2015/16	2016/17
Number of FTE Staff	63.32	62.75	58.61
Number of Fixed term Contract	0	0	0
Total FTE	63.32	62.75	58.61

BUDGET *

Expenditure

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Current Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	2,101	2,007	-94	1,960	2,089	129	1,978	133
Premises	91	79	-12	81	86	5	83	1
Fuel	868	688	-180	675	523	-152	575	-31
Transport - Taxis	2,539	2,747	208	2,630	2,841	211	2,900	-212
Transport - Other	2,990	3,005	15	2,928	3,176	248	2,694	532
Supplies and Services	96	97	1	84	95	11	85	15
Third Party Payment	0	5	5	0	3	3	0	0

GROSS EXPENDITURE

8,685	8,628	-57	8,358	8,813	455	8,315	438
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Income

Government Grants	0	0	0	0	0	0	0	0
Fuel Recharges	(896)	(716)	180	(689)	(563)	126	(587)	25
Other Reimbursements & Contributions	(15)	(14)	1	(14)	(31)	-17	(15)	0
Taxis Recharge	(2,645)	(2,911)	-266	(2,696)	(2,917)	-221	(2,900)	178
Internal Customer and Client Receipts	(5,913)	(5,928)	-15	(5,830)	(5,833)	-3	(5,885)	(469)
External Customer and Client Receipts	(399)	(533)	-134	(394)	(397)	-3	(236)	(8)

GROSS INCOME

-9,868	-10,102	-234	-9,623	-9,741	-118	-9,623	-273
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NET EXPENDITURE

-1,183	-1,474	-291	-1,265	-928	337	-1,308	164
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* These figures exclude indirect costs and depreciation, as these are non-controllable.

In covering report:

1. Outline main areas of overspend or underspend in past two years and reasons for this.
2. Outline key activities carried out by the service, reason provided and costs.
3. Set out any benchmarking data in relation to performance, staffing and costs.

**SERVICE AREA -
Description of service**

WORKSHOP

Repairs and maintenance services for the entire fleet of Merton vehicles.
Also includes a commercial Tachograph calibration unit, providing services to Merton vehicles and also to the general public.

STAFFING

Number of FTE Staff
Number of Fixed term Contract
Total FTE

	2014/15	2015/16	2016/17
Number of FTE Staff	9.5	9.33	8.33
Number of Fixed term Contract	0	0	0
Total FTE	9.5	9.33	8.33

BUDGET

Expenditure

Employees
Premises
Transport - Other
Supplies and Services
Third Party Payment
Depreciation & Impairment Losses

GROSS EXPENDITURE

Income

Government Grants
Other Reimbursements & Contributions
Internal Customer and Client Receipts
External Customer and Client Receipts

GROSS INCOME

NET EXPENDITURE

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Current Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	346	270	-76	319	345	26	321	17
Premises	15	12	-3	14	31	17	31	0
Transport - Other	654	640	-14	607	699	92	593	90
Supplies and Services	28	23	-5	33	31	-2	23	13
Third Party Payment	0	0	0	0	0	0	0	0
Depreciation & Impairment Losses	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	1,043	945	-98	973	1,106	133	968	120
Income								
Government Grants	0	0	0	0	0	0	0	0
Other Reimbursements & Contributions	0	0	0	0	0	0	0	0
Internal Customer and Client Receipts	(1,113)	(1,007)	106	(1,041)	(981)	60	(1,022)	(83)
External Customer and Client Receipts	0	(2)	-2	(30)	(6)	24	(25)	8
GROSS INCOME	-1,113	-1,009	104	-1,071	-987	84	-1,047	-75
NET EXPENDITURE	-70	-64	6	-98	119	217	-79	45

SERVICE AREA -
Description of service

COMMISSIONING

Commissions goods & services for passenger transport and fleet management. Includes the fleet management (SLAs), parts and consumables for vehicles, (e.g. fuel), as well as taxi commissioning on behalf of CSF and C&H.

STAFFING

Number of FTE Staff
Number of Fixed term Contract
Total FTE

	2014/15	2015/16	2016/17
Number of FTE Staff	9.14	8.47	8.47
Number of Fixed term Contract	0	0	0
Total FTE	9.14	8.47	8.47

BUDGET

Expenditure

Employees
Premises
Fuel
Transport - Taxis*
Transport - Other
Supplies and Services
Third Party Payment
Depreciation & Impairment Losses

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Current Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	391	373	-18	330	370	40	334	33
Premises	42	36	-6	41	27	-14	39	1
Fuel	868	688	-180	675	523	-152	575	-31
Transport - Taxis*	2,539	2,747	208	2,630	2,841	211	2,900	-212
Transport - Other	1,322	1,356	34	1,395	1,536	141	1,333	408
Supplies and Services	32	30	-2	19	24	5	24	-1
Third Party Payment	0	5	5	0	3	3	0	0
Depreciation & Impairment Losses	534	534	0	466	466	0	461	0
GROSS EXPENDITURE	5,728	5,769	41	5,556	5,790	234	5,666	198
Income								
Government Grants	0	0	0	0	0	0	0	0
Fuel Recharges	(896)	(716)	180	(689)	(563)	126	(587)	25
Other Reimbursements & Contributions	(15)	(14)	1	(14)	(31)	-17	(15)	0
Taxis Recharge	(2,645)	(2,911)	-266	(2,696)	(2,917)	-221	(2,900)	178
Internal Customer and Client Receipts	(2,358)	(2,459)	-101	(2,421)	(2,474)	-53	(2,511)	(398)
External Customer and Client Receipts	(16)	(27)	-11	(53)	(82)	-29	(45)	(17)
GROSS INCOME	-5,929	-6,127	-198	-5,873	-6,067	-194	-6,058	-212
NET EXPENDITURE	-202	-358	-157	-317	-277	40	-392	-14

* The 2016/17 cost model had not been finalised by the budget upload date - hence many of the budgets are the same
For example, the taxi expenditure and income budget are both now £2,900k.

SERVICE AREA -

Description of service

OPERATIONS

Merton Transport Passenger Operations provide a specialist in-house accessible transport service for Children, Schools and Families (CSF) as well as Community & Housing (C&H) departments, and cater for internal & external organisations providing transport on an ad hoc basis. Merton Transport Passenger Operations operate a number of small buses of between 16 and 24 seats in capacity, under permit on a non-profit making basis.

STAFFING

Number of FTE Staff
 Number of Fixed term Contract
Total FTE

2014/15

44.68
0
44.68

2015/16

44.95
0
44.95

2016/17

41.81
0
41.81

BUDGET

Expenditure

Employees
 Premises
 Transport - Other
 Supplies and Services
 Third Party Payment
 Depreciation & Impairment Losses

GROSS EXPENDITURE

Income

Government Grants
 Other Reimbursements & Contributions
 Internal Customer and Client Receipts
 External Customer and Client Receipts

GROSS INCOME

NET EXPENDITURE

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Original Budget £000	2016/17 Current Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	1,364	1,364	0	1,311	1,374	63	1,331	1,323	83
Premises	34	31	-3	26	28	2	9	13	0
Transport - Other	1,014	1,009	-5	926	941	15	926	768	34
Supplies and Services	36	44	8	32	40	8	32	38	3
Third Party Payment	0	0	0	0	0	0	0	0	0
Depreciation & Impairment Losses	0	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	2,448	2,448	0	2,295	2,383	88	2,298	2,142	120
Income									
Government Grants	0	0	0	0	0	0	0	0	0
Other Reimbursements & Contributions	0	0	0	0	0	0	0	0	0
Internal Customer and Client Receipts	(2,442)	(2,462)	-20	(2,368)	(2,377)	-10	(2,363)	(2,352)	12
External Customer and Client Receipts	(384)	(504)	-120	(311)	(309)	2	(311)	(166)	1
GROSS INCOME	-2,826	-2,966	-140	-2,678	-2,686	-8	-2,674	-2,518	13
NET EXPENDITURE	-378	-518	-140	-383	-303	80	-376	-376	133

reasons for overspends:-

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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