

Merton Council

Overview and Scrutiny Commission - financial monitoring task group

Task group members

Councillors:

Hamish Badenoch
Mike Brunt
Stephen Crowe
Suzanne Grocott
Dennis Pearce
Peter Southgate
David Williams

Tuesday 25 July 2017 at 7.15 pm
Committee rooms B & C - Merton Civic Centre, London Road,
Morden SM4 5DX

Agenda

- | | | |
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| 1 | Election of Chair | |
| 2 | Apologies for absence | |
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Agenda Item 3

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

20 FEBRUARY 2017

(7.15 pm - 9.05 pm)

PRESENT Councillors Hamish Badenoch(in the Chair), Stephen Crowe, Suzanne Grocott, Jeff Hanna, Peter Southgate and David Williams

Caroline Holland (Director of Corporate Services), Bindi Lakhani (Head of Accountancy), Paul Angeli (Assistant Director Childrens' Social Care and Youth Inclusion), Yvette Stanley (Director, Children, Schools & Families Department) and Stella Akintan (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE - COUNCILLOR DENNIS PEARCE (Agenda Item 1)

2 MINUTES OF MEETING HELD ON 10 NOVEMBER 2016 (Agenda Item 2)

The minutes of the last meeting were agreed as a true and accurate record.

3 BUDGET DEEPDIVE - SUPPORTED LODGING/HOUSING, UNACCOMPANIED ASYLUM SEEKING CHILDREN AND NO RECOURSE TO PUBLIC FUNDS (Agenda Item 3)

Paul Angeli gave an overview of the report highlighting that the council has a duty to accommodate unaccompanied asylum seeking children (UASC). The volumes vary from year to year with the majority coming from Albania, this fluctuates according to global stability. Merton is a member of the Pan London Rota System in which all local authorities work together to ensure fair distribution of UASC across the Capital. This area is a rising cost pressure; although the government has increased funding for individual placements from £71 to £91per day (for newly placed young people only) this does not cover the range of associated costs including for social workers and higher accommodation and placement prices within London.

Members asked questions including ; the growth in UASC numbers, if national government are being lobbied for additional funding and if Merton is benchmarking costs against other local authorities to ensure best value for money.

Yvette Stanley reported that Merton worked closely with London Councils who are lobbying on this issue. Larger local authorities benefit from economies of scale within the Pan London Rota System which Merton does not benefit from but takes the same number of children. We are all competing for the same placement providers and they generally charge local authorities the same amounts. We commission placements through a range of framework agreements and partnerships with other boroughs to get the best balance of quality and value. We also have a good track record in recruiting in-house foster carers.

Paul Angeli reported that housing for care leavers overall is a budget pressure and they are working with colleagues in the housing department to look at ways to reduce costs on different models. For UASC care leavers we receive no grant income to offset housing/placement or support costs. Again the Government is being lobbied on this issue.

In response to a question regarding whether UASC can make financial contributions through work or student loans, Paul Angeli reported that this cohort have no recourse to public funds so the council are responsible for them possibly until they are 25. They are not able to work until their immigration issues are resolved.

Task group members expressed concern that additional costs for UASC are presented as an over-spend in the budget when there is a government grant shortfall. It was felt that the budget did not reflect the actual situation and Council signs off a budget that cannot be delivered.

Yvette Stanley reported that the department works hard to find other ways to meet the shortfall on a one off basis and that the CSF budget overall in recent years did not have an overspend. Measure included: bringing forward savings and freezing non frontline vacancies. These were short term measures however. It has historically been hard to make assumptions about likely numbers given the international situation fluctuates. However we now have a significant period where the numbers have continued to rise and the expectation is that both the UASC and care leaver populations will continue to grow

Caroline Holland highlighted that contingencies are built into the general budget which is signed off by Council every year, for example last year the Children Schools and Families (CSF) department had an underspend and this year there is an estimated £1.2 million overspend. Last year the council overall had a minor overspend. In terms of an overall strategy the approach was that departments would not move monies to pay for an area that the government should be funding. Monitoring reports highlight the budget situation if the departmental budget was sufficient overall.

A task group member expressed concern that it is too easy for some groups to enter the UK. Yvette Stanley reported that the UK has sent a delegation to Albania to look at the underlying issues. There is a clan system with historical feuds. Young people will only be granted leave to remain in the UK if they can demonstrate they are at personal risk.

Paul Ballat gave an overview of the work on housing for care leavers and reported that the council has a statutory responsibility for looked after children. Merton currently has 100 children over 16 who are entitled to leaving care services. As a result of housing pressures we need strong relationships with housing providers and foster carers. We need to have different models of housing so young people have access to secure permanent housing. The current quota is under pressure as the requirement to look after care leavers for longer meant we need a larger supply however there is limited social housing available.

Paul Angeli gave an overview on the work of No Recourse to Public Funds (NRPF). He reported that families come to their local authorities after all other attempts have failed and they are homeless. The council is then required to provide housing and support. The case law in this area is complex and the council has made improvements in processing assessment by employing an NRPF officer who is able to help to resolve the issues, we are however dependent on the Home Office to process asylum claims.

In response to a question regarding whether recording NRPF as an overspend in the budget was consistent with other boroughs Yvette Stanley reported that this area is demand led process in some boroughs it is met from a contingency budget. The larger demand grows it gets the more difficult to contain within the CSF budget, growth may change according to national policy.

The chair gave an overall summary of the discussion and thanked officers for their report which was helpful for context, legal environment and the challenges. However the budget information provided was unsatisfactory as the task group has not been able to ascertain the underlying causes for the overspend given that details on the individual were not provided.

RESOLVED

The panel thanked officers for their work and noted the report.

4 2016/17 QUARTER 3 MONITORING REPORT (Agenda Item 4)

A task group member asked the Director of Corporate Service to provide an opinion on the budget position by the 31st March 2017. Caroline Holland said £11 million of growth for 2017/18 should mean we are not in the same budget position next year, hopefully the overspend will decrease before year end but cannot make any further predictions at this stage.

ACTION: Department asked to provide baseline budgets for Phase C so the outturn report for next year will demonstrate what has been delivered for Lot 1, Lot 2, is starting from April 2017.

ACTION: Department asked to provide the alternative view of savings in the monitoring report. This should be available before the next Council meeting.

A panel member asked if an underspend due to vacancies at children and adolescent mental health services is a good thing. Caroline Holland reported that they have found a way to deliver more efficient services without putting children at risk.

ACTION: A task group member referred to page 94 of the agenda and queried why the majority of the debt is written off in the final quarter of the year. Caroline Holland agreed to report back on this.

RESOLVED

The panel thanked officers for their work and noted the report.

5 DATES AND WORK PROGRAMME FOR FUTURE MEETINGS (Agenda Item 5)

Task Group members have a preference for the 25th July over the 6th July and queried both meetings have been arranged.

RESOLVED

The Chair agreed to discuss agenda items with Julia Regan to determine if there is a need for an additional meeting.

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Cabinet

Date: 3rd July 2017

Subject: Budget outturn 2016/17

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the revenue outturn for 2016/17
- B. That Cabinet consider the outturn position on Capital and approve the slippage into 2017/18 detailed in Appendix 3b and the adjustments to current and future years budgets detailed in the table below:

Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	Funding/Re-profiling
<u>Community & Housing</u>				
Libraries Opportunity Fund	75,950	0	0	Arts Council Funding
West Barnes Library Re-Fit	(200,000)	0	200,000	Re-Roiled to 2019-20
<u>Children, Schools and Families</u>				
Harris Academy Morden	(150,000)	150,000	0	Re-profiling
Harris Academy Merton	(100,000)	100,000	0	Re-profiling
St Mark'S Academy	(200,000)	200,000	0	Re-profiling
Harris Academy Wimbledon	(3,540,600)	2,240,600	1,300,000	Re-profiling
Harris Morden Sec Autism Unit	(170,000)	170,000	0	Re-profiling
Further SEN Provision	(1,824,090)	1,824,090		Re-profiling
Loans to Schools Capital	(104,000)	104,000	0	Re-profiling
Devolved Formula Capital	363,880	0	0	DfE Grant
<u>Environment & Regeneration</u>				
Morden Leisure Centre	(1,386,320)	1,386,320	0	Re-profiling
Bus Stop Accessibility Program TfL	146,340	0	0	Revision of TfL Budget
Casualty Reduction & School Safety Program TfL	304,840	0	0	Revision of TfL Budget
A298/A238 Strategic Corridor (Colliers Wood) TfL	118,050	0	0	Revision of TfL Budget
TfL Principal Road Maint	(1,467,470)	0	0	Revision of TfL Budget
TfL Cycle Quietways	(70,960)	0	0	Revision of TfL Budget
Facilitating Cycle Access & Parking TfL	275,800	0	0	Revision of TfL Budget
Local Transport Scheme - Cycle Improvements TfL	120,870	0	0	Revision of TfL Budget
Beddington Lane Cycle Route TfL	339,750	0	0	Revision of TfL Budget
Strategic Corridor Mitcham TfL	155,990	0	0	Revision of TfL Budget
Figges Marsh/Locks Lane Roundabout TfL	74,000	0	0	Revision of TfL Budget
Mitcham Major schemes - TfL	399,990	0	0	Revision of TfL Budget

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report outlines the out-turn position for the last financial year (2016/17) and the issues that arise from it.

Section 2 – Summarises the draft outturn position of the Authority.

Section 3 – Reviews the outturn position for corporate items

Section 4 – Reviews the outturn position for service items

Section 5 – Reviews the detailed outturn position for service departments

Section 6 – Reviews the quality of budget monitoring

Section 7 - Provides information on the capital outturn

Section 8 – Summarises the movement in reserves

Section 2 – REVENUE OUTTURN 2016/17

The following table summarises the outturn position for 2016/17.

OUTTURN	2016/17 Current Budget (Net) £000s	2016/17 Outturn (Net) £000s	2016/17 Variance (Net) £000s	2016/17 Current Budget (excl. overheads) £000s	2016/17 Outturn (excl. overheads) £000s	2016/17 Variance excl. overheads £000s	2015/16 variance excl overheads £000s
Department							
Corporate Services	10,231	9,011	(1,220)	26,968	25,681	(1,287)	(373)
Children, Schools and Families	51,643	52,806	1,163	46,807	47,961	1,154	(7)
Community and Housing	56,743	67,115	10,372	52,044	62,168	10,124	940
Public Health	(347)	(331)	16	(514)	(498)	16	0
Environment & Regeneration	21,999	22,698	699	15,349	16,360	1,011	3,632
Net recharges					13	12	265
NET SERVICE EXPENDITURE	140,269	151,299	11,030	140,654	151,685	11,030	4,457
Corporate Provisions	5,107	60	(5,047)	4,722	(325)	(5,047)	(2,797)
TOTAL GENERAL FUND	145,376	151,359	5,983	145,376	151,360	5,983	1,659

Business Rates	(34,230)	(34,230)	0	(34,230)	(34,230)	0	0
Grants	(32,967)	(33,504)	(536)	(32,967)	(33,504)	(536)	(960)
Council Tax and Collection Fund	(80,399)	(80,399)	(0)	(80,399)	(80,399)	(0)	(0)
FUNDING	(147,596)	(148,132)	(536)	(147,596)	(148,132)	(536)	699

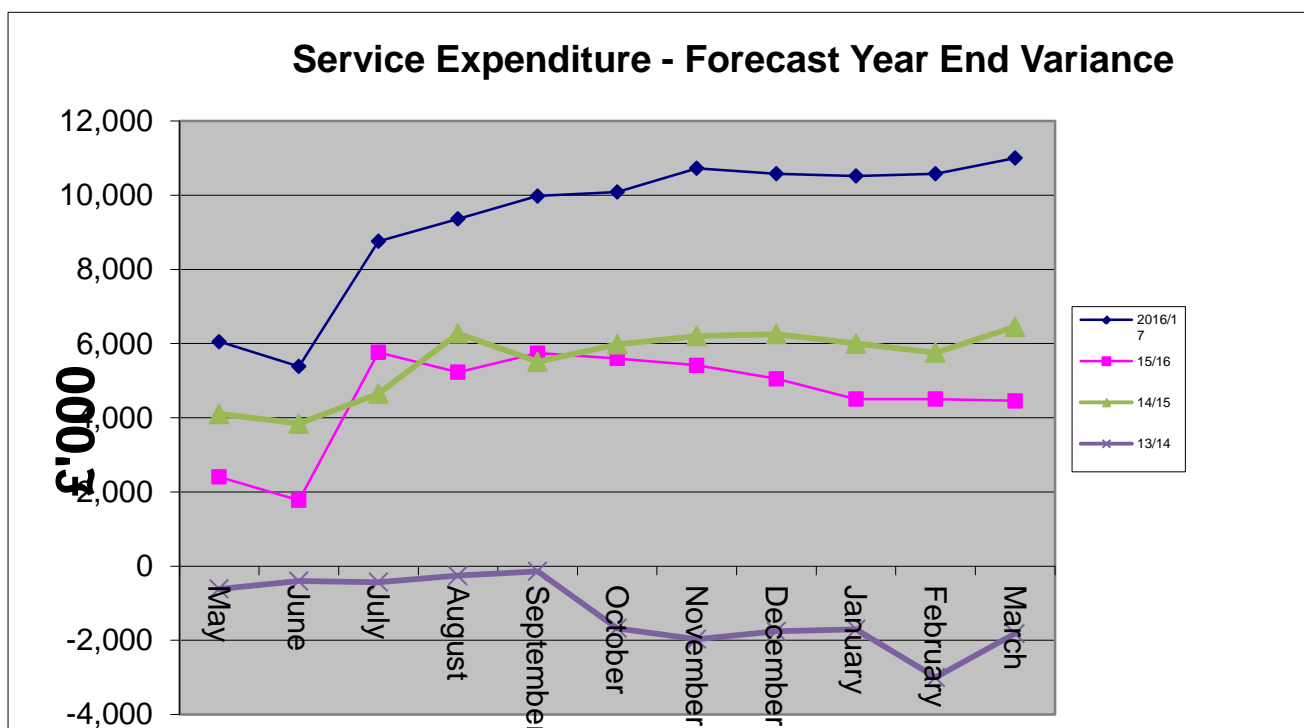
NET OVERSPEND	(2,220)	3,227	5,447	(2,220)	3,227	5,447	699
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Transfers from General and Earmarked Reserves	2,220	(3,227)	(5,447)	2,220	(3,227)	(5,447)	(699)
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In 2016/17 the overall overspend was £5.5m or 1% of the gross budget (£0.7m or 0.1% of the gross budget in 2015/16)

The overall overspend on the General Fund will result on a call on balances which has been the case for the last two financial years, however this action is not sustainable longer term.

Growth has been provided in the 2017/18 budget. Chief officers and finance officers will be required to monitor budgets closely to prevent future year overspending and further calls on reserves.

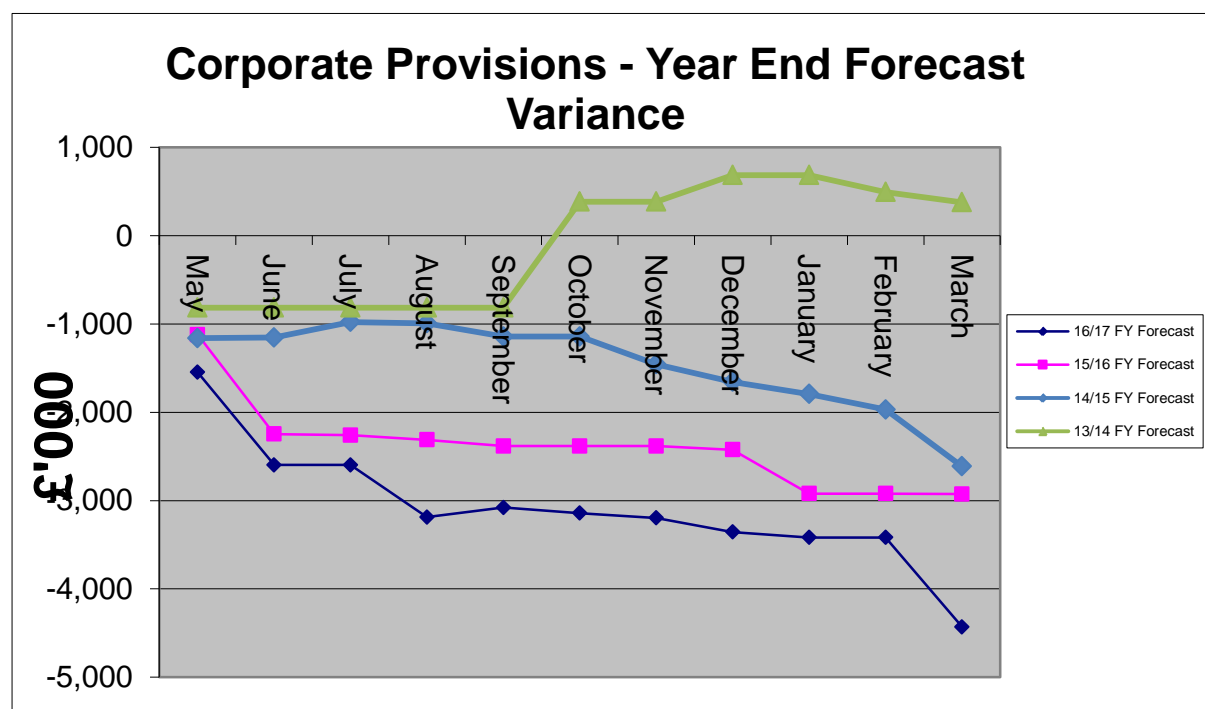


Section 3 Corporate Items

- These budgets cover a wide range of significant areas including treasury management, contingency, contributions to past service deficiency on the pensions fund and contributions from government grants and use of reserves. The details comparing actual expenditure with budget are contained in Appendices 1 and 2. The summary position is as follows:-

Corporate Items	Current Budget 2016/17 £000s	Full Year Forecast (Mar.) £000s	Forecast Variance at year end (Mar.) £000s	Forecast Variance at year end (Jan.) £000s	2015/16 Year end Variance £000s
Impact of Capital on revenue budget	13,643	13,836	193	6	49
Investment Income	(739)	(915)	(176)	(523)	(613)
Pension Fund	5,232	4,734	(498)	(300)	(616)
Pay and Price Inflation	739	0	(739)	(619)	(654)
Contingencies and provisions	3,962	466	(3,495)	(1,825)	(2,716)
Income Items	(948)	(1,279)	(331)	(150)	(667)
Appropriations/Transfers	2,220	(3,227)	(5,447)	0	1,727
Central Items	10,465	(222)	(10,687)	(3,417)	(3,539)
Levies	928	928	(0)	0	0
Depreciation and Impairment	(17,709)	(17,709)	(0)	0	0
TOTAL CORPORATE PROVISIONS	7,326	(3,167)	(10,494)	(3,411)	*(3,491)

* Net of £0.665m funding from reserves.



- From an early stage in the financial year, it became clear that there would be severe pressures on service department budgets, particularly in demand led services such as Adult Social Care. It was therefore necessary to monitor corporate provisions carefully throughout 2016/17 in order to offset the forecast overspend as far as possible by underspends in corporate budgets, mainly in contingencies held to provide flexibility in the event of such pressures.

3. Impact of Capital on Revenue Budget
Throughout 2016/17 a small underspend on the cost of borrowing had been forecast but the outturn has resulted in an overspend of £193k. The reasons for this are currently being investigated and improvements will be made to the modelling of future borrowing costs to improve budgetary control
4. Investment Income
Although the level of investment income exceeded the budget by £176k at year end this was less than had been forecast during the year. This is due to an error in the forecast and procedures will be put in place to ensure this is not repeated in future monitoring.
5. Pension Fund
There are two elements to the underspend. The first reason is that there has been an underspend of £0.3m due to the provision for auto-enrolment not being utilised. These costs have been absorbed within departmental budgets. Secondly, the provision for early redundancy costs has been under-utilised, leading to an underspend of £0.198m against the £1m budget.
6. Pay and Price Inflation
The provision for inflation includes an element for price increases exceeding 1.5% and throughout 2016/17 the level of inflation was relatively low, allowing £0.439m of the original budget of £0.540m to be retained to offset against the forecast overspend in services. The £0.300m provision for Utilities inflation was not used in 2016/17.
7. Contingencies and Provisions
This budget contains budgets for the provision of bad debts, loss of income arising from the P3/P4 site development, direct revenue funding of capital, provision for revaluisation, Single Status/Equal Pay and general contingency.

The net underspend of £3.495m consists of the following main variations:-

- a) Contingency – Underspend £0.821m: As much of the contingency as possible was held throughout the year as cover for anticipated pressures in service expenditure, with the balance being allocated to fund social workers in CSF and a payment to HMRC.
- b) P3/P4 - Underspend £0.4m: The underspend is due to the delay in commencing with the proposed development which means that car parking income has continued on the site.
- c) Single Status/Equal Pay – Underspend £60k: The majority of lump sum costs incurred for Single Status/Equal Pay awards agreed in 2016/17 have been charged against the provision set aside for this purpose with a small balance needed to be funded from this budget.
- d) Provision for Loss of HB Admin. Grant – This budget of £200k was not required in 2016/17 and was held to offset against the forecast overspend.
- e) Bad Debt Provision – Underspend £271k: it was only necessary to make a contribution of £229k to the Bad Debt provision against the budget of £500k

- f) Merton Adult Education (MAE) 1st Year redundancies: Underspend £600k: the provision for redundancy costs incurred by MAE was not utilised during 2016/17 and as reported to Cabinet during 2016/17 has been appropriated to a reserve (See note 9 below)
 - g) Revenuisation and Miscellaneous – Underspend £1.127m. It was originally anticipated that this budget would be used to fund capital projects but in light of pressures on service expenditure it was subsequently decided to use the revenue reserve for capital purposes and retain the flexibility that revenue resources provide. The underspend was held to offset against the forecast overspend.
8. Income Items
The underspend is due to slightly increased income (£50k) from CHAS IP/dividend and some other small miscellaneous un-budgeted income .
9. Appropriations/Transfers
There have been a number of movements to/from reserves. The £5.447m variation reflects four main elements which were not anticipated when the budget was set:-
- a) The use of the Savings Mitigation Fund (£1.3m) to offset against the forecast overspend in adults and children's services.
 - b) The decision was taken not to implement the budgeted transfer of £2.4m to the Balancing the Budget Reserve The underspend was held to offset against the forecast overspend.
 - c) The budget of £0.6m for Merton Adult Education Reduundancies was not utilised in 2016/17 and as reported to Cabinet during the year has been appropriated into a reserve. (See note 7f above)
 - d) The £2.4m drawn from General Fund balances to balance .
10. Funding
The level of funding from central government was c.£0.5m better than budgeted. As reported during the year, this is mainly due to a higher level of New Homes Bonus as a result of the expected 10% top-slice for LEP purposes not taking place.

Section 4 Overall Service Spending

Major outturn issues

Since 2014/15 Merton had been overspending versus the budget.

The pattern in 2016/17 contains similarities to 2015/16 with the three largest areas of overspending but the overspend on adult social care has escalated.

Service Spending 2016/17	Current Budget	Outturn Variance to budget	Outturn Variance to budget	Budget as % of Council Budget	Overspend as % of Overspend
	£'000	£'000	%	£'000	£'000
Adult Social Care	47,980	9,056	18.87%	34.04%	82.31%
Parking	-12,378	1,442	11.65%	8.78%	13.11%
Social Care , Youth Inclusion and Commissioning*	30,292	1,834	6.05%	21.49%	16.67%
Total 3 major areas	65,894	12,332	18.71%	46.75%	112.09%
The Rest	75,070	-1,330	-1.77%	53.25%	-12.09%
Total	140,964	11,002	7.80%	100.00%	100.00%

*budget for education services grant excluded

Service Spending 2015/16	Current Budget	Outturn Variance to budget	Outturn Variance to budget	Budget as % of Council Budget	Overspend as % of Overspend
	£000	£000	%	£000	£000
Adult Social Care	56,189	2,684	4.78%	36.29%	60.22%
Parking	-10,763	3,750	34.84%	6.95%	84.14%
Social Care, Youth Inclusion and Commissioning	28,601	617	2.16%	18.47%	13.84%
Total 3 major areas	74,027	7,051	9.52%	47.81%	158.20%
The Rest	80,798	-2,594	-3.21%	52.19%	-58.20%
Total	154,825	4,457	2.88%	100.00%	100.00%

Section 5 Detailed Service Spending

Corporate Services

	2016/17 Current Budget	2016/17 Outturn	Outturn variance	Forecast variance at year end Jan £000	2015/16 Outturn Variance £000
	£000	£000	£000	£000	£000
Business Improvement	3,051	2,997	-54	-195	-29
Infrastructure & Transactions	9,917	9,485	-431	-498	-249
Resources	6,839	6,524	-314	-135	-243
Human Resources	2,158	2,124	-34	-153	-55
Corporate Governance	2,493	2,164	-330	-294	-426
Customer Services	2,463	2,300	-164	-100	-479
Corporate Items including redundancy costs	47	87	40	512	1109
Total (controllable)	26,968	25,681	-1,287	-864	-373

Overview

The Corporate Services (CS) department have an underspend of £1,287k against the budget at year end. The main reasons for this are detailed below.

Business Improvement - £54k under

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

Infrastructure & Transactions - £431k under

The main reason for the underspend is a review of capital projects and associated revenue expenditure which could be surrendered to mitigate the current year overall Council overspend. An underspend of approx. £350k has resulted from revenue expenditure associated with the Energy Invest To Save capital budget which has been slipped into next year's programme of works.

There was an over-achievement of income in the post and print room due to increased demand.

Resources - £314k under

There is an underspend of £225k due to pension revenue costs being charged to the pension fund.

Some future year savings have been captured early. These underspends have been partly offset by the additional costs related to the delayed implementation of the E5 finance system, which has been live since 6th February.

Human Resources – £34k under

The underspend is mainly due to reduced expenditure on learning and development. This has been partly offset by some overspend on the cost of the payroll service from Agilysis

Corporate Governance - £330k under

There is a £90k 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 have an over-achievement of income relating to S106 and Merton Property charges of approx. £65k and there are underspends on supplies and services budgets within Democratic Services of approx. £70k.

The surplus in Local Land Charges (LLC) income is transferred to the LLC reserve pending the outcome of the court case. However £40k of income is required to cover its overheads as the service is required to cover its total cost and break even.

Customer Services - £163k under

The registrars office has overachieved income by £90k and translations services have an overachievement of income of £50k.

The Merton Bailiff Service has overachieved income by £275k which is offset by £75k by underachievement of income in the Shared Bailiff Service.

The communications service underachieved on advertising income targets by approx. £60k which has been the case for several years.

There are savings of approx. £100k on vacant posts which have been held for future year savings.

Corporate Items - £40k over

Redundancy costs and pension strain were £800k over budget with one particular ill health case costing over £400k.

This has been offset by underspends on corporate budgets and agency admin charge of £200k and the release of the housing benefits error rate provision back to revenue as the recent external audit resulted in significantly lower error findings.

Environment & Regeneration

Environment & Regeneration	2016/17 Current Budget	Full year Outturn (March)	Outturn Variance (March)	Forecast Variance at year end (Jan)	2015/16 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(11,045)	(9,755)	1,290	917	3,709
Sustainable Communities	12,218	11,429	(789)	(808)	(600)
Waste Services	15,169	15,337	168	522	187
Other	(993)	(651)	342	197	336
Total (Controllable)	15,349	16,360	1,011	828	3,632

Description	2016/17 Current Budget	Outturn Variance (March)	Forecast Variance at year end (Jan)	2015/16 Variance at year end
	£000	£000	£000	£000
Underspend within Shared Regulatory Services	793	(34)	40	141
Overspend within Parking Services	(12,378)	1,442	976	3,750
Underspend within Safer Merton	540	(118)	(99)	(182)
Total for Public Protection	(11,045)	1,290	917	3,709
Underspend within Building & Development Control	(2)	(157)	(233)	16
Underspend within Property Management	(2,548)	(564)	(534)	(559)
Underspend within Future Merton	10,786	(158)	(87)	(185)
Underspend within Leisure & Culture	1,060	(72)	(62)	53
Overspend within Greenspaces	1,923	206	181	223
Underspend within Senior Management & Support	999	(44)	(73)	(149)
Total for Sustainable Communities	12,218	(789)	(808)	(601)
Overspend within Waste Services	15,169	168	522	187
Overspend within Transport Services	(993)	342	197	336
Total for Street Scene & Waste	14,176	510	719	523
Total Excluding Overheads	15,349	1,011	828	3,631

Overview

The department has a year-end direct overspend of £1,011k at year end. The main area of variance is Parking Services, but there are variances within several sections of the department.

Public Protection

Parking & CCTV Services overspend of £1,442k

The overspend is mainly as a result of the problems encountered regarding the implementation of the new ANPR system across the borough. The section did not have a fully functional system on July 3rd 2016, the date upon which budget forecasting for ANPR was based. The contractor was initially required to carry out several upgrades of the ANPR camera software in order to rectify the problems.

In addition to the upgrades undertaken, the contractor was required to undertake a detailed review of each camera location to ensure that each individual camera is performing with a 100% accuracy and in accordance with the original specification. This was concluded at the end of February 2017. The contractor also provided a technical resource during this time based in the parking back office to work with our staff, as we identified that some of the ANPR camera locations “regions of interest” for enforcement were not configured correctly as per our enforcement policy. The positive effects of this e.g. improved traffic flow are expected to be realised during 2017/18.

In addition, the section continued to fund CPZ related expenditure totalling £200k, and provide free parking during the Christmas period resulting in a loss of income of c£60k. These pressures were partially offset by an over-recovery in most areas of on-street/ off-street/ permit/ bay suspension revenue (£159k).

Safer Merton underspend of £118k

The year-end underspend was due to part/full year staffing vacancies (£37k), and third party payments (£43k). The third party payments underspend relates to the recruitment process for an Individual Offender Management co-ordinator, which required three rounds of recruitment to be undertaken until an officer with the relevant skills and attributes to take up this role was secured.

Sustainable Communities

Building & Development Control underspend of £157k

The underspend is mainly due to an overachievement of customer & client receipts of £183k, which is mainly attributable to planning application fees and Planning Performance Agreements where we are being more successful.

Property Management underspend of £564k

The underspend is predominantly as a result of exceeding their commercial rental income expectations by £630k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. The on-going impact of this is being identified.

Future Merton underspend of £158k

The main areas of underspend were seen within Government grants (£265k), mainly as a result of the One Public Estate Government grant of £237k, which supports public sector partnerships to work collaboratively on land and property initiatives.

Greenspaces overspend of £206k

The process of procuring a new external grounds maintenance provider was completed during January 2017 and the new service provider, idverde, commenced on 1 February 2017, with the majority of the pre-existing services and more than 60 staff transferring to idverde at that time. However, as only two month's of the new contract were realised during this financial year there is an associated forecast overspend of around £105k, mainly as a result of historical employee related overspends.

The section also overspent on Events mainly as a result of the 'Live at Wimbledon Park' event being cancelled due to lower than expected ticket sales. The event was cancelled with a total of c£33k of costs incurred net of refunds (£12k of marketing costs incurred within Corporate Services), and although this event was expected to break-even this year, there was a budgeted expectation for it to achieve a surplus of £70k. Efforts continue to identify how we can generate further income from events in parks, including developing working partnerships with external event production companies.

Street Scene & Waste

Waste Services overspend of £168k

The section had an employee related overspend of £436k as a result of covering for absences, sick leave, and in order to maintain the level of service performance. In addition, there was a transport related overspend of £377k relating to ad hoc repairs to service vehicles and the need to hire vehicles when required in order to maintain service delivery. Many of the vehicles were several years old prior to the commencement of Phase C, and this probably contributed to the repairs and maintenance costs incurred.

These pressures were partially offset by an over achievement of Customer & Client Receipts (£496k), notably Garden and Commercial Waste. There has been a steady increase in the number of Garden waste customers since introducing the new rolling year subscriptions.

Transport Services overspend of £342k

The overspend relates to the Operations and Workshop side of the section. Within Transport Operations, an overspend of £166k was experienced mainly as a result of additional agency and overtime requirements due to a number of staffing issues on account of not being able to fill the vacancies. The difficulty in recruiting has caused a knock on effect for covering core routes, which is also compounded by sickness absence or not being able to get agency drivers to cover routes. Therefore, the only option on occasions is to utilise third party transport providers to cover the routes, which results in further unrecoverable costs.

Within the Workshop, the overspend (£186k) is partly due to lower than expected user requirement of the Workshop, but is more attributable to the impact of Phase C inasmuch that Merton continued to receive invoices for payment relating to good/services received prior to 1st April that should have been recharged to internal clients accordingly.

Children Schools and Families

Children, Schools and Families	2016/17 Current Budget £000	Full year Outturn (Mar) £000	Outturn Variance at year end (Mar) £000	Forecast Variance at year end (Jan) £000	2015/16 Variance at year end £000
Commissioning, Strategy and Performance	8,066	9,681	1,615	1,667	677
Education	16,816	16,547	(269)	(292)	34
Social Care and Youth Inclusion	12,067	12,835	768	724	309
Public Health contribution	0	0	0	0	(328)
PFI	7,799	7,250	(549)	(545)	(368)
Redundancy costs	2,059	1,648	(411)	(390)	(331)
Total (controllable)	46,807	47,961	1,154	1,164	(7)

Overview

At the end of March, Children Schools and Families overspent by £1.154m on local authority funded services.

It is important to note that the majority of the underspend used to offset cost pressures in this financial year are due to management actions that are not sustainable on an on-going basis or one-off windfalls which are not guaranteed to re-occur in future years. This would mean that the demographic and new burdens cost pressures will continue into the new financial year, as will pressures on staffing budgets to fund agency social workers to maintain safe caseloads. Although plans are in place to allocate £1m demographic growth to this area in 2017/18, this would still leave a significant ongoing departmental cost pressure.

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	Outturn Variance £000	Fcst Variance Jan £000	2015/16 variance £000
Fostering and residential placements (ART)	5,056	611	543	377
Supported lodgings/housing	634	1,110	1,247	546
Un-accompanied asylum seeking children (UASC)	60	579	526	308
Procurement & School organisation	550	(448)	(426)	(276)
Legal costs	527	(101)	(114)	(53)
Other small over and underspends	1,239	(136)	(109)	(225)
Subtotal Commissioning, Strategy and Performance	8,066	1,615	1,667	677
SEN Transport	3,785	394	331	374
Staffing underspends across Early Years services	2,873	(333)	(353)	(315)
Children's Centre programme funding	90	(120)	(120)	0
Children with disabilities team (CWD) staffing	541	12	28	8
Youth services	605	(119)	(51)	(78)
Other small over and underspends	8,922	(103)	(127)	45
Subtotal Education	16,816	(269)	(292)	34
No Recourse to Public Funds (NRPF)	20	484	625	470
Social Work staffing	3,075	282	232	151
CAMHS	306	(95)	(63)	(133)
Other small over and underspends	8,666	97	(70)	(179)
Subtotal Children's Social Care and Youth Inclusion	12,067	768	724	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 projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Mar £000	Jan £000	Mar Nr	Jan Nr
Residential Placements	2,127	2,519	392	305	15	15
Independent Agency Fostering	1,761	1,725	(36)	(17)	40	41
In-house Fostering	905	1,161	256	241	48	48
Secure accommodation	164	17	(147)	(106)	3	2
Mother and baby	99	245	146	120	2	4
Total	5,056	5,667	611	543	108	110

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 residential placement expenditure increased by £87k since the January forecast. This is due to a change in funding agreement between SEN and Placement budget for one placement.

- The agency fostering placement expenditure reduced by £19k since the January forecast. This is due to there being one less young person placed with an IFA in March and a small variance on several packages of care.
- The in-house foster carers expenditure increased by £15k since the January forecast. This is due to agreement for backdated enhanced payment to support the continuation of two placements and a small variance on some packages of care.
- Of the two young people in January's secure accommodation budget return, one placement was not Merton's financial responsibility as they were placed under a DTO and the other turned 18 during this period. This increased the actual underspend compared to the January forecast by £41k. One additional young person was remanded during this quarter.
- There was one new mother and baby assessment placement this quarter and two with additional costs. This increased the actual cost compared to the January forecast by £26k.

The budget for semi-independent and supported lodgings/housing placements overspent by £1,110k at year-end. This budget is used to finance an increased number of placements for young people aged 16/17 and above. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 53 semi-independent placements for non-UASC young people at the end of March 2017. This compares with 35 young people in semi-independent accommodation at the end of 2014/15 at an average cost of £689 reflecting both the demographic increase and new requirements.

Since 2014/15, the average weekly cost for semi-independent accommodation has reduced by £100 reflecting our robust procurement of these placements. We continue to robustly review all placements in semi-independent provision and our overall approach to providing accommodation and support to our care leavers.

The UASC supported lodgings/housing placements for post-18 children that became eligible for leaving care support overspent by £579k this year due to an increase in cases with no corresponding growth in budget. At the end of March there were 29 current placements for young people aged 18+ with no recourse to public funds in semi-independent accommodation, slightly lower than in the in-year peak.

Procurement and school organisation budgets underspent by £448k 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.

The direct charging budgets for the shared legal service underspent by £101k.

There are various other small over and underspends across the division netting to a £136k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £1,615k.

Education Division

SEN and FE transport cost overspent by £394k, £63k more than the forecast in January. This is due to a combination of a net increase of 6 children supported in the latest two months of the year; and differences arising from setting up a new system of forecasting spend using the new system. We continue to review 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 went live with a Dynamic Purchasing System on 12th December, and this should provide some cost reductions in future.

As part of management action, where possible, recruitment to vacancies in some areas was delayed in preparation for 2017/18 savings with the aim to reduce the overall in-year departmental overspend. This resulted in an overall underspend of £333k.

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

The Children with Disabilities team staffing costs overspent by £12k for 2016/17. 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 budget. This amount equates to two additional social workers. An adjustment of £117k has been made for the full year towards the overspend for these costs. On top of the additional staff, the team also has to cover vacancies with higher cost agency staff.

Youth services budgets underspent by £119k at year-end. This was due to a combination of staff vacancies and lower spend on premises costs.

There are various other small over and underspends across the division netting to a £103k underspend. These combine with the items described above to arrive at the total reported divisional underspend of £269k.

Children's Social Care and Youth Inclusion Division

The NRPF budgets overspent by £484k during the 2016/17 financial year. At year-end we were supporting 13 families with 25 children. The NRPF worker is working closely with housing colleagues to manage cases as they arise and has started to review historic cases to identify ones where claimant circumstances have changed. 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 are expected to overspend by £282k. 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. An adjustment of £348k has been made for the full year towards the overspend of these costs. 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. 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 offset the additional cost through keeping vacancies elsewhere in CSF during 2016/17 and internal budgets were realigned for the new year to ensure the MASH and First Response staffing structure was fully funded.

The Children and Adolescent Mental Health Service (CAMHS) underspent by £95k due to vacancies.

There are various other small over and underspends across the division netting to a £97k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £768k.

Dedicated Schools Grant

DSG funded services have overspent by £410k. These budgets are not within the council's general fund and cannot be offset against or increase the local authority funded budgets. The overspend was funded through the DSG reserve and will be reported to Schools Forum at their June meeting.

The Independent Residential School provision was underspent by £308k at year-end. Our ability to keep these costs low normally means that we incur more Independent Day School expenditure at a lower cost costs which overspent by £650k. This is in the main due to an increase of 21 placements from the new academic year which started in September.

There are various other smaller over and underspends across the DSG netting to a £68k underspend which, combined with the items above, equates to the net overspend of £410k.

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 £1,019k. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Mar overspend forecast £000	Jan overspend forecast £000
Supported lodgings/housing	634	1,110	1,247
Un-accompanied asylum seeking children (UASC)	60	579	526
No Recourse to Public Funds (NRPF)	20	484	625
Total	714	2,173	2,398

Staffing

The number of Comensura agency social workers used in the third and fourth quarters remained broadly stable at 37 (31.26 WTE) in March 2017, this is a reduction of 8 from December 2015 (45/35.9 WTE). Employed Social Workers make up 81% of the Social Worker workforce. The expenditure on agency Social Workers continues to drop from £761k in Q4 2014/15 to £547k in Q4 (2016/17) with a drop of £38k from the same period last year.

Recruitment continues to be strong, with 8 Social Workers starting in the quarter.

Key areas for recruitment continue to be MASH and First Response and CWD. A new 4 team/rota was established in MASH/First Response in quarter three. Recruitment and retention (R&R) initiatives and our recruitment action plan continue. All Social Workers re-registered with HCPC in the third quarter.

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.

Independent analysis of our residential and semi-independent expenditure is continuing 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. At year-end we had 38 personal budgets. This equates to a £297k annual saving compared to what the cost would be if these clients were transported by taxi. In addition, 15 young people have been through the independent travel training programme this year providing an on-going cost reduction of £134k. We are monitoring tight eligibility thresholds with the view to limit any additional cost pressure.

We are also piloting initiatives to provide more cost effective answers to our statutory duties with a growing population.

The clienting of bus and taxi provision transferred to CSF on the 1st April 2017.

General

The department continues to scrutinise all budgets to see how we can offset the above cost pressures and others created by growing demographics and new burdens. Where possible we will continue to use grant and income flexibly to bring our anticipated spend closer to available budgets.

Community and Housing

Community and Housing forecasted an overspend throughout 2016/17. In January 2017 the service forecast to overspend by £9.4m. The final outturn as at March 2017 is a £10.1m overspend which is £735k more than the January 2017 forecast. The major variance occurred in Adult Social Care (Access & Assessment) placements although £350k of this movement is a non-recurring spend that affects one provider .

C&H Summary Outturn Position

Community and Housing	2016/17 Current Budget	Full Year Outturn	Outturn Variance	Forecast Variance (Jan'17)	2015/16 Outturn Variance
£'000	£'000	£'000	£'000	£'000	£'000
Access and Assessment	37,246	46,681	9,432	8,885	3,259
Commissioning	4,264	4,331	67	(89)	(50)
Direct Provision	5,653	5,484	(169)	(136)	(197)
Directorate	814	540	(274)	(309)	(17)
Care Act Implementation Expenditure	0	0	0	0	(1,230)
Contribution from Public Health	0	0	0	0	(328)
Adult Social Care	47,980	57,036	9,056	8,351	1,437
Libraries and Heritage	2,216	2,128	(88)	(161)	(176)
Merton Adult Education	(204)	297	501	549	218
Merton Adult Education-Commissioning Model	0	0	0	0	0
Housing General Fund	2,052	2,707	655	650	(538)
Total	52,044	62,168	10,124	9,389	940

Access & Assessment- £9.4m overspend

Throughout the financial year this area had forecasted an overspend. Performance on income improved due to the concerted efforts of the Financial Assessment Team and the provision of additional resources to clear assessment backlogs.

There will be a continued focus on Access & Assessment in the department action plan in 2017/18. It is also anticipated that Mosaic will form a significant part of this strategy.

Access & Assessment	Full year Outturn Variance £'000	Jan'17 Forecast Variance £'000	Variance £'000
Gross Placement overspend	8,266	7,323	943
Other A&A under-spends	708	753	-45
Sub-total Net Overspend	8,974	8,076	898
Under/(Over) achievement of income	458	809	-351
Total A&A Forecast over-spend	9,432	8,885	547

Adult Social Care

The main pressures and challenges for Adult Social Care in 2016/17

2016/17 has been a challenging year for Adult Social Care, where a number of long term and national trends have played out as significant budget pressures.

As previously reported, the year started with an underlying deficit brought forward from 2015/16. In 2015/16 there was an overspend in the Adult Services Access & Assessment budget of £3.259m, which was predominantly in the placements budget.

The growth in demand for support in home care, offset by residential and nursing care and the cost of care have combined with this underlying pressure to result in a year end overspend of £9.056m for Adult Social Care.

The causes of the financial position were explored in depth during the year, which resulted in the Council agreeing to provide £9.3m growth for 2017/18.

Complex care needs

The long term growth in the complexity of needs of those eligible for council funded support has continued. This shows itself in two key ways. Firstly, the complexity of needs of those transitioning into adulthood with physical and learning disabilities is growing steadily. This alone adds around £500k of additional financial commitments each year. This reflects national trends where spend on people with learning disabilities has caught up with spend on care for older people.

The level of need of older people supported by social care is also increasing. People are discharged from hospital earlier than in the past, and are therefore less well at the point of discharge. They have less time to recuperate and access physiotherapy to recover confidence and mobility. This has a number of implications, including an increased number of people requiring two carers for each visit, which obviously doubles the costs of those care visits.

Merton has a Hospital to Home team to manage this process, and an in-house re-ablement team to help people recover confidence and mobility after discharge. However, these teams have been stretched this year particularly in the winter months. There was a small surge in activity in late January and February as some of those admitted to hospital over the holiday period were discharged.

The supply of care

After several years of care fee restraint, the latter part of 2015/16 and 2016/17 saw significant price pressures emerge. In part, this was a push back against the freezing of fees over several years. The National Living Wage (NLW) and pension auto-enrolment have forced many providers to look at their costs and demand fee increases. It should be noted that the average hourly rate for direct care staff was above the NLW before its introduction (£7.68 per hour for home care in 2015/16), but the NLW has forced providers to increase pay rates to compete against other employers.

This has been combined with difficulties in recruiting and retaining care staff. The market for labour in London is competitive. Around 5100 (providers and the council) people work in adult social care across Merton, of which 11% come from EU countries. Turnover was 35% and providers report 6.8% vacancies at any one time. This rises to 10% for home care. Our contracted providers have therefore been struggling to supply the level of carers needed, which has forced the council to spot purchase care, often at a higher price. (Workforce data: 2015/16 Skills for Care)

In addition, the council is competing with those who pay for their own care for a finite supply of residential and nursing care beds. 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.

This is being mitigated by the work of the brokerage team which consistently looks for care within the target rates. In addition, we are in the process of procuring a new Home Care model. It will be implemented, subject to a successful procurement process, from November 2017. Work in underway with South-West London boroughs to explore options to improve the supply of older person's residential and nursing care and to bolster the position of local authority commissioners in the market.

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

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. Management action was taken during the year to prioritise assessments on a risk basis in line with the ADASS guidance Adult Safeguarding forecasted an over spend of £136k in January 2017, actual over spend is £168k. This in part is due to the number of complex cases requiring advocates.

Commissioning - £67k overspend

This overspend is caused predominantly by an under-achievement of non-client income.

Direct Provision - £169k underspend

Underspend occurred in supply and services, travel, staffing, over achievement of income and the necessity to be flexible in the Re-ablement service to meet NHS discharge demands. There have been many challenges during the financial year in this service:-

- Reduction in day centre managers from 3 to 2, looking after 4 sites.
- Reduction in residential care managers from 2 to 1.
- Reduction in staff in the Mascot service in expectation of the new Tele-care platform which is expected to be in place in the later part of 2017/18.
- Use of day centre staff to transport clients in order to effectively control transportation costs.

Directorate - £274k under spend

Directorate underspent on supply and services. Underspend is less than forecasted in January 2017 due to additional expenditure on agency costs.

Adult Social Care: other management action

Key elements of progress in the action plan include:

- Placements in care homes have come down to within target levels.
- There is a continued reduction in the backlog of financial assessments which arose from the re-structure
- Clawback of unused funds in direct payments accounts achieved its target.
- There are some focussed reviews continuing to take place for those with large learning disability packages
- Agency staffing has continued to reduce and despite the challenges of the restructure and delay in SCIS go-live it is expected that spend on staffing in assessment and commissioning will be within budget
- Audit work has begun with home care providers not using CM2000 to ensure that invoices are reflecting actual usage.
- An action plan for 2017/18 has been developed which will reflect the on-going pressures on the service.

C&H Other Services

Libraries- £88k underspend

Throughout the year libraries was forecasting an underspend. In January underspend was expected to be £161k but due to the under achievement of income by £41k, the use of agency staff to facilitate Libraries re-organisation to achieve its 2017/18 savings and a negative £46k capital charges forecasted throughout the financial year but not recharged.

Merton Adult Education (MAE) - £501k over spend

The new MAE Commissioning model has achieved a breakeven position as predicted.

The old MAE model has overspent by £501k in comparison to £549k forecasted in January 2017 and still more cost to come. Underspend is due to a reduction in expenditure on salaries and supply and services.

Housing - £655k over-spend

Housing was forecasting an overspend of £650k as at January 2017. This area will continue to face the burden resulting from the demand for temporary accommodation and issues surrounding shortfall in subsidy and client contribution for the foreseeable future. In 2017.18 it is expected that additional challenges will arise from the potential impact of the Homeless Reduction Bill and the continued up take of Universal Credit.

More work will be done in this area over the coming months to review the costs of temporary accommodation.

Public Health

This service has under spent by £347k. This is due to delayed agreed commissioned project and services.

Public Health	2016/17 Current Budget £000	Full year Outturn (Jan) £000	Outturn Variance £000	Forecast Variance (Jan) £000	2015/16 Variance @ Yearend £000
PH-Directorate	703	689	(14)	(24)	(116)
PH - Admin	26	12	(14)	(8)	0
PH-Contraception	748	688	(60)	0	(41)
PH - GUM	2,136	1,958	(178)	(80)	(27)
PH-Sexual Health Advice	29	185	156	(4)	(9)
PH-NHS Health check	367	298	(69)	36	(78)
PH-Falls Prevention	57	57	0	0	0
PH - Obesity	415	415	0	0	(200)
PH - Smoking	0	0	0	2	(16)
PH-Substance Misuse	1,781	1,733	(48)	(58)	(32)
PH-School Nursing	936	1,011	75	103	(16)
PH-Infectious Diseases	0	0	0	0	(10)
PH - Determinants	368	306	(62)	(31)	(83)
PH-Community	0	0	0	0	(1)
PH-New Investments	93	93	0	(16)	2
PH-Health Visiting	3,229	3,229	0	0	(15)
Sub-Total Public Health	10,888	10,674	(214)	(80)	(642)
PH - Main Grant	(8,267)	(8,267)	0	0	642
Other-Income	0	(133)	(133)	(14)	0
PH-Health Visiting Gant	(2,952)	(2,952)	0	0	0
Grand Total(incl overheads)	(331)	(678)	(347)	(94)	0

Summary

The department establishment a weekly meeting to plan management actions during 2016/17 and these will continue into 2017/18 to closely monitor placement budgets.

Section 6 Quality of Budgetary Control

In overall terms the quality of budget monitoring has improved in 2016/17 but there are certain services where focus and further training will be provided in 2017/18.

Quality of Monitoring

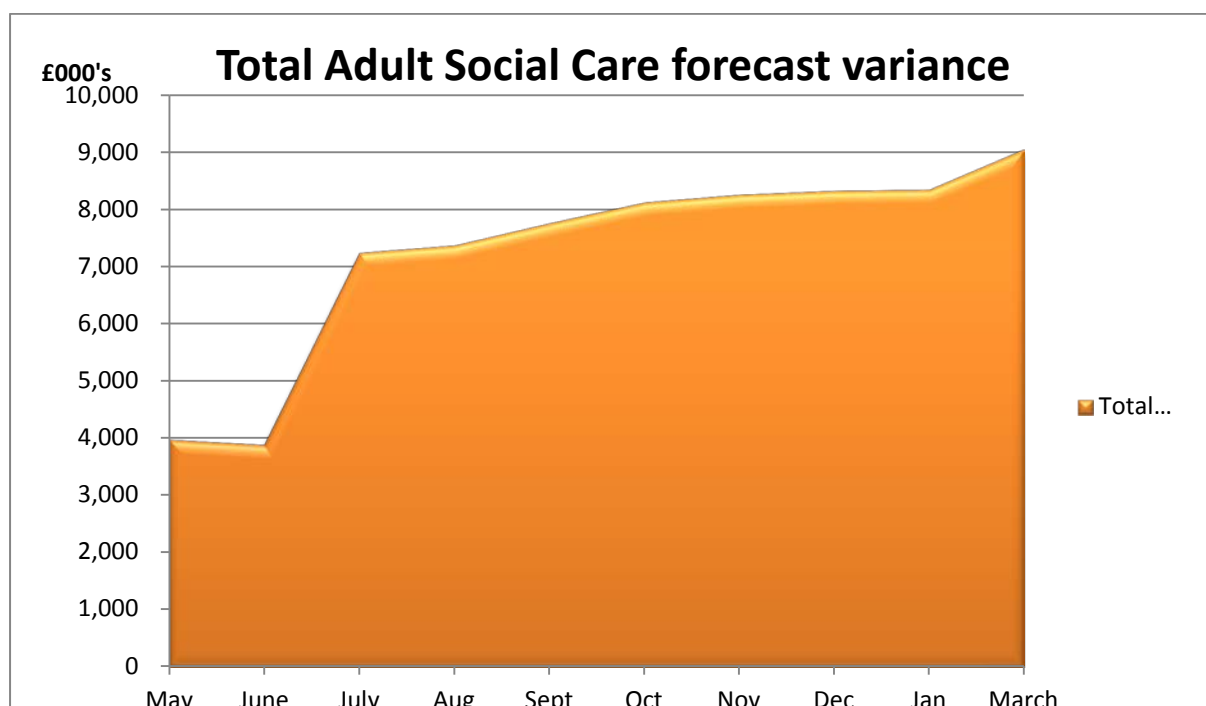
The areas where significant overspending occurred are :

- Adult Social Care
- Parking
- Childrens Social Care

The graphs below examine the quality of monitoring in each of these areas.

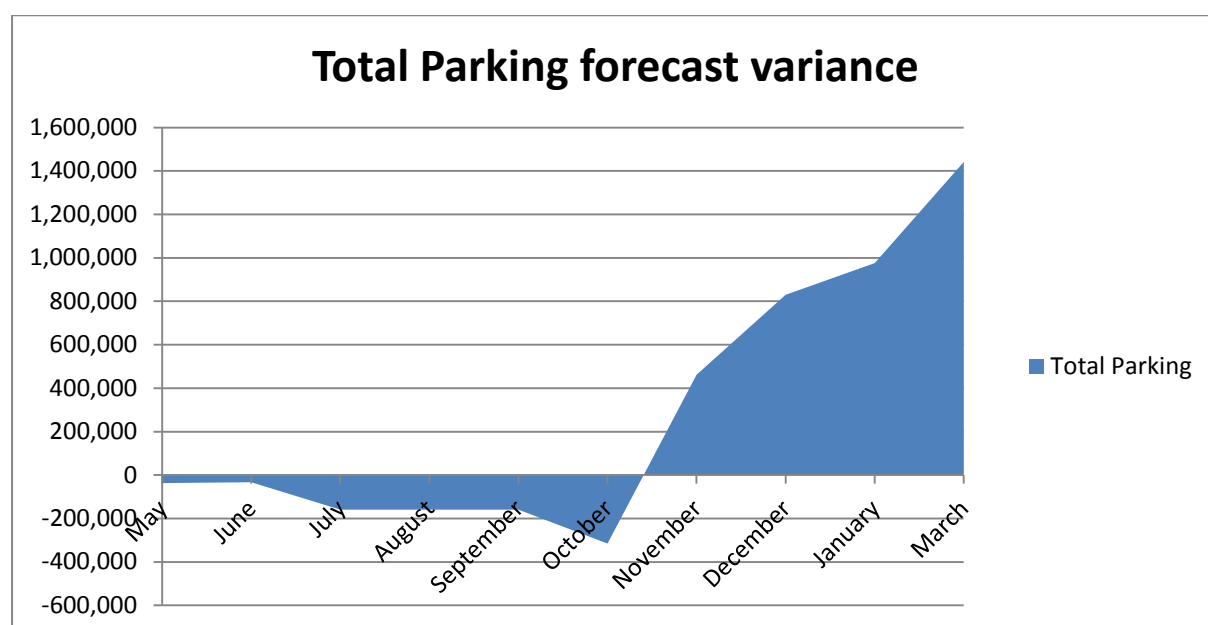
Adult Social Care

The scale of the overspending was underestimated early in the year with steady increases from July onwards. The final outturn overspend was over 2 times greater than the May estimate.



The significant pressure on the audlt social care budget was reviewed as part of the budget setting process with growth of £9.3m applied to the 2017/18 budget. An analysis of the allocation this growth will be reported to CMT as part of the quarter 1 monitoring report.

Parking

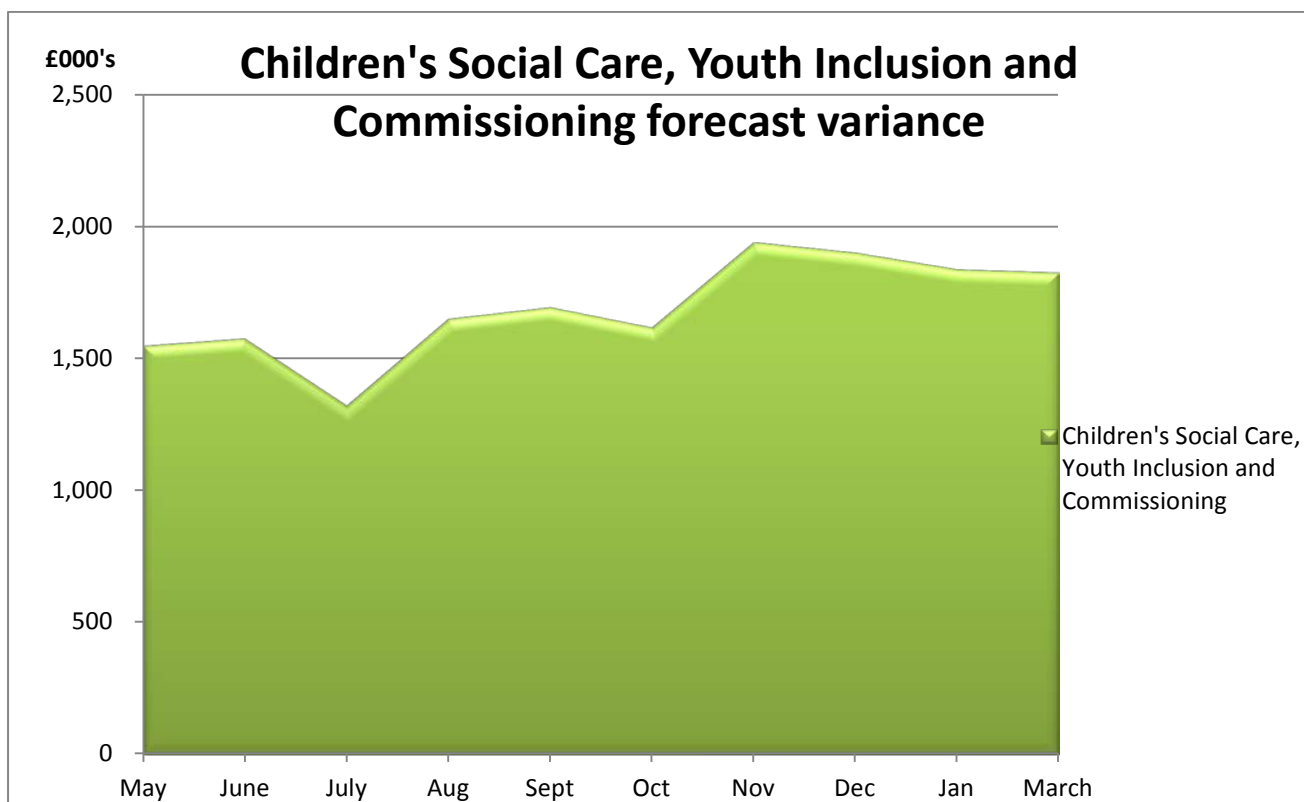


The underachievement of ANPR income was mainly as a result of the problems encountered regarding the implementation of the new system across the borough. The section did not have a fully functional system on July 3rd 2016, which was the original go-live date and the date upon which budget forecasting for ANPR was based. The contractor was required to carry out several upgrades of the ANPR camera software in order to rectify the problems.

The department received £1.582m of growth in 2017/18 within Future Merton (£757k) and Waste Services (£825k). None of the growth received impacts of the budget relating to ANPR expectations.

Children's Social Care

In Children's Social Care the scale of the overspend was estimated at £1.5m in May increasing to £1.8m by the year end. Monthly forecasting was based on cases and found to be significantly more accurate than the forecasting methodology from 15/16.



Section 7 Reserves Position

Actual Movement in Reserves 2016/17	Bal. at 31/3/16	Net Movt. in year	Bal. at 31/3/17
	£'000	£'000	£'000
General Fund Reserve	15,151	(2,372)	12,778
Earmarked Reserves	41,690	(1,455)	40,235
Balances Held by Schools	10,504	(2,258)	8,246
Total General Fund revenue reserves	67,344	(6,085)	61,259

Analysis			
Earmarked Reserves			
Outstanding Council Programme Board	6,282	(1,363)	4,919
For use in future years for budget	5,865	1,924	7,789
Revenue Reserves for Capital / Revn.	7,747	(932)	6,815
Renewable Energy reserve	1,523	0	1,523
Repairs & Renewal Fund	1,224	(77)	1,147
Pension Fund additional contribution	63	434	497
Local Land Charges Reserve	1,645	258	1,903
Apprenticeships	406	(104)	303
Community Care Reserve	1,386	0	1,386
Local Welfare Support Scheme	533	(90)	443
Economic Development Strategy	619	(518)	101
Corporate Services Reserve(other)	290	486	776
Wimbledon Tennis Courts Renewal	102	25	126
Governor Support Reserve	19	24	43
Redundancy Costs reserve	0	600	600
New Homes Bonus Scheme	1037	(746)	291
Adult Social care contributions	350	(350)	0
Culture and Environment contributions	134	(120)	13
Culture and Environment grant	413	(163)	250
Childrens & Education grant	371	(65)	307
Supporting People balances	65	(65)	0
Housing Planning Development grant	101	(101)	0
Housing GF grants	106	0	106
Public Health	22	325	347
CSF reserve	365	(365)	(0)
Insurance Reserve	1,955	0	1,955
DSG Reserve	4,368	(705)	3,663
Refund of PFI contributions	100	0	100
School Standard Fund	0	6	6
Schools PFI Fund	4,600	226	4,826
Total Earmarked Reserves	41,690	(1,455)	40,235

Capital Grants	1,143	(831)	312
Capital Contributions	3011	3,929	6,940
Capital Receipts	29,582	(6,596)	22,986
Capital Reserves	33,736	(3,498)	30,238

Earmarked reserves can only be retained for the purposes for which they were approved and a number have been closed and taken to the OCPB reserve for

investment in efficiency and transformation. There will be further review of the usage of reserves in the year and other reserves that are not being actively used will be treated in a similar manner.

Section 8 CAPITAL

Outturn and Budget Management

The table (a) below shows that Total Capital Expenditure for 2016/17 is £30.6 million compared to the total projected by budget managers in November 2016 of £33.5 million (this equates to a negative variance of 8.5%). This overall total masks considerable variances on individual schemes but was more accurate than the last two financial years and within the performance target (final spend to November revised capital programme) of 10%

Table (a) - Capital Outturn Position 2016/17

Department	Revised Capital programme (approved November 2017)	Final Outturn	Outturn Variance to Budget	November Forecast For Year	November Forecast Variance to Outturn	% Variance to November Forecast
Column	(1)	(2)	(3)	(4)	(5)	(6)
			(2)-(1)		(2)-(4)	(5)/(4)
Children Schools and Families	13,396,210	12,506,350	(889,860)	13,009,470	(503,120)	(3.87)
Community and Housing	1,950,550	1,662,695	(287,855)	1,507,380	155,315	10.30
Corporate Services	8,853,880	3,910,645	(4,943,235)	5,642,702	(1,732,057)	(30.70)
Environment and Regeneration	14,051,040	12,546,481	(1,504,559)	13,310,072	(763,591)	(5.74)
Leasing	212,970					
Total	38,464,650	30,626,172	(7,625,508)	33,469,624	(2,843,452)	(8.50)

Appendix 3a provides additional information on the individual variances on schemes.

Movement in the 2016/17 Original Approved Programme

The Capital Programme for 2016/17 as approved in March 2016 was £39.3 million. Subsequently, slippage from 2015/16 of £6.7 million was added, giving an effective opening programme of £46m. However, during the financial year there was a net reduction in the overall programme mainly from budget being re-profiled into subsequent financial years. These movements are shown in Table (b) below. When final capital outturn is compared to the original capital programme the total slippage is 27%. Whilst this is an improvement on previous years it still needs to be addressed and officers will be focussing on this during 2017/18. It should be noted that centrally officers adjust the total projected capital spend from departments downwards for optimism bias.

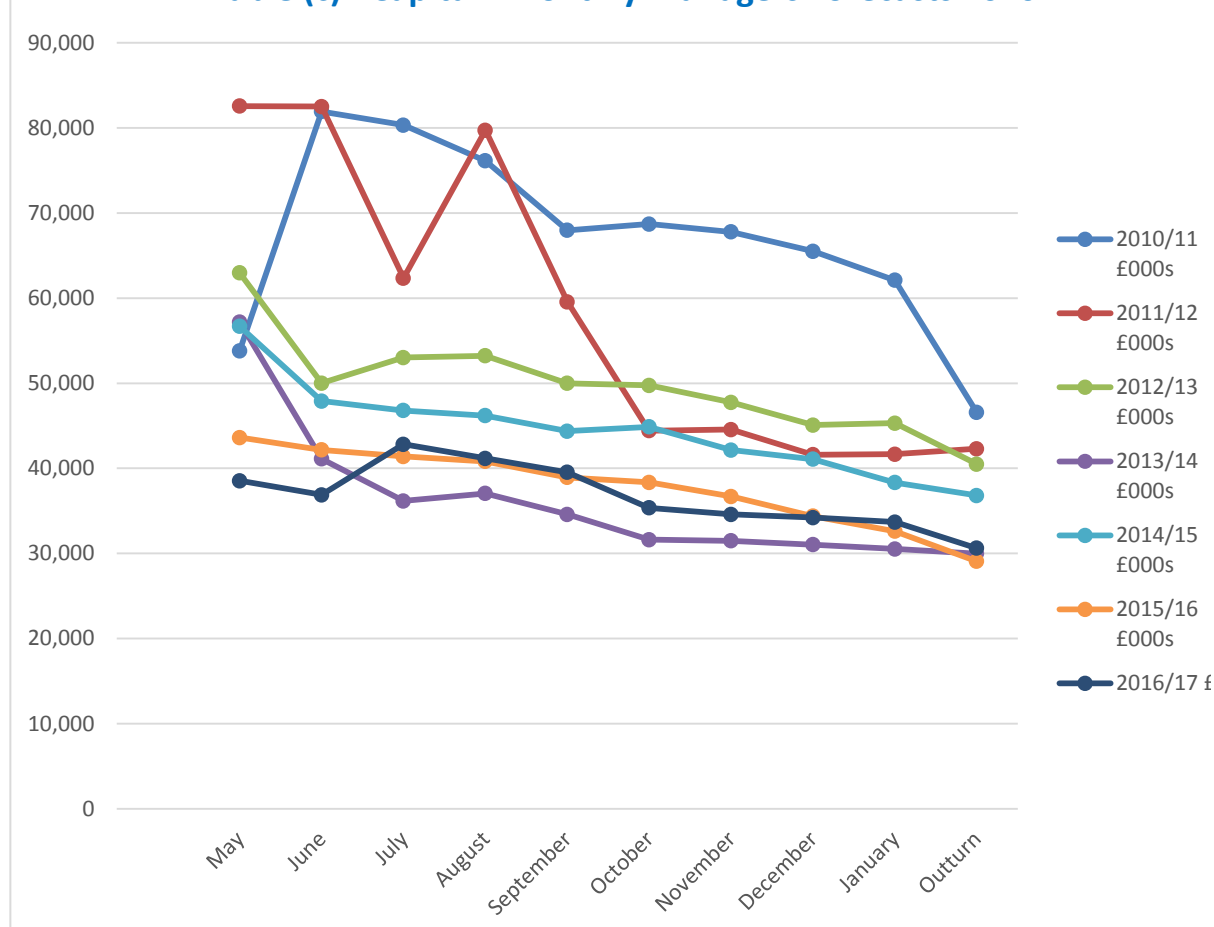
**Table (b) – Movement in the Capital Programme since Approval March 2016
(£000's)**

Depts.	Original Budget 16/17	Slippage 2015/16	Reductions/ Adjustments	New External Funding	New Internal Funding	Re-profiling	Final Budget 16/17
Children Schools & Families	13,998	141	(239)	368	224	(1,096)	13,396
Community & Housing	2,074	271	0	0	(115)	(279)	1,951
Corporate Services	7,565	4,065	(1,267)	341	(125)	(1,605)	8,974
Environment and Regeneration	15,658	2,176	(73)	505	411	(4,534)	14,143
Total	39,295	6,653	(1,579)	1,214	395	(7,514)	38,465

Capital - Monthly Managers Forecast Spend to Outturn

The graph below shows the monthly forecasting by managers of the outturn spend on capital over the last 7 years. There has clearly been an improvement in recent years with a much lower overestimate in spending in the earlier part of the year. For the financial years 2010-12 there was a continued problem with the quality of forecasting around December when the revenue budget for the following year was being prepared. The overestimate in spending feeds through into an overestimate of the budget for capital charges in the following year. For 2013/14, the graph shows that reasonably accurate outturn projections were available from October 2013.

Table (c) - Capital - Monthly Managers Forecasts 2010-17



Considerable time was spent with budget managers profiling their budgets in 2016-17 and this has improved the accuracy of forecasting at year end. Clearly, however, there are still improvements we need to make and we will continue to focus on this in 2017/18.

The Level of Re-Profiling / Slippage from 2016/17

The table below summaries management proposals for treatment of slippage and overspends from the 2016/17 programme.

Table (d) – Management Proposals for under/Overspends with the 2016/17 Capital Programme

Department	Total Year End Variance 2016/17	Recommend Accept Slippage	Justification Required	Surrender	Funded from Reserves etc	Bring Forward from 2017/18
	£000's	£000's	£000's	£000's	£000's	£000's
Children, Schools & Families	(890)	1,035	0	4	(149)	0
Community & Housing	(288)	235	0	53	0	0
Corporate Services	(4,943)	4,893	0	88	(11)	(27)
Environment & Regeneration *	(1,505)	1,880	140	35	(57)	(494)
Total	(7,626)	8,043	140	180	(216)	(522)

Six schemes incurred expenditure above that allowed for in the 2016-17 programme totalling £521k. These schemes are SCIS £27k, GPS Vehicle Tracking £42k, SLWP £316k, Tackling Traffic Congestion £35k, Sports facilities £26k and Parks £75k. This additional spend will be taken from budgets within the 2017-18 budget.

Appendix 3b provides details of the proposed slippage into 2017/18 split by departments.

Revised Capital Programme 2017-21: The table below summarises the proposed changes to the approved Capital programme for 2017-21. A detailed breakdown of the 2017/18 programme is contained in Appendix 3c.

Table (f) - Merton's Capital Programme 2017-21

Department	2017-18			2018-19			2019-20			2020-21
	Updated Budget	Adjustments	Revised Budget	Updated Budget	Adjustments	Revised Budget	Updated Budget	Adjustments	Revised Budget	Original Budget
Corporate Services	*21,009	4,866	*25,875	*16,813	0	*16,813	*10,626	0	*10,626	650
Community & Housing	1,334	111	1,445	629	0	629	280	200	480	630
Children Schools & Families	12,920	(4,690)	8,230	12,116	4,789	16,905	6,236	1,300	7,536	2,135
Environment & Regeneration	18,466	365	18,830	19,295	1,386	20,681	7,241	0	7,241	5,017
Total	53,729	652	54,381	48,853	6,175	55,028	24,383	1,500	25,883	8,432

* Includes provision for the Housing Company and additional Acquisitions Budget

The adjustment figures above include net slippage and the reprofiling and adjustments detailed in Appendix 3d (these are in addition to those contained in 3b). These adjustments are summarised in the narrative below:

- a) Corporate Services – Currently one virement is proposed to provide matchfunding for the replacement of the boiler at New Horizons Centre on Pollards Hill.
- b) Community and Housing – An Arts Council Funded Libraries project of £76k has been added and West Barnes Library Re-Fit has been re-profiled to 2019/20 to dovetail with Crossrail 2.
- c) Children, Schools and Families – £6.089 Million is being re-profiled to future years to match projected spend and £364k has been added for Devolved Formula Capital Grants to Schools.
- d) Environment and Regeneration – The Morden Leisure Centre Scheme is re-profiling £1,386k into 2018-19 and additional TfL budget of £365k is being added is being added to the programme as detailed in Appendix 3d.

Cabinet are being requested to approve the following adjustments to the Capital Programme:

Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	Funding/Re-profiling
<u>Community & Housing</u>				
Libraries Opportunity Fund	75,950	0	0	Arts Council Funding
West Barnes Library Re-Fit	(200,000)	0	200,000	Re-Rofiged to 2019-20
<u>Children, Schools and Families</u>				
Harris Academy Morden	(150,000)	150,000	0	Re-profiling
Harris Academy Merton	(100,000)	100,000	0	Re-profiling
St Mark'S Academy	(200,000)	200,000	0	Re-profiling
Harris Academy Wimbledon	(3,540,600)	2,240,600	1,300,000	Re-profiling
Harris Morden Sec Autism Unit	(170,000)	170,000	0	Re-profiling
Further SEN Provision	(1,824,090)	1,824,090		Re-profiling
Loans to Schools Capital	(104,000)	104,000	0	Re-profiling
Devolved Formula Capital	363,880	0	0	DfE Grant
<u>Environment & Regeneration</u>				
Morden Leisure Centre	(1,386,320)	1,386,320	0	Re-profiling
Bus Stop Accessibility Program TfL	146,340	0	0	Revision of TfL Budget
Casualty Reduction & School Safety Program TfL	304,840	0	0	Revision of TfL Budget
A298/A238 Strategic Corridor (Colliers Wood) TfL	118,050	0	0	Revision of TfL Budget
TfL Principal Road Maint	(1,467,470)	0	0	Revision of TfL Budget
TfL Cycle Quietways	(70,960)	0	0	Revision of TfL Budget
Facilitating Cycle Access & Parking TfL	275,800	0	0	Revision of TfL Budget
Local Transport Scheme - Cycle Improvements TfL	120,870	0	0	Revision of TfL Budget
Beddington Lane Cycle Route TfL	339,750	0	0	Revision of TfL Budget
Strategic Corridor Mitcham TfL	155,990	0	0	Revision of TfL Budget
Figges Marsh/Locks Lane Roundabout TfL	74,000	0	0	Revision of TfL Budget
Mitcham Major schemes - TfL	399,990	0	0	Revision of TfL Budget
Total	(6,837,980)	6,175,010	1,500,000	Revision of TfL Budget

Appendix 3d details the movement in the funding of the Capital Programme 2017-20 for the porposed changes.

It is apparent from the annual spend over the past few years that with current staffing levels officers can progress a capital programme of approximately £30 million. The original budget for 2017/18 (excluding provision for the Housing Company and additional Acquisitions Budget) was already in excess of this figure, and it is clear that the revised 2017/18 capital programme of £54.4 million will need revising to a more deliverable figure. Officers will continue to work with budget managers to revise the capital programme for 2017-18 and 2018-19.

9 CONSULTATION UNDERTAKEN OR PROPOSED

9.1 All relevant bodies have been consulted.

10 TIMETABLE

10.1 In accordance with current financial reporting timetables.

11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

12. LEGAL AND STATUTORY IMPLICATIONS

12.1 All relevant implications have been addressed in the report.

13 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

13.1 Not applicable

14 CRIME AND DISORDER IMPLICATIONS

14.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

- Appendix 1 Out turn position
- Appendix 2 Corporate items
- Appendix 3a Capital Programme Outturn Position 2016/17
- Appendix 3b Proposed Budget to be Slipped to 2017/18
- Appendix 3c Current Capital Programme 2017-20 including proposed Adjustments
- Appendix 3d Proposed Adjustments to the Capital Programme
- Appendix 3e Revised Funding of the Capital Programme 2017-20
- Appendix 4 Debt Report
- Appendix 5 Departmental graphs

17 BACKGROUND PAPERS

- 17.1 Budgetary Control files held in the Corporate Services department.

18. REPORT AUTHOR

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APPENDIX 1

OUTTURN	2016/17 Current Budget (Net) £000s	2016/17 Outturn (Net) £000s	2016/17 Variance (Net) £000s	2016/17 Current Budget (excl. overheads) £000s	2016/17 Outturn (excl. overheads) £000s	2016/17 Variance excl. overheads £000s	2015/16 variance excl. overheads £000s
<u>Department</u>							
Corporate Services	10,231	9,011	(1,220)	26,968	25,681	(1,287)	(373)
Children, Schools and Families	51,643	52,806	1,163	46,807	47,961	1,154	(7)
Community and Housing	56,743	67,115	10,372	52,044	62,168	10,124	940
Public Health	(347)	(331)	16	(514)	(498)	16	0
Environment & Regeneration	21,999	22,698	699	15,349	16,360	1,011	3,632
Net recharges					13	12	265
NET SERVICE EXPENDITURE	140,269	151,299	11,030	140,654	151,685	11,030	4,457
Corporate Provisions	5,107	60	(5,047)	4,722	(325)	(5,047)	(2,797)
TOTAL GENERAL FUND	145,376	151,359	5,983	145,376	151,360	5,984	1,659

Business Rates	(34,230)	(34,230)	0	(34,230)	(34,230)	0	0
Grants	(32,967)	(33,504)	(536)	(32,967)	(33,504)	(536)	(960)
Council Tax and Collection Fund	(80,399)	(80,399)	(0)	(80,399)	(80,399)	(0)	(0)
FUNDING	(147,596)	(148,132)	(536)	(147,596)	(148,132)	(536)	699

NET OVERSPEND	(2,220)	3,227	5,447	(2,220)	3,227	5,447	699
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Transfers from General and Earmarked Reserves	2,220	(3,227)	(5,447)	2,220	(3,227)	(5,447)	(699)
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APPENDIX 2

3E. Corporate Items	Council 2016/17 £000s	Original Budget 2016/17 £000s	Current Budget 2016/17 £000s	Year to Date Actual (Mar.) £000s	Full Year Forecast (Mar.) £000s	Forecast Variance at year end (Mar.) £000s	Forecast Variance at year end (Jan.) £000s	Outturn Variance 2015/16 £000s
Cost of Borrowing	13,643	13,643	13,643	13,836	13,836	193	6	49
Impact of Capital on revenue budget	13,643	13,643	13,643	13,836	13,836	193	6	49
Investment Income	(739)	(739)	(739)	(915)	(915)	(176)	(523)	(613)
Pension Fund	5,232	5,232	5,232	4,734	4,734	(498)	(300)	(616)
Corporate Provision for Pay Award	883	883	0	0	0	0	0	(92)
Provision for excess inflation	540	540	439	0	0	(439)	(419)	(475)
Utilities Inflation Provision	300	300	300	0	0	(300)	(200)	(87)
Pay and Price Inflation	1,723	1,723	739	0	0	(739)	(619)	(654)
Contingency	1,500	1,500	1,035	213	213	(821)	(594)	(725)
Single Status/Equal Pay	100	100	100	40	40	(60)	(60)	(100)
Bad Debt Provision	500	500	500	229	229	(271)	0	12
Loss of income arising from P3/P4	400	400	400	0	0	(400)	(400)	(400)
Loss of HB Admin grant	200	200	200	0	0	(200)	(21)	0
MAE 1st year redundancies	600	600	600	0	0	(600)	0	0
Revenuisation and miscellaneous	1,414	1,414	1,127	(17)	(17)	(1,143)	(750)	(1,503)
Contingencies and provisions	4,714	4,714	3,962	466	466	(3,495)	(1,825)	(2,716)
Local Services Support Grant	204	204	204	(76)	(76)	(280)	(150)	(41)
Other	(1,152)	(1,152)	(1,152)	(1,202)	(1,202)	(50)	0	(626)
Income items	(948)	(948)	(948)	(1,279)	(1,279)	(331)	(150)	(667)
Appropriations: CS Reserves	(1,371)	(1,371)	(564)	(3,462)	(3,462)	(2,897)	0	(0)
Appropriations: E&R Reserves	(520)	(520)	(1,267)	(1,265)	(1,265)	2	0	1
Appropriations: CSF Reserves	44	44	131	131	131	0	0	(0)
Appropriations: C&H Reserves	1,146	1,146	1,188	1,189	1,189	0	0	0
Appropriations: Public Health Reserves	0	0	347	347	347			
Appropriations: Corporate Reserves	2,394	2,394	2,385	(167)	(167)	(2,552)	0	1,726
Appropriations/Transfers	1,693	1,693	2,220	(3,227)	(3,227)	(5,447)	0	1,727
Depreciation and Impairment	(17,638)	(17,638)	(17,709)	(17,709)	(17,709)	(0)	0	0
Central Items	7,681	7,681	6,399	(4,095)	(4,095)	(10,494)	(3,411)	(3,491)
Levies	928	928	928	928	928	(0)	0	0
TOTAL CORPORATE PROVISIONS	8,608	8,608	7,326	(3,167)	(3,167)	(10,494)	(3,411)	(3,491)

Capital Programme Outturn Position 2016/17
Appendix 3a

The tables below show the outturn position by department with reasons for variances:

Children, Schools and Families	£	£	£	Reason for Variance
Hollymount Expansion	0	0	0	
West Wimbledon Capital Maint	71,330	65,244	(6,086)	Slight slip against the anticipated programme as estimated in November
Hatfield Expansion	40,730	27,404	(13,326)	Total scheme cost was £1.2m. Remaining sum required for follow-on adaptations in summer 2017.
Hatfield Capital Maintenance	1,870	0	(1,870)	Offsetting the overspend below
Hillcross Expansion	3,090	4,966	1,876	Being offset by Hillcross underspend
Joseph Hood Expansion	3,720	1,000	(2,720)	Total scheme cost was £4.7m. Remaining sum required for follow-on adaptations in summer 2017.
Dundonald Expansion	2,664,410	2,608,341	(56,069)	Total scheme cost was £6m. Remaining sum required for follow-on adaptations in summer 2017.
Dundonald Capital Maintenance	10,000	0	(10,000)	Works delayed to 2017/18 due to school expansion scheme.
Merton Park Capital Maintenance	5,000	5,000	0	
Pelham Expansion	10,660	10,663	3	
Poplar Expansion	1,000	0	(1,000)	Surplus from main contract but some minor items still to resolve.
Poplar Capital Maintenance	18,620	18,623	3	
Wimbledon Chase Capital Maintenance	24,660	24,661	1	
Wimbledon Park Capital Maintenance	15,310	15,307	(3)	
Abbotsbury Capital Maintenance	48,170	48,174	4	
Malmesbury Capital Maintenance	52,410	52,408	(2)	
Beecholme Capital Maintenance*	115,500	189,494	73,994	Part of this capital expenditure was undertaken in revenue and was funded from a revenue contribution. It was identified after the final capital budget had been approved so is visible as an overspend against budget
Bond Capital Maintenance	62,900	62,895	(5)	
Cranmer Capital Maintenance	24,380	24,379	(1)	
Liberty Capital Maintenance	107,720	107,717	(3)	
Links Capital Maintenance	15,590	15,587	(3)	
Singlegate Expansion	1,014,020	864,729	(149,291)	Works deferred to 2017/18 due to listed building planning approval
St Marks Capital Maintenance	28,160	28,158	(2)	
Lonesome Capital Maintenance	78,710	17,212	(61,498)	Works deferred to 2017/18 as initial works revealed additional problems that can only be carried out in the summer holidays
Sherwood Capital Maintenance	73,090	73,091	1	
Stanford Capital Maintenance	29,160	29,161	1	
William Morris Capital Maintenance	18,660	17,042	(1,618)	Project management fees - journal transfer was requested 10.3.17 but was not processed.
Unlocated Primary School Proj	61,490	70,299	8,809	Being offset against Harris Academy Merton
Harris Academy Merton	1,033,440	888,095	(145,345)	Council is in the middle of a £4.5m contract. Payment schedule from contractor was slightly overstated.
Rutlish	88,190	195	(87,995)	Works deferred to 2017/18 due to listed building planning approval
Harris Academy Wimbledon	6,764,500	6,558,601	(205,899)	Some minor delays in payment of design fees for this multi year site project.
Perseid Expansion	150,000	68,214	(81,786)	Council about to commence £1.9m construction contract. Payment schedule for design fees was slightly overstated.
Perseid Capital Maintenance	96,470	90,432	(6,038)	Project management fees - journal transfer was requested 10.3.17 but was not processed.
Cricket Green	1,560	495	(1,065)	Surplus from main contract but some minor items still to resolve.
Unlocated SEN	165,320	55,592	(109,728)	This is Cricket Green expansion - progression of design delayed due to detailed Corporate challenge on the project proceeding.
School Fields	24,100	20,250	(3,850)	Section 106 Scheme that is now complete
School Equipment Loans	104,450	0	(104,450)	Budget is designed to provide funding for loans to schools where entering into finance leases would be disadvantageous for the Authority - there were no claims on this fund in 2016/17
Devolved Formula Capital	367,820	367,818	(2)	
Children's Centres*	0	75,102	75,102	This capital expenditure was undertaken in revenue and was funded from a revenue contribution. It was identified after the final capital budget had been approved so is visible as an overspend against budget
Total Children Schools and Families	13,396,210	12,506,350	(889,860)	

Capital Programme Outturn Position 2016/17
Appendix 3a

Community and Housing	£	£	£	Reason for Variance
ASC IT Equipment	52,410	47,914	(4,496)	Project has slipped against that projected as part of November Monitoring
Disabled Facilities Grant	1,043,170	782,228	(260,942)	Ability to progress grants is limited by the levels of staffing within the team. Funding is ringfenced and complementary schemes need to be developed with the CCG. Have progressed complementary schemes with CCG and this will continue and develop in 2017/18.
Major Projects - Affordable Ho	760,000	760,000	0	
Major Projects - Social Care H	0	216	216	
Library Enhancement Works/Major Library P	94,970	72,237	(22,733)	Slight slippage on the resulting some payments falling due in 2017/18 and not 2016/17
Major Library Projects	0	0	0	
Libraries IT	0	100	100	
Total Community and Housing	1,950,550	1,662,695	(287,855)	

Corporate Services	£	£	£	Reason for Variance
Customer Contact Programme	1,425,930	419,507	(1,006,423)	Due to underperformance of Contractor causing in delaying the payment schedule - currently in commercial dialogue with the contractor
IT Systems Projects	111,030	111,000	(30)	
Social Care IT System	563,420	590,561	27,141	Phase 1 spend slightly ahead of that envisaged when November monitoring submitted
Works to other buildings	370,580	370,580	(0)	
Civic Centre	116,270	161,668	45,398	Slight slip against the anticipated programme as estimated in November
Invest to Save schemes*	705,170	427,054	(278,116)	It has taken longer to progress schemes than envisaged when submitting the November Monitoring
Water Safety Works	150,000	146,006	(3,994)	Slight slip against the anticipated programme as estimated in November
Asbestos Safety Works	80,000	37,184	(42,816)	Programme has slipped against that envisaged when submitting the November monitoring return.
Disaster recovery site	197,000	118,206	(78,794)	Variance caused by core switches required Merton, Gifford and Wandsworth ordered in 2016/17 This is for new switches which were ordered and delivered in 2016/17 but have been charged to the 2017/18 budget.
Planned Replacement Programme	1,161,020	784,485	(376,535)	All budget was committed in 2016/2017, however, new proxy servers, MPLS and secure email system have been paid from 2017/18 budget.
Room and Space Management	0	185	185	
Financial System	556,160	538,088	(18,072)	Have utilised 18 days less consultancy at year end than envisaged when compiling the November Monitoring Return
Acquisitions Budget	1,578,300	206,122	(1,372,178)	Corporate Budgets for which no bids were progressed - budget carried forward into 2017/18 and is available for all departments to bid for.
Capital Bidding Fund	1,839,000	0	(1,839,000)	Corporate Budgets to provide match funding for capital activity - budget carried forward into 2017/18 and is available for all departments to bid for.
Total Corporate services	8,853,880	3,910,645	(4,943,235)	

Capital Programme Outturn Position 2016/17
Appendix 3a

Environment and Regeneration	£	£	£	Reason for Variance
On Street Parking - P&D*	126,150	154,965	28,815	This overspend was capital expenditure identified in Revenue late in the financial year. It was funded by a revenue contribution
Off Street Parking - P&D	0	0	0	
On Street Parking Shop Parades	9,900	0	(9,900)	
CCTV Investment	350,000	322,700	(27,300)	
Public Protection and Developm	35,000	26,111	(8,889)	
Mobile Working	5,000	5,000	(0)	
Fleet Vehicles	488,000	347,618	(140,382)	Two vehicles ordered in March 2017 but not delivered until the new financial year.
GPS Vehical Tracking Equipment	0	42,014	42,014	Funding for this scheme was re-profiled into 2017/18 - Interlinked with the waste contract below
Alley Gating Scheme	40,000	27,245	(12,755)	
Waste SLWP	0	316,412	316,412	Scheme exists in 2017/18 but some expenditure was required inn 2016/17 to progress the new waste contract
Street Trees	60,000	48,899	(11,101)	
Unallocated Roads Budget (unsp	0	0	0	
Highways & Footways	5,258,140	5,142,752	(115,388)	£51K S106 Funding with no expiry date - Works ongoing in FY 17-18; £54K TFL Funded Schemes - TFL Year End extends to Aug 2017 - Works to be completed by then
Cycle Route Improvements	782,820	599,269	(183,551)	TFL Funded Schemes - TFL Year End extends to Aug 2017 - Works to be completed by then
Mitcham Transport Improvements	340,000	262,109	(77,891)	TFL Funded Schemes - TFL Year End extends to Aug 2017 - Ongoing Rediscover Mitcham scheme works
Wimbledon Transport Improvemen	0	603	603	
Electric Vehicle Infrastructur	15,000	0	(15,000)	TFL Funded Schemes - TFL Year End extends to Aug 2017 - Works to be completed by then
Unallocated Tfl	6,900	0	(6,900)	Residual Budget from 2015/16 Tfl Slippage
Tracking Traffic Congestion	270,000	305,127	35,127	Scheme progressed faster that envisaged when November Monitoring Return submitted
Industrial Estates	152,350	145,473	(6,877)	S106 Funding - No expiry - Works to upgrade to LED lighting planned for FY 17-18
Colliers Wood Area Regeneratio	488,020	322,388	(165,632)	S106 Funding - Connecting Colliers Wood Scheme - Civils works completed Feb 2017 but Contractor Final Account only agreed in April
Mitcham Area Regeneration	1,114,490	995,653	(118,837)	TFL Funded Schemes - TFL Year End extends to Aug 2017 - Ongoing Rediscover Mitcham scheme works
Wimbledon Area Regeneration	10,700	10,587	(113)	
Morden Area Regeneration	518,140	525,161	7,021	Overspend is offset by underspend in linked scheme in 740406 Borough Regeneration
Borough Regeneration	1,340,020	1,260,149	(79,871)	Morden Retail Gateway Scheme - Now completed - Delays due to issues in ITT & weather impact
Property Management Enhancemen*	32,000	70,265	38,265	Approximately £28k of this overspend was capital expenditure identified in Revenue late in the financial year. It was funded by a revenue contribution
Morden Leisure Centre	1,573,890	476,696	(1,097,194)	The scheme has slipped to that envisaged when submitting the Novemeber monitoring
Sports Facilities	398,650	424,187	25,537	
Cemetaries	11,490	10,691	(799)	
Parks	624,380	704,409	80,029	Officers were able to progress a Heritage Lottery Funded Project reprofiled into 2017/18 earlier that envisaged.
Total Environment and Regeneration	14,051,040	12,546,481	(1,504,559)	

*Schemes where capital expenditure was charged to revenue. This has been capitalised and a revenue contribution has been made to fund the expenditure. Highlighted as overspends as budget formally approved in the Capital Programme

Proposed Budget to be Slipped from 2016/17 to 2017/18**Appendix 3b**

Department/Scheme	£	Reason
Children Schools and Families		
West Wimbledon	6,090	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
Hatfeild	13,330	Will finalise the delivery of the expansion
Joseph Hood	2,720	Will finalise the delivery of the expansion
Dundonal Expansion	56,070	Will finalise the delivery of the expansion
Dundonal Capital Maintenance	10,000	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
Poplar Expansion	1,000	Will finalise the delivery of the expansion
Singlegate Expansion	149,290	Will finalise the delivery of the expansion
Lonesome Capital Maintenance	61,500	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
William Morris Capital maintenance	1,620	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
Harris Academy Merton	136,540	Part of the school expansion, the scheme is not underspending, this budget is required to complete the scheme
Rutlish Capital Maintenance	88,000	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
Harris Academy Wimbledon (agreed by May Cabinet)	205,900	Part of the school expansion, the scheme is not underspending, this budget is required to complete the scheme
Perseid Expansion	81,790	Part of the school expansion, the scheme is not underspending, this budget is required to complete the scheme
Perseid Capital maintenance	6,040	Part of a match funded scheme developed with the school, work is scheduled during school holidays.
Cricket Green	1,070	Surplus from main contract but some minor items still to resolve - require budget to be carried forward.
Unlocated SEN	109,730	This is Cricket Green expansion - progression of design delayed due to detailed Corporate challenge on the project proceeding.
School Equipment Loans	104,450	Indications that £100k will be taken up early in the financial year
Total Children Schools & Families	1,035,140	
Community and Housing		
ASC IT Equipment	4,500	Required to complete scheme
Disabled Facilities Grant	207,490	Budget is ringfenced - officers are required to work with CCG to identify possible schemes in addition to disabled facilities grants. In addition officers will also explore greater usage by children's services.
Library Enhancement Works	22,730	Required to deliver the overall scheme
Total Community & Housing	234,720	

Proposed Budget to be Slipped from 2016/17 to 2017/18

Appendix 3b

Corporate Services		
Customer Contact	1,006,420	This budget is required to deliver the Customer Contact Project
Invest to Save	288,720	This budget is part of an overall allocation for facilities based invest to save schemes and revenue savings have been built into the MTFS as a result of the delivery of this programme. This budget forms a key part of delivering those savings
Water Safety Works	3,990	Works committed in 2016/17
Asbestos Safety Works	42,820	Programme of works will utilise this budget
Planned IT Replacement	243,400	This budget will be spent on new proxy servers, MPLS and secure email system this expenditure was scheduled in 2016/17 to be funded from this budget.
Disaster Recovery	78,790	This Budget will be spent on core switches required Merton, Gifford and Wandsworth
New Financial System	18,070	This budget will be spent on 18 days e5 consultancy
Acquisitions Budget	1,372,180	Corporate Budget
Capital Bidding Fund	1,839,000	Corporate Budget to provide match funding to lever in additional funding
Total Corporate Services	4,893,390	
Environment and Regeneration		
CCTV	27,300	Required to complete the scheme
Public Protection and Development	8,890	Remaining element of hand-held upgrade still to be paid.
Boxley Road (S106)	13,810	S106 Funds have no expiry - c/way resurfacing works planned in vicinity of site for FY 17-18
Wimbledon Wayfinding (S106)	37,890	S106 Funds have no expiry - Town Centre Signage Improvement works planned for FY 17-18
TfL	441,530	TfL Year End runs to Aug 2017
Industrial Estates	6,880	S106 Funds have no expiry - LED Lighting Upgrades planned for Lombard Rd Industrial Estate area for financial year 2017-18
Colliers Wood Regeneration	158,610	S106 Funds - Connecting Colliers Wood Scheme - Civils completed - Final Payment now due to contractor
Rediscover Mitcham	8,000	S106 Funds - To be used to fund ongoing Rediscover Mitcham scheme
Borough Regeneration - Morden Shopping Centre	30,800	Morden Retail Gateway Project - Delays in ITT process, weather restrictions
Brighter Businesses	34,070	Morden Retail Gateway Project - Delays in ITT process, weather restrictions
CIL	15,000	Final Payment to IT Vendor not due until IT system up and running after 3 months
Morden Leisure centre	1,097,190	Project delayed due to ecological and habitat issues on site and the stage 2 tendering processes - budget required to complete the scheme
Total Environment & Regeneration	1,879,970	

Divisional Breakdown of Capital Programme 2017-20 £000's							Appendix 3c		
	2017-18			2018-19			2018-19		
Description	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget
Business Improvement	816	979	1,795	1,377	0	1,377	0	0	0
Facilities Management Total	3,875	368	4,243	1,250	0	1,250	1,250	0	1,250
Infrastructure & Transactions	1,946	322	2,268	1,085	0	1,085	630	0	630
Resources	148	18	166	0	0	0	0	0	0
Corporate Items	14,224	3,179	17,403	13,101	0	13,101	8,746	0	8,746
Corporate Services	21,009	4,866	25,875	16,813	0	16,813	10,626	0	10,626
Community and Housing									
Adult Social Care	79	5	84	0	0	0	0	0	0
Housing	755	207	962	629	0	629	280	0	280
Libraries	500	(101)	399	0	0	0	0	200	200
Community and Housing	1,334	111	1,445	629	0	629	280	200	480
Primary Schools	30	302	332	0	0	0	0	0	0
Secondary School	8,665	(3,560)	5,105	6,156	2,691	8,847	4,481	1,300	5,781
SEN	3,450	(1,795)	1,655	5,310	1,994	7,304	1,000	0	1,000
CSF Schemes	104	364	469	0	104	104	105	0	105
Unlocated School Maint. Budg	670	0	670	650	0	650	650	0	650
Children Schools & Families	12,920	(4,690)	8,230	12,116	4,789	16,905	6,236	1,300	7,536
Environment and Regeneration									
Public Protection and Develop	164	36	201	0	0	0	60	0	60
Street Scene & Waste	1,977	(358)	1,618	5,790	0	5,790	340	0	340
Sustainable Communities	16,325	687	17,012	13,505	1,386	14,891	6,841	0	6,841
Environment and Regeneratio	18,466	365	18,830	19,295	1,386	20,681	7,241	0	7,241

Detailed Capital Programme 2017-20 £000's							Appendix 3c		
	2017-18			2018-19			2018-19		
Corporate Services	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget
Customer Contact Programme	0	1,006	1,006	0	0	0	0	0	0
IT Systems Projects	390	0	390	1,027	0	1,027	0	0	0
Social Care IT System	426	(27)	398	350	0	350	0	0	0
Business Improvement	816	979	1,795	1,377	0	1,377	0	0	0
Works to other buildings	300	33	333	300	0	300	650	0	650
Civic Centre	275	0	275	300	0	300	300	0	300
Invest to Save schemes	2,900	289	3,189	300	0	300	300	0	300
Fire Safety Works	0	0	0	0	0	0	0	0	0
Water Safety Works	150	4	154	100	0	100	0	0	0
Asbestos Safety Works	250	43	293	250	0	250	0	0	0
Facilities Management Total	3,875	368	4,243	1,250	0	1,250	1,250	0	1,250
Disaster recovery site	0	79	79	0	0	0	0	0	0
Planned Replacement Program	1,946	243	2,189	1,085	0	1,085	630	0	630
Infrastructure & Transaction	1,946	322	2,268	1,085	0	1,085	630	0	630
Financial System	0	18	18	0	0	0	0	0	0
ePayments System	107	0	107	0	0	0	0	0	0
Invoice Scanning SCIS/FIS	41	0	41	0	0	0	0	0	0
Resources	148	18	166	0	0	0	0	0	0
Acquisitions Budget	5,000	1,372	6,372	5,000	0	5,000	0	0	0
Capital Bidding Fund	0	1,807	1,807	0	0	0	0	0	0
Multi Functioning Device (MFD)	36	0	36	0	0	0	600	0	600
Housing Company	9,188	0	9,188	8,101	0	8,101	8,146	0	8,146
Corporate Items	14,224	3,179	17,403	13,101	0	13,101	8,746	0	8,746
Corporate Services	21,009	4,866	25,875	16,813	0	16,813	10,626	0	10,626
	2017-18			2018-19			2018-19		
Community and Housing	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget
Adult Social Care									
Adult Social Care IT Projects	79	5	84	0	0	0	0	0	0
Adult Social Care	79	5	84	0	0	0	0	0	0
Housing									
Disabled Facilities Grant	755	207	962	629	0	629	280	0	280
Housing	755	207	962	629	0	629	280	0	280
Libraries									
Library Enhancement Works/NI	400	(200)	200	0	0	0	0	200	200
Major Library Projects	0	99	99	0	0	0	0	0	0
Libraries IT	100	0	100	0	0	0	0	0	0
Libraries	500	(101)	399	0	0	0	0	200	200
Community and Housing	1,334	111	1,445	629	0	629	280	200	480

Detailed Capital Programme 2017-20 £000's									
	2017-18			2018-19			2018-19		
Children Schools & Families	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget
Primary Schools									
West Wimbledon Capital Main	0	6	6	0	0	0	0	0	0
Hatfield Expansion	0	13	13	0	0	0	0	0	0
Joseph Hood Expansion	0	3	3	0	0	0	0	0	0
Dundonald Expansion	30	56	86	0	0	0	0	0	0
Dundonald Capital Expansion	0	10	10	0	0	0	0	0	0
Poplar	0	1	1	0	0	0	0	0	0
Singlegate Expansion	0	149	149	0	0	0	0	0	0
Lonesome Capital Maintenance	0	62	62	0	0	0	0	0	0
William Morris Capital Maintenance	0	2	2	0	0	0	0	0	0
Primary Schools	30	302	332	0	0	0	0	0	0
Secondary School									
Harris Academy Morden Expansion	200	(150)	50	2,044	150	2,194	800	0	800
Harris Academy Merton Expansion	3,119	37	3,156	0	100	100	0	0	0
St Mark's Academy Expansion	200	(200)	0	1,424	200	1,624	3,681	0	3,681
Raynes Park Capital Maintenance	0	88	88	0	0	0	0	0	0
Harris Academy Wimbledon	5,146	(3,335)	1,812	2,689	2,241	4,930	0	1,300	1,300
Secondary School	8,665	(3,560)	5,105	6,156	2,691	8,847	4,481	1,300	5,781
SEN									
Perseid Expansion	1,186	82	1,268	650	0	650	0	0	0
Perseid Capital Maintenance	0	6	6	0	0	0	0	0	0
Cricket Green	0	1	1	0	0	0	0	0	0
Secondary School Autism Unit	200	(170)	30	1,160	170	1,330	0	0	0
Unlocated SEN	2,064	(1,714)	350	3,500	1,824	5,324	1,000	0	1,000
SEN	3,450	(1,795)	1,655	5,310	1,994	7,304	1,000	0	1,000
CSF Schemes									
School Equipment Loans	104	0	105	0	104	104	0	0	0
Devolved Formula Capital	0	364	364	0	0	0	105	0	105
CSF Schemes	104	364	469	0	104	104	105	0	105
Unlocated School Maint. Budgets									
Unlocated School Maint. Budget	670	0	670	650	0	650	650	0	650
Unlocated School Maint. Budget	670	0	670	650	0	650	650	0	650
Children Schools & Families	12,920	(4,690)	8,230	12,116	4,789	16,905	6,236	1,300	7,536

Detailed Capital Programme 2017-20 £000's									
	2017-18			2018-19			2018-19		
Environment and Regeneration	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget	Original Budget	Adjustments	Revised Budget
Public Protection and Development									
On Street Parking - P&D	0	0	0	0	0	0	60	0	60
CCTV Investment	164	27	192	0	0	0	0	0	0
Public Protection and Development	0	9	9	0	0	0	0	0	0
Public Protection and Development	164	36	201	0	0	0	60	0	60
Street Scene & Waste									
Fleet Vehicles	400	0	400	400	0	400	300	0	300
GPS Vehical Tracking Equipment	130	(42)	88	0	0	0	0	0	0
Alley Gating Scheme	40	0	40	40	0	40	40	0	40
Smart Bin Leases - Street Scene	6	0	6	6	0	6	0	0	0
Waste SLWP	1,401	(316)	1,085	5,344	0	5,344	0	0	0
Refuse and Recycling Centre	0	0	0	0	0	0	0	0	0
Street Scene & Waste	1,977	(358)	1,618	5,790	0	5,790	340	0	340
Sustainable Communities									
Street Trees	60	0	60	60	0	60	60	0	60
Highways & Footways	5,210	(815)	4,395	3,581	0	3,581	3,067	0	3,067
Cycle Route Improvements	0	860	860	0	0	0	0	0	0
Mitcham Transport Improvements	0	308	308	0	0	0	0	0	0
Electric Vehicle Infrastructure	0	15	15	0	0	0	0	0	0
Unallocated TfL	0	0	0	1,865	0	1,865	0	0	0
Tracking Traffic Congestion	300	(35)	265	0	0	0	0	0	0
Industrial Estates	446	7	453	0	0	0	0	0	0
Colliers Wood Area Regeneration	0	159	159	0	0	0	0	0	0
Mitcham Area Regeneration	700	519	1,219	0	0	0	0	0	0
Morden Area Regeneration	220	(20)	200	3,000	0	3,000	3,000	0	3,000
Borough Regeneration	0	80	80	0	0	0	0	0	0
Morden Leisure Centre	8,319	(289)	8,030	3,114	1,386	4,501	169	0	169
Sports Facilities	700	(26)	674	1,550	0	1,550	250	0	250
Parks	326	(75)	250	335	0	335	295	0	295
Mortuary Provision	45	0	45	0	0	0	0	0	0
Sustainable Communities	16,325	687	17,012	13,505	1,386	14,891	6,841	0	6,841
Environment and Regeneration	18,466	365	18,830	19,295	1,386	20,681	7,241	0	7,241

Virement, Re-profiling and New Funding - Outturn 2016-17 Report									Appendix 3d
	2017/18 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2017/18 Budget	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	Narrative
	£	£	£	£	£	£		£	
Corporate Services									
Capital Bidding Fund	1,839,000	(32,500)			1,806,500				New Horizons Boiler Match Funding - Exceptional Item
Works to other buildings	300,000	32,500			332,500				New Horizons Boiler Match Funding - Exceptional Item
Community & Housing									
Libraries Opportunity Fund	(1) 0		75,950		75,950	0	0	0	Arts Council Funding for schemes based in Libraries
West Barnes Library Re-Fit	(1) 200,000			(200,000)	0	0	0	0	Re-Rofiged to 2019-20
Children, Schools and Families									
Harris Academy Morden	(1) 200,060			(150,000)	50,060	2,043,500	150,000	2,193,500	Re-profiling
Harris Academy Merton	(1) 3,255,520			(100,000)	3,155,520	0	100,000	100,000	Re-profiling
St Mark'S Academy	(1) 200,000			(200,000)	0	1,423,600	200,000	1,623,600	Re-profiling
Harris Academy Wimbledon	(1) 5,322,150			(3,540,600)	1,781,550	2,689,100	2,240,600	4,929,700	Re-profiled to 2018-19 and 2019-20
Harris Morden Sec Autism Unit	(1) 200,000			(170,000)	30,000	1,160,000	170,000	1,330,000	Re-profiling
Further SEN Provision	(1) 2,174,090			(1,824,090)	350,000	3,500,000	1,824,090	5,324,090	Re-profiling
Loans to Schools Capital	(1) 208,900			(104,000)	104,900	0	104,000	104,000	Re-profiling
Devolved Formula Capital	(1) 0		363,880		363,880	0		0	Annual Central Government Grant - finalised figure received after budget despatched to Cabinet in Feb 2016.
Environment & Regeneration									
Morden Leisure Centre	(1) 9,415,860			(1,386,320)	8,029,540	3,114,210	1,386,320	4,500,530	Additioal CIL Funding £2.708 M and Re-profiling
Bus Stop Accessibility Program TfL	(1) 0		146,340		146,340	0		0	Revision of TfL Budget
Casualty Reduction & School Safety Program	(1) 0		304,840		304,840	0		0	Revision of TfL Budget
Bus Stop Compliance TfL		0	(17,090)		(17,090)	0		0	Revision of TfL Budget
A298/A238 Strategic Corridor (Colliers Wood)	(1) 0		118,050		118,050	0		0	Revision of TfL Budget
20 MPH Zones TfL		0	(5,670)		(5,670)	0		0	Revision of TfL Budget
TfL Principal Road Maint	(1) 1,899,050		(1,467,470)		431,580	0		0	Revision of TfL Budget
TfL Cycle Quietways	(1) 183,550		(70,960)		112,590	0		0	Revision of TfL Budget
Facilitating Cycle Access & Parking TfL	(1) 0		275,800		275,800	0		0	Revision of TfL Budget
Biking Borough - Cycle Parking TfL		0	10,730		10,730	0		0	Revision of TfL Budget
Local Transport Scheme - Cycle Improvemen	(1) 0		120,870		120,870	0		0	Revision of TfL Budget
Beddington Lane Cycle Route TfL	(1) 0		339,750		339,750	0		0	Revision of TfL Budget
Strategic Corridor Mitcham TfL	(1) 77,890		155,990		233,880	0		0	Revision of TfL Budget
Figges Marsh/Locks Lane Roundabout TfL	(1) 0		74,000		74,000	0		0	Revision of TfL Budget
Mitcham Major schemes - TfL	(1) 810,840		399,990		1,210,830	0		0	Revision of TfL Budget
Morden - TfL		220,000	(20,000)		200,000	2,000,000		2,000,000	Revision of TfL Budget
Total	26,506,910	0	805,000	(7,675,010)	19,636,900	15,930,410	6,175,010	22,105,420	

Virement, Re-profiling and New Funding - Outturn 2016-17 Report

Appendix 3d

		2019/20 Budget	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Reprofiling	Revised 2020/21 Budget	Narrative
		£	£	£	£	£	£	
Community and Housing								
West Barnes Library Re-Fit		0	200,000	200,000				Reprofiled from 2017-18 - Project on Hold until certain decisions made on Crossrail 2
Children, Schools and Families								
Harris Academy Wimbledon		0	1,300,000	1,300,000				Re-profiled from 2017-18
Total		0	1,500,000	1,500,000	0	0	0	

Capital Programme Funding Summary 2017/18

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	38,899	14,830	53,729
Slippage	6,895	626	7,522
<u>Community and Housing</u>			
Libraries Opportunity Fund	0	76	76
West Barnes Library Re-Fit	(200)	0	(200)
<u>Children Schools and Families</u>			
Devolved Formula Capital	0	364	364
Harris Academy Morden	(150)	0	(150)
Harris Academy Merton	(100)	0	(100)
St Mark'S Academy	(200)	0	(200)
Harris Academy Wimbledon	(935)	(2,606)	(3,541)
Harris Morden Sec Autism Unit	(170)	0	(170)
Further SEN Provision	(1,824)	0	(1,824)
Loans to Schools Capital	(104)	0	(104)
<u>Environment & Regeneration</u>			
Bus Stop Accessibility Program TfL	0	146	146
Casualty Reduction & School Safety Program TfL	0	305	305
Bus Stop Compliance TfL	0	(17)	(17)
A298/A238 Strategic Corridor (Colliers Wood) TfL	0	118	118
20 MPH Zones TfL	0	(6)	(6)
TfL Principal Road Maint	0	(1,467)	(1,467)
TfL Cycle Quietways	0	(71)	(71)
Facilitating Cycle Access & Parking TfL	0	276	276
Biking Borough - Cycle Parking TfL	0	11	11
Local Transport Scheme - Cycle Improvements TfL	0	121	121
Beddington Lane Cycle Route TfL	0	340	340
Strategic Corridor Mitcham TfL	0	156	156
Figges Marsh/Locks Lane Roundabout TfL	0	74	74
Mitcham Major schemes - TfL	0	400	400
Morden - TfL	0	(20)	(20)
Morden Leisure Centre	(1,386)	0	(1,386)
Revised Funding July 2017 Cabinet	40,726	13,655	54,381

Appendix 3e

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 1-3-17	17,878	15,327	33,205
Acquisitions Budget	5,000	0	5,000
Housing Company	8,101	0	8,101
Morden leisure Centre			
Approved Capital Programme	33,526	15,327	48,853
<u>Children Schools and Families</u>			
Harris Academy Morden	150	0	150
Harris Academy Merton	100	0	100
St Mark'S Academy	200	0	200
Harris Academy Wimbledon	(365)	2,606	2,241
Harris Morden Sec Autism Unit	170	0	170
Further SEN Provision	1,824	0	1,824
Loans to Schools Capital	104	0	104
<u>Environment & Regeneration</u>			
Morden Leisure Centre	1,386	0	1,386
Revised Funding	37,095	17,933	55,028

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	22,037	2,346	24,383
<u>Community and Housing</u>			
West Barnes Library Re-Fit	200	0	200
<u>Children Schools and Families</u>			
Harris Academy Wimbledon	1,300	0	1,300
Revised Funding	23,537	2,346	25,883

Appendix 4

Subject: Miscellaneous Debt Update December 2016

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 March 2017, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system was implemented and this includes the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 31 March – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	March 17 arrears f	Dec 16 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	388,008	66,334	114,593	273,932	842,867	2,841,204	↓
Corporate Services	59,925	11,923	29,955	59,923	161,726	320,679	↓
Housing Benefits	696,225	649,007	1,364,033	1,596,764	4,306,029	4,260,911	↑
Children, Schools & Families	621,431	81,577	38,378	218,547	959,933	556,248	↑
Community & Housing	1,057,617	746,767	830,739	1,532,147	4,167,270	4,776,665	↓
Chief Executive's CHAS 2013	0	0	0	0	0	0	↓
Total	2,876,902	1,575,563	2,399,199	3,700,147	10,551,811	12,877,957	↓
Mar-16	2,471,268	2,357,958	2,213,792	3,658,637	10,701,655		
Variance March 16 to March 17	405,634	-782,395	185,407	41,510	-149,844		↓

- 1.3 Since the position was last reported in December 2016, the net level of arrears, i.e. invoices over 30 days old, has reduced by £2,326,146.

- 1.4 Since the implementation of the new financial system on 6 February 2017 not all service areas have been raising new invoices as quickly as they normally would and as a result there has been a reduction in the number and value of invoices raised. The consequence of this is a reduction in the level of debt owed to the council. The implementation project team have been working closely with services to ensure that planned timetables are in place to catch up with the backlog of raising invoices.
- 1.5 Due to the above the overall level of sundry debt has reduced from £13.588 million in December 2016 to £7.067 million at the end of March 2017.
- 1.6 However, as at the end of April 2017 the level of debt had increased to £11.048 million outstanding. Of this figure £4.3 million related to invoices raised within the last 30 days compared to £0.6 million at the end of March 2017. This indicates that the work being done with services as mentioned in 1.4 above is now having a positive impact.
- 1.7 There is still a backlog of invoices to be raised for Adult Social Care debt and Community Infrastructure Levy which is being monitored and addressed.
- 1.8 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 or 30 days in March 2017

Sundry debt March 2013 to March 2017 – not including debt that is less than 30/39 days old

Department	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 17
	£	£	£	£	£
Env & Regeneration	724,076	719,101	812,515	1,072,574	842,867
Corporate Services	460,526	378,135	330,763	403,393	161,726
Housing Benefits	3,137,325	3,075,051	3,150,380	4,127,431	4,306,029
Children, Schools & Families	317,776	339,885	370,008	409,079	959,933
Community & Housing	3,784,562	4,528,492	4,146,018	4,595,399	4,167,270
Chief Executive's	0	500	0	0	0
CHAS 2013		88,590	137,912	93,779	113,986
Total	8,424,265	9,129,754	8,947,596	10,701,655	10,551,811

- 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 £85 million was paid in 2016/17
- 1.8 In addition there has been an increase in debt owed to Children Schools and Families which is mainly due to outstanding invoices owed by Lambeth and Croydon councils where we have re-charged them for children placed in our schools. These debts are being actively pursued by the debt recovery team and service departments.
- 1.9 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 debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the 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.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

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 £3.94 million, a reduction of £1.0 million since last reported.

- 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 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. As part of this a Lean review is taking place which will include the assessment and raising of invoices through to debt collection practices.
- 3.5 The table below shows the breakdown of Community Care debt by recovery action

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

Community Care Debt	31-Mar-16	% at stage	30-Jun-16	% at stage	30-Sep-16	% at stage	31-Dec-16	% at stage
Invoice stage	656,084	14%	387,608	9%	772,555	16%	646,210	13%
Charge & Deferred Payment	995,753	22%	775,880	18%	706,043	15%	635,671	13%
Payment arrangement	372,108	8%	462,801	11%	451,694	10%	235,667	5%
Probate, DWP & Deputyship	925,447	20%	944,870	22%	895,603	19%	771,456	15%
Court action	147,886	3%	141,345	3%	256,347	5%	188,264	4%
Dept or service query	154,802	3%	182,702	4%	51,821	1%	286,782	6%
No action secured	1,386,446	30%	1,460,347	33%	1,624,173	34%	2,186,747	44%
Total Debt	4,638,526		4,355,553		4,758,236		4,950,797	

- 3.6 In the final quarter of the payments were received to clear three of the larger community care debts, we received payments for £22,000, £31,000 and £134,000. The debt for £134,000 was for the case with the third highest debt and payment had been secured against a charge on the property.
- 3.7 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8 million, of which £4.4 million is within the sundry debtors system and the remainder of the debt is still within the housing benefit system.
- 3.8 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.
- 3.9 In May 2015 the second phase of the initiative commenced and we are receiving approximately 150 cases per month.
- 3.10 As at the end of March 2017, £4 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.
- 3.11 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 £220,000 secured by this method.
- 3.12 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.
- 3.13 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. The second quarter target was not met and no additional funding received. The third quarter target was exceeded and additional funding of £6,761 was received.

- 3.14 These two initiatives and the normal churn of claims resulted in the level of housing benefits debt increasing and it is very likely that it will continue to increase. The DWP have confirmed that for 2017/18 these two initiatives are being consolidated and the council will receive funding of £73,000 to process approximately 500-600 RTI cases per month. There will no longer be any incentive for exceeding targets.
- 3.15 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 £2.9 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.24 million is on a payment arrangement or recovery from on going benefit
- 3.16 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from Sept 2015 to March 2017 by quarter

Recovery Stage	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Invoice and Reminder stage	814,303	1,571,934	1,205,885	667,690	624,877	874,548	723,613
On-going recovery	2,839,286	3,237,225	3,105,644	2,928,207	3,048,093	3,032,558	2,928,992
Payment Arrangements	1,324,634	1,606,401	1,792,340	1,922,400	2,134,893	2,220,007	2,314,257
No Arrangements secured	2,255,792	1,608,915	1,870,006	2,528,002	2,544,392	2,162,070	2,113,587
Total HB Debt	7,234,015	8,024,476	7,973,875	8,046,299	8,352,255	8,289,183	8,080,449

- 3.17 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.

- 3.18 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	£0	£0	£129,338
Housing benefit overpayments	£1,050,105	£510,352	£116,012	£68,489	£109,542	£223,424	£517,467
Council Tax	£526,881	£951,280	£118,937	£109,969	£279,547	£115,033	£623,486
Business Rates	£790,373	£659,514	£0	£0	£271,978	£295,930	£567,908
Total	£2,715,085	£2,702,565	£364,287	£178,458	£661,067	£634,387	£1,838,199

- 3.19 Of the business rates debt written off in 2014/15 just over £400,000 related to businesses that went into liquidation. For 2015/16 £392,000 and for 2016/17 £279,000 related to businesses that went into liquidation and therefore it was not possible to collect the rates.
- 3.20 There is approximately £250,000 of sundry debt due to be written off. This task had a lower priority due to the increase in workload for the preparation for the new system and was unfortunately not completed within the financial year. These debts will be written off by the end of the first quarter.
- 3.21 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.
- 3.22 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2016/17 the council was collecting a net debt of £102.9 million in council tax (this includes the GLA portion), a net debt of £91.3 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.

- 3.23 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 show 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 as at the end of December 2016.

As at end of December 2016

Year	Invoices raised	Credits	Journals	Written Off	Payments	O/s	% Collected	% o/s or w/o
2013/14	£44,842,844	-£2,531,232	-£91,213	-£217,833	-£41,252,390	£750,176	97.84%	2.16%
2014/15	£57,041,098	-£6,756,029	£459,436	-£179,094	-£49,731,873	£833,538	98.23%	1.77%
2015/16	£67,409,189	-£11,330,263	-£112,786	-£48,374	-£54,377,668	£1,540,099	97.65%	2.35%
2016/17	£43,058,643	-£4,200,922	-£60,362	-£696	-£30,050,524	£8,746,139	79.70%	20.30%

- 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 £2.96m for ASH miscellaneous debt and £6.95m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.91m. 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 31/03/2016	At 31/03/2017
	£000's	£000's
Env & Regeneration	377	294
Corporate Services	342	471
Housing Benefits	6,287	6,947
Children, Schools & Families	121	296
Community & Housing	1,995	1,898
Total	9,122	9,906

6. EXECUTIVE SUMMARY / CONCLUSION

- 6.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 30 days old, as at 31 March 2017 is £10,551,811. The net level of arrears, when the matter was last reported in December 2016 was £12,877,967.

7. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 March 2017 is detailed in the table below.

Total debt outstanding as at 31 March 2017 and compared with previous periods over the past 12 months

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
	£	£	£	£	£
Miscellaneous sundry debt Note 1	16,281,729	12,762,026	12,406,364	13,588,220	7,067,219
Housing Benefit debt	7,973,874	8,046,299	8,352,255	8,289,183	8,080,449
Parking Services	2,236,486	2,475,209	2,800,371	3,425,473	3,526,192
Council Tax Note 2	3,696,585	5,028,749	4,524,303	3,822,875	3,866,556
Business Rates Note 3	1,112,781	1,696,598	1,147,749	972,883	654,794
Total	31,301,455	30,008,881	29,231,042	30,098,634	23,195,210

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 30 days old.

Note 2 Council tax debt does not include the current year council tax collection.

Note 3 Business rates debt does not include the current year business rates collection

- 7.1 The overall debt outstanding has decreased by £6.9 million since last reported at the end of December 2016.
- 7.2 There has been a reduction of £6.5 million in sundry debt since last reported as explained in section 1 above.
- 7.3 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – March 2017

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	1,272,244	9,678	131
3-6 months	825,315	4,930	167
6-9 months	487,076	2,782	175
9-12 months	304,218	1,793	170
12-15 months	220,166	1,354	163
Older than 15 months	417,173	2,910	143
Total December 2016	£3,526,192	23,447	150

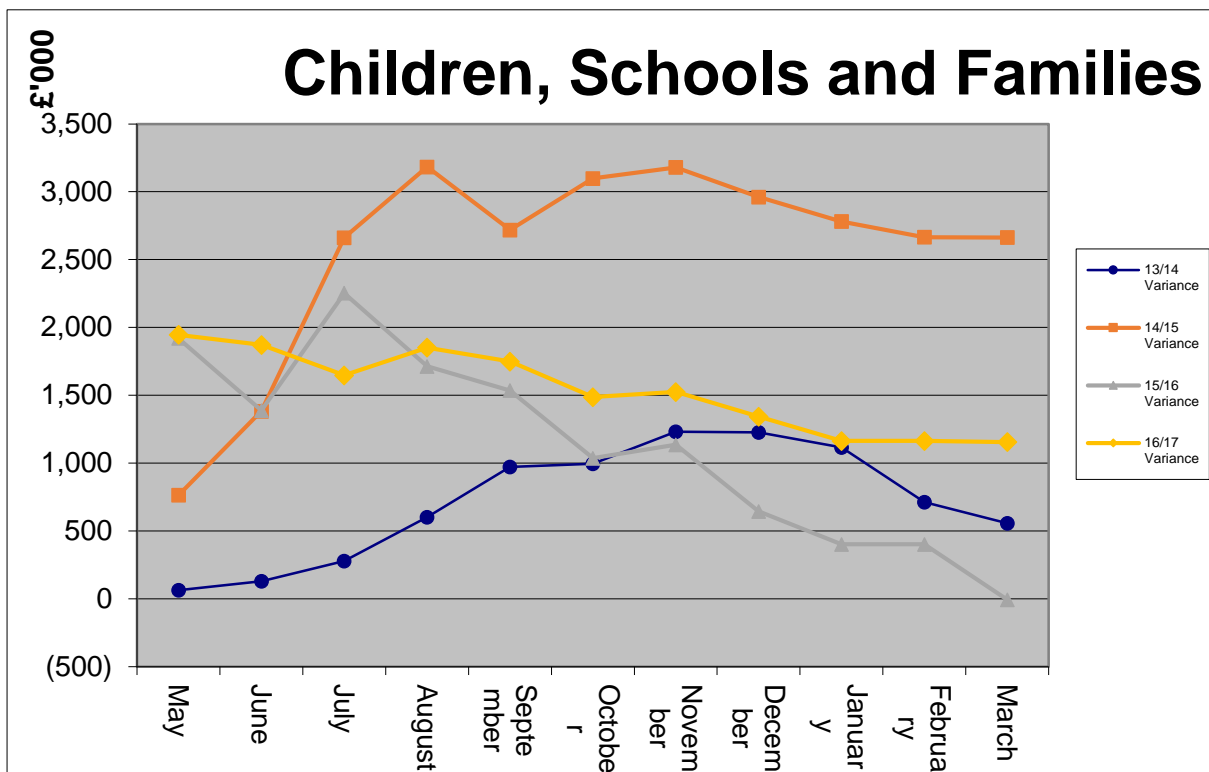
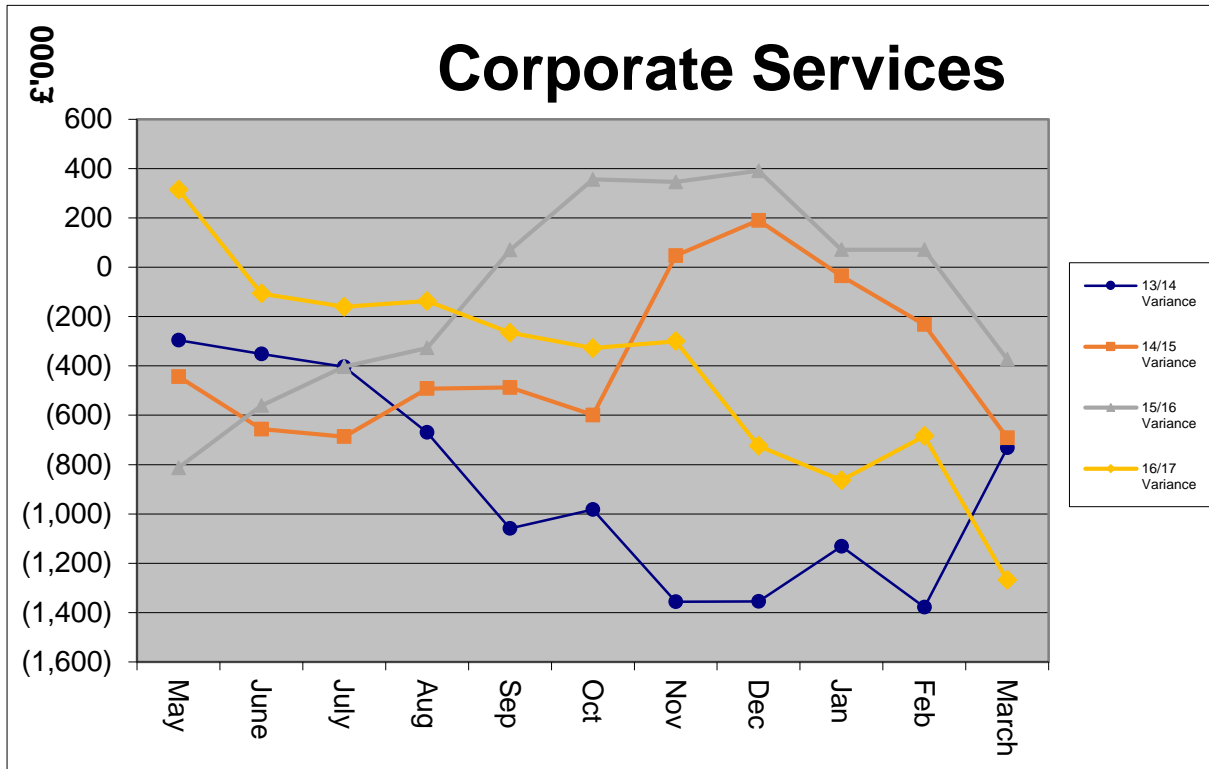
Total December 2016	£3,425,473	24,059	142
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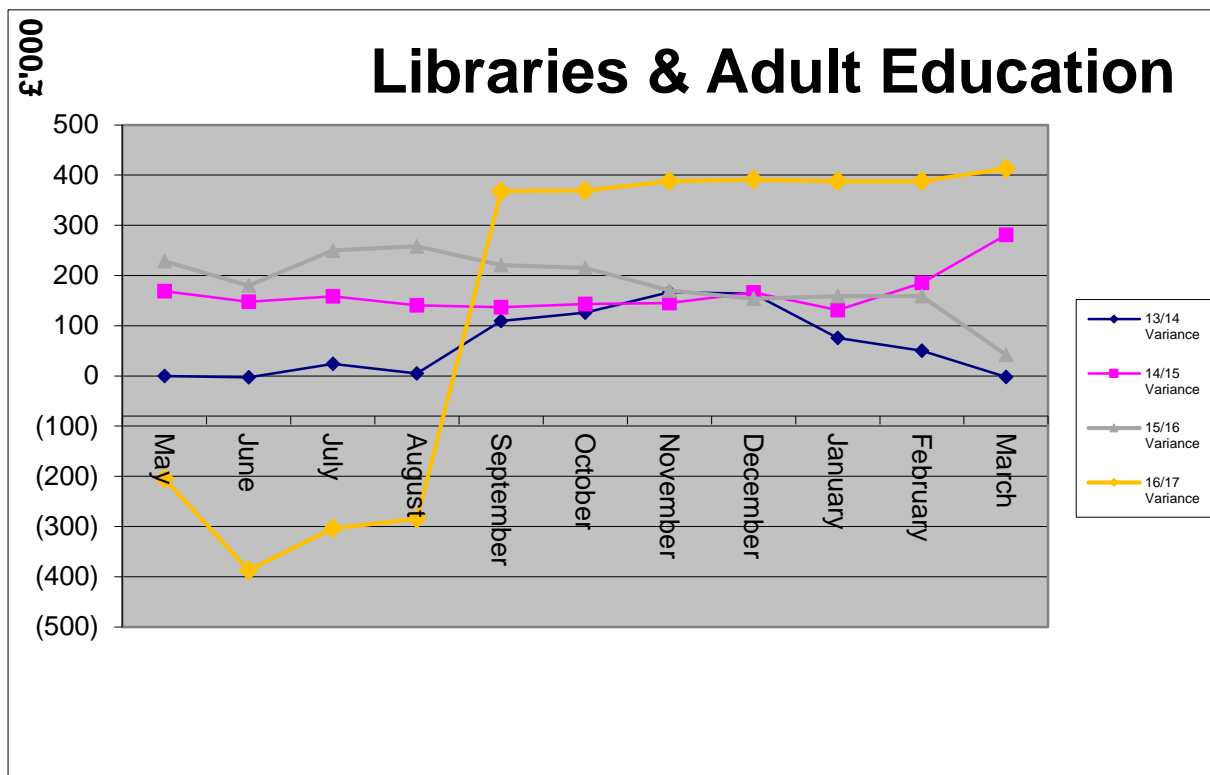
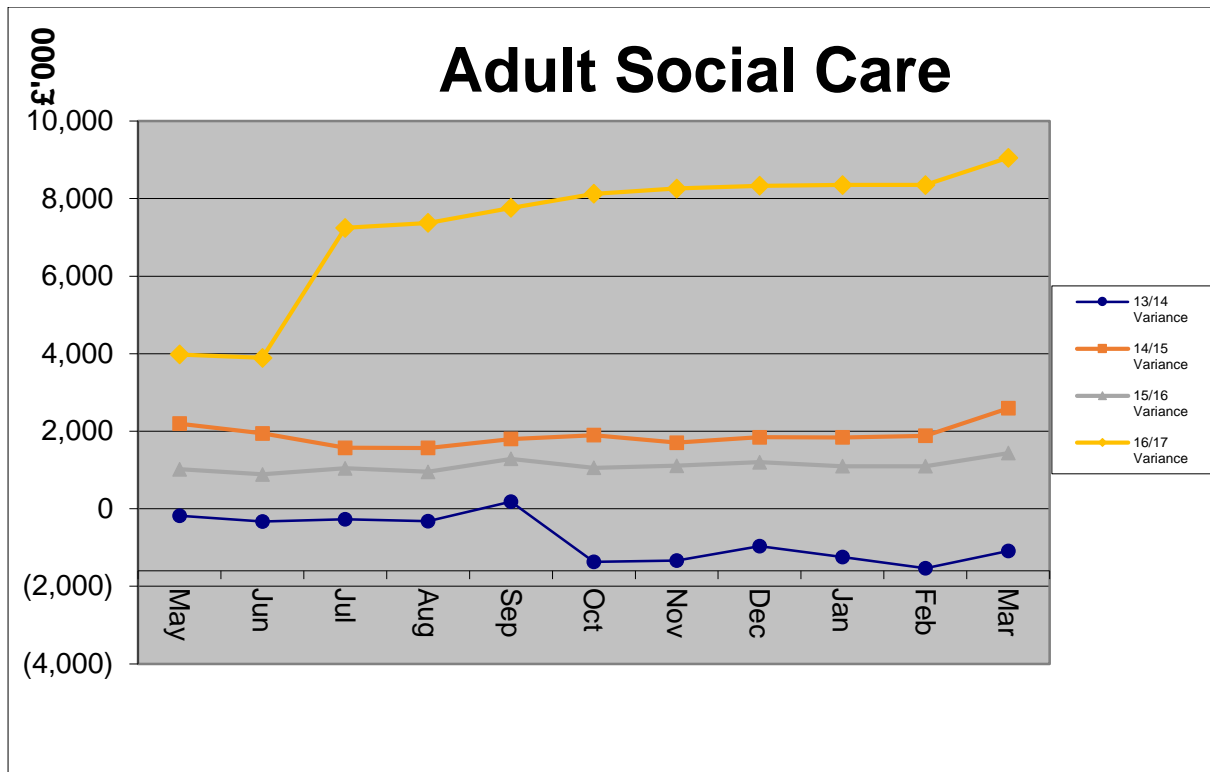
Increase/-decrease	£100,719	-612
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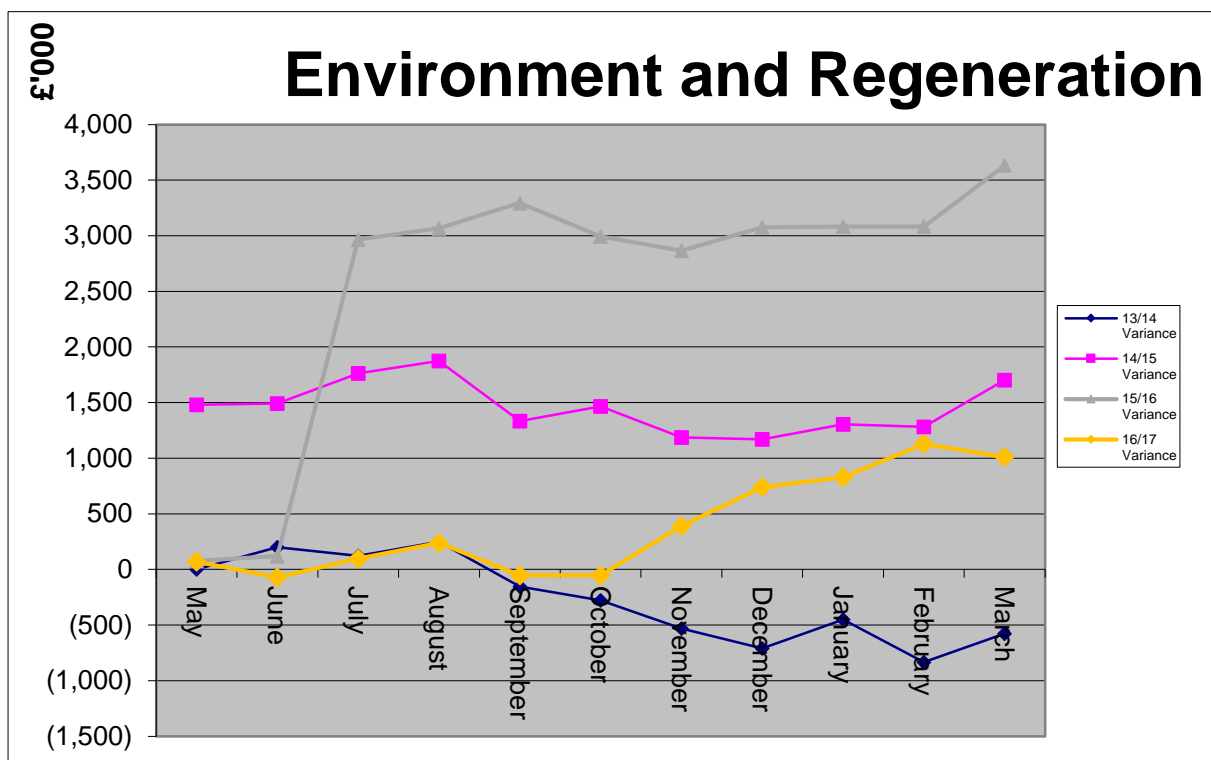
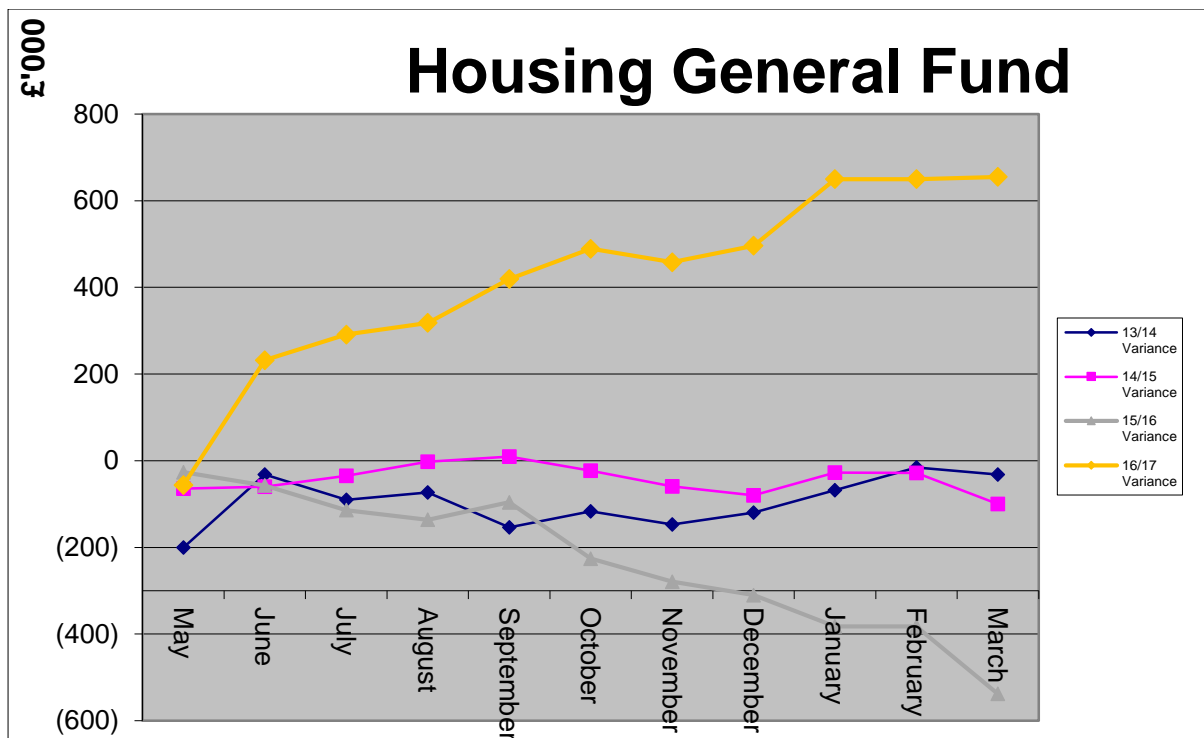
APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

Appendix 5

The graph below show the forecast variance by department over the last four years.







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Financial Management Task Group

Date: 25 July 2017

Subject: Financial Report 2017/18 – June 2017

Lead officer: Roger Kershaw

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 £1.8million, 0.3% of the gross budget.
- B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b

That Cabinet approve the following adjustments to the Capital Programme

Scheme	2017/18 Budget	2018/19 Budget	Funding/Re-profiling
<u>Corporate Services</u>			
Capita Housing	(70,000)	70,000	Re-profiling
Planning & Public protection System	165,580	(165,580)	Re-profiling
<u>Environment & Regeneration</u>			
Rediscover Mitcham Section 106	224,650	0	Section 106 Funding
Total	320,230	(95,580)	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for quarter 1 and period 3, 30th June 2017 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 3 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2017/18;
- Progress on the delivery of the 2017/18 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2017/18 will continue to focus on adult social care and children's social care as these areas overspent in 2016/17 and continue to have budget pressures.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

2.3 2017/18 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 to 30th June 2017 the year end forecast is a net £1.8m overspend compared to the current budget.

Summary Position as at 30th June 2017

	Current Budget 2017/18 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2016/17 £000s
<u>Department</u>					
3A. Corporate Services	26,426	26,297	(128)	(131)	(1,287)
3B. Children, Schools and Families	47,513	48,561	1,047	820	1,154
3C. Community and Housing	60,011	60,823	812	506	10,124
3D. Public Health	(151)	50	50	121	16
3E. Environment & Regeneration	18,030	17,791	(239)	(495)	1,011
Overheads	0	0	0	0	12
NET SERVICE EXPENDITURE	151,829	153,523	1,542	821	11,030
<u>3E. Corporate Items</u>					
Impact of Capital on revenue budget	13,415	13,457	42	42	193
Other Central budgets	(19,701)	(19,511)	190	643	(8,329)
Levies	933	933	0	0	0
TOTAL CORPORATE PROVISIONS	(5,353)	(5,121)	232	685	(8,136)
Less corporate overheads	405				
TOTAL GENERAL FUND	146,071	148,401	1,774	1,506	2,894
<u>FUNDING</u>					
Revenue Support Grant	(15,520)	(15,520)	0	0	0
Business Rates	(35,483)	(35,483)	0	0	0
Other Grants	(10,733)	(10,733)	0	0	(537)
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	0
FUNDING	(146,065)	(146,065)	0	0	(537)
					0
NET	5	2,336	1,774	1,506	2,357

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.27m. This means that another reserve or further savings will need to be found to offset the remaining £1.27m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2017/18 Current Budget	Full year Forecast June	Forecast variance at year end (June)	Forecast variance at year end (May)	2016/17 Outturn Variance
	£000	£000	£000	£000	£000
Business Improvement	2,973	2,881	-92	-1	-54
Infrastructure & Transactions	9,310	9,344	34	87	-431
Resources	6,430	6,543	114	113	-314
Human Resources	1,948	1,948	0	0	-34
Corporate Governance	2,485	2,400	-85	-123	-330
Customer Services	2,277	2,268	-9	-120	-164
Corporate Items including redundancy costs	1002	912	-90	-88	40
Total (controllable)	26,426	26,297	-128	-131	-1,287

Overview

At the end of the first quarter the Corporate Services (CS) department is forecasting an underspend of £128k at year end.

Business Improvement - £92k under

The systems and projects team are forecasting an underspend on staffing. This is due to vacant posts and staff recharges to projects and CHAS 2013 Limited. This is offset by a projected shortfall on saving CSD42 which is not expected to be fully achieved in 17/18.

Infrastructure & Transactions - £34k over

There are budget pressures in several teams.

The professional development centre (Chaucer Centre) is expected to under-achieve on income by £130k. Bookings year to date are lower than previous years. As budgets are reduced, customers are choosing the Civic Centre non-chargeable rooms over the Chaucer Centre's chargeable rooms. Rental income is also lower and there is a delay with agreed office renters now not taking residence at the centre until November.

The transactional services team are forecasting an overspend of £60k mainly because saving CS70 which is to charge for paper copies of invoices is unachievable due to delays in the implementation of e5, SharePoint and EDRMS.

The Garth Road income target is forecast to under-achieve by approximately £60k and there is a projected overspend in the Commercial Services team on staffing costs of £45k. This team is essential in driving and delivering procurement savings across the Council.

These forecast overspends are partly offset by over-achievement of income on printing.

Resources - £114k over

The division is forecasting to overspend due to staffing in two teams, one of which is due to long term sickness.

Some of the ongoing development costs of e5 are being funded within the division.

Human Resources – on budget

There is an expected shortfall on schools buy back income of £78k which is being offset by vacant posts.

There are budget pressures payroll contract with Agilisys which are being reviewed.

Corporate Governance - £85k under

The forecast underspend is partly due to a £27k underspend in Internal Audit and £23k in Benefits Investigation where a 18/19 saving has been captured early.

There are other forecast underspends on non salary budgets across the division.

The South London legal partnership (SLLp) has budget pressures on staffing costs. There are numerous agency staff as recruitment is becoming increasingly difficult in certain teams. This will be closely monitored and reported to all partnership boroughs, including the impact on their budgets due to the hard charging of the service.

Customer Services - £9k under

The Merton Bailiff Service is forecasting over-achieving income by £200k but this is offset by a forecast £60k under-achievement of income in the Shared Bailiff Service.

The Communications Service is under-achieving on advertising income targets which is partially offset by underspends elsewhere in the service. The team are working to address the likely failure to achieve income targets through a review of the strategy. A task and finish group is being established to take this forward with the aim of a refreshed strategy and agreed targets being drafted by the autumn.

Corporate Items - £90k under

Redundancy costs are forecast to be approximately £500k over budget based on year to date actuals.

This is being offset by a reduction in the housing benefit provision.

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	2017/18 Current Budget	Full year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2016/17 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(10,562)	(11,525)	(963)	(1,008)	1,290
Public Space	15,408	15,845	437	504	510
Senior Management	968	895	(73)	(72)	(44)
Sustainable Communities	12,216	12,576	360	80	(745)
Total (Controllable)	18,030	17,791	(239)	(496)	1,011

Description	2016/17 Current Budget	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2016/17 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	627	203	100	(34)
Underspend within Parking & CCTV Services	(11,638)	(1,165)	(1,104)	1,442
Underspend within Safer Merton	449	(1)	(4)	(118)
Total for Public Protection	(10,562)	(963)	(1,008)	1,290
Overspend within Waste Services	14,135	142	183	168
Underspend within Leisure & Culture	871	(5)	(5)	(72)
Overspend within Greenspaces	1,354	230	241	206
Overspend within Transport Services	(952)	70	85	342
Total for Public Space	15,408	437	504	510
Underspend within Senior Management & Support	968	(73)	(72)	(44)
Total for Senior Management	968	(73)	(72)	(44)
Underspend within Property Management	(2,605)	(101)	(78)	(564)
Overspend within Building & Development Control	(332)	363	105	(157)
Underspend within Future Merton	15,153	98	53	(158)
Total for Sustainable Communities	12,216	360	80	(789)
Total Excluding Overheads	18,030	(239)	(496)	1,011

Overview

The department is currently forecasting an underspend of £239k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Greenspaces, and Building & Development Control.

Public Protection

Regulatory Services overspend of £203k

The forecast overspend is as a result of a few factors. Firstly, a 2017/18 saving (E&R14) of £100k relating to further expansion of the Regulatory Services Partnership will not be achieved this year, as it is expected that the expansion will not commence until April 2018/19. Secondly, the Partnership has utilised the services of a project manager in order to achieve the aforementioned saving, and Merton's share of this is expected to be around £46k. Thirdly, an underachievement of Licensing income of £47k is forecast, which is associated with a 2016/17 saving (E&R13) of £50k. Finally, the section is liable for any Mortuary costs, which is not within their control. An overspend of £27k related to this service is being forecast.

Parking & CCTV Services underspend of £1,165k

The underspend is mainly as a result of the protracted timeframe for the implementation of the ANPR system across the borough. The section did not have a fully functional system during 2016/17, but the necessary upgrades and camera performance reviews conducted by the contractor and officers from the team have now been completed. The positive effects of this e.g. improved traffic flow are expected to be realised during the year. The later start of the ANPR enforcement has resulted in a delay in motorist compliance with traffic regulations and the revenue generated reflecting this. It is difficult to predict when compliance will begin to set in and how this will affect revenue but this will be closely monitored and future forecasts amended accordingly.

Included within this forecast is an employee related overspend of c£470k due to a combination of savings not yet implemented and increased demand. Due to the implementation of the diesel surcharge and the delay in fully implementing ANPR the section has been forced to delay implementing certain savings, whilst needing to recruit additional agency staff to manage PCN and permit demands. This pressure is being offset by an over-recovery in permit revenue (£431k).

Public Space

Waste Services overspend of £142k

The forecast overspend mainly relates to the ongoing operational costs associated with the management of the HRRC site (£136k). Research is currently being undertaken by waste services looking at alternative disposal options for high volume waste streams such as wood and hard-core.

The Phase C contracts have been rolled out successfully with significant savings achieved. An update report was presented to Sustainable Communities O&S Panel on 4th July with a further update in November. The latter paper will include a summary of all the savings achieved through the procurement of these contracts. Robust contract management is in place ensuring full contractual compliance.

Greenspaces overspend of £230k

The section is currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income, whereby related savings of £170k have been implemented in the last two years, and although one event has been confirmed resulting in income of around £55k, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, due to a delay in the implementation of 2016/17 saving E&R26 i.e. P&D within certain parks (£60k). This is due to be implemented by September leading to an expectation that only half of the associated saving will be achieved this year. Finally, by a forecast under achievement of rental income of £74k, although work continues with reviewing current rental arrangements, whilst also attempting to identify new letting opportunities.

Sustainable Communities

Building & Development Control overspend of £363k

The section is forecasting to underachieve on income by £316k, in particular within building Control. This reflects a forecast reduction in related income from the previous financial year of around £25k, due to the market share in building control being reduced. This downward trend has also impacted on the section's ability to meet some of its associated 2017/18 savings, notably ENV20 and D&BC 3 i.e. Increased income from building control services, and the commercialisation of the service.

The section is also forecasting a reduction, when compared to 2016/17, in development control income of around £250k due to a downturn of around 10% in planning applications so far this year. This still results in an overachievement of £136k when compared to the associated budget, but is a considerable decrease in expected income levels.

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Jun) £000	Forecast Variance at year end (Jun) £000	Forecast Variance at year end (May) £000	2016/17 Variance at year end £000
Cross Department budgets	2,044	2,008	(36)	(42)	(271)
Education	16,173	15,735	(438)	(496)	(874)
Social Care and Youth Inclusion	19,415	21,113	1,698	1,535	3,259
PFI	7,816	7,639	(177)	(177)	(549)
Redundancy costs	2,065	2,065	0	0	(411)
Total (controllable)	47,513	48,560	1,047	820	1,154

Overview

At the end of June Children Schools and Families had a forecast overspend of £1.047m on local authority funded services. Although the department received £1m growth which was allocated against placement budgets, there were pressures over and above the growth allocated to the department some of which were offset by planned underspends and management action in year. Whilst some planned underspends will continue, the majority of the underspend used to offset cost pressures last year were either non-recurrent management action or one-off windfalls which are not guaranteed or expected in the current financial year. The forecast overspend also includes the cost for agency staff which was funded from the Corporate Contingency for the last three years (£480k) to enable the department to maintain safe caseloads as part of our agreed approach and service model. Due to the volatile nature of placement budgets, we are expecting the overspend to increase and will update our forecast with the latest information and the appropriate management action being taken to address this during the course of the year.

Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Jun £000	May £000	2016/17 £000
Other small over and underspends	1,517	(36)	(42)	(271)
Subtotal Cross Department budgets	2,044	(36)	(42)	(271)
Procurement & School organisation	550	(290)	(360)	(448)
Other small over and underspends	15,623	(148)	(136)	(248)
Subtotal Education	16,173	(438)	(496)	(874)
Fostering and residential placements (ART)	5,146	32	(138)	611
Supported lodgings/housing	1,645	(8)	21	1,110
Un-accompanied asylum seeking children (UASC)	61	705	752	579
No Recourse to Public Funds (NRPF)	21	379	379	484
Social Work staffing	3,178	541	302	282
Family and Adolescent Services	43	23	115	0
Other small over and underspends	9,267	26	104	288
Subtotal Children's Social Care and Youth Inclusion	19,361	1,698	1,535	3,259

Cross Department budgets

This budget includes the departmental business support, senior management, joint commissioning and partnerships, and the Policy, Planning and Performance services.

There are various small over and underspends forecast across these services netting to a £36k underspend.

Education Division

Procurement and school organisation budgets are forecast to underspend by £290k as a result of lower spend 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 continue to be pressures on specific services affected by the rising demographic including SEN, EWS, Elective Home Education and other services directly to pupils.

There are various other small over and underspends forecast across the division netting to a £148k underspend. These combine with the item described above to arrive at the total reported divisional underspend of £438k.

Children's Social Care and Youth Inclusion Division

While the numbers of Looked After Children (LAC) remain relatively stable, and indeed Merton maintains relatively low levels of children in care, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis and assumptions reviewed quarterly to ensure that projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jun £000	May £000	Jun Nr	May Nr
Residential Placements	2,159	1,944	(215)	(125)	12	12
Independent Agency Fostering	1,789	1,750	(39)	(204)	42	36
In-house Fostering	964	1,210	246	210	49	50
Secure accommodation	134	0	(134)	(134)	0	0
Mother and baby	100	274	174	115	4	4
Total	5,146	5,178	32	(138)	107	102

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

- The residential placement expenditure is forecast to underspend by £215k. The value of these placements means that changes in caseload will have a material impact on this figure and will be reviewed throughout the year.
- The agency fostering placement expenditure is expected to underspend by £39k. This reduced from last month due to an increase in cases of six placed with Independent Fostering Agencies. This is a very volatile budget and therefore subject to big fluctuation during the year.
- The in-house foster carer expenditure is forecast to overspend by £246k at the end of June. This is a very volatile budget and therefore subject to big fluctuation during the year.
- We are not aware of any secure accommodation placements at this stage and will review throughout the year.
- The four Mother and Baby placements are expected to cause this budget to overspend by an estimated £174k at the end of June based on the expected length of stay of these placements.

The budget for semi-independent and supported lodgings/housing placements are estimated to underspend by £8k at June 2017. This budget is used to finance an increased number of placements for young people aged 16/17 and above. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 54 semi-independent placements for non-UASC young people at the end of June 2017.

The UASC supported lodgings/housing placements for post 18 children that became eligible for leaving care support is expected to overspend by £705k this year. This is lower than last month due to a reduction in caseload. At the end of June there were 29 placements for young people aged 18+ with no recourse to public funds in semi-independent accommodation.

The NRPF budget is expected to overspend by £379k in the current financial year. The NRPF worker is working closely with housing colleagues to manage cases as they arise and is also reviewing historic cases to identify ones where claimant circumstances has changed and can therefore be stepped down from services. 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, First Response and Bond Road team's staffing costs are expected to overspend by £541k. The majority of this is due to additional social work capacity required to manage safe caseloads, previously funded by the council's contingency. These are kept under regular review, as they are covered by agency. 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.

The Family and Adolescent Services staffing budget is expected to overspend by £23k. This is due to the head of service post which has been deleted as part of the 2017/18 savings is being covered by an agency member of staff due to short term service requirements. These arrangements will cease in the autumn.

There are various other small over and underspends forecast across the division netting to a £26k overspend. These combine with the item described above to arrive at the total reported divisional overspend of £1,698k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £1.260m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any overspend will be funded from the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £596k on Independent Day School provision and £521k on additional school business rate adjustments primarily due to the revaluation of properties in the beginning of 2017.

There are various other smaller over and underspends forecast across the DSG netting to a £143k overspend which, combined with the items above, equates to the net underspend of £1.260m.

Management Action

New burdens

There are a number of duties placed on the Local Authority which have not been fully funded or not funded at all through additional burdens funding from Central Government. £1m growth was added by the council in 2017/18 to the supported housing/lodgings budget. Excluding the cost of these duties would leave a net departmental underspend of £29k, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Jun overspend forecast £000	May overspend forecast £000
Supported lodgings/housing	1,645	(8)	21
Un-accompanied asylum seeking children (UASC)	61	705	752
No Recourse to Public Funds (NRPF)	21	379	379
Total	1,727	1,076	1,152

Staffing

Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging. We are operating, however at our lowest level of agency staff in 3 years. The continued recruitment drive including recruitment of NQSWs, temporary to permanent initiatives and retention payments will all have a positive impact on the current financial year and we will continue to take action to bring down anticipated overspends on agency/staffing costs.

Placements

Our strong management oversight enables us to ensure that an appropriate entry to care threshold is well-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.

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

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.

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 to bring our anticipated spend in line with available budgets.

Community and Housing Current Summary Position

Community and Housing is forecasting an over spend of £862k as at June 2017.

Community and Housing has bid farewell to retiring director Simon Williams and welcomed a new director Hannah Doody during the budget monitoring process.

The main known variances are in Housing £683k and Adult Social Care £107k. In Housing this is largely due to a shortfall in subsidy on temporary accommodation.

Adult Social Care received £9.3m in growth to support the identifiable pressures and challenges faced by the department. The service has allocated growth to the placements and deprivation of liberty budgets in line with the budget pressures identified in the budget setting report.

Community and Housing	2017/18 Current Budget	Full Year Forecast (June)	Forecast Variance (June)	Forecast Variance (May)	2016/17 Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Access and Assessment	46,870	47,027	157	(93)	9,432
Commissioning	4,148	4,073	(75)	(75)	67
Direct Provision	4,325	4,339	14	35	(169)
Directorate	755	767	11	11	(274)
Adult Social Care	56,098	56,205	107	(122)	9,056
Libraries and Heritage	1,975	2,019	44	20	(88)
Merton Adult Education	0	0	0	0	501
Merton Adult Education- Commissioning Model	2	(20)	(22)	(32)	0
Housing General Fund	1,937	2,620	683	640	655
Total	60,011	60,823	812	506	10,124
Public Health	0	50	50	121	16

Adult Social Care

The pressures on social care nationally have started to be recognised by central government, although thus far the response has fallen short of the scale of the funding pressures. The service will continue to face challenges due to increasing demands for services from an ageing population, a population with an increased number of people living longer with complex physical and learning disabilities and growing demands on mental health services.

To date central government has not provided a definitive plan on how social care is to be funded in the future to meet these expected pressures. The response so far has largely reflected the NHS pre-occupation with older people in hospital and has not recognised the needs of older and disabled people in the community.

Both the financial management (e5) and social care (Mosaic) systems have been replaced in recent months. This is the first period in which we have been able to run critical commitment reports from Mosaic social care system. Executive data cleansing was undertaken pre and post

go-live in line with the budget action plan. However, we are still familiarising ourselves with how the system treats this large and complex dataset. Further verification work is being undertaken to ensure that commitments are accurately allocated to care types and are appropriately forecast to the year end.

For the current reporting period the standard commitment report was utilised to estimate forecasted expenditure for the financial year. This needs further refinement, and the aim is to have the final version working for period 4 reporting.

The forecast is based on savings achieved to date. No assumption has been made about further savings being made at this stage.

Access & Assessment - £157k Overspend

This section is forecasting an over spend which made up of under and overspends as follows:-

Access & Assessment	Forecast Variances (June) £00	Forecast Variances (May) £000
Underspend on Concessionary Fares	(68)	(68)
Underspend on Travel/ Transport	64	(35)
Overspend on Salaries- Includes £50k savings not met	34	55
Overspend on Better Care Fund Risk Share for 2016/17	275	275
Other	23	0
Placements*	1,649	0
Income*	(1,820)	(320)
Total	157	(93)

*Based on estimated data.

As part of the 2016/17 Better Care Fund plan, Merton signed up to a risk share with the CCG. There was a requirement from NHS England for the CCG to either divert at least £1.1m of its £2m discretionary contribution to NHS providers or to enter into a risk share in relation to its QIPP savings plan. The latter option was agreed as the least bad option. MCCG achieved some, but not all, of its savings in relation to its plan and as a result its contribution to the BCF pot was reduced by £275k. As the CCG performance was not finalised until after the 2016/17 accounts were closed, this falls as a cost in 2017/18.

Commissioning - £75k underspend

This service forecast remains unchanged from the previous month. Current underspends are on salaries budget lines.

Direct Provision - £14k overspend

Direct Provision service overspend has reduced since May 2017 by £21k. The reduction is in forecasted spend on salary budget lines which were balanced by additional cost for fire risk assessment expenditure. The main cause of the salary overspend is the ongoing impact of unfunded single status adjustments to pay.

Directorate - £ 11k overspend

This area overspend is due to the additional resources required to support Adult Social Care in the achievement of its budget action plan.

Adult Social Care: other management action 2017/18

An action plan for 2017/18 has been developed which reflects the on-going pressures on this service and proposed actions to mitigate those pressures.

Key elements of the current financial year action plan:

- Weekly review of the plan and metrics
- Continued reduction in the use of agency staff
- Ensure that people are supported to regain their independence after a hospital stay
- To develop a South West London Borough residential care forum.
- To re-commission home care, with a single borough rate.
- Continue structured reviews of placements to deliver savings.

C&H-Other Services

Libraries- £44k overspend

This service is forecasting a £44k overspend as at June 2017. This is due to the decrease in demand for the schools library service which is currently under review and one off employee costs linked to the old service structure and agency fees, The plan is to mitigate overspends against an improving income projection.

Merton Adult Education - £22k underspend

Merton Adult Education Commissioning service under spend has reduced since May 2017 forecast by £10k due to a decision to recruit a learning support assistant on an ad-hoc basis.

Housing - £683k overspend

This section is forecasting a £703k overspend in the temporary accommodation service which is supported by underspends on other budget lines within the housing service. The real pressure in this service is the shortfall in Housing Benefit subsidy and the issues surrounding client contributions following the introduction of Universal Credit.

Housing	Forecast Variances (June) £00
Temporary Accommodation-Expenditure	1,205
Temporary Accommodation-Client Contribution	(617)
Temporary Accommodation-Housing Benefit Income	(450)
Temporary Accommodation-Subsidy Shortfall	565
Total Temporary Accommodation	703
Housing Other- Staffing	(20)
Total	683

Public Health - £50k overspend

Public Health is currently forecasting an over spend of £50k. This is made up of savings yet to be achieved in 2017/18.

Corporate Items

The details comparing actual expenditure up to 30 June 2017 against budget are contained in Appendix 2. The main areas of variance as at 30 June 2017 are:-

Corporate Items	Current Budget 2017/18 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	13,415	13,457	42	42	193
Investment Income	(1,186)	(596)	590	643	(176)
Pension Fund	3,350	3,350	0	0	(498)
Pay and Price Inflation	751	751	0	0	(739)
Contingencies and provisions	4,858	4,458	(400)	0	(3,495)
Income Items	(1,152)	(1,152)	0	0	(330)
Appropriations/Transfers	(4,005)	(4,005)	0	0	(3,091)
Central Items	2,617	2,807	190	643	(8,329)
Levies	933	933	0	0	0
Depreciation and Impairment	(22,318)	(22,318)	0	0	0
TOTAL CORPORATE PROVISIONS	(5,353)	(5,121)	232	685	(8,136)

Based on latest projections of the level of investments available during 2017/18, it is anticipated that there will be an underachievement of £0.590m against budgeted income in 2017/18. This will be monitored closely during the year using the cash flow forecast and there will be regular updates as part of monthly monitoring. There is also a small overspend on capital borrowing costs against budget and this will be closely monitored as the capital programme is reviewed and updated during the year.

There is a £0.400m underspend forecast in the budget for contingencies and provisions. This arises because the P3 and P4 sites will remain as car parks throughout 2017/18 and therefore the loss of income for which the budget is provided will not arise.

As part of the Spring Budget 2017 announced on 8 March 2017, the Government approved an additional £2 billion to be given to councils in England over the next 3 years for adult social care. Merton's allocation in 2017/18 is £2.746m and this will be allocated against growth in Merton's Adult Social Care 2017/18 budget.

4. CAPITAL PROGRAMME 2017-21

4.1 The Table below shows the movement in the 2017/21 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 17/18	Variance	Revised Budget 17/18	Current Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20	Revised Budget 20/21	Variance	Revised Budget 20/21
CS	25,875	96	25,971	16,813	(96)	16,717	10,626	0	10,626	2,135	0	2,135
C&H	1,445	0	1,445	629	0	629	480	0	480	630	0	630
CSF	8,230	0	8,230	16,905	0	16,905	7,536	0	7,536	650	0	650
E&R	18,830	261	19,091	20,681	0	20,681	7,241	0	7,241	5,017	0	5,017
TOTAL	54,380	356	54,736	55,028	(96)	54,932	25,883	0	25,883	8,432	0	8,432

4.2 The table below summarises the position in respect of the Capital Programme as at June 2017. The detail is shown in Appendix 5a

Merton Summary Capital Report – June 2017 Monitoring

Department	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Budget	Variance	Final Budget	Final Forecast	Full Year Variance
Corporate Services	195,398	(34,884)	230,282	25,970,630	18,243,289	(7,727,342)
Community and Housing	97,909	84,065	13,844	1,444,770	1,212,580	(232,190)
Children Schools & Families	367,038	1,852,047	(1,485,009)	8,230,360	8,233,952	3,592
Environment & Regeneration	1,625,328	2,708,996	(1,083,668)	19,091,140	19,468,179	377,039
Capital	2,285,673	4,610,224	(2,324,551)	54,736,900	47,158,000	(7,578,901)

- a) Corporate Services – Currently officers are projecting an overspend on Customer Contact /EDRMS of £554k, the split between capital and revenue budgets is currently being finalised. There are currently two projected underspends the Acquisitions Budget £6.4 million and the Bidding Fund £1.8 million. Finally, there are two the budgets where the expected spend profile will lower at year-end than the current budget, these are the Housing Company £84k and Business Improvement IT Projects. Officers have re-profiled £70k for Capita Housing into 2018/19 and re-profiled £166k from 2018/19 into 2017/18 for Planning & Public Protection Systems.
- b) Community and Housing – All schemes are projecting full spend apart from Disabled Facilities Grants which are currently projecting a £232k underspend.
- c) Children, Schools and Families – Officers are currently projecting a slight overspend of £4k from one projected underspend on school loans of £4.9k and an £8.5k overspend on Harris Merton. There is sufficient budget in 2018/19 that can be drawn down to fund this timing difference.
- d) Environment and Regeneration – Officers are currently projecting net overspend of £377k and are looking to revise expenditure plans to remove the net projected overspend of £128k. The net overspend is caused by two projected underspends on CCTV Investment (£13k) and Tackling Traffic Congestion (£61k and five projected overspends of GPS Vehicle Tracking (£83k), Borough Regeneration (£46k), Morden Leisure Centre (£289k), Sports Facilities (£26k) and Parks (£7k). The largest overspend on Morden Leisure Centre will be drawn down from its 2018/19 budget. Two budgets have been increased Rediscover Mitcham has increased by £225k funded by Section 106 and £36k for two new camera's to Tackling Traffic Congestion funded from a revenue contribution.

The net impact of these proposals is that £95k of expenditure funded by Merton is moved from 2018/19 into 2017/18. This change will result in a £2k increase in the cost of borrowing in 2019/20.

- 4.3 Appendix 5b details the adjustments being made to the Capital Programme this month. The following adjustment will require Cabinet approval in September :

Scheme		2017/18 Budget	2018/19 Budget	Funding/Re-profiling
Corporate Services				
Capita Housing	(1)	(70,000)	70,000	Re-profiling
Planning & Public protection System	(1)	165,580	(165,580)	Re-profiling
Environment & Regeneration	-			
Rediscover Mitcham Section 106	(1)	224,650	0	Section 106 Funding
Total		320,230	(95,580)	

- 4.4 Appendix 5c details the impact of all the adjustments to the Capital Programme have on the funding of the programme in 2017/18 and 2018/19. The table below summarises the movement in 2017/18 funding since the July 2017 Cabinet Meeting:

Depts.	Approved Budget 17/18	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 17/18
Corporate Services	25,875	0	0	0	96	25,971
Community & Housing	1,445	0	0	0	0	1,445
Children Schools & Families	8,230	0	0	0	0	8,230
Environment and Regeneration	18,830	0	0	261	0	19,091
Total	54,380	0	0	261	96	54,736

- 4.5 The table below compares capital expenditure (£000s) to June 2017 to that achieved over the last few years:

Depts.	Spend To June 2014	Spend To June 2015	Spend To June 2016	Spend to June 2017	Variance 2014 to 2017	Variance 2015 to 2017	Variance 2016 to 2017
CS	(122)	131	79	195	317	64	116
C&H	(127)	(13)	(26)	98	225	111	124
CSF	2,805	1,869	699	367	(2,438)	(1,502)	(332)
E&R	798	376	1,051	1,625	827	1,249	574
Total Capital	3,476	2,232	1,724	2,285	(1,386)	(142)	366

Outturn £000s	36,869	29,327	30,626	
Budget £000s				54,737
Projected Spend May 2017 £000s				47,158
Percentage Spend to Budget				4.17%
% Spend to Outturn/Projection	9.43%	7.61%	5.63%	4.85%
Monthly Spend to Achieve Projected Outturn £000s				4,986

- 4.6 The table shows that spend during June 2017 was considerably below this target. Officers will continue to encourage budget managers to re-profile their budgets appropriately:

Department	Spend To May 2017 £000s	Spend To June 2017 £000s	Increase £000s
CS	48	195	147
C&H	(34)	98	132
CSF	(15)	367	382
E&R	501	1,625	1,124
Total Capital	500	2,285	1,785

5. DELIVERY OF SAVINGS FOR 2017/18

Department	Target Savings 2017/18	Projected Savings 2017/18	Period 3 Forecast Shortfall	Period 2 Forecast Shortfall	Period Forecast Shortfall
	£000	£000	£000	£000	%
Corporate Services	1,484	1,366	118	118	8.0%
Children Schools and Families	1,110	1,019	91	91	8.2%
Community and Housing	2,610	1,991	619	1,973	23.7%
Environment and Regeneration	3,050	2,208	842	842	27.6%
Total	8,254	6,584	1,670	3,024	20.2%

Appendix 6 details the progress on savings for 2017/18 by department.

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 2017/18
Appendix 5b –	Adjustments to the Current Capital Programme 2017/18
Appendix 5c –	Funding Current Capital Programme 2017/18 & 2018/19
Appendix 6 –	Progress on savings 2017/18
Appendix 7 -	Debt Report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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APPENDIX 1

Summary Position as at 30th June 2017

	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2016/17 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	10,866	26,426	6,892	8,052	26,297	(128)	(131)	(1,287)
3B. Children, Schools and Families	52,579	47,513	44,090	965	48,561	1,047	820	1,154
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	59,402	56,098	12,119	12,054	56,205	107	(122)	9,056
Libraries & Adult Education	2,691	1,976	662	580	1,999	23	(12)	413
Housing General Fund	2,224	1,937	333	(127)	2,620	682	640	655
3D. Public Health	0	0	(38)	(2,051)	50	50	121	16
3E. Environment & Regeneration	23,184	18,030	4,710	(5,136)	17,791	(239)	(495)	1,011
Overheads	0	0	0	0	0	0	0	12
NET SERVICE EXPENDITURE	150,946	151,980	68,768	14,336	153,523	1,543	821	11,030
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	13,415	13,415	1,117	373	13,457	42	42	193
Other Central items	(19,224)	(19,701)	(4,089)	407	(19,511)	190	643	(8,329)
Levies	933	933	188	188	933	0	0	0
TOTAL CORPORATE PROVISIONS	(4,876)	(5,353)	(2,784)	968	(5,121)	232	685	(8,136)
Less corporate overheads		(556)			(556)			
TOTAL GENERAL FUND	146,070	146,071	65,984	15,304	147,846	1,775	1,506	2,894
- Funding	-	-	-	-	-	-	-	-
- Business Rates	(35,483)	(35,483)	0	0	(35,483)	0	0	0
- RSG	(15,520)	(15,520)	(1,777)	(1,777)	(15,520)	0	0	0
- Section 31 Grant	(1,035)	(1,035)	(385)	(385)	(1,035)	0	0	5
- New Homes Bonus	(4,150)	(4,150)	(1,097)	(1,097)	(4,150)	0	0	(542)
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(751)	(751)	0	0	(751)	0	0	0
Grants	(61,736)	(61,736)	(4,458)	(4,458)	(61,736)	0	0	(537)
Collection Fund - Council Tax Surplus(-)/Deficit	(1,386)	(1,386)	0	0	(1,386)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	(380)	(380)	0	0	(380)	0	0	0
Council Tax						0	0	0
- General	(82,244)	(82,244)	0	0	(82,244)	0	0	0
- WPCC	(318)	(318)	0	0	(318)	0	0	0
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	(84,329)	0	0	0
FUNDING	(146,065)	(146,065)	(4,458)	(4,458)	(146,065)	0	0	(537)
NET	5	6	61,525	10,846	1,781	1,775	1,506	2,357

Appendix 2

3E.Corporate Items	Council 2017/18 £000s	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2016/17 £000s
Cost of Borrowing	13,415	13,415	13,415	1,117	373	13,457	42	42	193
Impact of Capital on revenue budget	13,415	13,415	13,415	1,117	373	13,457	42	42	193
Investment Income	(1,186)	(1,186)	(1,186)	(198)	(73)	(596)	590	643	(176)
Pension Fund	3,350	3,350	3,350	0	0	3,350	0	0	(498)
Provision for excess inflation	451	451	451		0	451	0	0	(439)
Utilities Inflation Provision	300	300	300		0	300	0	0	(300)
Pay and Price Inflation	751	751	751	0	0	751	0	0	(739)
Contingency	1,500	1,500	1,500		0	1,500	0	0	(821)
Single Status/Equal Pay	100	100	100		0	100	0	0	(60)
Bad Debt Provision	500	500	500		0	500	0	0	(271)
Loss of income arising from P3/P4	400	400	400	0	0	0	(400)	0	(400)
Loss of HB Admin grant	200	200	200		0	200	0	0	(200)
Reduction in Education Services Grant	819	819	819		0	819	0	0	0
Apprenticeship Levy	450	450	450	113	96	450	0	0	0
Revenuisation and miscellaneous	889	889	889		585	889	0	0	(1,743)
Contingencies and provisions	4,858	4,858	4,858	113	681	4,458	(400)	0	(3,495)
Other income	0	0	0	0	0	0	0	0	(280)
CHAS IP/Dividend	(1,152)	(1,152)	(1,152)		0	(1,152)	0	0	(50)
Income items	(1,152)	(1,152)	(1,152)	0	0	(1,152)	0	0	(330)
Appropriations: CS Reserves	(667)	(667)	(871)	(871)	(47)	(871)	0	0	0
Appropriations: E&R Reserves	4	4	(269)	(269)	(154)	(269)	0	0	2
Appropriations: CSF Reserves	283	283	283	283	0	283	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(600)	(600)	(600)	(600)	0	(600)			0
Appropriations:Corporate Reserves	(2,443)	(2,443)	(2,443)	(2,443)	0	(2,443)	0	0	(3,093)
Appropriations/Transfers	(3,528)	(3,528)	(4,005)	(4,005)	(201)	(4,005)	0	0	(3,091)
Depreciation and Impairment	(22,318)	(22,318)	(22,318)	0	0	(22,318)	0	0	0
Central Items	(5,809)	(5,809)	(6,286)	(2,972)	779	(6,054)	232	685	(8,136)
Levies	933	933	933	188	188	933	0	0	0
TOTAL CORPORATE PROVISIONS	(4,876)	(4,876)	(5,353)	(2,784)	968	(5,121)	232	685	(8,136)

Pay and Price Inflation as at June 2017

In 2017/18, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.451m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget and it will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2017/18 was agreed last year covering 2016/17 and 2017/18. For the lowest paid (those on spinal points 6-17) this agreed a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in 2017/18. Those on spinal points 18-49 received 1% in year one and the same again in 2017/18. The offer also included a joint review of the NJC pay spine and term-time working for school support staff. Departmental budgets include provision for the 2017/18 pay award.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.6% in June 2017, down from 2.9% in May. Falling prices for motor fuels and certain recreational and cultural goods and services were the main contributors to the fall in the rate. These downward contributions were partially offset by rising prices for furniture and furnishings.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, 12-month inflation rate was 2.6% in June 2017, down from 2.7% in May. Although this is the first fall since April 2016, it remains higher than the rates generally seen since mid-2013.

The RPI 12-month rate for June 2017 stood at 3.5%, down from 3.7% in May 2017.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 14 June 2017, the Committee voted by a majority of 5-3 to maintain Bank Rate at 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. Under the Bank of England's revised timetable, the MPC does not meet in July and the next meeting will be held on 3 August 2017.

In the minutes to its meeting ending on 14 June 2017, the MPC noted that "CPI inflation has been pushed above the 2% target by the impact of last year's sterling depreciation. It reached 2.9% in May, above the MPC's expectation. Inflation could rise above 3% by the autumn, and is likely to remain above the target for an extended period as sterling's depreciation continues to feed through into the prices of consumer goods and services. The 2½% fall in the exchange rate since the May Inflation Report, if sustained, will add to that imported inflationary impetus.."

In its latest quarterly Inflation Report published in May 2017, the MPC sets out its view on the prospects for inflation over the next three years. The report notes that "Inflation has risen above the

2% target as the falls in the sterling exchange rate since late 2015 have begun to feed through to consumer prices. Quarterly GDP growth has slowed, in part reflecting the impact of lower real income growth on household consumption. Through its effects on costs, the fall in sterling is likely to keep inflation above the 2% target throughout the next three years. Where inflation settles once that upward pressure fades will depend on domestic price pressures. Conditional on current market interest rates, which suggest only one 25 basis point rate rise over the next three years, those domestic cost pressures are judged likely to be building towards the end of the forecast period.”

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (July 2017)			
	Lowest %	Highest %	Average %
2017 (Quarter 4)			
CPI	2.4	3.4	2.9
RPI	2.5	4.9	3.6
LFS Unemployment Rate	4.2	5.5	4.6
2018 (Quarter 4)			
CPI	1.7	3.1	2.4
RPI	2.3	4.3	3.1
LFS Unemployment Rate	4.0	6.4	4.8

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 2017 to 2021 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (June 2017)					
	2017	2018	2019	2020	2021
	%	%	%	%	%
CPI	2.7	2.7	2.3	2.1	2.0
RPI	3.6	3.3	3.0	3.2	3.3
LFS Unemployment Rate	4.7	4.9	5.0	5.0	4.4

Treasury Management: Outlook

At its meeting ending on 14 June 2017, the Committee voted by a majority of 5-3 to maintain Bank Rate at 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The MPC does not meet in July and the next meeting will be held on 3 August 2017.

In the Bank of England's quarterly Inflation report for May 2017, the MPC set out its most recent assessment of the outlook for inflation and activity and outlined its view on the long-term outlook for interest rates. The MPC noted that the economy was expected to operate with a small degree of spare capacity for most of the three-year forecast period, justifying the tolerance of some degree of above-target inflation. The continued growth of employment could suggest that spare capacity is being eroded, lessening the trade-off that the MPC is required to balance and, all else equal, reducing the MPC's tolerance of above-target inflation. Looking ahead, key considerations in judging the appropriate stance of monetary policy are the evolution of inflationary pressures, the persistence of weaker consumption and the degree to which it is offset by other components of demand." The decision to retain the Bank Base Rate at 0.25% was the closest it has been for a number of years and three MPC members considered it appropriate to increase Bank Rate by 25 basis points although all MPC members agreed that any increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

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

	End Q.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.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020
May '17	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5
Feb'17	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	
Nov.'16	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4		
Aug.'16	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2			
May '16	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8				
Feb. '16	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1					
Nov '15	0.8	0.9	1.0	1.1	1.1	1.2	1.3						
Aug.'15	1.3	1.4	1.5	1.6	1.7	1.7							
May '15	1.1	1.2	1.3	1.3	1.4								
Feb.'15	1.0	1.0	1.1	1.1									
Nov '14	1.5	1.7	1.7										
Aug.'14	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.

Capital Budget Monitoring June 2017

Please note totals are now at the top of activity rather than the bottom

Narrative	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
Capital	2,285,673	4,610,224	(2,324,551)	54,736,900	47,158,000	(7,578,901)
Corporate Services	195,398	(34,884)	230,282	25,970,630	18,243,289	(7,727,342)
Business Improvement	3,795	140,116	(136,321)	1,890,860	2,426,299	535,438
Customer Contact Programme	0	0	0	1,006,420	1,560,818	554,398
IT Systems Projects	3,795	33,731	(29,936)	486,040	467,081	(18,960)
Social Care IT System	0	106,385	(106,385)	398,400	398,400	0
Facilities Management Total	(194,466)	(280,000)	85,534	4,243,030	4,243,030	0
Works to other buildings	(5,352)	30,000	(35,352)	332,500	332,500	0
Civic Centre	(47,546)	0	(47,546)	275,000	275,000	0
Invest to Save schemes	(84,354)	(350,000)	265,646	3,188,720	3,188,720	0
Water Safety Works	(38,188)	15,000	(53,188)	153,990	153,990	0
Asbestos Safety Works	(19,026)	25,000	(44,026)	292,820	292,820	0
Infrastructure & Transactions	395,706	105,000	290,706	2,268,190	2,268,190	0
Disaster recovery site	90,952	105,000	(14,048)	513,790	513,790	0
Planned Replacement Programme	304,754	0	304,754	1,754,400	1,754,400	0
Room and Space Management	0	0	0	0	0	0
Resources	(9,637)	0	(9,637)	165,870	165,870	0
Financial System	(9,637)	0	(9,637)	18,070	18,070	0
ePayments System	0	0	0	106,800	106,800	0
Invoice Scanning SCIS/FIS	0	0	0	41,000	41,000	0
Corporate Items	0	0	0	17,402,680	9,139,900	(8,262,780)
Acquisitions Budget	0	0	0	6,372,180	0	(6,372,180)
Capital Bidding Fund	0	0	0	1,806,500	0	(1,806,500)
Multi Functioning Device (MFD)	0	0	0	36,000	36,000	0
Housing Company*	0	0	0	9,188,000	9,103,900	(84,100)
Community and Housing	97,909	84,065	13,844	1,444,770	1,212,580	(232,190)
Adult Social Care	4,024	16,122	(12,098)	83,600	83,600	0
ASC IT Equipment	4,024	8,832	(4,808)	39,850	39,850	0
Telehealth	0	7,290	(7,290)	43,750	43,750	0
Housing	105,808	47,943	57,865	962,490	730,300	(232,190)
Disabled Facilities Grant	123,777	47,943	75,834	962,490	730,300	(232,190)
Major Projects – Social Care H	(17,969)	0	(17,969)	0	0	0
Libraries	(11,922)	20,000	(31,922)	398,680	398,680	0
Library Enhancement Works	0	20,000	(20,000)	200,000	200,000	0
Major Library Projects	(11,922)	0	(11,922)	98,680	98,680	0
Libraries IT	0	0	0	100,000	100,000	0

* Loan to Housing Company

Narrative	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
Children Schools & Families	367,038	1,852,047	(1,485,009)	8,230,360	8,233,952	3,592
Primary Schools	(613,402)	8,500	(621,902)	340,120	340,120	0
West Wimbledon	0	0	0	6,090	6,090	0
Aragon	(11,083)	0	(11,083)	0	0	0
Hatfeild	(798)	0	(798)	13,330	13,330	0
Hillcross	(1,250)	0	(1,250)	0	0	0
Joseph Hood	0	0	0	2,720	2,720	0
Dundonald	(195,203)	0	(195,203)	96,070	96,070	0
Merton Abbey	(1,595)	0	(1,595)	0	0	0
Pelham	(18,780)	0	(18,780)	0	0	0
Poplar	(8,569)	0	(8,569)	1,000	1,000	0
Singlegate	(26,613)	0	(26,613)	149,290	149,290	0
Lonesome	10,995	0	10,995	61,500	61,500	0
William Morris	0	0	0	1,620	1,620	0
Unlocated Primary School Proj	(316,535)	0	(316,535)	0	0	0
St Mary's (RC)	(43,972)	8,500	(52,472)	8,500	8,500	0
Secondary School	883,804	1,571,500	(687,696)	5,096,630	5,105,125	8,495
Harris Academy Morden	0	0	0	50,060	50,060	0
Harris Academy Merton	745,299	1,191,500	(446,201)	3,147,020	3,155,520	8,500
St Mark's Academy	0	0	0	0	0	0
Raynes Park	0	0	0	0	0	0
Rutlish	0	0	0	88,000	88,000	0
Harris Academy Wimbledon	138,505	380,000	(241,495)	1,811,550	1,811,545	(5)
SEN	22,547	151,070	(128,523)	1,654,830	1,654,830	0
Perseid	8,714	80,000	(71,287)	1,273,760	1,273,760	0
Cricket Green	0	1,070	(1,070)	1,070	1,070	0
Secondary School Autism Unit	0	0	0	30,000	30,000	0
Unlocated SEN	13,834	70,000	(56,166)	350,000	350,000	0
CSF Schemes	74,089	120,977	(46,888)	1,138,780	1,133,877	(4,903)
CSF - IT Schemes	0	0	0	0	0	0
School Equipment Loans	0	0	0	104,900	100,000	(4,900)
Devolved Formula Capital	90,977	90,977	0	363,880	363,877	(3)
Capital Maintenance	(16,888)	30,000	(46,888)	670,000	670,000	0

Narrative	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
Environment and Regeneration	1,625,328	2,708,996	(1,083,668)	19,091,140	19,468,179	377,039
Public Protection and Developm	670	19,174	(18,504)	191,740	179,060	(12,680)
On Street Parking - P&D	0	0	0	0	0	0
Off Street Parking - P&D	0	0	0	0	0	0
CCTV Investment	670	19,174	(18,504)	191,740	179,060	(12,680)
Public Protection and Developm	0	0	0	0	0	0
Street Scene & Waste	(203,827)	1,069,870	(1,273,697)	1,618,080	1,700,590	82,510
Fleet Vehicles	142,302	80,000	62,302	400,000	400,000	0
GPS Vehicle Tracking Equipment	(42,014)	7,990	(50,004)	87,990	170,500	82,510
Alley Gating Scheme	12,296	10,000	2,296	40,000	40,000	0
Smart Bin Leases - Street Scen	0	0	0	5,500	5,500	0
Waste SLWP	(316,412)	971,880	(1,288,292)	1,084,590	1,084,590	0
Sustainable Communities	1,828,485	1,619,952	208,533	17,281,320	17,588,529	307,209
Street Trees	7,656	33,300	(25,644)	60,000	60,000	0
Unallocated Roads Budget (unsp	(33,311)	0	(33,311)	0	0	0
Highways & Footways	601,840	509,590	92,250	4,394,750	4,394,736	(14)
Cycle Route Improvements	211,603	284,550	(72,947)	859,740	859,730	(10)
Mitcham Transport Improvements	(989)	0	(989)	307,880	307,890	10
Electric Vehicle Infrastructur	0	0	0	15,000	15,000	0
Unallocated Tfl	0	0	0	0	0	0
Tracking Traffic Congestion	238,096	30,003	208,093	300,950	240,300	(60,650)
Industrial Estates	0	26,880	(26,880)	452,750	452,750	0
Colliers Wood Area Regeneratio	124,699	158,610	(33,911)	158,610	158,610	0
Mitcham Area Regeneration	410,659	118,840	291,819	1,443,480	1,443,490	10
Morden Area Regeneration	83,513	0	83,513	200,000	200,000	0
Borough Regeneration	27,278	79,870	(52,592)	79,870	125,682	45,812
Morden Leisure Centre	132,741	604,000	(471,259)	8,029,540	8,318,670	289,130
Sports Facilities	27,092	20,000	7,092	674,460	700,000	25,540
Parks	(2,392)	(290,691)	288,299	250,400	257,781	7,381
Mortuary Provision	0	45,000	(45,000)	53,890	53,890	0

Virement, Re-profiling and New Funding - June 2017

Appendix 5b

		2017/18 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2017/18 Budget	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	Narrative
-	-	£	£	£	£	£	£		£	
<u>Corporate Services</u>	-									
Capita Housing	(1)	100,000			(70,000)	100,000	0	70,000	70,000	Re-profiled to match expected spend
Planning & Public protection System	(1)	40,000			165,580	205,580	510,000	(165,580)	344,420	Re-profiled to match expected spend
<u>Environment & Regeneration</u>	-									
Tracking Traffic Congestion		264,900		36,050		300,950	0		0	Revenue Contribution to Fund 2 ANPR Cameras
Rediscover Mitcham S106	(1)	8,000		224,650		232,650	0		0	Additional Section106 Budget
Total		412,900	0	260,700	95,580	839,180	510,000	(95,580)	414,420	

1) Requires Cabinet Approval

Capital Programme Funding Summary 2017/18

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Revised Funding July 2017 Cabinet	40,726	13,655	54,381
<u>Corporate Services</u>			
Capita Housing	-70	0	(70)
Planning & Public protection System	166	0	166
<u>Environment & Regeneration</u>			
Tracking Traffic Congestion	36	0	36
Rediscover Mitcham S106	225	0	225
Revised Funding	41,082	13,655	54,737

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Prog. July 2017 Cabinet	37,095	17,933	55,028
<u>Corporate Services</u>			
Capita Housing	70	0	70
Planning & Public protection System	(166)	0	(166)
Proposed Capital Programme	36,999	17,933	54,932

APPENDIX 6

Department	Target Savings 2017/18	Projected Savings 2017/18	Period 3 Forecast Shortfall	Period 2 Forecast Shortfall	Period Forecast Shortfall
	£000	£000	£000	£000	%
Corporate Services	1,484	1,366	118	118	8.0%
Children Schools and Families	1,110	1,087	23	91	2.1%
Community and Housing	2,610	1,991	619	1,973	23.7%
Environment and Regeneration	3,050	2,148	902	842	29.6%
Total	8,254	6,592	1,662	3,024	20.1%

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-June 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care								
CH38, CH1	Placements (replaces three original savings proposals). Given ongoing market pressures and extensive work already undertaken to review OP packages, the savings can only be achieved by more targeted work to manage demand. There will be a focus on three areas: 1) demand coming through transition into adulthood, 2) maximising reablement opportunities to reduce long term needs, 3) Reviewing equity of access and resource in areas such as 1:1 care, night cover, double-up care, 15 min daytime visits and multiple provisions.	827	827	0	A		Richard Ellis	A lot of savings have already been achieved by reviewing packages of care. There is a focus on learning disabilities where package costs tend to be much higher and direct payments. £401k has been achieved to date	Y
CH20, CH58, CH59, CH 37, CH59	Staff savings: most were brought forward to 2016/17. These represent the residual savings in Direct provision	100	100	0	G		Andy Ottaway-Searle	Management capacity will be thinly spread, and there will need to be some changes at Senior level across the services. Residential savings should be achievable by flexible working across the two sites but some care assistant posts will need to be changed to Support Worker to help enable this.	Y
CH57	Staff savings: transfer of savings from housing	50	0	50	R		Richard Ellis	Need to identify salary underspends	Y
CH2, CH3	Contracts: re-commissioning of home care contracts. Moving packages from high cost spot purchased care to contract rate.	215	215	0	G		Richard Ellis	The new contracts will be in place by November 2017. The ability to transfer current spot purchased packages depends on the ability of the new providers to recruit carers. Bulk transfers of care are highly risky as TUPE is hard to enforce in a sector with a fluid workforce and disruption of care can cause harm to service users and significant reputational damage to the authority.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-June 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend ? Y/N
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	0	100	A		Richard Ellis	Removing the current subsidy may be politically contentious and is likely to require consultation with current beneficiaries and stakeholders. All beneficiaries are in receipt of housing benefit, although only 10% have a current eligible social care need. Possible member resistance. Possible legal challenge. £50k of the spend is recycled back to MASCOT from MPH, although that is at risk in any case.	Y
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	356	59	297	A	(356)	Richard Ellis	Contracts do not end until the end of November 2017. This is a challenging sector with a reducing number of providers. Two contracts have been handed back in the last year. The Homelessness Prevention Bill may result in more people coming forward for support, whilst existing provision is already fully utilised. The reduction in funding and/or support hours may result in properties being withdrawn and the residents being made homeless. There is a high risk of objection, particularly from mental health stakeholders who are lobbying for increased provision.	Y
CH53	Vol orgs Grant	600	600	0	G		Richard Ellis	The risks sit in Public Health who have already identified difficulty in achieving their consequential savings in 2017/18.	Y
	Subtotal Adult Social Care	2,248	1,801	447		(356)			
	<u>Library & Heritage Service</u>								
CH7	Introduce self-serve libraries at off peak times:Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	90	0	A		Anthony Hopkins	These savings were delivered as part of a full organisational review, which has reduced the workforce by approx. 33%. The new delivery model has been in place since 1 May 2017.	Y
CH49	Additional staff savings (Deletion of 1.5xFTE)	38	38	0	A		Anthony Hopkins		Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-June 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH50	Deletion of Projects & Procurement Manager post (Deletion of 0.6xFTE)	22	22	0	A		Anthony Hopkins	Model has been in place since 1 May 2017. Currently working to deliver savings	Y
CH70	Additional staffing efficiencies and consolidation of branch managers	63	63		A		Anthony Hopkins		
CH71	Reduction in People's Network costs	40	40	0	G		Anthony Hopkins		Y
	Housing Needs & Enabling								
CH9	Rationalisation of admin budget :	36		36	G		Steve Langley	Service currently restructuring to achieve savings.	Y
CH10	Deletion of one staffing post	36		36	G		Steve Langley		Y
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100		100	G		Steve Langley		Y

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

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2016-01	<u>Cross cutting</u> Deletion of Assistant Director, Service Manager and half an admin support posts as part of phased restructure of the department.	224	201	23	A	Paul Angeli	Due to the number of management changes affecting social care and the preparation required for the OFSTED inspection, it is required to provide cover for the Service Manager reduction in the short term. Quantification of this shortfall will be reviewed during the year.	Y
CSF2015-05	<u>Contracts and School Organisation</u> property and contracts 1 FTE.	65	65	0	G	Jane McSherry		
CSF2013-01	<u>Early Years</u> 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	250	250	0	G	Jane McSherry		
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.	296	296	0	G	Jane McSherry		
CSF2013-02	<u>School Standards and Quality</u> Reduced service offer from School improvement service.	75	75	0	G	Jane McSherry		
CSF2015-03	<u>Schools</u> Increased income from schools and/or reduced LA service offer to schools.	200	200	0	G	Jane McSherry		
	Total Children, Schools and Families Department Savings for 2015/16	1,110	1,087	23				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Customer Services								
CS60	Deletion of Assistant Director post	109	109		G	Caroline Holland		N
CSD17	Reduce Marketing budget - Increase self service by using Panacea - marketing solution software in order to reduce designer costs for smaller marketing jobs	73	73		G	Sophie Poole		N
CS2015-04	Increase in Registrars income	25	25		G	Sean Cuniffe/Tomas Dyson		N
CS2016 -04	Increase income through Registrars service	15	15		G	Sean Cuniffe/Tomas Dyson		N
Business Improvement								
CS63	Reorganisation of systems development and support arrangements.	74	74		G	Clive Cooke		N
CSD42	Restructure functions, delete 1 AD and other elements of management	170	100	70	A	Sophie Ellis		Y
CS2015-08	Staffing support savings	13	0	13	A	Sophie Ellis		N
I & T								
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	0	35	A	Pam Lamb	Due to delays in implementation of e5, Sharepoint and EDRMS there will be a delay in achieving this. Alternative to be identified within the division.	N
CS71	Delete two in house trainers posts	42	42		G	Richard Warren		N
CS72	Consolidation of Infrastructure & Transactions revenue budgets	34	34		G	Tina Dullaway		N
CS2015-09	Restructure of Safety Services & Emergency Planning team	18	18		G	Adam Vicarri		N
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic centre to external/partner organisations.	90	90		G	Mark Humphries		N
CEX								
CS2015-07	Reduction in running cost budgets	28	28		G	Sophie Jones		N
Resources								
CS46	Resources -Deletion of 3 Posts within the Division	78	78		G	R Kershaw		N
CS66	Review recharges of Resources support function to pension fund	47	47		G	R Kershaw/Paul Audu		N
CSD20	Increased income	16	16		G	R Kershaw		N
CSD23	Cut running costs budgets	3	3		G	Bindi Lakhani		N
CSD26	Delete 1 Business Partner	78	78		A	Caroline Holland		N
CSD46	Reduce budget for LCGS to match actual contribution	81	81		G	John Dimmer		N
CS2016-01	Reduction in contribution to insurance fund	100	100		G	R Kershaw/Paul Audu		N
Human Resources								
CSD34	Learning and Development admin support	18	18		G	Kim Brown		N
CSD35	Learning and Development Budget	134	134		G	Kim Brown		N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspe nd? Y/N
	<u>Corporate Governance</u>							
CS73	Saving from 4 borough shared legal service	20	20		G	Fiona Thomsen		N
CSD43	Share FOI and information governance policy with another Council	40	40		A	Graham Owen		N
CSD45	Share audit and investigation service	20	20		G	Margaret Culleton		N
CS2015-13	Reduction in capacity and service efficiency in Investigation service	40	40		G	Margaret Culleton		
CS2015-14	Reduction in capacity and service efficiency in Audit service	33	33		G	Margaret Culleton		
CS2016-03	Supplies & Services	50	50		G	Julia Regan		
	Total Corporate Services Department Savings for 2016/17	1,484	1,366	118				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES								
ER23	Restructure of team to provide more focus on property management and resilience within the team.	18	18	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented.	Y
E&R5	Team transformation and asset review	82	82	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented.	Y
D&BC1	Fast track of householder planning applications	55	0	55	R	James McGinlay	This saving is not currently being achieved. The team is	Y
D&BC2	Growth in PPA and Pre-app income	50	50	0	G	James McGinlay		N
D&BC3	Commercialisation of building control	50	0	50	R	James McGinlay	This saving is not currently being achieved. The shared service discussions with Sutton and Kingston are still underway and a future direction decision is awaited at Director level.	Y
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	0	G	James McGinlay		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	35	0	G	James McGinlay		N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	10	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5	5	0	G	James McGinlay		N
ENV20	Increased income from building control services.	35	0	35	R	James McGinlay		Y
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	James McGinlay		N
PUBLIC PROTECTION								
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	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.	163	163	0	A	John Hill	The 2017/18 saving is expected to be achieved based on the latest CPZ forecast.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G	John Hill		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	John Hill	New partner expected to join in April 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	40	30	R	John Hill	Due to the delay in recruiting the Integrated Offender Management co-ordinator this saving will not be met in full during 2017/18.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	John Hill	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	John Hill	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	A	John Hill	Saving expected to be achieved but too early in the year to certain.	N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	R	John Hill	The implementation of this saving has been delayed by the slower than anticipated implementation of ANPR and its effect on the back office function. The review can take place when a full year's ANPR impact can be measured (which will be after August 2017)	Y
ENV06	Reduction in transport related budgets	46	0	46	R	John Hill	This saving has not yet been achieved as a number of options are being considered as the best way to meet this target.	Y

ENV09	Investigate potential commercial opportunities to generate income	50	25	25	R	John Hill	Although early in the process, there may be difficulty in achieving the full year effect.	Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	John Hill		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engined motor vehicles	250	250	0	G	John Hill		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	John Hill		N
SENIOR MANAGEMENT								
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	Chris Lee		N
PUBLIC SPACE								
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	Graeme Kane		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	Graeme Kane		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,500	0	G	Graeme Kane	Completed April 2017. Actual savings delivered are being monitored closely	N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	-3	0	G	Graeme Kane	Completed - FPN continue to be issued for littering offences.	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	160	0	G	Graeme Kane		N
ENV11	Outsource leisure and sports activities	59	59	0	G	Graeme Kane		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	Graeme Kane	Expected to be achieved in 2018/19.	Y
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	70	0	G	Graeme Kane		N
ENV18	Increased income from events in parks	100	0	100	R	Graeme Kane	This saving is not currently being achieved. Work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.	Y
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	Graeme Kane		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	6	0	G	Graeme Kane		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	Graeme Kane		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	160	0	G	Graeme Kane		N
ENV25	Department restructure of the waste section	191	191	0	G	Graeme Kane		N
ENV26	Re-balancing of rounds	20	0	20	R	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV27	Remove free provision of food waste liners	66	0	66	R	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	A	Graeme Kane	Working closely with SLWP to prioritise this project.	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	A	Graeme Kane	Price of textiles continue to fall. Income levels to be monitored closely.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	Graeme Kane	Completed - Now part of Phase C service	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	Graeme Kane	Completed - Now part of Phase C service	N
ENV36	Review and removal of NRCs	50	50	0	G	Graeme Kane		N
Total Environment and Regeneration Savings 2016/17		3,050	2,148	902				

Appendix 7

Subject: Miscellaneous Debt Update June 2017

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2017, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system was implemented and this includes the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 June – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	June 17 arrears f	March 17 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,488,642	250,021	141,172	269,820	2,149,655	842,867	↑
Corporate Services	1,922,494	27,572	30,240	58,385	2,038,691	161,726	↑
Housing Benefits	756,241	497,485	1,418,694	1,669,151	4,341,571	4,306,029	↑
Children, Schools & Families	742,821	230,575	44,780	213,539	1,231,714	959,933	↑
Community & Housing	1,345,073	761,742	818,871	1,365,823	4,291,509	4,167,270	↑
Chief Executive's CHAS 2013	0	0	0	0	0	0	↓
Total	6,316,331	1,793,452	2,481,712	3,599,246	14,190,741	10,551,811	↑
Jun-16	4,637,416	2,302,037	2,385,836	3,422,628	12,747,917		
Variance June 16 to June 17	1,678,915	-508,585	95,876	176,618	1,442,824		↑

- 1.3 Since the position from 31st March 2017, the net level of arrears, i.e. invoices over 30 days old, has increased by £3,638,930.

- 1.4 The new financial system was implemented on 6 February 2017 and there was an initial delay in raising new invoices and therefore at the end of March 2017 the level of outstanding debt had reduced from £12.8m reported as at 31st December 2016. However, over the past three months there has been an improvement in the volume and speed of invoices raised and the backlog has reduced. There is still a backlog of invoices to be raised for Adult Social Care debt which is linked with the implementation of the new Social Care computer system, but the matter is being monitored and addressed.
- 1.5 We expect to be invoicing 11 weeks after service has been delivered versus our normal practice of a 6 week lag. This 5 week deficit from normal practice will need to be recovered over the remainder of the year. Apart from this there are no other areas where there are system related impediments to raising debt although we have noticed that in some areas staff are less familiar with the system which can cause a small lag versus what we would have expected in previous years. Additional training has been offered to assist with this.
- 1.6 There has been a considerable increase in debt outstanding that is between 31 days and six months old. This level of debt has increased from £2.7 million at the end of March 2017 to £6.3 million at the end of June 2017. This is due to the delay in commencing the issuing of reminders for unpaid invoices and the escalation of cases to the debt recovery team.
- 1.7 Reminders for unpaid invoices started to be issued in June 2017 and as a consequence cases that remain unpaid will be passed to the debt recovery team in mid-July. This process is being proceeded with cautiously both because of the potential impact on the teams that would receive enquiries from a large backlog and because of the impact on customers with numerous outstanding debts, instalment plans or missed payments. Once this initial 'catch-up' period has completed, hopefully by the end of July, we will be able to revert to a normal daily running of the reminder process
- 1.8 The largest increases since the end of March 2017 are for Environmental and Regeneration and Corporate Services departments. The increases in Environmental and Regeneration debt are for Community Infrastructure Levy, Commercial Rents and Commercial Waste depts. The increases in Corporate Services debt are for re-charges for IT to CHAS and debts owed to Legal Services. These debts are being pursued with service departments and other Councils.
- 1.9 Although none of the debts that are less than six months old have formally been passed to the debt recovery team, they have commenced informal recovery action on some of the larger debts, ringing or emailing debtors etc.

- 1.10 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 or 30 days in March 2017

Sundry debt June 2013 to June 2017 – not including debt that is less than 30/39 days old

Department	June 2013	June 2014	June 2015	Jun 2016	June 17
	£	£	£	£	£
Env & Regeneration	811,346	884,512	896,994	1,815,385	2,149,655
Corporate Services	623,983	858,227	290,128	401,015	2,038,691
Housing Benefits	3,173,011	2,685,560	3,196,008	4,014,558	4,341,571
Children, Schools & Families	133,712	367,884	995,833	1,248,528	1,231,714
Community & Housing	4,183,231	4,589,395	5,076,718	5,162,464	4,291,509
Chief Executive's	3,000	500	0	0	0
CHAS 2013	0	113,826	153,984	105,967	137,601
Total	8,928,283	9,499,904	10,609,665	12,747,917	14,190,741

- 1.11 The figures in the table above show that a major area of increase in debt over the four year period is housing benefit overpayments. 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 £85 million was paid in 2016/17
- 1.12 In addition there has been an increase in debt owed to Children Schools and Families which is mainly due to outstanding invoices owed by Lambeth and Croydon councils where we have re-charged them for children placed in our schools. These debts are being actively pursued by the debt recovery team and service departments.
- 1.13 The increase in Environmental and Regeneration and Corporate Services debts has been detailed above in 1.7.
- 1.14 The action being taken to recover the housing benefit overpayments and community care 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 debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the 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.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

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 £3.92 million, a reduction of £17,000 since last reported.
- 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 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. As part of this a Lean review is taking place which will include the assessment and raising of invoices through to debt collection practices.

- 3.5 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at June 2017 compared to March 2016, June 2016, September 2016 and December 2016

Community Care Debt	Mar 2016	% at stage	Jun 2016	% at stage	Sep 2016	% at stage	Dec 2016	% at stage	Jun 2017	% at stage
Invoice stage	656,084	14%	387,608	9%	772,555	16%	646,210	13%	1,129,190	29%
Charge & Deferred Payment	995,753	22%	775,880	18%	706,043	15%	635,671	13%	311,604	8%
Payment arrangement	372,108	8%	462,801	11%	451,694	10%	235,667	5%	273,316	7%
Probate, DWP & Deputyship	925,447	20%	944,870	22%	895,603	19%	771,456	15%	553,437	14%
Court action	147,886	3%	141,345	3%	256,347	5%	188,264	4%	184,781	5%
Dept or service query	154,802	3%	182,702	4%	51,821	1%	286,782	6%	90,530	2%
No action secured	1,386,446	30%	1,460,347	33%	1,624,173	34%	2,186,747	44%	1,380,647	35%
Total Debt	4,638,526		4,355,553		4,758,236		4,950,797		3,923,505	

- 3.6 Although the debt has reduced since December 2016 the current debt figure is understated as stated in 1.4 above there is a backlog in issuing Community Care invoices. As at the end of June 2017 there had been no invoices issued for 2017/18 charges although it is planned that April's invoices will be issued by the end of July. In the first quarter of 2017/18 payments have been received to clear two large ongoing debts, one for just over £100,000 and one for £30,000.

- 3.7 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.6 million, of which

£4.2 million is within the sundry debtors system and the remainder of the debt is still within the housing benefit system.

- 3.8 The Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.9 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.
- 3.10 The Real Time information initiative continues into 2017/18 and we are currently dealing with up to 700 referrals every month.
- 3.11 Since the start of the Real Time information initiative over £5 million of overpayments have been identified. 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 can contact the claimants employer and are paid a percentage deduction of their salary each month. So far we have over £250,000 secured by this method.
- 3.12 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 £3.3 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.7 million is on a payment arrangement or recovery from on going benefit
- 3.13 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from Dec 2015 to June 2017 by quarter

Recovery Stage	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Invoice and Reminder stage	1,571,934	1,205,885	667,690	624,877	874,548	723,613	284,713
On-going recovery	3,237,225	3,105,644	2,928,207	3,048,093	3,032,558	2,928,992	3,363,611

Payment Arrangements	1,606,401	1,792,340	1,922,400	2,134,893	2,220,007	2,314,257	2,353,352
No Arrangements secured	1,608,915	1,870,006	2,528,002	2,544,392	2,162,070	2,113,587	2,665,410
Total HB Debt	8,024,476	7,973,875	8,046,299	8,352,255	8,289,183	8,080,449	8,667,086

3.14 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.

3.15 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16, 2016/17 and 2017/18.

Debt written off from 2014/15 to date by debt type

	2014/15	2015/16	2016/17	2017/18
	Total	Total	Total	Quarter 1
Debt type				
Sundry Debt	£347,726	£581,419	£129,338	£291,708
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£0
Council Tax	£526,881	£951,280	£623,486	£0
Business Rates	£790,373	£659,514	£567,908	£136,709
Total	£2,715,085	£2,702,565	£1,838,199	£428,417

3.16 Of the business rates debt written a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2016/17 £2.017 million of business rates debt was written off and £1.071 million related to businesses that went into liquidation.

- 3.17 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2016/17 the council was collecting a net debt of £102.9 million in council tax (this includes the GLA portion), a net debt of £91.3 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.
- 3.18 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 as at the end of December 2016.

As at end of December 2016

Year	Invoices raised	Credits	Journals	Written Off	Payments	O/s	% Collected	% o/s or w/o
2013/14	£44,842,844	-£2,531,232	-£91,213	-£217,833	-£41,252,390	£750,176	97.84%	2.16%
2014/15	£57,041,098	-£6,756,029	£459,436	-£179,094	-£49,731,873	£833,538	98.23%	1.77%
2015/16	£67,409,189	-£11,330,263	-£112,786	-£48,374	-£54,377,668	£1,540,099	97.65%	2.35%
2016/17	£43,058,643	-£4,200,922	-£60,362	-£696	-£30,050,524	£8,746,139	79.70%	20.30%

- 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 98.4% 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, E5 and Housing benefits systems. These provisions are £2.96m for ASH miscellaneous debt and £6.95m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.91m. 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 31/03/2016	At 31/03/2017
	£000's	£000's
Env & Regeneration	377	294
Corporate Services	342	162
Housing Benefits	6,287	6,947
Children, Schools & Families	121	296
Community & Housing	1,995	2,207
Total	9,122	9,906

6. EXECUTIVE SUMMARY / CONCLUSION

- 6.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 30 days old, as at 30 June 2017 is £14,190,741. The net level of arrears as at 31st March 2017 was £10,551,811.

7. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2017 is detailed in the table below.

Total debt outstanding as at 30 June 2017 and compared with previous periods over the past 12 months

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
	£	£	£	£	£
Miscellaneous sundry debt Note 1	12,762,026	12,406,364	13,588,220	7,067,219	12,454,666
Housing Benefit debt	8,046,299	8,352,255	8,289,183	8,080,449	8,667,087
Parking Services	2,475,209	2,800,371	3,425,473	3,526,192	4,451,650
Council Tax Note 2	5,028,749	4,524,303	3,822,875	3,866,556	6,940,774
Business Rates Note 3	1,696,598	1,147,749	972,883	654,794	2,558,946
Total	30,008,881	29,231,042	30,098,634	23,195,210	35,073,123

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 30 days old.

Note 2 Council tax debt does not include the current year council tax collection.

Note 3 Business rates debt does not include the current year business rates collection

Note 4 From April 2017 council tax and business rates debt is being reported and monitored different. From April 2017 we will report the gross debt position whereas previously we have reported the net debt position (netting off credits on accounts).

- 7.1 The overall debt outstanding has increased by £11.87 million since last reported at the end of March 2017.
- 7.2 It has been detailed within this report the reasons for some of the large increase, such as reduction in backlog of invoicing of debts, reporting gross debt rather than net debt, increase in housing benefit overpayments, however, one further area is the large increase within the last three months of debt outstanding for Parking penalty charge notices, which has increased by just under a £1 million. There has been an increase of almost 8,000 unpaid charge notices which is due to the impact of ANPR.
- 7.3 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – June 2017

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	1,203,912	10,564	114
3-6 months	1,126,503	7,854	143
6-9 months	788,717	4,653	169
9-12 months	479,983	2,728	175
12-15 months	301,351	1,778	169
Older than 15 months	551,184	3,751	146
Total June 2017	4,451,650	31,325	142

Total March 2017	£3,526,192	23,447	150
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Increase/-decrease	£925,458	7,878	
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