

# Merton Council

## Cabinet Agenda

### Membership

#### Councillors:

Stephen Alambritis (Chair)  
Mark Allison  
Kelly Braund  
Mike Brunt  
Tobin Byers  
Caroline Cooper-Marbiah  
Nick Draper  
Edith Macauley MBE  
Martin Whelton

**Date: Monday 17 September 2018**

**Time: 7.15 pm**

**Venue: Committee rooms C, D & E - Merton Civic Centre, London Road,  
Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed.  
For more information about the agenda please contact  
[democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone [020 8545 3616](tel:02085453616).

All Press contacts: [communications@merton.gov.uk](mailto:communications@merton.gov.uk), 020 8545 3181

# Cabinet Agenda

## 17 September 2018

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### **Note on declarations of interest**

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

# 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](http://www.merton.gov.uk/committee).

## CABINET

30 JULY 2018

(7.15 pm - 7.36 pm)

PRESENT Councillors Councillor Stephen Alambritis (in the Chair),  
Councillor Mark Allison, Councillor Kelly Braund,  
Councillor Mike Brunt, Councillor Tobin Byers,  
Councillor Caroline Cooper-Marbiah, Councillor Nick Draper,  
Councillor Edith Macauley and Councillor Martin Whelton

Ged Curran (Chief Executive), Hannah Doody (Director of  
Community and Housing), Chris Chowns (Principal Transport  
Planner), Caroline Holland (Director of Corporate Services),  
Rachael Wardell (Director, Children, Schools & Families  
Department), Fabiola Hickson (Manager business improvement  
law) and James McGinlay (Assistant Director for Sustainable  
Communities)  
Louise Fleming (Senior Democratic Services Officer)

### 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence received.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 25 June 2018 are agreed as an accurate record.

### 4 CRICKET GREEN SCHOOL EXPANSION CONSTRUCTION CONTRACT AWARD (Agenda Item 4)

The Cabinet Member for Education presented the report, which set out the results of a tender process for a contractor to undertake construction works to expand Cricket Green School. The expansion of the school would enable the school to continue to provide high quality education to children with special educational needs. The proposals were subject to the planning application being granted at the Planning Applications Committee. The Cabinet Member thanked all those involved in progressing the project, which was on schedule to be completed in time for the start of the September 2019 school year.

RESOLVED:

That the council award the contract for the school expansion construction works for Cricket Green School as outlined in the confidential appendix 1, subject to planning permission being granted by Planning Applications Committee.

#### 5 LOCAL IMPLEMENTATION PLAN 3 (LIP3) (Agenda Item 5)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the objectives of the Mayor's Transport Plan, of which the Council had a duty to deliver as part of its Local Implementation Plan, and the timetable for approval and implementation. The Cabinet Member highlighted the focus on sustainable transport such as cycling and walking and the proposals for supporting those transport methods in the context of reduced resources and reduction in government grant to Transport for London.

RESOLVED:

1. That the approval process for LIP3 as outlined in the report be noted.
2. That the overarching MTS outcomes, draft borough trajectories and overall approach for developing LIP3 be noted.
3. That the delivery timescales set by TfL for delivering LIP3 be noted.
4. That the Director of Environment and Regeneration be given delegated authority to finalise the Council's LIP after consultation with the Cabinet Member.

#### 6 ANNUAL PUBLIC HEALTH REPORT 2018: TACKLING HEALTH INEQUALITIES - PROGRESS IN CLOSING THE GAP WITHIN MERTON (Agenda Item 6)

The Cabinet Member for Adult Social Care and Health presented the statutory annual report of the Director of Public Health, highlighting the key points for consideration and the challenges faced in collecting data to measure inequality in the Borough. It was acknowledged that there were complex challenges ahead in tackling health inequality, and the Cabinet Member thanked all those involved for their work.

The Cabinet Member for Community Safety, Engagement and Equalities advised the meeting that the report had also been considered at the Joint Consultative Committee with Ethnic Minority Organisations. The Committee had welcomed the work done by the Overview and Scrutiny task group on the prevention of diabetes in the South East Asian community, and it was hoped that those recommendations would continue to be monitored.

RESOLVED:

That the Annual Public Health Report (APHR) 2018 on Health Inequalities be received and noted; and endorsed for publication.

#### 7 FINANCIAL REPORT 2018/19 – MAY 2018 (Agenda Item 7)



The Deputy Leader and Cabinet Member for Finance presented the report, thanking officers for their work and highlighting the key items for consideration. He emphasised that the report should be read in the context of the pressures put on local authorities as part of the government's austerity agenda and the pressures of an ageing population. The Cabinet Member highlighted the pressures on children's services and flagged up the projected overspend due to additional demands on Council services.

The Director of Corporate Services drew the meeting's attention to the progress against delivery of savings. Due to adjustments the projected shortfall had reduced and was projected to reduce further in 2019. Tracking savings not previously delivered was ensuring the Council kept an overview of the overall budget position.

**RESOLVED:**

1. That the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £2 million be noted.
2. That the adjustments to the Capital Programme contained in Appendix 5b to the Cabinet report be noted, and the following adjustments to the Capital Programme be approved:

Scheme		2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Funding/Re-profiling
<b>Corporate Services</b>						
Aligned Assets		(75,000)	75,000	0	0	Re-profiling
Revenue and Benefits	(1)	(400,000)	400,000	0	0	Re-profiling
Capita Housing	(1)	(100,000)	100,000	0	0	Re-profiling
Planning & Public Protection Sys	(1)	(130,000)	130,000	0	0	Re-profiling
Spectrum Spatial Analyst Repla		(42,000)	42,000	0	0	Re-profiling
Replacement SC System	(1)	(400,000)	400,000	0	0	Re-profiling
Acquisitions Budget	(1)	(7,101,680)			7,101,680	Re-profiling
Capital Bidding Fund	(1)	(1,186,400)			1,186,400	Re-profiling
<b>Children, Schools and Families</b>						
Schools Maintenance		85,000	0	0	0	School Contributions
Perseid Expansion	(1)	260,000	0	0	0	Virement
Harris Merton Expansion	(1)	(260,000)	0	0	0	Virement
Harris Wimbledon Expansion	(1)	(572,570)	572,570	0	0	Re-profiling

Devolved Formula Capital	(1)	353,390				Specific Government Grant
Cricket Green Expansion	(1)	(1,000,000)	1,000,000	0	0	Re-profiling
<b>Environment and Regeneration</b>						
Street Lighting Replacement Pr	(1)	(200,000)	0	0	0	Virement
Borough Roads Maintenance	(1)	200,000	0	0	0	Virement
Transportation Enhancements	(1)	0	(500,000)	(1,000,000)	1,500,000	Re-profiling
Wandle Project	(1)	59,770	0	0	0	Section 106 Funding
Shop Front Improvements	(1)	264,000				CIL Neighbourhood Funding
Polka Theatre (Section 106)	(1)	149,950				Section 106 Funding
S106 Ravensbury Park Open Space	(1)	87,000	0	0	0	New S106 Scheme
<b>Total</b>		<b>(10,008,540)</b>	<b>2,219,570</b>	<b>(1,000,000)</b>	<b>9,788,080</b>	

\*items marked with (1) only for Cabinet

3. That the £149,950 Section 106 funding for the Polka Theatre, £87,000 Section 106 funding for Ravensbury Park Open Space and £59,770 Section 106 funding for the Wandle Project be approved.

4. That a virement between the Environment & Regeneration and Corporate Services departments be approved as part of the ongoing process of centralising the authority's software licences to the Business Improvement division. The virement amount is £10,360 which relates to the Transport Services route optimisation and planning software.

5. That a virement of £350k from Corporate items to Corporate Services be approved to fund the recent local elections.

6. That a virement of £1.5m to gross up the Housing Benefits subsidy received on overpayments to align income and expenditure budgets within Corporate Services be approved.

7. That a release from reserve of £370k relating to the One Public Estate Programme for Wilson Hospital redevelopment (£110k), and Morden Town Centre (£260k) be approved.

8. That a virement of £25k from Corporate Services to E&R for the Christmas lights budget which is managed within sustainable communities be approved.

## 8 EXCLUSION OF THE PUBLIC (Agenda Item 8)

Cabinet noted that the content of the exempt appendix at item 9 would not be discussed and therefore the meeting remained in public session, and the decision is set out at item 4 above.

## 9 CRICKET GREEN SCHOOL EXPANSION CONSTRUCTION CONTRACT

AWARD - EXEMPT APPENDIX (Agenda Item 9)

The Cabinet noted that the content of the exempt appendix would not be discussed and therefore the meeting remained in public session. The decision is set out at item 4 above.

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## Committee: Cabinet

Date: 17 September 2018

Wards: All

### **Subject: Strategic Partner Programme 2019/22 – commissioning requirements**

Lead officer: John Dimmer, Head of Policy, Strategy and Partnerships

Lead member: Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities

Councillor Tobin Byers, Cabinet Member for Adult Social Care & Health

Contact officer: Amanda Roberts; Policy, Strategy and Partnerships Officer  
(020 8545 4685 / [amanda.roberts@merton.gov.uk](mailto:amanda.roberts@merton.gov.uk))

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#### **Recommendations: That Cabinet:**

- A. Note the aligning of the Information and advice, voluntary sector infrastructure support, Wellbeing, Carers, and Healthwatch services into an expanded Strategic Partner programme (see section 3.10)
  - B. Note the Funding Prospectus as the basis on which to commission these services (see section 3.14 – 3.20)
  - C. Note that funding agreements cover the period 2019-22 with funding for the third year of the information and advice and voluntary sector infrastructure support elements subject to a further Cabinet decision in 2020/21 (see section 3.13)
  - D. Note the scoring methodology and weighting to select providers (see section 3.24)
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report provides Cabinet with details of work which has been undertaken to transition to an outcomes-focused commissioned grants approach for the Strategic Partner programme, as well as the process moving forward. This has involved extensive engagement with the voluntary sector; wider mapping of the need, demand, and supply landscape; and the aligning of related funding which is on the same time cycle.
- 1.2. We are proposing an expanded Strategic Partner programme that has five pots of aligned funding:
  - Information and advice services
  - Advice and support to voluntary and community groups
  - Wellbeing services
  - Carers services
  - Healthwatch.
- 1.3. We intend to invite bids for funding in October 2018 based on commissioning requirements set out in a funding prospectus which has been developed through a Collaborative Working Group. The draft funding prospectus is set out in Appendix 3. This report also sets out the process for awarding funding and timetable.

## **2 BACKGROUND**

- 2.1. In July 2017 Cabinet agreed that a future Strategic Partner grants programme be based on a commissioning approach, with specifications being developed with the voluntary sector and partners. It was also agreed that funding would be maintained at the current level for 2018/19 – 21 and that officers would look at opportunities to pool or align other related departmental grants.
- 2.2. Officers have been working with a Collaborative Working Group of voluntary sector representatives and service commissioners to develop a set of commissioning requirements that form the basis of the draft Funding Prospectus that will be used to invite bids for funding from the voluntary sector. In addition, service commissioners from across the Merton Partnership have been discussing what funding could be either pooled or aligned with the programme.

## **3 ANALYSIS**

### **Co-design and the process thus far**

- 3.1. The recommissioning process was launched with a workshop at Vestry Hall on 30<sup>th</sup> November 2017 which was attended by approximately 50 voluntary and public sector representatives. The outputs from the workshop have formed the basis of a number of working papers to inform development of the funding prospectus.
- 3.2. A task and finish ‘Collaborative Working Group’ drawn from attendees at the November Workshop was set up, featuring representatives from across the Council, CCG, and voluntary sector. This meeting was co-chaired between Hannah Doody (the CMT lead for the voluntary sector) and Suzanne Hudson (Chief Executive of Citizens Advice Merton and Lambeth – the largest advice provider in the borough). In addition, the group has nominated leads for data/needs analysis, engagement/consultation and best practice, and two sub-groups were called together to look at specific topics including voluntary sector infrastructure support and starting an advice forum in Merton.
- 3.3. This Collaborative Working Group met on five occasions over as many months, and meetings were themed in order to use the time to best effect.
- 3.4. Discussion in this group was passionate and extensive and helped to develop a series of papers outlining the main issues and ways forward, ultimately resulting in the draft funding prospectus which has now been developed. The outcomes identified by the group formed the basis of much of the funding prospectus, and their inputs ensured that the prospectus’ launch on 14 July was as well received as it was.
- 3.5. This process of co-production facilitated through the Collaborative Working Group is clearly evident in the draft prospectus and has had a positive impact on the Council’s relationship with the voluntary sector. There has been a great deal of feedback from those involved in the process to say what a valuable endeavour it has been.
- 3.6. We believe that this process has set the standard for relationships with the voluntary sector moving forward, representing genuine co-production.

### **Mapping of needs and demand**

- 3.7. In developing the draft funding prospectus, we requested data from information and advice-giving organisations in the borough, to better understand levels of demand. This data was viewed in the context of the borough’s profile (much of which can be

ascertained from the [Merton Data](#) webpage) in order to identify any potential unmet need.

- 3.8. The [results from these surveys](#) were analysed and emerging from this were several categories of information and advice provision which were identified as a priority, both from service user and organisational data. The highest demand for information and advice provision relates to benefits, debt, and housing, and this information was used in the development of the prospectus.

### **Commissioning process and additional funding streams**

- 3.9. Conversations have taken place between the Policy team and various commissioning managers throughout the Council, including Adult Social Care, CSF, Housing, Public Health, and Community Safety to consider the possibility of pooling or aligning funding pots. Additionally, all housing providers operating in Merton, the CCG, and other commissioning bodies have been contacted to establish the work currently being commissioned from the voluntary sector in order to prevent duplication. Emerging from these conversations were a number of current funding streams which run on the same timeline and have an overlap in the organisations or communities they support.
- 3.10. Following discussions with commissioners it is proposed that the new Strategic Partner Programme contains five distinct funding streams; these are: 'Information and Advice Provision', 'Voluntary Sector Infrastructure Support', 'Wellbeing Services (Adults)', 'Carers Service', and 'Healthwatch Merton'.
- 3.11. The funding which previously was part of the Strategic Partner Programme (i.e. Information and Advice, and Voluntary Sector Infrastructure Support) will continue to be commissioned by the Policy, Strategy, and Partnerships team. Meanwhile the 'Wellbeing Services' and 'Carers Services' funding streams come from Adult Social Care budgets, with both of these services having previously come under the 'Ageing Well Programme'. Healthwatch Merton will remain under the same budget as the previous Healthwatch contract. Further detail on this funding is set out in Appendix 1.
- 3.12. When commissioners met to discuss the requirements relating to voluntary sector infrastructure support to the voluntary sector it became clear that the available resource would not fund all the essential elements set out in the prospectus. This means that we are reliant on the provider's ability to generate additional income through fees/charges and other grants sources. The funding for this element of the programme has been increased by £60k p.a. which consolidates annual grants previously awarded by the Merton Partnership in 2016/17, 2017/18 and 2018/19 for voluntary sector development and community giving. This resource will be used to prioritise voluntary sector development in relation to youth services with a particular focus around the serious youth violence strategy.
- 3.13. Funding for the Wellbeing, Carers Services, and Healthwatch elements of the new programme is across 3 years 2019-22. Cabinet approved funding in July 2017 for the information and advice and voluntary sector infrastructure support elements for 2018-21. To align timescales across the programme it is therefore proposed that the funding agreements for information and advice and voluntary sector infrastructure support is also for 3 years. However, funding for year 3 (2021/22) would be subject to a further Cabinet decision in 2020/21.

## **The prospectus, consultation, and engagement**

- 3.14. The prospectus can be found as Appendix 3 and sets out the key features of services we hope to fund. These features include those which have prevention at the heart of their offer, providing early intervention to ease the burden on more intensive, longer term, and costly measures down the line which are often provided by the Council, in particular social care and housing.
- 3.15. The prospectus and consultation was launched at MVSC's last INVOLVE meeting on 14 July, which featured a series of presentations, questions and answers, and workshops. Suzanne Hudson also gave a short presentation highlighting the success of the Collaborative Working Group and speaking to the co-design of the prospectus. This greatly improved the reception the prospectus received.
- 3.16. The launch event also provided an opportunity for the voluntary sector to ask questions and leave comments, using a sticky note system. Any questions which could not be answered on the day were taken away, and an [FAQ document](#) was compiled, uploaded online, and sent to the attendees. More than 50 questions were asked, and raised some important considerations regarding eligibility for funding and questions about the process.
- 3.17. In addition to this launch event, relevant officers made themselves available for a two hour drop-in session at Vestry Hall, and the voluntary sector were encouraged to attend and ask questions.
- 3.18. The overall feedback to the funding prospectus and the process that has fed into it has been overwhelmingly positive. Feedback that has been given has been constructive and has enabled us to develop the prospectus further.
- 3.19. The consultation process ended on 27 August and the prospectus has been updated in-line with the feedback received from the voluntary sector over the six week consultation period.
- 3.20. Four official consultation responses were received, providing useful feedback which has been reflected in the draft prospectus. We believe the low number of responses to the official consultation survey reflects the amount of work done with the voluntary sector prior to an official consultation launch. The Collaborative Working Group ensured the voice of the voluntary sector was reflected in the prospectus, and the presentation and workshop held at the INVOLVE meeting resulted in a huge amount of feedback.

## **The application form and scoring methodology**

- 3.21. The application form for these five funding pots will be standardised across the streams to ensure there is a simple and consistent process for the voluntary sector.
- 3.22. It is likely there will be one funding panel for the 'information and advice provision' and 'voluntary sector infrastructure support' funding streams, whilst a separate panel will be used for the 'wellbeing programme', 'carers service', and 'Healthwatch Merton'. Panels will be drawn from the Council's lead commissioners.
- 3.23. A new scoring methodology has been developed to appropriately judge applications for the updated Strategic Partner Programme. This scoring system ranges from 0 to 5, with 0 being for a response which has not been given or one which is wholly inadequate, whilst a 5 is reserved for responses which are robust, evidenced, and go above and beyond what is asked. Where an application scores a one in any category or has more than one score of two they will automatically be rejected.
- 3.24. The scoring criteria, weightings and scoring system is set out in the two tables below.



Category	Demonstrates	Weighting
Track record	<ul style="list-style-type: none"> <li>• Delivery / impact</li> <li>• Fundraising / income generation</li> <li>• Partnership and collaborative working / constructive relationships</li> </ul>	20%
Meets requirements	<ul style="list-style-type: none"> <li>• Alignment with key features set out in the funding prospectus</li> </ul>	40%
Value for money	<ul style="list-style-type: none"> <li>• Evidence based methodology</li> <li>• Outputs and impact</li> <li>• Prevents / delays public sector costs</li> </ul>	20%
Bridging the gap	<ul style="list-style-type: none"> <li>• Meets demonstrable needs</li> <li>• Helps deliver LBM equalities duties</li> <li>• Reaches priority client groups</li> <li>• Involves service users in design</li> </ul>	20%

Score	Meaning	Description
0	Inadequate	There was no response to the question / there is no supporting evidence demonstrated
1	Poor	There is a significant lack of evidence / it fails to meet the required standard / there are serious shortcomings
2	Weak	There is a lack of evidence / there are some shortcomings
3	Acceptable	The response is robust and there is an acceptable level of evidence / any concerns may be of a relatively minor nature
4	Excellent	A very well-evidenced response / very few if any shortcomings / demonstrates a full understanding of the required standard
5	Exceptional	Outstandingly well-evidenced / goes above and beyond what is required / very few if any shortcomings

3.25. Cabinet is asked to review and approve the updated scoring methodology and weighting.

#### 4 ALTERNATIVE OPTIONS

4.1. We could choose to not fund the elements in the Strategic Partner programme, however, it is likely that we would be in breach of statutory duties and subject to legal challenge (see legal implications below)

4.2. We could fund the Strategic Partner programme at a reduced level. However, the top priority for the new administration is to protect vulnerable residents and the Strategic Partner programme directly correlates to this. Supporting the voluntary sector to provide services to vulnerable residents is likewise a priority for the new administration. It is also likely that reducing preventative and early intervention services will result in higher demand in the longer term for social care and homelessness services leading to higher costs overall.

- 4.3. We could move away from grant funding and procure the requirements instead, however the Strategic Partner Programme was taken through Cabinet in July 2017 where it was decided to retain the grants whilst taking a commissioning approach. Were the programme to be procured as a contract, this would need to go back to Cabinet, and would fundamentally change the nature of the programme.

## **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. Extensive consultation has taken place through the Collaborative Working Group, which has met a total of five times.
- 5.2. The consultation was open for a period of six weeks including a workshop to launch the consultation process and a drop-in session to address any questions from the voluntary sector. The launch event on 14 July was attended by over 50 organisations and a detailed [FAQ document](#) was published after the event providing answers to more than 50 questions. Four additional responses were received via the consultation survey and these are detailed in Appendix 2, along with the response or action taken.
- 5.3. A workshop took place in November 2017 which included approximately 50 representative from the voluntary sector. This workshop formed the basis of much of the discussion moving forward.
- 5.4. Two surveys were developed which gather the views of voluntary sector organisations and its service users over the past two years. These have been distributed in both digital and physical form, and were promoted by Merton Council and organisations across the voluntary sector.
- 5.5. Conversations with commissioners within the Council and beyond (the CCG, housing providers) have taken place throughout this process. An initial mapping exercise involved a number of commissioning managers in Merton, and a further 'Commissioners meeting' took place in June.

## **6 TIMETABLE**

- 6.1. The consultation period began w/c 16<sup>th</sup> July and ran for 6 weeks (until 27<sup>th</sup> August)
- 6.2. The Funding Prospectus and process for selecting new providers will be finalised and go to Cabinet on 17<sup>th</sup> September
- 6.3. The programme will be advertised to prospective bidders from October, subject to no 'call in' of the Cabinet decision
- 6.4. The deadline for funding bids will be on 12 November 2018, after a six week period
- 6.5. The selection panels will meet after the closing date for applications and a report will be prepared for the Chief Executive with recommendations on organisations to be funded.
- 6.6. Applicants will be notified of a decision by 31 December 2018
- 6.7. Funding agreements and monitoring arrangements will be finalised in March 2019 and funding will commence from April.

## **7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 7.1. The cost of the information and advice element proposed in this report is £1.06 million over two years 2019-21 (excluding notional funding). This can be met within the current core budget.
- 7.2. The cost of the voluntary sector infrastructure support element proposed in this report is £370k over two years 2019-21 (excluding notional funding). This can be met within the current core budget.
- 7.3. It is proposed to award contracts for information and advice and voluntary sector infrastructure support over a 3 years period with funding agreed for the first two years as set out in 6.1 and 6.2. We would notify providers of the level of funding to be allocated in 2021/22 for these two elements in 2020/21.
- 7.4. The total grants allocation for Wellbeing Services 2019-22 is £1.2 million and Carers Services is £829,000 over the same funding period. Further details are available in Appendix 1. The grant funding for these services is from the Adult Social Care core budget.
- 7.5. It was agreed at C&H DMT to include an innovation fund as part of the Wellbeing Services. With the expansion of social prescribing across the borough, and other care navigation and outreach support, we anticipate certain gaps in service provision to be identified. We intend to provide £30,000 as a one-year pilot funded via the iBCF to support social enterprise style bids for organisations to access small/medium grants which use innovative ideas to promote wellbeing.
- 7.6. The grant funding available for Healthwatch Merton is £375k over the three years 2019-22. This is met predominately from Corporate Services budget (£100,000 per annum) with the remainder met from the Department of Health Local Reform and Community Voices grant.
- 7.7. There is no reduction in overall funding up to 2021/22 but there could be some organisations who could lose funding and others who gain. There is no provision for any transitional arrangements. The overall budget will be kept under review as part of the approach to balancing the budget over the medium-term.

## **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. Under the Care Act 2014 (Part 1 Section 4) a local authority must establish and maintain a service for providing people in its area with information and advice relating to care and support for adults and support for carers.
- 8.2. Under the Homelessness Reduction Act 2017 (Section 2) local housing authorities are required to provide advisory services, free of charge, which provide information and advice on preventing homelessness and securing accommodation when homeless.
- 8.3. The Care Act 2014 states that local authorities must actively promote wellbeing and should have different types of support, services, facilities and resources that help a person avoid developing needs for health and social care support. This includes supporting carers and provision of information and advice.
- 8.4. Merton Council has a legal duty set out in the Health and Social Care Act 2012 to commission a local Healthwatch organisation that is independent of the Council and the NHS.
- 8.5. The Council has the power under the Localism Act 2011 (known as the general power of competence) to do anything an individual may do, unless specifically prohibited. This includes the power to make grants.

- 8.6. In adopting an outcomes-focused commissioned grants approach, care must be taken to ensure that the outcomes identified are not such that a funding agreement is in reality a contract, which would be subject to the Public Contracts Regulations 2015 and the Council's Contract Standing Orders.
- 8.7. Care should also be taken that the giving of a grant does not amount to State Aid. As such the Council should ensure that prior to award of grant a declaration is made by the organisation.

## **9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 9.1. The equality analysis undertaken for the redesigned programme has identified mainly positive impacts but also a potential negative impact for voluntary and community sector organisations that may not be able to meet the more rigorous and specific criteria we will use to decide who our Strategic Partners will be. These services are likely to support individuals with a range of protected characteristics. However, this is a consequence of having a much better understanding of needs and the type of services to best meet this need resulting in a more detailed and precise set of requirements. Overall, the impact of having a more detailed set of criteria to select partners should be positive. No particular equality groups have been identified that would be affected more than others. The full equality analysis for consideration is set out in Appendix 4.
- 9.2. To mitigate any potential negative impact, we have undertaken consultation with the sector on the detail contained within the draft prospectus and ensured that this consultation was widely publicised. We held a consultation event and advice session to answer queries from voluntary and community sector organisations on the draft funding prospectus. We also produced a question and answer document to address queries from the consultation event. Support is available from Merton Voluntary Service Council for organisations who wish to submit collaborative bids and these are encouraged for specific funding streams. The application period will be six weeks, as in previous rounds. In addition, when we assess applications received we will make judgements on the spread geographically and on the basis of needs.

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1. The proposals in this report do not have a direct crime and disorder impact, however, they will contribute to an inclusive and cohesive society and improve the resilience of vulnerable residents. Overall, this should have a positive impact on the factors that contribute to crime and disorder and reduce the likelihood of vulnerable residents becoming victims of criminal behaviour.

## **11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 11.1. Two of the council's key risks relate to equalities and to partnership working. The proposals set out in this report will mitigate risks in relation to both of these.

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

1. Background information
2. Consultation response table
3. Strategic Partner draft funding prospectus
4. Equality Impact Assessment

**13 BACKGROUND PAPERS**

13.1. None.

**14 LINKED REPORTS**

14.1 Cabinet report – Future Funding of the Strategic Partner Programme – 03/07/2017 - <https://democracy.merton.gov.uk/ieDecisionDetails.aspx?ID=477>

## Appendix 1 – Background Information – services currently commissioned 2018/19

### Strategic Partner Programme

- The corporate Strategic Partner Grants programme currently funds the voluntary sector to provide information, advice, and voluntary sector infrastructure support services. The annual cost of the current programme is £682k. The current grants were extended for an additional year (2018/19) to allow time for the new Strategic Partner programme to be developed.
- The current breakdown of funding for Strategic Partners is as follows:
  - Citizens Advice Merton and Lambeth (£341,898)
  - South West London Law Centres (£56,034)
  - Springfield Advice and Law Centre (£53,765)
  - Merton Voluntary Service Council (£125,484)
  - Merton Centre for Independent Living (£80,000)
  - Merton Community Transport (£25,000)

### Ageing Well and Carers Service

- The Ageing Well Programme commenced as a national programme commissioned by the Department of Work and Pensions and led by the Local Government Group (LGA) in 2010. The programme aimed to support local authorities to promote the independence and wellbeing of older people. One of the programme's components provided support to 19 local authorities to develop 'place based projects' aimed to enable them to 'develop good places to grow older'. The London Borough of Merton was one of these local authorities and achieved national recognition for its Ageing Well Programme Phase 1. The key aims were refreshed for Phase 2 of the Ageing Well Programme, run from April 2016, to focus on promoting independence.
- Since the Ageing Well Programme started, the adult social care system has continued to be under sustained and growing financial and demographic pressure. As such, it is facing a period of significant change. It is imperative to maximise independence of residents of the borough to minimise the level of social care required to be delivered. This has required a fundamental shift in the expectations of individuals, communities and service providers.
- It has been recognised that there are now gaps in the programme which need to be addressed and therefore it is the intention to widen the focus of the Programme to include all adult residents of Merton who would benefit from the principles key features outlined in the Wellbeing Services section of the Strategic Partner Programme prospectus.
- The Ageing Well Programme currently funds the voluntary sector to provide low level preventative support and services that enhance a person's wellbeing and independence. The programme also funds the development of a Carers Hub where Carers in Merton can access a range of interventions, activities and support to assist them in their caring role. This includes statutory Carers Assessments. The current providers and their annual cash grants over the past three years are as follows:

<b>Organisation Name</b>	<b>2016/2017:</b>	<b>2017/2018:</b>	<b>2018/2019:</b>
Wimbledon Guild	£51,870	£43,420	£43,420
Merton Vision	£46,140	£46,130	£46,130
The Merton & Morden Guild	£29,845	£29,420	£29,854
Friends in St. Helier	£29,845	£29,420	£29,854
Age UK Merton	£73,560	£75,017	£76,405
Carers Support Merton (includes £50,000 IBCF)	£268,740	£272,443	£276,219
Commonside Trust	£57,130	£50,000	£50,000
Asian Elderly Group of Merton	£18,270	£18,270	£20,000
Imagine Independence (contract)	£113,116	£113,116	£113,116
<b>Total:</b>	<b>£688,534</b>	<b>£677,236</b>	<b>£684,998</b>

### **Healthwatch**

- The Health and Social Care Act 2012 included a requirement on local authorities to establish a local Healthwatch in their area. This duty replaced the duty to establish a Local Involvement Network (LINK) from 1 April 2013. Healthwatch is the consumer champion for health and social care in Merton.
- Merton Voluntary Service Council (MVSC) was awarded the contract to deliver Healthwatch Merton in March 2013 following a competitive tender process. A two-year contract was agreed with options to extend for an additional two years if agreed by both parties. These options were taken up extending the contract to March 2017. In February 2017 Merton Council agreed a further year's extension based on the same terms as the original contract. This was to allow addition time to explore long term procurement options for the service. A further extension was agreed for 2018/19 in order to align Healthwatch with the new Strategic Partner Grants programme. This approach means the Council can work with stakeholders to develop the specifications setting out the outcomes required and what will and will not be funded and ensure a more consistent monitoring of performance than it has been to date as a stand-alone project.
- The contract for Healthwatch Merton is for £125,068 in 2017/18. This is met predominately from Corporate Services budget (£100,000) with the remainder met from the Department of Health Local Reform and Community Voices grant.

## Appendix 2 – Consultation response table

Feedback received	Response or action taken
<p>Although support with community care has now been included, it is still only in brackets. Support with e.g. accessing social care, addressing issues arising such as non-provision of services, disputes with care agency, or independently supporting people through safeguarding are all vital areas of work which are not covered by ASC teams, are not covered by the Wellbeing Grant and are not addressed through statutory advocacy commissioning</p>	<p>The wording of this section has been revised to reflect the advice needs relating to community care, and any unintended implication of it being of lesser importance has been removed (page 4).</p>
<p>There should be greater focus on prevention, which will assist in reduction of need for other services at a later stage. There was plenty of reference to enabling people to become more self-sufficient, but not enough perhaps on how they would get there or on how the need might potentially be prevented.</p>	<p>Merton Council does not wish to be prescriptive regarding how a service should be delivered. The updated Strategic Partner Programme has an outcomes focus, but does not dictate how a service should be delivered (page 4).</p>
<p>While community care has been included in the prospectus, it has been left out of the FAQs. Having raised community care at every meeting, and having had the same raised by other VCS colleagues, it would seem that this is a strategic decision.</p>	<p>Exclusion of community care has not been a strategic decision. The prospectus now makes explicit reference to its importance. The Q&amp;A document will not form part of the final prospectus and so its phrasing is not of relevance (page 4).</p>
<p>The prospectus mentions Disabled People only twice, and not at all in the Advice and Information section. Even the generalist services are finding that a large number of their users are Disabled People, while we had to turn away a 5th of potential cases last year due to capacity. I feel it would be helpful for the prospectus to acknowledge the need for accessible services in a more overt way than it does currently, and to acknowledge the needs of Disabled People.</p>	<p>The over-representation of disabled people in seeking information and advice is acknowledged and a new service feature – ‘Accessibility’ has now been included to ensure that any funded service is accessible (page 7).</p>
<p>I can see that some changes have been made to reduce the focus on private tenants, however, I am still concerned that the way this has been prioritised would still constitute indirect discrimination of people with the protected characteristics most likely to be found in social housing. I also feel, based on our casework, that it over-estimates the level of support available from a housing association.</p>	<p>Wording has been adapted to reflect that an RP’s own procedures should be the first step, <i>where reasonable</i>, before seeking independent advice (page 4).</p>
<p>One of the points made at the Working Group was that while no one wants to duplicate, service users deserve a choice. In fact, we have on several occasions taken on people who have been barred from other services; how would this</p>	<p>Barring clients from services would be a matter for that organisation and would constitute a part of service delivery, which Merton Council would not prescribe. We are not advocating for a single provider of</p>



<p>be managed if only a single Advice and Information service exists?</p>	<p>information and advice but at the same time do not want to see the voluntary sector duplication its work and splitting a limited supply of funding between identical or similar services.</p>
<p>We have learned from past projects that traditional outreach does not work very well for our service users. However, we do undertake home visits (a core part of our service). Would this be considered sufficient under the outreach criteria?</p>	<p>Yes, undertaking home visits would be considered sufficient. We think it is important that an organisation knows its client group and how best to reach them. This might involve home visits or alternatively could involve work in the community.</p>
<p>The current provider does excellent work supporting a range of forums and networks which support VCS to come together and is very valuable. However, it is not wholly clear where this would now sit in the prospectus? Perhaps the representation element could be more clearly</p>	<p>There is a great value in this network of forums and this has been reflected in updated wording in the 'Networks' section (page 14).</p>
<p>Where would policy, prevention and voice activity work sit within this model?</p>	<p>This kind of work would not fall under the voluntary sector infrastructure funding pot, the features of which can be found in the funding prospectus. With regards to policy work, an application would be best placed under the information and advice funding stream.</p>
<p>The FAQs have indicated that this issue of being able to make cross-cutting bids is being taken back for further discussion and I would request that cross-cutting bids are allowed.</p>	<p>The Strategic Partner Programme contains separate funding streams for separate outcomes, and so we see the concept of separate applications as a logical and legitimate route to take.</p>
<p>It is really positive that the language we found offensive in the original prevention model has been changed. However, the positive emphasis of the prospectus is undermined by the language in the FAQs which in several places talks of "prevent, reduce and delay the need for health and social care services" and reminds me of comments made in the Working Group by ASC team members of wanting to create a "firewall" to prevent people accessing Council Services. I would like to again raise concerns about this kind of approach in a wellbeing service. To my mind we should be talking about prevention of problems for the individual, rather than prevention of access to services.</p>	<p>Regarding the language in the Q&amp;A document, this will not form part of the final application and so the focus should be on the prospectus' language. Regarding the broader concept, we have been clear from the beginning that these services should form a crucial preventative function, which focuses on early intervention for individuals, which may prevent them from requiring more intensive and costly action down the line. Early intervention and support that preserves or increases independence is the priority not preventing access to services.</p>
<p>The prospectus does not demonstrate that enough will be done to promote and support agencies that give residents and carers a forum for social interaction, where they can seek to ensure they maintain healthy and active lifestyles, which will in turn generate a stronger climate of</p>	<p>Whilst the prospectus has not been specific about a forum for social interaction, it has stated that it would encourage activities for social interaction, and this could include forums.</p>

prevention.	
There remains a gap in provision of support for people in tier 1. Who will be supporting people with social care needs or established health conditions? I don't feel this was answered in the meetings nor in the prospectus. Please could you clarify who will support this group of people?	As stated in the prospectus, The Wellbeing Programme primarily aims to support residents within tiers 2 and 3 of the Prevention Model, however we would expect customers in tier 1 to be referred to the Wellbeing Programme as appropriate to enhance their wellbeing. Customers in tier 1 would normally present to Adult Social Care via the hospital or community.
The 'Promoting independence' section would benefit from acknowledging that some people will need community care/packages of support from ASC in order to live independently.	In the prevention section of the prospectus it states that Adult Social Care will work closely with the Wellbeing Programme to ensure people are appropriately referred to ensure that their needs are met where possible and that people know the range of services and support available locally for them to regain/remain independent.
Regarding social interaction, I have several times made the point both the Working Group and at the Health and Wellbeing Board that provision needs to be made for people with care packages to be supported with this areas of wellbeing. It would be helpful if the prospectus could acknowledge this as it is an important aspect of prevention.	Please see the responses to the previous 2 questions.
Is there duplication covering carers twice? In the Carers section and the wellbeing section?	No there isn't duplication. Whilst we have a separate Carers Services section, we would want all applicants of the Wellbeing Services to ensure that where carers and families identified, they are supported in their role and referred to the carers service where required.
Joint working is a two-way street. As I have mentioned before, Council colleagues also need to respect and listen to their partners. As currently written, the section on joint working very much puts the onus on the VCS and yet this should be a partnership of equals.	We fully acknowledge and accept the concept of joint working as a two-way street, and recognise the role Merton Council plays in this. We believe this is adequately reflected in the principles of joint working (page 31).
Specifically on the escalation procedure, it would be very helpful if that could be agreed prior to the launch of the grants process, given that partners are asked to sign up to it.	This is currently being developed and we hope to have an escalation procedure signed off before the launch of the grants process.
There should be efforts made to promote the Merton strategy beyond Merton's borders and to other local authorities, so that they might realise and recognise its benefits. It is an important programme and worth supporting	This is a very valid comment, and we will ensure to share any best practice and learning gained from the experience with other organisations and local authorities.

### Appendix 3 (on following page) – Draft Funding Prospectus





**Strategic Partner Programme  
Draft Prospectus  
2019/22**





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## INTRODUCTION TO THE STRATEGIC PARTNER PROGRAMME

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This is a draft version for consultation of the funding prospectus for Merton Council's Strategic Partner Programme 2019/22. In October the Council will be seeking voluntary and community sector organisations to work with us as our strategic partners. We will provide grant funding to these strategic partners with services funded from April 2019.

We are pleased to say that initially, despite councils' overall funding from central government reducing by around 40%, there has been no reduction in funding for the Strategic Partner Programme. The Programme now brings together for the first time a range of funding opportunities to make it clearer to see what is available and easier to apply for funding.

The Programme now comprises five separate elements: information and advice, voluntary sector infrastructure support, wellbeing services, a carers service, and Healthwatch Merton. The draft Prospectus sets the outcomes and strategic delivery models that we are seeking. More detail on each element is set out in the relevant sections of the Prospectus.

It is very likely that the applications for funding we receive will be more than the funding that is available. The Prospectus will form the basis of the criteria we use to decide who will be our strategic partners. We are looking for organisations that have a track record of delivery which they can evidence. We want to work with organisations that can work collaboratively and constructively with us and the other strategic partners. We will look for organisations who have a strong track record in generating resources from a diverse range of sources.

We will also make judgements on the spread geographically and on the basis of needs. The Council's overarching policy priority is to bridge the gap in terms of outcomes between the east and west of the borough and between different communities; the Council also reserves its right of discretion.

We are extremely grateful to the work of the Collaborative Working Group who helped us develop these requirements (see Appendix 2). This group of people, drawn from the Council, voluntary sector, and partners, came together to discuss, research, challenge, and debate all aspects of the new Programme. The timescales were very tight and people gave very generously their time and experience.

The funding panel who will review applications will be scoring applications using a weighting system. This weighting can be found in Appendix 3.

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## INFORMATION AND ADVICE PROVISION

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### What service is this funding for?

We are looking to commission a number of organisations in the provision of high quality information and advice. This provision should be a continuum of support across a four tiered model: good quality information, advice, casework, and specialist and/or legal representation where necessary. We would therefore welcome a consortium proposal for information and advice services as we feel that this would offer the best model to meet the features we are seeking.

The outcomes being sought and the aspects of the provision model are set out below. Although provision can be viewed in these categories, a client's journey will often not make the distinction between these levels and may require a number of different levels of assistance throughout their interaction with the voluntary sector. For example, a client may initially approach an organisation asking for information, however the complexity of the case may require more specialist legal representation. A client does not need to seek the first level of advice before being able to access the second and third levels of provision. Support needs to be accessible at the appropriate level to the clients' needs / complexity of the issue.

The four tiers are explained in more detail below:

1. Information  
Fact-based provision of information which may be delivered online, through leaflets, over the phone (or Skype), or in face-to-face interactions.
2. Advice  
This level of provision will cater for those who need a steer on a topic and once supplied with the advice can take the matter forward on their own behalf. This provision will be fast, provide high quality advice, and will enable the client to take further action to address the issue themselves. It could be provided online or might involve answering queries over the telephone or Skype.
3. Casework  
There must be a place in the system for longer-term information, advice, and guidance for people who require continued and/or more in-depth support. This could be as a result of the person's needs and/or the complexity of the issue. The goal is still to enable clients to support themselves however in these cases it may require more comprehensive wrap-around support.
4. Specialist and/or legal representation  
The system must also include capacity for specialist knowledge and legal representation for those cases which require professional intervention or court appearances, such as formally appealing a benefits pay-out.

\*Please see Appendix 1 for definitions

## What time period will the funding run for?

2019/20 – 2020/21

## What are the key features of this service?

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### *Prevention*

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**The purpose of providing high quality information and advice should be to prevent people, where possible, requiring more intensive services or support. All organisations should have this as a goal**

- A number of leading categories have been identified through conversation, various meetings, and surveys as being the largest issues facing the most voluntary sector providers and residents of the borough; these are debt, benefits, and housing. These issues may then have a knock on effect on an individual's mental and physical health.
- Disabled people or those facing challenging life events e.g. through illness or impairment, may well require high quality and timely advice. Advice on what support, care and help is available will be therefore be an important element of advice services.
- With regards to housing, whilst any preventative service will be tenure neutral, priority will be to those individuals/ households in the most acute housing need. The most acute form of housing needs is homelessness or threat of homelessness. The main cause of homelessness in Merton is from private sector tenants and it follows therefore that priority will be given to this group.
- Registered Provider (RP) tenants (Housing Associations) are not excluded but a recognition is made that these tenants benefit from a preventative support framework by their own landlords which private sector tenancies do not. It will be expected that providers will ensure that, where reasonable, RP tenants will have exhausted their own landlord's complaints and preventative services mechanisms in the first instance before embarking upon detailed casework and preventative work.
- It should be recognised that certain clients who are RP tenants may require support from the voluntary sector through the process of the preventative support framework, and so there remains a need for support of RP tenants.
- People will often approach those they know or feel comfortable around for assistance, and so there needs to be consideration for those who might present to their support networks, such as places of worship. These less formal channels of assistance should be supported and enabled to correctly refer people in need who they encounter.
- Often, those who have some of the most challenging needs will be those who are least inclined to approach an advice organisation, and so the provision of information and advice services needs to effectively target these people and provide services which are accessible and welcoming. This may include measures such as offering BSL, foreign language interpreters, Skype advice sessions, or having easy-read information available.

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## *Flexibility*

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**The services provided should be adaptable to change. With Council support, the voluntary sector should be aware of upcoming changes to policy which might change the demand for advice services**

- The provision of information and advice needs to be adaptable to any changes to the landscape of advice need and demand and so an organisation should be able to demonstrate how its staff and volunteers are kept up to date with the latest information and training.
- Policy announcements and large-scale shifts can drastically change the demand for advice services. For example, the introduction of Universal Credit has seen a huge upsurge in the number of clients seeking advice on their benefits entitlement.
- Merton Council will do all it can to share intelligence of any upcoming policy changes which might impact on the voluntary sector's advice services. Additionally, the sector should maintain good communication with the Council to draw attention to any concerns or unmet need.
- Smaller or long-term changes can also have implications for advice-needs in the borough, such as a slight increase in interest rates affecting residents' ability to keep up with mortgage payments, resulting in higher demand for relevant advice. There needs to be a proactive approach to identifying trends and reconfiguring services where appropriate.
- The Council and partners should be able to adapt its commissioning role in order to best meet the advice needs of the borough. This flexibility should be designed into the service from the start, as organisations may struggle with being told that the parameters of the commissioned service have changed within a short timeframe.
- Partners should seek opportunities for delivering information and advice as vital services that wrap around related services (e.g. health) and deliver from any new facilities that may be developed over the lifetime of the grants programme, e.g. the Wilson Health and Wellbeing Campus.

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## *Quality*

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**All strategic partners would be expected to deliver quality advice and must receive regular training. Advice should be subjected to any relevant regulation**

- There must be a level of quality assurance built into the system to ensure that clients are not only getting timely advice on the appropriate topic, but also that the advice is of a high standard. This will involve regular training of staff, and access to appropriate materials and online tools for caseworkers.
- Those who are providing advice must be well trained in the appropriate field and be aware of shifts in funding and policy in order to best advise clients.
- There needs to be a consistency of advice. Clients should be able to receive the same high quality advice regardless of which organisation they approach.



- Organisations which provide advice should be properly regulated; for example, debt advice is regulated under the Financial Conduct Authority and immigration under the Office of Immigration Services Commissioner or the Solicitors Regulation Authority.
- It is appropriate that those giving advice operate under a recognised quality assurance scheme; the main schemes for this include Advice Quality Standard, Specialist Quality Mark, or Lexcel. Organisations that don't have these quality marks are encouraged to do so as the auditing process gives some assurances of standards and quality.

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### *Navigability*

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#### **Organisations are expected to ensure their services are clearly advertised and signposted, so that clients are able to determine quickly and easily which organisation is the most relevant to approach**

- Clients seeking advice or information need to receive the right advice at the right time from the right people. The organisation which someone initially approaches may not be the most appropriate to deal with their needs, and so effective referrals and handoffs are essential. This might involve a 'warm handoff' where introductions are made to the referral organisation by the referring agency to ensure a smooth transfer between providers.
- There needs to be a holistic 'whole person approach' which considers clients as a whole in order to identify what other (possibly underlying) needs they might have which need to be addressed in order to ensure an improvement in their circumstances.
- The social prescribing pilot which has been taking place demonstrates the benefits to individuals, communities, and statutory organisations of successful community navigation, and the model is applicable to the voluntary sector more widely. Any organisation forming part of Merton's Strategic Partner programme should support and engage fully with Merton's 'All Services Hub', which acts as a directory and information site. Organisations are expected to ensure that their information and contact details are accurately represented.
- It is also crucial to have a sector which is clear to access in the first instance. Consideration should be given to opening times and the location of provision so that access can be improved. There should be a clear offer from organisations offering advice services, and a central landing page which clearly sets out which services are offered by which organisations. This would likely take the shape of an online model, although there will be users who are not online or struggle accessing or interpreting the information, and so consideration must be made for this.

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## *Unity*

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**Organisations should consider joint funding bids or the opportunity for forming consortia. The providers should assist one another as and when necessary and build strong relationships**

- The voluntary sector is strongest when it works together. With regards to funding, smaller organisations should consider joining with others to put forward more robust bids to any relevant funding authority. There should be a commitment and intention to cooperate with other organisations.
- There are too many individual pockets of knowledge within the sector, and often this knowledge relies on an individual, meaning that turnover of staff can impact the provision of services. Merton's 'All Services Hub' will act as a central resource which organisations and individuals can access, providing information and signposting to relevant organisations.

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## *Accessibility*

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**Ensuring services are accessible to all is a required feature of any funding bid**

- Service design needs to be accessible and make reasonable adjustments for anyone who may want to use them. Many advice-giving organisations report an over-representation of disabled people in seeking this kind of support.
- This accessibility might take the form of easy-read documents, wheelchair-accessible facilities, or the provision of Skype sessions as well as regular telephone calls.

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## *Advice forum*

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**An advice forum brings organisations together to discuss issues, problem solve, and share information. Future providers should play an active role and engage in any advice forum which might be started**

- Organisations should think about creative ways in which they can work together and support one another, by sharing learning and support. There needs to be more of an advice network in the borough, which effectively communicates shifts which are likely to have implications for the provision of information and advice.
- The Advice Forum will have a number of aims, including networking/sharing across organisations; understanding the needs of Merton (with sharing of data from Council); and the possibility of partnerships/collaborative working through joint funding bids.

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## *Outreach*

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**An organisation's focus should not be to operate from its own premises, but should be to have some form of outreach, such as home visits, or working in community spaces such as libraries, job centres, or GP surgeries**

- The provision of information and advice should be operated with an element of outreach embedded in the model. Organisations which are fixed in a certain premises rely on people approaching them and thus risk overlooking the most vulnerable residents who might require the most support.
- Providing a safe environment which relaxes clients has the additional benefit of identifying other issues. Many clients will approach an organisation over a single issue however further conversation and interaction can reveal multiple issues which should be addressed.
- The outreach model should understand that many people will only go where they feel comfortable, and may not like interacting with people they don't know, and so organisations must work in the community. Dependent on the circumstances this might include GP surgeries, libraries, residential care homes, job centres, the Wilson Health and Wellbeing Campus once developed, etc.
- Outreach work does not remove the need for home visits in certain cases, as outreach work in the community doesn't overcome the barrier of people not being or feeling able to leave their homes.

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## *Enablement*

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**Wherever possible, clients should be enabled to take further action themselves and to improve their own circumstances. Some clients may simply need a steer in the right direction whilst others may require longer term support in order to build their resilience**

- The goal of providing information and advice is to see an improvement in a client's circumstances and, if possible, enable them to help themselves. In a majority of cases clients will simply need a steer in the right direction for them to take further action themselves. Where further intervention and casework is required the goal is similar, although there are more steps in achieving it.
- The voluntary sector must support people in building their resilience – the ability to bounce back from tough times and having the capacity to overcome issues.
- Clients should be empowered, giving them the authority or power to do something, supporting their options to make stronger and more confident decisions, and being in control of their life and claiming their rights.

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## VOLUNTARY SECTOR INFRASTRUCTURE SUPPORT

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### What service is this funding for?

We are looking to commission a service which provides support to Merton's large and thriving voluntary sector. This service should meet the features set out below, and should act as a hub which supports the voluntary sector through training and advice, but also provides certain services such as a directory and possibly even shared back office services.

The following are some of the categories of support needs identified by the voluntary and community sector in Merton. They were discussed as the elements necessary to sustainably and effectively meet the needs of residents. A thriving voluntary sector is a key priority for local government given the role that the VCS increasingly plays in meeting demand as council services reduce or tighten eligibility criteria. It should be recognised that the funding available from Merton Council will not cover all the activities listed below. The infrastructure service should provide a universal offer to the voluntary sector free-of-charge, while some additional services may be paid for.

### Tiers of organisational need

Three tiers of organisational need have been identified:

1. The first tier is a level of support which includes the provision of good quality advice and guidance on certain topics. This level of guidance would be free to all groups
2. The second tier is indicative of long term assistance provided to voluntary sector organisations, including ongoing training packages; reaching accreditation; the provision of services such as a joint HR, finance, or IT support; or specialist training such as on safeguarding. There should be a resource available to 'health check' voluntary sector organisations and assist them in ensuring their governance structure is up to the required standard, including training. This is also the case for the organisations' wider systems, processes, and policies. This longer or more in-depth support might be a charged-for service
3. The third and final tier in this structure of organisational need can be seen as a form of crisis management. This level of required support might involve planned / managed closure of an organisation or could involve recovery through a closely managed process. This tier of support might be free, paid for, or funded by commissioners on a case by case basis

The support needs have been grouped into the following categories:

**Governance | Resources | Practical Support | Leadership**

## What time period will the funding run for?

2019/20 – 2020/21

## What are the key features of this service?

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### *Good governance*

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#### **Good governance needs to be in place for recourse to public funds, along with high quality trustees and board members**

- Strong governance of an organisation might require advice, training programmes, and reviews, including board training and mentoring. The support organisation should be able to provide a governance review, where it checks the status of an organisation's arrangements to ensure it is robust enough to form part of a successful funding bid.
- One of the largest barriers to organisations successfully applying for funding is their governance arrangement. Good governance needs to be in place for recourse to public funds and smaller organisations may struggle to effectively demonstrate this. Good quality trustees and board members are essential.
- Strong governance of an organisation might require multiple offers of training and reviews, including board training and mentoring. The support organisation should be able to provide a governance review, where it checks the status of an organisation's arrangements to ensure it is robust enough to form part of a successful funding bid.

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### *Quality assurance*

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#### **Organisations will need advice and assistance in understanding what is required to receive accreditation**

- The two steps in an organisation achieving quality assurance are as follows. Firstly, they need to conduct a form of internal self-assessment to test whether the correct systems are in place and working effectively. Once this is the case, an organisation can seek external accreditation which will improve any application for funding they put forward as this provides an assurance of the quality of their services and processes. Organisations will need advice and assistance in understanding what is required to receive this accreditation and this support. Nationally recognised accreditation also has a large cost implication and so smaller organisations may struggle to achieve this.
- The provider may also provide a mock assessment to test an organisation's eligibility for accreditation.

**Crisis management could involve mediation or intervention, or planned closure**

- In line with the third tier of support provided to the voluntary sector, crisis management could involve mediation or intervention, and in the worst situations will involve supporting the organisation to close and ensuring that the communities which it provided for are adequately informed, supported, and signposted elsewhere.

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*Volunteering support*

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**This might include recruitment, induction, ongoing training, development, recognition, and making clear what the expectations of the volunteers are. Volunteers also require support and space for reflective learning – a network of support**

- The work carried out by voluntary sector organisations frequently relies on the hard work of dedicated volunteers. Organisations, large or small, will often have far more volunteers than they will paid staff and there are essential management implications that come with this. High quality ongoing management of volunteers is essential in retaining this valuable resource. Organisations may struggle to coordinate large numbers of volunteers and so administrative support could be greatly beneficial in these cases. This might include induction, training, development, and making clear what the expectations of the volunteers are (this will also make clear the distinction between the roles and expectations of volunteers and paid staff).
- It is also essential that volunteers have access to ongoing training; it would make sense for this to largely be provided in a central capacity, at least with regards to transferrable skills and knowledge which will be relevant to a number of organisations, such as safeguarding or dealing with mental health. It may be more relevant that highly specialist training be provided by the organisations themselves. There also needs to be consideration for how 'accredited' training can be provided to those working in the voluntary sector, as this often comes with a large cost implication.
- Volunteers require space for reflective learning. Support for volunteers would likely come from the organisation with which the volunteers are associated, however there is scope to create a support network for volunteers across the borough which could provide a space for idea sharing and reflective learning. The possibility of a 'volunteer passport' could be considered, which credits a volunteer's time and helps them build their CV.
- Recruitment of volunteers can often be a difficult task for organisations, particularly those smaller organisations who may have less name recognition and online presence. There should be a centralised resource for the recruitment of volunteers, which would be readily accessible by both potential volunteers and the organisations looking to hire them. The centralising of this facility should involve robust publicity and could incorporate some kind of reward/recognition scheme or event, which celebrates the hard work done by



the community's volunteers. This might be provided or facilitated by the council and/or the support organisation.

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### *Fundraising support*

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**Development of the voluntary sector's enterprise acumen. Additionally, the support organisation should also provide access to a database of funding which is available to the sector**

- Funding opportunities need to be clearly available to voluntary organisations, whose funding will often come from a varied range of sources, including different tiers of government, the private sector, and lottery funding. A clear system should be provided for organisations to explore any available funding opportunities.
- The Chamber of Commerce can act as an important link between local businesses and the voluntary sector. Any provision of support to the sector should be sure to work with the Chamber to increase its work on community giving in the borough. This will involve engaging with Merton businesses and developing and implementing policy and strategy.
- The voluntary sector's enterprise acumen needs to be developed and supported to grow the social enterprise market. Organisations need to be supported in risk-taking and encouraging a business-like approach. This is quite a departure from the traditional mind-set of public sector organisations but is becoming ever-more crucial in the current climate of public finances.
- The infrastructure support organisation is expected to be able to advise on matters including crowdfunding, should organisations be interested in funding through this process. Additionally, the support organisation should work with Merton council on considering a preferred provider for Crowdfunding, should the Council decide to take an organisation-wide approach to this.

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### *Funding bid support*

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**Organisations should be supported in making funding bids. Some of the largest areas of support need identified are in being able to demonstrate impacts and the budgeting aspect of bid writing**

- Bidding for funding from the local authority, central government, big lottery, etc. is challenging for smaller organisations who may struggle to effectively demonstrate their ability to deliver projects on a larger scale. Therefore, there could be a centralised capacity for advice on bid writing, assisting the voluntary sector in preparing bids for funding and advising on the best techniques for doing so. As well as the writing of bids, other aspects might include budgeting as well as effectively demonstrating impacts.
- Delivering the above will vary between organisations, as some will simply be seeking advice on the bid writing process, with the aim of using this knowledge in future funding bids (this is perhaps a more sustainable model, with organisations being enabled to carry out the work themselves in the future). Others – perhaps those with deeper capacity issues – might want to

'hire' assistance in writing bids, to ensure they are maximising their chances of being awarded funding.

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### *Training offer*

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**Ability to deliver low cost courses of general interest to the sector e.g. safeguarding, health and safety, volunteer management, quality assurance etc.**

- Volunteers and paid staff require access to ongoing training; it would make sense for this to largely be provided in a central capacity, at least with regards to transferrable skills and knowledge which will be relevant to a number of organisations, such as health and safety, safeguarding, or dealing with physical or mental health. There also needs to be consideration for how 'accredited' training can be provided to those working in the voluntary sector, as this often comes with a large cost implication.
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### *Shared services*

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**The sharing of back office functions such as HR, IT, finance, and payroll is of great value to smaller organisations, and if an organisation were able to offer this it would be well received**

- Smaller organisations with few staff often lack the capacity to provide effective and high quality back office support functions such as HR, IT, Finance, and Payroll services. The provision of these services could come through a central provider, at a reasonable cost given the economies of scale.
  - It should also be considered which services need to be provided in-borough, and where there is logic in providing more regional support. Certain services which require more face-to-face interaction and personal support would logically be provided on a local level whilst larger systems which can be operated remotely may benefit from being located regionally.
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### *Communications support*

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**Providing communications advice and support could involve assisting with branding and social media presence which can aid in attracting and recruiting volunteers**

- Branding and social media presence can be important for organisations, particularly in attracting and recruiting volunteers, and raising awareness of the work they do in order to gain funding and support. Communications advice and support could be provided by a support body, even if on an informal basis.



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## *Partnerships*

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### **The support organisation could facilitate the creation of partnerships, consortia, and mergers of voluntary sector organisations**

- Voluntary sector organisations are passionate about their work, often forming because of a drive to make a difference. However, there needs to be caution for the sector not to replicate its work across multiple organisations, causing inefficiency and dividing much-needed funding between small groups. When a new organisation begins to form it should consider whether it has a different offer to the work currently being done by the sector.
- With regards to existing organisations, they should consider opportunities arising to collaborate and form partnerships, specifically around projects and funding opportunities. Mergers should be proactive and do not only need to occur between similar organisations, but might involve smaller organisations being incorporated into larger services.
- One of the main barriers to funding is the sheer number of applications which funding opportunities receive. Forming a consortium to bid for funding is often encouraged by funders and can make larger funding opportunities more achievable to smaller organisations as it allows them to demonstrate good governance and processes. It also avoids duplication, provides economies of scale, and often has a wider beneficiaries pool.
- Partnerships should be encouraged and coordinated to make it an attractive prospect for any voluntary sector organisation.
- There may be particular sections within the sector that need development support. These needs will arise from time to time and may relate to a particular cohort of people, policy priority or a geographic area. We would be looking to the provider to support this type of development need as identified by the commissioner.

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## *Networks*

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### **The infrastructure service should support and engage with Merton's 'All Services Hub', whilst also working to unite the borough's voluntary sector and facilitate strong networks**

- Capacity to efficiently provide support services at a local level may be lacking and so there should be effective signposting between support services to guide an organisation to the most relevant or available resource for them to utilise.
- Any infrastructure organisation which is funded by Merton Council should engage fully in the 'All Services Hub', ensuring it is fit for purpose, actively promoting and using it as part of the self-care offer, and is updated accordingly. This might involve attending meetings to influence its ongoing design.
- A range of forums and networks are important for the voluntary sector to communicate and organise itself. The facilitation of these forums would form a crucial role for any infrastructure organisation receiving funding.

- There should be a strong network within the voluntary sector which allows for some kind of a peer-to-peer / mentoring / buddying scheme in which leaders of the voluntary sector can consult one another for advice. Additionally, this network could be useful if a particular organisation is lacking a resource or requires short-term assistance with a problem, with other parts of the sector lending a helping hand.
- There should be facilitation of a peer-to-peer scheme in which leaders of the voluntary sector can consult one another for advice.

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### *Representation*

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#### **The sector's voice needs to be effectively represented on the various boards which discuss and decide on policy**

- In order for policies to benefit the voluntary sector its voice needs to be effectively represented on the various boards which discuss and decide on policy. The sector needs to be a part of the conversation which influences policy and strategies. The representatives on these boards should be regularly reviewed to ensure the most relevant person attends and is making the most of the opportunity. Attending all the relevant boards and meetings is a large undertaking, however they provide opportunity for networking, forming partnerships, and career development (be this informal, or through a formal qualification such as CPD).
- Merton has a large and diverse voluntary sector with over 700 individual organisations. Any infrastructure support organisation will need to demonstrate how many of these organisations it is reaching, as this should be a universal offer to the sector.

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## WELLBEING SERVICES

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### What service is this funding for?

We are looking to commission a number of organisations to provide low level preventative support and services that enhance a person's wellbeing and independence. The Wellbeing Grants Programme will commence from April 2019 for a period of 3 years.

The World Health Organisation defines Wellbeing as:

*'A dynamic state of physical, mental and social wellness; a way of life which equips the individual to realize the full potential of his/her capabilities and to overcome and compensate for weaknesses; a lifestyle which recognizes the importance of nutrition, physical fitness, stress reduction, and self-responsibility. Well-being has been viewed as the result of four key factors over which an individual has varying degrees of control: human biology, social and physical environment, health care organization (system), and lifestyle'.*

The Merton Adult Social Care Wellbeing programme will align the scope of work with the World Health Organisation definition and include all residents of Merton who would benefit from the objectives outlined in the Programme.

The Care Act 2014 describes 'Wellbeing' as relating to the following areas:

- Personal dignity (including treating the individual with respect)
- Physical and mental health and emotional wellbeing
- Protection from abuse and neglect
- Control by the individual over day to day life (including over care and support provided and the way it is provided);
- Participation in work, education, training or recreation
- Social and economic wellbeing
- Domestic, family and personal,
- Suitability of living accommodation
- The individual's contribution to society

The Care Act states that local authorities should actively promote wellbeing and have different types of support, services, facilities and resources that help a person avoid developing needs for health and social care support. The Wellbeing Grants Programme will commission early interventions that promote wellbeing and are delivered via either targeted casework, advice and support, and Community-Based Support and Services. Services funded through this programme are part of a wider landscape of prevention and wellbeing services commissioned by the council and our partners. To ensure the best reach for finite resources we will try to avoid duplication with other council and health programmes.

The Ageing Well Programme commenced as a national programme commissioned by the Department of Work and Pensions and led by the Local Government Group (LGA) in 2010 to promote the independence and wellbeing of older people. The key

aims were refreshed for Phase 2 of the Ageing Well Programme, run from April 2016 to date, to focus on promoting independence.

It has been recognised that there are now gaps in the programme which need to be addressed and therefore it is the intention to widen the focus of the Programme to include all residents of Merton who would benefit from the key features.

### What time period will the funding run for?

2019/20 – 2021/22

### What are the key features of this service?

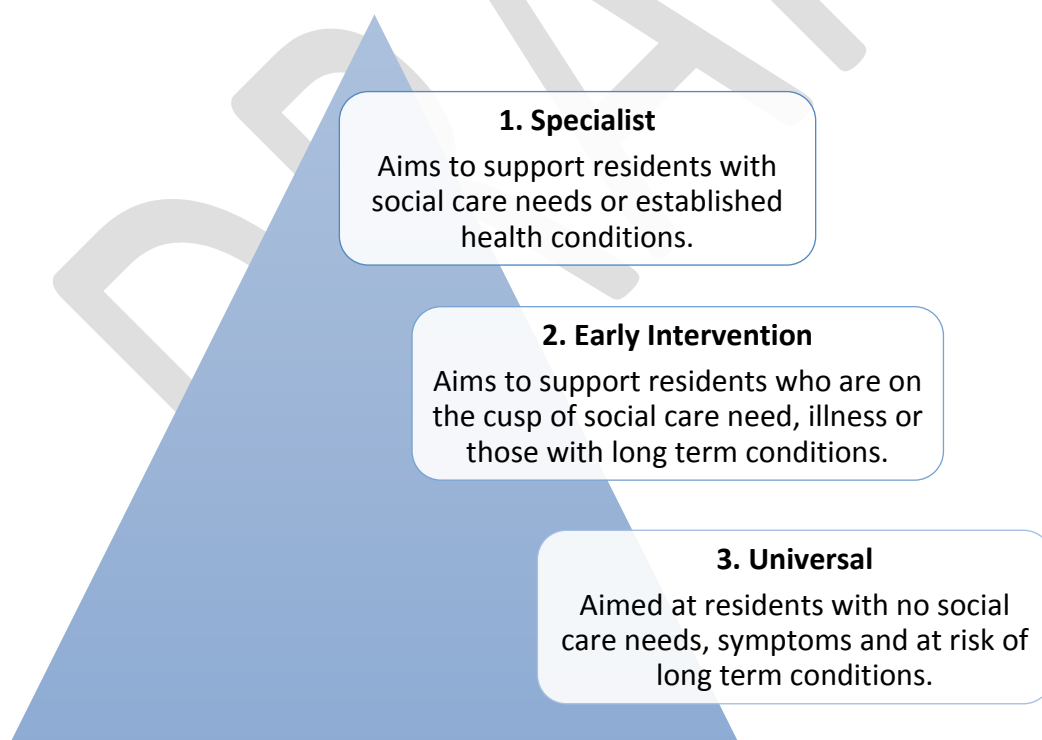
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*Prevention*

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**Preventative support and services will be delivered via the Wellbeing Programme either through face to face 1-1 support or community-based support and services**

Prevention model:



- The Wellbeing Programme aims to support residents within tiers 2 and 3 of the Prevention Model, however we would expect customers in tier 1 to be referred to the Wellbeing Programme to enhance their wellbeing. Customers in tier 1 would normally present to Adult Social Care via the hospital or community. Adult Social Care will work closely with the Wellbeing Programme

to ensure people are appropriately referred to ensure that their needs are met where possible and that people know the range of services and support available locally for them to regain/remain independent.

- The Wellbeing Programme will support people who would be classified in tier 2 (residents who are either on the cusp of social care need, illness or those with long term conditions) and tier 3 (residents with no social care needs, symptoms and at risk of long term conditions) to go directly to digital self-care services and/or the services in the community and voluntary sector for support. Successful applicants of the Programme will need to ensure that a strong network is developed and services are promoted via digital platforms.
- This programme therefore encompasses interventions before any dependency is imminent, intervention at the point that someone is showing signs of ill-health or to recover their functional capability, and intervention after someone has already presented at hospital or social care to de-escalate the immediate crisis and reduce their impending dependency on long term care and support.

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### *Social Interaction*

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#### **The programme aims to promote social interaction to reduce isolation and loneliness**

- Services should encourage social interaction and build connectedness through community and neighbourhood assets. This could be through helping people keep in touch with their local community and the people that matter to them through eating together, going out and about together or sharing an interest or activity. This could be through helping people get out and about in their local community (shopping, walking, visiting friends and family), accessing their local community activities (such as exercise classes, walking groups, adult learning, shared interest groups) and leisure facilities (local leisure centres, libraries, local parks, cinemas, restaurants). People may need support to access activities for the first time as there may be a fear of going alone, or lack of confidence with getting to an activity. Some people may also need ongoing additional support due to their disability, illness or impairment.
- Some community activities provide accessible platforms for people to make new friends and receive peer support. This could be through a shared interest, shared culture or shared circumstances.
- For people who are unable to get out and about, we would look for interventions that support people to access practical help to feel comfortable, safe and less isolated such as support at home, befriending, assistive technology options, online community networks and meals delivery services.
- Support should promote an asset-based approach, which is an integral part of community development. This is achieved through facilitating people and communities to come together to achieve positive change using their own knowledge, skills and lived experience of the issues they encounter in their own lives.

- Services need to recognise that everyone can make a contribution. Services should promote volunteering activities that involve spending time, unpaid, doing something that aims to benefit the environment or individuals or groups other than (or in addition to) close relatives. In Merton, the aim is that every resident will be able to give time to their community – be it for one hour every now and then or several hours a week.

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### *Promote Independence*

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#### **Person-centred services should help people find their own solutions in their own lives to promote independence**

- Services will need to adopt an asset based approach, making every contact count to help people to identify how they can improve their wellbeing. This could be through the use of outcomes-based assessment tools. Some services will need to visit people in their own homes and other support services may be accessed via community hubs. Some person-centred advice and support interventions will be responsive on the presenting need, where others take a more holistic and longer term approach to supporting individuals with other underlying needs and complex issues.
- Short term interventions could include referrals to other agencies that can assist someone in their own home to promote independence, supporting people to access community based activities, identifying assisted travel options, or help to complete forms and organise someone's life.
- Longer term interventions support people to meet their personal aspirations so they can continue to live independently with confidence. This could include coaching and peer support programmes to support some to build their confidence and motivation, help to work through complex issues, refer for counselling support, help to access training, work and volunteering initiatives.
- Services could support people to regain independence after hospital admission and prevent re-admission. Services will need to work in collaboration with health and social care services through restorative support which enables people to regain independence and promote self-care. For example, after rehabilitation or reablement services, the voluntary sector could support people with low level interventions such as help with shopping, getting out and about, activities that develop someone's confidence or better balance. Services should enable people to develop confidence about their lives now and in the future and have access to what is available locally to support them.

**Support and activities need to promote healthy minds and active lifestyles. Better health and wellbeing is associated with building resilience and the ability to bounce back from adversity**

- Research by a number of agencies has highlighted the importance of eating well, reducing sedentary time and increasing physical activity to promote the mental and physical wellbeing of disabled people, older people and those with long term conditions. Physical activity can improve strength, balance, stamina and other elements of physical wellbeing and it can also have a significant impact on mental health, social connection and an ongoing commitment to self-care. It is important to have a diverse range of activities that promote healthy minds, reduce sedentary time and increase active lifestyles that builds on local evidence.
- By making social connections and developing relationships people can improve their mental wellbeing. Mind recommend 5 ways to improve Wellbeing-Connect, Be Active, Take Notice, Learn and Give.
- The Wellbeing programme aims to engage with people to improve their access to wellbeing and physical activities in their lives and increase participation whatever someone's circumstances. For some people this may be about supporting them to make changes in their lifestyle, diet and routine. It may be about increasing their confidence and motivation after an illness, fall or time in hospital. We need to ensure that activities are fun, welcoming and have an impact on a person's wellbeing.

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*Supporting Carers*

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**The programme will need to ensure that carers and families are recognised, supported in their role and referred to the appropriate agency where required**

- All Wellbeing Services should ensure that they adopt a Think Family approach where relevant, to ensure that the support provided by the Wellbeing Programme is coordinated and takes account of how individual problems affect the whole family.
- Whilst we aim to commission a separate carers service, carers have a range of needs and will present everywhere, so we expect all partners to understand their needs. If a carer is identified and they require support with their caring role, all organisations must signpost and where applicable, with consent, refer to the appropriate Carers Service.



### **Promote the use of technological activities and solutions**

- Services will need to ensure that they support and upskill people to make the best use of technological solutions. This could be via a centralised digital hub for information to promote wellbeing or self-care digital communities which promote individuals sourcing their own solutions. For example, making better use of technology to support community networks when people struggle to get out and about.
- We would like people to be assisted to use technology to access information and advice through digital information hubs, learn new skills, access online community networks and purchasing aids, equipment and telecare to promote independence.
- Any organisation which is funded via the programme should engage fully in the 'All Services Hub', ensuring it is fit for purpose and is updated accordingly. This might involve attending meetings to influence its ongoing design.

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### *Partnerships*

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### **The Wellbeing Programme would encourage partnership arrangements such as joint working, joint funding bids or forming consortia.**

- A key success of the wellbeing grants programme will be working collaboratively in partnership to support residents effectively. Organisations should consider how they deliver services to avoid duplication. With regards to funding, smaller organisations should consider joining with others to put forward more robust bids to the programme.
- People will present where they feel comfortable so we would require partners to be aware and have an understanding of the wider needs of the community and signpost and follow up on this accordingly. The programme will also need to ensure that irrespective of where someone lives within the borough, there is equality of access to support and services.
- Wellbeing Services will align with the Strategic Partner Programme and the wider Merton prevention offer. Successful bidders will be expected to work in collaboration with the strategic partners, social prescribing programme, commissioned services and other care navigation initiatives to ensure that these link closely together, creating clear pathways to support residents.
- Providers will seek opportunities for the wellbeing provision to work in partnership with other services (e.g. primary care) and deliver in part from any new facilities that may be developed over the lifetime of the grants programme, e.g. the Wilson Health and Wellbeing Campus.
- A network will be established with all Wellbeing Programme providers to give an update on the services they provide, any issues faced and provide peer support to each other. Successful applicants would be encouraged to work



collaboratively with social prescribers / care navigators to provide a co-ordinated approach across the borough.

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### *Quality*

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#### **A Quality Service where outcomes are achieved and make a difference to person's wellbeing**

- It is imperative that the services provided via the Wellbeing Services have systems in place to measure outcomes achieved with customers. Quality assurance processes will need to demonstrate that services are fully utilised and beneficial to the customers that access them.
- A monitoring system (such as quarterly reports, customer satisfaction surveys and consultation events) will be built into the Wellbeing Services to ensure that support and services are of high quality and are reaching the diverse population of Merton who need help to avoid developing needs for health and social care support.
- Activities that promote Wellbeing need to be evidence-led on what works. The programme will look to build on what we have already got within Merton, stretching and developing the best of our current offer and disinvesting where we cannot evidence gain.
- It is imperative that there is a level of flexibility with all bids so if the demand for Wellbeing services changes, organisations can adapt and respond to the needs of Merton residents who would benefit from preventative services.

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### *Innovation*

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#### **Establish an Innovation Fund to support key projects where gaps in provision are identified or where a service has an innovative idea to support residents make significant positive changes to their Wellbeing**

- With the expansion of social prescribing across the borough, and other care navigation and outreach support, we anticipate certain gaps in service provision to be identified. An innovation fund will be developed for organisations to access small/medium grants throughout the 3-year Wellbeing programme to support key projects which use innovative ideas to promote wellbeing. The fund would support social enterprise style bids.

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## CARERS SERVICES

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### What service is this funding for?

We are looking to commission a service where Adult Carers (people over 18 caring for another adult) in Merton can access a range of interventions, activities, and support to assist them in their caring role. The Care Act 2014 defines a carer as someone who helps another person, usually a relative or friend, in their day to day life. This is not the same as someone who provides care professionally, or through a voluntary organisation. The Carers services will use a model of comprehensive, holistic carers support developed by the Carers Trust in conjunction with Association of Directors of Adult Social Services (ADASS). The Carers Support Hub will adopt a whole family approach and will refer any young carers to the relevant pathway.

### What time period will the funding run for?

2019/2020 - 2021/2022 (3-year programme)

### What are the key features of this service?

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#### *Identification and recognition*

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**Supporting those with caring responsibilities to identify themselves as carers at an early stage, recognising the value of their contribution and involving them from the outset in identifying what support is available to them**

- The service will need to include information and advice for families and carers in Merton. The service would need to maintain a register and provide regular information to enable carers to keep updated on events, information, support and advice.
- Support will be given to ensure that carers (including new carers):
  - Have the information, advice and support to make choices about their future in their role as a carer
  - Are claiming/receiving all the income and /or benefits that they are entitled to
  - Are benefiting from available grants or services that could improve their financial situation
  - Have learnt some useful information about the conditions of the person they care for
  - Have access to information about their rights and entitlements as a carer
  - Have someone to speak up for them when they need it

### **Enabling those with caring responsibilities to fulfil their education and employment potential**

- The service would support carers choosing to engage in work, training and education or volunteering and promote awareness to employers in the borough on how to support staff who are carers. The service would also support carers to:
  - Engage in recreational and stimulating activities and to make use of community facilities and services to promote mental activity and motivation.
  - Facilitate carers to express their views and make a difference and enable carers to regain control of their lives.
  - Identify ways to help carers have control over their lives and to do the things they want to.
  - Have opportunities to express their views as a carer and feel that they can contribute or make a difference.

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### *A life alongside caring*

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### **Personalised support both for carers and those they support, enabling them to have a family and community life**

- The service would support carers to complete statutory Care Act Carers Assessments (and support plans where appropriate) which would identify whether the carer is willing and able to continue to provide care, the impact of caring on their own wellbeing, how the provision of support would enable a carer to achieve their desired day to day outcomes and how the carer can gain access to resources or support from the wider community.
- The service will need to ensure that Carer Assessments are appropriate and proportionate to the presenting needs of the carer. The assessment process will be a key element of the prevention agenda which will identify needs that can be reduced and a carers' wellbeing improved by providing access to other preventative services. Therefore, for some carers a Wellbeing Assessment will be completed to support carers address their presenting need.
- For other carers, full holistic Carers Assessments and support plans will be completed. If a carer has eligible ongoing needs, a support plan will be developed. This support plan may result in a carer's personal budget, or their needs may be met in other ways. This other support might include a Carers Discretionary Grant for carers to spend to support their caring role.
- It will be the responsibility of the Carers Services to determine eligibility for and distribute the Carers Discretionary Grants. Clear pathways and monitoring will be established with Adult Social Care to ensure equality of access to this grant.
- Staff will need to access appropriate training to ensure that they are competent, adhering to the duties within the Care Act 2014.

### **Supporting carers to remain mentally and physically well by promoting access to a range of health and community resources and wellbeing programmes**

- Following recent local research, it was acknowledged that caring for a loved one can often be a barrier to leading healthy lifestyles e.g. being physically active. The service will need to work in partnership to maintain opportunities for social, emotional, peer and community support and enable carers to develop strategies for coping with stress and exhaustion. Where required, the service will facilitate future planning with carers and risk/crisis management strategies and how to access opportunities to stay physically healthy and mentally well.

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### *Technological Solutions*

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#### **Promote the use of technological activities**

- Services should, where appropriate, refer carers to technological activities to support their caring role. This could be via a centralised digital hub for information to promote carers wellbeing or self-care digital communities which promote individuals sourcing their own solutions. Services should promote the use of online forums that support carers, particularly for people who are caring for someone with a long term condition or illness.

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### *Quality*

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#### **A Quality Service**

- It is imperative that the services provided via the grants programme have systems in place to measure outcomes achieved. Quality assurance processes will need to demonstrate that the services are fully utilised and beneficial to the carers that access them. It is imperative that there is a level of flexibility with all bids so if the demand for carers services changes, organisations can adapt and respond to the needs of Merton residents who would benefit from this service.
- Due to the statutory nature of the carers service, monthly monitoring reports will be required to be sent to Adult Social Care to identify interventions, assessments and outcomes. A monitoring system (such as quarterly reports, customer satisfaction surveys and consultation events) will be built into the carers services to ensure that support and services are of high quality and are reaching the diverse population of carers in Merton.

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## HEALTHWATCH MERTON

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### What service is this funding for?

The Health and Social Care Act 2012 replaced the previous public and patient engagement mechanism, Local Involvement Network (LiNK), with a new body called Local Healthwatch (LHW). The Act requires local authorities with adult social care responsibilities to commission a Local Healthwatch from 1 April 2013. This prospectus is for the continued provision from April 2019 of a local Healthwatch in the London Borough of Merton: hereinafter called Healthwatch Merton.

Healthwatch Merton has been provided since April 2013 and the provider from 2019 is expected to coordinate and build upon on all of the existing mechanisms for engaging users of health and social care services, both those established by Healthwatch Merton to date and the wider networks of user-led organisations. It will also be expected to maintain and develop the relationships that engage communities, patients, service users, and carers, bringing a strong voice to the Health and Wellbeing Board, which Healthwatch Merton is a member of.

Healthwatch Merton must continue to be accessible and accountable to all who wish to engage with it. We expect Healthwatch Merton to continue to be a robust and credible organisation by demonstrating that it has the appropriate level of skills and competencies required to deliver its functions to the highest possible level and to achieve the outcomes required.

### Background

Healthwatch Activities<sup>1</sup> -

The Health and Social Care Act 2012 sets out that local Healthwatch will:

- Provide information and advice to the public about accessing health and social care services and choice in relation to aspects of those services;
- Make the views and experiences of people known to Healthwatch England helping it to carry out its role as national champion;
- Make recommendations to Healthwatch England to advise the Care Quality Commission to carry out special reviews or investigations into areas of concern;
- Promote and support the involvement of people in the monitoring, commissioning and provision of local care services;
- Obtain the views of people about their needs for and experience of local care services and make those views known to those involved in the commissioning, provision and scrutiny of care services and
- Make reports and make recommendations about how those services could or should be improved

### What time period will the funding run for?

2019/20 – 2021/22

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<sup>1</sup> DH publication gateway ref 17286 title: “Local Healthwatch: A strong voice for people – the policy explained” section 4. <http://healthandcare.dh.gov.uk/healthwatch-policy/>

## What are the key features of this service?

The expectations we have for Healthwatch Merton are based on guidance from Healthwatch England set out in their document “Local Healthwatch Quality Statements<sup>2</sup>”. These are divided into five groups:

**Strategic Context and Relationships** – Having a strong understanding of the strengths and weaknesses of the local health and social care system is critical to the success of local Healthwatch.

**Community Voice and Influence** – Local Healthwatch enable local people to have their views, ideas and concerns represented as part of the commissioning, delivery, re-design and scrutiny of health and social care services.

**Making a Difference Locally** – A local Healthwatch needs to formulate views on the standard of health and social care provision and identify where services need to be improved by formally or informally collecting the views and experiences of the members of the public who use them.

**Informing People** – A core part of the role of local Healthwatch is to provide information about local health and social care services to the public.

**Relationship with Healthwatch England** – Local Healthwatch work with Healthwatch England to enable people’s experiences to influence national commissioning, delivery, and the re-design of health and social care services.

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### *Strategic Context and Relationships*

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The credibility of Healthwatch Merton is rooted in its knowledge of local services, its impact on local people, and its ability to establish effective working relationships with key stakeholders. A key factor in building the credibility of Healthwatch Merton is using this insight to inform their priorities and sharing this insight with others.

Local Healthwatch should work with existing networks, build relationships and ensure that the voice of the public is heard. They should also work with additional networks to ensure that every section of the community, including seldom heard groups, are engaged and listened to.

There are many ways local Healthwatch can contribute to the development of decision making structures, such as helping a provider set up a patient participation group or advising a commissioner planning a public consultation.

Healthwatch will be expected to participate and actively contribute to the Health and Well Being Board. In addition, Healthwatch should highlight its work to the Council Scrutiny function, be involved in local programme delivery such as the Wilson project, Merton Health and Care Together Programme, and support Safeguarding in the borough. Healthwatch should be expected to use volunteers and collaboration with other local Healthwatch organisations to ensure representation on other local, sub-regional and regional health and social care structures

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<sup>2</sup> [https://www.healthwatch.co.uk/sites/healthwatch.co.uk/files/20160222quality\\_statements\\_1.pdf](https://www.healthwatch.co.uk/sites/healthwatch.co.uk/files/20160222quality_statements_1.pdf)



Please set out how your organisation would meet the outcomes set out below:

1. Healthwatch Merton develops priorities based on the experience and concerns of the public, whilst recognising the local health and social care context and priorities.
2. Healthwatch Merton has trusting, collaborative relationships with key local decision makers through regular formal and informal meetings where its role as a critical friend is understood.
3. Healthwatch Merton plays a clear and distinct role in key local decision making structures and contributes to better local decision making.
4. Healthwatch Merton contributes to the development of decision making structures in the local health and wellbeing system and, where appropriate, their delivery.

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### *Community voice and influence*

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Healthwatch enables local people to have their views, ideas and concerns represented as part of the commissioning, delivery, design and scrutiny of health and social care services. Healthwatch enables and support local people to understand how their health and social system works, express their views and share their experience. Healthwatch also has a role ensuring the voices of the vulnerable, disadvantaged and people and communities who are easily ignored or excluded are listened to.

Healthwatch also needs to be flexible in order to react to changes in services by local health and social care commissioners.

Please set out how your organisation would meet the outcomes set out below:

1. Healthwatch Merton has a clear action plan for reaching out to and informing local people of its priorities and activities.
2. Healthwatch Merton has made a distinct contribution to improving engagement with seldom heard communities.
3. Healthwatch Merton supports local people to share their experience and opinions of local services.
4. Healthwatch Merton involves local people in setting priorities and commenting on the quality of local Healthwatch activities.
5. Healthwatch Merton provides pathways for local people to become involved informally and formally in contributing to the delivery of local Healthwatch activities and makes the best use of local networks.
6. Healthwatch Merton contributes to the increased confidence and ability of local people to influence the local health and wellbeing system.
7. Healthwatch Merton encourages and enables local commissioners and providers of health and social care services to engage the public.

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### *Making a difference locally*

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Healthwatch needs to formulate views on the standard of health and social care provision and identify where services could be improved by collecting the views and experiences of the members of the public who use them. It has an important role to play in raising issues that are important to members of the public, and which otherwise commissioners and providers may not give due attention to. It is important that it uses, and promotes the use of, a coherent methodology when collecting the views of the public as well as developing a clear plan for working with wider local networks.

Please set out how your organisation would meet the outcomes set out below:

1. Healthwatch Merton captures the experience and aspirations of local people in its research and reports.
2. Healthwatch Merton collects public opinion on issues in a way that is appropriate and ethical.
3. Healthwatch Merton uses the opinions and experiences of the public, where appropriate, to produce recommendations for change.
4. Healthwatch recommendations for change are heard and responded to by relevant decision makers.
5. Healthwatch should use its networks, and skills to seek additional funding for bespoke work outside the core function supported by this grant.

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*Informing people*

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A core part of the role of local Healthwatch is to provide advice about local health and social care services to the public. Members of the public may be more likely to share their experiences with local Healthwatch if they perceive the organisation to be credible. This means that they receive good quality advice, information and signposting services and believe that the organisation will seek to address any concerns that they raise about local health and social care services. It is important that local Healthwatch is aware of other organisations that also provide these services so that they can avoid duplication. Healthwatch should provide appropriate advice and information to those making complaints, whereas additional support or advocacy will be provided.

Healthwatch should aim to develop good relations and data sharing arrangements with the Health Complaints Advocacy service, currently provided by POHWER.

Please set out how your organisation would meet the outcomes set out below:

1. Healthwatch Merton provides the public with accurate, reliable, relevant and useful information about local services, when they need it, in an accessible format.
2. Healthwatch Merton considers the needs of easily ignored and marginalised groups in the design, focus and delivery of the information and signposting service.
3. Healthwatch Merton has a clear map of signposting services and refers members of the public to appropriate services or to places they can access information and signposting services.

4. Healthwatch Merton provides members of the public with appropriate advice and information if they need to raise a complaint about any part of the health and social care system.
5. Healthwatch Merton systematically uses the intelligence it gathers in its advice and information role to inform its priorities.

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### *Relationship with Healthwatch England*

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Healthwatch Merton works with Healthwatch England to enable people's concerns to influence national commissioning, delivery, and the re-design of health and social care services. Sharing reports, recommendations and issues identified at a local level enables a national perspective to be developed, incorporating local views from across the network. Issues that cannot be resolved locally can also be passed on to Healthwatch England to consider at a national level.

It is also vital that Healthwatch Merton works collaboratively with other local Healthwatch groups, especially in South West London.

Please set out how your organisation would meet the outcomes set out below:

1. Healthwatch Merton learns from and shares their learning with other local Healthwatch.
2. Healthwatch Merton consistently shares the views and experiences of local people with Healthwatch England to be reflected in national work.
3. Healthwatch Merton has given consideration to getting involved with national pieces of work, identifying the relevance of this work for their locality.
4. Healthwatch Merton has discussed any concerns and issues that Healthwatch England or other partners have raised about its effectiveness and reflected on how best to resolve the situation in a constructive manner.
5. Healthwatch Merton contributes its expertise to national policy development.

### **Organisational Structure**

Legislation requires a Local Healthwatch to be a not for profit organisation, which will be able to employ its own staff, involve volunteers and sub contract if it chooses to do so. Healthwatch Merton must also make it clear how individuals and organisations will be able to influence the decisions taken by Healthwatch.

Healthwatch Merton must comply with both the General Data Protection Regulations and the Freedom of Information Act 2000 and ensure that Healthwatch participants are aware of their responsibilities under both of these measures. It will also be subject to public sector duties such as the Equality Act 2012.

Healthwatch must be committed to safeguarding and promoting the welfare of adults, children and young people and expect all staff and volunteers to share this commitment, and to be effectively trained in all aspects of safeguarding legislation and practice. This will include provision for enhanced DBS checks for all staff and volunteers.

Healthwatch Merton will use the official branding provided by Healthwatch England under license from the Council. Healthwatch Merton may also use a website design provided by Healthwatch England but will need to adapt it and make arrangements for the hosting of the website.

DRAFT

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## VALUES AND PRINCIPLES OF JOINT WORKING

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### *Joint working and collaboration*

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To meet individual needs or tackle a wider strategic issue we will need to work and think together, drawing on the diverse skills, knowledge and experience of the Strategic Partners. It means working constructively to deliver the best outcome for Merton residents and sometimes putting organisational interests to one side to consider what's best for all. This means good communication, taking responsibility, mutual respect and looking to how we can all contribute to the wider objectives of the Strategic Partner Programme. It also means individual Strategic Partners stepping forward to take the lead on behalf of others.

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### *Building and fostering trust*

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Working in ways that foster trust between Strategic Partners and within the wider Merton Partnership and that actively supports a collaborative working relationship.

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### *Flexibility and adaptability*

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We know that needs will change and that best practice in terms of what works is constantly evolving. The resources available to the public sector will continue to reduce year on year for the foreseeable future. The Programme and the Strategic Partners, within finite resources, must be prepared to adapt to best meet the needs of residents.

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### *Mutually supportive*

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The situation our organisations face is increasingly complex and potentially stressful for our people – paid staff and volunteers. We need to be supportive of each other and the individuals who work in those services. This needs to be reflected in how we treat each other and how we look after our staff by giving them good quality training, opportunities for learning and to support them through difficult/stressful situations.

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### *Evidence-based*

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The design, delivery and evaluation of services must be evidence based. We need to ensure that evaluating and demonstrating impact and delivering value for money is built into the fabric of the Strategic Partner programme itself. Where services cannot demonstrate impact or someone has a better way of delivering outcomes we must be prepared to change how and what we deliver.

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### *Quality assurance*

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Quality assurance mechanisms need to be built into to service delivery to ensure the best standard of support is being consistently delivered.

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### *Compact working*

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Working in ways that meet and support the principles enshrined within the [Merton Compact](#).

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### *Community Plan*

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Support the delivery of Merton's [Community Plan](#), actively contributing to 'bridging the gap' between the east and the west of the borough.

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### *Disagreements*

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Raise points of concern with the Merton Partnership in a timely and appropriate way, in line with the council's formal escalation procedures (N.B. to be developed). In accordance with this procedure, raise concerns informally through conversation with the Council, before they develop into more serious disagreements or issues. Please make sure that you have carefully checked the facts / evidence before raising a concern. Where disagreements cannot be resolved in a constructive manner, follow the Compact dispute resolution procedure or the complaints policy of the relevant body, as appropriate.

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## TIMELINE

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### **September 2018**

- The prospectus will be taken to Cabinet on 17<sup>th</sup> September 2018, who will agree to the proposed framework and awarding process.

### **October 2018**

- The Strategic Partner programme will be advertised to prospective providers.

### **November 2018**

- Merton Council will convene a funding panel.

### **December 2018**

- All applicants will be notified of the outcome.

### **March 2019**

- Funding agreement and monitoring arrangements will be finalised between Merton Council and the chosen providers.

### **April 2019**

- The newly funded services will begin and Merton Council will publicly promote its new strategic partners.

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## APPENDIX 1 – DEFINITIONS

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**Information: “Providing factual, current, and impartial information to clients”**

Information is considered to be any fact, set of facts, or knowledge, and can be communicated by others or obtained by personal study or investigation. Information is factual and is not based on opinion or one person’s point of view; therefore it is normally something you can rely on. Good quality information should be consistent across organisations, and might involve the passing of information verbally, or the provision of informational material online or in the form of leaflets. An information service gives clients the information they need, for them to know and do more about their situation. Responsibility for taking any further action rests with the client.

**Advice: “Presenting ideas in an accessible form for clients to consider”**

Advice is normally given if a person provides more information about their situation. Advice should be tailored to the person’s experience and knowledge and is the application of information to fit the client’s individual needs and circumstances. Advice under these circumstances might involve offering a diagnosis of the client’s enquiry and explaining the legal issues involved, offering positive or negative recommendations, providing information and explaining options, or identifying further action the client can take. Responsibility for taking further action based on this advice rests with the client.

**Casework: “Assisting clients through a more long-term process of support”**

Casework might be appropriate as a result of a client’s needs and/or the complexity of their issue, and clients may also require more comprehensive wrap-around support. Casework includes all the elements of an advice service, but might also involve taking action on behalf of the client to move the case forward. This might include representing clients by negotiating on their behalf with third parties. This will usually involve follow-up work and the adviser would take responsibility for this. Clients should be developed in building their levels of resilience and ability to self-support.

**Specialist Legal Representation: “Officially representing a client in a formal setting”**

Specialist representation is relevant to those cases which require legal or quasi-legal intervention or court appearances. This might include representations being made at a formal meeting and court or tribunal appearances, such as in the course of a benefits appeal. Legal representation requires someone to identify the facts and grounds on which to challenge a decision or assert a right as well as a clear understanding and experience of the court or tribunal process to effectively carry out their duty.



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## APPENDIX 2 – COLLABORATIVE WORKING GROUP

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We would like to thank those who have taken part in the Collaborative Working Group, providing insight into the voluntary sector and assisting in shaping this document. The group have been incredibly enthusiastic and have worked hard to ensure that what will be commissioned best reflects the needs of residents and maximises the opportunities for joint working. The group has shown how co-production can deliver a really positive set of outcomes and has set the benchmark for how the strategic partner programme is delivered on the ground. We would like to give a special thank you to the following individuals who have given their time and enthusiasm to this process to date:

- Hannah Doody – Director of Community and Housing – Merton Council (co-chair)
- Suzanne Hudson – Chief Executive – Citizens Advice Merton and Lambeth (co-chair)
- Amanda Roberts – Policy, Strategy and Partnerships Officer – Merton Council
- Andrew Whittington – Chief Executive – South West London MENCAP
- Barry Causer – Head of Strategic Commissioning (Public Health) – Merton Council
- Fitzroy Dawson – Chief Executive – Merton Community Transport
- Hannah Pearson – Commissioning and Service Improvement Manager – Merton and Wandsworth CCGs
- Heather Begg – Business Process Lead (Adult Social Care) – Merton Council
- John Dimmer – Head of Policy, Strategy and Partnerships – Merton Council
- Keith Shipman – Social Inclusion Manager – Merton Council
- Khadiru Mahdi – Chief Executive – Merton Voluntary Service Council
- Kris Witherington – Consultations and Community Engagement Manager – Merton Council
- Lyla Adwan-Kamara – Chief Executive – Merton Centre for Independent Living (MCIL)
- Max Lawson – Policy Officer – Merton Council
- Melanie Gongga – Director and Head of Legal Practice – Springfield Advice and Law Centre
- Navroop Kullar – Assistant Director (London) – Imagine Independence
- Patrick Marples – Chief Executive – South West London Law Centres
- Phil Howell – Head of Older People and Disabilities – Merton Council
- Richard Ellis – Head of Strategy and Partnerships (Community and Housing) – Merton Council
- Rob Clarke – Chief Executive – Age UK Merton
- Steve Langley – Head of Housing Needs – Merton Council
- Tracy Weight – Chief Executive – Carers Support Merton
- Wendy Pridmore – Chief Executive – Wimbledon Guild

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## APPENDIX 3 – APPLICATION WEIGHTING

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The following table represents the weighting given to each feature of the application:

Criteria	Demonstrates	Weighting
Meets requirements	<ul style="list-style-type: none"><li>• Alignment with key features set out in the funding prospectus</li></ul>	<b>40%</b>
Value for money	<ul style="list-style-type: none"><li>• Evidence based methodology</li><li>• Outputs and impact</li><li>• Prevents / delays public sector costs</li></ul>	<b>20%</b>
Track record	<ul style="list-style-type: none"><li>• Delivery / impact</li><li>• Fundraising / income generation</li><li>• Partnership and collaborative working / constructive relationships</li></ul>	<b>20%</b>
Bridging the gap	<ul style="list-style-type: none"><li>• Meets demonstrable needs</li><li>• Helps deliver LBM equalities duties</li><li>• Reaches priority client group</li><li>• Involves service users in design</li></ul>	<b>20%</b>

# Appendix 4 - Equality Analysis



What are the proposals being assessed?	The launch of the Council's redesigned Strategic Partner Funding Programme in October 2018.
Which Department/ Division has the responsibility for this?	Lead for delivery: Corporate Services, Customers, Policy and Improvement Division

Stage 1: Overview	
Name and job title of lead officer	John Dimmer, Head of Policy, Strategy and Partnerships
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The Council will be launching the redesigned Strategic Partner Programme in October 2018, with new voluntary and community sector strategic partners funded from April 2019. We are transitioning to an outcomes-focused commissioned grants approach and are aligning several council budgets for the first time, with the aim of ensuring the most targeted use of the council's limited resources and to make it easier for organisations to seek and apply for funding. The Programme now comprises five separate elements: information and advice, voluntary sector infrastructure support, wellbeing services, a carers service, and Healthwatch Merton.
2. How does this contribute to the council's corporate priorities?	The Council's overarching policy priority is to bridge the gap in terms of outcomes between the east and west of the borough and between different communities. Funded organisations will be required to 'Support the delivery of Merton's Community Plan, actively contributing to 'bridging the gap' between the east and the west of the borough.'  The proposal also contributes to the Healthy and Fulfilling Life and Contributing to your Community priorities in the Community Plan as specific programmes in particular will help to promote wellbeing and independence and volunteering support.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Key identified customers: existing and potential voluntary and community sector service providers; existing and potential service users; other internal/external commissioners.  Who will the proposal benefit: by aligning funding programmes it is intended that we will simplify the application process for the voluntary sector, prevent duplication, and that funding will ultimately have a greater impact. It has been identified that the goal of provision under the Strategic Partner Programme should be to develop clients' resilience and enable them to see an improvement in their circumstances.  How the proposal will benefit the council: The redesigned programme aims to ensure more targeted use of the council's limited resources. In the current financial climate, we will be looking to support services that prevent, reduce or delay the need for more expensive interventions.

4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?

Programme Sponsor: Director of Community and Housing, LB Merton

Responsibility for co-ordinating the engagement work, development of the funding prospectus and administration of the front end of the funding process sits within Corporate Services. Divisions within Community and Housing have responsibility for the wellbeing services and carers' service strands of the programme and the direct commissioning of these services.

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

#### Evidence gathered:

The recommissioning process was launched with a workshop at Vestry Hall on 30 November 2017, attended by approximately 50 voluntary and public sector representatives. Outputs from the workshop formed the basis of a number of working papers to inform discussions. A task and finish 'Collaborative Working Group' set up with membership drawn from workshop attendees, including representatives from across the Council, UCG, and voluntary sector. The group met five times and was co-chaired by the Council Management Team lead for the voluntary sector and the Chief Executive of Citizens Advice Merton and Lambeth. The group had nominated leads for data/needs analysis, engagement/consultation, and best practice.

To support this work, the council undertook mapping of the voluntary sector, including analysis of demand data and borough profile information.

The following two surveys were also run from 9 April until 7 May 2018 in order to gain information from the voluntary sector:

**Voluntary Sector Survey:** This survey targeted voluntary sector organisations and received 78 responses, from over 70 unique organisations. The intention of this survey was to gain an understanding of the current issues being faced by their clients, how they see this changing in the future, and what support services the organisations themselves require.

**Service User Survey:** This survey was directed at those who have approached a voluntary sector organisation for information or advice in the past two years. There were 67 unique responses to this survey, which aimed to find out the key issues facing people, and the demographic profile of those interacting with the voluntary sector. Notably, the largest percentage of survey respondents were from the more deprived wards in the east of the borough, in particular Mitcham. In addition, approximately 62% of respondents described themselves as having a disability.

The formal consultation on the draft funding prospectus opened on 16 July and ended on 27 August (six weeks). The launch event for this draft prospectus took place at MVSC's INVOLVE meeting on 17 July, with over 40 individuals attending and a drop in session for voluntary and community sector organisations was held on 14 August. Presentations and discussions have also taken place with the Merton Compact Board and Merton Partnership Executive Board.

#### Impact of evidence on proposals:

The intention of the extensive research into needs and demand in the borough is that the services which are commissioned will be equally accessible to all members of the community, and can be targeted at those people and areas with the highest levels of need.

The evidence to date has indicated the largest issues facing the most voluntary sector providers and residents as benefits, debt and housing. These findings have been reflected in the information and advice section of the draft prospectus. It is also recognised in the Prospectus that

certain groups will have a more specialised need for information and advice services (e.g. for community care advice) which must be addressed and that services should be effectively targeted and accessible.

The detail of the prospectus have reflected many of the discussions in the Collaborative Working Group; in particular, the need to set up an Advice Forum to bring organisations together to discuss issues, problem solve and share information. One of the intended aims of this forum is to improve understanding around the needs of Merton to enable Forum organisations to develop services to address unmet need.

The prospectus has also been updated in line with the feedback received from the voluntary sector over the six week consultation period.

No gaps in data have been identified, but it is acknowledged that there is potentially a negative impact for voluntary and community sector organisations as they may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be. These services are likely to support individuals with a range of protected characteristics.

### Stage 3: Assessing impact and analysis

#### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age	✓		✓		Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
Disability	✓		✓		Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
Gender Reassignment	✓		✓		Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
Marriage and Civil Partnership	✓		✓		Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
Pregnancy and Maternity	✓		✓		Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide

				who our Strategic Partners will be.
<b>Race</b>	✓		✓	Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
<b>Religion/ belief</b>	✓		✓	Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
<b>Sex (Gender)</b>	✓		✓	Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
<b>Sexual orientation</b>	✓		✓	Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.
<b>Socio-economic status</b>	✓		✓	Generally a positive impact identified; however, there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.

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**6. If you have identified a negative impact, how do you plan to mitigate it?**

One of the key changes to the programme is the move to a commissioning model with our commissioning requirements clearly articulated in a Funding Prospectus. The key benefit of this approach is that our requirements have been co-produced with the voluntary sector and a great deal of detailed thought has gone in to designing the key outcomes we want to achieve for Merton residents. Previously, we've had a much looser and less detailed approach to what we are looking for. This allows a greater range of providers to come forward because the criteria is so broad but the risk is that the outcomes and impact is less clear.

A potential negative impact is therefore that some voluntary and community sector organisations may not be able to meet the more detailed and specific criteria we will use to decide who our Strategic Partners will be. To mitigate this, we have undertaken consultation with the sector on the detail contained within the draft prospectus and have ensured that this consultation was widely publicised.

We have held a consultation event and advice session to answer queries from voluntary and community sector organisations on the draft funding prospectus. We have also produced a question and answer document to address queries from the consultation event.

Support is available from Merton Voluntary Service Council for organisations who wish to submit collaborative bids and these are encouraged for specific funding streams. The application period will be six weeks, as in previous rounds.

In addition, as stated in the draft prospectus, when we assess applications received we will make judgements on the spread geographically and on the basis of needs.

## Stage 4: Conclusion of the Equality Analysis

### 8. Which of the following statements best describe the outcome of the EA (Tick one box only)

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

- Outcome 1** – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed.
- Outcome 2** – The EA has identified adjustments to remove negative impact or to better promote equality.
- Outcome 3** – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.
- Outcome 4** – The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.



## Stage 5: Improvement Action Pan

### 9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?
Potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.	Undertake consultation with the sector on the detail contained in the draft prospectus. Ensure that this consultation is widely publicised.	A range of organisations submit applications for funding	Nov 2018	Existing	John Dimmer	Not required
Potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.	Advice session to answer queries from voluntary and community sector organisations on the draft funding prospectus	A range of organisations submit applications for funding	Aug 2018	Existing	John Dimmer	Not required
Potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be.	Support available from Merton Voluntary Service Council for organisations who wish to submit collaborative bids	Collaborative funding bids are submitted	Nov 2018	Existing	John Dimmer	Not required

**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.**

## Stage 6: Reporting outcomes

### 10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome 2 Assessment

#### Key impacts:

Positive: drawing on the findings from the consultation and research to date, the draft prospectus has been designed to ensure that the services which are commissioned will be equally accessible to all members of the community, and can be targeted at those people and areas with the highest levels of need.

Negative: there is potentially a negative impact for voluntary and community sector organisations that may not be able to meet the more detailed criteria we will use to decide who our Strategic Partners will be. These services are likely to support individuals with a range of protected characteristics. No particular equality groups have been identified that would be affected more than others.

To mitigate the negative impact, we are undertaking consultation with the sector on the detail contained within the draft prospectus and have ensured that this consultation is widely publicised. We have held a consultation event and advice session to answer queries from voluntary and community sector organisations on the draft funding prospectus. We have also produced a question and answer document to address queries from the consultation event. Support is available from Merton Voluntary Service Council for organisations who wish to submit collaborative bids and these are encouraged for specific funding streams. The application period will be six weeks, as in previous rounds. In addition, when we assess applications received we will make judgements on the spread geographically and on the basis of needs.

**Stage 7: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Amanda Roberts, Policy Strategy and Partnerships Officer.	<b>Signature:</b> <i>Amanda Roberts</i>	<b>Date: 20/08/2018</b>
<b>Improvement action plan signed off by Director/ Head of Service</b>	Sophie Ellis, Assistant Director of Customers, Policy & Improvement	<b>Signature:</b> <i>Sophie Ellis</i>	<b>Date: 06/09/2018</b>

## Cabinet

**Date:** 17 September 2018

**Subject:** Draft Business Plan 2019-23

**Lead officer:** Caroline Holland – Director of Corporate Services

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

**Contact Officer:** Roger Kershaw

### Recommendations:

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1. That Cabinet notes the rolled forward MTFS for 2019 - 23.
- 2 That Cabinet confirm the latest position with regards to savings already in the MTFS
- 3 That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2019-23.
- 4 That Cabinet agrees the proposed savings targets
- 5 That Cabinet agrees the timetable for the Business Plan 2019-23 including the revenue budget 2019/20, the MTFS 2019-23 and the Capital Programme for 2019-23.
- 6 That Cabinet note the process for the Service Plan 2019-23 and the progress made so far.
- 7 That Cabinet agrees the information regarding the London Business Rates Pool - Strategic Investment Pot set out in Appendix 3 and agrees to delegate future action regarding the London Business Rates Pool to the Director of Corporate Services in collaboration with the Deputy Leader and Cabinet Member for Finance.

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### 1. Purpose of report and executive summary

- 1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2019/20.
- 1.2 The report sets out the approach towards setting a balanced budget for 2019-2023 and a draft timetable for the business planning process for 2019/20. It also proposes initial corporate and departmental targets to be met from savings and income over the four year period of the MTFS.

## Details

### 2. Medium Term Financial Strategy 2019-23

#### 2.1 Background

Council on 28 February 2018 agreed the Budget 2018/19 and MTFS 2018-22. Whilst a balanced budget was set for 2018/19 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
MTFS gap (cumulative)	1.285	15.418	17.443	18.500

2.2 The initial phase of the business planning process is to re-price the MTFS and roll it forward for an additional year. Development of the MTFS in recent budget processes allowed for various scenarios on a range of key variables to be modelled and it is intended to do the same this year and where feasible, to improve the approach to modelling.

#### 2.3 Review of Assumptions

The pay and price calculations have been reviewed using the approved budget for 2018/19.

##### 2.3.1 Pay

The current assumptions regarding pay inflation incorporated into the MTFS reflect the agreed two year pay award for 2018/19 and 2019/20 and then 1% per year thereafter.

- 2.8% in 2019/20 and 1% in each other year of the MTFS

The latest local government pay award has been agreed for two years covering 2018/19 and 2019/20 but pay scales for 2019/20 have yet to be agreed nationally and for London.

The MTFS agreed by Council on 28 February 2018 includes the following provision for pay inflation

#### **Provision for Pay Inflation:**

(Cumulative)	2019/20	2020/21	2021/22	2022/23
Pay inflation (%)	2.8%	1.0%	1.0%	1.0%
Original MTFS 2018-22 (cumulative £000)	2,182	2,961	3,740	4,519

This has been reviewed using the approved budget for 2018/19 and the latest estimates for inflation arising from the pay awards are:-

(Cumulative)	2019/20	2020/21	2021/22	2022/23
Pay inflation (%)	2.8%	1.0%	1.0%	1.0%
Revised Estimate (cumulative £000)	2,166	2,939	3,712	4,485

Further details on the pay negotiations and the impact on the MTFS, particularly in the latter part of it, will be reported when they are known.

### 2.3.2 Prices

The current assumptions regarding price inflation incorporated into the MTFS are

- 1.5% in each year of the MTFS

The MTFS agreed by Council on 28 February 2018 includes the following provision for price inflation

#### **Provision for Prices Inflation:**

	2019/20	2020/21	2021/22	2022/23
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2018-22 (cumulative £000)	2,219	4,437	6,685	8,875

This has been reviewed using the approved budget for 2018/19 and the latest estimate based on 1.5% price inflation is:-

(Cumulative)	2019/20	2020/21	2021/22	2022/23
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,270	4,540	6,810	9,080

#### **Net change in Pay and Price inflation provision:**

The overall change in inflation provision since Council in February 2018 is

(Cumulative) (£000)	2019/20	2020/21	2021/22	2022/23
Latest Inflation estimate	4,436	7,479	10,522	13,565
Original MTFS 2018-22 (Council February 2018)	4,401	7,398	10,396	13,394
Change	35	81	126	171

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

Rising prices for computer games and transport fares produced the largest upward contributions to change in the 12-month rate between June and July

2018, although computer game prices tend to be highly variable from month to month. The upward effects were offset by falls in prices for clothing and footwear, and the removal of initial charges for investment in some unit trusts. Prices for clothing and footwear fell by 0.4% between July 2017 and July 2018, the first time the 12-month rate has been negative since October 2016..

The RPI 12-month rate for July 2018 stood at 3.2%, down from 3.4% in June 2018.

### 2.3.3 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 1 August 2018, the MPC voted unanimously to increase the Bank Rate by 0.25% to 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

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

In the August 2018 Inflation Report, the MPC noted that "The economy's supply capacity is judged likely to grow at a subdued pace — of around 1½% per year on average — over the forecast period. That is slightly lower than demand growth, with unemployment projected to fall a little further as a result and the economy moving into excess demand by late 2019. CPI inflation has fallen back since the beginning of 2018, but remains above the MPC's 2% target. The inflation overshoot reflects the impact of external cost pressures from import and energy prices. Inflation is projected to fall further towards the target as those effects wane, more than offsetting building domestic inflationary pressures. Under the market path for Bank Rate, inflation is judged likely to decline towards the target, reaching 2% in the third year of the forecast period. The projection is higher than in May, mainly reflecting the effect of the recent depreciation of sterling. The risks around the inflation projection remain balanced."

In the minutes to its August 2018 meeting the MPC stated that "Annual CPI inflation had been 2.4% in June, weaker than expected. Although it was possible that recent CPI data were signalling slightly weaker inflationary pressures, the judgement was that the news had been largely erratic. Indeed, recent developments in energy prices and the exchange rate meant that the shorter term inflation outlook was a little stronger than it had been at the time of the May Report. The combined contribution of those pressures was projected to ease over the forecast period. Taking external and domestic influences together, and conditioned on the gently rising path of Bank Rate implied by current market yields, CPI inflation remained slightly above 2% throughout most of the forecast period, reaching the target in the third year... Although the global outlook was a little softer, recent data appeared to confirm



that the dip in UK output in the first quarter had been temporary, with momentum recovering in the second quarter. The labour market had continued to tighten and unit labour cost growth had firmed. Given these developments, a 0.25 percentage point increase in Bank Rate was warranted at this meeting to return inflation sustainably to the target.”

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 (August 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.8	3.0	2.2
RPI	2.6	3.6	3.2
LFS Unemployment Rate	3.9	4.8	4.2
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.1
RPI	2.2	4.2	3.0
LFS Unemployment Rate	3.7	5.2	4.3

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

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

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

#### 2.3.4 Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Inflation exceeding 1.5%	450	450	450	450

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.9m by 2022/23.

## 2.4 Income

2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.18% of future savings.

## 2.5 Pension Fund

2.5.1 The Pension Fund is revalued every three years and the last valuation based on the position as at 31 March 2016 was implemented in the 2017/18 financial year. The next revaluation will be based on the position as at 31 March 2019 and will be implemented in 2020/21.

## 2.6 Forecast of Resources and Local Government Finance Settlement

### 2.6.1 Background

Each year in December, the Department of Communities and Local Government (DCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit. Revised Government Department budgets are not expected to be announced until the autumn, probably late November/mid December 2018.

2.6.2 The current level of resources included in the draft MTFS 2019-23 is as follows and the Revenue Support Grant figures are based on the Government's offer of a four year funding allocation for the period 2016/17 to 2019/20:-

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

These figures currently assume the London Pilot pool does not continue in 2019/20. There will be updates to this as London Councils and City of London, as the lead authority, look to extend it for a further year.

### 2.6.3 Government Review of Relative Needs and Resources (Fair Funding Review)

Central government funding for local authorities is based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50 per cent business rates retention scheme in 2013/14. The government is therefore undertaking the Fair Funding Review to update the needs formula and set new funding baselines for the start of the new 75 per cent business rates retention scheme, from April 2020.

In announcing the Local Government Finance Settlement for 2018/19, the Secretary of State announced that there would be consultation on a fair funding review which aims to set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. He stated that:-

“To meet the challenges of the future we need an updated and more responsive distribution methodology. We have published a formal consultation on a review of relative needs and resources and aim to implement its findings in 2020 to 2021. There have been widespread calls for a thorough, evidence-based review, and we will deliver this. The review will examine the cost of delivering services across the country, including rural areas, and will consider which factors should be taken into account when considering a local authority’s relative resources.”

Although it is impossible to quantify at this stage, the review could have significant financial implications for all local authorities.

#### 2.6.4 Adult Social Care Funding

The cost of adult social care, in all local authorities including Merton, has risen significantly in recent years and this trend is expected to continue. Merton has met this challenge with a significant increase in the level of resources allocated to this important, demand-led service.

In 2017/18, the following growth was approved for Adult Social Care:-

<b>Adult Social Care – Growth approved in 2017/18</b>			
	2017/18	2018/19	2019/20
	£000	£000	£000
ASC - Growth	9,345	252	(2,891)*
cumulative	9,345	9,597	6,706

\* Offset by Improving Better Care Fund

The growth has been partially funded by contributions from Council Tax and from Government grant.

#### Improved Better Care Fund

Merton has been allocated the following amounts of grant funding from the Improved Better Care Fund. An initial allocation was made in the 2016-17 Local Government Finance Settlement. Following this, in the Spring 2017-18 Budget announcement on 8 March 2017, a total of £2.021 billion was announced as supplementary funding to the improved Better Care Fund (iBCF). This is to be distributed as £1.01 billion in 2017-18, £674 million in 2018-19 and £337 million in 2019-20. Merton's share of this allocation is:-

<b>Funding for adult social care announced at Budget 2017</b>				
	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
LGF Settlement 2016-17	0	1,408,381	3,060,748	No funding announced
Spring 2017-18 Budget	2,745,896	2,114,651	1,053,738	
Total	2,745,896	3,523,032	4,114,486	

It should be recognised that the Government have not yet indicated that it will continue to provide funding beyond 2019/20 which leaves a significant element of funding which currently supports Adult Social Care expenditure in doubt.

The Community and Housing Department has undertaken an initial review of expected Adult Social expenditure commitments in 2020/21 and beyond which are yet to secure funding. These amount to c. £3.2m. It is possible that the Adult Social Care 2019/20 hypothecated Council Tax of 2% (amounting to c. £1.7m) could contribute some of this shortfall, if agreed.

These are current projections and will be reviewed and updated throughout the business planning process.

In addition, the following amounts of Adult Social Care Support Grant have been received:-

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Adult Social Care Support Grant	751,000	467,000	No funding announced	No funding announced

#### 2.6.5 Business Rates : 100% Retention - Update

In October 2015 the government committed that local government should retain 100% of taxes raised locally. Subject to Parliamentary approval the aim was to introduce 100% retention by the financial year 2019/20. The government introduced into Parliament, primary legislation that is intended to provide the framework for the reformed 100% business rates retention system.

In 2018/19 Merton participated in the London Business Rates Pool pilot scheme which was approved by Central Government to explore 100% Business Rates Retention for London boroughs.

In announcing the Local Government Finance Settlement for 2018/19, the Secretary of State said that:-

“Following the delay to the implementation of 100% business rates retention and reforms to the local government finance system, I acknowledge concerns around ‘negative RSG’. We will be looking at fair and affordable options that will address the problem of negative RSG that occurs in 2019 to 2020, and will formally consult on proposals ahead of next year’s settlement.

We will also work towards implementing the next phase of our business rates retention reforms in 2020 to 2021 to support the long held objective for local authorities of greater self-sufficiency and financial sustainability. This will give local councils the levers and incentives they need to grow their local economies.

Local authorities will be able to keep more business rates, to the value of the Revenue Support Grant, the Greater London Authority Transport Grant, the Rural Services Delivery Grant and the Public Health Grant. Overall, this is equivalent to 75% retention at 2019 to 2020 levels. Local authorities will then be able to keep the equivalent share of business rates growth on their baseline levels from 2020 to 2021, when the system is reset. The government intends to use the intervening period to develop a set of measures that support a smooth transition of funding for public health services from a grant to retained business rates.”

The Housing, Communities and Local Government Select Committee carried out an inquiry into Business rates retention and reported in April 2018.

The Select committee conducted this short inquiry to find out how councils had been affected by the longer than planned implementation period for reforms to local government finance, specifically the move from 50 to 100 per cent retention of business rates revenue in 2019–20 and a ‘Fair Funding Review’ of the formula determining the amount of business rates revenue councils will retain. It concluded that:-

“In the event, three key themes emerged from the evidence:

- the increasingly difficult financial position of many councils,
- uncertainty over reforms affecting their financial planning, and
- their wider concerns about the design and operation of the reformed system.”

### Strategic Investment Pot : Consultation report

One of the elements arising from participation in the pilot pool is an allocation from the pot set aside for Strategic Investment. A consultation report was published on 31 July 2018 and authorities have been asked to confirm by 14 September, via their own decision-making processes, support for funding each of the projects. The report is attached as Appendix 3.

The outcome of the 100% London Business Rates Pool pilot and whether this remains in place or reduces to 75% and the implications for the Council’s funding over the MTFS period will be reported as information becomes available.

## 2.7 Council Tax and Collection Fund

### 2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in February 2018 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98%. It also assumes the following changes in Council Tax over the MTFS period:-

	2019/20 %	2020/21 %	2021/22 %	2022/23 %
Council Tax increase - General	2.99%	2.0%	2.0%	2.0%
Council Tax increase – ASC*	2.0%	0%	0%	0%

\* To be agreed and there has been no further announcement after 2019/20.

On the basis of these assumptions the Council Tax income included over the period of the MTFS is:-

(Cumulative figures exc. WPCC)	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Council Tax - No change in rate	(87,111)	(87,546)	(87,984)	(88,424)
Council Tax - General	(2,529)	(4,243)	(5,972)	(7,719)
Council Tax income	(89,640)	(91,789)	(93,956)	(96,143)

The Council Tax Referendum Principles for 2019/20 will not be known until the Provisional Local Government Finance Settlement for 2019/20 is announced, usually around mid-December. However, based on the current referendum principles previously announced by the Government in last year's Settlement for 2019/20, Merton could increase its council tax over the MTFS period by the following:-

- in 2019/20, 2.99% for the portion of the authority's council tax increase that has not been hypothecated for ASC.
- 2% general council tax increase 2020/21 to 2022/23
- In 2019/20, 2% hypothecated for Adult Social Care bringing the total to 6% over the three years 2017/18 to 2019/20

This would change the Council Tax income to the following:-

(Cumulative figures)	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Council Tax - No change in rate	(87,111)	(87,546)	(87,984)	(88,424)
Council Tax - General	(2,605)	(4,434)	(6,308)	(8,229)
Council Tax – hypothecated for ASC	(1,742)	(1,742)	(1,742)	(1,742)
Council Tax income	(91,458)	(93,722)	(96,034)	(98,395)

The Council Tax Base will be updated later in the year following the return of the Government's CTB statistical return, usually in October, which is based on properties on the valuation list in September.

#### 2.7.2 Collection Fund

In the MTFS approved by Council on 28 February 2018, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2018 are summarised in the following table:-

	Estimated surplus/ (deficit) as at 31/03/18	Estimated surplus/ (deficit) as at 31/03/18	Total surplus/ (deficit) as at 31/03/18
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(1,714)	(1,714)
GLA	406	(1,140)	(734)
Merton	1,653	(1,223)	430
Total	2,059	(4,077)	(2,018)

2.7.3 Merton's share of the surplus for council tax and NNDR were built into the MTFS agreed by Council in February 2018.

2.7.4 Since then, the Council has produced its draft 2017/18 accounts as at 31 March 2018 which are currently being audited. The draft accounts for



2017/18 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2018:-

	Surplus/ (deficit) as at 31/03/18 Outturn	Surplus/ (deficit) as at 31/03/18 Outturn	Total surplus/ (deficit) as at 31/03/18
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(994)	(994)
GLA	531	(1,140)	(609)
Merton	2,086	(914)	1,172
Total	2,617	(3,048)	(431)

2.7.5 The overall change in shares of surpluses/deficits is:-

	Surplus/ (deficit) as at 31/03/18	Surplus/ (deficit) as at 31/03/18	Total surplus/ (deficit) as at 31/03/18
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	720	720
GLA	125	0	125
Merton	433	309	742
Total	558	1,029	1,587

2.7.6 The net change in Merton's share of the surplus/deficit is therefore:-

	Estimated Surplus/ (deficit) as at 31/03/18	Outturn Surplus/ (deficit) as at 31/03/18	Surplus/ (deficit) as at 31/03/18 Change
	£000	£000	£000
Council Tax	1,653	2,086	433
NNDR	(1,223)	(914)	309
Total	430	1,172	742

2.7.7 There is no change to the surplus/deficit figures agreed for 2018/19 as all variations are managed via the Collection Fund. However, the net surplus of £0.742m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2019/20.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2019 will be made later in the budget process when key variables

are firmed up and council tax base and NNDR returns have been completed. Until this time, the increase in the net surplus carried forward from 2018/19 of £0.742m will be included in the draft MTFS for 2019/20.

## 2.8 Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in February 2018 approved the following Capital Programme for 2018-22:-

<b>Capital Expenditure</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>	<b>2021/22 Estimate £'000</b>
Capital Expenditure	61,266	33,466	12,794	8,844
Slippage	(13,035)	5,255	4,524	3,382
Total Capital Expenditure *	48,231	38,721	17,319	12,226
<b>Financed by:</b>				
Capital Receipts *	11,284	1,927	1,396	4,557
Capital Grants & Contributions	21,008	3,826	2,421	681
Revenue Provisions	1,952	15	7	2
<b>Net financing need</b>	<b>13,987</b>	<b>32,953</b>	<b>13,495</b>	<b>6,986</b>

\* includes finance leasing expenditure

2.8.2 Following the closing and preparation of draft final accounts for 2017/18, the level of slippage required from 2017/18 and the reprofiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it. In addition new capital projects commencing in 2022/23 may be identified in accordance with achievement of the Council's forward strategic plan. The capital programme will be continually reviewed throughout the financial year and further details including options around financing will be included in future reports as appropriate.

2.8.3 The level, profiling and funding strategy used for the capital programme will have a significant revenue impact that needs to be incorporated into the MTFS. More details on the latest assumptions regarding the Capital Programme 2019-23 are provided in Section 4 of this report.

### 2.8.4 Investment Income

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

- The amount invested
- The interest rate that is achieved

Based on latest information, the projected levels of investment income, which had accounted for an interest rate increase over the period of the MTFS, have

been revised. The following table show the latest projections compared with the amounts included in the MTFs approved by Council in February 2018:-

<b>Investment Income</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>	<b>2021/22 Estimate £'000</b>	<b>2022/23 Estimate £'000</b>
MTFS (Council Feb. 2017)	(633)	(509)	(486)	(1,408)
Latest projections	(584)	(449)	(395)	(1,386)
Change	49	60	91	22

Currently in the monthly monitoring report for July it is forecast that investment income will be £0.759m which is at budgeted levels.

Work is currently ongoing to produce a robust cash flow forecast and forward projection of the level of interest rates that will be achievable. This will be included in a future report.

## **2.9 Reserve for Use in Future Year's Budgets**

- 2.9.1 The Business Plan and MTFs for 2018-22 approved by Council on 28 February 2018 forecast that a contribution of £91,000 would be required in 2018/19 with the balance of £5.359m applied in 2019/20.
- 2.9.2 Following the final accounts process for 2017/18, it was possible to consolidate some reserves with the Reserve for use in Future Year's Budgets and as a result the balance (subject to audit) on the Reserve as at 31 March 2018 is £10.261m.
- 2.9.3 The reserve will be applied over the period of the MTFs to reduce the budget gap and enable longer term, strategic management of the budget.
- 2.9.4 It should be recognised that the use of reserves is a one-off form of funding and alternative ongoing savings would need to be identified to address the budget gap over the long-term.
- 2.9.5 In-year review of Reserves  
The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process.

## **2.10 Review of Outturn 2017/18 and Current Budget and Spending 2018/19**

- 2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2019-23.

### 2.10.2 Monitoring 2018/19

At period 4 to 31<sup>st</sup> July 2018 the year end forecast is a net £1.782m overspend compared to the current budget. This has reduced by £0.859m from £2.641m in June. The budget monitoring process will continue to focus on Children's Social Care and Youth Inclusion as this area is forecasting an overspend of c.£3.3m.

### 2.11 **Re-priced MTFS 2019-23**

2.11.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap. Taking into account the latest available information as summarised in this report, with revised assumptions for

- Updated inflation
- Adult Social Care funding
- Collection Fund surplus/deficit change following draft outturn for 2017/18
- Change in reserve following draft outturn for 2017/18
- Changes to corporate items
- Capital financing projections based on June monitoring (paragraph 4 refers)

the opening position for the re-priced MTFS is set out in the following table:-

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

2.11.2 A more detailed MTFS is included as Appendix 1. The changes made to the MTFS since Council in March do not address the overall shortfall, which will require ongoing savings and/or funding over the longer term.

2.11.3 The gap over the four year period is c. £19m which is substantial and does not make any revisions to government funding which will not be known until the provisional Local Government Finance Settlement is announced in December 2018 following central government's Autumn Budget 2018. There are risks involved from the current economic situation which may increase the gap and similarly, use of reserves if available to fund the gap only provides one-off funding and there is still a necessity to find ongoing savings in future years to maintain a balanced budget.

2.11.4 The flexibility introduced to enable service departments to look at income increases and savings proposals together should assist in achieving effective planning.

## 2.12 Summary

2.12.1 There has been a substantial improvement in the council's strategic approach to business planning in recent years and it is important that this is maintained. Planning should be targeted towards the achievement of a balanced budget over the four year MTFS period.

2.12.2 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. However, because there is still a sizeable gap over the four year period, and there is utilisation of the Reserve for Use in Future Year's budgets (amounting to c. £6m in the revised MTFS) there is a need to set savings targets aimed at eliminating this gap on an ongoing basis.

## 3. Approach to Setting a Balanced Budget

3.1 This is the initial report on the business planning process for 2019/20 and there is a great deal of work to be done, including the following key areas that are expected to be at the forefront.

a) Review of Central Items

All central items will be closely reviewed to assess the implications for 2019-2023.

b) Further Departmental Savings/Income Targets

The MTFS 2019-23 includes the full year effect of savings and income proposals amounting to c. £6.2m. Initial proposals to address the remaining budget gap are set out in paragraph 3.4.

Work is currently underway on developing proposals to achieve these targets.

c) Review of funding

Given the uncertain economic climate due to the ongoing Brexit negotiations, it is too soon in the financial year to accurately predict the ongoing impact on central Government funding particularly over a four year period. There will be regular updates during the business planning process as more information becomes available.

d) Capital Programme 2019-23

Changes in the capital programme may arise due to slippage, re-profiling and addition/deletion of schemes. This will have an impact on the capital financing costs of the programme. There is a more detailed analysis and discussion of capital related issues in Section 4 of this report.

### 3.2 Revenue Support Grant and Business Rates Retention

3.2.1 Further analysis and review in the current year will be undertaken to try to improve forecasting, particularly over the longer term.

### 3.3 Savings agreed and incorporated into the MTFS

3.3.1 The MTFS includes the following amounts in service department budgets for previously agreed savings/income proposals:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Savings in MTFS (cumulative)	4,464	6,070	6,185	6,185

3.3.2 However, it is also dependent on pre agreed savings for 2018/19 of c. £7.2m being achieved. The July monitoring report includes the following details of progress on meeting savings agreed in 2018/19.

Department	Target Savings 2018/19 £000	Projected Savings 2018/19 £000	Period 4 Forecast Shortfall £000	Period 3 Forecast Shortfall £000	Period Forecast Shortfall (P4) %	2019/20 Expected Shortfall £000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	340	13.7%	0
Environment and Regeneration	1,874	1,238	636	486	33.9%	127
<b>Total</b>	<b>6,585</b>	<b>5,172</b>	<b>1,413</b>	<b>1,301</b>	<b>21.5%</b>	<b>502</b>

Progress on savings agreed in 2017/18 is as follows:-

Department	Target Savings 2017/18 £000	2017/18 Shortfall £000	2018/19 Period 4 Projected shortfall £000	2019/20 Period 4 Projected shortfall £000	2018/19 Period 3 Projected shortfall £000	2019/20 Period 3 Projected shortfall £000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7			0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	1,953	1,114	45	1,114	45
<b>Total</b>	<b>10,398</b>	<b>2,357</b>	<b>1,263</b>	<b>94</b>	<b>1,263</b>	<b>94</b>

It is imperative that firm discipline is maintained in delivering savings and departments should be beginning the planning for delivering 2019/20 savings now. Where difficulties are foreseen with achieving any of the savings currently incorporated into the MTFS, then alternative measures must be identified before the 2019/20 budget is set.

3.3.4 In addition to reviewing savings, the impact of changes in capital financing, potential changes in grant income and adjusting profiling of planned use of

reserves will be utilised to assist in balancing the budget. All potential avenues will be reviewed and modelled throughout the Business Planning process.

3.3.5 Some savings will however be required to balance budgets over the period of the MTFs and draft targets are proposed for this. Draft proposals to meet the targets will be brought forward during the budget process and will be subject to scrutiny as has been the case in previous years.

3.3.6 It should also be recognised that in setting the 2018/19 budget, proposals to fully meet the savings targets set were not identified and agreed over the duration of last year's budget setting period, leaving a balance still to be found. Before setting new targets for 2019/20 onwards (using controllable budgets for 2018/19), departments will be required to identify savings/income proposals to meet the balance of the savings targets set in last year's business planning process.

3.3.7 The balance of savings not met by each department is as follows:-

	Targets	Proposals	Net Change - Replacements	Balance
	£'000	£'000	£'000	£'000
Corporate Services	4,443	-1,241	0	3,202
Children, Schools & Families	3,460	-150	0	3,310
Environment & Regeneration	6,870	-750	0	6,120
Community & Housing	6,958	-1,600	382	5,740
<b>Total</b>	<b>21,731</b>	<b>-3,741</b>	<b>382</b>	<b>18,372</b>

### 3.4 Savings Targets for 2019-23

3.4.1 In previous years the approach to setting savings targets for departments for the Business Planning process has been based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied to reduce the impact on Adult Social Care, Children's Social Care and vulnerable groups. The targets set also took into account the level to which departments had achieved savings against targets set for previous years.

3.4.2 There was a slight change made last year to the approach to setting savings targets:-

- To reduce the pressure on Children, Schools and Families and Community and Housing, no additional savings were required from these departments until 2020/21, giving them time to identify and plan strategic savings over a longer term. However, this meant that the burden fell on Corporate Services and Environment and Regeneration departments in



2019/20 and savings targets were apportioned for these two departments on a 50:50 basis, adjusted for controllable budgets.

3.4.3 However, given the level of underachievement against last year's targets and the size of the budget gap over the MTFS period, one approach would be to use these as the savings targets for 2019-2023

	Targets £'000
Corporate Services	3,202
Children, Schools & Families	3,310
Environment & Regeneration	6,120
Community & Housing	5,740
<b>Total</b>	<b>18,372</b>

3.4.4 Savings targets should be reprofiled over the MTFS period to aim to balance the budget in each year of the MTFS

<b>Savings Targets</b>	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	138	2,393	424	323	3,278
Children, Schools & Families	143	2,474	438	316	3,370
Environment & Regeneration	263	4,574	810	572	6,220
Community & Housing	247	4,290	760	563	5,861
<b>Total</b>	<b>791</b>	<b>13,731</b>	<b>2,433</b>	<b>1,774</b>	<b>18,729</b>
<b>Net Cumulative total</b>	<b>791</b>	<b>14,522</b>	<b>16,955</b>	<b>18,729</b>	

If the targets are adjusted to include a potential shortfall in Adult Social Care funding the allocation of targets is as follows:-

<b>Savings Targets</b>	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	138	2,650	426	379	3,594
Children, Schools & Families	143	2,740	438	299	3,619
Environment & Regeneration	263	5,066	807	495	6,631
Community & Housing	247	4,751	762	600	6,360
<b>Total</b>	<b>791</b>	<b>15,207</b>	<b>2,433</b>	<b>1,773</b>	<b>20,204</b>
<b>Net Cumulative total</b>	<b>791</b>	<b>15,998</b>	<b>18,431</b>	<b>20,204</b>	

3.4.5 Progress on identifying draft proposals will be included in reports throughout the Business Planning process.

3.4.6 Care needs to be taken regarding savings in Adult Social Care to ensure that the Council continues to comply with MHCLG guidelines and doesn't jeopardise government requirements regarding funding levels.

### 3.5 Replacement Savings

3.5.1 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

3.5.2 If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets.

## 4. Capital Programme for 2019-23

4.1 Since the capital programme was approved by Council in March 2017 and the revenue implications built into the MTFs, there have been a number of amendments arising from outturn 2017/18, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFs which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

4.2 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2019/20) for the next four years of the MTFs would be approximately:-

Capital financing costs of £1m over the MTFs period	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

4.3 The bidding process for 2022/23 was launched on 25 June 2018. The closing date for submission of bids was 3 August 2018. Any resulting revisions to the programme and new schemes will be reported to Cabinet in October 2018. The current capital provision and associated revenue implications in the currently approved capital programme, based on June 2018 monitoring information and maximum use of capital receipts, are as follows:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Programme	37,247	24,378	19,808	11,743
Revenue Implications	10,872	11,900	13,062	14,118

- 4.5 The potential change in the capital programme since Council in February 2018 is summarised in the following table:-

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Programme:				
- As approved by Council	38,721	17,319	12,226	7,597
- Revised Position with Slippage revisions	37,247	24,378	19,808	11,743
Change	(1,474)	7,059	7,582	4,146
Revenue impact				
As approved by Council	11,021	12,746	13,429	13,572
Revised	10,872	11,900	13,062	14,118
Change	(149)	(846)	(367)	546

- 4.6 It is considered that these figures represent the worst case subject to there being no in programme bids, with further work currently ongoing to review and challenge the assumptions these figures are based on.

## 5. Service Planning for 2019-23

- 5.1 The Service planning process for 2019-23 was launched in August 2018. A plan has been created for each council service. These plans describe what the service does, its plans for the future linked to the Target Operating Model (TOM), its key performance indicators and how its plans will take place within the budget.

- 5.2 There will be three versions of service plans; First Draft, Second Draft and Final, reported to Cabinet and scrutiny.

## 6. Alternative Options

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

## 7. Consultation Undertaken or Proposed

- 7.1 All relevant bodies have been consulted.

## **8. Timetable**

- 8.1 In accordance with current financial reporting timetables.
- 8.2 A chart setting out the proposed timetable for developing the business plan and service plans is provided as Appendix 2.

## **9. Financial, resource and property implications**

- 9.1 As contained in the body of the report.

## **10. Legal and statutory implications**

- 10.1 As outlined in the report.

## **11. Human rights, equalities and community cohesion implications**

- 11.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2019 – 2023.

## **12. Crime and Disorder Implications**

- 12.1 Not applicable.

## **13. Risk Management and health and safety implications**

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

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

Appendix 1 – Draft MTFS 2019-23: Re-priced and rolled forward  
Appendix 2 – Business Plan and Service Planning Timetable 2019-23  
Appendix 3 – London Business Rates Pool – Strategic Investment Pot

## **15. Background Papers**

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

2017/18 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.  
2018/19 Budget Monitoring working papers  
MTFS working papers

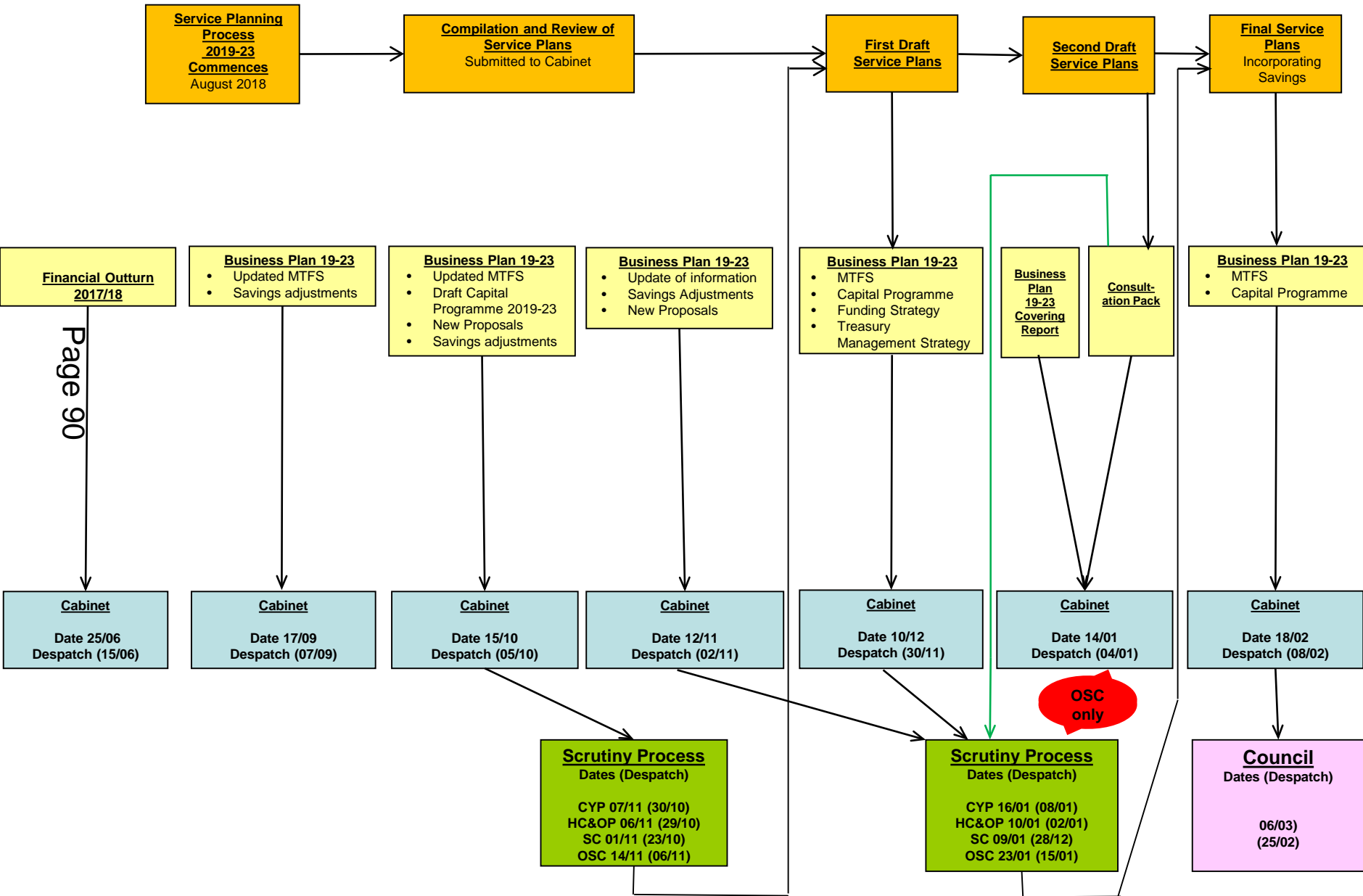
## **16. REPORT AUTHOR**

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- Tel: 020 8545 3458  
email: [roger.kershaw@merton.gov.uk](mailto:roger.kershaw@merton.gov.uk)

## APPENDIX 1

<b>DRAFT MTFS 2019-23:</b>				
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2018/19</b>	<b>149,808</b>	<b>149,808</b>	<b>149,808</b>	<b>149,808</b>
Inflation (Pay, Prices)	4,436	7,479	10,522	13,565
Autoenrolment/Nat. ins changes	0	0	0	0
FYE – Previous Years Savings	(4,464)	(6,070)	(6,185)	(6,185)
FYE – Previous Years Growth	(2,506)	(2,006)	(2,006)	(2,006)
Amendments to previously agreed savings/growth	0	0	0	0
Change in Net Appropriations to/(from) Reserves	99	242	398	335
Taxi card/Concessionary Fares	450	900	1,350	1,800
Adult Social Care - Additional Spend	1,054	0	0	0
Growth	0	0	0	0
Other	2,468	4,555	4,835	4,911
<b>Re-Priced Departmental Budget</b>	<b>151,345</b>	<b>154,908</b>	<b>158,722</b>	<b>162,228</b>
Treasury/Capital financing	10,288	11,451	12,667	12,732
Pensions	3,552	3,635	3,718	3,801
Other Corporate items	(16,781)	(16,705)	(16,654)	(16,229)
Levies	607	607	607	607
<b>Sub-total: Corporate provisions</b>	<b>(2,334)</b>	<b>(1,012)</b>	<b>338</b>	<b>911</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>149,011</b>	<b>153,896</b>	<b>159,060</b>	<b>163,139</b>
Savings/Income Proposals 2018/19	0	0	0	0
<b>Sub-total</b>	<b>149,011</b>	<b>153,896</b>	<b>159,060</b>	<b>163,139</b>
Appropriation to/from departmental reserves	(1,350)	(1,493)	(1,649)	(1,586)
Appropriation to/from Balancing the Budget	(6,024)	0	0	0
<b>BUDGET REQUIREMENT</b>	<b>141,637</b>	<b>152,403</b>	<b>157,411</b>	<b>161,553</b>
<b>Funded by:</b>				
Revenue Support Grant	(5,076)	0	0	0
Business Rates (inc. Section 31 grant)	(35,360)	(37,726)	(38,286)	(38,501)
Adult Social Care - Improved Better Care Fund	(1,054)	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,028)	(1,304)	(1,008)	(800)
Council Tax inc. WPC	(91,789)	(94,053)	(96,365)	(98,726)
Collection Fund – (Surplus)/Deficit	(742)	0	0	0
<b>TOTAL FUNDING</b>	<b>(140,846)</b>	<b>(137,880)</b>	<b>(140,456)</b>	<b>(142,824)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>791</b>	<b>14,522</b>	<b>16,955</b>	<b>18,729</b>
Potential Unfunded ASC commitments due to Loss of Better Care Funding	0	3,218	3,218	3,218
<b>GAP assuming no new ASC Government Grant (Cumulative)</b>	<b>791</b>	<b>17,740</b>	<b>20,173</b>	<b>21,947</b>
Possible Offset if 2019/20 ASC CT hypothecation can be used to replace Better Care Funding	0	(1,742)	(1,742)	(1,742)
<b>GAP assuming no new ASC Government Grant but 2019/20 CT hypothecation can be used(Cumulative)</b>	<b>791</b>	<b>15,998</b>	<b>18,431</b>	<b>20,204</b>

# BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2019-23



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# Memo

To Chief Executives, Treasurers  
London Boroughs, Greater London Authority, London  
Councils

**Copied to** SIP Bidders, Sub-Regional Directors

**Email** [ndr.pool@cityoflondon.gov.uk](mailto:ndr.pool@cityoflondon.gov.uk)

**Date** 31 July 2018



## For action

### London Business Rates Pool Strategic Investment Pot: Consultation Report

The purpose of this note is to launch the consultation on the allocation of Strategic Investment Pot funds.

22 SIP bids were received from 15 accountable boroughs for a total of £123.4m. All London authorities were represented on at least one bid and a maximum of seven; and bids were received from all sub-regions. A SIP Panel of senior finance and regeneration leads from the London authorities, the GLA and London Councils was convened to advise and assist the Lead Authority in review and evaluation of the bids. The attached consultation report contains their analysis and recommendations.

The expected value of SIP funds available is £52m, though this is subject to the final outturn on business rates in 2018/19. The Panel recommend that 90% of this amount is allocated (£46.83m) to a package of bids which, within the resources available, seek to balance the objectives of the fund and support projects, namely:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

Authorities are asked to confirm **by Friday, 14 September**, via their own decision-making processes, their support for funding each of the projects. As laid out in the Memorandum of Understanding, signed by all authorities, subject to agreement of two-thirds of the authorities and the Mayor of London, and in the absence of any sub-regional veto, the formal decision will be taken by the Lead Authority in the Autumn and the SIP funds allocated. The Panel will reconvene shortly afterwards to review the results of the consultation and finalise an outcome report to the Congress of Leaders.

## Contacts

For queries in relation to the operation of the business rates pool, including the Strategic Investment Pot, please contact the City of London Corporation at [NDR.pool@cityoflondon.gov.uk](mailto:NDR.pool@cityoflondon.gov.uk)

# London Business Rates 2018/19 100% Pilot Pool

## Strategic Investment Pot (SIP) Consultation Report



### Report of the SIP Panel:

Peter Kane, Chamberlain, City of London Corporation  
 Guy Ware, Director Finance, Performance & Procurement, London Councils  
 Andy Donald, Chief Executive, Redbridge  
 Shifa Mustafa, Executive Director Place, Croydon  
 James Rolfe, Executive Director Finance, Resources & Customer Services, Enfield  
 Amar Dave, Strategic Director Regeneration & Environment, Brent  
 Debbie Jackson, Assistant Director Regeneration and Economic Development, GLA  
 Richard Simpson, Executive Director Resources, Croydon  
 Duncan Whitfield, Strategic Director Finance & Governance, Southwark  
 Gerald Almeroth, Strategic Director Resources, Sutton

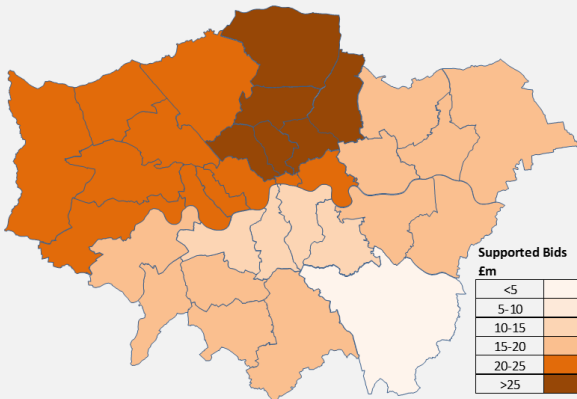


# The executive summary APPENDIX 3

## Bids Received

This info-graphic shows a summary of key information from all of the bids submitted: geography, types and amounts of funding, expected project outputs.

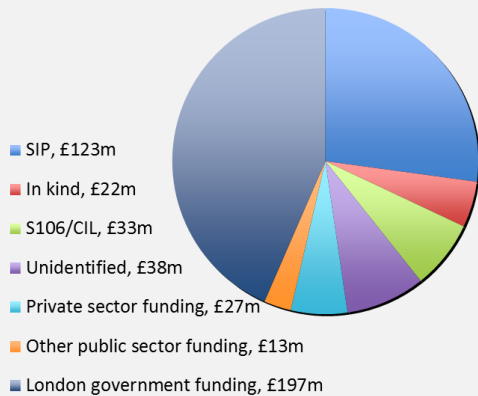
### Bids were submitted from across London



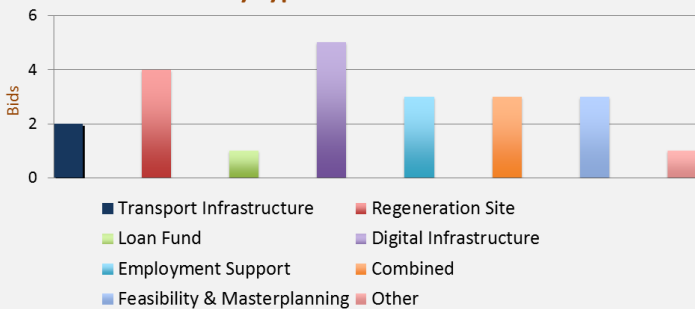
### Project funding identified, £m

Project sizes have been estimated using the total match funds available where not specified in bids.

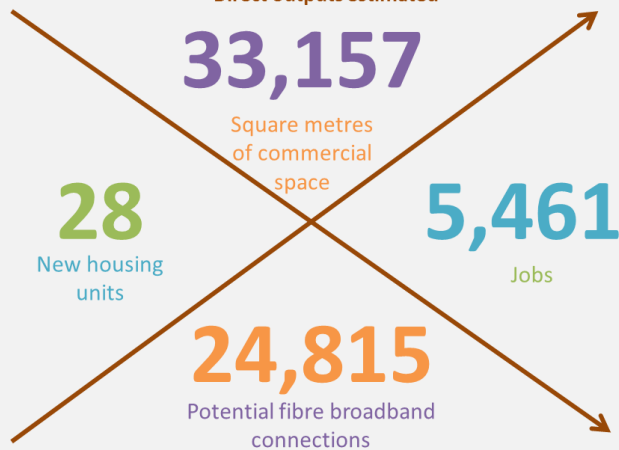
In-kind match funds identified included the market value of assets used in projects or secured through S106, and staff time.



### Bids received by type



### Direct outputs estimated



£52m

Expected SIP fund

£123m

Total SIP Bids Received

For 2018/19, the GLA and the 33 London billing authorities are piloting 100% business rates retention. This allows London to retain an estimated £349m of extra funding. Of this, approximately 50% will be used for strategic investment: 15% (c.£52m, Strategic Investment Pot) to be allocated by the agreement of London government, and the balance (the GLA share of total benefit) for allocation by the Mayor of London.

The aim for the SIP funds is to:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

There is not currently a mechanism for joint decision-making by London government, therefore the formal decision must be taken by the Members of the Lead Authority (City of London Corporation), subject to consultation with all participating authorities. This is the consultation report, to which authorities are asked to respond according to their own decision-making processes. The consultation requirements are that:

- the Mayor of London and two-thirds of the 33 billing authorities agree to recommend project approval; and
- if all the authorities in a given sub-region (as defined in the pooling agreement) do not recommend the project, it shall not be agreed.

Bids were invited in April 2018 with a deadline at the end of May. 22 bids were received for a total of £123.4m. A summary of the bids received is shown in the info-graphic (left). The overall quality of bids was high, bearing in mind the timescale. Some were well developed with a clear delivery plan and estimates of impact; others will benefit from further development and reconsideration in future rounds.

The City of London Corporation, the Lead Authority for the pooling arrangement, has led the evaluation process, convening a Panel of senior finance, regeneration, and service directors from the London authorities, the GLA, and London Councils to carry it out. This approach was designed to ensure that appropriate expertise and pan-London engagement was obtained for the evaluation. This report is issued by the Panel and provides:

- an overview of the pilot scheme,
- information about the bidding and evaluation process,
- an overview of bids,
- the recommended package of bids to be funded, and
- an appendix with a summary of each of the bids.

# The recommendation

The Panel has considered the bids and recommends that the following SIP funds are awarded because they provide the best way to balance the objectives of the fund within the resources available. The Mayor and the 33 London authorities are asked to use their own decision-making processes to confirm their support for each.

	£m
• South Dock Bridge	7.00
• Productive Valley:	5.75
○ South Tottenham Employment Area	
○ Investment Fund	
○ Rigg Approach	
• South London Innovation Corridor	8.00
• Open Data Standard for Planning	0.25
• Euston Recruitment Hub	3.00
• West London Alliance:	11.13
○ Skills & Productivity	
○ Investment in Digital	
• Local London Investment in Fibre	7.70
• South London Multi-Purpose Internet of Things Platform	4.00
<b>Total Recommended Package</b>	<b>46.83</b>

A summary of the bids in the recommended package is shown in the info-graphic (right). The package includes bids which will directly grow London’s business rates by providing new or refurbished commercial space, as well as ones which will indirectly generate growth by providing transport and digital infrastructure, supporting employment and businesses, and creating frameworks for development. A mixture of bids is included to achieve a balanced package: some are focused on a single, specific site and some have a much wider focus and potential impact.

A successful allocation of funds will allow the various strategic investment projects to begin, demonstrate to Government that London government can cooperate and work together, and provide a sound basis for the Government evaluation of the pilot which is expected in the Autumn.

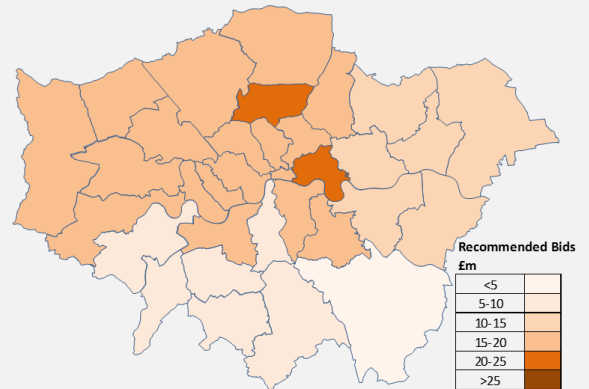
The precise amount of funds will be confirmed once the 2018/19 accounts are closed, and will be rolled into the 2019/20 SIP if the pilot is extended or allocated in another round if not.

The Lead Authority will make arrangements for funding agreements, including application of funding conditions relating to the outputs and match funding in the bid once the consultation and decision-making process is complete.

## Recommended Package

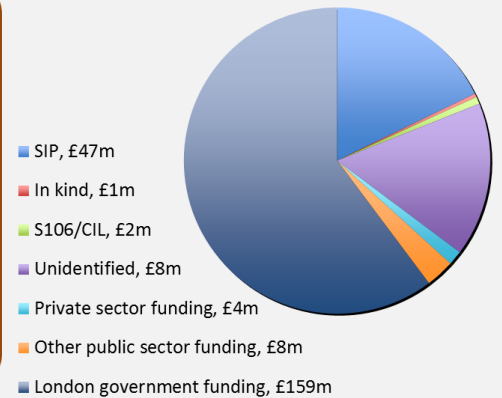
This info-graphic shows a summary of key information from the recommended package: geography, types and amounts of funding, expected project outputs.

### Bids are recommended from across London

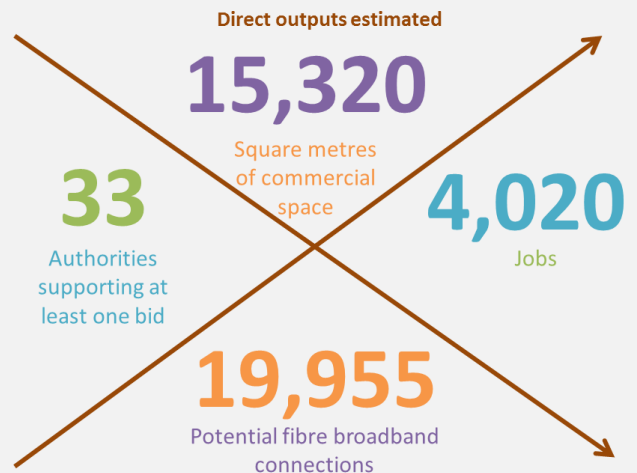
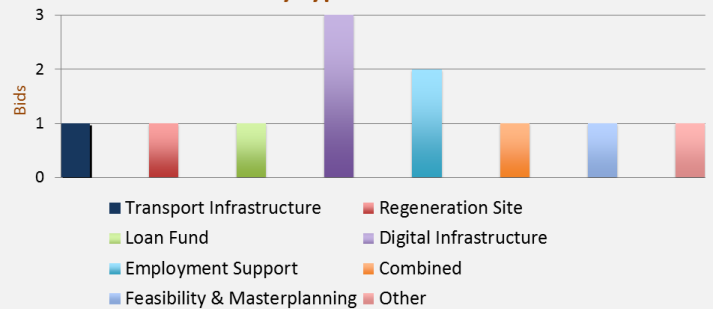


Bidders identified a range of different sources of funding. The Panel assessed these carefully and considered the extent to which they were reasonable claims. In-kind match funds identified included the market value of assets used in projects or secured through S106, and staff time.

### Project funding identified, £m



### Bids recommended by type



**£52m**  
Expected SIP fund

**£46.83m**  
Total SIP Bids Recommended

## The 100% pilot scheme and SIP

This is the second year that London has piloted additional business rates retention. In 2017/18, the GLA's Revenue Support Grant (RSG) and funding for TfL capital was replaced by additional rates, meaning London retained a total of 67% of business rates (adjusted for redistributive measures and a 50% levy on growth over baselines set in 2013-14).

For 2018/19, all 33 London billing authorities and the GLA have come together to pilot 100% retention, reaching agreement with Government at the Autumn Budget 2017. The operating principles of the pilot pool were subsequently agreed, via a Memorandum of Understanding (MoU), by the 32 London Boroughs, the City of London Corporation and the GLA in January 2018.

The pilot replaces RSG for the 33 London billing authorities with retained business rates. Government also agreed an enhanced safety net threshold of 97% (compared with 92.5% under the previous scheme), meaning that London, as a whole, cannot lose more than 3% of its baseline funding level. An additional safeguard has been agreed between the London authorities that no authority will be worse off than under the pilot than the previous arrangements.

The pilot allows London to retain 100% of any growth (rather than 67% that would have been the case otherwise) over the baseline levels set in 2013/14. The 2018/19 pilot also removes the 50% levy on that growth. Following analysis of all London borough business rates forecasts submitted to the Government in January, the overall forecast net additional benefit to London is estimated to be approximately £349m. However, the final figure will not be known until after the financial year has ended and accounts have been audited.

Under the agreed terms of the London pilot, 15% of the net financial benefit of pooling – budgeted at approximately £52m – is reserved for the Strategic Investment Pot, to be spent on projects that:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

The final amount of SIP funds available is subject to the final amount collected in year. The budgeted amount is based on authorities' estimates in January 2018, with a recommended allocation of £46.83m (90%).

The process agreed in establishing the pilot pool reflects the absence of a statutorily recognisable mechanism for joint decision-making by the 33 billing authorities and the Mayor of London. The formal decision must therefore be taken by the Members of the Lead Authority (the City of London Corporation), subject to consultation with all participating authorities. This is the consultation report, to which authorities are asked to respond, according to their own decision-making processes. The consultation requirements are that:

- the Mayor of London and the majority (two-thirds) of the 33 billing authorities agree to recommend approval of the project; and
- if all the authorities in a given sub-region (as defined by the MoU) do not recommend the project, it shall not be agreed.

This report provides information about the pilot scheme, the bidding and evaluation process, an overview of the bids received, the recommended package of bids for funding, and an appendix with a summary of all bids.

In addition, the Mayor of London has committed to spending the GLA's share of the additional net financial benefit from the pilot on strategic investment priorities. The allocation process for this, separate, fund

(estimated at £112m) is currently underway, the Mayor is expected to make decisions shortly, and announcements on each project will follow afterwards.

## The bidding and evaluation process

The Lead Authority is responsible for the operation of the SIP, and has made arrangements for inviting bids, evaluation, and the preparation of this recommendation report. The call for bids was issued in April 2018 to the Leaders of the 33 London billing authorities, this included a bid form and bidding guidance. The deadline for submissions was the end of May 2018.

The bidding guidance explained the Lead Authority's intention that the evaluation would be carried out by a Panel of senior finance, regeneration, and service directors from the London authorities and GLA, and London Councils. This approach was designed to ensure that appropriate expertise and pan-London engagement was obtained for the evaluation method. This report is issued by the Panel and provides its recommended package of bids to be funded.

The criteria considered were those included in the bidding guidance, namely:

- **Contribution of anticipated outputs to key economic growth priorities:** e.g. housing and planning; transport and infrastructure (including digital infrastructure); skills, employment and business support. This could be evidenced, for example, by quantification of anticipated outputs (increase in homes, commercial floor space, jobs, etc.) and by alignment with existing regional, sub-regional and local strategies.
- **The anticipated scale of economic benefit,** both in absolute terms and, where appropriate, expressed as a ratio of anticipated return to investment required.
- **The breadth of geographic impact** – with a presumption that the broader the area of impact the better. Whilst strong local bids will be considered under other criteria, there will be a preference for joint proposals, including but not necessarily limited to those from existing sub-regional partnerships, or which apply to the whole of London.
- **The scale of match funding,** both in absolute terms and expressed as a ratio of funding from other public or private sources to SIP investment required. The presumption will be that – all other things being equal – proposals that command a greater level of match funding will be preferred.
- **Delivery timescales:** No strict cut-off point is defined; however delivery timescales will be considered within the overall evaluation, with a presumption in favour of earlier completion (and therefore earlier economic returns), but ensuring an appropriate mix of recommended proposals between 'oven-ready' schemes and longer-term investment projects.

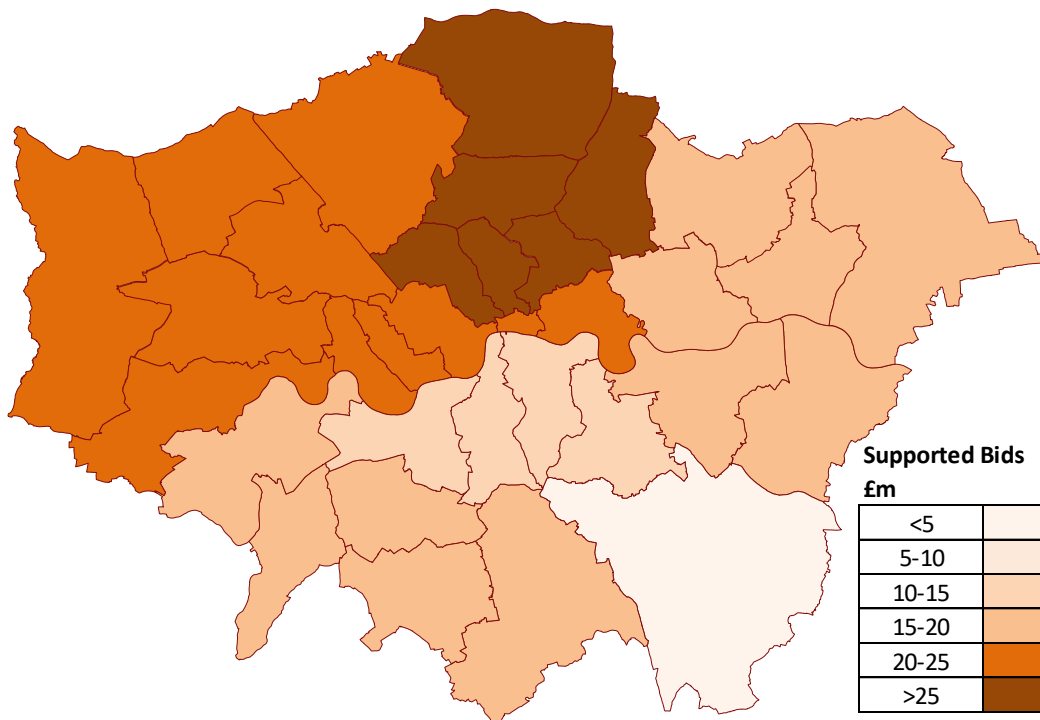
The bidding guidance made clear that, though the criteria were chosen in part because they were capable of objective evaluation, there would also be a degree of judgment and interpretation required. There would also be a need to assess the robustness and credibility of the estimates included in the bids. By way of specific consideration of the matters of judgement and interpretation which could not be objectively summarised from the bids, four areas were considered:

- **Deliverability** – an assessment of the likelihood of delivering the project (and any sub-projects) referred to in the bid, and doing so within the timeframe and resource base described in the bid documentation.
- **Economic impact** – an assessment of the expected level of impact of the bid; considering, in particular, the two key aims of the SIP which were to directly increase business rates income and to increase business rates income indirectly as a result of wider economic benefits.
- **Geographical impact** – a consideration of whether the bid would impact directly in just a specific locale, across a borough, a sub-region, or even more widely.
- **Additionality of match funding** – an assessment of the extent to which the bid leveraged truly additional investment funding, or whether it referred only to funding already accessible to bidders.

These four areas and the objective and comparative details of the bids were all considered and discussed by the Panel in forming its recommended package of bids.

## The bids received

The expected value of SIP funds is £52m, subject to the final outturn on business rates. Following the invitation to bid in April, by the deadline at the end of May, 22 SIP bids were received from 15 accountable boroughs for a total of £123.4m. All authorities supported at least one bid, and the majority supported bids of at least £5m, the total value of bids supported by each authority is shown on the map:

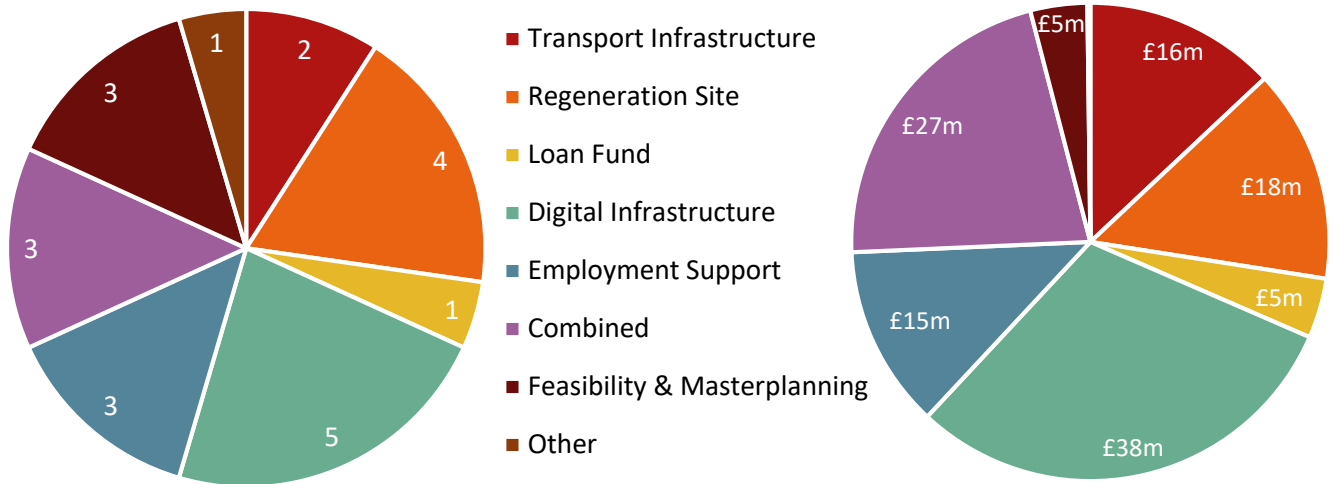


The bids were categorised to allow comparison between them, and to aid in the identification of a balanced package of bids. However, the Panel were conscious that the categorisation had been retrospectively applied, and it was kept under review throughout the evaluation process; no 'quota' was applied, and there was no specific aim relating to categorisation in the Panel's approach to identifying a recommended package. The final categories used were as follows:

- **Transport infrastructure bids** which supported projects such as bus lanes, bridges, public realm or cycling improvements.
- **Digital infrastructure bids** for projects such as fibre networks, CCTV and 'Internet of Things' installations.
- **Regeneration site bids** contributing to regeneration of particular sites, including at least one phase of construction and delivery.
- **Feasibility & masterplanning bids** supporting the initial or planning phases of a regeneration scheme or infrastructure project, and in general delivering business cases, master plans or feasibility studies rather than completed projects or works. However, some included initial enabling works or funded some land assembly.
- **Employment support bids** providing intervention or facilities to support people into work or improve their skills.
- **Loan fund bids** aimed at setting up a local investment fund for projects, on a repayment and interest bearing basis.

- **Combined bids** are those combine a number of these types, generally by seeking an allocation of funds to be used in a locality for a number of sub-projects.
- **Other bids** which did not fit into any of the other categories.

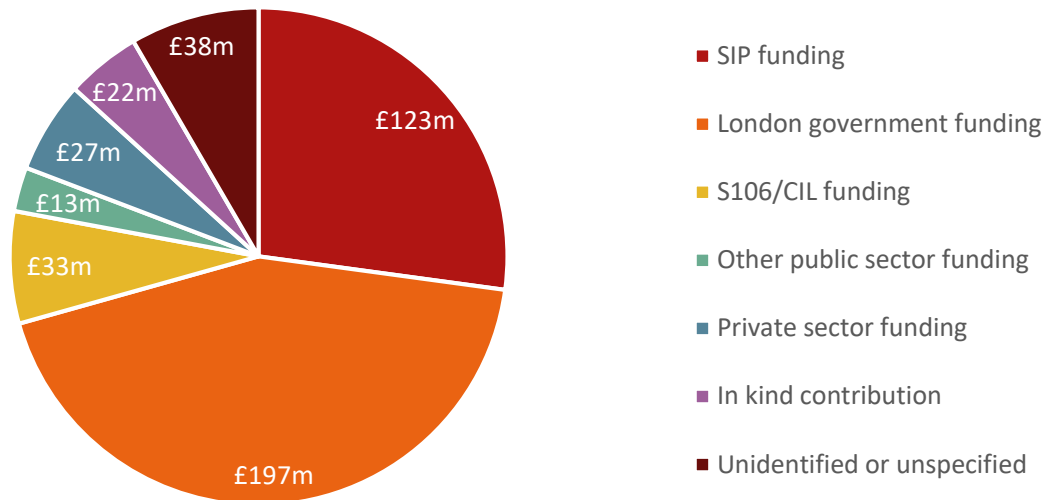
The graphs show the total bid amount and number of bids received in each category:



The bids were for projects with a range of different sizes, some specified the total size of the project and others just provided a total amount of match funding (so in this case the total of the match funding was used to estimate the project size). The average bid size was £5.6m, with a minimum of £0.25m and a maximum of £15m, and the SIP funding proportion was from 5% to 85%. The bidders identified a wide range of different sources of match funding, which have been organised into a number of categories:

- **SIP funding** is the bid amount.
- **London government funding** is other funding committed, requested, or to be requested by the boroughs, GLA, and TfL as part of their project. This generally related to capital resources (including right to buy receipts) or grant funding (such as the Mayor’s Construction Academy, for which one bidder has applied).
- **S106/CIL funding** is the use of contributions made by developers to the localities surrounding their developments. These funds are within the control of the local authority, subject to some restrictions depending on the nature of some S106 agreements. Some bids identified expected additional contributions that would be secured as a result of additional development following the proposed SIP funded project.
- **Other public sector funding** is most commonly government grant.
- **Private sector funding** is expected contributions from the private sector, which might, for example, be through sponsorship or joint venture agreements.
- **In kind contributions** were from a variety of different potential sources, including staff time in the authority which was bidding or to manage the project, but in some cases included the market value of existing assets or assets secured through S106 agreements with developers.
- **Unidentified or unspecified** funds, in one case referred to proposed borrowing, but this category also used where bids were unclear or uncertain as to the expected funding source.

The Panel considered the additionality of match funding (as described above under ‘The bidding and evaluation process’) offered by bidders and the quantum of match funding to inform their recommendation. The graph shows the total (estimated) project costs and funding sources, over all the bids received:



## The recommended package

The Panel recommend that Members fund a balanced package of bids, which combines a range of different projects. The bids included in the package, and the reasons why are detailed in this section. They are presented in no specific order.

### South Dock Bridge

Bid size	£7m	South Dock Bridge is a proposed new footbridge to provide a fully accessible link to South Quay within the private Canary Wharf estate, near its new Elizabeth and Jubilee line stations. The bid will unlock delivery of new housing and commercial development and links residential and commercial districts to the south of the Isle of Dogs to the Canary Wharf commercial district.
Estimated total project cost	£12m	
Estimated SIP proportion	58%	
<b>Match Funding</b>		The Bidder expects this to unlock development on the Isle of Dogs, and to relieve congestion on nearby public transport.
CIL & S106	£1.5m	
Unidentified (likely CIL, though some sponsorship potential)	£3.5m	
Project timeframe	1.5-3 Years	

The Panel conclude that this bid would bring forward the provision of the proposed infrastructure, and are confident that this will unlock earlier development in the area. The importance of the borough to London and the wider UK economy is a factor in recommending this bid. Supporting this bid will deliver a particular, discrete piece of transport infrastructure and clearly demonstrate to Government the impact of SIP funding.

**Productive Valley:**

- South Tottenham Employment Area
- Investment Fund
- Rigg Approach

The Productive Valley study provides a clear rationale for intervention in this area, and of the four initiatives proposed, the Panel concluded that three should be recommended for funding.

Bid size	£2m	The South Tottenham Employment Area bid is for delivery of 7,776m <sup>2</sup> of good quality employment space through a mix of refurbishment, extension and redevelopment of existing premises in the South Tottenham Employment Area.  The Bidder expects this to redevelop the site, which they consider underutilised. In addition to new space, this will also provide 2,029m <sup>2</sup> of refurbished space. They expect an uplift of c.£0.32m of rates income and 320 new jobs.
Estimated total project cost	£2.5m	
Estimated SIP proportion	80%	
<b>Match Funding</b>		
Public sector funding	£0.2m	
In-kind (staff time)	£0.3m	
Project timeframe	3-5 Years	

The South Tottenham Employment Area initiative is considered deliverable by the Panel because the building involved is already in the ownership of the bidding authority. The Panel also understood from the bid that there was a much larger scheme in mind which funding this first phase will 'kick off'. Supporting this bid will deliver regeneration on a specific site and increase the business rates base through additional commercial space.

Bid size	£5m	The Productive Valley Investment Fund would be a valley-wide loan fund, modelled on the existing Opportunity Investment Fund which provides unsecured loans at 6-8% to local businesses, with an initial repayment holiday. The fund would help support businesses, enabling them to grow and attracting others into the area. They plan to budget for 70% repayment to allow for some failures, though the existing fund has so far had no write-offs.  The Bidder expects this to directly support at least 32 businesses over three years.
Estimated total project cost	£6.5m	
Estimated SIP proportion	77%	
<b>Match Funding</b>		
In-kind (officer time)	£0.3m	
Unidentified (would ask for match)	£1.2m	
Project timeframe	3-5 Years	

Whilst the lack of specific projects identified and approved for funding means that the Panel identify a possible risk to the delivery of these projects and some potential for delay. The repayment nature of this fund means that it is expected to have a wide and longer term impact than simply offering grant funding. However, given the limited amount of SIP funds available, the Panel consider that a lower award than the £5m bid of £3m is reasonable and recommend funding at this level. Where part funding is recommended, the balance is moved to unidentified in the Executive Summary infographic, which also includes the bid outputs unadjusted.



Bid size	£2m	Rigg Approach is a 5ha area of land identified as a Strategic Industrial Location (SIL) that forms the Lea Bridge gateway to Waltham Forest. This bid is for SIP funding to be used to: establish formal partnerships with businesses, landowners, interested developers and strategic parties; prepare an agreed masterplan, overarching outline and phase one planning applications; develop strategies and business cases for securing investment and the first phases of work. Funding will also be retained to kick-start the initial phase of development.  The Bidder expects this to complete masterplanning, identify land assembly and phasing strategies and assess delivery routes/more detailed business cases for a programme of regeneration of 5ha to 2028. Total GDV c.£250m, 11,000-22,000m <sup>2</sup> industrial. They expect 100%+ growth in rates for area.
Estimated total project cost	£3m	
Estimated SIP proportion	67%	
<b>Match Funding</b>		
In-kind (spend to date)	£0.15m	
To be identified – Council funding and officer time	£0.85m	
Project timeframe	1.5-3 Years	

The Rigg Approach initiative covers a large site, and the bid aims to increase density and intensify activity in the area. This has a good strategic fit and meets a specific policy objective to improve the performance of industrial land and investigate multi-level industrial use. Supporting this bid will contribute to a clear strategy to grow business rates in London's limited land resource over the longer term, and could also free up land for housing where there is not additional business demand. The Panel note that 25% of the £2m bid is intended to support the first phase of development which has not been guaranteed, leaving a balance of £1.5m for the master-planning exercise. The Panel view £1.5m as a very significant amount to spend on an initial project, and considering the size of the SIP fund, recommend a smaller award of £0.75m to produce a focused piece of work.

### South London Innovation Corridor

Bid size	£11.33m	This project proposes strategic investments into central (South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth) on Workspace (capital investment into affordable workspace and incubators projects, delivering substantial new commercial floorspace), Business support (cross-borough networking; accelerators and support for creative and digital start-ups supporting substantial job creation), and Talent development (cross-borough creative and digital employment initiatives focussed on enabling disadvantaged groups to access employment and support career progression).  The Bidder expects this to deliver £1.5m business rates income, 400 pre-apprenticeships, 200 work experience placements, 200 apprenticeships, and 1,700 jobs. 750 businesses will be supported, beneficiaries will be 50% BAME.
Estimated total project cost	£26.33m	
Estimated SIP proportion	43%	
<b>Match Funding</b>		
Unidentified (bid describes as 'cash match')	£15m	
Project timeframe	1.5-3 Years	

The Panel considered this bid to be imaginative and wide ranging covering workspace, talent development, and business support. The bidder expected in particular that it would produce a significant amount of commercial space. Supporting this bid therefore is expected to grow business rates through both direct and indirect means. The Panel discussed the level of management fees, but concluded that these were reasonable given the number of sub-projects described. The Panel considered reducing the amount to be awarded in the case of this type of bid and concluded that this could be expected to increase the focus and assist bidders in ensuring that prioritisation takes place and only the most effective sub-projects are funded. The Panel consider that £8m is a reasonable level, and recommend an award at that level.

### Open Data Standard for Planning

Bid size	£0.25m	This bid is for development of an open data standard for planning applications to transform the quality of strategic planning and administration of planning permission. Planning data needs to be in a format that's consistent across boroughs, regardless of the particular software tools or policies of individual boroughs. This bid would provide a single end to end data solution, which no providers in the market currently provide. This bid could benefit all London Boroughs and any planning authority, provided their software vendor adopts the data standard
Estimated total project cost	£0.75m	
Estimated SIP proportion	33%	
<b>Match Funding</b>		
MHCLG grant	£0.25m	
Borough funding	£0.25m	
Project timeframe	Within 18 months	
The Bidder expects this to offer significant benefits, in line with other open data projects (overall potential of open data estimated at £6-7bn, TfL data at £130m/annum). They expect improved access to faster, more efficient planning services.		

This bid is highly rated, and the Panel feels that it clearly has the greatest potential for a wide geographical impact given the number of planning authorities throughout England. Initially, the Panel wondered about the link between this project and business rates, but concluded that there is significant potential: firstly, relating to business premises themselves which must get planning permission, with clear timing benefits from improved access; secondly, relating to potential savings for local authorities, which could free resources for further investment in the many areas of local authority activity which develop the economy; and thirdly in relation to the potential to assist SME developers in identifying smaller in-fill type sites. The Panel also note the potential impact on housing. The Panel recommend that a funding condition specifies an open source standard. Subject to this condition, the Panel recommend this bid for funding.

### Euston Recruitment Hub

Bid size	£3m	The proposal is seeking funding to build a Euston Construction Skills Centre to deliver bespoke construction skills for key construction companies. The centre will also provide skills needed for construction in general, including housing, plus skills needed for transportation, with rail/engineering opportunities through HS2. The Centre will also provide STEM skills training and will pilot new building methods/technologies (off-site manufacturing). The centre will build up from over previous experience from the successful King's Cross Construction Skills Centre currently delivering short courses, apprenticeships and job starts.
Estimated total project cost	£9m	
Estimated SIP proportion	33%	
<b>Match Funding</b>		
CIL & S106	£0.4m	
HS2 Grant Funding	£4.1m	
Mayor's Construction Academy	£1.5m	
Project timeframe	5+ Years	The Bidder expects this to lead to more than 200 job starts and 150 apprenticeships per annum. The centre will run short courses and adult education.

This scheme was recognised by the Panel as having identified significant match funding, and offering a specific business rates outcome (by way of the centre) as well as the indirect growth in rates expected through its supporting employment. The long term nature and wider geographical focus of this scheme was also considered positive. The construction theme is well-aligned strategically with the SIP as this industry in particular will be required to increase business rates. The expected effect of leaving the EU on this sector and forthcoming significant London developments requiring these skills (e.g. Crossrail 2) also make this timely and relevant. The Panel therefore recommend this bid for funding.

**West London Alliance:**

- Skills & Productivity
- Investment in Digital

The West London Alliance is well established and has a clear governance arrangement in place to manage the projects which might be recommended for funding by the SIP Panel. Of the three initiatives proposed, two are recommended for funding, in full or in part.

Bid size	£3.43m	The bid would fund delivery of an evidence-based productivity and skills programme for West London to support individuals and businesses.
Estimated total project cost	£5.42m	
Estimated SIP proportion	63%	
<b>Match Funding</b>		The Bidder expects this to support 4,925 residents and 595 employers. There are various schemes: one pilot suggests potential £6.9m total annual salary growth for participants; apprenticeship programmes deliver £25-52k per person in 3 year cost savings.
Public sector match (unspecified)	£1.99m	
Project timeframe	3-5 Years	

The Skills & Productivity initiative appeared to be a well-planned scheme with a clear strategic aim. Whilst the Panel note an apparent optimism bias in this scheme between the detailed appendices and the outputs shown on the bid form, the Panel are supportive of this bid and the expected impacts on business in the area. The Panel note that there is adult education funding and funding for English as a Second or Other Language (ESOL) available, but expect that this project will help residents access these.

Bid size	£7.7m	The West London Alliance proposes a major extension of the high-speed fibre network to large areas of West London covering seven boroughs, particularly targeting areas affected by persistently slow internet speeds – so-called ‘not-spots’ - that are also located in mandated growth and regeneration areas. Libraries, schools, public and council offices located in ‘not-spots’ would be connected directly to the super-fast fibre network from their local TfL station and private providers will then be able to connect business properties within 250m of the public building. Also, a 'broadband fighting fund' is proposed to support fibre installation that would otherwise be commercially unviable.
Estimated total project cost	£10.3m	
Estimated SIP proportion	75%	
<b>Match Funding</b>		The Bidder expects this to cover public buildings, but potentially enable access to 18,900 businesses and 41,950 households.
Estimated DCMS Vouchers	£2.6m	
The bid also claims to leverage £150m TfL investment in the roll-out of fibre to tube stations.		
Project timeframe	Within 18 months	

The Investment in Digital initiative is a well-developed scheme, with delivery arrangements in place via an agreement with TfL which will add the work to its existing programme. The timescale reported is ambitious, which will allow the impact of the SIP to be quickly demonstrated to Government.

**Local London Investment in Fibre**

Bid size	£15m	Eight Local London Partnership boroughs and Haringey propose investment to undertake Full Fibre upgrade to key public sector sites that will anchor fibre investment by the commercial sector. The chosen sites will be those where there will be significant improvement in public sector service delivery and where the commercial sector will be motivated to invest in key development zones and address areas of digital exclusion.  The Bidder expects this to provide connectivity in 15 strategic investment locations, providing an increase in penetration by 10%. Additional private sector investment is expected to be leveraged through public investment.
Estimated total project cost	£20m	
Estimated SIP proportion	75%	
<b>Match Funding</b>		
DCMS vouchers estimated	£5m	
Project timeframe	1.5-3 Years	

The Panel considered this bid to be relatively similar to the bid for West London: Investment in Digital, and is expected to provide similar benefits to local residents and businesses. However, the size of the bid, at £15m, is considerably greater. In order to allow for a balanced and affordable overall package, the Panel recommends funding both projects at £7.7m each.

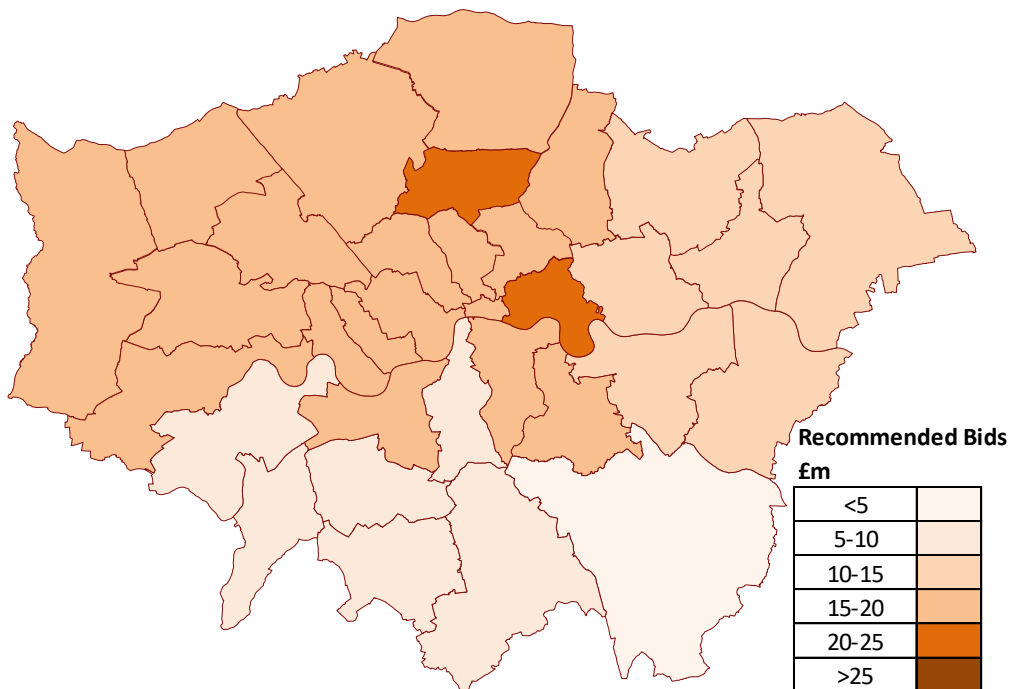
**South London: Multi-Purpose Internet of Things Platform**

Bid size	£12.25m	This proposal is for establishment of a sustainable, region-wide, multipurpose 'Internet of Things' (IoT) platform connecting various IoT enabled sensors across Council boundaries to gather data about, for example, air quality, footfall, flood risks, traffic, road surface temperature, and parking space availability. Data would be made available to local and national government through the London Data Store.  The Bidder expects this to improve access to and increase use of town centres, to reduce emissions and improve logistics, and to reduce costs for council services.
Estimated total project cost	£17.95m	
Estimated SIP proportion	68%	
<b>Match Funding</b>		
Borough capital funding	£5.2m	
In kind	£0.5m	
Project timeframe	1.5-3 Years	

The Panel agree that this is an innovative project and that it will have an impact on local services for the bidders. Smart City initiatives have been successful elsewhere, and the Panel feel that this should be considered in more detail. In particular, the approach to the data and whether it is open or commercialised, and the scope for making this project self-funding through commercialisation. There is debate about the effects of the transport aspects of this bid, and the Panel acknowledge that it will be difficult to predict the impact of parking sensors on traffic levels (which is a key consideration in relation to assessing the strategic alignment of this project). Given the need to ensure that SIP funds are focused on enabling economic growth, the Panel consider that funding of £4m should be awarded to carry out further detailed study and pilot work on this project.

## Conclusion

The expected value of SIP funds is £52m. The Panel recommend awards of £46.83m at this time, which represents 90% of the budgeted amount. The total amount of funds available will not be finally confirmed until the 2018/19 accounts are closed, so it is important to under-commit this fund in case there is an unfavourable variance at the end of the year. The map shows the amount of funding each authority is supporting in the recommended package:



Once the consultation and decision-making process is complete, the Lead Authority will make arrangements for funding agreements. These will include application of funding conditions relating to the outputs and match funding in the bid, as well as any other specific points required (e.g. the open source requirement on the planning open data standard). The balance of funds will be confirmed once the 2018/19 accounts are closed, and, along with any under-spends, will be rolled into the 2019/20 SIP if the pilot is extended or allocated in another round if not.

## Appendix: Detailed bid information

This section provides an overview of each of the bids received, shown in the categories described in the overview. This includes, for ease of reference, the recommended package. This summarises the objectively measurable areas that the Panel considered when coming to their recommended package.

### Transport infrastructure bids

<b>South Dock Bridge</b>		
Bid size	£7m	South Dock Bridge is a proposed new footbridge to provide a fully accessible link to South Quay within the private Canary Wharf estate, near its new Elizabeth and Jubilee line stations. The bid will unlock delivery of new housing and commercial development and links residential and commercial districts to the south of the Isle of Dogs to the Canary Wharf commercial district.  The Bidder expects this to unlock development on the Isle of Dogs, and to relieve congestion on nearby public transport.
Estimated total project cost	£12m	
Estimated SIP proportion	58%	
<b>Match Funding</b>		
CIL & S106	£1.5m	
Unidentified (likely CIL, though some sponsorship potential)	£3.5m	
Project timeframe	1.5-3 Years	

<b>Seven Sisters Road / Woodberry Down</b>		
Bid Size	£9.05m	A bid to provide additional funding for improvements to streets and connectivity in Woodberry Down and on Seven Sisters Road to create a Healthy Streets environment and support new homes and jobs.  The Bidder expects this to increase footfall and reduce town centre retail vacancy rates, increase walking and cycling, improve air quality, and increase visitor numbers and spend.
Estimated total project cost	£36.55m	
Estimated SIP Proportion	25%	
<b>Match Funding</b>		
CIL & S106	£0.5m	
Public Sector match funding	£27m	
Project timeframe	1.5-3 Years	

### Loan fund bids

<b>Productive Valley: Investment Fund</b>		
Bid size	£5m	The Productive Valley Investment Fund would be a valley-wide loan fund, modelled on the existing Opportunity Investment Fund which provides unsecured loans at 6-8% to local businesses, with an initial repayment holiday. The fund would help support businesses, enabling them to grow and attracting others into the area. They plan to budget for 70% repayment to allow for some failures, though the existing fund has so far had no write-offs.  The Bidder expects this to directly support at least 32 businesses over three years.
Estimated total project cost	£6.5m	
Estimated SIP proportion	77%	
<b>Match Funding</b>		
In-kind (officer time)	£0.3m	
Unidentified (would ask for match)	£1.2m	
Project timeframe	3-5 Years	

## Digital infrastructure bids

<b>Shoreditch Fibre &amp; CCTV</b>		
Bid Size	£1m	This bid is for a mix of digital CCTV provision to support the night time economy and improve safety, and enhancing broadband coverage, free and low cost Wi-Fi and 5G connectivity through the use of enhanced council-owned fibre network assets.  The Bidder expects this to support wider strategy.
Estimated total project cost	£3.7m	
Estimated SIP Proportion	27%	
<b>Match Funding</b>		
Borough Capital	£2.7m	
Project timeframe	3-5 Years	

<b>South London: Multi-Purpose Internet of Things Platform</b>		
Bid size	£12.25m	This proposal is for establishment of a sustainable, region-wide, multipurpose 'Internet of Things' (IoT) platform connecting various IoT enabled sensors across Council boundaries to gather data about, for example, air quality, footfall, flood risks, traffic, road surface temperature, and parking space availability. Data would be made available to local and national government through the London Data Store.  The Bidder expects this to improve access to and increase use of town centres, to reduce emissions and improve logistics, and to reduce costs for council services.
Estimated total project cost	£17.95m	
Estimated SIP proportion	68%	
<b>Match Funding</b>		
Borough capital funding	£5.2m	
In kind	£0.5m	
Project timeframe	1.5-3 Years	

<b>Local London: Investment in Fibre</b>		
Bid size	£15m	Eight Local London Partnership boroughs and Haringey propose investment to undertake Full Fibre upgrade to key public sector sites that will anchor fibre investment by the commercial sector. The chosen sites will be those where there will be significant improvement in public sector service delivery and where the commercial sector will be motivated to invest in key development zones and address areas of digital exclusion.  The Bidder expects this to provide connectivity in 15 strategic investment locations, providing an increase in penetration by 10%. Additional private sector investment is expected to be leveraged through public investment.
Estimated total project cost	£20m	
Estimated SIP proportion	75%	
<b>Match Funding</b>		
DCMS vouchers estimated	£5m	
Project timeframe	1.5-3 Years	

<b>Gigabit Network</b>		
Bid Size	£1.6m	Bromley's Digital ICT strategy would be supported by this bid, which if successful will contribute to extending an existing council-owned dark fibre network by 12.3 km to cover two of the borough strategic growth areas: the Cray Valley Strategic SIL; and Biggin Hill Strategic Outer London Development Centre.  The Bidder expects this to enable access to 1,200 business and 15,000 residential addresses.
Estimated total project cost	£7.6m	
Estimated SIP Proportion	21%	
<b>Match Funding</b>		
CIL & S106	£2.8m	
In kind (value of borough network)	£3m	
Estimated DCMS vouchers	£0.2m	
Project timeframe	1.5-3 Years	

<b>West London Alliance: Investment in Digital</b>		
Bid size	£7.7m	The West London Alliance proposes a major extension of the high-speed fibre network to large areas of West London covering seven boroughs, particularly targeting areas affected by persistently slow internet speeds – so-called 'not-spots' - that are also located in mandated growth and regeneration areas. Libraries, schools, public and council offices located in 'not-spots' would be connected directly to the super-fast fibre network from their local TfL station and private providers will then be able to connect business properties within 250m of the public building. Also, a 'broadband fighting fund' is proposed to support fibre installation that would otherwise be commercially unviable.  The Bidder expects this to cover public buildings, but potentially enable access to 18,900 businesses and 41,950 households.
Estimated total project cost	£10.3m	
Estimated SIP proportion	75%	
<b>Match Funding</b>		
Estimated DCMS Vouchers	£2.6m	
The bid also claims to leverage £150m TfL investment in the roll-out of fibre to tube stations.		
Project timeframe	Within 18 months	

### Regeneration site bids

<b>Productive Valley: South Tottenham Employment Area</b>		
Bid Size	£2m	The South Tottenham Employment Area bid is for delivery of 7,776m <sup>2</sup> of good quality employment space through a mix of refurbishment, extension and redevelopment of existing premises in the South Tottenham Employment Area.
Estimated total project cost	£2.5m	
Estimated SIP Proportion	80%	
<b>Match Funding</b>		The Bidder expects this to redevelop the site, which they consider underutilised. In addition to new space, this will also provide 2,029m <sup>2</sup> of refurbished space. They expect an uplift of c.£0.32m of rates income and 320 new jobs.
Public sector funding	£0.2m	
In-kind (staff time)	£0.3m	
Project timeframe	3-5 Years	



<b>Creative Industries Cluster</b>		
Bid Size	£4m	<p>A request for funding to deliver an ambitious proposal for a Creative Industries Cluster at Bretons House in Havering incorporating music, gaming, film, theatre, design, fashion, music, arts, architecture, advertising and marketing, to nurture and upskill young people. The cluster will attract new creatives into the borough and offer workspace and studios which would generate business rates over the longer term as well as enhance the local economy.</p> <p>The Bidder expects this to restore an 'at risk', grade II* listed heritage building, and generate a significant reach (100,000 visitors). They expect to provide 20 artist studios and 50 creative enterprise workspaces.</p>
Estimated total project cost	£23m	
Estimated SIP Proportion	17%	
<b>Match Funding</b>		
GLA grant (unconfirmed)	£2m	
In-kind (private sector sponsorship)	£1m	
Other Grant Funding (FA, HLF, Veolia)	£5.1m	
Borrowing	£10.9m	
Project timeframe	3-5 Years	

<b>Marian Court</b>		
Bid Size	£1.85m	<p>This bid is for funding towards the fit out costs of the 1069.1m<sup>2</sup> commercial and community space at the ground floor of Marian Court, one of Hackney Council's estate regeneration schemes. Bid will directly support affordable workspace, making its provision cost neutral for Hackney.</p> <p>The Bidder expects this to allow cost neutral delivery of affordable workspace alongside wider regeneration project.</p>
Estimated total project cost	£5m	
Estimated SIP Proportion	37%	
<b>Match Funding</b>		
Public Sector funding	£3.15m	
Project timeframe	3-5 Years	

<b>Clerkenwell Fire Station</b>		
Bid Size	£10m	<p>An investment to fund the purchase of the fire station to allow 28 new 2-bedroom homes (50% affordable) and 700m<sup>2</sup> of affordable creative workspace, supporting the proposed Hatton Gardens Creative Enterprise Zone.</p> <p>The Bidder expects this to deliver 100 jobs, £0.2m business rates, £0.03m council tax, and £0.7m CIL.</p>
Estimated total project cost	£17.8m	
Estimated SIP Proportion	56%	
<b>Match Funding</b>		
Right to Buy receipts	£0.8m	
Market value of other commercial space secured as affordable via S106	£7m	
Project timeframe	1.5-3 Years	

## Feasibility &amp; masterplanning bids

<b>Old Street Tech City Feasibility</b>		
Bid Size	£0.75m	This bid is for a feasibility and financial viability study to investigate purchase (free- or lease-hold) of a landmark building to act as the focal point for Tech City. This would strengthen the network of affordable workspaces and provide other support for micro and small businesses in the tech sector, and ultimately provide opportunities for disadvantaged local people in terms of jobs, training and apprenticeships in the tech sector.  The Bidder expects this to prepare a business case for a regeneration project and identify a site to be purchased.
Estimated total project cost	£11.75m	
Estimated SIP Proportion	6%	
<b>Match Funding</b>		
CIL & S106	£1m	
In kind (market value of office space secured via S106 for affordable use)	£10m	
Project timeframe	Within 18 months	

<b>Productive Valley: Montagu Industrial Estate Redevelopment</b>		
Bid size	£2m	This bid is to support the creation of a site development plan master-plan and CPO for the redevelopment of the Montagu Industrial Estate.  The Bidder expects this to support the existing project, which is in progress with JV partner procured for a 20 year deal.
Estimated total project cost	£40.8m	
Estimated SIP proportion	5%	
<b>Match Funding</b>		
Public sector investment in joint venture	£16.3m	
Private sector investment in joint venture	£22.5m	
Project timeframe	1.5-3 Years	

<b>Productive Valley: Rigg Approach</b>		
Bid size	£2m	Rigg Approach is a 5ha area of land identified as a Strategic Industrial Location (SIL) that forms the Lea Bridge gateway to Waltham Forest. This bid is for SIP funding to be used to: establish formal partnerships with businesses, landowners, interested developers and strategic parties; prepare an agreed masterplan, overarching outline and phase one planning applications; develop strategies and business cases for securing investment and the first phases of work. Funding will also be retained to kick-start the initial phase of development.  The Bidder expects this to complete masterplanning, identify land assembly and phasing strategies and assess delivery routes/more detailed business cases for a programme of regeneration of 5ha to 2028. Total GDV c.£250m, 11,000-22,000m <sup>2</sup> industrial. They expect 100%+ growth in rates for area.
Estimated total project cost	£3m	
Estimated SIP proportion	67%	
<b>Match Funding</b>		
In-kind (spend to date)	£0.15m	
To be identified – Council funding and officer time	£0.85m	
Project timeframe	1.5-3 Years	

## Employment support bids

<b>Cross River Partnership: Employment Support Programme</b>		
Bid Size	£8.82m	The proposed programme is to re-skill and prepare people not currently participating in the workforce so that employers in central London have access to a pipeline of employees, particularly in the retail and hospitality sectors.
Estimated total project cost	£10.32m	
Estimated SIP Proportion	85%	
<b>Match Funding</b>		The Bidder expects this to support 3,375 people, of these 1,441 are expected to move into work, and 864 to remain in work for 6 months. They expect £4m in welfare savings, £3.5m in other public sector savings, £4m general economic benefits, and £3.1m distributional benefits.
Public sector funding	£1.4m	
BID Match funding (subject to ballot)	£0.1m	
Project timeframe	3 Years	

<b>Euston Recruitment Hub</b>		
Bid size	£3m	The proposal is seeking funding to build a Euston Construction Skills Centre to deliver bespoke construction skills for key construction companies. The centre will also provide skills needed for construction in general, including housing, plus skills needed for transportation, with rail/engineering opportunities through HS2. The Centre will also provide STEM skills training and will pilot new building methods/technologies (off-site manufacturing). The centre will build up from over previous experience from the successful King's Cross Construction Skills Centre currently delivering short courses, apprenticeships and job starts.
Estimated total project cost	£9m	
Estimated SIP proportion	33%	
<b>Match Funding</b>		The Bidder expects this to lead to more than 200 job starts and 150 apprenticeships per annum. The centre will run short courses and adult education.
CIL & S106	£0.4m	
HS2 Grant Funding	£4.1m	
Mayor's Construction Academy	£1.5m	
Project timeframe	5+ Years	

<b>West London Alliance: Skills &amp; Productivity</b>		
Bid size	£3.43m	The bid would fund delivery of an evidence-based productivity and skills programme for West London to support individuals and businesses.
Estimated total project cost	£5.42m	
Estimated SIP proportion	63%	The Bidder expects this to support 4,925 residents and 595 employers. There are various schemes: one pilot suggests potential £6.9m total annual salary growth for participants; apprenticeship programmes deliver £25-52k per person in 3 year cost savings.
<b>Match Funding</b>		
Public sector match (unspecified)	£1.99m	
Project timeframe	3-5 Years	

## Combined bids

<b>South London Innovation Corridor</b>		
Bid size	£11.33m	<p>This project proposes strategic investments into central (South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth) on Workspace (capital investment into affordable workspace and incubators projects, delivering substantial new commercial floorspace), Business support (cross-borough networking; accelerators and support for creative and digital start-ups supporting substantial job creation), and Talent development (cross-borough creative and digital employment initiatives focussed on enabling disadvantaged groups to access employment and support career progression).</p> <p>The Bidder expects this to deliver £1.5m business rates income, 400 pre-apprenticeships, 200 work experience placements, 200 apprenticeships, and 1,700 jobs. 750 businesses will be supported, beneficiaries will be 50% BAME.</p>
Estimated total project cost	£26.33m	
Estimated SIP proportion	43%	
<b>Match Funding</b>		
Unidentified (bid describes as 'cash match')	£15m	
Project timeframe	1.5-3 Years	

<b>South London Workspace Investment Fund</b>		
Bid Size	£6.5m	<p>A bid to set up a fund to enable the delivery of workspace solutions that meet an identified market gap – primarily lack of flexible and affordable open workspace solutions in key locations and/or growth sectors. This will be a passive fund and project proposals will need to make applications to the fund, meeting certain criteria. The fund will award grants for schemes, there will be no repayment.</p> <p>The Bidder expects this fund to support 5-8 projects, and around 300 businesses.</p>
Estimated total project cost	£13m	
Estimated SIP Proportion	50%	
<b>Match Funding</b>		
Unidentified (would seek match funding, though this could include S106/CIL and in-kind)	£6.5m	
Project timeframe	1.5-3 Years	

<b>West London Alliance: Orbital Rail Enabling Measures</b>		
Bid Size	£8.87m	<p>Integration of the proposed West London Orbital railway line into the string of existing and new communities that lie along its length, through a wide range of physical and enabling works, detailed design and master planning projects, and land safeguarding activity, which would be supported by this bid.</p> <p>The Bidder expects this to make the best of the potential, but currently unfunded railway scheme.</p>
Estimated total project cost	£20.47m	
Estimated SIP Proportion	43%	
<b>Match Funding</b>		
Borough Funding	£10.6m	
TfL funding	£1m	
Project timeframe	Over 5 years	

**Other bids**

<b>Open Data Standard for Planning</b>		
Bid size	£0.25m	This bid is for development of an open data standard for planning applications to transform the quality of strategic planning and administration of planning permission. Planning data needs to be in a format that's consistent across boroughs, regardless of the particular software tools or policies of individual boroughs. This bid would provide a single end to end data solution, which no providers in the market currently provide. This bid could benefit all London Boroughs and any planning authority, provided their software vendor adopts the data standard
Estimated total project cost	£0.75m	
Estimated SIP proportion	33%	
<b>Match Funding</b>		The Bidder expects this to offer significant benefits, in line with other open data projects (overall potential of open data estimated at £6-7bn, TfL data at £130m/annum). They expect improved access to faster, more efficient planning services.
MHCLG grant	£0.25m	
Borough funding	£0.25m	
Project timeframe	Within 18 months	

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## Cabinet

**Date: 17 September 2018**

**Subject: Financial Report 2018/19 – June 2018**

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 £2.6 million, 0.5% of gross budget.
- B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the changes summarised in the Table below:

Scheme	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Funding/Re-profiling
<b>Children, Schools and Families</b>					
Cricket Green	195,560	0	0	0	Virement
Scheme 4 New School Extra 6fe	(195,560)				Virement
<b>Environment and Regeneration</b>					
Mitcham Regen - Canons Parks for People	(2,533,020)	1,000,000	1,000,000	533,020	Re-profiling majority Specific Government Grant
Parks - Canons Parks for People	(1,178,770)	500,000	500,000	178,770	Re-profiling majority Specific Government Grant
<b>Total</b>	<b>(3,711,790)</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>711,790</b>	

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for the first quarter, 30<sup>th</sup> June 2018 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 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

## 2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2018/19 will continue to focus on adult social care and children's social care as these areas overspent in 2017/18 and continue to have budget pressures.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund

will result in a call on balances; however this action is not sustainable longer term.

## 2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

**Executive summary** – At period 3 to 30<sup>th</sup> June 2018, the year end forecast is a net £2.6m overspend compared to the current budget, 0.5% of the gross revenue budget.

### Summary Position as at 30th June 2018

	Current Budget 2018/19 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2017/18 £000s
<b>Department</b>					
3A. Corporate Services	10,441	9,281	(1,160)	(1,105)	(812)
3B. Children, Schools and Families	56,431	60,308	3,877	3,637	2,249
3C. Community and Housing	64,046	64,723	678	425	922
3D. Public Health	0	109	109	200	0
3E. Environment & Regeneration	18,122	17,291	(830)	(1,127)	(1,211)
Overheads	0	0	0	0	0
<b>NET SERVICE EXPENDITURE</b>	<b>149,039</b>	<b>151,712</b>	<b>2,673</b>	<b>2,030</b>	<b>1,148</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	8,403	8,371	(32)	0	(103)
Other Central budgets	(14,047)	(14,047)	0	0	(823)
Levies	938	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(4,706)</b>	<b>(4,738)</b>	<b>(32)</b>	<b>0</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,333</b>	<b>146,974</b>	<b>2,641</b>	<b>2,030</b>	<b>222</b>
<b>FUNDING</b>					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>(0)</b>	<b>2,641</b>	<b>2,641</b>	<b>2,030</b>	<b>(265)</b>

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £1.95m overspend.



### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (June) £000	2018/19 Full Year Forecast Variance (June) £000	2018/19 Full Year Forecast Variance (May) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,456	3,504	49	105	46
Infrastructure & Technology	11,047	10,828	-219	-174	71
Corporate Governance	2,404	2,415	11	-4	-229
Resources	5,866	5,680	-186	-66	-515
Human Resources	1,775	1,759	-16	-3	-207
Corporate Other	1,084	285	-799	-964	22
<b>Total (Controllable)</b>	<b>25,632</b>	<b>24,471</b>	<b>-1,160</b>	<b>-1,106</b>	<b>-812</b>

#### Overview

At the end of period 3 (June) the Corporate Services (CS) department is forecasting an underspend of £1,160k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £54k compared to the period 2 (May) position.

#### Customers, Policy and Improvement - £49k over

The principal reason for the forecast overspend is lower than budgeted advertising income within the Communications Service. This is partly offset by underspends elsewhere in the service, in particular within the Registrars service where additional income is forecast to be generated.

#### Infrastructure & Technology - £219k under

There are forecast underspends against the corporate print strategy and post service budgets that reflect the recharges to clients for the services provided within the division. There is an underspend against the Business Systems budget principally due to vacant posts and recharge income to CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level.

### **Corporate Governance - £11k over**

There are no significant variations from budget at this stage.

However, it should be noted that whilst the budget for the South London legal partnership (SLLp) has been forecast to be on budget overall, there is an emerging risk to that position. The latest income projections, based on chargeable hours at the end of June, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken. At the moment, the deficit is projected to be in the region of £270k and Merton's share of that deficit would be c£50k (not currently shown in the numbers). The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary.

### **Resources - £186k under**

The Merton Bailiff Service is forecasting to over-achieve income by £275k which is in line with the over-achievement in 2017/18. There is a forecast underspend of £102k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services and Local Welfare Support of £210k principally due to additional IT licence and postage costs.

There is a forecast underspend within the Assistant Director's budget that will fund a forecast overspend on the Financial Information System budget where some additional temporary staffing resource is required. There is also an overspend on bank charges within the Corporate Accountancy budget.

### **Human Resources – £16k under**

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buy back scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston.

### **Corporate Items - £799k under**

The Housing Benefit budget shows a forecast surplus of £1.6m on the account against a budgeted surplus of £1m. The £0.6m unbudgeted surplus principally relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit.

The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry.

## Environment & Regeneration

<b>Environment &amp; Regeneration</b>	<b>2018/19 Current Budget</b>	<b>Full year Forecast (June)</b>	<b>Forecast Variance at year end (June)</b>	<b>Forecast Variance at year end (May)</b>	<b>2017/18 Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Protection	(11,070)	(12,008)	(938)	(803)	(1,602)
Public Space	15,072	14,512	(560)	(603)	632
Senior Management	1,143	1,248	105	89	3
Sustainable Communities	7,624	8,187	563	190	(244)
<b>Total (Controllable)</b>	<b>12,769</b>	<b>11,939</b>	<b>(830)</b>	<b>(1,127)</b>	<b>(1,211)</b>

<b>Description</b>	<b>2018/19 Current Budget</b>	<b>Forecast Variance at year end (June)</b>	<b>Forecast Variance at year end (May)</b>	<b>2017/18 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Overspend within Regulatory Services	550	86	146	78
Underspend within Parking Services	(12,072)	(970)	(906)	(1,663)
Underspend within Safer Merton	452	(47)	(43)	(47)
<b>Total for Public Protection</b>	<b>(11,070)</b>	<b>(938)</b>	<b>(803)</b>	<b>(1,602)</b>
Underspend within Waste Services	13,857	(807)	(639)	97
Breakeven within Leisure & Culture	728	0	0	(166)
Overspend within Greenspaces	1,393	241	37	754
Overspend within Transport Services	(906)	6	(1)	(53)
<b>Total for Public Space</b>	<b>15,072</b>	<b>(560)</b>	<b>(603)</b>	<b>632</b>
Overspend within Senior Management & Support	1,143	105	89	3
<b>Total for Senior Management</b>	<b>1,143</b>	<b>105</b>	<b>89</b>	<b>3</b>
Overspend within Property Management	(2,906)	283	48	(422)
Overspend within Building & Development Control	(63)	99	(22)	397
Overspend within Future Merton	10,593	181	164	(219)
<b>Total for Sustainable Communities</b>	<b>7,624</b>	<b>563</b>	<b>190</b>	<b>(244)</b>
<b>Total Excluding Overheads</b>	<b>12,769</b>	<b>(830)</b>	<b>(1,127)</b>	<b>(1,211)</b>

### Overview

The department is currently forecasting an underspend of £830k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Future Merton.

## **Public Protection**

### **Parking & CCTV Services underspend of £970k**

The underspend is mainly as a result of additional penalty charge notices being issued following the implementation of the ANPR system across the borough (£999k). The positive effects of this fully functional system are beginning to be realised e.g. improved traffic flow. An over achievement in Ringo parking fees is also forecast (£209k).

Included within this forecast is employee related overspend of c£165k 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.

In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, this has not yet occurred to the level expected as processing volumes remain above estimated levels, but the section still expects compliance to further increase. Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but this will be revisited when the new Manager starts in mid-September.

## **Public Space**

### **Waste Services underspend of £807k**

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,190k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, is scheduled to begin testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

This forecast underspend is being partially offset by a forecast overspend relating to the Phase C contract (£194k), and mobilisation costs relating to the October 2018 service change (£250k).

### **Greenspaces overspend of £241k**

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance contract service by around £168k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£51k), whereby related savings of £170k have been agreed over the last few years, and whilst one event boosted the income, work continues to identify how income from events in parks,

including developing working partnerships with external event production companies, can be generated.

Secondly, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£8k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter [ paid for ] parking. Mitigating actions are being considered and will be reported accordingly.

## **Sustainable Communities**

### **Property Management overspend of £283k**

The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the recent departure of the leaseholder (£391k). Consideration is being given to reducing the holding costs for Battle Close by short term lettings or demolition.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, resulting in a forecast premises related overspend of £263k. However, if applications to fund some of the essential health and safety items (fire doors at New Horizons Community Centre and boiler at Colliers Wood Community Centre) from capital are successful, this would reduce pressures on the revenue budget by approximately £90k.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £395k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. £190k relates to ongoing rental income but £205k is back rent due this year only.

### **Future Merton overspend by £181k**

£119k of the forecast overspend relates to the costs incurred with disabled bays, and consulting on and, where applicable, implementing Controlled Parking Zones. The section is also forecasting to underachieve on skip licence income by £51k.

## 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	2017/18 Variance at year end £000
Education	19,063	19,704	641	665	(703)
Social Care and Youth Inclusion	21,280	24,792	3,512	3,322	3,596
Cross Department budgets	502	462	(40)	(20)	(95)
PFI	8,075	7,839	(236)	(330)	(342)
Redundancy costs	2,124	2,124	0	0	(207)
<b>Total (controllable)</b>	<b>51,044</b>	<b>54,921</b>	<b>3,877</b>	<b>3,637</b>	<b>2,249</b>

### Overview

At the end of June Children Schools and Families had a forecast overspend of £3.877m on local authority funded services. This was mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

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

### Local Authority Funded Services

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

Description	Budget £000	Jun £000	May £000	2017/18 £000
Procurement & School organisation	608	(215)	(236)	(319)
SEN transport	4,183	960	939	566
Other small over and underspends	14,272	(104)	(38)	(738)
<b>Subtotal Education</b>	<b>19,063</b>	<b>641</b>	<b>665</b>	<b>(703)</b>
Fostering and residential placements (ART)	5,302	372	429	813
Supported lodgings/housing	1,792	136	125	156
Un-accompanied asylum seeking children (UASC)	647	1,089	1,150	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	319	339	353
MASH & First Response staffing	1,559	281	180	403
Other small over and underspends	11,959	359	143	288
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>21,280</b>	<b>3,512</b>	<b>3,322</b>	<b>3,596</b>

### Education Division

Procurement and school organisation budgets are forecast to underspend by £215k because of lower spend on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £960k at the end of the financial year, which includes £842k taxi cost and £118k direct payments. The forecast outturn for taxis is £3,222k, circa £450k more than last year. The forecast increase reflects the 35 extra taxi service agreements (21% increase in routes) compared to this time last year. Due to the increase in EHCPs requiring a specialist placement, the number of children needing to be transported is expected to continue to go up through the financial year and particularly from September. Strategies are in place to alleviate this further pressure, including maximising any further opportunities for placing more children on the buses, re-tendering routes and considering any consolidation possible. The position is unlikely to be much clearer until the October 2018 budget return when the outcome of summer tendering and 2018/19 academic year placements will be better known.

There are various other small over and underspends forecast across the division netting to a £104k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £641k.

### 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 to ensure that projections of spend are as accurate as possible. Between May and June we have reduced the forecast placement overspend by £57k despite there being two more children in placements. This has been achieved by reducing the number of children in residential care and independent fostering placements, and increasing the number placed with in house foster carers.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jun £000	May £000	Jun Nr	May Nr
Residential Placements	2,271	2,140	(131)	(211)	11	14
Independent Agency Fostering	1,816	2,062	246	417	45	47
In-house Fostering	978	1,472	494	460	68	62
Secure accommodation	136	0	(136)	(136)	0	0
Mother and baby	101	0	(101)	(101)	0	0
<b>Total</b>	<b>5,302</b>	<b>5,674</b>	<b>372</b>	<b>429</b>	<b>125</b>	<b>123</b>

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

- The residential placement expenditure is forecast to underspend by £131k. The placement numbers reduced due to one young person moving to semi-independent accommodation, one returning home and one young person was receiving respite only. These changes were included in last month's forecast. The underspend reduced due to one placement now expecting to stay longer than previously expected as well as including respite cost we were not aware of last month.
- The agency fostering placement expenditure is expected to overspend by £246k. The decrease from last month is due to 4 placements ending (one of which was a mother and baby foster placement) and two new placements starting.
- The in-house foster carer expenditure is forecast to overspend by £494k. The increase from last month is due to 6 new placements, 3 of which are short term respite.
- We have had no young people in secure accommodation for this year yet and are therefore forecasting no expected spend at this stage.
- We have had no mother and baby unit placements for this year yet and are therefore forecasting no expected spend at this stage.

The budget for semi-independent and supported lodgings/housing placements are estimated to overspend by £136k. 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 61 semi-independent placements for young people at the end of June 2018.

**The UASC placements** are expected to overspend by £1.089m this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jun £000	May £000	Jun Nr	May Nr
Independent Agency Fostering	375	435	60	29	10	9
In-house Fostering	105	495	390	538	20	20
Supported lodgings/housing	167	806	639	583	30	28
<b>Total</b>	<b>647</b>	<b>1,736</b>	<b>1,089</b>	<b>1,150</b>	<b>60</b>	<b>57</b>

- At the end of June we had 25 placements for UASC young people under 18. We are part of the London rota system for receiving UASC young people aged under 18 and there will be other young people referred to us throughout the year for whom we have not budgeted up to our cap of 32. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+.
- We have 35 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have budgeted for those young people currently in placement who are under 18 and who will become 18 during this financial year.



We are forecasting a £956k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best estimate at this stage but is subject to change. A review is underway to change the current provision that will, when agreed, be phased in later the year with the aim to limit disruption to the child. This should reduce the cost to Merton, but we are not able to quantify this until the CCG progress this further.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £319k in the current financial year. This will be less than last year's overspend. 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 have changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

The MASH and First Response team's staffing costs are expected to overspend by £281k. This is due to the team having to cover 14 vacancies with agency staff due to difficulty in recruiting permanent members of staff.

There are various other small over and underspends forecast across the division netting to a £359k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,512k.

### **Dedicated Schools Grant**

DSG funded services is forecast to overspend by £3.681m. Any overspend will initially be funded from the DSG reserve. At the current estimate, the DSG will be going into a deficit position during the current financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £1.952m on Independent Day School provision, £714k on EHCP allocations to Merton maintained primary and secondary schools, £585k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £703k on one-to-one support, OT/SLT and other therapies as well as alternative education. The table below shows the increase in number of EHCPs over the past 7 years.

Type of Provision	Jan 2012 (Statements)		Jan 2013 (Statements)		Jan 2014 (Statements)		Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Mainstream School (inc. Academies)	436	47%	451	46%	470	45%	456	44%	423	39%	432	34%	526	35%
State Funded Special School	287	31%	327	33%	339	33%	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	96	10%	91	9%	110	11%	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	92	10%	101	10%	109	10%	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	1	0%	1	0%	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	10	1%	8	1%	2	0%	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	7	1%	9	1%	8	1%	15	1%	23	2%	32	3%	41	3%
<b>Total</b>	<b>928</b>	<b>100%</b>	<b>988</b>	<b>100%</b>	<b>1039</b>	<b>100%</b>	<b>1045</b>	<b>100%</b>	<b>1078</b>	<b>100%</b>	<b>1264</b>	<b>100%</b>	<b>1486</b>	<b>100%</b>
Percentage increase in total numbers			6%		5%		1%		3%		17%		18%	

There are various other smaller over and underspends forecast across the DSG netting to a £273k underspend which, combined with the items above, equates to the net overspend of £3.681m.

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

### New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £2.333m, 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	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	136	125	156
Supported lodgings/housing- UASC	167	639	567	520
Un-accompanied asylum seeking children (UASC)	375	450	583	173
No Recourse to Public Funds (NRPF)	21	319	339	353
<b>Total</b>	<b>2,355</b>	<b>1,544</b>	<b>1,614</b>	<b>1,202</b>

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

Other unfunded burdens include:

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

Further new burdens are expected for 2018/19 including:

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

## **Management action**

### Staffing

Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging in certain services. 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. As other London Boroughs have reached the agreed cap on numbers of asylum-seeking children accepted under the National Transfer Scheme, the pace of transfers to those authorities still below the cap (such as Merton) has increased. Despite this, we remain in the lowest rate of care range in London.

We are continuing to work with colleagues in CCGs in order to secure appropriate health contribution to children with complex needs, particularly through continuing healthcare funding. Our ART service is driving down placement costs through negotiations with providers

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This is slowing down the increase in more expensive agency foster placements, but there is a time lag. We currently have only four vacancies in our in house fostering service- three are for children aged 0-4 whereas much of the pressure relates to the need for placements for adolescents.

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 cost framework agreed for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total 5 placements in the provision, this cost is £1,800 per week including support costs. This is a significantly better financial deal than using the semi-independent market for our care leavers. We have 5 young people living there, fully utilising these cost-effective placements.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. We currently have 8 young people remaining with in-house foster carers and a further 4 with IFAs. Financially this is a more cost-effective offer than semi-independent provision. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers and therefore there is a likelihood of an increase in the use of further IFA placements in the near future, unless we can recruit more foster carers willing to foster adolescents. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

All semi-independent placements are being reviewed over the coming weeks and all residential placements are regularly reviewed. As a result of this review process, we have been able to move two young people this month and have a further 2 during the next 3-month period. The fostering recruitment strategy was refreshed in light of the new Staying Put requirement and the need to focus on recruiting more foster carers for teenagers, mother and baby placements and UASC.

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

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

## Community & Housing Current Summary Position

**Community and Housing is currently forecasting an overspend of £785k as at June 2018**

The department is currently forecasting an over spend of £785k as at June 2018 which is an increase of £160k since May. The main variances are in Public Health, Housing and Adult Social Care. The increase is due to increased packages of care in adult services. The pressure in Public Health budgets, caused by activity levels in the sexual health contract, have been mitigated in part, which is reflect in the reduced forecast overspend.

Community and Housing	2018/19 Current Budget £000	Forecast (Jun18) £'000	Forecast Variance (Jun18) £000	Forecast Variance (May 18) £000	2017/18 Outturn Variance £000
<b>Access and Assessment</b>	45,863	46,219	356	176	455
<b>Commissioning</b>	4,569	4,644	75	(49)	211
<b>Direct Provision</b>	4,303	4,343	40	84	(195)
<b>Directorate</b>	943	1,007	64	64	181
<b>Adult Social Care</b>	<b>55,678</b>	<b>56,213</b>	<b>536</b>	<b>275</b>	<b>652</b>
<b>Libraries and Heritage</b>	1,982	1,991	9	(3)	20
<b>Merton Adult Learning</b>	(14)	(14)	0	0	(6)
<b>Housing General Fund</b>	1,829	1,960	131	152	256
<b>Sub-total</b>	<b>59,475</b>	<b>60,150</b>	<b>676</b>	<b>424</b>	<b>922</b>
<b>Public Health</b>	(143)	46	109	200	0
<b>Grand Total</b>	<b>59,331</b>	<b>60,196</b>	<b>785</b>	<b>624</b>	<b>922</b>

### Access & Assessment - £356k overspend

This section is forecasting an over spend of £356k which made up of under and overspends as set out in the table below. Part of the pressure relates to unachieved savings in housing support contracts from 2017/18, and an increase in transitions cost 2018/19

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Jun 18 £'000	Forecast Variances May 18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares	(15)	(15)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	(297)	(315)	(307)
Placements	1,255	1,093	1,671
Income	(587)	(587)	(1,234)
<b>Total</b>	<b>356</b>	<b>176</b>	<b>455</b>

There are a range of movements each month, which are monitored in detail. This month the main cause of the increase is the increases in packages of care to reflect the increased needs of existing service users. The impact of the exceptionally hot weather has not yet been felt in social care, although hospitals are very busy. There is often a time lag and we expect the impact to start to show next month.

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

The department continues to manage demand, whilst planning for the future. Work is continuing on savings, although proposed savings on transport and mental health staffing will take more time than anticipated to deliver. Underspend elsewhere on the budget are expected to compensate for these shortfalls.

The table below sets on the movement in the number of service users in each care group between months. It shows a net decrease of 19 packages since April. This is for a range of reasons including client death, moves to other boroughs and care no longer required.

**Total Number of Clients with an external care package**

Placements	Nos. of Clients June'18	Nos. of Client May'18	Nos. of Client Apr'18
<b>Older People</b>	1150	1157	1167
<b>Physical/Sensory</b>	214	215	219
<b>Learning Disabilities</b>	353	353	356
<b>LD Housing Support</b>	2	2	2
<b>Mental Health</b>	130	126	125
<b>MH Housing Support</b>	11	11	11
<b>Substances Misuse</b>	2	2	1
<b>Grand Total</b>	<b>1862</b>	<b>1866</b>	<b>1881</b>

**Commissioning - £75k overspend**

The commissioning service is forecasting an overspend of £75k as at June which is mainly due to picking up staff costs that were previously part of a capital project and the costs of sickness cover in essential posts.

**Direct Provision - £40k overspend**

Direct Provision service is currently forecasting an over spend at Riverside Drive which is an internal 8 bed residential home for people with learning disabilities. Staffing costs have also been high due to sickness in night cover posts; which are expensive shifts to cover but are necessary to meet CQC requirements. A temporary delay in processing bank time sheets led to a large number being paid in April and May. A grading claim by a group of staff is in the process of being

settled; this could add between £6 and £12k to the staffing costs. The situation is monitored on a weekly basis and a new rota has been introduced. Some mitigation will come from underspending in day services; a more accurate view on this will be possible next month.

### **Adult Social Care: other management action 2018/19**

Adult Social Care will continue its senior management scrutiny of budgets and spend and the action plan to manage budget pressures.

Key elements of the current financial year action plan:-

- Transitions from Children's to Adult Services
- Detailed monitoring of placements activity and spend
- Ensuring that Direct Payments are used for the designated purposes
- Riverside Drive staffing/salary rota
- Ensuring an efficient and effective financial assessment service, so that service users are assessed for their contribution as soon as possible so they know what they need to pay, and invoices for care adjusted accordingly.
- There is also additional pressure of legal costs to be incurred by this service which is unquantified at this time.

### **C&H - Other Services**

#### **Libraries - £9k overspend**

This service is currently forecasting a £9k overspend. This is attributable to the cost of maternity cover and the under achievement of income in the school library service

#### **Merton Adult Education – Breakeven**

The Merton Adult Learning service is expected to breakeven in 2018/19.

#### **Housing - £131k overspend**

Housing is forecasting an over spend of £131k which is mainly due to rent deposits but temporary accommodation will continue to be a pressure on this budget. To meet new burdens this service is also using the Homelessness Reduction Grant of £166k which has minimised overspends.

As part of the homelessness prevention agenda and in line with Homeless Reduction Act 2017 rent deposits are made available to households experiencing acute housing need. This is a critical part of the prevention agenda as it not only avoids the need to provide expensive temporary accommodation and a cost to the housing general fund it also seeks to increase housing supply, thus reducing reliance upon the social housing rented sector. There is however an over spend of £131k linked to rent deposits.

#### **Analysis of Housing Temporary Accommodation Expenditure**

<b>Housing</b>	<b>Budget 2018/19 £000</b>	<b>Forecast Variance (Jun 18) £'000</b>	<b>Forecast Variances (May 18) £000</b>	<b>Outturn Variances (Mar 18) £000</b>
Temporary Accommodation-Expenditure	2,330	528	0	909
Temporary Accommodation-Client Contribution	(140)	(622)	0	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	(60)	0	(160)
Temporary Accommodation-Subsidy Shortfall	322	280	199	517
Temporary Accommodation- Grant	-	(166)	-	(406)
<b>Sub-total Temporary Accommodation</b>	<b>512</b>	<b>(40)</b>	<b>199</b>	<b>259</b>
Housing Other Budgets-Over(under)spend	1,317	169	(47)	(3)
<b>Total</b>	<b>1,829</b>	<b>131</b>	<b>152</b>	<b>256</b>

#### Temporary Accommodation (TA) Movements to date

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

<b>Temporary Accommodation</b>	<b>Numbers IN</b>	<b>Numbers OUT</b>	<b>Total for the Month</b>
<b>March 2018</b>	<b>16</b>	<b>16</b>	<b>165</b>
<b>April 2018</b>	<b>22</b>	<b>17</b>	<b>170</b>
<b>May 2018</b>	<b>21</b>	<b>16</b>	<b>175</b>
<b>June 2018</b>	<b>14</b>	<b>17</b>	<b>172</b>

#### Public Health - £109k overspend

This service is forecasting £109k overspend on sexual health services. The team is currently working on plans to mitigate this pressure which is caused by a combination of an increase in activity at some South West London providers; and higher tariff prices in Sutton & Croydon services, which have not yet been recommissioned in line with the London framework. There is also the added pressure of increase in demand for this service.

Mitigating actions to contain pressures on sexual health services include:

- In-depth work/review of the key drivers and activity trends behind these financial pressures, which will ensure we better understand the need/demand and people accessing services.



- Close collaborative work with partners in South West London, including discussion with Sutton and Croydon about recommissioning of services from 2019 in line with the London tariff.
- Close collaboration with pan-London Sexual health programme, including continued commitment to preventative work.
- Working with partners to explore negotiation of a cap across wider services, in order to have more control and predictability.
- Work with local services in order to repatriate service users to the Merton integrated services.
- Introduction of an e-service which will provide testing services for asymptomatic patients over 16 years old.
- Identify potential underspends across the public health budget which can offset this pressure.
- Work on establishing an online tool which will undertake initial assessment of symptoms and provide recommendation and thus reduce attendance at clinics.

## Corporate Items

The details comparing actual expenditure up to 30 June 2018 against budget are contained in Appendix 2. The main areas of variance as at 30 June 2018 are:-

Corporate Items	Current Budget 2018/19 £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
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,371</b>	<b>(32)</b>	<b>0</b>	<b>(103)</b>
Investment Income	(759)	(759)	0	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	2,486	2,486	0	0	(736)
Contingencies and provisions	4,291	4,291	0	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(1,897)	(1,897)	0	0	2,445
<b>Central Items</b>	<b>6,100</b>	<b>6,100</b>	<b>0</b>	<b>0</b>	<b>(823)</b>
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,567)</b>	<b>(3,599)</b>	<b>(32)</b>	<b>0</b>	<b>(926)</b>

There is a small underspend of £32,000 forecast at year end which arises from the capital financing costs of the Capital Programme. This results mainly from reprofiling of the programme following a review of schemes and slippage in the programme following outturn in 2017/18.

## 4 Capital Programme 2018-22

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

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	10,062		10,062	26,002	0	26,002	3,945	0	3,945	12,150	0	12,150
C&H	937	(5)	932	480	0	480	630	0	630	280	0	280
CSF	11,497		11,497	13,626	0	13,626	3,202	0	3,202	650	0	650
E&R	23,372	(3,713)	19,659	6,560	1,500	8,060	6,017	1,500	7,517	6,552	712	7,264
<b>TOTAL</b>	<b>45,868</b>	<b>(3,718)</b>	<b>42,150</b>	<b>46,668</b>	<b>1,500</b>	<b>48,168</b>	<b>13,794</b>	<b>1,500</b>	<b>15,294</b>	<b>19,632</b>	<b>712</b>	<b>20,344</b>

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

### Capital Budget Monitoring June 2018

Department	2018/19 Actuals £	Profiled Budget To June £	Variance £	Revised Annual Budget £	June Year End Forecast £	Forecast Full Year Variance £
Corporate Services	652,162	2,103,740	(1,451,578)	10,061,540	9,645,277	(416,263)
Community and Housing	176,201	278,130	(101,929)	931,990	910,323	(21,667)
Children Schools & Families	548,322	1,239,960	(691,638)	11,496,600	10,519,287	(977,313)
Environment and Regeneration	2,300,427	1,633,110	667,317	19,660,310	19,626,799	(33,511)
<b>Total</b>	<b>3,677,112</b>	<b>5,254,940</b>	<b>(1,577,828)</b>	<b>42,150,440</b>	<b>40,701,686</b>	<b>(1,448,754)</b>

- Corporate Services – There is currently one projected in year underspend Customer Contact (£416k).
- Community and Housing – Two small schemes have been removed from the programme as expenditure will be classified as revenue. Officers are projecting a small underspend of Libraries IT (£22k) due to a slippage in the project.
- Children, Schools and Families – After all proposed adjustments to the programme officers are currently projecting one in-year underspend of £977k for the new secondary school. A virement of £196k is proposed from the new secondary school to Cricket Green School.
- Environment and Regeneration – Officers are currently projecting an underspend of (£46k) in Parks and a £12k overspend on fleet vehicles. The budget for Canons Parks for the people held within both Parks and Mitcham Regeneration Cost Centres has been re-profiled over the approved programme in accordance with expected spend.

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

Scheme		2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Funding/Re-profiling
<b>Community and Housing</b>						
Laptops for Other Staff		(3,500)	0	0	0	Revenue Expenditure
Mosaic Report Development		(1,820)	0	0	0	Revenue Expenditure
<b>Children, Schools and Families</b>						
Cricket Green	(1)	195,560	0	0	0	Virement
Scheme 4 New School Extra 6fe	(1)	(195,560)				Virement
<b>Environment and Regeneration</b>						
Mitcham Regen - Canons Parks for People	(1)	(2,533,020)	1,000,000	1,000,000	533,020	Re-profiling majority Specific Government Grant
Parks - Canons Parks for People	(1)	(1,178,770)	500,000	500,000	178,770	Re-profiling majority Specific Government Grant
<b>Total</b>		<b>(3,717,110)</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>711,790</b>	

\* Requires Cabinet Approval

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

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051				(18,472)	10,062
Community & Housing	773	165	(5)			0	932
Children Schools & Families	15,158	924		933		(5,518)	11,497
Environment and Regeneration	21,853	919		1,600		(4,713)	19,659
<b>Total</b>	<b>61,266</b>	<b>7,059</b>	<b>(5)</b>	<b>2,533</b>	<b>0</b>	<b>(28,703)</b>	<b>42,150</b>

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

Depts.	Spend To June 2015	Spend To June 2016	Spend To June 2017	Spend to June 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
<b>CS</b>	131	79	195	652	521	573	457
<b>C&amp;H</b>	(13)	(26)	98	176	189	203	78
<b>CSF</b>	1,869	699	367	548	(1,321)	(151)	181
<b>E&amp;R</b>	376	1,051	1,625	2,300	1,924	1,249	675
<b>Total Capital</b>	<b>2,363</b>	<b>1,803</b>	<b>2,285</b>	<b>3,677</b>	<b>793</b>	<b>1,301</b>	<b>935</b>

Outturn £000s	29,327	30,626	32,230	
Budget £000s				42,150
Projected Spend June 2018 £000s				40,702
Percentage Spend to Budget				8.72%
% Spend to Outturn/Projection	8.06%	5.89%	7.09%	9.03%
Monthly Spend to Achieve Projected Outturn £000s				4,114

4.6 During June 2018 departments have spent a total of £3.677 million. It is apparent from the annual spend over the past few years and the average monthly spend required to achieve outturn that the current budget for 2018/19 is approximately £10-12 million above that likely to be achieved. Finance officers will continue to work with budget managers to reduce 2018/19 budget to a more realistic level.

## 5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	2019/20 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	23.5%	375
Children Schools and Families	489	489	0	0.0%	0
Community and Housing	2,198	1,858	340	15.5%	(100)
Environment and Regeneration	1,874	1,388	486	25.9%	162
<b>Total</b>	<b>6,585</b>	<b>5,284</b>	<b>1,301</b>	<b>19.8%</b>	<b>437</b>

Appendix 6 details the progress on savings for 2018/19 by department.

### Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall	2018/19 Period 2 Projected shortfall	2019/20 Period 2 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	0	0	0	0	0
Community and Housing	2,673	201	149	49	200	200
Environment and Regeneration	3,218	1,953	805	0	443	0
<b>Total</b>	<b>10,398</b>	<b>2,350</b>	<b>954</b>	<b>49</b>	<b>643</b>	<b>200</b>

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

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

## 7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

## **8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

8.1 All relevant implications have been addressed in the report.

## **9. LEGAL AND STATUTORY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

## **10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

10.1 Not applicable

## **11. CRIME AND DISORDER IMPLICATIONS**

11.1 Not applicable

## **12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

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

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2018/19
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2018/19
Appendix 7 –	Progress on savings 2017/18
Appendix 8 -	Debt Report

## **14. BACKGROUND PAPERS**

14.1 Budgetary Control files held in the Corporate Services department.

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## APPENDIX 1

### Summary Position as at 30th June 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £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 2017/18 £000
<b>Department</b>	-	-	-	-	-	-	-	-
3A. Corporate Services	9,495	10,441	7,004	5,467	9,281	(1,160)	(1,105)	(812)
3B. Children, Schools and Families	56,145	56,431	4,264	2,388	60,308	3,877	3,637	2,249
<b>3C. Community and Housing</b>	-	-	-	-	-	-	-	-
Adult Social Care	58,778	59,245	14,196	12,650	59,783	537	276	646
Libraries & Adult Education	2,771	2,678	829	726	2,687	9	(3)	20
Housing General Fund	2,207	2,122	457	(234)	2,254	131	152	256
3D. Public Health	(0)	0	27	(2,445)	109	109	200	0
3E. Environment & Regeneration	17,951	18,122	3,131	(5,267)	17,291	(830)	(1,127)	-1,211
<b>NET SERVICE EXPENDITURE</b>	<b>147,345</b>	<b>149,039</b>	<b>29,908</b>	<b>13,285</b>	<b>151,712</b>	<b>2,673</b>	<b>2,030</b>	<b>1,148</b>
<b>3E. Corporate Items</b>	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	1,579	1,212	8,371	(32)	0	(103)
Other Central items	(12,353)	(14,047)	(1,674)	(338)	(14,047)	0	0	(823)
Levies	938	938	306	306	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(4,706)</b>	<b>211</b>	<b>1,180</b>	<b>(4,738)</b>	<b>(32)</b>	<b>0</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,333</b>	<b>144,333</b>	<b>30,118</b>	<b>14,465</b>	<b>146,974</b>	<b>2,641</b>	<b>2,030</b>	<b>222</b>
<b>Funding</b>	-	-	-	-	-	-	-	-
- Business Rates	(45,636)	(45,636)	48	48	(45,636)	0	0	182
- RSG	0	0	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,295)	(1,295)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(593)	(593)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	0	0	(2,115)	0	0	0
<b>Grants</b>	<b>(56,894)</b>	<b>(56,894)</b>	<b>(3,039)</b>	<b>(3,039)</b>	<b>(56,894)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	0	0	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	0	0	1,223	0	0	0
<b>Council Tax</b>	-	-	-	-	-	-	-	-
- General	(86,678)	(86,678)	0	0	(86,678)	0	0	0
- WPCC	(331)	(331)	0	0	(331)	0	0	0
<b>Council Tax and Collection Fund</b>	<b>(87,439)</b>	<b>(87,439)</b>	<b>-</b>	<b>-</b>	<b>(87,439)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>(3,039)</b>	<b>(3,039)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>(0)</b>	<b>(0)</b>	<b>27,079</b>	<b>11,426</b>	<b>2,641</b>	<b>2,641</b>	<b>2030</b>	<b>(265)</b>

## Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £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 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	1,579	1,212	8,371	(32)	0	(103)
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,403</b>	<b>8,403</b>	<b>1,579</b>	<b>1,212</b>	<b>8,371</b>	<b>(32)</b>	<b>0</b>	<b>(103)</b>
<b>Investment Income</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(190)</b>	<b>(169)</b>	<b>(759)</b>	<b>0</b>	<b>0</b>	<b>408</b>
<b>Pension Fund</b>	<b>3,346</b>	<b>3,346</b>	<b>3,346</b>	<b>0</b>	<b>0</b>	<b>3,346</b>	<b>0</b>	<b>0</b>	<b>(389)</b>
Provision for Pay Award	2,108	2,108	2,108		0	2,108	0	0	0
Provision - excess inflation	378	378	378		0	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
<b>Pay and Price Inflation</b>	<b>2,486</b>	<b>2,486</b>	<b>2,486</b>	<b>0</b>	<b>0</b>	<b>2,486</b>	<b>0</b>	<b>0</b>	<b>(736)</b>
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,500)
Single Status/Equal Pay	100	100	100		9	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income - P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Apprenticeship Levy	450	450	450	413	(60)	450	0	0	(235)
Revenuisation and miscellaneous	1,361	1,361	1,361		252	1,361	0	0	(432)
<b>Contingencies/provisions</b>	<b>4,291</b>	<b>4,291</b>	<b>4,291</b>	<b>413</b>	<b>200</b>	<b>4,291</b>	<b>0</b>	<b>0</b>	<b>(2,447)</b>
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
<b>Income items</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>0</b>	<b>(6)</b>	<b>(1,367)</b>	<b>0</b>	<b>0</b>	<b>(104)</b>
Appropriations: CS Reserves	0	0	(555)	(555)	(406)	(555)	0	0	0
Appropriations: E&R Reserves	4	4	4	4	43	4	0	0	2
Appropriations: CSF Reserves	49	49	49	49	0	49	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
<b>Appropriations/Transfers</b>	<b>(1,342)</b>	<b>(1,342)</b>	<b>(1,897)</b>	<b>(1,897)</b>	<b>(363)</b>	<b>(1,897)</b>	<b>0</b>	<b>0</b>	<b>2,445</b>
<b>Depreciation/Impairment</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>(3,950)</b>	<b>(3,950)</b>	<b>(4,505)</b>	<b>(96)</b>	<b>874</b>	<b>(4,537)</b>	<b>(32)</b>	<b>0</b>	<b>(926)</b>
<b>Levies</b>	<b>938</b>	<b>938</b>	<b>938</b>	<b>306</b>	<b>306</b>	<b>938</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(3,012)</b>	<b>(3,567)</b>	<b>211</b>	<b>1,180</b>	<b>(3,599)</b>	<b>(32)</b>	<b>0</b>	<b>(926)</b>



### Pay and Price Inflation as at June 2018

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

#### Pay:

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

#### Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.4% in June 2018, unchanged from May 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.3% in June 2018, unchanged from May 2018. The rate has fallen back from a recent high of 2.8% during autumn 2017.

Rising prices for motor fuels and domestic gas and electricity produced the largest upward contributions to change in the rate between May and June 2018. Falling prices for clothing and games, toys and hobbies provided the largest downward effects.

The RPI 12-month rate for June 2018 stood at 3.4%, up from 3.3% in May 2018.

#### Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 20 June 2018, the MPC voted by a majority of 6-3 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The next Bank Rate decision by the MPC is on 2 August.

The latest Inflation Report was published on the 10 May 2018.

In the May 2018 Inflation Report, the MPC noted that "Labour demand growth remains robust and a very limited degree of slack is left in the economy. Productivity growth is projected to rise from its recent weak pace, but to remain well below pre-crisis rates. As a result, the pace at which output can grow without generating inflationary pressures is likely to be modest."

In the minutes to its June 2018 meeting the MPC noted that "CPI inflation was 2.4% in May, unchanged from April. Inflation is expected to pick up by slightly more than

projected in May in the near term, reflecting higher dollar oil prices and a weaker sterling exchange rate. Most indicators of pay growth have picked up over the past year and the labour market remains tight, suggesting that domestic cost pressures will continue to firm gradually, as expected.

The Committee's best collective judgement remains that were the economy to develop broadly in line with the May Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to its target at a conventional horizon .... All members agree that any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent."

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

**Table 11: Forecasts for the UK Economy**

Source: HM Treasury - Forecasts for the UK Economy (July 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.9	3.0	2.3
RPI	2.5	3.6	3.1
LFS Unemployment Rate	1.0	4.8	4.1
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.1
RPI	2.5	4.2	3.0
LFS Unemployment Rate	0.8	5.1	4.1

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

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

Source: HM Treasury - Forecasts for the UK Economy (May 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.0	2.0	2.1	2.1
RPI	3.4	3.0	3.0	3.2	3.2
LFS Unemployment Rate	4.2	4.3	4.4	4.4	4.5

### Treasury Management: Outlook

At its meeting ending on 20 June 2018, the MPC voted by a majority of 6-3 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The next Bank Rate decision by the MPC is on 2 August.

In the May 2018 Inflation Report, the MPC discussed potential increases in Bank Base Rate. Over the period of the next MTFs, it was stated that “The MPC continues to judge, however, that a very limited degree of slack remains in the economy. As in February, based on a conditioning path for Bank Rate that embodies three 25 basis point rises over the next three years, a small margin of excess demand is likely to emerge by early 2020, raising domestic inflationary pressures such that inflation settles at the 2% inflation target.”

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 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	End Q.3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021
May '18	0.6	0.7	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2
Feb.'18	0.5	0.6	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2	
Nov.'17	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0		
Aug.'17	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8			
May '17	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5				
Feb'17	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7					
Nov.'16	0.2	0.3	0.3	0.3	0.3	0.4	0.4						
Aug.'16	0.1	0.1	0.2	0.2	0.2	0.2							
May '16	0.6	0.6	0.7	0.7	0.8								
Feb. '16	0.9	1.0	1.0	1.1									
Nov '15	1.1	1.2	1.3										
Aug.'15	1.7	1.7											
May '15	1.4												

Source: Bank of England Inflation Reports

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

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

1. global growth remains robust
2. investment and net trade support UK demand, while consumption growth remains subdued
3. very little slack remains and the pace of potential supply growth is modest
4. with demand outstripping potential supply, domestic inflationary pressures continue to build while the contribution from energy and import prices dissipates further.

**Merton Capital Programme June 2018 Monitoring**

Narrative	2018/19 Actuals	Profiled Budget To June	Variance	Revised Annual Budget	June Year End Forecast	Forecast Full Year Variance
<b>Capital</b>	<b>3,677,112</b>	<b>5,254,940</b>	<b>(1,577,828)</b>	<b>42,150,440</b>	<b>40,701,686</b>	<b>(1,448,754)</b>
<b>Corporate Services</b>	<b>652,162</b>	<b>2,103,740</b>	<b>(1,451,578)</b>	<b>10,061,540</b>	<b>9,645,277</b>	<b>(416,263)</b>
<b>Business Improvement</b>	<b>48,000</b>	<b>363,970</b>	<b>(315,970)</b>	<b>2,412,980</b>	<b>1,996,717</b>	<b>(416,263)</b>
Customer Contact Programme			0	1,899,010	1,482,747	(416,263)
IT Systems Projects		163,970	(163,970)	363,970	363,970	0
Social Care IT System	48,000	200,000	(152,000)	150,000	150,000	0
<b>Facilities Management Total</b>	<b>335,358</b>	<b>939,720</b>	<b>(604,362)</b>	<b>3,301,220</b>	<b>3,301,220</b>	<b>0</b>
Works to other buildings	(6,616)	130,040	(136,656)	695,040	695,040	0
Civic Centre	61,201	268,430	(207,229)	568,430	568,430	0
Invest to Save schemes	264,824	541,250	(276,426)	2,037,750	2,037,750	0
Asbestos Safety Works	15,950		15,950			0
<b>Infrastructure &amp; Transactions</b>	<b>203,805</b>	<b>668,000</b>	<b>(464,195)</b>	<b>2,255,290</b>	<b>2,255,290</b>	<b>0</b>
Disaster recovery site		105,000	(105,000)	394,290	394,290	0
Planned Replacement Programme	203,805	563,000	(359,195)	1,861,000	1,861,000	0
<b>Resources</b>		<b>132,050</b>	<b>(132,050)</b>	<b>132,050</b>	<b>132,050</b>	<b>0</b>
ePayments System		91,050	(91,050)	91,050	91,050	0
Invoice Scanning SCIS/FIS		41,000	(41,000)	41,000	41,000	0
<b>Corporate Items</b>	<b>65,000</b>		<b>65,000</b>	<b>1,960,000</b>	<b>1,960,000</b>	<b>0</b>
Acquisitions Budget	65,000		65,000		0	0
Transformation Budgets			0	1,500,000	1,500,000	0
Westminster Ccl Coroners Court			0	460,000	460,000	0
<b>Community and Housing</b>	<b>176,201</b>	<b>278,130</b>	<b>(101,929)</b>	<b>931,990</b>	<b>910,323</b>	<b>(21,667)</b>
<b>Adult Social Care</b>	<b>5,160</b>	<b>4,790</b>	<b>370</b>	<b>43,750</b>	<b>43,750</b>	<b>0</b>
ASC IT Equipment	5,160	4,790	370	0	0	0
Telehealth			0	43,750	43,750	0
<b>Housing</b>	<b>163,350</b>	<b>256,600</b>	<b>(93,250)</b>	<b>771,500</b>	<b>771,500</b>	<b>0</b>
Disabled Facilities Grant	163,350	256,600	(93,250)	771,500	771,500	0
<b>Libraries</b>	<b>7,690</b>	<b>16,740</b>	<b>(9,050)</b>	<b>116,740</b>	<b>95,073</b>	<b>(21,667)</b>
Library Enhancement Works	7,113	16,740	(9,627)	16,740	16,740	0
Major Library Projects	578		578			0
Libraries IT			0	100,000	78,333	(21,667)

**Merton Capital Programme June 2018 Monitoring**

<b>Narrative</b>	<b>2018/19 Actuals</b>	<b>Profiled Budget To June</b>	<b>Variance</b>	<b>Revised Annual Budget</b>	<b>June Year End Forecast</b>	<b>Forecast Full Year Variance</b>
<b>Children Schools &amp; Families</b>	<b>548,322</b>	<b>1,239,960</b>	<b>(691,638)</b>	<b>11,496,600</b>	<b>10,519,287</b>	<b>(977,313)</b>
<b>Primary Schools</b>	<b>(34,912)</b>	<b>791,330</b>	<b>(826,242)</b>	<b>796,200</b>	<b>796,200</b>	<b>0</b>
Hatfeild	0	50,000	(50,000)	50,000	50,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(22,695)	50,980	(73,675)	50,980	50,980	0
Poplar	(8,569)	40,000	(48,569)	40,000	40,000	0
Wimbledon Chase	(1,337)		(1,337)			0
Wimbledon Park		23,500	(23,500)	23,500	23,500	0
Abbotsbury	(628)		(628)			0
Morden	(3,829)	74,380	(78,209)	74,380	74,380	0
Cranmer		72,000	(72,000)	72,000	72,000	0
Gorrington Park		60,000	(60,000)	60,000	60,000	0
Haslemere		50,000	(50,000)	50,000	50,000	0
Liberty		70,000	(70,000)	70,000	70,000	0
Links	(690)		(690)			0
Singlegate		11,000	(11,000)	11,000	11,000	0
St Marks		99,240	(99,240)	99,240	99,240	0
Lonesome		55,000	(55,000)	55,000	55,000	0
Stanford		132,330	(132,330)	132,330	132,330	0
Unlocated Primary School Proj			0	4,870	4,870	0
<b>Secondary School</b>	<b>233,412</b>	<b>328,210</b>	<b>(94,798)</b>	<b>6,459,960</b>	<b>5,482,650</b>	<b>(977,310)</b>
Harris Academy Morden			0	143,560	143,560	0
Harris Academy Merton	(1,021)	123,130	(124,151)	444,090	444,090	0
St Mark's Academy			0	200,000	200,000	0
Rutlish			0	495,000	495,000	0
Harris Academy Wimbledon	234,433	205,080	29,353	5,177,310	4,200,000	(977,310)
<b>SEN</b>	<b>258,297</b>	<b>301,460</b>	<b>(43,163)</b>	<b>3,719,840</b>	<b>3,719,840</b>	<b>0</b>
Perseid	214,954	325,960	(111,006)	935,960	935,960	0
Cricket Green	19,033	(162,430)	181,463	2,305,860	2,305,860	0
Secondary School Autism Unit		30,000	(30,000)	160,000	160,000	0
Unlocated SEN	24,310	77,930	(53,620)	288,020	288,020	0
Melbury College - Smart Centre		30,000	(30,000)	30,000	30,000	0
<b>CSF Schemes</b>	<b>91,524</b>	<b>(181,040)</b>	<b>272,564</b>	<b>520,600</b>	<b>520,597</b>	<b>(3)</b>
CSF - IT Schemes	3,735	28,310	(24,575)	58,310	58,310	0
School Equipment Loans		(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	87,789		87,789	353,390	353,387	(3)

**Merton Capital Programme June 2018 Monitoring**

<b>Narrative</b>	<b>2018/19 Actuals</b>	<b>Profiled Budget To June</b>	<b>Variance</b>	<b>Revised Annual Budget</b>	<b>June Year End Forecast</b>	<b>Forecast Full Year Variance</b>
<b>Environment and Regeneration</b>	<b>2,300,427</b>	<b>1,633,110</b>	<b>667,317</b>	<b>19,660,310</b>	<b>19,626,799</b>	<b>(33,511)</b>
<b>Public Protection and Developm</b>	<b>(12,796)</b>		<b>(12,796)</b>	<b>39,490</b>	<b>39,490</b>	<b>0</b>
CCTV Investment	(12,796)		(12,796)	39,490	39,490	0
<b>Street Scene &amp; Waste</b>	<b>3,150</b>	<b>222,630</b>	<b>(219,480)</b>	<b>6,008,630</b>	<b>6,021,063</b>	<b>12,433</b>
Fleet Vehicles		156,400	(156,400)	562,900	575,333	12,433
Alley Gating Scheme	3,150	10,000	(6,850)	40,000	40,000	0
Smart Bin Leases - Street Scene			0	5,500	5,500	0
Waste SLWP		56,230	(56,230)	5,400,230	5,400,230	0
<b>Sustainable Communities</b>	<b>2,310,073</b>	<b>1,410,480</b>	<b>899,593</b>	<b>13,612,190</b>	<b>13,566,246</b>	<b>(45,944)</b>
Street Trees			0	60,000	60,000	0
Highways & Footways	323,637	563,160	(239,523)	4,479,880	4,479,880	0
Cycle Route Improvements	81,266	155,200	(73,934)	480,830	480,830	0
Mitcham Transport Improvements	1,248	51,680	(50,432)	563,680	563,680	0
Tackling Traffic Congestion	(16,743)		(16,743)			0
Mitcham Area Regeneration	8,210	59,360	(51,150)	186,360	186,360	0
Borough Regeneration	212,405	196,820	15,585	559,590	559,590	0
Morden Leisure Centre	1,639,775		1,639,775	6,203,360	6,203,360	0
Sports Facilities	(5,192)		(5,192)	446,960	446,960	0
Parks	65,467	330,370	(264,903)	577,640	531,696	(45,944)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

## Virement, Re-profiling and New Funding - June 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-		£	£		£	£	£		£	
<b>Community and Housing</b>										
Laptops for Staff		3,500		(3,500)		3,500	0		0	Revenue Expenditure
Mosaic Report Development		1,820		(1,820)		1,820	0		0	Revenue Expenditure
<b>Children, Schools and Families</b>										
						0				
Cricket Green	(1)	2,110,170	195,560			2,305,730	3,046,000	0	3,046,000	Re-profiled & Budget in accordance with expected spend and Tender Price
Scheme 4 New School Extra 6fe	(1)	5,373,000	(195,560)			5,177,440	2,172,570	0	2,172,570	Re-profiled & Budget in accordance with expected spend and Tender Price
<b>Environment and Regeneration</b>										
						0				
Mitcham Regen - Canons Parks for People	(1)	2,655,020			(2,533,020)	122,000	301,040	1,000,000	1,301,040	Re-profiling
Parks - Canons Parks for People	(1)	1,279,770			(1,178,770)	101,000	195,540	500,000	695,540	Re-profiling
						0				
<b>Total</b>		11,423,280	0	(5,320)	(3,711,790)	7,711,490	5,715,150	1,500,000	7,215,150	

1) Requires Cabinet Approval

## Virement, Re-profiling and New Funding - June 2018

Appendix 5b

		2020/21 Budget	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Reprofiling	Revised 2021/22 Budget	Narrative
-		£	£	£	£	£	£	
<b>Environment &amp; Regeneration</b>								
Mitcham Regen - Canons Parks for People	(1)	0	1,000,000	1,000,000	0	533,020	533,020	Re-profiled in line with anticipated spend
Parks - Canons Parks for People	(1)	0	500,000	500,000	0	178,770	178,770	Re-profiled in line with anticipated spend
<b>Total</b>		0	1,500,000	1,500,000	0	711,790	711,790	

## Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved May 2018 Monitoring</b>	<b>30,099</b>	<b>15,768</b>	<b>45,868</b>
<b><u>Community and Housing</u></b>			
Laptops for Staff	(4)	0	(4)
Mosaic Report Development	(2)	0	(2)
<b><u>Environment and Regeneration</u></b>			
Mitcham Regen - Canons Parks for People	(303)	(2,230)	(2,533)
Parks - Canons Parks for People	0	(1,179)	(1,179)
<b>Proposed Capital Programme</b>	<b>29,791</b>	<b>12,360</b>	<b>42,150</b>

## Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved May 2018 Monitoring</b>	<b>43,545</b>	<b>3,123</b>	<b>46,668</b>
<b><u>Environment and Regeneration</u></b>			
Mitcham Regen - Canons Parks for People	303	697	1,000
Parks - Canons Parks for People	0	500	500
<b>Proposed Capital Programme</b>	<b>43,849</b>	<b>4,319</b>	<b>48,168</b>



## Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Programme - May Monitoring</b>	11,614	2,180	13,794
<b><u>Environment and Regeneration</u></b>			
Mitcham Regen - Canons Parks for People	0	1,000	1,000
Parks - Canons Parks for People	0	500	500
<b>Proposed Capital Programme</b>	11,614	3,680	15,294

## Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Programme - May Monitoring</b>	18,702	930	19,632
<b><u>Environment and Regeneration</u></b>			
Mitcham Regen - Canons Parks for People	0	533	533
Parks - Canons Parks for People	0	179	179
<b>Proposed Capital Programme</b>	18,702	1,642	20,344

APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	2019/20 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	23.5%	375
Children Schools and Families	489	489	0	0.0%	0
Community and Housing	2,198	1,858	340	15.5%	(100)
Environment and Regeneration	1,874	1,388	486	25.9%	162
<b>Total</b>	<b>6,585</b>	<b>5,284</b>	<b>1,301</b>	<b>19.8%</b>	<b>437</b>

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
<b>Adult Social Care</b>											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	Richard Ellis	£561k achieved as at June 2018	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	0	100	R	100	0	G	Richard Ellis	Work is ongoing regarding the integration model for mental health	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	A	38	0	G	Richard Ellis	Project lead recruitment in progress. Plan & timetable in place	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	A	50	0	G	Richard Ellis	Analysis done. Project resource to be allocated	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	0	100	A	Richard Ellis	Not achievable in 1819	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis	Additional income from more efficient processes	Y
<b>Subtotal Adult Social Care</b>		<b>1,506</b>	<b>1,306</b>	<b>200</b>		<b>1,406</b>	<b>100</b>				
<b>Library &amp; Heritage Service</b>											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	Anthony Hopkins		Y
<b>Housing Needs &amp; Enabling</b>											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	A	62	0	G	Steve Langley	Work on demand and resources is in progress, alongside a review of housing related support contracts.	Y

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

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

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G	18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G	100	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to severe staff shortages and very difficult to fill posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
<b>PUBLIC PROTECTION</b>											
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	Cathryn James		N
Page 53 ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	Cathryn James	£13k saving will be made in CCTV but equipment savings of £47k will not be achieved in Parking due to continued necessary expenditure on P&D maintenance / technical team operations.	Y
ENR08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R	0	40	R	Cathryn James	Alternative saving required	Y
ENV08	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	Cathryn James	Commercial income generating team to be established as part of the proposed restructure of regulatory services. Currently investigating charging for food hygiene rating rescues.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	22	22	R	44	0	G	Cathryn James	Implementation of saving delayed due to May 18 elections. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	In May 2017, we were advised that members wanted options to review/increase permit prices for all Parking activities. These options have now been collated for presentation to the new Cabinet member following the May 18 election. Any increase in season tickets will form part of this as extensive work will be needed to change relevant TMOs / statutory notices etc. Once decided, it is unlikely that any price increases will be implemented before April 19. Shortfall will be mitigated by over-achievement in other revenue streams	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b>PUBLIC SPACE</b>											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G	4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G	5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G	100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G	-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award	N
ENV18	Greenspaces: Increased income from events in parks	100	100	0	A	100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	N
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G	9	0	G	Anita Cacchioli	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	This can no longer be delivered as the service has transferred to the CSF commissioning team.	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	150	0	G	150	0	G	Anita Cacchioli	This has been achieved as part of the Phase C savings	N
ENV36	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	0	35	R	0	35	R	Anita Cacchioli	This can no longer be delivered as the facility is now under the operational mangement of our waste contractor.	Y
ENV37	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENV38	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENV39	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	This can no longer be delivered as LB Sutton no longer require this service.	Y
<b>Total Environment and Regeneration Savings 2017/18</b>		<b>1,874</b>	<b>1,388</b>	<b>486</b>		<b>1,712</b>	<b>162</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

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

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



APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall	2018/19 Period 2 Projected shortfall	2019/20 Period 2 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	0	0	0	0	0
Community and Housing	2,673	201	149	49	200	200
Environment and Regeneration	3,218	1,953	805	0	443	0
<b>Total</b>	<b>10,398</b>	<b>2,350</b>	<b>954</b>	<b>49</b>	<b>643</b>	<b>200</b>

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

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

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
<b>Adult Social Care</b>											
CH57	Staff savings: transfer of savings from housing	50	19	R	0	G	0	G	Richard Ellis	To be met from housing related support review	Y
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R	100	R	0	G	Richard Ellis	Work on re-commissioning in progress	Y
<b>Library &amp; Heritage Service</b>											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	33	R	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
<b>Housing Needs &amp; Enabling</b>											
Page 160 H43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	R	49	R	49	R	Steve Langley		Y
<b>Total C &amp; H Savings for 2017/18</b>			<b>201</b>		<b>149</b>		<b>49</b>			<b>The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&amp;H</b>	

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

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

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	45	R	45	R	0	A	Cathryn James	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	0	G	0	G	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	70	R	70	R	0	A	Cathryn James		Y
ENV06	Reduction in transport related budgets	46	46	R					Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	43	R	25	R	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	0	G	0	G	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engined motor vehicles	250	0	G	0	G	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	0	G	0	G	0	G	Cathryn James		N
<b>PUBLIC SPACE</b>											
E&R1	Arts Development - further reduce Polka Theatre core grant	5	0	G	0	G	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	0	G	0	G	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	0	G	0	G	0	G	Anita Cacchioli		N
E&R16	Procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	400	R	194	R	0	A	Anita Cacchioli	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	0	G	0	G	0	G	Anita Cacchioli		N
E&R25	Procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	116	R	0	G	0	G	Anita Cacchioli		N
ENV11	Source leisure and sports activities	59	0	G	0	G	0	G	Anita Cacchioli		Y
ENV12	Ops of head of section/amalgamated with head of Greenspaces	70	70	R	0	A	0	A	Anita Cacchioli		N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	70	R	70	R	0	A	Anita Cacchioli		N
ENV18	Increased income from events in parks	100	100	R					Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	0	G	0	G	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	6	R	0	G	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	0	G	0	G	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	160	R	98	R	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	191	R	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV26	Re-balancing of rounds	20	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	0	G	0	G	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	0	G	0	A	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	0	G	0	G	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
<b>Total Environment and Regeneration Savings 2016/17</b>		<b>3,218</b>	<b>1,953</b>		<b>805</b>		<b>0</b>				

## Appendix 8

### Subject: Miscellaneous Debt Update June 2018

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2018, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 June 2018 – 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 18 arrears f	Mar 18 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,616,544	245,593	419,364	220,362	2,501,863	1,865,726	↑
Corporate Services	336,099	166,616	90,295	60,427	653,437	978,779	↓
Housing Benefits	806,407	633,650	1,012,516	2,302,092	4,754,665	4,695,713	↑
Children, Schools & Families	485,098	287,890	147,105	249,816	1,169,909	1,052,717	↑
Community & Housing	1,996,048	735,581	1,131,489	1,809,370	5,672,488	4,935,575	↑
Chief Executive's	0	0	0	0	0	0	↓
CHAS 2013	20,113	4,923	26,116	50,420	101,572	97,475	↑
<b>Total</b>	<b>5,260,309</b>	<b>2,074,253</b>	<b>2,826,885</b>	<b>4,692,487</b>	<b>14,853,934</b>	<b>13,625,985</b>	<b>↑</b>
Jun-17	6,316,331	1,793,452	2,481,712	3,599,246	14,190,741		
<i>Variance June 17 to June 18</i>	<i>-1,056,022</i>	<i>280,801</i>	<i>345,173</i>	<i>1,093,241</i>	<i>663,193</i>		↑

- 1.3 Since the position was last reported on 31 March 2018, the net level of arrears, i.e. invoices over 30 days old, has increased by £1,227,949.
- 1.4 The new financial system (E5) was implemented on 6 February 2017 and there was an initial delay in raising new invoices. There was also a

backlog of issuing invoices for Adult Social Care debt which was linked with the implementation of the new Social Care computer system (Mosaic). However, this backlog has now been addressed and invoicing was back on track in February 2018 as initially planned.

- 1.5 There has been an increase in debt for Environment and Regeneration of over £600,000, this is due to two areas that have seen increases, Trading standards (£400,000) and Community Infrastructure Levy (£200,000). There has also been an increase in Community and Housing of over £600,000, this is due to increases in MASCOT (£250,000), Public Health Re-charges (£240,000) and Service Accountancy (£170,000).
- 1.6 Since the data was extracted at the end of June the majority of the increased debt for Trading Standards, MASCOT Public Health and Service Accountancy have now been collected.
- 1.7 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

## 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. 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 Adult Social Care debt and the current level of debt is £4.976 million, a reduction of £0.462 million since last reported in March 2018.
- 3.2 Over the past few year's 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. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. 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 2018 compared to June 2016, December 2016, June 2017 and March 2018

Please note that debt at invoice stage is where the invoice is less than 30 days old so not included in table 1 above under Community and Housing.

Adult Social Care Debt	Jun 2016	% at stage	Dec 2016	% at stage	Jun 2017	% at stage	Mar-18	% at stage	Jun-18	% at stage
Invoice stage	387,608	9%	646,210	13%	1,129,190	11%	959,618	17%	360,575	7%
Charge & Deferred Payment	775,880	18%	635,671	13%	311,604	7%	258,470	5%	255,870	5%
Payment arrangement	462,801	11%	235,667	5%	273,316	6%	232,088	4%	178,224	4%
Probate, DWP & Deputyship	944,870	22%	771,456	15%	553,437	13%	491,306	9%	476,696	10%
Court action	141,345	3%	188,264	4%	184,781	3%	84,958	1%	84,598	2%
Dept or service query	182,702	4%	286,782	6%	90,530	2%	71,185	1%	25,097	1%
No action secured	1,460,347	33%	2,186,747	44%	1,380,647	58%	2,420,165	46%	2,271,872	45%
J&P							920,885	17%	1,323,327	26%
<b>Total Debt</b>	<b>4,355,553</b>		<b>4,950,797</b>		<b>3,923,505</b>		<b>5,438,675</b>		<b>4,976,259</b>	

- 3.6 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. Already we have had three cases paid in full for £35,000, £32,000 and £12,000 debts.
- 3.7 In the last quarter the debt recovery team have obtained payments to clear debts for £66,000, £34,000 and £25,000.
- 3.8 The team are working closely with Financial Assessments to assist with obtaining information from clients so that accurate re-assessments are undertaken. This ensures that recovery of debts is based on correct charges and invoices rather than disputed amounts.
- 3.9 Additional resources within the debt recovery team have been allocated to work on adult social care cases in an attempt reduce the debt outstanding.
- 3.10 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.3 million, of which £4.7 million is within the sundry debt system and the remainder of the debt is still within the housing benefit system.
- 3.11 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.

- 3.12 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.
- 3.13 The Real Time information initiative continued throughout 2017/18 and will again run in 2018/19. The council receives up to 700 referrals every month where the information held in the HMRC system differs from that held in the housing benefit system.
- 3.14 Since the start of the Real Time information initiative over £5.4 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 £450,000 secured by this method.
- 3.15 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.7 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 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 June 16 to June 18 by quarter

<b>Recovery Stage</b>	<b>Jun-16</b>	<b>Sep-16</b>	<b>Dec-16</b>	<b>Mar-17</b>	<b>Jun-17</b>	<b>Sep-17</b>	<b>Mar-18</b>	<b>Jun-18</b>
Invoice and Reminder stage	667,690	624,877	874,548	723,613	284,713	379,477	340,008	312,186
On-going recovery	2,928,207	3,048,093	3,032,558	2,928,992	3,363,611	3,354,237	3,032,656	2,775,552
Payment Arrangements	1,922,400	2,134,893	2,220,007	2,314,257	2,353,352	2,511,028	2,647,525	2,826,435
No Arrangements secured	2,528,002	2,544,392	2,162,070	2,113,587	2,665,410	2,387,794	2,427,693	2,384,329
<b>Total HB Debt</b>	<b>8,046,299</b>	<b>8,352,255</b>	<b>8,289,183</b>	<b>8,080,449</b>	<b>8,667,086</b>	<b>8,632,536</b>	<b>8,447,882</b>	<b>8,298,502</b>

- 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 We commenced another new DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and within the first month we have applied for over 180 attachment to earnings to recover unpaid overpayments. This will hopefully secure payments and improve collection.
- 3.19 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 since 2014/15 to date by debt type

	2014/15	2015/16	2016/17	2017/18	2018/19				2018/19
	Total	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
<b>Debt type</b>									
<b>Sundry Debt</b>	£347,726	£581,419	£129,338	£443,317					£0
<b>Housing benefit overpayments</b>	£1,050,105	£510,352	£517,467	£512,379					£0
<b>Council Tax</b>	£526,881	£951,280	£623,486	£804,987					£0
<b>Business Rates</b>	£790,373	£659,514	£567,908	£378,155					£0
<b>Total</b>	<b>£2,715,085</b>	<b>£2,702,565</b>	<b>£1,838,199</b>	<b>£2,138,838</b>	<b>£0</b>				<b>£0</b>

- 3.20 No debt has been written off in the first quarter of 2018/19.
- 3.21 Of the business rates debt written off 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.
- 3.22 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2017/18 the council was collecting a net debt of £107.1 million in council tax (this includes the GLA portion), a net debt of £93.1 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 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9% collected. This data is based at 31 December 2016 prior to the implementation of E5.

4.2 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.

#### 5. **PROVISION FOR BAD AND DOUBTFUL DEBTS**

5.1 Provision has been made in the draft 2017/18 account for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.441m for Accounts Receivable (including former ASH) miscellaneous debt and £6.504m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.945m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.

5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

#### **Provision for Bad and Doubtful Debts**

Department	Total Provision	
	At 31/03/2017	At 31/03/2018
	£000's	£000's
Env & Regeneration	294	607
Corporate Services	221	171
Housing Benefits	6,947	6,504
Children, Schools & Families	296	413
Community & Housing	2,148	2,250
<b>Total</b>	<b>9,906</b>	<b>9,945</b>

## 6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2018 is detailed in the table below.

Total debt outstanding as at 31 March 2018 and compared with previous periods over the past 18 months

	<b>Dec-16</b>	<b>Mar-17</b>	<b>Jun-17</b>	<b>Sep-17</b>	<b>Mar 18</b>	<b>Jun-18</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Miscellaneous sundry debt Note 1	13,588,220	7,067,219	12,454,666	17,256,834	15,778,776	14,758,378
Housing Benefit debt	8,289,183	8,080,449	8,667,087	8,632,539	8,447,884	8,298,503
Parking Services	3,425,473	3,526,192	4,451,650	4,692,186	4,876,618	4,398,706
Council Tax Note 2	3,822,875	3,866,556	6,940,774	6,262,466	7,601,390	7,340,722
Business Rates Note 3	972,883	654,794	2,558,946	2,160,057	2,857,363	2,806,594
<b>Total</b>	<b>30,098,634</b>	<b>23,195,210</b>	<b>35,073,123</b>	<b>39,004,082</b>	<b>39,562,031</b>	<b>37,602,903</b>

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

Note 2 Council tax debt now includes unpaid council tax for 2017/18 in March 18 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2017/18 in March 18 figure hence the increase.

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).

- 6.1 The overall debt outstanding has reduced by £1,959,128 since last reported at the end of March 2018.
- 6.2 The data for June 2018 cannot be directly compared to June 2017 as there was a delay in issuing invoices due to the implementation of E5 in February 2017.
- 6.3 Included in the £14.75 million sundry debt outstanding is £4.7 million of invoices that are less than 30 days old.

6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

**Car Parking Aged Debtors – 30 June 2018**

<b>Age of Debt</b>	<b>Outstanding £</b>	<b>Number of PCNs</b>	<b>Average Value £</b>
<b>0-3 months</b>	<b>1,349,495</b>	<b>11,379</b>	<b>119</b>
<b>3-6 months</b>	<b>685,858</b>	<b>4,205</b>	<b>163</b>
<b>6-9 months</b>	<b>551,086</b>	<b>3,123</b>	<b>176</b>
<b>9-12 months</b>	<b>521,357</b>	<b>2,964</b>	<b>176</b>
<b>12-15 months</b>	<b>539,198</b>	<b>3,131</b>	<b>172</b>
<b>Older than 15 months</b>	<b>751,712</b>	<b>4,523</b>	<b>166</b>
<b>Total June 2018</b>	<b>4,398,706</b>	<b>29,325</b>	<b>150</b>

**Total March 2018**                      **£4,876,618**                      **32,111**

**Increase/-decrease**                      **-£477,912**                      **-32,786**

**APPENDIX AUTHOR - David Keppler (020 8545 3727/[david.keppler@merton.gov.uk](mailto:david.keppler@merton.gov.uk))**

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## Cabinet

**Date: 17 September 2018**

**Subject: Financial Report 2018/19 – July 2018**

Lead officer: Roger Kershaw

Lead member: Mark Allison

### Recommendations:

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- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £ 1.95million, 0.4% of gross budget.
- B. Cabinet are requested to approve a virement of £230k between Building Control and Development control as part of the ongoing process of realigning budget managers' budgets.
- C. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items summarized below:

Scheme	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Narrative
<b>Environment and Regeneration</b>					
Figges Marsh Bus Priority Scheme	150,000	0	0	0	New TfL Funding

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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 4, 31<sup>st</sup> July 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 4 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

## 2. THE FINANCIAL REPORTING PROCESS

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

## 2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

**Executive summary** – At period 4 to 31<sup>st</sup> July 2018, the year end forecast is a net £1.95m overspend compared to the current budget, 0.4% of the gross revenue budget (£2.6m forecast overspend at period 3).

### Summary Position as at 31st July 2018

	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2017/18 £000s
<b>Department</b>					
3A. Corporate Services	10,529	9,311	(1,218)	(1,160)	(812)
3B. Children, Schools and Families	56,495	59,899	3,404	3,877	2,249
3C. Community and Housing	64,078	64,467	389	678	922
3D. Public Health	0	108	108	109	0
3E. Environment & Regeneration	18,540	17,841	(698)	(830)	(1,211)
Overheads	0	0	0	0	0
<b>NET SERVICE EXPENDITURE</b>	<b>149,642</b>	<b>151,627</b>	<b>1,985</b>	<b>2,673</b>	<b>1,148</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	8,403	8,371	(32)	(32)	(103)
Other Central budgets	(14,692)	(14,692)	0	0	(823)
Levies	938	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(5,351)</b>	<b>(5,383)</b>	<b>(32)</b>	<b>(32)</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,292</b>	<b>146,244</b>	<b>1,953</b>	<b>2,641</b>	<b>222</b>
<b>FUNDING</b>					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>(42)</b>	<b>1,911</b>	<b>1,953</b>	<b>2,641</b>	<b>(265)</b>

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £1.27m overspend.

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (July) £000	2018/19 Full Year Forecast Variance (July) £000	2018/19 Full Year Forecast Variance (June) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,492	3,485	-7	49	46
Infrastructure & Technology	11,152	10,912	-240	-219	71
Corporate Governance	2,426	2,438	12	11	-229
Resources	5,969	5,801	-168	-186	-515
Human Resources	1,807	1,790	-17	-16	-207
Corporate Other	874	75	-799	-799	22
<b>Total (Controllable)</b>	<b>25,719</b>	<b>24,501</b>	<b>-1,218</b>	<b>-1,160</b>	<b>-812</b>

#### Overview

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an underspend of £1,218k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £58k compared to the period 3 (June) position.

#### Customers, Policy and Improvement - £7k under

The principal reasons for the forecast underspend are additional income within the registrars and translation services reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. This is partly offset by lower than budgeted advertising income within the Communications Service. There has been a favourable movement of £55k from the position reported in June, mainly due to an increased income forecast within the registrars and translation services.

#### Infrastructure & Technology - £240k under

There is a forecast underspend against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is an underspend against the Business Systems budget principally due to vacant posts and recharge income to CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level. There has been a favourable movement of £21k from the position reported in June, mainly due to an increase

in the expected rental income from the professional development centre and the Garth Road storage facility.

**Corporate Governance - £12k over**

The budget for the South London Legal partnership (SLLp) is forecast to overspend by £28k. The latest income projections, based on chargeable hours at the end of July, alongside the latest expenditure projections, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken. At the moment, the deficit is projected to be in the region of £150k and Merton's share of that deficit would be £28k. The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary. There has been an adverse movement of £20k from the position reported in June as we have now recognised the Merton element of the forecast deficit on SLLp within the figures.

**Resources - £168k under**

The Merton Bailiff Service is forecasting to over-achieve income by £284k which is in line with the over-achievement in 2017/18. There is a forecast underspend of £149k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services of £67k principally due to additional IT licence and postage costs. There is a forecast underspend within the Assistant Director's budget of £63k mainly within consultancy that will be used to part fund a forecast overspend of £179k on the Financial Information System budget. There is also a forecast overspend within the budget for external audit fees to reflect the latest agreement with Ernst & Young.

**Human Resources – £17k under**

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buy back scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston.

**Corporate Items - £799k under**

The Housing Benefit budget shows a forecast surplus of £1.6m on the account against a budgeted surplus of £1m. The £0.6m unbudgeted surplus principally relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit.

The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry.

## Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget	Full year Forecast (July)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2017/18 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(11,002)	(11,993)	(991)	(938)	(1,602)
Public Space	15,129	14,893	(236)	(560)	632
Senior Management	1,001	1,109	108	105	3
Sustainable Communities	8,058	8,480	422	563	(244)
<b>Total (Controllable)</b>	<b>13,186</b>	<b>12,489</b>	<b>(697)</b>	<b>(830)</b>	<b>(1,211)</b>

Description	2018/19 Current Budget	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2017/18 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	566	65	86	78
Underspend within Parking Services	(12,025)	(1,016)	(970)	(1,663)
Underspend within Safer Merton	457	(40)	(47)	(47)
<b>Total for Public Protection</b>	<b>(11,002)</b>	<b>(991)</b>	<b>(938)</b>	<b>(1,602)</b>
Underspend within Waste Services	13,870	(580)	(807)	97
Breakeven within Leisure & Culture	735	0	0	(166)
Overspend within Greenspaces	1,399	291	241	754
Overspend within Transport Services	(875)	53	6	(53)
<b>Total for Public Space</b>	<b>15,129</b>	<b>(236)</b>	<b>(560)</b>	<b>632</b>
Overspend within Senior Management & Support	1,001	108	105	3
<b>Total for Senior Management</b>	<b>1,001</b>	<b>108</b>	<b>105</b>	<b>3</b>
Overspend within Property Management	(2,903)	58	283	(422)
Overspend within Building & Development Control	(35)	174	99	397
Overspend within Future Merton	10,996	190	181	(219)
<b>Total for Sustainable Communities</b>	<b>8,058</b>	<b>422</b>	<b>563</b>	<b>(244)</b>
<b>Total Excluding Overheads</b>	<b>13,186</b>	<b>(697)</b>	<b>(830)</b>	<b>(1,211)</b>

### Overview

The department is currently forecasting an underspend of £697k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Building & Development Control, and Future Merton.

## **Public Protection**

### **Parking & CCTV Services underspend of £1,016k**

The underspend is mainly as a result of additional penalty charge notices being issued following the implementation of the ANPR system across the borough (£999k). The positive effects of this fully functional system are beginning to be realised e.g. a reduction in congestion and improved traffic flow. An over achievement in Ringo parking fees is also forecast (£209k). Customers choose to pay additional fees for extra services as part of the cashless parking suite of options.

Included within this forecast is employee related overspend of c£118k due to a combination of savings not yet implemented and increased demand.

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

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

### **Regulatory Services**

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

## **Public Space**

### **Waste Services underspend of £580k**

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,197k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, is now begun testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

This forecast underspend is being partially offset by a forecast overspend relating to the Phase C contract (£314k) and mobilisation costs relating to the October 2018

service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

### **Greenspaces overspend of £291k**

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £168k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£99k), whereby related savings of £170k have been implemented over the last few years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£8k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter (paid for) parking. Mitigating actions are being considered and will be reported accordingly.

### **Leisure & Culture nil variance**

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

## **Sustainable Communities**

### **Building & Development Control overspend of £174k**

The section is forecasting to underachieve on income by £204k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

The section is forecasting an overachievement on development control income of £273k, of which £165k can be attributed to the 20% fee increase effective from January 2018. Notwithstanding the fee increase, the section is forecasting a like-for-like reduction, when compared to 2017/18, of c£65k as the section has experienced a drop in planning applications and pre-application requests.

A forecast underspend on supplies & services of £70k is also contributing towards mitigating the income shortfall.

### **Future Merton overspend by £190k**

£130k of the forecast overspend relates to the costs incurred with disabled bays, and consulting on and, where applicable, implementing Controlled Parking Zones. The section is also forecasting to underachieve on skip licence income by £47k.

## Virement

Cabinet are requested to approve a virement of £230k between Building Control and Development control as part of the ongoing process of realigning budget managers' budgets.

## Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Jul) £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2017/18 Variance at year end £000
Education	19,289	19,897	608	641	(703)
Social Care and Youth Inclusion	21,511	24,838	3,327	3,512	3,596
Cross Department budgets	480	455	(25)	(40)	(95)
PFI	8,075	7,839	(236)	(236)	(342)
Redundancy costs	2,124	1,854	(270)	0	(207)
<b>Total (controllable)</b>	<b>51,479</b>	<b>54,883</b>	<b>3,404</b>	<b>3,877</b>	<b>2,249</b>

## Overview

At the end of July Children Schools and Families had a forecast overspend of £3.404m on local authority funded services; a reduction in overspend from June's forecast. This was mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

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

## Local Authority Funded Services

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



Description	Budget £000	Jul £000	Jun £000	2017/18 £000
Procurement & School organisation	643	(163)	(215)	(319)
SEN transport	4,133	960	960	566
Other small over and underspends	14,513	(189)	(104)	(738)
<b>Subtotal Education</b>	<b>19,289</b>	<b>608</b>	<b>641</b>	<b>(703)</b>
Fostering and residential placements (ART)	7,094	445	508	813
Un-accompanied asylum seeking children (UASC)	665	1,133	1,089	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	261	319	353
MASH & First Response staffing	1,587	242	281	403
Other small over and underspends	12,144	290	359	288
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>21,511</b>	<b>3,327</b>	<b>3,512</b>	<b>3,596</b>

### Education Division

Procurement and school organisation budgets are forecast to underspend by £163k because 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.

The SEN transport budget is forecasting to overspend by £960k at the end of the financial year, which includes £842k taxi cost and £118k direct payments. The forecast outturn for taxis is £3,222k, circa £450k more than last year. The forecast increase reflects the 35 extra taxi service agreements (21% increase in routes) compared to this time last year. Due to the increase in EHCPs requiring a specialist placement, the number of children needing to be transported is expected to continue to go up through the financial year and particularly from September. Strategies are in place to alleviate this further pressure, including maximising any further opportunities for placing more children on the buses, re-tendering routes and considering any consolidation possible. The position is unlikely to be much clearer until the October 2018 budget return when the outcome of summer tendering and 2018/19 academic year placements will be better known. We will report details on leavers as part of the September reporting cycle.

There are various other small over and underspends forecast across the division netting to a £189k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £608k.

### Children's Social Care and Youth Inclusion Division

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

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

While the numbers remain relatively stable, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis to ensure that projections of spend are as accurate as possible. Between June and July we have reduced the forecast placement overspend by £63k, linked to a reduction of 13 in the number of placements.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul Nr	Jun Nr
Residential Placements	2,271	2,218	(53)	(131)	11	11
Independent Agency Fostering	1,816	2,013	197	246	43	45
In-house Fostering	978	1,367	389	494	60	68
Secure accommodation	136	52	(84)	(136)	1	0
Mother and baby	101	0	(101)	(101)	0	0
Supported lodgings/housing	1,792	1,889	97	136	57	61
<b>Total</b>	<b>7,094</b>	<b>7,539</b>	<b>445</b>	<b>508</b>	<b>172</b>	<b>185</b>

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

- The residential placement expenditure is forecast to underspend by £53k. The underspend on this budget has decreased as two new young people were placed in residential care. The numbers of young people in residential care remain the same as we had already previously forecast for two young people who have left this month. The placements for the two new young people have been agreed initially and budgeted for a 3 month period. These will be reviewed at the new IFA/Residential panel which has been established to maintain close scrutiny on costs in this area.
- The agency fostering placement overspend has reduced by £49k. This is due to three children leaving and one new child being placed.
- The in-house foster carer expenditure is forecast to overspend by £389k. Eight placements ended this month, one was transferred into the UASC budget and one new placement was made. Of the eight that ended, three of the children were in connected placements and one was respite.
- We have one young person in secure accommodation at the moment and are forecasting to underspend by £84k.
- We have had no mother and baby assessment placements for this year yet and are therefore forecasting no expected spend at this stage.
- We are forecasting that the budget for semi-independent accommodation and supported lodgings/housing placements will overspend by £97k. There were 57 semi-independent placements for young people at the end of June 2018. This is a net decrease of four placements this month resulting in a decreased overspend of £39K.

The UASC placements are expected to overspend by £1.133m this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul Nr	Jun Nr
Independent Agency Fostering	272	455	183	60	12	10
In-house Fostering	225	494	269	390	20	20
Supported lodgings/housing	167	848	681	639	30	30
<b>Total</b>	<b>664</b>	<b>1,797</b>	<b>1,133</b>	<b>1,089</b>	<b>62</b>	<b>60</b>

- At the end of July we had 32 placements for UASC young people under 18. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+.
- We have budgeted for 30 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rota, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

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

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

Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

We are expecting to overspend by £242k on the MASH and First Response teams' staffing costs. This is due to the team having to cover 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff, but again, this is a reduction from last month's overspend.

There are various other small over and underspends forecast across the division netting to a £290k overspend (£69k lower than last month's forecast). These combine with the items described above to arrive at the total reported divisional overspend of £3,327k.

### Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £4.788m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £2.678m on Independent Day School provision. This is an increase of about £750k linked to an increase in the numbers of placements from 159 last month to 176 now expected for the remainder of the year. It is likely that these numbers will increase further towards year-end. There will be a review of contributions from the CCG for placement costs.

Other pressures include £714k on EHCP allocations to Merton primary and secondary schools, £759k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £725k on one-to-one support, OT/SLT and other therapies as well as alternative education. The table below shows the increase in number of EHCPs over the past 4 years.

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

There are various other smaller over and underspends forecast across the DSG netting to a £88k underspend which, combined with the items above, equates to the net overspend of £4.788m.

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

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

## **Management action**

### Staffing

At the end of quarter one, the number of employed Social Workers rose again in the last quarter to 125 (117.30 WTE) from 120 (113.6 WTE) in Q4. This increase is positive as it indicates a reduction in reliance on more expensive agency workers to cover establishment posts. Vacancy rates have continued to decrease to 22.32% (23.86% in Q4). This reflects an ongoing strong recruitment campaign in CSC. There were 12 new starters this quarter, including a HoS (Safeguarding & Care Planning (S&CP)), 2 Team Managers (Children With Disabilities & Quality Assurance) and 9 SW's (5 X First Response (FR), 3 S&CP and 1 Vulnerable Children Team). Additionally a TM (S&CP3) and IRO are due to start in Q2. Offers have been made for; a Team Manager (MASH) and 8 SW's (inc. 4 NQWS's from Front line).

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

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

### Placements

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

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

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

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is an established cost framework agreed for semi- independent providers. However, despite a reduction in numbers this month, we still have 57 young people in Semi-independent Accommodation (SIA) placements. We are reintroducing the SIA panel and will be recording cost reductions as a result of this going forward.

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

Our average placements costs against each budget code are reported each month. Whilst the majority of unit costs have remained stable, costs for residential placements have risen due to three young people being placed in specialist outreach projects for a short period.

Description	May £	June £	July £	July No
ART Independent Agency Fostering	925	907	905	43
ART In-house Fostering	449	444	428	60
UASC Independent Agency (Grant)	782	783	791	11
UASC In house Fostering (Grant)	504	498	498	13
UASC Independent Agency (Non-Grant)	766	770	761	1
UASC In house Fostering (Non-Grant)	485	482	437	7
ART Residential Placements	3,878	4,174	4,022	11
ART Secure Accommodation	0	0	3,752	1
Supported Housing & Lodgings (Art 16+ Accommodation)	605	614	627	57
Supported Housing & Lodgings - UASC (Grant)	834	835	841	6
Supported Housing & Lodgings - UASC (Non Grant)	480	486	520	24

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

#### Children with additional needs

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

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

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



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

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

### **New burdens**

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

<b>Description</b>	<b>Budget £000</b>	<b>Jul overspend forecast £000</b>	<b>Jun overspend forecast £000</b>	<b>2017/18 over £000</b>
Supported lodgings/housing- care leavers	1,792	97	136	156
Supported lodgings/housing- UASC	167	681	639	520
Un-accompanied asylum seeking children (UASC)	498	452	450	173
No Recourse to Public Funds (NRPF)	21	261	319	353
<b>Total</b>	<b>2,478</b>	<b>1,491</b>	<b>1,544</b>	<b>1,202</b>

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

Other unfunded burdens include:

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

Further new burdens are expected for 2018/19 including:

- Social Care Act requirement for new assessment process for all social workers



- SEND tribunals will cover elements of children care packages and therefore cost

New requirement of social work visits to children in residential schools and other provision.

### Community & Housing Current Summary Position

**Community and Housing is currently forecasting an overspend of £497k as at July 2018**

The department is currently forecasting an over spend of £497k as at July 2018 which is a reduction of £288k since June. The Adult Social Care forecasted overspend has reduced again, in July'18 by £519k. This is due to the considerable improvement in the forecasted expenditure on placements.

However, the department's overall position as at July'18 was impacted by a judicial review currently in progress, which is estimated to cost £150k. There are also additional pressures in the joint community equipment service which are being investigated. Overall, Adult Social Care is now only £17k short of being in balance.

However, there are areas in Community & Housing in which an adverse variance has continued, particularly Public Health and Housing. The Public Health pressures are due to demand on sexual health services. Work is continuing to identify compensating underspends elsewhere in the budget.

The pressure on housing arises from the shortfall in subsidy for temporary housing. The forecast shortfall has increased since last period.

Community and Housing	2018/19 Current Budget £000	Forecast (Jul'18) £'000	Forecast Variance (Jul'18) £000	Forecast Variance (Jun'18) £000	2017/18 Outturn Variance £000
<b>Access and Assessment</b>	45,982	45,840	(142)	356	455
<b>Commissioning</b>	4,577	4,574	(3)	75	211
<b>Direct Provision</b>	4,427	4,386	(41)	40	(195)
<b>Directorate</b>	993	1,196	203	64	181
<b>Adult Social Care</b>	<b>55,979</b>	<b>55,996</b>	<b>17</b>	<b>536</b>	<b>652</b>
<b>Libraries and Heritage</b>	1,996	2,008	12	9	20
<b>Merton Adult Learning</b>	(13)	(13)	0	0	(6)
<b>Housing General Fund</b>	1,848	2,207	359	131	256
<b>Sub-total</b>	<b>59,810</b>	<b>4,202</b>	<b>388</b>	<b>676</b>	<b>922</b>
<b>Public Health</b>	(143)	(34)	109	109	0
<b>Grand Total</b>	<b>59,667</b>	<b>60,164</b>	<b>497</b>	<b>785</b>	<b>922</b>

## **Access & Assessment - £142k underspend**

This section is forecasting an under spend of £142k which made up of under and overspends as set out in the table below.

**The table below shows areas of significant expenditure**

<b>Access &amp; Assessment</b>	<b>Forecast Variances Jul'18 £'000</b>	<b>Forecast Variances Jun'18 £000</b>	<b>Outturn Variances March 18 £000</b>
Underspend on Concessionary Fares	(14)	(15)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	32	(297)	(307)
Placements	427	1,255	1,671
Income	(587)	(587)	(1,234)
<b>Total</b>	<b>(142)</b>	<b>356</b>	<b>455</b>

There has been a further improvement in the forecast for the placements budget due to the continued focus on demand management. The placements budget is showing a small forecast underspend, when income is taken into account. However, it should be noted that we have not yet seen the impact of the additional pressure on hospitals caused by the hot weather, as there is usually a time-lag between increased admissions and increased discharges.

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

The forecast also does not take account of forthcoming winter pressures. The impact of winter is difficult to assess, with each winter being different in its social care impact to the one before. The impact will depend on factors such as the frequency and duration of cold weather and the prevalence and strain of influenza. However, we should expect an increase in activity, including in short term placements and the reablement team. We have submitted a bid for winter resilience for £250k jointly with our community health provider and are awaiting the outcome.

Savings for 2018/19 are largely on track. Two savings will not be achieved fully in year. The work on the mental health savings will continue into next year. The savings related to transport require further in depth work and will not be delivered this year. We expect these shortfalls to be met by the demand management work. The position on savings is fully reflected in the period 4 forecast.

The table below sets on the movement in the number of service users in each care group between months. It shows a net decrease of 24 packages since May. This is due to a number of reasons including moves to other boroughs, care no longer

required and client death. Service user deaths have been within the normal range for the time of year, despite the unusually hot weather.

### **Total Number of Clients with an external care package**

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

### **Commissioning - £3k underspend**

The commissioning service is currently forecasting a small under spend of £3k as at July'18.

### **Direct Provision - £41k underspend**

Direct Provision service is forecasting an under spend of £41 which is a much improved position compared to June'18. The service continues to overspend on employee cost at Riverside Drive.

Residential services are increasingly difficult to manage within budget for a number of reasons. CQC regulations, as well as best practice, determine the number of staff required per shift. The increasing complexity of residents, particularly at Riverside, where eight people live means this is usually a minimum of three, apart from overnight when there is one staff member awake and one sleeping in. Meadowsweet, with six residents has lower ratios but this will be kept under review as more of the residents there acquire additional support needs. Pay increases in recent years, including the Single Status settlement of 2014 which added around £40k to the salaries budget, have not been funded centrally. Supported Living is able to contain costs by not requiring sleep-in staff, having fewer staff on shift, and having more flexibility as to when and how the staff are deployed, topping up core staff hours with bank staff. This model is difficult to replicate in Residential care.

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

This overspend is currently being mitigated by underspending in parts of day services and increased income from Eastway and JMC.

## **Adult Social Care: other management action 2018/19**

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

We are renewing our focus on several areas

- Transitions from Children's to Adult Services
- Ensuring that Direct Payments are used for the designated purposes
- Staff rostering in in-house services to minimise the use of agency and bank staff

## **C&H - Other Services**

### **Libraries - £12k overspend**

The Library & Heritage Service is reporting a slight increase in overspend due to reduced take up of the Schools Library Service, which impacts on income collection. Salary forecasts have also been reviewed and costs have also gone up to reflect maternity cover.

### **Merton Adult Education – Breakeven**

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

### **Housing - £359k overspend**

Housing is forecasting an over spend as at July'18 of £359k which is an increase of £228k since June'18. This is due to the shortfall in subsidy and reduction in client contributions.

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

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

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

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

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

### **Demand arrangement**

This revolves around increasing homeless prevention activities and providing housing solutions

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

This service continues to maintain the lowest numbers of homeless households in temporary accommodation (TA) in London, as at the end of July 2018 there were 175 households in TA accommodation.

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

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

## Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Jul'18) £'000	Forecast Variances (Jun'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	769	528	909
Temporary Accommodation-Client Contribution	(140)	(565)	(622)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	(81)	(60)	(160)
Temporary Accommodation-Subsidy Shortfall	322	517	280	517
Temporary Accommodation- Grant	-	(466)	(166)	(406)
<b>Sub-total Temporary Accommodation</b>	<b>512</b>	<b>174</b>	<b>(40)</b>	<b>259</b>
Housing Other Budgets-Over(under)spend	1,317	185	169	(3)
<b>Total</b>	<b>1,829</b>	<b>359</b>	<b>131</b>	<b>256</b>

### Temporary Accommodation (TA) Movements to date

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

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

### Public Health - £109k overspend

This service is forecasted overspend remains unchanged at £109k. The service had identified mitigating actions which it anticipates will result in a breakeven position. There is however an unexpected additional pressure due to the on-set of a new sexual health bug.

Mitigating actions to contain pressures on the demand led sexual health services include:

- In-depth work/review of the key drivers and activity trends behind these financial pressures, which will ensure we better understand the need/demand and people accessing services.
- Channel shift of asymptomatic clients to online Pan London Service.
- Providers outside of Merton moving from shadow tariffs to agreed ISH rates;- (Chelsea & Westminster, Guys & St Thomas, Imperial and Kings).

## Corporate Items

The details comparing actual expenditure up to 31<sup>st</sup> July 2018 against budget are contained in Appendix 2. The main areas of variance as at 31st July 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (Jun.) £000s	2016/17 Year end Variance £000s
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,371</b>	<b>(32)</b>	<b>(32)</b>	<b>(103)</b>
Investment Income	(759)	(759)	0	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,347	1,347	0	0	(736)
Contingencies and provisions	4,291	4,291	0	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(1,899)	(1,899)	0	0	2,445
<b>Central Items</b>	<b>4,959</b>	<b>4,959</b>	<b>0</b>	<b>0</b>	<b>(823)</b>
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(4,708)</b>	<b>(4,740)</b>	<b>(32)</b>	<b>(32)</b>	<b>(926)</b>

There are no major changes to the forecast this month.

## 4 Capital Programme 2018-22

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

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Current Budget 21/22	Variance	Revised Budget 21/22
CS	10,062	(184)	9,878	26,002	250	26,252	3,945	0	3,945	12,150	-67	12,083
C&H	932		932	480	0	480	630	0	630	280	0	280
CSF	11,497	10	11,507	13,626	0	13,626	3,202	0	3,202	650	0	650
E&R	19,659	151	19,810	8,060	0	8,060	7,517	0	7,517	7,264	0	7,264
<b>TOTAL</b>	<b>42,150</b>	<b>(23)</b>	<b>42,127</b>	<b>48,168</b>	<b>250</b>	<b>48,418</b>	<b>15,294</b>	<b>0</b>	<b>15,294</b>	<b>20,344</b>	<b>(67)</b>	<b>20,277</b>

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

### Capital Budget Monitoring July 2018

Department	2018/19 Actuals £	Profiled Budget To July £	Variance £	Revised Annual Budget £	July Year End Forecast £	Forecast Full Year Variance £
Corporate Services	1,527,206	2,626,840	(1,099,634)	9,878,040	9,461,777	(416,263)
Community and Housing	264,387	379,310	(114,923)	931,990	930,323	(1,667)
Children Schools & Families	1,553,435	3,315,360	(1,761,925)	11,506,450	11,162,890	(343,560)
Environment and Regeneration	4,022,986	2,196,488	1,826,498	19,810,310	19,777,793	(32,517)
<b>Total</b>	<b>7,368,014</b>	<b>8,517,998</b>	<b>(1,149,983)</b>	<b>42,126,790</b>	<b>41,332,783</b>	<b>(794,007)</b>

- a) Corporate Services – There is currently one projected in year underspend Customer Contact (£416k). Budget of £67k is being re-profiled from 2021/22 into 2018/19 to meet costs associated with the purchase of 22 Abbotsbury Road.
- b) Community and Housing – Officers are projecting a small underspend of (£2k) on Libraries IT.
- c) Children, Schools and Families – Officers are currently projecting two underspend of (£144k) in Harris Academy Morden and (£200k) St Mark's Academy, the re-profiling of these two schemes is currently under review.
- d) Environment and Regeneration – Officers are currently projecting one underspend of (£33k) in Parks Investment.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month, these are summarised below.

Scheme	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Narrative
<b>Corporate Service</b>					
Acquisitions Budget	66,500	0	0	(66,500)	For the Acquisition of 22 Abbotsbury Road
Data Centre Support Equipment	(250,000)	250,000	0	0	Re-profiled in accordance with projected spend
<b>Children, Schools and Families</b>					
Cranmer	(6,000)	0	0	0	Virement from Cramer back to the Unallocated Scheme
Gorringe Park	(20,000)	0	0	0	Virement to Hollymount
Melbury College - SMART Centre	(30,000)	0	0	0	Works has been cancelled for 18/19, contribution removed and remaining budget vired to Hollymount
Hollymount Primary School	59,850	0	0	0	Vired form Gorringe and Melbury College, £5k school contribution and £14.87k Insurance Fund Contribution.
Unlocated Primary School Proj	6,000	0	0	0	Balance of Unallocated Budget
<b>Environment and Regeneration</b>					
Figges Marsh Bus Priority Scheme	(1)	150,000	0	0	New TfL Funding
<b>Total</b>	<b>(23,650)</b>	<b>250,000</b>	<b>0</b>	<b>(66,500)</b>	

(1) Requires Cabinet Approval

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

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051				(18,656)	9,878
Community & Housing	773	165	(5)			0	932
Children Schools & Families	15,158	924		928	15	(5,518)	11,507
Environment and Regeneration	21,853	919		1,751		(4,713)	19,810
<b>Total</b>	<b>61,266</b>	<b>7,059</b>	<b>(5)</b>	<b>2,679</b>	<b>15</b>	<b>(28,887)</b>	<b>42,127</b>



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

Depts.	Spend To July 2015	Spend To July 2016	Spend To July 2017	Spend to July 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
<b>CS</b>	221	242	417	1,527	1,306	1,285	1,110
<b>C&amp;H</b>	23	65	114	264	242	199	150
<b>CSF</b>	4,109	1,167	682	1,553	(2,556)	386	871
<b>E&amp;R</b>	767	3,074	2,642	4,023	3,255	949	1,381
<b>Total Capital</b>	<b>5,121</b>	<b>4,549</b>	<b>3,855</b>	<b>7,368</b>	<b>942</b>	<b>1,535</b>	<b>2,403</b>

Outturn £000s	29,327	30,626	32,230	
Budget £000s				42,127
Projected Spend July 2018 £000s				41,333
Percentage Spend to Budget				17.49%
% Spend to Outturn/Projection	17.46%	14.85%	11.96%	17.83%
Monthly Spend to Achieve Projected Outturn £000s				4,246

4.6 July is one third of the way through the financial year and departments have spent just under 20% of the budget. Spend to date is higher than each of the previous financial years shown.

Department	Spend To June 2018 £000s	Spend To July 2018 £000s	Increase £000s
<b>CS</b>	652	1,527	875
<b>C&amp;H</b>	176	264	88
<b>CSF</b>	548	1,553	1,005
<b>E&amp;R</b>	2,300	4,023	1,723
<b>Total Capital</b>	<b>3,677</b>	<b>7,368</b>	<b>3,691</b>

4.7 During July 2018 officers spent £3.691 million. If spend can be maintained throughout the rest of the financial year then this will result in a higher outturn than the last three financial years. Finance officers will continue to work with budget managers to re-profile budgets across the approved programme.

## 5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 4 Forecast Shortfall	Period 3 Forecast Shortfall	Period Forecast Shortfall (P4)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	340	13.7%	0
Environment and Regeneration	1,874	1,238	636	486	33.9%	127
<b>Total</b>	<b>6,585</b>	<b>5,172</b>	<b>1,413</b>	<b>1,301</b>	<b>21.5%</b>	<b>502</b>

Appendix 6 details the progress on savings for 2018/19 by department, with the position deteriorating by £112k since last month.

### Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 4 Projected shortfall	2019/20 Period 4 Projected shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7			0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	1,953	1,114	45	1,114	45
<b>Total</b>	<b>10,398</b>	<b>2,357</b>	<b>1,263</b>	<b>94</b>	<b>1,263</b>	<b>94</b>

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

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

## 7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

## 8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

## 9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

## **10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

10.1 Not applicable

## **11. CRIME AND DISORDER IMPLICATIONS**

11.1 Not applicable

## **12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

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

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

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

## **14. BACKGROUND PAPERS**

14.1 Budgetary Control files held in the Corporate Services department.

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## APPENDIX 1

### Summary Position as at 31st July 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2017/18 £000
<b>Department</b>	-	-	-	-	-	-
3A. Corporate Services	9,495	10,529	9,311	(1,218)	(1,160)	(812)
3B. Children, Schools and Families	56,145	56,495	59,899	3,404	3,877	2,249
<b>3C. Community and Housing</b>	-	-	-	-	-	-
Adult Social Care	58,778	59,245	59,263	18	537	646
Libraries & Adult Education	2,771	2,692	2,704	12	9	20
Housing General Fund	2,207	2,141	2,500	359	131	256
3D. Public Health	(0)	0	108	108	109	0
3E. Environment & Regeneration	17,951	18,540	17,841	(698)	(830)	-1,211
<b>NET SERVICE EXPENDITURE</b>	<b>147,345</b>	<b>149,642</b>	<b>151,627</b>	<b>1,985</b>	<b>2,673</b>	<b>1,148</b>
<b>3E. Corporate Items</b>	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	8,371	(32)	(32)	(103)
Other Central items	(12,353)	(14,692)	(14,692)	0	0	(823)
Levies	938	938	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(5,351)</b>	<b>(5,383)</b>	<b>(32)</b>	<b>(32)</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,333</b>	<b>144,292</b>	<b>146,244</b>	<b>1,953</b>	<b>2,641</b>	<b>222</b>
<b>Funding</b>	-	-	-	-	-	-
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
<b>Grants</b>	<b>(56,894)</b>	<b>(56,894)</b>	<b>(56,894)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
<b>Council Tax</b>	-	-	-	-	-	-
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPCC	(331)	(331)	(331)	0	0	0
<b>Council Tax and Collection Fund</b>	<b>(87,439)</b>	<b>(87,439)</b>	<b>(87,439)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>(0)</b>	<b>(42)</b>	<b>1,911</b>	<b>1,953</b>	<b>607</b>	<b>(265)</b>

## Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (Jun.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	2,105	2,132	8,371	(32)	(32)	(103)
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,403</b>	<b>8,403</b>	<b>2,105</b>	<b>2,132</b>	<b>8,371</b>	<b>(32)</b>	<b>(32)</b>	<b>(103)</b>
<b>Investment Income</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(253)</b>	<b>(233)</b>	<b>(759)</b>	<b>0</b>	<b>0</b>	<b>408</b>
<b>Pension Fund</b>	<b>3,346</b>	<b>3,346</b>	<b>3,346</b>	<b>0</b>	<b>0</b>	<b>3,346</b>	<b>0</b>	<b>0</b>	<b>(389)</b>
Corporate Provision for Pay Award	2,108	2,108	969		0	969	0	0	0
Provision for excess inflation	378	378	378		0	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
<b>Pay and Price Inflation</b>	<b>2,486</b>	<b>2,486</b>	<b>1,347</b>	<b>0</b>	<b>0</b>	<b>1,347</b>	<b>0</b>	<b>0</b>	<b>(736)</b>
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,500)
Single Status/Equal Pay	100	100	100		10	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Apprenticeship Levy	450	450	450	150	(60)	450	0	0	(235)
Revenuisation and miscellaneous	1,361	1,361	1,361		252	1,361	0	0	(432)
<b>Contingencies/provisions</b>	<b>4,291</b>	<b>4,291</b>	<b>4,291</b>	<b>150</b>	<b>201</b>	<b>4,291</b>	<b>0</b>	<b>0</b>	<b>(2,447)</b>
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
<b>Income items</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>0</b>	<b>(6)</b>	<b>(1,367)</b>	<b>0</b>	<b>0</b>	<b>(104)</b>
Appropriations: CS Reserves	0	0	(555)	(555)	(555)	(555)	0	0	0
Appropriations: E&R Reserves	4	4	4	4	43	4	0	0	2
Appropriations: CSF Reserves	49	49	47	47	28	47	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
<b>Appropriations/Transfers</b>	<b>(1,342)</b>	<b>(1,342)</b>	<b>(1,899)</b>	<b>(1,899)</b>	<b>(485)</b>	<b>(1,899)</b>	<b>0</b>	<b>0</b>	<b>2,445</b>
<b>Depreciation/Impairment</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>(3,950)</b>	<b>(3,950)</b>	<b>(5,646)</b>	<b>103</b>	<b>1,610</b>	<b>(5,678)</b>	<b>(32)</b>	<b>(32)</b>	<b>(926)</b>
<b>Levies</b>	<b>938</b>	<b>938</b>	<b>938</b>	<b>380</b>	<b>380</b>	<b>938</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(3,012)</b>	<b>(4,708)</b>	<b>483</b>	<b>1,990</b>	<b>(4,740)</b>	<b>(32)</b>	<b>(32)</b>	<b>(926)</b>

### Pay and Price Inflation as at July 2018

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

#### Pay:

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

#### Prices:

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

Rising prices for computer games and transport fares produced the largest upward contributions to change in the 12-month rate between July and July 2018, although computer game prices tend to be highly variable from month to month. The upward effects were offset by falls in prices for clothing and footwear, and the removal of initial charges for investment in some unit trusts. Prices for clothing and footwear fell by 0.4% between July 2017 and July 2018, the first time the 12-month rate has been negative since October 2016..

The RPI 12-month rate for July 2018 stood at 3.2%, down from 3.4% in July 2018.

#### Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 1 August 2018, the MPC voted unanimously to increase the Bank Rate by 0.25% to 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The next Bank Rate decision by the MPC is on 13 September 2018.

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

In the August 2018 Inflation Report, the MPC noted that "The economy's supply capacity is judged likely to grow at a subdued pace — of around 1½% per year on average — over the forecast period. That is slightly lower than demand growth, with unemployment projected to fall a little further as a result and the economy moving into excess demand by late 2019. CPI inflation has fallen back since the beginning of 2018, but remains above the MPC's 2% target. The inflation overshoot reflects the

impact of external cost pressures from import and energy prices. Inflation is projected to fall further towards the target as those effects wane, more than offsetting building domestic inflationary pressures. Under the market path for Bank Rate, inflation is judged likely to decline towards the target, reaching 2% in the third year of the forecast period. The projection is higher than in July, mainly reflecting the effect of the recent depreciation of sterling. The risks around the inflation projection remain balanced.”

In the minutes to its August 2018 meeting the MPC stated that “Annual CPI inflation had been 2.4% in July, weaker than expected. Although it was possible that recent CPI data were signalling slightly weaker inflationary pressures, the judgement was that the news had been largely erratic. Indeed, recent developments in energy prices and the exchange rate meant that the shorter term inflation outlook was a little stronger than it had been at the time of the July Report. The combined contribution of those pressures was projected to ease over the forecast period. Taking external and domestic influences together, and conditioned on the gently rising path of Bank Rate implied by current market yields, CPI inflation remained slightly above 2% throughout most of the forecast period, reaching the target in the third year... Although the global outlook was a little softer, recent data appeared to confirm that the dip in UK output in the first quarter had been temporary, with momentum recovering in the second quarter. The labour market had continued to tighten and unit labour cost growth had firmed. Given these developments, a 0.25 percentage point increase in Bank Rate was warranted at this meeting to return inflation sustainably to the target.”

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 (August 2018)

	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.8	3.0	2.2
RPI	2.6	3.6	3.2
LFS Unemployment Rate	3.9	4.8	4.2
2019 (Quarter 4)			
CPI	1.5	3.5	2.1
RPI	2.2	4.2	3.0
LFS Unemployment Rate	3.7	5.2	4.3

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

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

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



## Treasury Management: Outlook

At its meeting ending on 1 August 2018, the MPC voted unanimously to increase the Bank Rate by 0.25% to 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the August 2018 Inflation Report, the MPC discussed potential trends in Bank Base Rate over the current planning period. Over the period covered by the MTFs, it is the MPC's view that "Inflation was 2.4% in July, above the target due to sterling's past depreciation and higher energy prices. Those external cost pressures are projected to dissipate over the forecast period, though at a slightly slower rate than projected in July following the further fall in the sterling exchange rate over the past three months. GDP growth appears to have recovered in Q2. UK demand is expected to continue to grow at a modest pace which, given subdued potential supply growth, is likely to be more than sufficient to use up the very limited degree of slack remaining in the economy. Conditioned on a path for Bank Rate that rises to 1.1% over the next three years, a small margin of excess demand is likely to emerge by late 2019 and to build thereafter, raising domestic inflationary pressures. Taken together with diminishing external pressures, CPI inflation is projected to decline towards the target, reaching 2% in the third year of the forecast period."

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

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

Source: Bank of England Inflation Reports

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

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

1. global demand grows at above-potential rates

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

### Merton Capital Programme July 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To July	Variance	Revised Annual Budget	July Year End Forecast	Forecast Full Year Variance
<b>Capital</b>	<b>7,368,014</b>	<b>8,517,998</b>	<b>(1,149,983)</b>	<b>42,126,790</b>	<b>41,332,783</b>	<b>(794,007)</b>
<b>Corporate Services</b>	<b>1,527,206</b>	<b>2,626,840</b>	<b>(1,099,634)</b>	<b>9,878,040</b>	<b>9,461,777</b>	<b>(416,263)</b>
<b>Business Improvement</b>	<b>86,267</b>	<b>58,970</b>	<b>27,297</b>	<b>2,412,980</b>	<b>1,996,717</b>	<b>(416,263)</b>
Customer Contact Programme	4,305		4,305	1,899,010	1,482,747	(416,263)
IT Systems Projects	33,962	58,970	(25,008)	363,970	363,970	0
Social Care IT System	48,000		48,000	150,000	150,000	0
<b>Facilities Management Total</b>	<b>744,670</b>	<b>1,205,720</b>	<b>(461,050)</b>	<b>3,301,220</b>	<b>3,301,220</b>	<b>0</b>
Works to other buildings	22,839	195,040	(172,201)	695,040	695,040	0
Civic Centre	78,567	268,430	(189,863)	568,430	568,430	0
Invest to Save schemes	643,264	742,250	(98,986)	2,037,750	2,037,750	0
<b>Infrastructure &amp; Transactions</b>	<b>631,269</b>	<b>1,230,100</b>	<b>(598,831)</b>	<b>2,005,290</b>	<b>2,005,290</b>	<b>0</b>
Disaster recovery site	393,638	140,000	253,638	394,290	394,290	0
Planned Replacement Programme	237,631	826,000	(588,369)	1,611,000	1,611,000	0
<b>Resources</b>		<b>132,050</b>	<b>(132,050)</b>	<b>132,050</b>	<b>132,050</b>	<b>0</b>
ePayments System		91,050	(91,050)	91,050	91,050	0
Invoice Scanning SCIS/FIS		41,000	(41,000)	41,000	41,000	0
<b>Corporate Items</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>2,026,500</b>	<b>2,026,500</b>	<b>0</b>
Acquisitions Budget	65,000		65,000	66,500	66,500	0
Housing Company			0	1,500,000	1,500,000	0
Westminster Ccl Coroners Court			0	460,000	460,000	0
<b>Community and Housing</b>	<b>264,387</b>	<b>379,310</b>	<b>(114,923)</b>	<b>931,990</b>	<b>930,323</b>	<b>(1,667)</b>
<b>Adult Social Care</b>	<b>0</b>	<b>48,970</b>	<b>(48,970)</b>	<b>43,750</b>	<b>43,750</b>	<b>0</b>
ASC IT Equipment		5,220	(5,220)			0
Telehealth		43,750	(43,750)	43,750	43,750	0
<b>Housing</b>	<b>257,275</b>	<b>313,600</b>	<b>(56,325)</b>	<b>771,500</b>	<b>771,500</b>	<b>0</b>
Disabled Facilities Grant	257,275	313,600	(56,325)	771,500	771,500	0
<b>Libraries</b>	<b>7,113</b>	<b>16,740</b>	<b>(9,627)</b>	<b>116,740</b>	<b>115,073</b>	<b>(1,667)</b>
Library Enhancement Works	7,113	16,740	(9,627)	16,740	16,740	0
Libraries IT			0	100,000	98,333	(1,667)

**Merton Capital Programme July 2018 Monitoring**

<b>Narrative</b>	<b>2018/19 Actuals</b>	<b>Profiled Budget To July</b>	<b>Variance</b>	<b>Revised Annual Budget</b>	<b>July Year End Forecast</b>	<b>Forecast Full Year Variance</b>
<b>Children Schools &amp; Families</b>	<b>1,553,435</b>	<b>3,315,360</b>	<b>(1,761,925)</b>	<b>11,506,450</b>	<b>11,162,890</b>	<b>(343,560)</b>
<b>Primary Schools</b>	<b>64,809</b>	<b>791,330</b>	<b>(726,521)</b>	<b>836,050</b>	<b>836,050</b>	<b>0</b>
Hollymount			0	59,850	59,850	0
Hatfeild	0	50,000	(50,000)	50,000	50,000	0
Hillcross			0			0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(22,245)	50,980	(73,225)	50,980	50,980	0
Poplar	(8,371)	40,000	(48,371)	40,000	40,000	0
Wimbledon Park		23,500	(23,500)	23,500	23,500	0
Abbotsbury	(628)		(628)			0
Morden	8,292	74,380	(66,088)	74,380	74,380	0
Cranmer	528	72,000	(71,472)	66,000	66,000	0
Gorringe Park	6,401	60,000	(53,600)	40,000	40,000	0
Haslemere	3,023	50,000	(46,977)	50,000	50,000	0
Liberty	7,400	70,000	(62,600)	70,000	70,000	0
Links	(690)		(690)	0		0
Singlegate		11,000	(11,000)	11,000	11,000	0
St Marks	8,000	99,240	(91,240)	99,240	99,240	0
Lonesome	264	55,000	(54,736)	55,000	55,000	0
Stanford	60,000	132,330	(72,330)	132,330	132,330	0
Unlocated Primary School Proj			0	10,870	10,870	0
<b>Secondary School</b>	<b>783,605</b>	<b>1,428,210</b>	<b>(644,605)</b>	<b>6,460,090</b>	<b>6,116,404</b>	<b>(343,686)</b>
Harris Academy Morden			0	143,560	0	(143,560)
Harris Academy Merton	301,920	173,130	128,790	444,090	444,090	0
St Mark's Academy		50,000	(50,000)	200,000	0	(200,000)
Rutlish			0	495,000	495,000	0
Harris Academy Wimbledon	481,685	1,205,080	(723,395)	5,177,440	5,177,314	(126)
<b>SEN</b>	<b>584,234</b>	<b>1,246,860</b>	<b>(662,626)</b>	<b>3,689,710</b>	<b>3,689,836</b>	<b>126</b>
Perseid	530,868	475,960	54,908	935,960	935,960	0
Cricket Green	53,158	632,970	(579,812)	2,305,730	2,305,856	126
Secondary School Autism Unit		30,000	(30,000)	160,000	160,000	0
Unlocated SEN	208	77,930	(77,722)	288,020	288,020	0
Melbury College - Smart Centre		30,000	(30,000)	0	0	0
<b>CSF Schemes</b>	<b>120,787</b>	<b>(151,040)</b>	<b>271,827</b>	<b>520,600</b>	<b>520,600</b>	<b>0</b>
CSF - IT Schemes	3,735	58,310	(54,575)	58,310	58,310	0
School Equipment Loans		(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	117,052		117,052	353,390	353,390	0

**Merton Capital Programme July 2018 Monitoring**

Narrative	2018/19 Actuals	Profiled Budget To July	Variance	Revised Annual Budget	July Year End Forecast	Forecast Full Year Variance
<b>Environment and Regeneration</b>	<b>4,022,986</b>	<b>2,196,488</b>	<b>1,826,498</b>	<b>19,810,310</b>	<b>19,777,793</b>	<b>(32,517)</b>
<b>Public Protection and Developm</b>	<b>219</b>	<b>0</b>	<b>219</b>	<b>39,490</b>	<b>39,490</b>	<b>0</b>
CCTV Investment	219		219	39,490	39,490	0
<b>Street Scene &amp; Waste</b>	<b>4,046</b>	<b>227,630</b>	<b>(223,584)</b>	<b>6,008,630</b>	<b>6,008,630</b>	<b>0</b>
Fleet Vehicles		156,400	(156,400)	562,900	562,900	0
Alley Gating Scheme	4,046	15,000	(10,954)	40,000	40,000	0
Smart Bin Leases - Street Scen			0	5,500	5,500	0
Waste SLWP		56,230	(56,230)	5,400,230	5,400,230	0
<b>Sustainable Communities</b>	<b>4,018,720</b>	<b>1,968,858</b>	<b>2,049,863</b>	<b>13,762,190</b>	<b>13,729,673</b>	<b>(32,517)</b>
Street Trees			0	60,000	60,000	0
Highways & Footways	575,003	883,790	(308,787)	4,479,880	4,479,880	0
Cycle Route Improvements	173,266	200,200	(26,934)	480,830	480,850	20
Mitcham Transport Improvements	20,515	56,680	(36,165)	713,680	713,680	0
Mitcham Area Regeneration	8,210	124,360	(116,150)	186,360	186,360	0
Borough Regeneration	212,405	200,820	11,585	559,590	559,590	0
Morden Leisure Centre	2,904,706		2,904,706	6,203,360	6,203,360	0
Sports Facilities	(178)		(178)	446,960	446,960	0
Parks	124,793	449,118	(324,325)	577,640	545,103	(32,537)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

## Virement, Re-profiling and New Funding - July 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
<b>Corproate Service</b>	-									
Acquisitions Budget		0			66,500	66,500	0	0	0	For the Acquisition of 22 Abbotsbury Road
Data Centre Support Equipment		300,000			(250,000)	50,000	0	250,000	250,000	Re-profiled in accordance with projected spend
<b>Children, Schools and Families</b>	-					0				
Cranmer		72,000	(6,000)			66,000				Virement from Cramer back to the Unallocated Scheme
Gorringe Park		60,000	(20,000)			40,000				Virement to Hollymount
Melbury College - SMART Centre		30,000	(20,000)	(10,000)		0				Works has been cancelled for 18/19, contribution removed and remaining budget vired to Hollymount
Hollymount Primary School		0	40,000	19,850		59,850				Vired form Gorringe and Melbury College, £5k school contribution and £14.87k Insurance Fund Contribution.
Unlocated Primary School Proj		4,870	6,000			10,870				Balance of Unallocated Budget
<b>Environment and Regeneration</b>										
Figs Marsh Bus Priority Scheme	(1)	0		150,000		150,000				New TfL Funding
<b>Total</b>		466,870	0	159,850	(183,500)	443,220	0	250,000	250,000	

Requires Cabinet Approval

## Virement, Re-profiling and New Funding - July 2018

Appendix 5b

		2020/21 Budget	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Reprofiling	Revised 2021/22 Budget	Narrative
-	-	£	£	£	£	£	£	
<b>Corproate Service</b>	-							
Acquisitions Budget		0	0	0	7,101,680	(66,500)	7,035,180	For the Acquisition of 22 Abbotsbury Road
<b>Total</b>		0	0	0	7,101,680	(66,500)	7,035,180	

## Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed Cap. Prog. June Monitoring</b>	<b>29,791</b>	<b>12,360</b>	<b>42,150</b>
<b><u>Corporate Services</u></b>			
Capital Bidding Fund	67	0	67
Data Centre Support Equipment	(250)	0	(250)
<b><u>Children, Schools and Families</u></b>			
Melbury College - SMART Centre	0	(10)	(10)
Hollymount Primary School	15	5	20
<b><u>Environment and Regeneration</u></b>			
Figges Marsh Bus Priority Scheme	0	150	150
<b>Proposed Capital Programme</b>	<b>29,622</b>	<b>12,505</b>	<b>42,127</b>

## Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed Cap. Prog. June Monitoring</b>	<b>43,849</b>	<b>4,319</b>	<b>48,168</b>
<b><u>Corporate Services</u></b>			
Data Centre Support Equipment	250	0	250
<b>Proposed Capital Programme</b>	<b>44,099</b>	<b>4,319</b>	<b>48,418</b>

## Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed Cap. Prog. June Monitoring</b>	11,614	3,680	15,294

## Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed Cap. Prog. June Monitoring</b>	18,702	1,642	20,344
<b><u>Corporate Services</u></b>			
Capital Bidding Fund	(67)	0	(67)
<b>Proposed Capital Programme</b>	18,636	1,642	20,277



APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 4 Forecast Shortfall	Period 3 Forecast Shortfall	Period Forecast Shortfall (P4)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	340	13.7%	0
Environment and Regeneration	1,874	1,238	636	486	33.9%	127
<b>Total</b>	<b>6,585</b>	<b>5,172</b>	<b>1,413</b>	<b>1,301</b>	<b>21.5%</b>	<b>502</b>

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
<b>Adult Social Care</b>											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	John Morgan	Achieved as at period 4 (cumulative reduction in placement spend April to July)	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	38	62	R	100	0	G	Richard Ellis	Work is ongoing regarding the integration model for mental health	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	A	38	0	G	Steve Langley	Project lead recruitment in progress. Plan & timetable in place	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	A	50	0	G	Phil Howell	Analysis done. Project resource to be allocated	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	100	0	A	Richard Ellis	Not achievable in 1819	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis	Additional income from more efficient processes. £115k achieved to date	Y
<b>Subtotal Adult Social Care</b>		<b>1,506</b>	<b>1,344</b>	<b>162</b>		<b>1,506</b>	<b>0</b>				
<b>Library &amp; Heritage Service</b>											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	Anthony Hopkins		Y
<b>Housing Needs &amp; Enabling</b>											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	A	62	0	G	Steve Langley	Work on demand and resources is in progress, alongside a review of housing related support contracts.	Y

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

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

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N	
<b>SUSTAINABLE COMMUNITIES</b>												
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G	18	0	G	James McGinlay		N	
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G	100	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N	
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N	
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N	
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y	
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N	
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N	
<b>PUBLIC PROTECTION</b>												
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	Cathryn James		N	
Page 21	ENV15	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	Cathryn James	£13k saving will be made in CCTV but equipment savings of £47k will not be achieved in Parking due to continued necessary expenditure on P&D maintenance / technical team operations.	Y
ENR10	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R	0	40	R	Cathryn James	Alternative saving required	Y	
ENR9	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	Cathryn James	Commercial income generating team to be established as part of the proposed restructure of regulatory services. Currently investigating charging for food hygiene rating rescues.	Y	
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	22	22	R	44	0	G	Cathryn James	Implementation of saving delayed due to May 18 elections. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y	
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	In May 2017, we were advised that members wanted options to review/increase permit prices for all Parking activities. These options have now been collated for presentation to the new Cabinet member following the May 18 election. Any increase in season tickets will form part of this as extensive work will be needed to change relevant TMOs / statutory notices etc. Once decided, it is unlikely that any price increases will be implemented before April 19. Shortfall will be mitigated by over-achievement in other revenue streams	Y	
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N	

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b>PUBLIC SPACE</b>											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G	4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G	5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G	100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G	-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award	N
ENV18	Greenspaces: Increased income from events in parks	100	100	0	A	100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	N
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G	9	0	G	Anita Cacchioli	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	Alternative saving required	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	0	150	R	150	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	0	35	R	35	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENR	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENR	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	This can no longer be delivered as LB Sutton no longer require this service.	Y
<b>Total Environment and Regeneration Savings 2017/18</b>		<b>1,874</b>	<b>1,238</b>	<b>636</b>		<b>1,747</b>	<b>127</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

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

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

## APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 4 Projected shortfall	2019/20 Period4 Projected shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7			0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	1,953	1,114	45	1,114	45
<b>Total</b>	<b>10,398</b>	<b>2,357</b>	<b>1,263</b>	<b>94</b>	<b>1,263</b>	<b>94</b>



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

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

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend ? Y/N
<b>Adult Social Care</b>											
CH57	<b>Staff savings:</b> transfer of savings from housing	50	19	R	0	G	0	G	Richard Ellis	To be met from housing related support review	Y
CH35, CH36, CH52	<b>Supporting People:</b> re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R	100	R	0	G	Richard Ellis	Work on re-commissioning in progress	Y
<b>Library &amp; Heritage Service</b>											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	33	R	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
<b>Housing Needs &amp; Enabling</b>											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	R	49	R	49	R	Steve Langley		Y
	<b>Total C &amp; H Savings for 2017/18</b>		<b>201</b>		<b>149</b>		<b>49</b>			<b>The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&amp;H</b>	

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>														
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	214										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	82	0	G	82	0	G	82	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R34	Alternative delivery model of highway safety inspection service	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	25	0	G	James McGinlay	Contract renegotiated	N
E&R37	Introduction of Lane rental approach to Highways works to assist in reducing congestion.	50										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R41	Staff restructure	80										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
D&BC1	Fast track of householder planning applications	55	0	55	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	0	45	R	0	45	R	James McGinlay	Alternative saving required	Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices	10	0	10	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G	James McGinlay		N
ENV16	Further reductions in the highways maintenance contract costs following reprocurement. Part year effect in 17/18 due to contract start date mid year.	65										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV17	Reduction in reactive works budget	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV20	Increased income from building control services.	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	10	0	G	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	8	0	G	8	0	G	James McGinlay		N
<b>SENIOR MANAGEMENT</b>														
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	G	19	0	G	Chris Lee		N
<b>PUBLIC PROTECTION</b>														
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	125	0	G	Cathryn James		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	163	0	G	Cathryn James		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G	-1540	0	G	-1540	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff transferred under TUPE to Merton on 1st November with the new expanded service expected to go live in August./September 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	70	0	G	70	0	G	70	0	G	Cathryn James		N
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	190	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	45	0	A	Cathryn James	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	R	0	70	R	70	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y
ENV06	Reduction in transport related budgets	46	0	46	R							Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	G	10	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particulary from diesel engined motor vehicles	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	G	16	0	G	Cathryn James		N
<b>PUBLIC SPACE</b>														
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	5	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	10	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	G	16	0	G	Anita Cacchioli		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,100	400	R	1186	314	R	1500	0	A	Anita Cacchioli	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under Litter/ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	G	-3	0	G	Anita Cacchioli		N
E&R25	joint procurement of greenspace services as part 2 of the Phase C WP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	G	59	0	G	Anita Cacchioli		Y
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	70	0	A	70	0	A	Anita Cacchioli		N
ENV13	Self savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	0	70	R	70	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV18	Increased income from events in parks	100	0	100	R							Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	90	0	G	90	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	G	24	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	62	98	R	160	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	0	191	R	62	129	R	191	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV26	Re-balancing of rounds	20	20	0	G	20	0	G	20	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	66	0	G	66	0	G	66	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	G	37	0	G	37	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	G	20	0	A	20	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	30	0	G	30	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	102	0	G	102	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	50	0	G	50	0	G	50	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
<b>Total Environment and Regeneration Savings 2016/17</b>		<b>3,218</b>	<b>1,265</b>	<b>1,953</b>		<b>1,723</b>	<b>1,114</b>		<b>2,792</b>	<b>45</b>				

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