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 14 January 2019**

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 or telephone 020 8545 3616.

All Press contacts: communications@merton.gov.uk, 020 8545 3181

Cabinet Agenda
14 January 2019

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 mater 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.

CABINET
10 DECEMBER 2018

(7.15 pm - 7.54 pm)

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

ALSO PRESENT: Councillor Nigel Benbow, David Chung, Daniel Holden and Peter Southgate

Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Rachael Wardell (Director, Children, Schools & Families Department), Paul Evans (Assistant Director of Corporate Governance), Roger Kershaw (Assistant Director of Resources) and Harriet Small (Communications Officer, Corporate Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

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 12 November 2018 are agreed as an accurate record.

The Chair advised that the order of the agenda would be altered and item 7 would be considered first. For ease of reference the items appear below as they did in the agenda.

4 REFERENCE FROM THE OVERVIEW AND SCRUTINY COMMISSION - FIRST ROUND OF BUDGET SCRUTINY (Agenda Item 4)

At the invitation of the Chair, Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission, spoke on the scrutiny referral report. The Commission and Panels had all raised concerns over the impact of the proposed savings on vulnerable people. However, there had been very little to scrutinise in the first round of the budget scrutiny process, although it was understood why and the Commission and Panels acknowledged the difficulty faced by the Cabinet in identifying savings to address the budget gap. He urged Cabinet to be aware of other possible measures, for example to consider the increase the cap on council tax cap rises from 3 to 5% before being required to by referendum, or the extension of the Adult Social Care precept.

The Leader thanked Councillor Southgate for his contributions and the work of the Commission and Panels.

The Deputy Leader and Cabinet Member for Finance echoed those thanks and highlighted the extensive work which had gone into the first round of the budget process. He acknowledged the concerns that savings from now on would have a disproportionate impact on vulnerable groups. The cuts in funding from central government had been so extreme that until now the savings found had been from other services, whilst trying to protect those from vulnerable groups. Now local authorities from up and down the country had reached a point where they were having to propose cuts to the services which benefited to vulnerable people because those were the only services left. He acknowledged that there would need to be further savings identified and a large amount of work had been carried out on finding additional savings to get closer to the target. As in previous years, the first round focused on the "in the round" position and the second round focussed on the detail.

The Deputy Leader and Cabinet Member for Finance addressed the recommendation of the Sustainable Communities Overview and Scrutiny Panel in relation to the proposed further saving from the borough's fleet, of which the Cabinet was broadly in support. However the proposal to use the money saved to increase capital spending on trees would need further work to assess whether that would be an appropriate use of the money. It was recognised that the trees would have a benefit to the community, but there was a concern that it would generate additional ongoing maintenance costs and there may be other ways of delivering additional trees through the planning process by placing an emphasis on landscaping in new applications. He also highlighted that the Government having delayed its announcement on the finance settlement was causing major concern to local authorities and that Cabinet would look at any announcements by the Government as soon as they were made. However the Cabinet took on board the comments of Scrutiny and thanked Councillor Southgate and his scrutiny colleagues for the work which they had done.

RESOLVED

That in taking decisions relating to the Business Plan 2019-23, the comments and recommendations made by the Overview and Scrutiny Commission and the outcomes of consideration by the Overview and Scrutiny Panels be taken into account.

5 DRAFT BUSINESS PLAN 2019-23 (Agenda Item 5)

The Deputy Leader and Cabinet Member for Finance presented the report and highlighted the uncertainty which had been caused by the delayed announcement from the Government on the financial settlement, the economic uncertainty around the Brexit negotiations and the delayed parliamentary vote, which was concerning for local businesses and local people.

In addition to substantial savings already agreed, the Council still had to identify a further £20m by 2022/23, which represented a quarter of the total council tax collected by the Council in one year. He highlighted the further £8.9m of savings identified and welcomed the input from the scrutiny process to ensure the Cabinet was proposing the right things. He acknowledged that the Council had been placed in a difficult position, however it was important to ensure a robust budget to avoid a situation similar to that of Northamptonshire County Council.

The Director of Corporate Services advised that the draft capital programme and capital strategy had been included for scrutiny to review; and requested comments on the draft service plans which would be fed into the next draft. Equalities impact assessments had been included to assist Members in their considerations and it was highlighted that not all savings proposals required an equalities assessment to be included. The draft outcome had been included at this stage and the documents would be updated as the budget process progressed. The MTFS contained the maximum assumptions around the increases in council tax and the Adult Social Care precept and these would be updated as appropriate as a result of any changes announced. It was not currently known when the Government's financial settlement would be announced, and this would potentially impact on the savings proposed.

The Leader thanked all for their contributions and stressed that the Council would do everything possible to ensure that it achieved a balanced budget and welcomed the input of the scrutiny process.

RESOLVED

1. That the draft savings/income proposals (Appendix 7 (a)) and associated draft equalities analyses (Appendix 9 (a)) put forward by officers be agreed and referred to the Overview and Scrutiny panels and Commission in January 2019 for consideration and comment.
2. That the savings and associated draft equalities analyses for the savings noted in October (Appendices 8 and 9(b)) be agreed.
3. That the latest amendments to the draft Capital Programme 2019-23 which was considered by Cabinet on 15 October 2018 and by scrutiny in November 2018 be agreed (Appendix 5).
4. That the proposed amendments to savings previously agreed (Appendix 7 (b) and (c)) be agreed.
5. That the proposed Council Tax Base for 2019/20 set out in paragraph 2.6 and Appendix 1 be agreed.
6. That the draft services plans be noted (Appendix 3).

6 FINANCIAL REPORT 2018/19 – OCTOBER 2018 (Agenda Item 6)

The Deputy Leader and Cabinet Member for Finance presented the financial monitoring report, which was predicting an approximate overspend of £1m by the end of the year which was partly due to the Government not having factored in the impact of the cost of children's services on the budget. He thanked all those involved in the budget monitoring and keeping within 0.2% of the overall budget.

The Director of Corporate Services added that a prior year adjustment had helped bring the overspend down, and officers were working with departments on some potential slippage into the next financial year. She also drew Cabinet's attention to the Capital adjustments and virements for approval.

RESOLVED

1. That the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.042 million, 0.19% of gross budget be noted.
2. That the adjustments to the Capital Programme contained in Appendix 5b be approved.

   That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme		**2018/19 Budget**	**2019/20 Budget**	**Narrative**
Corporate Service				
Customer Contact – Echo Integration	(1)	100,300	0	Funded by a Revenue Contribution from reserves to Capital
Regulatory Services Project	(1)	96,250	0	Funded by £8,333 Revenue Contributions from reserves and £87,917 contribution from Other LAs
Parking System	(1)	126,000	0	Funded by a Revenue Contribution from reserves to Capital
Civic Centre – Boilers	(1)	(200,000)	200,000	Re-profiled to reflect expected spending patterns
Civic Centre Imp & Adpts to Cttee Rms	(1)	88,000	0	Essential improvements and adaptions to committee rooms
Implementation of 5.5	(1)	79,800	0	£17,200 funded from virement from Invoice Scanning
Westminster Coroners Court	(1)	(460,000)	460,000	Merton's share of these costs expected in 2019-20
Total		**(169,650)**	**660,000**	

3. That the Environment and Regeneration alternative savings detailed within Appendix 8 be approved.
4. That the Community and Housing alternative savings detailed within Appendix 9 be approved.
5. That the Community and Housing transport virement in Appendix 10 be approved.

7 VEHICLE EMISSIONS, PUBLIC HEALTH AND AIR QUALITY - A STRATEGIC APPROACH TO PARKING CHARGES 2 (Agenda Item 7)

Councillor Tobin Byers, the Cabinet Member for Adult Social Care and Health presented the report, thanking officers from across the Council who had been involved in writing both this and the previous Cabinet report which had provided the background and context to the proposed review of parking charges.

Councillor Byers outlined the purpose of the report which built on the previous report by setting out a number of recommendations including moving to consultation and outlined the public health rationale for the proposed review, specifically to contribute to the objectives set out in the Health and Wellbeing Strategy and Air Quality Action Plan by improving air quality. He highlighted the benefits to public health that parking policy can contribute to, and that the review of parking policy was one of the tools at the Council's disposal in improving the health of its residents by shifting behaviour to less polluting vehicles and more sustainable modes of transport.

Councillor Martin Whelton, Cabinet Member for Regeneration, Housing and Transport presented the proposed parking charges element of the report. It had been a number of years since parking charges had been reviewed and charges had been frozen for a significant amount of time. He detailed the proposed consultation and the initial referral to scrutiny, as it was felt to be essential for scrutiny to look into the policies before Cabinet made a decision, as Cabinet valued the work that scrutiny carry out. The consultation would take place over the next four months before coming back to Cabinet, which would allow both the public and business to comment on the proposals which were essential in developing a strong policy framework to both improve air quality and reduce car usage in the borough.

The Director of Environment and Regeneration advised that reviewing parking policy was the only tool at the Council's disposal in improving air quality as it had no control over traffic passing through the Borough. Therefore it has to focus on addressing on and off street parking; and a number of other local authorities were considering similar reviews of parking policy. The report emphasised that the diesel levy would not be reviewed until the Council had collected enough data to assess it properly, and therefore this review had been deferred until 2019. There was a balance to be achieved between tackling air quality and supporting local businesses and recognising that residents have varying access to public transport.

At the invitation of the Chair, Eve Cohen addressed the Cabinet on the report in her capacity as a resident of the Borough. She addressed the proposal for free Christmas parking which she felt contradicted the aim to reduce the impact of emissions on air quality and favoured shoppers who were car owners rather than those shoppers who used other sustainable modes of transport and did not improve footfall in the town centres.

The Leader thanked everyone for their contributions to the discussion and emphasised that this was the start of a major consultation process with the public, local businesses and the cross-party scrutiny process.

RESOLVED

1. That officers be authorised to proceed to consultation on the recommended approach to and proposed charges for on and off-street parking and permits including visitor permit sales.
2. That the formal consultation process set out in appendix 7 be agreed and that Cabinet will have due regard to any comments raised as part of the formal consultation process in taking a final decision on whether to proceed with the implementation of any changes.
3. That authority be delegated to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Regeneration, Housing and Transport, to finalise the necessary consultation documentation as required.
4. That the report be referred to the Sustainable Communities Overview and Scrutiny Panel for their consideration and views before Cabinet makes a final decision and before consultation as referred to in Recommendation 1 and 2.

Committee: Cabinet

Date: 14 January 2019

Wards: All

Subject: Keeping young people safe in Merton

Lead officer: Rachael Wardell, Director Children Schools and Families

Lead member: Councillor Kelly Braund, Cabinet Member for Children's Services; Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities

Contact officer: Julia Regan, Head of Democracy Services, 0208 545 3864

Recommendations:

1. That Cabinet consider the report and recommendations arising from the joint scrutiny exercise with the youth parliament on the issue of keeping young people safe in Merton – attached as Appendix 1;
2. That Cabinet consider the draft officer response set out in Appendix 2 and decides how it wishes to respond to the recommendations of the scrutiny exercise;
3. That Cabinet decides whether it wishes to formally approve the response and action plan prior to it being submitted to the Overview and Scrutiny Commission, or whether it wishes to delegate this to the Director of Children Schools and Families.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report provides Cabinet with information about a Local Democracy Week event that scrutiny councillors held jointly with youth parliament members in order to give them some experience of the council's scrutiny processes. The theme of the event, chosen by the youth parliament, was keeping young people safe in Merton.

1.2. A report of the event was submitted to the Overview and Scrutiny Commission on 14 November 2018 and is attached as Appendix 1.

1.3. The Overview and Scrutiny Commission resolved to forward the recommendations to Cabinet. These recommendations and a draft officer response are set out in Appendix 2.

1.4. The Director of Children Schools and Families has chosen to submit a draft officer response alongside the scrutiny report in order to signal her support of the work done by the youth parliament and her commitment to encouraging their future involvement in scrutiny activities.

2 DETAILS

Joint Reference from the Youth Parliament and the Overview and Scrutiny Commission

2.1. The Chair of the Children and Young People Overview and Scrutiny Panel, asked the Head of Democracy Services to work with the Children Schools and Families Department so an event could be run during Local Democracy Week that would give young people some experience of and insight into our scrutiny processes.

2.2. This innovative and enjoyable event was held on Monday 15 October 2018. Five members of the Youth Parliament joined seven scrutiny councillors from all political groups on the council to take part in a focussed scrutiny exercise to discuss “what is Merton doing to help young people feel safe?”

2.3. The theme of the meeting was chosen by the Youth Parliament to provide them with an opportunity to present and discuss the results of a consultation the Young Advisers had carried out with 742 young people aged 11-20.

2.4. The meeting was chaired by Beverley, a youth parliament member.

2.5. Sergeant Mark Roberts, the Police lead on youth engagement, and Temitayo Oketunji, Victims Champion in Safer Merton, attended to outline their roles and to answer questions.

2.6. Each of the recommendations of the Young Advisors was discussed and agreed as follows:

1) to continue with making a documentary to raise awareness about crime within the borough
2) forums of decision makers should consult regularly in order to understand young peoples’ views and to keep up-to-date on their perspectives
3) schools and youth services to provide a link between young people and decision makers. This should include using school assemblies, workshops and class talks.
4) to work with young people to help them articulate what safe means to them and to understand what safe should look and feel like at home, at school and in the community. Requested support from the council in order to do this.
5) services work to reduce stereotypes and get to know people before judging them

Two further recommendations were agreed at the meeting:

6) police officers should invite police cadets to attend events to raise awareness of their role amongst young people
7) headteachers should ensure that the appointment of a new school police officer is announced at school assemblies prior to them taking up the role and should invite them to attend an assembly when they start.

2.7. The youth parliament members and councillors agreed that the note of this meeting should be presented to a meeting of the Overview and Scrutiny Commission so that the recommendations could be endorsed and referred to Cabinet for consideration. It was also agreed to involve young people more in scrutiny in future.

2.8. The Overview and Scrutiny Commission received the report at its meeting and endorsed the recommendations set out the report, with an additional recommendation from the Commission:

8) To consider the role that school governors may be able to take in supporting the recommendations made by the youth parliament

2.9. The Commission also suggested that recommendation 6) be expanded to include fire cadets and other youth groups.

2.10. The Overview and Scrutiny Commission resolved to forward the report to Cabinet for its consideration. Cabinet is requested to provide a formal response to the Commission within two months, setting out for each recommendation whether it is accepted and, if so, when it will be implemented.

2.11. The Director of Children Schools and Families has provided Cabinet with a draft officer response to the recommendations, set out in Appendix 2, to assist Cabinet with its consideration of how it wishes to respond.

3 ALTERNATIVE OPTIONS

3.1. Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.

3.2. Cabinet is not, however, required to agree and implement recommendations from overview and scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. The Young Advisors conducted consultation with 742 local young people aged 11-20. The results were presented to the scrutiny meeting and are summarised in the note in Appendix 1 of the report.

5 TIMETABLE

5.1. The report was approved by the Commission at its meeting on 14 November 2018 and it was agreed to present the report to Cabinet. Cabinet is asked to provide a formal response to the Commission at its meeting on 20 March 2019.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. None for the purposes of this covering report. Any specific resource implications will be identified and presented to Cabinet prior to agreeing an action plan for implementing the report's recommendations.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. None for the purposes of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purposes of this report.

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

- Appendix 1 – note of the joint Youth Parliament and Merton Council scrutiny exercise – keeping young people safe in Merton.
- Appendix 2 – draft officer response to the scrutiny recommendations

12 BACKGROUND PAPERS

12.1. None

APPENDIX 1

Local Democracy Week – joint Youth Parliament and Merton Council Scrutiny exercise – keeping young people safe in Merton, 15 October 2018

Five members of the Youth Parliament (of whom two were also Young Advisors) were joined by seven scrutiny councillors from all political groups on the council to take part in an exercise to address the question posed by the Youth Parliament - "what is Merton doing to keep young people safe?"

The objectives of this innovative event were to:

- give young people some experience of and insight into the council's scrutiny processes
- reach agreement on recommendations and future action in respect of keeping young people safe in Merton
- identify ways in which young people could be involved in future scrutiny activities

There was a preparatory hour during which:

- councillors explained the principles of scrutiny and how it works in Merton
- the two Young Advisors talked to the councillors about the results of the consultation they had conducted with 742 young people (aged 11-20) in the borough
- youth parliament members and councillors agreed a number of questions that they would put to the Safer Merton and Police witnesses
- it was agreed that youth parliament member, Beverley, would chair the formal meeting.

Beverley invited the two witnesses, Temitayo from Safer Merton and Mark from the Police to join the meeting.

The Young Advisors, Kimberley and Margaret, provided copies of their presentation and a written report of their consultation results. They gave a thorough and well-received presentation setting out the main findings of the consultation, their views on what the results might mean and their recommendations for action. The main points noted during discussion were:

- boys were much less likely to fill in the survey form than girls
- 23% of respondents gave no response to question "what does safe mean to you in Merton"
- Mitcham is perceived as the least safe area in the borough, Wimbledon as most safe
- 1 in 3 respondents were aware of someone who had committed a crime and 1 in 10 had been a victim of crime
- Stabbing and knife crime are perceived as most common crime

Mark Roberts, Merton Youth Engagement Sergeant, gave an overview of his responsibilities, in particular for school police officers, and the preventative measures taken (such as knife arches and weapon sweeps) to help make young people feel safe in Merton. He also provided detail of police cadet and other activity in Merton designed to divert young people from engaging in crime.

Temitayo Oketunji, Victims Champion in Safer Merton, described the work that Safer Merton carried out in partnership with the police and other organisations. This includes work on anti-social behaviour, hate crime and violence against women and girls.

Mark and Temitayo provided additional information in response to questions from the youth parliament members and councillors:

Police cadets

- The police cadets are publicised in a number of ways including through the school police officers, social media and word of mouth. There is a cadet co-ordinator who follows up enquiries.
- The gender mix is pretty even and membership is ethnically diverse
- There are about 100 cadets at the moment, aiming to reach 160 and to open a new unit

Knife crime

- Knife crime has reduced slightly in Merton over the past 12 months but the fear of crime is acknowledged and the police force is doing its best to reassure young people
- Young people sometimes carry a knife for protection but this is still an offence
- Police find stop and search to be a useful tool in combatting knife crime

Stop and search

- There is a legislative framework and a police officer must have good grounds for carrying out a stop and search, such as a report from the public. On 4 occasions in the past 3 weeks, CCTV footage has been used to follow up on exchange of drugs leading to arrests on each occasion.
- Councillors and youth parliament members endorsed usefulness of stop and search but expressed concerns that certain groups are targeted
- Youth parliament members were invited to attend a training day for police officers to promote understanding of police and young people's perspectives on stop and search

Beverley thanked Mark and Temitayo for their contributions. They left the meeting at this point.

Beverley invited members of the youth parliament to reflect on what they had heard from Safer Merton and the Police and to discuss the recommendations made by the Young Advisors. They said that the police cadet groups were not being actively promoted by the school police officers, that the cadets had a low profile and didn't seem to reflect the diversity within the borough. They cautioned that joining the police cadets might not be attractive to many young people due to perceived stigma around being associated with the police.

In relation to the role of school police officers, one of the youth parliament members said that turnover in their school meant that pupils didn't know them well and therefore found them difficult to approach. They suggested that new school police officers should be introduced in school assemblies and that there should be an announcement of the change before a new officer starts.

Youth parliament members agreed that they would like to see more activities provided for young people, such as youth clubs and extended library opening hours, to give them somewhere safe to go. There was a discussion about where best to advertise, with some preferring this to be done through schools and others preferring on-line resources and use of social media. The youth parliament members said they would appreciate support from councillors to use their influence to raise some of these issues with schools.

A youth parliament member said that more complex messages are required in relation to gangs to make it clear that gang membership or association with a gang is not a safe option for a young person and nor is carrying a knife. These messages should include asking the young person to consider the impact that this would have on their family.

Each of the recommendations of the Young Advisors was discussed and AGREED as follows:

- to continue with making a documentary to raise awareness about crime within the borough
- forums of decision makers should consult regularly in order to understand young peoples' views and to keep up-to-date on their perspectives
- schools and youth services to provide a link between young people and decision makers. This should include using school assemblies, workshops and class talks.
- To work with young people to help them articulate what safe means to them and to understand what safe should look and feel like at home, at school and in the community. Requested support from the council in order to do this.
- Services work to reduce stereotypes and get to know people before judging them

Two additional recommendations were agreed:

- police officers should invite police cadets to attend events to raise awareness of their role amongst young people
- headteachers should ensure that the appointment of new school police officer is announced at school assemblies prior to them taking up the role and should invite them to attend an assembly when they start.

The youth parliament members and councillors AGREED that the note of this meeting should be presented to a meeting of the Overview and Scrutiny Commission so that the recommendations could be endorsed and referred to Cabinet for consideration. It was also AGREED to involve young people more in scrutiny in future – ACTION: Head of Democracy Services to discuss with the Participation Manager and make recommendations to the Overview and Scrutiny Commission and Scrutiny Panels.

APPENDIX 2

Draft Executive response to the recommendations of the joint scrutiny exercise on keeping young people safe in Merton

Recommendations	Executive response	Timeline	Decision making body and lead officer
Recommendation 1. That the Youth Parliament will continue with making a documentary to raise awareness about crime within the borough.	**Accepted** The Young People's Participation and Engagement Manager will continue to support the work of the Youth Parliament and to assist them in making the documentary.		Cabinet; Director of Children, School and Families
Recommendation 2. That forums of decision makers should consult regularly in order to understand young peoples' views and to keep up-to-date on their perspectives	**Accepted** Children and young people in Merton are affected by changes in the borough, whether they are specifically targeted at children and young people or whether they are more general in nature. There is already considerable consultation with children and young people about CSF activity that is targeted towards them. The Director of Children Schools and Families will work with Cabinet, the Merton Partnership and other forums to identify the best way for them use their resources to draw on the views of young people to influence their decision-making, with the intention that children and young people will be recognised as residents of the borough, with as much of an interest in being consulted on all aspects of borough life as adults .		Cabinet; Merton Partnership; Community Forums; Director of Children, School and Families

Recommendations	Executive response	Timeline	Decision making body and lead officer
Recommendation 3. That schools and youth services will provide a link between young people and decision makers. This should include using school assemblies, workshops and class talks	**Accepted in principle** The Young People's Participation and Engagement Manager will work with schools and youth services to assist them with providing views to decision makers as set out in the response to Recommendations 2.		Cabinet; Director of Children, School and Families
Recommendation 4. That the Council should work with young people to help them articulate what safe means to them and to understand what safe should look and feel like at home, at school and in the community.	**Accepted** The Safeguarding Children Board will lead and support further work across the safeguarding partnership to help young people understand and articulate what it means to be safe in Merton.		Local Safeguarding Childrens Board; Director of Children Schools and Families
Recommendation 5. That services work to reduce stereotypes and get to know people before judging them.	**Accepted** Council services provided to children and young people, or services provided to the public generally, including children and young people, will not make assumptions about young people's needs and wishes, but will take proactive steps to understand young people as they are. The council will engage with young people as equal residents and citizens of the borough and seek their views at an early stage in policy development and seek feedback on service delivery. The council will set an example through this work to other providers of services in the borough, to show young people as they are and without resorting to stereotypes.		Cabinet; Director of Children Schools and Families

Recommendations	**Executive response**	**Timeline**	**Decision making body and lead officer**
Recommendation 6. That police officers should invite police cadets to attend events to raise awareness of their role amongst young people. Note – the Overview and Scrutiny Commission suggested that this invitation should also be extended to include fire cadets and other youth groups.	**Accepted in principle** Director of CSF to raise this with police, fire service and other partners via the Children's Trust.		Police; Fire Services; Director of Children, Schools and Families
Recommendation 7. That headteachers should ensure that the appointment of new school police officer is announced at school assemblies prior to them taking up the role and should invite them to attend an assembly when they start.	**Accepted in principle** Director of CSF to raise this with Headteachers via the Headteachers' forums.		Police; Headteachers
Recommendation 8. That Cabinet consider the role that school governors may be able to take in supporting the recommendations made by the youth parliament	**Accepted** Scrutiny report to be shared with Chairs of School Governing bodies for consideration.		Cabinet; Director of Children Schools and Families

Committee: Cabinet

Date: 14 January 2019

Wards: All

Subject: Local Discretionary Business Rate Relief and Retail Discount Schemes 2019/20

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: David Keppler

Recommendations:

1. For Cabinet to review and agree the Local Discretionary Business Rate Relief Scheme for 2019/20
2. For Cabinet to agree the new Retail Discount Scheme for 2019/20

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To update Cabinet on the Local Discretionary Rate Relief scheme and seek agreement for the 2019/20 scheme.

1.2. To update Cabinet on the new Retail Discount Scheme announced in the November 2018 budget and seek agreement for the scheme.

2 DETAILS

2.1. On the 1 April 2017 a re-valuation of business rates rateable values was implemented. The previous re-valuation took place in April 2010. These re-valuations are meant to be every five years although in 2012 the Government announced that the 2015 re-valuation was delayed until 2017.

2.2. Rateable values are calculated by the Valuation Officer and are based on market rental values, size, usage and location.

2.3. Based on the draft valuation list in October 2016 Merton had a 7% average percentage increase in rateable values. The average increase for Outer London boroughs was 14% and the average increase for all of London was 24%

2.4. Although on average the rateable value has increased from April 2017 the poundage multiplier was reduced by 4 %. This means that when rates bills are calculated although the rateable value may have increased the actual rates payable would have increased less the rateable value increase.

2.5. Following every re-valuation there is a Transitional Relief scheme which protects businesses with disproportionately high or low rateable value changes. Although the scheme is quite complicated, it in effect restricts the level of rates increase or decrease a business would face over the five-year period of the re-valuation. The transitional relief a business would receive under the scheme is based on the rateable value of the property.

2.6. Under the business rates regulations there are different ways businesses may have their rates reduced. Some of the reliefs are mandatory and set within the legislation such as small business rate relief (reductions for businesses where the rateable value is below a certain figure), empty rate relief where premises are unoccupied, charitable relief – where a business is a charitable body. In addition, some reliefs are discretionary and determined by the Council, such as discretionary relief as a top up to charitable relief, discretionary relief where mandatory relief is not awarded, hardship relief and in Merton a local discount to encourage new and expanding businesses to move into the borough.

2.7. In the March 2017 budget the Government announced a range of initiatives to assist businesses affected by the re-valuation and allocated funding to local authorities to help businesses worst affected by the increases in rates.

2.8. In the Government announcement regarding local discretionary relief it assumes that local authorities will only support businesses that have had an increase in their bill and will make this a condition of the funding. It further assumes that by and large authorities will offer support to ratepayers or locations that face the most significant increases in bills and ratepayers occupying lower value properties.

2.9. Local authorities are expected to devise their own local schemes using guidance provided.

2.10. Merton has been awarded £459,000 for 2017/18, £223,000 in 2018/19, £92,000 in 2019/20 and £13,000 in 2020/21.

2.11. Merton's scheme for 2018/19 was agreed by Cabinet on 3 July 2017.

3 LOCAL DISCRETIONARY RATE RELIEF

3.1. As at the 10 December 2018 we have awarded £209,537.14 in relief to 366 businesses (£440,831.10 in relief to 426 businesses in 2017/18).

3.2. The table below shows the number of businesses receiving assistance by the percentage band increase and reduction. It also shows the value of relief awarded and average for each band.

% Increase in rates payable	% Reduction	Number receiving relief	Amount of relief	Average relief granted
5-6	10	46	£3,384.84	£74.00
7-14	15	134	£36,398.99	£274.00
15-25	30	137	£61,847.04	£451.00
Over 25	50	49	£107,606.27	£2,196.00
Total		366	£209,537.14	

3.3. The new policy for 2019/20 with qualification criteria has been drafted (see Appendix 1), which details the conditions for businesses who will qualify for assistance under the new scheme and lists the types of businesses that will be ineligible.

3.4. In effect the businesses we assisted in 2018/19 will continue to receive support.

3.5. Our estimates show that we can support businesses again on an incremental scale based on the % increase they have in their business rates in 2019/20 compared to 2018/19. The 48 businesses that will have an increase of over 25% will receive a 20% reduction in the increase. Our proposed reductions are listed below:

No of cases	% increase from 2018/19 to 2019/20	% reduction on increase (after other reliefs)	Total cost
48	Over 25%	20%	£44,118.57
137	Between 15 and 25%	15%	£31,696,.58
131	Between 7 and 14%	7.5%	£18,633.16
46	Between 5 and 6 %	5%	£1,734.73
363			£96,183.03

3.6. It should be noted that the estimated spend is higher than the funding available, however, based on previous years we have found that businesses either move or close and then the relief is reduced and apportioned for the period of occupation. The year end actual spend is lower than the estimated spend at the beginning of the year.

3.7. The Chamber of Commerce have been consulted regarding the proposed draft policy and they agreed with the criteria and the incremental assistance based on the percentage increase.

3.8. Subject to approval, it in proposed that this relief will be applied to accounts before the new business rates bills for 2019/20 are issued in March 2019. This will ensure that businesses have the correct bill from the start of the financial year.

3.9. **Retail Discount**

3.10. The government announced in the October 2018 budget that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less that £51,000 in each of the years 2019/20 and 2020/21.

3.11. The value of the discount shall be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs have been applied.

3.12. The Government is not changing the legislation around reliefs. Instead local billing authorities will adopt a local scheme, (appendix B) in line with the guidance provided by government and award the discount in individual cases in line with the guidance. Government will reimburse local authorities for the cost of the scheme.

3.13. The Government expects local authorities to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

3.14. The Retail Discount scheme is very similar to the council's Local Discretionary Rate Relief scheme, in fact most business that receive support under the Local Discretionary Rate Relief scheme will also receive support under the Retail Discount scheme. Businesses that have moved to the borough since the revaluation will now benefit from the Retail Discount scheme.

3.15. An initial analysis of all businesses within the Borough where the rateable value is less than £51,000 has been undertaken and it is estimated that in the region of 530 retail businesses will benefit from the new Retail Discount and we will award in excess of £2 million support.

3.16. Retail Discount must be awarded after all other reductions and reliefs have been granted, so the bill would be reduced where appropriate by calculating the rates on the small multiplier, then any Local Discretionary Rate Relief and then the remaining rates payable will be reduced by a third under the Retail Discount.

3.17. The Council intends to undertake a desktop exercise to award Retail Discount automatically where it can and write and advise businesses.

3.18. Where there is some uncertainty regarding qualification criteria a letter will be sent asking the business to confirm if they meet the criteria and wish to apply.

3.19. It is hoped that all new business rates bills for 2019/20 will be issued with both the Local Discretionary Rate relief and Retail Discount granted.

4 ALTERNATIVE OPTIONS

4.1. Do nothing is not an option as we have to have a policy to distribute this additional funding to businesses under the Local Discount Rate Relief scheme. We could consider alternative ways of assisting fewer businesses with more relief but supporting more businesses is considered preferable.

4.2. There is no alternative option for the new Retail Discount since the Council is required to implement the Scheme.

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5 CONSULTATION UNDERTAKEN OR PROPOSED

5.1. Consultation with Chamber of Commerce as per 3.7 above

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6 TIMETABLE

6.1. It is intended .subject to approval, that both reductions will be applied to 2019/20 business rates bills which are due to be despatched at the beginning of March 2019.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1. The Council will receive funding from Government for the Local Discretionary Rate relief granted and for the Retail Discount granted and this will be re-claimed via the yearly NNDR1 return which estimates for Government the expected income received and reliefs granted.

7.2. As stated above in 2.10 Merton has been awarded £92,000 in 2019/20.

7.3. The Government have indicated that there will be New Burdens money to fund the software changes to implement the Retail Discount Scheme and also for the administration costs for the Council but no figures have been released yet.

7.4. To administer this new Rates Discount scheme the Council will have to purchase new software from the Business Rates system supplier. But no estimate on costs has yet been provided.

8 LEGAL AND STATUTORY IMPLICATIONS

8.1. The Government announced in the March 2017 budget statement measures whereby local authorities should offer help to businesses that have been most adversely affected by the 2017 re-valuation. The payment of this award is made as part of the Council's grant under Section 31 of the Local Government Act 2003 (2003 Act).

8.2. In the Budget on 29 October 2018 the Government announced that it would provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount should be one third of the bill, and must be applied by authorities after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.

8.3 The Government is not changing the legislation around the reliefs available to properties. Instead the Government, in line with the eligibility criteria set out in Guidance issued by the Ministry of Housing Communities and Local Government (the Guidance), will reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. The Government will fully reimburse authorities for the local share of the discretionary relief (using a grant under section 31 of the 2003 Act).

8.4 The Guidance provides the detail on how local authorities are to operate and delivery of the policy change.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1. The draft policy has been shared with the Chamber of Commerce for comment and views, please see comments above under 3.9

10 CRIME AND DISORDER IMPLICATIONS

10.1. None for the purpose of this report

11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1. None for the purpose of this report

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

Appendix A – Local Discretionary Business Rate Relief Policy 2019/20

Appendix B – Retail Discount Policy 2019/20

Appendix C - Ministry of Housing Communities and Local Government Business Rates Retail Discount Guidance November 2018

13 BACKGROUND PAPERS

13.1. None for the purpose of this report

Local Discretionary Rate Relief Scheme 2019/20

The Local Discretionary Business Rate Relief Scheme will apply for the year 1 April 2019 to 31 March 2020 only. Under the scheme relief will only be provided to businesses that received assistance during 2018/19 having met the criteria for that year.

Where a qualifying ratepayer’s 2018/19 and, or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- a reduction in rateable value in the 2010 and, or 2017 rating lists

- the provision of a certificated value for the 2010 rating list or historical change

- the application of exemption

- vacation and re-occupation of the property

- any other reason

To qualify for relief a ratepayer must be in occupation of a property with a rateable value of up to £150,000 and will fall into one of the categories listed below:

- Shops or kiosks (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, chemists, newsagents, hardware stores, supermarkets)
- Post offices (not sorting offices)
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Second hand car lots
- Garden centres
- Art galleries (where art is for sale/hire)
- Shoe repairs/ key cutting
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Hair salons/barbers and pet grooming facilities
- Restaurants
- Sandwich shops
- Workshops providing a service to the public

Please note that the following types of uses are not eligible for local discretionary business rate relief:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)
- Estate agents, letting agents, employment agencies
- Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
- Fast food outlets
- Beauticians/tanning salons and tattoo shops
- Vape lounges
- Doctors, dentists, vets and GP surgeries
- Gyms and leisure centres
- Telecommunications network facilities
- Storage and warehousing
- Educational establishments

For properties where any of the following apply, the ratepayer will not be eligible for local discretionary business rate relief:

- Where the business runs three or more properties in the borough or across the UK
- Ratepayers in receipt of small business rate relief support which limits increases on small properties caused by the loss of small business rates relief to £600.
- Ratepayers occupying properties after 1 April 2017'
- Properties which were not on the rating list at 1 April 2017.
- Empty property
- Rate payers with any unpaid arrears
- Large organisations such as Transport for London, NHS
- Where the award of relief would not comply with EU law on State Aid.

Ratepayers will be required to confirm that they have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) being granted for premises other than the one to which the declaration relates, under the De Minimus Regulations EC 1407/2013.

Under the European Commission rules, you must retain this guidance for three years and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this guidance longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘De Minimus’ aid for the next three years.

Further information on State Aid law can be found at https://www.gov.uk/state-aid

How the Local Discretionary Business Rate Relief will be calculated

Local discretionary business rate relief is calculated after any or all of the following have been applied:

- Exemptions and other reliefs
- Transitional arrangements

and before the application of the Business Rates Supplement. The local discretionary business rates relief does not apply to the supplement (BRS).

Retail Discount will be granted after the award of any Local Discretionary Rate Relief

The amount of relief will be awarded based on the increase in the net rates bill as detailed below:

% Increase from 2018/19 to 2019/20 (after all other reliefs)	% Reduction on increase (after all other reliefs)
Between 5 and 6%	5%
Between 7 and 14%	7.5%
Between 15 and 24%	15%
Over 25%	20%

This policy will only be applicable for 2019/20 and a revised policy will be drafted for 2020/21.

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Retail Discount Policy 2019/20 & 2020/21

The Government announced in the Budget on 29 October 2018, that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs have been applied.

The relief will apply for the 2019/20 and 2020/21 financial years.

Which properties will benefit from relief?

Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

In guidance issued, central government consider shops, restaurants, cafes and drinking establishments to include properties that are being used for the sale of goods to visiting members of the public and properties that are being used for the provision of certain services to visiting members of the public.

How much relief will be available?

The total amount of government-funded relief available for each property for each of the years under this scheme is one –third of the rates bill. The amount will vary depending on rateable value and there is no taper. The relief will be applied against the net bill after all other reliefs.

The discount will be apportioned if there is a change of ratepayer during the year.

Eligibility Criteria

Properties that are being used for the provision of the following services to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)
- Hair beauty services (such as hairdressers, nail bars, beauty salons, tanning shops etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners

- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire
- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

Ineligible businesses/organisations

The following types of uses are **not** eligible for Retail relief;

Properties that are being used for the provision of the following services to visiting members of the public:

Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
Other services (e.g. estate agents, letting agents, employment agencies)
Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
Post office sorting office
Businesses trading in activities that could bring the scheme into disrepute (e.g. pornography etc.)
Any other properties which are not reasonably accessible to visiting members of the public. For example, cinemas, theatres, museums, gyms, nightclubs and music venues.

Properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

Application Process

No formal application form is necessary. From 1 April 2019, we will identify all retail properties we consider to meet the criteria and apply the discount. A form will be sent to all these ratepayers, enclosing the qualifying criteria and information concerning State Aid. They will be required to return the form to state they meet the criteria, and that the amount of relief is not in excess of State Aid limits. (See the De Minimis Regulations (1407/2013))

If there is a change of ratepayer during 2019/20 or 2020/21, the eligibility for a discount will be reviewed with regards to the new occupier's use of the property.

Decision Making and Appeals

The Head of Revenues and Benefits will be responsible for approving all applications, with a monthly review by the Director of Corporate Services. There will be no right of appeal.

Budget

Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003) as it expects authorities to grant relief to qualifying ratepayers.

Ministry of Housing,
Communities &
Local Government

Business Rates

Retail Discount – Guidance

November 2018
Ministry of Housing, Communities and Local Government

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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Contents

About this guidance

1. This guidance is intended to support local authorities in administering the "Retail Discount" announced in the Budget on 29 October 2018. This Guidance applies to England only.

2. This guidance sets out the criteria which central Government considers for this purpose to be retail and eligible for this discount. The guidance does not replace existing legislation.

3. Enquiries on this measure should be addressed to: ndr@communities.gov.uk

Introduction

4. The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.

5. The Government announced in the Budget on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. Where an authority applies a locally funded relief, for instance a hardship fund, under section 47 this is must be applied after the Retail Discount.

6. This document provides guidance to authorities about the operation and delivery of the policy. The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2019-20 in their bills for the beginning of that year.

Retail Discount

How will the relief be provided?

7. As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

8. Central government will reimburse billing authorities and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this guidance. Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rate Return 1 (NNDR1) for 2019-20 and 2020-21. Central government will provide payments to authorities to cover the local share, as per the usual process.

9. Local authorities will also be asked to provide outturn data on the actual total cost for providing the relief, as per the usual process via the National Non-Domestic Rate 3 (NNDR3) forms for 2019-20 and 2020-21. Any required reconciliations will then be conducted at these points.[1]

Which properties will benefit from relief?

10. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

11. We consider shops, restaurants, cafes and drinking establishments to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)

[1] As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.

- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

12. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

13. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that Government considers for this purpose to be retail. Authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

14. The list below sets out the types of uses that the Government does not consider to be retail use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

– Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
– Post office sorting offices

ii. Hereditaments that are not reasonably accessible to visiting members of the public

15. Generally speaking, the government also does not consider other assembly or leisure uses beyond those listed at paragraph 11 to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described at paragraph 11(iii) above. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the local authority should exercise their discretion with reference to the above and knowledge of their local tax base.

How much relief will be available?

16. The total amount of government-funded relief available for each property for 2019-20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants[2]. There is no relief available under this scheme for properties with a rateable value of £51,000 or more. Of course, councils may use their discretionary powers to offer further discounts outside this scheme. However, where an authority applies a locally funded relief, sometimes referred to as a hardship fund, under section 47 this is must be applied after the Retail Discount.

17. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for particular hereditament in the financial year 2019-20:

Amount of relief to be granted =

$$\frac{V}{3} \quad \text{where}$$

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief

[2] As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.

powers introduced by the Localism Act which are not funded by section 31 grants[3].

18. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

19. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

State Aid

20. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)[4].

21. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). Local authorities should familiarise themselves with the terms of this State Aid exemption, in particular the types of undertaking that are excluded from receiving De Minimis aid (Article 1), the relevant definition of undertaking (Article 2(2)[5]) and the requirement to convert the aid into Euros[6].

22. To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation). Annex B of this guidance contains a sample De Minimis declaration which local authorities may wish to use, to discharge this responsibility. Where local authorities have further questions about De Minimis or other aspects of State Aid law, they should seek advice from their legal department in the first instance[7].

23. The UK is scheduled to leave the EU on 29 March 2019. If there is an Implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation, with only technical modifications to correct deficiencies with the transposed EU law to ensure

[3] As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail discount.
[4] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF
[5] The 'New SME Definition user guide and model declaration' provides further guidance: http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf
[6] http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm
[7] Detailed State Aid guidance can also be found at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15277/National_State_Aid_Law_Requirements.pdf

the regime operates effectively in a domestic context[8]. Local authorities should therefore continue to apply State Aid rules, including De Minimis, to the relief for 2019/20 and 2020/21.

Splits, mergers, and changes to existing hereditaments

24. The relief should be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

[8] https://www.gov.uk/government/publications/state-aid-if-theres-no-brexit-deal/state-aid-if-theres-no-brexit-deal

Annex A: Calculation examples for 2019/20

The retail discount (one third) is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due (after retail discount):	= £13,093

Example 2: An occupied charity shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Net rates after charity relief:	= £3,928
Retail discount (1/3):	= -£1,309
Rates due (after charity relief and retail discount):	= £2,619

Example 3: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £13,500 x 0.491	= £6,629
Net rates after SBRR (50%):	= £3,314
Retail discount (1/3):	= -£1,105
Rates due (after SBRR and retail discount):	= £2,210

Example 4: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £10,000 x 0.491	= £4,910
Net rates after SBRR (100%):	= £nil

Rates bill is nil and, therefore, no retail discount applies

Example 5: An occupied shop with a rateable value of £40,000 eligible for Transitional Relief (TR) and receiving Revaluation Discretionary Relief

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Transitional Relief (say):	= -£1,500
Net rates after Transitional Relief:	= £18,140
Net rates after Revaluation Discretionary Relief (say):	= £15,140
Retail discount (1/3):	= -£5,047
Rates due (after TR, revaluation relief and retail discount):	= £10,093

Example 6: An occupied shop with a rateable value of £18,000 previously paying nothing prior to revaluation 2017 and eligible for Supporting Small Businesses Relief (SSB)

Gross rates (before any reliefs) = £18,000 x 0.491	= £8,838
Supporting Small Businesses Relief (say):	= -£7,038

Net rates after SSB:	= £1,800
Retail discount (1/3):	= -£600
Rates due (after SSB and retail discount):	= £1,200

Example 7: A shop with a rateable value of £40,000 (example 1) but only occupied until 30 September 2019

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due p.a. (after retail discount):	= £13,093
Daily charge while occupied (leap year):	= £35.77 per day
Occupied charge 1/4/19 to 30/9/19 (183 days):	= £6,547
Unoccupied property relief (1/10/19 to 1/1/20):	= £nil
Unoccupied property rates (1/1/20 to 31/3/20),	
£19,640 x 91/366	= £4,883
Rates due for the year (after retail relief):	= £11,430

Example 8: A shop with a rateable value of £40,000 (example 1) with a rateable value increase to £60,000 with effect from 1 October 2019

Gross rates (before any reliefs) = £40,000 x 0.491	= £19,640
Retail discount (1/3):	= -£6,547
Rates due p.a. (after retail discount):	= £13,093
Daily charge while occupied (leap year):	= £35.77 per day
Charge 1/4/19 to 30/9/19 (183 days):	= £6,547
Daily charge on standard multiplier (1/10/19 to 1/1/20):	
(£60,000 x 0.504)/366	= £82.62 per day
Charge 1/10/19 to 31/3/20 (183 days):	= £15,120
Rates due for the year (after retail relief):	= £21,667

Annex B: Sample paragraphs that could be included in letters to ratepayers about Retail Discount for 2019/20 and 2020/21

At Autumn Budget 2018, the Chancellor announced that eligible retailers will receive a one third discount on their business rates bills for two years from April 2019.

Relief will be provided to eligible occupied retail properties with a rateable value of less than £51,000 in 2019/20 and 2020/21. Your current rates bill includes this Retail Discount.

Awards such as Retail Discount are required to comply with the EU law on State Aid[9]. In this case, this involves returning the attached declaration to this authority if you have received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of Retail Discount does not exceed the €200,000 an undertaking[10] can receive under the *de minimis* Regulations EC 1407/2013.

Please complete the declaration and return it to the address above. In terms of declaring previous *de minimis* aid, we are only interested in public support which is *de minimis* aid (State Aid received under other exemptions or public support which is not State Aid does not need to be declared).

If you have not received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, you do not need to complete or return the declaration.

If you wish to refuse to receive the Retail Discount granted in relation to the premises to which this bill and letter relates, please complete the attached form and return it to the address above. You do not need to complete the declaration. This may be particularly relevant to those premises that are part of a large retail chain, where the cumulative total of Retail Discount received could exceed €200,000.

Under the European Commission rules, you must retain this letter for three years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘*de minimis*’ aid for the next three years.

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[9].Further information on State Aid law can be found at https://www.gov.uk/state-aid

[10] An undertaking is an entity which is engaged in economic activity. This means that it puts goods or services on a given market. The important thing is what the entity does, not its status. Therefore, a charity or not for profit company can be undertakings if they are involved in economic activities. A single undertaking will normally encompass the business group rather than a single company within a group. Article 2.2 of the de minimis Regulations (Commission Regulation EC/ 1407/2013) defines the meaning of ‘single undertaking’.

‘*De minimis*’ declaration

Dear [ ]

NON-DOMESTIC RATES ACCOUNT NUMBER:________________________

The value of the non-domestic rates Retail Discount to be provided to [name of undertaking] by [name of local authority] is £ [ ] (Euros [ ]).

This award shall comply with the EU law on State Aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of *De minimis* aid within the current financial year or the previous two financial years). The *de minimis* Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF .

Amount of *de minimis* aid	**Date of aid**	**Organisation providing aid**	**Nature of aid**

I confirm that:

1) I am authorised to sign on behalf of __________________[name of undertaking]; and

2) ___________________[name of undertaking] shall not exceed its *De minimis* threshold by accepting this Retail Discount.

SIGNATURE:
NAME:
POSITION:
BUSINESS:
ADDRESS:
DATE:

Refusal of Retail Discount form

Name and address of premises	Non-domestic rates account number	Amount of Retail Discount

I confirm that I wish to refuse Retail Discount in relation to the above premises.

I confirm that I am authorised to sign on behalf of _______________ [name of undertaking].

SIGNATURE:
NAME:
POSITION:
BUSINESS:
ADDRESS:
DATE:

Committee: Cabinet

Date:

Wards: All

Subject: Council Tax – Care Leavers

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison and Councillor Kelly Braund

Contact officer: David Keppler, Head of Revenues and Benefits

Recommendations:

1. Cabinet agrees that the Council Tax Reduction policy is amended to support care leavers up to the age of 25 that do not receive maximum help towards their council tax through council tax support or an exemption with effect from April 2019.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report details the current position within the borough regarding care leavers and the likely impact and cost of implementing a local discount or exemption to council tax for care leavers.

1.2. The report details the potential cost of implementing a local discount.

2 DETAILS

2.1. **Council Tax Localisation**

2.2. Under section 13A of the Local Government Finance Act 1992 the council has the discretionary power to reduce liability for council tax in relation to individual cases or class(es) of cases that it may determine where national discounts and exemptions cannot apply.

2.3. The Council is responding to a Children's Society campaign that has identified a range of disadvantages care leavers uniquely experience. In particular care leavers are a vulnerable group for council tax debt. The Children's Society details the case for care leavers at least up to the age of 21 to be exempted from paying council tax.

2.4. The Council agrees with the campaign's principal sentiments that young people's transition out of care and into adulthood is extremely difficult and that managing money for the first time without support from family leaves care leavers at real risk of falling into debt.

2.5. Care leavers who were looked after by a local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, as corporate parents, the

Council wants to keep them safe, make sure their experiences leaving care and moving into independent living are positive and improve their ongoing life chances.

2.6. An analysis of Merton care leavers (up to 25 years) has been undertaken as at the end of November 2018 and the council currently has 165 care leavers. Of these 85 are living in Merton.

2.7. Not all care leavers in Merton are liable to pay council tax as some live in properties where they are not liable for the council tax. Of the 85 living in the borough 49 are not liable to pay council tax as someone else is liable under council tax rules.

2.8. The table below shows how the 36 care leavers that are liable for council tax are supported.

Number	Circumstances
17	Full CTS
7	Part CTS
4	Students
1	Discount
7	No assistance

2.9. As Merton has continued to adopt the old council tax benefit scheme as its council tax support scheme residents on very low incomes and welfare benefits continue to receive full council tax support and do not have to contribute towards the council tax.

2.10. Out of the 36 care leavers 21 do not have to pay any council tax due to existing support.

2.11. The easiest option would be to amend the existing Council Tax Reduction Policy so that where a Merton care leaver, who has responsibility to pay council tax, does not receive 100% reduction the council will consider a discretionary reduction based on a case by case basis. See appendix 1.

2.12. If the care leaver is not solely liable for council tax the circumstances of the other liable persons would be considered before a reduction was granted.

2.13. A care leaver would have to complete a short application to apply for the Council Tax Reduction.

2.14. For care leavers between the age of 21 and 25 they do not have to be receiving a full leaving care service to be eligible for this reduction.

Based on the current number of care leavers in the borough and liable to pay council tax the maximum additional cost to the council would be £12,700 per year.

2.15. The GLA currently funds part of the council tax support scheme and they would also fund 20% of the additional extra expenditure.

2.16. This approach outlined in 2.11 would prevent the council having to purchase additional software to administer a new class of exemption or discount which would cost £8,275 to purchase plus £1,655 per year maintenance and support.

2.17. The council tax team would monitor the additional cost of assisting care leavers and will report to the Director of Corporate Services on a yearly basis the additional spend and the number of awards. If this spend increases then consideration would be given to introducing a new class of exemption and or discount for care leavers and to purchase the additional software.

2.18. An initial desk top exercise would be undertaken to identify which care leavers could apply for this additional reduction and with the assistance of colleagues in Children's Schools and Families they would be supported through the application process.

3 ALTERNATIVE OPTIONS

3.1. There are a number of different options available to implement support to care leavers.

3.2. Grant an exemption where the property is occupied solely by care leavers or a 25% discount where all but one of the occupiers in the property are care leavers. In the same way as student exemptions/discounts are applied. The council would need to purchase additional software to implement this option.

3.3. To continue with the existing arrangements where care leavers can apply for council tax support to assist with paying their council tax. As mentioned above Merton's council tax support scheme is generous and although means tested the majority of existing care leavers living in the borough currently receive council tax support and the majority receive full support and have no council tax to pay.

3.4. Award a discount for a set period of time only from when a care leaver becomes liable, so for example a six month 100% discount if they are not entitled to 100% council tax support or a different exemption. The council would need to purchase additional software to implement this option

4 CONSULTATION UNDERTAKEN OR PROPOSED

The council does not formally need to undertake consultation with the GLA but they would like to be made aware of any proposals.

5 TIMETABLE

5.1. The key milestones for council tax support scheme are detailed below:

Task	Deadline
Agreement of the new reduction by Cabinet	14 January 2019
Agreement of the new reduction by full Council	6 February 2019
Publish the new policy	7 February 2019

Identify qualifying care leavers	7 – 28 February 2019
Award new reduction in billing process	7 March 2019
Implement new reduction	1 April 2019

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. Based on current estimated expenditure for in borough care leavers in receipt of council tax support and exemptions for 2018/19 of £26,600, the implementation of this council tax reduction for care leavers, as described above, cost an additional maximum amount of £12,700 per year.

6.2. Currently the GLA fund approximately 20% of our council tax support scheme and would also fund 20% of any new discount or exemption.

6.3. An enhancement to the existing system software would be required to administer a new formal local discounts and or exemption scheme. The cost of this is £8,275 plus a yearly maintenance and support charge of £1,655.

6.4. If this is introduced for 2019/20 any surplus or deficit as a result will be accounted for within the Collection Fund.

6.5. The additional expenditure will be built into the council tax base for 2020/21.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Under section 13A of the Local Government Finance Act 1992 the council has the discretionary power to reduce liability for council tax in relation to individual cases or class(es) of cases that it may determine where national discounts and exemptions cannot apply.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. A formal consultation exercise is not required with the GLA but they want to be advised of our proposals.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. The Council will need to monitor the cost of any scheme and the impact on the council tax base.

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

- Appendix 1 – Council Tax Reduction Policy

12 BACKGROUND PAPERS

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Council Tax Reduction Policy

Section 13A of the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, (the 1992 Act), as substituted by Section 10 of the Local Government Finance Act 2012 (the 2012 Act); empowers the London Borough of Merton, as a billing local authority as follows:

13A Reductions by billing authority

(1) The amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day

(a) in the case of a dwelling situated in the area of a billing authority in England, is to be reduced to the extent, if any, required by the authority's council tax reduction scheme (see subsection (2));

(b) (omitted as it relates only to dwellings situated in Wales)

(c) in any case, may be reduced to such an extent (or, if the amount has been reduced under paragraph (a), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit.

(6) The power under subsection (1)(c)includes power to reduce an amount to nil.

(7) The power under subsection (1)(c) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

Procedure for Using Powers under Section 13(1)

The Council will consider using its powers to reduce Council Tax liability for any applicant within the Borough.

Ordinarily, the Council would expect that there would have to be evidence that extreme financial hardship would be caused to justify any reduction and that it will be intended only as short term assistance and should not be considered as a way of reducing Council Tax liability indefinitely.

The cost of any reduction awarded under section 13A(1)(c) falls solely to the billing authority. The Council will have regard to the following guidelines before recommending any reduction:

Applications for a discretionary Council Tax Reduction

The applicant or their appointee or advocate can make an application for a discretionary Council Tax reduction either:

- In writing to the Head of Revenues and Benefits, London Borough of Merton, 2nd Floor Civic Centre, London Road, Morden, SM4 5DX or

- Using the approved form, which is the Discretionary Council Tax Reduction claim form

- which can be downloaded and printed from our Council Tax Support webpage www.merton.gov.uk/cts where you will find a link to the form in the section Discretionary Council Tax Reduction or

- requested by phoning 020 8274 4903.

The applicant must:

- Set out the circumstances on which the application is based and any hardship or personal circumstances relating to the application.

- Include a full income and expenditure breakdown of the applicant together with that of any other household members.

- Satisfy the Council that all reasonable steps have been taken by them to resolve their own situation prior to application.

- Satisfy the Council that they do not have access to other assets that could be used to pay the Council Tax

- Indicate the length of time the assistance is required for. Any reduction will be up to the end of the most recent council tax year for which a demand has been duly served. A fresh application will be required if assistance is required for the following council tax year.

Qualifying criteria

The Council will:

- Give consideration to any entitlement the applicant might have to Council Tax Support, but the liable person may be entitled to a nil award based on those rules.

- Ensure that the applicant has been considered for entitlement to Discretionary Housing Payment if appropriate, which can be claimed using the same approved claim form, if they have rent liability too.

- Ensure that all other discounts/reliefs have been awarded to the applicant that he/she is entitled to.

- Identify and consider applications from Merton care leavers living in the borough up to the age of 25 who do not receive full council tax support or an exemption.

- Take into consideration the financial circumstances of the applicant and other household members.

- Consider if any of the applicants expenditure includes avoidable expenses, which could be reduced to enable the applicant to pay their council tax

- Consider the personal circumstances of the applicant, their partner and other household members.

- Consider if the Council Tax account is in arrears and that non-payment was not due to wilful refusal or culpable neglect.

- Consider if the debt outstanding is due to an error by the Council.

- May request evidence in support of the application.

This list is not exhaustive and all other relevant factors and circumstances will be considered during the decision making process. All applications will be assessed on their individual merits.

Decision Making Process

The Head of Revenues and Benefits will determine all applications.

Notification of Decision

The Council will notify the applicant in writing within 14 days of receiving sufficient information to make a decision.

Amount of Discount or Reduction Granted

Officers do not propose to set percentage discounts or reductions to be applied as each case will have different circumstances. The amount of any discount or reduction will take into account the amount of the debt and the individual circumstances of the applicant.

Appeals

If an applicant is dissatisfied with the decision there is a right of appeal to the Director of Corporate Services

You must write to us first stating the issue(s) you have with our decision, ideally within one month of the date of decision letter, but it can be later. For more information you can ask for our Appeals Leaflet or download it at www.merton.gov.uk/cts. We will then either:

- Carry out an internal review, which confirms in writing that we believe your grievance is unfounded and that our original decision stays the same, within two months of your dispute letter; or

- Carry out an internal review, which confirms in writing that we are taking steps to deal with your grievance and change our original decision, within two months of your dispute letter.

If we have failed to carry out an internal review of your Council Tax Support grievance within two months of you submitting a dispute letter to us, you may appeal directly to the Valuation Tribunal of England (VTE). You must do this no later than four months from the date you submitted your dispute letter to us. Details of the VTE can be found at:

www.valuationtribunal.gov.uk/CTReduction

Cabinet

Date: 14 January 2019

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

Recommendations:

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1. That Cabinet notes the financial information arising from the Provisional Settlement 2019/20 and that the financial implications will be incorporated into the draft MTFS 2019-23 and draft capital programme 2019-23.
2. That Cabinet notes the latest update of the draft MTFS for 2019 – 23

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This report provides an update to Cabinet on the Business Planning process for 2019-23 and in particular on the current position relating to the revenue budget for 2019/20, and the draft MTFS 2019-23.

1.2 It also sets out the latest information and analysis of the Local Government Finance Settlement 2019/20 which was published on 13 December 2018 and summarises the implications for Merton's budget and MTFS.

2. DETAILS

2.1 Introduction

2.1.1 The report provides a general update on all the latest information relating to the Business Planning process for 2019-23, including the Provisional Local Government Settlement 2019/20.

2.1.2 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 10 December 2010. On 31 December 2018 a savings proposals information pack of all details previously presented to Cabinet at its meetings was sent to all Members. This can be brought to all Scrutiny and Cabinet meetings from 9 January 2019 onwards and to Budget Council. This is the same procedure as last year which is more cost effective and more manageable for councillors since it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will considerably reduce printing costs and reduce the amount of printing that needs to take place immediately prior to Budget Council.

The pack includes:

- Savings proposals
- Equality impact assessment for proposals where appropriate
- Service plans (these will also be printed in A3 to lay round at scrutiny meetings)
- Budget Summaries for each department

2.1.3 The total draft amendments to previously agreed savings, and new savings proposals by Cabinet previously and the remaining gap on the MTFS as reported to Cabinet on 10 December 2018 are summarised in the following table:-

	2019/20 £'000	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**
Amendment to Savings previously agreed	(4,258)	(1,812)	(115)	0
New Savings proposals	(2,577)	(5,594)	(1,379)	(105)
Net Savings	(6,835)	(7,406)	(1,494)	(105)
Cumulative Net Savings	(6,835)	(14,241)	(15,735)	(15,840)
Gap remaining (cumulative)	0	3,496	7,352	8,779

2.2 LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20

2.2.1 Details of the provisional Local Government Settlement were published on 13 December 2018.

2.2.2 This section sets out the main details included in the provisional Settlement and assesses the implications for Merton's finances as set out in the Medium Term Financial Strategy (MTFS).

2.2.3 The provisional Settlement outlined provisional core funding allocations (Settlement Funding Assessment (SFA) for local authorities for 2019-20.

2.2.4 The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates.

	2016/17 Final	2017/18 Final	2018/19 Final	2019/20 Provisional
Merton (£m)	55.5	48.5	44.7	40.5
Annual % Change	-	-12.6%	-7.8%	-9.4%
Cumulative % change	-	-12.6%	-19.5%	-27.0%
England (£m)	18,601.5	16,632.4	15,574.2	14,559.6
Annual % Change	-	-10.6%	-6.5%	-6.5%
Cumulative % change	-	-10.6%	-16.3%	-21.7%
London Boroughs (£m)	3,398.5	3,078.3	2,901.2	2,713.5
Annual % Change	-	-9.4%	-5.8%	-6.5 %
Cumulative % change	-	-9.4%	-14.6%	-20.2%

2.2.5 Core Spending Power

There have been a number of changes to Core Spending Power in this Settlement. Core Spending Power includes two new funding elements in 2019-20 compared with 2018-19. These are the adult social care "Winter pressures grant" (totalling £240 million nationally in both 2018-19 and 2019-20) and the new "Social care support grant" (totalling £410 million nationally in 2019-20).

Core Spending Power in 2019-20 is therefore made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation for under-indexing the business rates multiplier
- Additional Council Tax revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund
- New Homes Bonus and New Homes Bonus Returned Funding;
- Rural Services Delivery Grant
- Adult Social Care Support grant
- Winter Pressures Grant
- Social Care Support Grant

At the England level across the four years there will be a cumulative increase in spending power of £2.7 billion (6% in cash terms) from £43.7 billion to £46.4 billion. The equivalent figures for London boroughs are an increase of £238.4(3.6%) from £6.7 billion to £6.9 billion.

However, as Core Spending Power includes a number of assumptions, this is unlikely to be an accurate reflection of the actual resources available to local authorities. In particular it assumes:-

- All authorities that are eligible raise the social care precept to its maximum in 2019-20
- All authorities increase overall council tax by the maximum amount (3% in 2019-20)
- Tax base increases at the same average rate for each authority as between 2014-15 and 2018-19
- New Homes Bonus allocations are based on the share of NHB to date

In England the level of assumed spending power will increase by £1.3 billion (2.8%) in 2019-20 from £45.1 billion to £46.4 billion. In London boroughs the assumed increase is £157 million (2.4%) in 2019/20 from £6.7 billion to £6.9 billion.

A summary of Merton's assumed Core Spending Power from 2016/17 to 2019/20 is included in the following table:-

Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Provisional	Annual Change (18-19 to 19-20)	Cumulative Change (16-17 to 19-20)
	2016-17	2017-18	2018/19	2019/20		
	£m	£m	£m	£m	%	%
Council Tax	78.920	82.563	87.009	93.320	7%	18%
Settlement Funding Assessment*	55.500	48.545	44.662	40.460	-9%	-27%
Compensation for under-indexing the business rates multiplier	0.476	0.504	0.793	1.153	45%	142%
Improved Better Care Fund	0.000	2.746	3.523	4.114	17%	-
New Homes Bonus	4.658	4.068	2.371	2.108	-11%	-55%
New Homes Bonus – returned funding	0.076	0.080	0.000	0.000	-	-100%
Transition Grant	0.567	0.557	0.000	0.000	-	-100%
Adult Social Care Support Grant	0.000	0.751	0.467	0.000	-100%	-
Winter Pressures Grant	0.000	0.000	0.748	0.748	-	-
Social Care Support Grant	0.000	0.000	0.000	1.278	-	-
Core Spending Power	**140.197**	**139.815**	**139.574**	**143.182**	**3%**	**2%**

* SFA figures do not reflect the London Business Rates Pilot Pool

2.2.6 Council tax referendum principles for principal local authorities

In terms of controlling the level of council tax increases that local authorities can set, without the need for a local referendum, the Government has decided to maintain the core principles that it used in 2018-19. However, in the Provisional Settlement the Government also states that “in recognition of substantial increases in pressures, we are providing additional flexibility for police and crime commissioners. In doing so the Government continues to ensure that council tax payers can veto excessive increases via a local referendum”

The 2019/20 Council Tax referendum principles are:-

- a core principle of up to 3%. This would apply to shire county councils, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities;
- a continuation of the Adult Social Care precept, with an additional 2% flexibility available for shire county councils, unitary authorities, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly. This is subject to total increases for the

Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and increases being no more than 2% in 2019-20;
- shire district councils in two-tier areas will be allowed increases of up to 3%, or up to and including £5, whichever is higher;
- police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019-20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept). This investment in the police system, combined with extra grant, will help forces meet increased demand and financial pressures, as they work towards continued efficiency savings in 2019-20.

If the 2% increase in 2019/20 proposed in the MTFS is agreed, Merton will have applied the Adult Social Care Precept in the following way:-

	2017/18 %	2018/19 %	2019/20 %	Total %
Council Tax increase - ASC	3	1	2	6

The financial projections in this report are based on the following levels of council tax increase:-

	2019/20 %	2020/21 %	2021/22 %	2022/23 %
Council Tax increase - General	2.99*	2	2	2
Council Tax increase - ASC	2	0	0	0
Total	4.99	2	2	2

* The Government's assumption in the calculation of core spending power in the Provisional Local Government Finance Settlement is that local authorities increase their Band D council tax in line with the 3% referendum limit

2.2.7 Business Rates Retention

Consultation Paper

Alongside the Provisional Local Government Finance Settlement, the Government also published a consultation paper titled "Business Rates Retention Reform – Sharing Risk and Reward, managing volatility and setting up the reformed system".

The reform of the business rates retention system will sit alongside wider changes to the local government finance system which the Government aims to introduce in 2020; notably the review of relative needs and resources, which will review the relative needs and resources of all local authorities, and the upcoming Spending Review, which will set the overall level funding for local government.

The scope of the consultation will be the reform of aspects of the business rates retention system in England, which the Government aims to implement in 2020. How local authorities transition from the current system to a reformed system and how reforms are operationalised are not being consulted on at this point; the Government expects to consult on these in 2019.

The upcoming Spending Review will determine the spending envelope for local government and therefore the quantum of funding available to local authorities is outside of the scope of the consultation.

The consultation will last for 10 weeks from 13 December 2018 to 21 February 2019. A summary of the key points in the consultation paper is included in Appendix 2.

2019-20 Business Rates Retention Pilots

In 2017-18 and 2018-19, a number of local authorities piloted 100% Business Rates Retention. In July 2018, the Government confirmed that authorities in Greater Manchester, Liverpool City Region, Cornwall, the West of England and West Midlands Combined Authority areas would continue to retain 100% of business rates in 2019-20.

In July 2018, the Government launched a competitive bidding round, inviting pools of authorities to bid to pilot 75% business rates retention in 2019-20. The Government has selected fifteen areas to pilot increased business rates retention as part of the move towards wider reform of the system from 2020 onwards.

Following separate negotiations with London authorities, it has also been agreed that London will be piloting 75% business rates retention in 2019-20. The arrangements for these pilot authorities have no impact on the funding available for other areas.

In all the pilot areas, authorities have agreed to forego funding streams in return for higher shares of business rates. In London, the boroughs, the City of London Corporation, and the Greater London Authority (GLA) will forego RSG. GLA will also forego the GLA Transport grant from the Department for Transport (DfT).

The 75% and 100% business rates retention pilots are cost neutral at the point of delivery, although there is a cost to the exchequer arising from the additional growth foregone.

As reported to Cabinet in December 2018, final projections for Business Rates retention in 2019/20 under the revised pool will be based on London Boroughs NNDR1 returns for 2019/20 which are due to be returned to central government by 31 January 2019. Until then the MTFS will continue to be based on the “no worse off” assumption which is calculated under the pre-pilot methodology. Updated figures based on all London boroughs completed NNDR1 returns will be included in the report to Cabinet on 18 February 2019.

Business Rate Levy Account Surplus

As a result of increased growth in business rates income the government has announced that it is intending to distribute £180 million of the Levy Account surplus to local authorities on the basis of need. Merton's share of this one-off payment in 2019/20 is £0.543m.

2.2.8 Special and specific grants

The distribution of a number of grants was published alongside the Provisional Settlement. Within core spending power these include:-

- New Homes Bonus
- Improved Better Care Fund
- Rural Services Delivery Grant (not applicable to London)
- Compensation for under-indexing the business rates multiplier
- Winter Pressures Grant
- Social Care Support Grant

Outside of the Provisional Settlement, allocations of a number of other grants have also been published including:-

- Lead Local Flood Authorities funding
- Flexible Homelessness Support Grant
- Homelessness Reduction Act new burdens funding

The Government has not yet published the Public Health Grant allocations for 2019-20.

The provisional schools funding settlement for 2019/20 has been published by the Department for Education.

New Homes Bonus

Despite previously indicating that it might, the Government has decided not to make any additional change to the baseline, below which the Bonus will not be paid, and it will remain at 0.4% for the 2019-20 allocations. It retains the option of making adjustments to the baseline in future years.

Provisional NHB allocations for 2019-20 have been published. London's share of the national total has stayed broadly the same at 21%, receiving £190 million of the £918 million national total. Overall NHB funding has fallen by £30 million (3.1%). London boroughs' allocations have fallen by £10.6 million (5.3%). Funding for New Homes Bonus will be made up from £900 million provided from Revenue Support Grant, and an expected £20 million from departmental budgets.

Merton's provisional allocation for 2019/20 is £2.108m which is £0.080m more than provided for in the MTFS.

Improved Better Care Fund

There is no change to the figures announced in last year's Settlement. In 2019-20, the Government is providing £1.837 billion across England. London boroughs will receive £299 million in 2019-20. As confirmed in the allocation

methodology last year, the allocation methodology takes into account the ability to raise Social Care Precept and therefore benefits those councils with lower capacity to raise council tax.
Merton's allocation is:-

Improved Better Care Fund	**2019-20 £m**
Merton	4.114

Compensation for under-indexing the business rates multiplier
At Autumn Budget 2017, the government announced plans to bring forward a move from RPI to CPI indexation of the business rates multiplier. This change took effect from 2018/19 instead of 2020/21. In the 2018/19 Settlement £275 million of section 31 grant was made to local authorities in compensation for lost income of which £48.7 million was paid to London boroughs. This rises to £400 million in 2019/20 (£70.9 million in London). This compensation grant is included within Core Spending Power.

Merton's allocation for this is:-

Compensation for under-indexing the business rates multiplier	**2019-20 £m**
Merton	1.153

Lead Local Flood Authority Grant
The Government has also published Lead Local Flood Authority Grant allocations for 2019-20 (for the grant that sits outside the funding within SFA). London Boroughs will receive £0.87 million (from the national total of £4.3 million).

Merton's allocation for this is:-

Lead Local Flood Authority Grant	2019-20 £m
Merton	0.179

Flexible Homelessness Support Grant
The Government has also published Flexible Homelessness Support Grant allocations for 2019-20. London boroughs will receive £107.7 million in 2019-20 – this is 54% of the national total of £200 million.

Merton's allocation for this is:-

Flexible Homelessness Support Grant	2019-20 £m
Merton	0.716

Homelessness Reduction Act new burdens funding

Homelessness Reduction Act new burdens funding was published in October 2017. London boroughs will receive £9.4m(38%) of the England total of £24.8m in 2019-20.

Homelessness Reduction Act new burdens funding	2019-20 £m
Merton	0.136

Winter Pressures Grant

Additional funding of £240 million was allocated in both 2018-19 and 2019-20 to assist authorities with winter pressures. This has been distributed using the adult social care relative needs formula and London boroughs are expected to receive £37.2 million (15.5%) of the England total in 2019-20.

Merton’s allocation is:-

Winter Pressures	2018-19 £m	2019-20 £m
Merton	0.748	0.748

Social Care Support Grant

As announced in the Budget 2018, an additional £410m is provided in 2019-20 for adults and children’s social care. Merton’s estimated share of this is £1.278m. The Government is consulting on the method of distribution and is proposing to use the adult social care relative needs formula only. This would mean London boroughs receiving £63.5 million (15.5% of the total). As some of this funding can be spent on children’s social care, London Councils will encourage the Government to use the children’s social care relative needs formula to determine at least part of the distribution as London boroughs receive 25% of the national total of the children’s social care relative needs formula.

Merton’s allocation is:-

Social Care Support Grant	2019-20 £m
Merton	1.278

Fair Funding Review – Technical Consultation paper
Alongside the Provisional Local Government Finance Settlement, the Government also published a technical consultation paper “Review of local authorities’ relative needs and resources - Technical consultation on the assessment of local authorities’ relative needs, relative resources and transitional arrangements”.

This consultation seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21. The consultation will last for 10 weeks from 13 December 2018 to 21 February 2019. A summary of the key points in the consultation paper is included in Appendix 3.

Provisional Settlement Consultation Response
The government is consulting on the provisional settlement figures with a four week deadline of 10 January 2019.

2.2.9 **School Funding Announcement 2019/20**

The School Revenue Funding Settlement: 2018 to 2019 was published on 17 December 2018. The distribution of the DSG to local authorities is set out in four blocks for each authority: a schools block, a high needs block, an early years block, and the new central school services block. The main allocations for Merton announced on 17 December 2018 are:-

Dedicated schools grant: 2019-20 allocations local authority summary	2019-20 DSG allocations, prior to recoupment and deductions for direct funding of high needs places by ESFA				
	2019-20 schools block (£million)	2019-20 central school services block allocation (£million)	2019-20 provisional high needs block allocation (£million)	2019-20 early years block (£million)	2019-20 total DSG allocation (£million)
Merton	122.978	1.041	33.319	15.571	172.909

Dedicated schools grant: 2019-20 allocations local authority summary	2019-20 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA				
	2019-20 schools block (£million)	2019-20 central school services block allocation (£million)	2019-20 high needs block allocation (£million)	2019-20 early years block (£million)	2019-20 total DSG allocation (£million)
Merton	122.978	1.041	33.033	15.571	172.623

There will be a more detailed update on Schools funding in the February Cabinet report when further details are known.

3. Public Health Grant 2019/20

3.1 The Government announced allocations of the local government public health grant for 2019/20 on 20 December 2018. The allocation is unchanged from the provisional allocation announced in December 2017.

3.2 The public health grant is ring-fenced for use on public health functions exclusively for all ages.

3.3 Merton's allocation for 2019/20 is:-

	2019/20 £000
Merton – Public Health Grant	10,175

4.. GLA PRECEPT

4.1 On 20 December 2018 the Mayor of London announced his proposed council tax precept for 2019-20Tand consultation budget for 2019/20, subject to consultation. The proposed (Band D) precept for the 32 London boroughs is £320.51 – a £26.28 or 8.9% increase compared to 2018/19. Of this increase £24 will be applied for policing and the balance to fund the London Fire Brigade. The consultation period lasts until 14 January 2019.

4.2 The GLA is using the following timetable to produce its budget and agree its precept on London boroughs

<u>20 December 2018</u>
Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget, including the Capital Strategy and borrowing limits. Statutory scrutiny of Mayor's budget proposals starts.

<u>24 January 2019</u>
Assembly to consider Draft Consolidated Budget.

<u>25 February 2019</u>
Assembly to consider Final Draft Consolidated Budget.

<u>28 February 2019</u>
Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan is published.

6. **DRAFT CAPITAL PROGRAMME**

6.1 Both the draft Capital Strategy 2019-23 and Draft Treasury Management Strategy 2019/20 were reported to Cabinet in December 2018. Updated versions of both strategies will be included in the Business Plan report to Cabinet in February 2019.

7. **GENERAL FUND BALANCES AND RESERVES**

7.1 The General Fund balance can be seen as an authority's working balance. In considering the budget plans for the medium term, it is also necessary to give some attention to the level of this working balance. In coming to this decision a number of issues should be considered.

These include:

(a) the retention of working balances to cushion cash flow variations and to avoid increased borrowing costs;

(b) the retention of sums to provide against inflation and pay awards being in excess of the assumptions made within the budget;

(c) the retention of sums to provide for contingent liabilities; or

(d) to meet unforeseen events

7.2 In taking a decision on the level of balances, it is important to take into consideration current and future budget pressures and recognise that in order to set a balanced budget over the next four years there is a need for significant net reductions in the budget which inevitably will mean that there is very little room for manoeuvre in determining the level of balances.

7.3 The recent National Audit Office report on financial sustainability in local authorities published following the crisis at Northamptonshire County Council indicates that there is a heightened risk of more councils over the next four years falling into special financial measures as a result of not reconciling the pressure on budgets. The establishment and planned use of a suitable level of reserves will be a key part of financial resilience going forward.

7.4 The movement and planned use of reserves, both revenue and capital, over the MTFS period is currently being reviewed and there will be a full update to Cabinet in February.

8. **SUMMARY**

8.1 Following the changes discussed in this report arising from the Provisional Local Government Finance Settlement, the gap in the MTFS (Appendix 1) has changed to the following:-

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Gap remaining (cumulative)	0	2,873	7,352	8,779

9. CONSULTATION UNDERTAKEN OR PROPOSED

9.1 There will be extensive consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, the Financial Monitoring Task Group, business ratepayers and all other relevant parties. The consultation meeting with Business Ratepayers is arranged for 13 February 2019.

9.2 Feedback on scrutiny of the Business Plan proposals will be provided by the Overview and Scrutiny Commission on 23 January 2019.

10. TIMETABLE

10.1 The business planning timetable for 2019/20 has been reported to and agreed by Cabinet previously.

11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

12. LEGAL AND STATUTORY IMPLICATIONS

12.1 All relevant implications have been addressed in the report.

13. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

13.1 Not applicable

14. CRIME AND DISORDER IMPLICATIONS

14.1 Not applicable

15. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

15.1 Not applicable

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

Appendix 1	Medium Term Financial Strategy - Update
Appendix 2	Business Rates Retention Reform – Summary of key points in the Consultation Paper
Appendix 3	Fair Funding Review – Summary of key points in the Technical Consultation Paper

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

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DRAFT MTFS 2019-23:				
	2019/20 £000	**2020/21 £000**	**2021/22 £000**	**2022/23 £000**
Departmental Base Budget 2018/19	**149,808**	**149,808**	**149,808**	**149,808**
Inflation (Pay, Prices)	4,244	7,094	9,945	12,796
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	206	0	0	0
Change in Net Appropriations to/(from) Reserves	766	909	1,065	1,002
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	2,479	4,566	4,846	4,922
Re-Priced Departmental Budget	**155,932**	**159,097**	**162,718**	**166,032**
Treasury/Capital financing	9,806	10,873	12,294	12,324
Pensions	3,552	3,635	3,718	3,801
Other Corporate items	(20,676)	(20,601)	(20,549)	(20,125)
Levies	607	607	607	607
Sub-total: Corporate provisions	**(6,711)**	**(5,486)**	**(3,930)**	**(3,393)**
Sub-total: Repriced Departmental Budget + Corporate Provisions	**149,221**	**153,611**	**158,788**	**162,639**
Savings/Income Proposals 2018/19	(2,577)	(8,171)	(9,550)	(9,655)
Sub-total	**146,644**	**145,440**	**149,238**	**152,984**
Appropriation to/from departmental reserves	(2,017)	(2,160)	(2,316)	(2,253)
Appropriation to/from Balancing the Budget Reserve	(2,597)	(3,427)	0	0
BUDGET REQUIREMENT	**142,030**	**139,853**	**146,922**	**150,731**
Funded by:				
Revenue Support Grant	(5,076)	0	0	0
Business Rates (inc. Section 31 grant)	(35,903)	(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	(2,108)	(1,304)	(1,008)	(800)
Council Tax inc. WPCC	(92,350)	(94,629)	(96,955)	(99,330)
Collection Fund – (Surplus)/Deficit	(742)	0	0	0
TOTAL FUNDING	**(142,030)**	**(138,456)**	**(141,046)**	**(143,428)**
GAP including Use of Reserves (Cumulative)	**0**	**1,397**	**5,876**	**7,303**

Potential Unfunded ASC commitments due to Loss of Better Care Funding	0	3,218	3,218	3,218
GAP assuming no new ASC Government Grant (Cumulative)	**0**	**4,615**	**9,094**	**10,521**
Possible Offset if 2019/20 ASC CT hypothecation can be used to replace Better Care Funding	0	(1,742)	(1,742)	(1,742)
GAP assuming no new ASC Government Grant but 2019/20 CT hypothecation can be used(Cumulative)	**0**	**2,873**	**7,352**	**8,779**

Business Rates Retention Reform - Sharing risk and reward, managing volatility and setting up the reformed system

Consultation – December 2018

The consultation seeks views on options for the reform of elements of the business rates retention system in England from 2020-21 onwards. It will last for 10 weeks from 13 December 2018 to 21 February 2019.

The Government is currently in the process of reviewing the components of the business rates retention system, both individually and in aggregate. This reform of the system is consistent with the Government's aim to introduce 75% business rate retention in 2020, in a way that is fiscally neutral.

The Government's ambition for business rates retention remains two-fold:

- to give local government greater control over the money it raises, recognising that local authorities are best placed to decide local priorities; and
- to incentivise local authorities to support local economic growth.

The Government acknowledges that:-
- the business rates retention system is complex and has not always been flexible.
- that there is a level of disproportionate volatility in the current system and is committed to reducing the impact on local authority income of factors outside of an authority's control.

It is the Government's aim to introduce reform of the business rates retention system in 2020-21.

The Government's proposals in the consultation paper are in three main areas:-

1. proposals to update the balance of risk and reward to better reflect the wider context for local authorities in 2020.
2. proposals designed to mitigate volatility in income and simplify the system
3. proposals about how to set up the new business rates retention system in 2020

The balance of risk and reward

The Government believes that if local authorities are going to keep a share of the benefits of growth through the business rates retention system then they should also take on a share of the risk.

This section of the consultation covers:-

- how the system should be reset on a regular basis;
- the tier split between district and county councils;
- proposals to reform the levy; and
- the level of the safety net.

How the system should be reset on a regular basis
At a reset, Business Rates Baselines are re-calculated for the forthcoming reset period for all local authorities. During this period, growth in the authority's locally raised business rates (and so income) can be retained above its Baseline Funding Level (currently at 50%, which is the local share under 50% business rates retention).

The Government intends to carry out a full reset of Business Rates Baselines in 2020-21.
This will allow:-

- full implementation of reforms to the business rates retention system;
- the findings of the review of relative needs and resources; and
- the Spending Review.

The approach to the reset in 2020-21 and for the future resets after this point need not be the same; the way the system is set up to facilitate optimal implementation will not set a precedent for resetting Business Rates Baselines in the future.

This consultation seeks views on resets after 2020-21 and not what happens at the transition to the reformed system, which will be consulted on later.

Types of Reset

Partial Reset	Under a partial reset: Business Rates Baselines and Baseline Funding Levels are held constant for a set number of years and at a reset a percentage of the growth achieved over the previous period is redistributed, with the remaining percentage retained by individual local authorities. This percentage is yet to be determined and the Government welcomes views on this. It is not expected that authorities experiencing decline in their rates would retain this entering a new reset period. The advantage of this type of reset is that it would help to smooth out 'cliff-edges' and could offer improved stability and certainty for authorities, whilst still allowing them to benefit from local growth.
Full Reset	Under a full reset: no growth is retained into the forthcoming reset period. This creates 'cliff-edges' at the end of each reset period and creates a perverse incentive for authorities to control when growth comes 'on stream'. The Government has ruled out full resets at the end of every reset period.
Phased Reset	Under a phased reset: authorities retain each year's growth (or loss) in rates for a set number of years and thereafter that growth (or loss) is redistributed. Under this option it would not matter when growth came 'on stream' as all growth would count equally, regardless of timing.

This consultation seeks views on:

a. The most desirable type of reset; and
b. The time period that a reset should cover

Time period between resets
The Government has previously proposed a 5-year time period between resets which it says received support as it “struck a good balance between incentivising growth and providing for redistribution to meet need.”

The Government has announced that business rates revaluations will happen every three years. Aligning resets and revaluations could have some benefit because it reduces, marginally, the scale of the disruption to tariffs and top-ups in any year.

The government ask respondents to consider whether the frequency of resets aligned with the frequency of revaluations are desirable (i.e. multiples of three years).

The Government is continuing to work to understand how reset options interact with future pending review periods and the output of the review of relative needs and resources.

The Safety Net
The safety net is the mechanism that ensures that the risk of experiencing a decline in business rates income is proportionate and sustainable at an individual local authority level when shocks to the system occur, such as the closure of a major ratepayer. It ensures that no authority falls below a minimum level of their assessed need, currently expressed as a percentage of Baseline Funding Level.

It is proposed to continue with the current approach to the safety net: that it should continue to function as a ‘simple’ safety net whereby local authorities bear some of the risk but will receive help when business rates income reduces below a certain level. It is the level at which the safety net should be set that remains to be decided. The likelihood that an authority will require a safety net payment is very much a function of other elements in the system (e.g. appeals and other valuation change).

Within the current system the safety net is funded through two sources: the levy and a top slice of Revenue Support Grant (RSG). The Government expects that the safety net will continue to be funded through the levy account and a top-slice, this time on business rates income (as opposed to RSG). The Government believes that funding more of the safety net through a top-slice is fairer because the cost will be shared by all authorities – effectively a form of collective mutual insurance for all local authorities – and not just those who have achieved growth.

The levy
The Government believes that providing a credible growth incentive should be a feature of reformed rates retention. Scrapping the levy would require primary legislation. However, the Government remains strongly committed to rewarding

growth and is minded to reform this element of the system within the current legislative framework. This would mean raising the threshold at which the levy falls due.

The Government proposes that the level at which an authority becomes eligible to pay the levy should be raised so that only growth that could be considered ‘extraordinary’ would be subject to it. After this point the levy should be 100% and therefore function as a cap. This would be a simpler approach, with greater predictability for authorities and would provide a stronger growth incentive, as authorities would be able to retain all growth that can reasonably be attributed to their management of their local economy.

(‘Extraordinary’ is used here in its literal sense to describe growth outside of the ordinary, for example as a function of provisions made and released. As this growth cannot be attributed to an authority’s management of their local economy it is reasonable and proportionate that the levy be used as an inverse of the safety net to limit gain.)

It would be possible to use the existing legislative framework to reform the function of the levy to address ‘extraordinary growth’. Reform can also be designed to simplify this element of the system. The higher the threshold at which the levy fell due, the smaller the number of affected authorities. For example, using 2016-2017 data, setting the levy at 150% Baseline Funding Level would have meant 18 authorities would have been subject to it, at 200% it would have affected 7 authorities and at 250% it would have seen only 4 authorities subject to the levy. The consultation paper seeks views on the level at which the levy should fall due (e.g. 150%, 200%, 250%, or another level).

The levy is currently calculated as follows and is paid only by tariff authorities:

Levy rate = 1 - (Baseline Funding Level/Business Rates Baseline) or 0.5, whichever is lesser
Levy payment = (retained rates – Baseline Funding Level) * levy rate, if retained rates > Baseline Funding Level.

Tier splits
The Government is minded to retain a national tier split as an appropriate mechanism to distribute business rates income in multi-tier areas between billing and precepting authorities. Determining an appropriate level for the tier split between counties and districts is a decision that will need to be made later in the process, following decisions on other elements of the system.

The consultation paper does not seek views on an appropriate tier split between London boroughs and the Greater London Authority. The Government currently makes this decision separately, in consultation with London authorities, and this will continue to be the Government’s approach.

It is expected that Fire and Rescue Authorities will continue to retain 1% of business rates across the area they cover.

Pooling
The Government believes that pooling is desirable and offers many benefits. For example:-

- It allows better planning across a functional economic area,
- It facilitates joint decision making on the strategic spending of business rates growth.
- It facilitates opportunities for collaboration and friendly scrutiny.

If the levy were to be reformed, a key incentive to pool will be lessened and therefore, the consultation paper seeks views on how pooling can be incentivised and improved.

The Government will also consider how best to encourage pooling as part of its wider approach to devolution policy.

Simplifying the system and reducing volatility

This section of the consultation paper covers:

- a review of hereditaments on the central and local lists;
- the options available to deliver the Government's commitment to address volatility caused by appeals and valuation loss; and
- a proposal to simplify the administration of the business rates retention system.

The central and local lists
The central list is a list of hereditaments that pay business rates directly to central government, as opposed to a local billing authority. Under the Local Government Finance Act 1988, the Secretary of State has the power to designate hereditaments to the central list. Criteria to assist in this decision are also already in existence. The Government re-affirms its view that the reform of the central and local lists should create a rational and transparent system which is uniform throughout the country and that the central list should be used to list hereditaments which by their nature are unsuitable for listing in local lists.

Baselines will need to be adjusted where there is movement between lists, so that any movement will not impact on an authority's income. The Government therefore proposes that the most suitable time for hereditaments to move between lists is at a reset. Once a decision has been made on what type of reset will be implemented in the reformed system, options can be considered for how often it is appropriate to consider reallocating classes of hereditaments between the non-domestic rating lists.

Appeals and other valuation change
The Government remains committed to addressing the impact of appeals and other valuation change on local authority income and has previously stated its intention to centralise this risk.
Authorities are required, under international accounting standards, to make provisions against valuation change. Both overestimating and underestimating these provisions can cause volatility in income at a local level. It is therefore necessary to reform how provisions are addressed alongside centralising appeals and other valuation change.

In order to address volatility caused by valuation change and associated provisions, MHCLG has worked with the Chartered Institute of Public Finance and Accountancy (CIPFA) to scope options to answer two central questions:

a) How to measure the compensation due to local authorities, if business rates losses due to valuation change were to be centralised; and,

b) How to mitigate the impact of provisions on authorities' ability to spend on services in-year using accounting adjustments.

The Government is seeking solutions that don't exacerbate complexity of the business rates retention system. The consultation paper proposes a change to the administration of the system as the best way to mitigate the impact of appeals and provisions for appeals.

Change to the administration of the system:

This change would work by having floating tariffs and top-ups, compared to fixed ones. Local authorities' own estimates of income - after provisions - would be used each year (through NNDR1s) to set top-ups and tariffs.

- The date that NNDR1 forms are submitted would have to be brought forward to around September each year.
- There would need to be a change to the information that is requested through NNDR forms. Specifically, local authorities would have to provide figures, posted to individual years, covering prior-year adjustments incorporating appeals and valuation change for "gross rates payable".

It is the Government's view that any additional effort required to implement these changes to NNDR forms would be offset by the outcomes the reform would deliver.

The Government is committed to ensuring local authorities see the benefit of all their growth. A separate baseline could be used to measure growth from, based on either gross rates payable or net rates payable. This could be recalibrated annually to take account of backdated appeals.

Such a change to the administration could bring significant benefits such as providing predictability of income from business rates, allowing local authorities to retain all the growth they achieve and a more responsive and flexible system.

How resets, tier splits, the safety net and levy will work from 2020 are all decisions that would still need to be taken regardless.

Summary

This consultation will not be testing how we transition into the new system. The Government will consult further in 2019.

- There will be a full reset of the business rates system in 2020/21. This will allow full implementation of both reforms to the business rates retention system and the outcome of the review into relative needs and resources.
- The outcome of the review into local authorities relative needs and resources together with the Spending Review will give all local authorities new funding allocations.
- MHCLG will continue to work with the sector on the design of the future business rates retention system through 2019.

Summary of questions

Question 1:	Do you prefer a partial reset, a phased reset or a combination of the two?
Question 2:	Please comment on why you think a partial/ phased reset is more desirable.
Question 3:	What is the optimal time period for your preferred reset type?
Question 4:	Do you have any comment on the proposed approach to the safety net?
Question 5:	Do you agree with this approach to the reform of the levy?
Question 6:	If so, what do you consider to be an appropriate level at which to classify growth as ‘extraordinary’?
Question 7:	What should the fall-back position be for the national tier split between counties and districts, should these authorities be unable to reach an agreement?
Question 8:	Should a two-tier area be able to set their tier splits locally?
Question 9:	What fiscally neutral measures could be used to incentivise pooling within the reformed system?
Question 10:	On applying the criteria outlined in Annex A, are there any hereditaments which you believe should be listed in the central list? Please identify these hereditaments by name and location.
Question 11:	On applying the criteria outlined in Annex A, are there any listed in the central list which you believe should be listed in a local list? Please identify these hereditaments by name and location.
Question 12:	Do you agree that the use of a proxy provides an appropriate mechanism to calculate the compensation due to local authorities to losses resulting from valuation change?
Question 13:	Do you believe that the Government should implement the proposed reform to the administration of the business rates retention system?
Question 14:	What are your views on the approach to resetting Business Rates Baselines?
Question 15:	Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic?

A review of local authorities' relative needs and resources

Technical consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements (December 2018)

This consultation seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21. The current methodology has not been updated since the introduction of the 50% business rates retention system in 2013/14.

The aim of the review is "to enable the Government to reconsider the drivers of local authorities' costs, the resources available to them to fund local services, and how to account for these in a way that draws a more transparent and understandable link between local circumstances and resource allocations."

The Current Needs Assessment

At present, 15 different relative needs formulas and several tailored distributions for services previously supported by specific grants are used to determine annual funding allocations through the settlement. These formulas involve over 120 cost drivers and were last updated in 2013-14 (although the underlying statistical modelling which determined the cost drivers and weightings given to them can be traced back even further).

Adult's Personal Social Services
- Social Services for Older People RNF (Relative Needs Formula)
- Social Services for Younger Adults RNF

Fire and Rescue Service
- Fire and Rescue RNF

Capital Finance
- Capital Financing RNF

Children's Services
- Children's Social Care RNF
- Local Authority Central Education RNF
- Youth and Community RNF

Environmental, Protective and Cultural Services RNF
- Upper-tier EPCS RNF
- Lower-tier EPCS RNF
- Concessionary Travel RNF
- Fixed Costs RNF
- Flood Defence RNF
- Continuing EA Levies RNF
- Coastal Protection RNF

Highways Maintenance
- Highways Maintenance RNF

Proposed Relative Needs Formulas

The Government has proposed a simplified approach to the relative needs assessment by reducing the number of formulas and focusing on the most important cost drivers. The starting assumption has been that all council services are included in the Foundation Formula, and the Government have considered on a case-by-case basis whether a standalone funding formula is merited for particular service areas. The Review of Local Authorities' Relative Needs and Resources consultation proposes a per capita foundation formula for upper and lower-tier authorities, alongside seven service-specific funding formulas.

Foundation Formula[1,2]

Adult Social Care RNF[1]
Children Services RNF[1]
Public Health[1]
Highways Maintenance[1]
Fire and Rescue[1]
Legacy Capital Finance[1,2]
Flood Defence and Coastal Protection[2]

Terms of Reference
The terms of Reference of the review of local authorities' relative needs and resources are to :-

- set new baseline funding allocations for local authorities
- deliver an up-to-date assessment of the relative needs of local authorities using the best available evidence.
- examine the relative resources of local authorities.
- focus initially on the services currently funded through the local government finance settlement, with subsequent consideration of additional responsibilities devolved to local government under further business rates retention,
- consider appropriate transitional arrangements
- develop the approach through close collaboration with local government

Guiding Principles
- Simplicity
- Transparency
- Contemporary
- Sustainability
- Robustness
- Stability

[1] Indicates an Upper-Tier authority RNF
[2] Indicates a Lower-Tier authority RNF

Implementation

The Government aims to implement as part of the 2020-21 local government finance settlement :-

- the outcome of the review,
- increased business rates retention,
- a full business rates baseline reset, and
- the 2019 Spending Review.

The Government recognise that early notification of final funding allocations in particular would help councils' medium term financial planning and service delivery. Given that final confirmed allocations will be subject to the timing and outcome of the planned Spending Review, the Government's current aim is to publish indicative allocations through a further stage of formal consultation before the 2020-21 provisional local government finance settlement.

Focus of the Review

Three main areas:-

i) relative needs,
ii) relative resources, and
iii) transitional arrangements.

Four Key Areas of the Consultation

- To present proposals to simplify the assessment of local authorities' relative needs by introducing a simple Foundation Formula, alongside several 'service-specific' formulas. The majority of these formulas will be subject to a service-specific Area Cost Adjustment.
- To consider the type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services, such as council tax
- To propose a set of principles that will be used to design transitional arrangements and examine how the baseline for the purposes of transition should be established
- To seek views on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic.

Relative Needs

The relative needs of local authorities are determined by the use of funding formulas, which incorporate relevant local demographic or other data, thought to predict the relative demand councils face when delivering different services.

In order to strike a balance between simplicity, transparency and precision, the Government has taken a number of factors into consideration when settling the number and type of relative needs formulas required, and the cost drivers included in them.

The needs assessment separates factors between those which drive demand for the number of services or interventions required (e.g. the number of people living in a local authority area), and those which affect the cost of delivering those services or interventions (e.g. the cost of employing staff which will vary across the country, or the impact of providing services across congested or sparsely populated areas)

To minimise the use of judgement in the needs assessment, statistical techniques offer the best available empirical basis for determining which cost drivers are most significant in driving authorities' need to spend on particular services, and the relative importance (or weighting) of cost drivers included in a formula.

It will be necessary to decide what proportion of the overall funding that is available through the settlement will be allocated by each formula.

A key consideration for the Government is how to future-proof the formula and still offer funding certainty for authorities.

<u>Structure of the Relative Needs Assessment</u>
The general consensus was that deploying several service-specific formulas, alongside a Foundation Formula, would help to ensure an appropriate balance between simplicity, transparency and precision. However, many argue that the needs assessment should take account of specific factors that are relevant to their circumstances or those of a particular group of authorities and a large number of additional cost drivers have been suggested, along with several service areas that might warrant a specific funding formula. However, the Government say that the level of consensus around many of the suggestions that were made was not high but those that receive a reasonable level of support are discussed in the consultation paper.

The Government is minded to deploy a per capita Foundation Formula for upper and lower tier authorities, alongside seven service-specific funding formulas.

1) Adult Social Care
2) Children and Young People's Services
3) Public Health
4) Highways Maintenance
5) Fire and Rescue
6) Legacy Capital Finance
7) Flood Defence and Coastal Protection

The Government state that the overall level of funding available for redistribution at the 2020-21 local government finance settlement will be subject to the outcome of the 2019 Spending Review. Further consideration will be needed before the Government establishes what proportion of the overall funding is to be allocated by each formula.

In order to illustrate where specific council services are captured in the proposed relative needs assessment, the Government has ‘mapped’ expenditure lines from local authority general fund revenue account outturn forms to specific areas of the needs assessment.

Overview of Proposed Relative Needs Formulas

Upper or Lower Tier Formula:	Separate upper and lower tier formulas
Cost drivers included in the formula	– Total population
Analytical technique used:	Per capita basis
Will an Area Cost Adjustment apply?:	Yes
Example service areas included in formula:	<u>Upper tier:</u> Waste disposal Public transport Libraries Leisure Planning Central services <u>Lower tier:</u> Waste services Environment Homelessness Sports and recreation Central services

In the case of London, separate funding is provided to the Greater London Authority for the functions that it provides. These are upper tier functions which include public and other transport planning, local bus support, rail support, other transport support and public transport co-ordination. It will be necessary to take account of this to avoid an overestimation of relative needs for London authorities. Therefore in line with past settlement methodologies, a ‘London adjustment’ will be used to reflect that there is no ‘need to spend’ on these service areas for London authorities.

As well as population, the Government has also looked at the potential of rurality and deprivation as cost drivers for the Foundation Formula. It notes, however, that in the upper tier Foundation Formula, population alone explained 88.1% of all variation in past expenditure and population alone explained 84% of variation in past expenditure included in the lower tier Foundation Formula.

Adult Social Care
As a targeted service with strict eligibility criteria, adult social care is a complex area that accounts for the largest proportion of expenditure for upper tier authorities. The

Government believes that the best available option for adult social care is to deploy the most up-to-date, service-specific formula available, which offers appropriate levels of analytical robustness. The Government's leading option is to base an adult social care relative needs formula on work by LG Futures (a specialist consultancy firm), together with the Personal Social Services Research Unit at the University of Kent and the London School of Economics and Political Science, using data collected in 2012-13.

Children and Young People's Services
Children and Young People's services is a complex area with unique cost drivers. A significant proportion of expenditure is on services for the most vulnerable children, which are relatively low incidence, but high cost. Children and Young People's services represents the second largest area of expenditure for upper tier authorities and the Government believes that the best available option is to develop a new service-specific formula which offers appropriate levels of analytical robustness. To do this the Government has commissioned a children's services data research project.

Public Health
Public health is a significant area of expenditure for upper tier authorities and includes a wide range of services, some of which are universal (e.g. health visitor programmes) and others which are targeted at specific population groups (e.g. drug misuse treatment services). In addition, some public health activity is currently prescribed in regulations, which local authorities are legally required to provide. Given the complexity and size of this service area, the Government believes a service-specific approach would be required for public health if it falls within the scope of the review. On this basis, the leading option would be based on a new public health formula that was developed by the Advisory Committee on Resource Allocation. This formula was the subject of formal consultation in 2015.

Highways Maintenance
There is broad agreement that the two cost drivers - road length and traffic flow – are the most significant. The Government is therefore minded to implement a straightforward formula for this service area that incorporates these two cost drivers.

Legacy Capital Finance
A separate Legacy Capital Financing relative needs formula is required to ensure that local authorities with borrowing commitments that were agreed to be funded through the local government finance settlement, prior to the introduction of the Prudential Capital Finance System, have that cost recognised in their relative needs assessment. Legacy Capital Finance remains a pressure on authorities and the Government believes that the unringfenced funding distributed by the settlement provides local authorities with the greatest flexibility to service this historical debt.

Flood Defence and Coastal Protection
Upper-Tier authorities: The Government believes that it is proportionate to incorporate upper tier flood defence and coastal protection within the upper tier Foundation Formula, on the basis of the overall scale of expenditure and the distribution of relative needs.

Lower tier authorities: Spending patterns suggest separate flood defence and coastal protection relative needs formulas could be introduced for lower tier authorities. The government believe the following cost drivers are the most significant for flood defence and coastal protection:

Flood defence: length of ordinary watercourse, properties at risk, and agricultural land at risk.
Coastal protection: properties at risk, and length of coast.

The Government will use local authority level expenditure based regression as the basis for further analytical work to determine whether these are the most appropriate cost drivers, before taking a view on the best approach.

Fire and Rescue
Further work is required to identify an appropriate approach to develop the new funding formula for this service area. As this work progresses the Government will sense-check the results of the analysis with experts in the sector, including the National Fire Chiefs Council. Subject to the outcome of this consultation and additional analytical work the Government will form a view on the best approach.

AREA COST ADJUSTMENT

The cost of delivering the same services may vary between local authorities for a number of reasons - for example:

- the costs of employing staff or renting non-domestic properties can vary considerably between different places, and
- some local authorities face unique pressures related to their geography; such as the costs associated with conducting business from isolated or peripheral communities or providing services to widely dispersed or densely concentrated populations.

The Government believes that it is important to include an Area Cost Adjustment in the assessment of relative needs and has identified the following criteria to determine which factors are taken into account:

i) significance
ii) variation
iii) data availability
iv) appropriate incentives - the Area Cost Adjustment should maintain incentives for local authorities to design services which deliver at the lowest possible cost.

The Government is minded to incorporate the factors set out below:

i) a rates cost adjustment, including rents, to reflect the variation between areas in the cost of using equivalent premises due to differences in local supply and demand factors,
ii) a labour cost adjustment, including accessibility, to reflect the fact that authorities will need to compete with other potential employers to secure and retain suitably skilled staff, and
iii) a remoteness adjustment, to account for variation in the cost of some inputs due to the size of local markets or isolation from major markets.

<u>Proposed Area Cost Adjustment methodology</u>
Whilst a consistent approach to Area Costs will be adopted across the relative needs assessment, the Government intends to tailor the Area Cost Adjustment for the Foundation Formula and each service area it is applied to, in order to reflect the different impact of these costs.
The factors set out above (a Labour Cost Adjustment (inclusive of accessibility), a Rates Cost Adjustment (inclusive of rents), and Remoteness) will be weighted together into a single index for each funding formula, using evidence-based weights which are appropriate for the relevant service(s).

<u>Weighting of funding between services</u>
The Government intends to introduce several funding formulas, which means that it will be necessary to decide the proportion of overall funding that is allocated by each one.
Some support has been expressed previously around using the proportion of spending that local government as a whole currently commits to different services as a basis for this, potentially supplemented with trend analysis or time series modelling to set control totals that reflect the pressures that local government are expected to face in the coming years. The Government intends to further explore the approach to determining control totals, and will ensure that any assessment of the future

pressures local authorities may face is aligned with the wider 2019 Spending Review, which will determine the overall level of funding available for redistribution at the 2020-21 settlement.

Weighting cost drivers in a relative needs formula

Statistical techniques offer an evidence-based way to determine funding allocations by minimising the use of judgement in constructing funding formulas. The use of statistical techniques would enable the Government to determine which cost drivers have the most significant impact on an authority's need to spend, and the relative importance (or weighting) of one cost driver against another within a formula.

The Government have considered the merits of a range of techniques that could be used. Alongside the principles of the review, a number of other considerations were taken into account, including:

i) the analytical robustness offered by a technique,
ii) the level of sophistication employed by a technique (and the trade-off between complexity, robustness and transparency), and
iii) practicalities, including the availability of appropriate data sources.

The two leading statistical techniques identified for the review are 'multi-level' modelling and expenditure based regression.

Multi-level models

Local authority level expenditure based regression models aim to account for variances in relative needs between local authority areas. Multi-level models do the same thing, but also aim to account for variances in relative needs inside an individual local authority area. This has the advantage of helping to eliminate any undue impact that individual council expenditure decisions may have had on the pattern of relative needs identified. However multi-level models are more complex than simple regression models and rely on a large amount of detailed information related to the level and distribution of spending within local authorities.

As multi-level models are recognised as a more robust approach for services which represent a significant proportion of expenditure and where future levels of need are more challenging to predict, the Government proposes the use of this technique in relation to Adult Social Care and Children and Young People's Services.

Local authority level expenditure based regression models

A significant challenge in determining the relative needs of local authorities is that there is no objective measure of 'need'. The most commonly used proxy of need in the past has been past spending per head (of relevant population), which is considered by Government to be reflective of the relative cost and importance of a service for local government. Such local authority level expenditure based regression models measure and compare the relationship between the 'need to spend' on council services and independent data sets which drive the cost of service delivery. The model attaches a 'weighting' to each cost driver included in a funding formula, and the greater the extent to which a cost driver explains the pattern of past expenditure, the more weight is attached to that cost driver. The model estimates the average relationship between each cost driver and past expenditure across all local authorities. This makes it possible to understand how much, on average, an additional unit of a particular cost driver represents a change in the need to spend – and therefore how much of the funding available for distribution should be allocated. Allocations are therefore determined by the value for each cost driver in each authority.

Although some criticisms have been raised against use of local authority level expenditure based regression, the Government believes it is still the best statistical approach in certain circumstances for the following reasons:

- It does not allocate more funding to councils that have spent more in the past
- It does not penalise efficiency.

Future proofing the needs assessment

The Government recognises that the impact of population and demographic changes over time is a particular concern for many in local government. The rate and nature of population change is likely to vary from one local authority area to another, which means a key consideration is the balance to strike between futureproofing the formula and offering funding certainty for authorities.
There is a strong consensus around using official population projections to reflect changing population sizes when assessing the relative needs of local authorities, and the Government is minded to agree that using Office for National Statistics population projections to calculate allocations for each year of a forward funding period, at the outset of the period, and updating these when the needs assessment is refreshed, is the most appropriate way to reflect future population changes, while giving authorities certainty over their income for the duration of the funding period.

Relative Resources

In addition to funding allocated through the local government finance settlement, councils raise resources locally. Authorities' capacity to fund the services they provide through local resources varies across the country depending on both their relative levels of needs and the resources they can raise, due to a number of factors, such as local circumstances and priorities, central Government policy and the legal framework in which they operate.

Local resources include:
• Council tax and
• Sales, fees and charges

The Government believes that it is important to continue to take account of councils' relative ability to raise resources.

For each local authority:-	
Final Funding =	Relative Needs share – Resources Adjustment +/- Possible Transitional arrangements + Actual resources income

<u>Supporting principles relating to the Resources adjustment</u>

- there will be no redistribution of council tax or sales, fees and charges resources between authorities
- the Government do not intend to reward or penalise authorities for exercising local discretion, and
- local authorities with a lesser capacity to fund services through locally raised resources will receive a smaller reduction to their relative needs share.

<u>Council Tax</u>
In line with one of the principles set by the Government, authorities would retain their actual council tax income no matter how the relative resources adjustment is assessed.

The amount of council tax income that local authorities raise varies depending on the size of their council tax base and the council tax level that they set each year, subject to collection rates. To reflect councils' varying ability to raise local resources, the Government will need to determine a measure of council tax income for the purposes of the relative resources adjustment.

In determining a measure of council tax resources, there are several factors which need to be accounted for

i) A measure of council tax base, including a treatment of discounts, exemptions, premiums and local council tax support,
ii) A measure of council tax level,
iii) A measure of the council tax collection rate,
iv) An approach to council tax tier splits in multi-tier areas.
v) an approach to council tax in successive years.

Tax Base

In relation to non-discretionary discounts and exemptions the Government is minded to:-

- continue including the effect of all non-discretionary discounts and exemptions in its measure of the tax base for the purposes of the resources adjustment, using data captured by local authority council tax base returns.
- To ensure consistency, to also take account of the impact that the pension-age element of local council tax support has on an authority's ability to raise council tax income.

As a result, a smaller resources adjustment would be applied to those authorities that have a greater number of properties in their area subject to mandatory discounts or exemptions.

In relation to discretionary discounts and premiums the Government is minded to:-

- continue with an assumption-based approach to take account of the second homes discount, the empty homes discount and the empty homes premium in its measure of council tax base.

The Government wishes to explore options for taking account of the working age element of local council tax support when determining the measure of authorities' council tax base.

Council Tax Level

The Government is minded to use a notional assessment of council tax levels when making the relative resources adjustment. This is an approach that has precedent in previous local government funding settlements, including the 2013-14 methodology.

Using a notional council tax level, as part of a notional measure of council tax resources, would mean that two local authorities with similar tax bases and a similar assessment of relative needs would receive broadly similar baseline funding levels, irrespective of their actual council tax levels.

Consistent with its aim to adopt a simple and transparent approach, the Government is minded to set a uniform notional council tax level for all areas (although work will continue on this).

Collection Rate
In 2017-18, the average England-level council tax collection rate was 97.1%, ranging from 90.0% to 99.5% at individual local authority level. The Government is inviting views on how it should determine the measure of council tax collection rate in the resources adjustment.
One approach would be to use councils' actual collection rates. However, this would mean that for two authorities that are identical aside from their collection rate, the one with the higher collection rate would receive a lower baseline funding level. Another approach is to apply a single, uniform collection rate to the measure of each local authority's council tax income. This uniform collection rate could be set at various levels (e.g. at the minimum, average, or maximum collection rate); however, it would have the same effect for all authorities in the relative resources adjustment irrespective of their actual collection rate.

Tier splits
Council tax is collected by a billing authority and in multi-tier areas the income is split between each tier and/or fire and rescue authorities. Once an assessed measure of council tax is agreed, the Government will need to determine how to split or allocate the resources adjustment for areas where upper tier, lower tier and/or fire responsibilities are carried out by different local authorities. This approach would not pre-judge the split of growth in business rates between tiers.

Council tax in successive years
In the case of a multi-year settlement from 2020-21 onwards, it will be necessary to consider the treatment of council tax income in successive years as part of a resources adjustment.

The Government is minded to fix a single measure of council tax resource over the period. This approach has the advantage of rewarding authorities for growth in their council tax receipts whilst not linking the methodology to a measure of projections of council tax resources that may be uncertain.

Sales, Fees and Charges

Sales, fees and charges are another source of income for many local authorities, which - like council tax – vary by local authority.

- Local authorities can charge for **statutory services**, where the power to charge is prescribed by legislation.
- Local authorities also have the power to charge for **discretionary services** up to full cost recovery where there is no pre-existing legislation governing the charging regime. However if authorities wish to charge above cost recovery for services, they may do this commercially via a trading company.

Unlike council tax, sales, fees and charges have not previously been taken into account in a relative resources adjustment. The Government has considered whether it is appropriate to make a more direct adjustment for sales, fees and charges income when assessing local authorities' relative resources, and the practical considerations that would apply. The following considerations have been taken into account:

i) Scale
ii) Ability, choice and incentive effects
iii) Volatility
iv) Data availability

Having taken the above considerations into account, the Government recognises that there are practical challenges in taking a direct account of sales, fees and charges income through the resources adjustment and it is therefore broadly minded not to do so.

Transitional arrangements

Calculating local authorities' relative needs and resources using new relative needs formulas and updated data is likely to result in changes to the level of funding individual councils receive. Once new funding baselines have been established, the Government intends to introduce transitional arrangements that will determine the basis on which authorities reach their new funding allocations. The government's aim is that transitional arrangements will unwind over time to ensure that every council reaches their full funding allocation as quickly as practicable. T

Principles for Transition

Given the wide range of options available, the Government intends to use the principles set out below, along with the wider principles of the review in designing transition arrangements:

i) stability – the transition from the existing funding position in 2019-20 to new target allocations must be manageable and sustainable for both the sector and individual local authorities, in the context of wider changes to the local government finance system,
ii) transparency – the process must be clear and understandable to support financial planning and help explain the nature of transition to a wider audience,
iii) time-limited – support for those authorities with a reduction in settlement funding allocations using deferred gains for those authorities that see an increase in allocations should be provided over a fixed period of time to enable target allocations to be reached as soon as practicable,
iv) flexibility – the speed of change could vary across the sector to achieve greater efficiency. Considerations might include local revenue raising capacity, distances from target allocations or relative funding pressures, for example to deliver statutory services.

Establishing the baseline
The scale of transition will depend on the baseline it is measured from, and the Government propose that the starting baseline for the purposes of transition will be a measure of the funding available to each local authority in 2019-20.
However, this position may require some form of 'adjustment' in order to reflect wider considerations such as the increase in business rates retention, decisions on

the treatment of business rates growth achieved during the current spending period and due to be ‘reset’ in 2020, or so-called negative Revenue Support Grant.

There are a number of options for establishing the baseline, and further engagement with those in the sector will be required in order to define the best possible measure.

WHAT IS A FOUNDATION FORMULA (December 2017 – Government consultation)

A simple 'foundation' funding formula
There are a number of factors, such as the basic demographic characteristics of an area, which affect the cost of providing multiple services. Therefore it may be possible to use a simple foundation formula to allocate funding to each type of local authority based solely on these cross-cutting or 'common' cost drivers. This approach would make the relative needs assessment much simpler but would result in particular cost drivers for some large specific service areas being excluded, which may result in a less fair distribution for authorities that have high costs in delivering those services.

Introducing a foundation formula based on common cost drivers to allocate funding to each type of local authority would result in the most understandable and transparent system. Non-specialists would easily be able to see in the clearest possible terms how the differences in common cost drivers between areas affected the level of funding authorities received. However, such a simple approach would involve a greater degree of Ministerial judgement than the current relative needs assessment. Changing the structure of the relative needs assessment in such a significant way could lead to dramatic changes in funding allocations for some authorities, and such a simplified approach might fail to capture variation in important cost drivers. This would likely be amplified for those authorities with an exceptionally high level of demand for, or unique costs of delivering a relatively expensive service.

However, the Government also acknowledge that there may be particular service areas where a more specific approach is required, and so it will also consider the case for going further and allocating a proportion of the available funding based on the particular cost drivers for those services.

Summary of questions

Question 1): Do you have views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?

Question 2): What are your views on the best approach to a Fire and Rescue Services funding formula and why?

Question 3): What are your views on the best approach to Home to School Transport and Concessionary Travel?

Question 4): What are your views on the proposed approach to the Area Cost Adjustment?

Question 5): Do you agree that the Government should continue to take account of non-discretionary council tax discounts and exemptions (e.g. single person discount and student exemptions) and the income forgone due to the pensioner-age element of local council tax support, in the measure of the council tax base? If so, how should we do this?

Question 6): Do you agree that an assumptions-based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the council tax base? If so, how should we do this?

Question 7): Do you agree that the Government should take account of the income forgone due to local council tax support for working age people? What are your views on how this should be determined?

Question 8): Do you agree that the Government should take a notional approach to council tax levels in the resources adjustment? What are your views on how this should be determined?

Question 9): What are your views on how the Government should determine the measure of council tax collection rate in the resources adjustment?

Question 10): Do you have views on how the Government should determine the allocation of council tax between each tier and/or fire and rescue authorities in multi-tier areas?

Question 11): Do you agree that the Government should apply a single measure of council tax resource fixed over the period between resets for the purposes of a resources adjustment in multi-year settlement funding allocations?

Question 12): Do you agree that surplus sales, fees and charges should not be taken into account when assessing local authorities' relative resources adjustment?

Question 13): If the Government was minded to do so, do you have a view on the basis on which surplus parking income should be taken into account?

Question 14): Do you agree with the proposed transition principles, and should any others be considered by the Government in designing of transitional arrangements?

Question 15): Do you have views on how the baseline should be constructed for the purposes of transition?

Question 16): Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

CABINET

Date: 14 January 2019

Subject: Financial Report 2018/19 – November 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 £0.215 million, 0.04% of gross budget.

B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme	2018/19 Budget	2019/20 Budget	Narrative
Corporate Service			
Housing Company	(439,000)	439,000	Re-profiled in accordance with projected spend
Parking System	(106,000)	106,000	Re-profiled in accordance with projected spend
Community and Housing			
Disabled Facilities Grant	102,320	0	2018-19 Budget based on projected spend at year end
Children, Schools and Families			
Healthy Schools	(188,630)	188,630	Re-profiled in accordance with projected spend
Harris Academy Wimbledon	(209,500)	209,500	Re-profiled in accordance with projected spend
Capital Loans to Schools	(108,900)	108,900	Re-profiled in accordance with projected spend
Environment and Regeneration			
Wimbledon Lake De-Silting	(73,500)	117,290	Re-profiled in accordance with projected spend
Morden Leisure Centre	(338,830)	338,830	Re-profiled in accordance with projected spend
Waste Bins	(789,270)	789,270	Re-profiled in accordance with projected spend
Highways bridges & structures	(310,000)	310,000	Funding no longer required, residual spend in revenue.
Total	**(2,461,310)**	**2,607,420**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 8, 30th November 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 8 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 continues 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 8 to 30th November 2018, the year-end forecast is a net £0.215m overspend compared to the current budget, 0.04% of the gross revenue budget (£1.042m forecast overspend at period 7). The forecast position has improved by £0.827m compared to last month.

Summary Position as at 30th November 2018

	Current Budget 2018/19 £000s	Full Year Forecast (Nov) £000s	Forecast Variance at year end (Nov) £000s	Forecast Variance at year end (Oct) £000s	Outturn variance 2017/18 £000s
Department					
3A.Corporate Services	10,772	9,348	(1,424)	(1,298)	(812)
3B.Children, Schools and Families	56,540	59,881	3,341	3,756	2,249
3C.Community and Housing	64,044	63,924	(120)	59	922
3D.Public Health	0	0	0	(0)	0
3E.Environment & Regeneration	18,270	17,426	(844)	(735)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	**149,625**	**150,579**	**954**	**1,782**	**1,148**
3E.Corporate Items					
Impact of Capital on revenue budget	8,404	8,930	526	525	(103)
Other Central budgets	(14,634)	(15,899)	(1,265)	(1,265)	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(5,291)**	**(6,030)**	**(739)**	**(740)**	**(926)**
TOTAL GENERAL FUND	**144,334**	**144,548**	**215**	**1,042**	**222**
FUNDING					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
FUNDING	**(144,333)**	**(144,333)**	**0**	**0**	**(487)**
NET	**0**	**215**	**215**	**1,042**	**(265)**

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. The current overspend of £0.215 will need to be funded by general fund balances.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (November) £000	2018/19 Full Year Forecast Variance (November) £000	2018/19 Full Year Forecast Variance (October) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,567	3,496	-72	-30	46
Infrastructure & Technology	11,171	10,981	-190	-229	71
Corporate Governance	2,425	2,280	-145	-125	-229
Resources	6,195	5,777	-419	-405	-515
Human Resources	1,811	1,815	4	4	-207
Corporate Other	792	189	-603	-513	22
Total (Controllable)	**25,962**	**24,538**	**-1,424**	**-1,298**	**-812**

Overview

At the end of period 8 (November) the Corporate Services (CS) department is forecasting an underspend of £1,424k 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 £126k compared to the period 7 (October) position.

Customers, Policy and Improvement - £72k under

The principal reason for the forecast underspend is additional income within the registrars and translations services reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There is also a forecast underspend on customer contact due to lower than budgeted support costs for the current system. These underspends are partly offset by an underachievement of advertising income within the communications service. There has been a favourable movement of £41k from the position reported in October, mainly due to a reduced forecast for Merton Link staffing, a part year vacancy in the Programme Office team and additional translations service income.

Infrastructure & Technology - £190k under

There is a forecast underspend of £165k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is also additional rental income compared to the budget for the Civic Centre and further income from the recovery of expenses within transactional services. These underspends are partly offset by 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 an adverse movement of £39k from the position reported in October, mainly due to vacancies being filled in the Business Systems team and an increase in the preventative and responsive maintenance work for corporate buildings. This is part off-set by a favourably increase in the forecast for rental income relating to the Civic Centre.

Corporate Governance – £145k under

Merton's legal services outside of the SLLp model is forecasting a £98k underspend due to the over achievement of income relating to property work, planning agreements and court fees. The AD budget is also forecasting an underspend in year on various small running cost budgets. There has been a favourable movement across Corporate Governance of £20k from the position reported in October due to the deficit on SLLp being eliminated and the reduced AD budget forecast.

Resources - £419k under

The Merton Bailiff Service is forecasting to underspend by £286k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £232k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes, as well as underspends across various supplies and services budgets. There is a forecast overspend within Local Taxation Services of £51k principally due to additional IT licence and postage costs.

Further underspends are forecast within Business Planning (£48k) due to vacancies and within the Assistant Director's budget (£49k) mainly within consultancy. These will be used to part fund a forecast overspend of £130k on the Financial Information System's budget where some additional temporary staffing resource is required pending a request to increase the permanent establishment by one full-time equivalent post to meet additional demand.

There has been a favourable movement of £14k from the position reported in October, mainly due to an upgrade of the financial system attracting additional funding from reserves which is part off-set by the planned recruitment of an additional resource within Corporate Accountancy.

Human Resources – £4k over

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

Corporate Items - £603k under

The Housing Benefit budget shows a forecast surplus of £1.38m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by a reduced subsidy forecast as it is expected the lower error rate threshold will be triggered in 17/18, reducing the subsidy receivable. The amount is yet to be audited and represents an estimate at this stage which will continue to be reviewed.

The remaining underspend relates to the budget held for corporately funded items which is not currently forecast to be required. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted coroner costs for Grenfell and the Westminster Bridge inquest. There is also an underachievement of the budgeted charges to clients for the use of the Comensura agency staff service.

There has been a favourable movement of £90k from the position reported in October mainly due to a reimbursement from Comensura following contract negotiations.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget £000	Full year Forecast (Nov) £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end Oct (Oct) £000	2017/18 Outturn Variance £000
Public Protection	(11,242)	(12,241)	(998)	(825)	(1,602)
Public Space	14,982	14,606	(376)	(391)	632
Senior Management	966	969	3	(14)	3
Sustainable Communities	8,210	8,739	528	495	(244)
Total (Controllable)	**12,916**	**12,073**	**(843)**	**(735)**	**(1,211)**

Description	2018/19 Current Budget £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Oct) £000	2017/18 Variance at year end £000
Overspend within Regulatory Services	578	186	177	78
Underspend within Parking Services	(12,706)	(1,199)	(1,000)	(1,663)
Overspend within Safer Merton & CCTV	886	15	(2)	(47)
Total for Public Protection	**(11,242)**	**(998)**	**(825)**	**(1,602)**
Underspend within Waste Services	13,790	(706)	(706)	97
Underspend within Leisure & Culture	736	(66)	(66)	(166)
Overspend within Greenspaces	1,363	277	265	754
Overspend within Transport Services	(907)	119	116	(53)
Total for Public Space	**14,982**	**(376)**	**(391)**	**632**
Overspend within Senior Management & Support	966	3	(14)	3
Total for Senior Management	**966**	**3**	**(14)**	**3**
Overspend within Property Management	(2,902)	265	265	(422)
Overspend within Building & Development Control	(32)	256	231	397
Overspend within Future Merton	11,144	7	(1)	(219)
Total for Sustainable Communities	**8,210**	**528**	**495**	**(244)**
Total Excluding Overheads	**12,916**	**(843)**	**(735)**	**(1,211)**

Overview

The department is currently forecasting an underspend of £843k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Development & Building Control.

Public Protection

Parking Services underspend of £1,199k
The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,218k).

Included within this forecast is employee related overspend of c£176k 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. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but these are now being revisited by the new Manager.

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

Regulatory Services overspend of £186k
On the 1st November 2017, Wandsworth became the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure commenced on 1st November 2018 following consultation, and a revised cost allocation methodology for the three partners has also been agreed, 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 calculated.

Public Space

Waste Services underspend of £706k
The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,124k, 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, has 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 on disposal costs is being partially offset by the mobilisation costs relating to the October 2018 service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

Greenspaces overspend of £277k
Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £70k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting an employee overspend of £52k mainly as a result of a £70k staffing related saving (ENV12) that is not expected to be implemented until the next financial year. In addition, the section is forecasting to underachieve on its rental income by £78k.

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

Sustainable Communities

Property Management overspend of £265k

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 departure of the leaseholder (£497k). The security costs have been reduced and authority is being sought to demolish the building, which should remove most of these costs in the future.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, attributing to a forecast premises related overspend of £240k.

In addition, the section is forecasting to overspend on consultants by c£76k due to the need for independent valuations to benchmark property disposals, progress rent reviews due to a lack of internal resource, and on external valuations to support asset valuations by c£18k.

The section is also incurring some one-off, but un-budgeted, external audit fees of c£72k as a result of additional audit work required for the 2017/18 Statement of Accounts.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £657k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £251k relates to ongoing rental income but £406k is one-off due this year only.

Development & Building Control overspend by £256k

The section is forecasting to underachieve on income by £258k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

Children Schools and Families

Children, Schools and Families	2018/19 Current Budget £000	Full year Forecast (Nov) £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Oct) £000	2017/18 Variance at year end £000
Education	19,345	19,802	457	588	(703)
Social Care and Youth Inclusion	21,500	25,146	3,646	3,768	3,596
Cross Department budgets	480	450	(30)	(19)	(95)
PFI	8,075	7,740	(335)	(311)	(342)
Redundancy costs	2,124	1,727	(397)	(270)	(207)
Total (controllable)	**51,524**	**54,865**	**3,341**	**3,756**	**2,249**

Overview

At the end of November Children Schools and Families had a forecast overspend of £3.341m on local authority funded services; a reduction in overspend from October's forecast. The overspend is 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	Nov £000	Oct £000	2017/18 £000
Procurement & School organisation	643	(379)	(361)	(319)
SEN transport	4,133	1,017	1,050	566
Short beaks	217	202	205	64
Other small over and underspends	14,352	(383)	(306)	(1,014)
Subtotal Education	**19,345**	**457**	**588**	**(703)**
Fostering and residential placements (ART)	7,094	1,092	919	813
Un-accompanied asylum seeking children (UASC)	901	912	862	693
Community Placement	0	500	956	750
No Recourse to Public Funds (NRPF)	21	294	290	353
MASH & First Response staffing	1,587	291	282	403
Other small over and underspends	11,897	557	459	288
Subtotal Children's Social Care and Youth Inclusion	**21,500**	**3,646**	**3,768**	**3,596**

Education Division

Procurement and school organisation budgets are forecast to underspend by £379k because of lower spend on revenuisation budgets. This budget relates to the revenue cost of construction projects. 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 £1.017m at the end of the financial year, which includes £926k maintained school taxi cost and £165k direct payments. The forecast outturn for maintained school taxis is £3.199m, circa £476k more than last year. Substantial management action was undertaken over the summer period such that at the end of October, 17 extra children were being transported compared to the end of June using the same number of taxi routes. The taxi forecast is £43k less than in October monitoring a small number of the commissions included in the previous forecast have now been closed.

The overall forecast overspend reflects increased demand over a number of years although the budget for taxi commissioning has not been increased for demographic pressures since 2015/16. Over the period from September 2015 to September 2018 there has been a 30% increase in the number of children transported by taxi.

The number of children needing transport has increased significantly due to the increase in EHCPs requiring a specialist placement, and there continue to be pressures. Strategies are in place to alleviate this pressure, including continuing to maximise any further opportunities for placing more children on the buses, re-tendering routes, considering any consolidation possible and encouraging parents to accept personal budgets to directly arrange transport. The expansion of Cricket Green School will enable extra local places from September 2019 and the draft capital programme includes further proposals to increase the range of in-borough special educational needs provision to reduce the reliance on transporting children significant distances to out of borough special schools.

The children's short breaks budget is forecast to overspend by £202k. This relates to an increase in caseload from 398 in April 2018 to 446 in November 2018. A review of short break services delivered across the department will be carried out with the aim to reduce the overall cost pressure of short breaks. Realistically any changes resulting from this review will only impact on cost in next financial year.

There are various other small over and underspends forecast across the division netting to a £83k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £457k.

Children's Social Care and Youth Inclusion Division

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

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

At the end of October we had 161 LAC. 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 October and November the forecast placement overspend has increased by £173k due to small increases in the numbers of more expensive placement types as detailed in the table below.

		Forecast	Variance		Placements	
Service	**Budget £000**	**spend £000**	**Nov £000**	**Oct £000**	**Nov Nr**	**Oct Nr**
Residential Placements	2,271	2,741	470	433	19	18
Independent Agency Fostering	1,816	1,988	172	124	41	39
In-house Fostering	978	1,389	411	410	59	60
Secure accommodation	136	110	(26)	(39)	1	1
Mother and baby	101	44	(57)	(57)	1	1
Supported lodgings/housing	1,792	1,914	122	48	55	54
Total	**7,094**	**8,186**	**1,092**	**919**	**177**	**173**

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the limited capacity within our in-house provision and the specific 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 overspend by £470k. The increase of £37k is due to three new children being placed (one placement for 5 weeks only) and two placements ending.
- The agency fostering expenditure is forecast to overspend by £172k.The agency overspend has increased by £48k due to two new placements.
- The in-house foster carer expenditure is forecast to overspend by £411k for the year, an increase of £1k is due to net of one new placement.
- The secure accommodation expenditures is forecast to underspend by £26k. This forecasted underspend has decreased from last month due to a placement extension for two weeks.
- The mother and baby assessment unit expenditure is forecast to underspend by £57k. No change from last month.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £122k which is an increase of £73k from last month. This is due to two new placements and one placement ending.

At the end of November, placements for UASC and those previously UASC that are now care leavers are expected to overspend by £912k this year.

		Forecast	Variance		Placements	
Service	**Budget £000**	**spend £000**	**Nov £000**	**Oct £000**	**Nov Nr**	**Oct Nr**
Independent Agency Fostering	372	412	40	22	10	9
In-house Fostering	362	500	138	141	20	21
Supported lodgings/housing	167	901	734	699	34	31
Total	**901**	**1,813**	**912**	**862**	**64**	**61**

- At the end of November, we had 30 placements for UASC young people under 18. Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost. The overall cost for Fostering has increased from £163k in October to £178k in November.
- We have budgeted for 34 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. The overall cost has increased from £699k in October to £734k in November. 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 Rotas, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

We are forecasting a £500k 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 current estimate and is subject to change as we are still in negotiation. A review has been underway to change the current provision with the expectation that, once resolved, this should reduce the cost to Merton. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements. The CCG seems to be retreating from its understood position that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once the position is finalised, education costs 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 £294k in the current financial year. This is about £59k 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 they 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 £291k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 (excluding Common and Shared Assessments and management also included in this service area on iTrent) 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 £557k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3.646m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £5.07m. 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. We are currently in discussion with our external auditors about the correct treatment of this deficit in the financial statements.

The main reasons for the forecast relates to an estimated overspend of £3.497m on Independent Day School provision. This is £494k reduction from last month following a detailed review of each independent day placement.

Other pressures include £658k on EHCP allocations to Merton primary and secondary schools, £787k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £915k on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting £437k overspend on post 16 further education and independent special school provision. There are underspending budgets in three areas which is reducing the overall overspend. We are forecasting a £668k underspend on independent residential placements, £305k on the growth fund and £166k on de-delegated parenting cover. The table below shows the increase in number of EHCPs over the past 4 years. At the end of November there were 1,731 EHCPs.

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

There are various other smaller over and underspends forecast across the DSG netting to a £85k underspend which, combined with the items above, equates to the net overspend of £5.07m.

Additional High Needs Block grant was announced in the December 2018. Initial workings suggests that this would allocate an estimated £500k of additional funding to Merton. Once the allocation has been confirmed, this will be added to the forecast to reduce the overall DSG overspend.

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 and have responded to the national consultation relating to the treatment of DSG deficits.

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. There are various reasons for schools requiring to set deficit budgets including unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Quarter two staffing report
The number of employed Social Workers dipped slightly during quarter two to 122 (115.31WTE) from 125 (117.3 WTE) in Q1, despite ongoing strong recruitment over the last 6 months. There have been 16 new starters in Q1 & Q2. Additionally, 1 Team Manager (MASH), 2 SW's and 4 NQSW's from Front line are due to start in Q3, plus offers have been made to 2 Team Manager (S&CP1 & 14+) and 3 SW's (FR). Vacancy rates increased slightly in Q2 to 22.30% (from 20.44% in Q1), which reflects the increase in leavers in the last 2 quarters (15 SW's). Turnover reduced this quarter to 17.28% (from 18.45% in Q1).

Agency social workers make up 17% of the Social Worker workforce. Agency expenditure is on a downward trend (£436,854 in Q2) and the lowest spend in many years. 38% of all agency workers are working in MASH or First Response, although strong recruitment to the vacant posts in FR is steadily reducing this figure. 36% are in Safeguarding & Care Planning. Most agency workers are covering vacant posts (81%). 19% are covering long term vacancies (mainly maternity leave cover and secondments). We are further reducing the use of agency by imposing a three month recruitment drag where appropriate for non-social work posts.

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 have introduced a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children's home placements.

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

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We have reintroduced the Semi-independent Accommodation

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

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

Our average placements costs against each budget code are reported each month. Due to the low numbers in secure accommodation cases, a placement this month at a lower than normal cost has significantly reduced this average weekly cost.

	July	Aug	Sep	Oct	Nov	Movement from last month	Nov
Description	£	£	£	£	£	£	No
ART Independent Agency Fostering	905	892	887	889	901	12	41
ART In-house Fostering	428	443	428	442	437	-5	59
UASC Independent Agency (Grant)	791	791	791	794	797	3	10
UASC In house Fostering (Grant)	498	505	505	496	497	1	15
UASC Independent Agency (Non-Grant)	761	764	764	764	791	27	0
UASC In house Fostering (Non-Grant)	437	448	455	436	445	9	5
ART Residential Placements	4,022	4,021	4,029	4,032	4,071	39	19
ART Secure Accommodation	3,752	3,918	3,918	3,823	2,663	-1,160	1
ART Mother & Baby Unit				3,357	3,357	0	1
Supported Housing & Lodgings (Art 16+ Accommodation)	627	645	634	644	659	15	55
Supported Housing & Lodgings - UASC (Grant)	841	839	838	793	788	-5	6
Supported Housing & Lodgings - UASC (Non Grant)	520	507	505	500	499	-1	28

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

Children with additional needs

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

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

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

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

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have recently approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) 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 £2.013m, 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	Nov overspend forecast £000	Oct overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	122	48	156
Supported lodgings/housing- UASC	167	734	699	520
UASC	734	178	163	173
No Recourse to Public Funds (NRPF)	21	294	290	353
Total	**2,478**	**1,328**	**1,200**	**1,202**

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

Other unfunded burdens include:

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

March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level)

Further new burdens are expected for 2018/19 including:

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

Community and Housing Current Summary Position

Community and Housing is currently forecasting an underspend of £120k as at period 8 November 2018.

The department is currently forecasting an underspend of £120k as at November 2018. Underspends are in Adult Social Care. Public Health and Merton Adult Learning continues to forecast a breakeven position, whilst the Library overspend has increased by £1k since October and Housing services overspend has reduced by £38k.

Community and Housing	2018/19 Current Budget £000	Forecast (Nov'18) £'000	Forecast Variance (Nov'18) £000	Forecast Variance (Oct'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,956	45,582	(374)	(263)	455
Commissioning	4,568	4,508	(60)	(111)	211
Direct Provision	4,443	4,454	11	1	(195)
Directorate	973	1,054	81	172	181
Adult Social Care	**55,940**	**55,598**	**(342)**	**(201)**	**652**
Libraries and Heritage	1,996	2,009	13	12	20
Merton Adult Learning	(11)	(11)	0	0	(6)
Housing General Fund	1,848	2,057	209	247	256
Sub-total	**59,773**	**59,653**	**(120)**	**259**	**922**
Public Health	**(143)**	**(143)**	**0**	**0**	**0**
Grand Total	**59,630**	**59,510**	**(120)**	**58**	**922**

Access & Assessment - £374k underspend

This is due to the ongoing continued improved placements management. On the whole placements has remained stable for a number of months but it is important to note that this is a volatile budget and demand could increase due to a number of reasons, particularly as we enter the winter period.

The Council was notified that a home care provider (Allied Healthcare) was due to close by mid-December. The Council put in place alternative care arrangements, although in the end the business was sold and our local branch continues to operate. The issues with Allied, however, show the fragility of the home care market locally, regionally and nationally. We will be reviewing our approach to the service in the New Year, but in the meantime, it represents a significant operational and financial risk.

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Nov'18 £'000	Forecast Variances Oct'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares-(Postage)	(15)	(12)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	(255)	(11)	(307)
Placements	132	380	1,671
Income	(236)	(620)	(1,234)
Total	(374)	(263)	455

The actions set out in previous reports have continued to have a positive impact with budget now showing a small underspend. That position is before winter, which traditionally sees a spike in activity. The Government has announced additional one-off winter pressures money for local authorities, and we are reviewing the impact of the conditions, which has come through. The Department of Health & Social Care has confirmed that this money could be used to manage provider failures over the period, older people and people with learning disabilities.

Adult Social Care savings for 2018-19 are on track to be delivered.

The table below sets on the movement in the number of service users in each care group between the months. It shows a net decrease of 32 packages since October 2018.

Total Number of Clients with an external care package

Placements	Nos. of Clients Nov'18	Nos. of Clients Oct'18	Nos. of Client Aug'18	Nos. of Client Apr'18
Older People	1104	1128	1142	1167
Physical/Sensory	207	212	213	219
Learning Disabilities	363	364	350	356
LD Housing Support	3	3	3	2
Mental Health	130	132	134	125
MH Housing Support	13	13	12	11
Substances Misuse	4	4	3	1
Grand Total	**1824**	**1856**	**1857**	**1881**

Commissioning - £60k underspend

The commissioning service is currently forecasting an under spend of £60k as at November'18.

Direct Provision - £11k overspend

Direct Provision service is forecasting an over spend of £11k as at November 2018. This is an increase of £10k, which is due to additional staffing expenditure.

Weekly checks are still in place to monitor spending in the residential services.

C&H - Other Services

Libraries - £13k overspend

The Library & Heritage Service forecasted overspend has increased by £1k, although there were changes in forecast between employee and non-pay items.

Merton Adult Education – Breakeven

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

Housing - £209k overspend

The housing service is forecasting an over spend as at November 2018 of £209k which is a reduction of £38k. This service forecasted overspend continues to be reduced but it is expected that this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy, Housing Benefit and client contributions.

This service is also engaged in homelessness preventative measures on a daily basis as legally required. The diagram below shows number of homelessness prevented to date.

Period	Homelessness Prevention Targets
Full Year	**450**
Target YTD	**300**
Achieved - Sept'18	**243**
Achieved - Oct'18	**263**
Achieved - Nov'18	**313**

Homeless prevention includes, legal advocacy on behalf of private tenants' rights, prevention advice against unlawful eviction and harassment, money management, housing options, relationship breakdowns, rights to homes, access to social housing, seeking accommodation in homeless hostel and/or private rented sector, and mediation with family members to prevent exclusion and homelessness.

Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Nov'18) £'000	Forecast Variances (Oct'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	627	623	909
Temporary Accommodation-Client Contribution	(140)	(585)	(616)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	87	100	(160)
Temporary Accommodation-Subsidy Shortfall	322	414	414	517
Temporary Accommodation- Grant	-	(466)	(466)	(406)
Sub-total Temporary Accommodation	**512**	**77**	**55**	**259**
Housing Other Budgets- Over(under)spend	1,336	132	192	(3)
Total	**1,848**	**209**	**247**	**256**

Temporary Accommodation (TA) Movements to date

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

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2017	-	-	186
March 2018	16	16	165
April 2018	22	17	170
May 2018	21	16	175
June 2018	14	17	172
July 2018	15	12	175
August 2018	16	15	176
September 2018	11	13	174
October 2018	14	20	168
November 2018	14	13	169

Public Health - Forecasting a breakeven position

Due to mitigating actions identified in the Sexual Health service Public Health continues to forecast a breakeven position for the current financial year.

This was achieved by focus approach to encourage Merton residents to use in borough competitively priced rather than high cost out of borough services. There was also a channel shift of asymptomatic clients to online Pan London Service.

Corporate Items

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

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	**8,403**	**8,930**	**527**	**527**	**(103)**
Investment Income	(759)	(900)	(141)	(141)	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	972	(150)	(150)	(736)
Contingencies and provisions	4,419	4,069	(350)	(350)	(2,447)
Income Items	(1,367)	(1,991)	(624)	(624)	(104)
Appropriations/Transfers	(2,387)	(2,387)	0	0	2,445
Central Items	**4,374**	**3,109**	**(1,265)**	**(1,265)**	**(823)**
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	**(5,292)**	**(6,030)**	**(738)**	**(738)**	**(926)**

There have been no significant additional variances in corporate items since last 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	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	9,268	(632)	8,636	27,352	633	*27,985	3,945	0	3,945	12,083	0	12,083
C&H	1,016	102	1,118	480	0	480	630	0	630	280	0	280
CSF	9,127	(507)	8,620	16,195	507	16,702	3,202	0	3,202	650	0	650
E&R	19,733	(1,683)	18,050	8,435	1,724	10,159	7,517	0	7,517	7,264	0	7,264
TOTAL	**39,144**	**(2,720)**	**36,424**	**52,462**	**2,864**	***55,325**	**15,294**	**0**	**15,294**	**20,277**	**0**	**20,277**

* Includes £23 million Housing Company Expenditure which is currently being re-profiled

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

Capital Budget Monitoring November 2018

Department	2017/18 Actual	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Corporate Services	8,243,541	3,534,319	5,114,311	(1,579,992)	8,636,160	8,631,855	(4,305)
Community and Housing	1,110,766	608,240	652,090	(43,850)	1,118,010	1,117,995	(15)
Children Schools & Families	6,035,776	4,296,621	5,755,740	(1,459,119)	8,619,320	8,618,748	(572)
Environment and Regeneration	16,839,927	9,896,728	11,096,750	(1,200,022)	18,049,740	18,049,280	(460)
Total	**32,230,009**	**18,335,909**	**22,618,891**	**(4,282,982)**	**36,423,230**	**36,417,878**	**(5,352)**

a) Corporate Services – All budget managers are projecting a full year spend against budget apart from the Customer Contact Programme which is forecasting a small (£4k) year-end variance. Three projects are re-profiling budget into 2019/20 based on forecast spend:
   I. Housing Company is re-profiling £439k
   II. Parking System is re-profiling £106k
   III. Social Care IT System is re-profiling £88k

b) Community and Housing – All budget managers are projecting a full year spend against budget. Based on spending patterns from last financial year departmental officers have drawn down and additional £102k of Better Care Fund Grant and this has been added to the budget.

c) Children, Schools and Families – All budget managers are projecting a full year spend against budget. There are a number of virements proposed within the schools maintenance budget which are detailed within Appendix 5b. Three projects are re-profiling budget into 2019/20 based on forecast spend:
   I. Healthy Schools Project is re-profiling £189k into 2019/20
   II. Harris Academy Wimbledon is re-profiling £210k into 2019/20
   III. Capital Loans to Schools is re-profiling £109k into 2019/20

d) Environment and Regeneration – All budget managers are projecting a full year spend against budget. A virement is proposed from Replacement of Fleet Vehicles (£30k) and Alley Gating (£13k) to Wimbledon Lake De-silting, this in part offsets a virement from the lake scheme in 2017/18. Two Section 106 schemes are being reduced (Commonside East/Windmill Road - £12k and Mawson Close - £7k) as the funding is no longer required. One additional Transport for London funded scheme is being added for £60k. Eight projects are re-profiling budget into 2019/20 based on forecast spend:

I. Wimbledon Lake De-silting is re-profiling £117k into 2019/20
II. Morden Leisure Centre is re-profiling £339k into 2019/20
III. Waste Bins is re-profiling £789k into 2019/20
IV. Merton Green Walks (Section 106 Scheme) is re-profiling £25k into 2019/20
V. Abbey Recreation Ground (Section 106 Scheme) is re-profiling £40k into 2019/20
VI. Highway Bridges and Structures is re-profiling £310k into 2019/20
VII. Mitcham Cricket Green Improvements (CIL Neighbourhood Scheme is re-profiling £50k into 2019/20
VIII. Mortuary Provision is re-profiling £54k into 2019/20

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	Narrative
Corporate Service				
Housing Company	(1)	(439,000)	439,000	Re-profiled in accordance with projected spend
Parking System	(1)	(106,000)	106,000	Re-profiled in accordance with projected spend
Social Care IT System		(87,500)	87,500	Re-profiled in accordance with projected spend
Community and Housing				
Disabled Facilities Grant	(1)	102,320	0	2018-19 Budget based on projected spend at year end
Children, Schools and Families	-			
Hollymount		(850)	0	Final Virements in accordance with projected spend
Hatfeild		(9,000)	0	Final Virements in accordance with projected spend
Dundonald		9,210	0	Final Virements in accordance with projected spend
Poplar		(9,210)	0	Final Virements in accordance with projected spend
Cranmer		(11,400)	0	Final Virements in accordance with projected spend
Gorringe Park		(9,330)	0	Final Virements in accordance with projected spend
Haslemere		2,230	0	Final Virements in accordance with projected spend
Liberty		4,440	0	Final Virements in accordance with projected spend
St Mark's		1,680	0	Final Virements in accordance with projected spend
Lonesome		26,290	0	Final Virements in accordance with projected spend
Stanford		(830)	0	Final Virements in accordance with projected spend
Unallocated		(3,230)	0	Final Virements in accordance with projected spend
Healthy Schools	(1)	(188,630)	188,630	Re-profiled in accordance with projected spend
Harris Academy Wimbledon	(1)	(209,500)	209,500	Re-profiled in accordance with projected spend
Capital Loans to Schools	(1)	(108,900)	108,900	Re-profiled in accordance with projected spend
Environment and Regeneration				
Wimbledon Lake De-Silting	(1)	(73,500)	117,290	Re-profiled in accordance with projected spend
Morden Leisure Centre	(1)	(338,830)	338,830	Re-profiled in accordance with projected spend
Replacement of Fleet Vehicles		(30,300)	0	Re-profiled in accordance with projected spend
Waste Bins	(1)	(789,270)	789,270	Re-profiled in accordance with projected spend
Alley Gating		(13,490)	0	Re-profiled in accordance with projected spend
Commonside East/Windmill Rd		(12,030)	0	Funding no longer required
TfL Cycle Quietways		60,150	0	Approved TfL Spend
Merton Green Walke - S106		(25,000)	25,000	Final Virements in accordance with projected spend
Abbey Recreation Ground S106		(39,750)	39,750	Re-profiled in accordance with projected spend
s106 Mawson Close (B719)		(7,180)	0	Funding no longer required, residual spend in revenue.
Highways bridges & structures	(1)	(310,000)	310,000	Funding no longer required, residual spend in revenue.
Mitcham Cricket Green Improvements		(50,000)	50,000	Re-profiled to dovetail with other schemes in the same geographical area
Mortuary Provision		(53,890)	53,890	Re-profiled in accordance with projected spend
Total		**(2,720,300)**	**2,863,560**	

(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		88	402	(20,388)	**8,636**
Community & Housing	773	165	(5)	146	40	0	**1,118**
Children Schools & Families	15,158	924		1,117	15	(8,594)	**8,620**
Environment and Regeneration	21,853	919		1,940		(6,663)	**18,050**
Total	**61,266**	**7,059**	**(5)**	**3,291**	**457**	**(35,644)**	**36,424**

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

Depts.	Spend To November 2015	Spend To November 2016	Spend to November 2017	Spend to November 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	690	1,386	1,538	3,534	2,845	2,148	1,997
C&H	489	348	473	608	119	260	136
CSF	9,975	9,684	3,575	4,297	(5,678)	(5,387)	722
E&R	4,433	7,834	7,768	9,897	5,463	2,063	2,129
Total Capital	**15,587**	**19,252**	**13,354**	**18,336**	**2,749**	**(916)**	**4,982**

Outturn £000s	29,327	30,626	32,230	
Budget £000s				36,424
Projected Spend November 2018 £000s				36,418
Percentage Spend to Budget				50.34%
% Spend to Outturn/Projection	53.15%	62.86%	41.43%	50.35%
Monthly Spend to Achieve Projected Outturn £000s				4,520

4.6 October is eight months into the financial year and departments have spent just over 50% of the budget. Spend to date is higher than two of the three previous financial years shown.

Department	Spend To Oct 2018 £000s	Spend To Nov 2018 £000s	Increase £000s
CS	2,991	3,534	543
C&H	492	608	116
CSF	3,565	4,297	732
E&R	6,581	9,897	3,315
Total Capital	**13,630**	**18,336**	**4,706**

4.7 During November 2018 officers spent £4.706 million. If spend can be maintained throughout the rest of the financial year then this will result in the projected Outturn. November monitoring is the final month in which capital budget can be re-profiled into future years as part of budget monitoring, from December monitoring onwards moving budget into subsequent financial years will be progressed as part of slippage within the closing of accounts 2018/19 process.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 8 Forecast Shortfall	Period 7 Forecast Shortfall	Period Forecast Shortfall (P8)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,519	505	505	25.0%	385
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,998	200	302	9.1%	(18)
Environment and Regeneration	1,874	1,401	473	473	25.2%	80
Total	**6,585**	**5,407**	**1,178**	**1,280**	**17.9%**	**447**

Appendix 6 details the progress on savings for 2018/19 by department, with the shortfall reducing by £102k since last month.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 8 Projected shortfall	2019/20 Period 8 Projected shortfall	2018/19 Period 7 Projected shortfall	2019/20 Period 7 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	19	0	0	0	0
Environment and Regeneration	3,134	2,188	666	45	666	45
Total	**10,314**	**2,410**	**666**	**45**	**666**	**45**

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

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

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

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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APPENDIX 1

Summary Position as at 30th November 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (Nov) £000s	Forecast Variance at year end (Nov) £000s	Forecast Variance at year end (Oct) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-		-
3A.Corporate Services	9,495	10,772	9,348	(1,424)	(1,298)	(812)
3B.Children, Schools and Families	56,145	56,540	59,881	3,341	3,756	2,249
3C.Community and Housing	-	-	-			-
Adult Social Care	58,778	59,210	58,869	(341)	(201)	646
Libraries & Adult Education	2,771	2,694	2,707	13	12	20
Housing General Fund	2,207	2,141	2,349	208	247	256
3D.Public Health	(0)	(0)	0	0	(0)	0
3E.Environment & Regeneration	17,951	18,270	17,426	(844)	(735)	-1,211
NET SERVICE EXPENDITURE	**147,345**	**149,626**	**150,579**	**953**	**1,781**	**1,148**
3E.Corporate Items	-	-	-	-		-
Impact of Capital on revenue budget	8,403	8,403	8,930	527	525	(103)
Other Central items	(12,353)	(14,634)	(15,899)	(1,265)	(1,265)	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(5,292)**	**(6,030)**	**(738)**	**(740)**	**(926)**
TOTAL GENERAL FUND	**144,333**	**144,334**	**144,548**	**215**	**1,041**	**222**
-	-	-	-	-		-
Funding						
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
Grants	**(56,894)**	**(56,894)**	**(56,894)**	**0**	**0**	**(487)**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
Council Tax						
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPCC	(331)	(331)	(331)	0	0	0
Council Tax and Collection Fund	**(87,439)**	**(87,439)**	**(87,439)**	**0**	**0**	**0**
FUNDING	**(144,333)**	**(144,333)**	**(144,333)**	**0**	**0**	**(487)**
NET	**(0)**	**0**	**215**	**215**	**1,041**	**(265)**

Appendix 2

3E.Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Nov.) £000s	Year to Date Actual (Nov.) £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	4,210	4,024	8,930	527	527	(103)
Use for Capital Programme							0	0	0
Impact of Capital on revenue budget	**8,403**	**8,403**	**8,403**	**4,210**	**4,024**	**8,930**	**527**	**527**	**(103)**
Investment Income	**(759)**	**(759)**	**(759)**	**(506)**	**(538)**	**(900)**	**(141)**	**(141)**	**408**
Pension Fund	**3,346**	**3,346**	**3,346**	**3,346**	**3,469**	**3,346**	**0**	**0**	**(389)**
Corporate Provision for Pay Award	2,108	2,108	744		0	744	0	0	0
Provision for excess inflation	378	378	378		0	228	(150)	(150)	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	**2,486**	**2,486**	**1,122**	**0**	**0**	**972**	**(150)**	**(150)**	**(736)**
Contingency	1,500	1,500	1,500		0	1,250	(250)	(250)	(1,500)
Single Status/Equal Pay	100	100	100		28	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	83		0	83	0	0	(179)
Apprenticeship Levy	450	450	450	300	185	350	(100)	(100)	(235)
Revenuisation and miscellaneous	1,361	1,361	1,586	1,139	393	1,586	0	0	(432)
Contingencies & provisions	**4,291**	**4,291**	**4,419**	**1,439**	**606**	**4,069**	**(350)**	**(350)**	**(2,447)**
Other income	0	0	0	0	(630)	(624)	(624)	(624)	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)	(435)	(435)	(1,367)	0	0	(48)
Income items	**(1,367)**	**(1,367)**	**(1,367)**	**(435)**	**(1,065)**	**(1,991)**	**(624)**	**(624)**	**(104)**
Appropriations: CS Reserves	0	0	(648)	(648)	(648)	(648)	0	0	0
Appropriations: E&R Reserves	4	4	(361)	(361)	43	(361)	0	0	2
Appropriations: CSF Reserves	49	49	17	17	(32)	17	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)	0	0	600
Appropriations:Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	**(1,342)**	**(1,342)**	**(2,387)**	**(2,387)**	**(637)**	**(2,387)**	**0**	**0**	**2,445**
Depreciation and Impairment	**(19,008)**	**(19,008)**	**(19,008)**	**0**	**0**	**(19,008)**	**0**	**0**	**0**
Other Central Items	**(12,353)**	**(12,353)**	**(14,634)**	**1,457**	**1,835**	**(15,899)**	**(1,265)**	**(1,265)**	**(823)**
Levies	**938**	**938**	**938**	**659**	**659**	**938**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(3,012)**	**(5,292)**	**6,327**	**6,519**	**(6,030)**	**(738)**	**(738)**	**(926)**

Appendix 3

Pay and Price Inflation as at November 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 3.3% 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 2.3% in November 2018, down from 2.4% in October 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.2% in November 2018, unchanged from October 2018. The largest downward contributions to change in the 12-month rate came from falls in petrol prices and across a variety of recreational and cultural goods and services, principally games, toys and hobbies, and cultural services. These downward effects were offset by increased tobacco prices and, to a lesser extent, price rises in a variety of other categories, for example, accommodation services and passenger sea transport.
The RPI 12-month rate for November 2018 was 3.2%, down from 3.3% in October 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 19 December 2018, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes of the meeting the MPC state that "since the MPC's previous meeting, the near-term outlook for global growth has softened and downside risks to growth have increased. Global financial conditions have tightened noticeably, particularly in corporate credit markets. Oil prices have fallen significantly, however, which should provide some support to demand in advanced economies. The decline in oil prices also means that UK CPI inflation is likely to fall below 2% in coming months. The Committee judges that the loosening of fiscal policy in Budget 2018, announced after the November Inflation Report projections were finalised, will boost UK GDP by the end of the MPC's forecast period by around 0.3%, all else equal." In terms of inflation the MPC also note that "Domestic inflationary pressures have continued to build. The labour market remains tight, with employment growth picking up in the latest data and the unemployment rate likely to stay around 4% in the near term. Annual growth in regular pay has risen to 3¼%, stronger than anticipated in the November Report. In contrast, services CPI inflation has been subdued. The inflation expectations of households and professional forecasters have remained broadly unchanged."

The MPC's updated projections for inflation and activity are set out in the November Inflation Report published on 1 November 2018.

In the November Inflation Report, the MPC considers what the prospects for inflation are for the period under review. It states that "CPI inflation was 2.4% in September, in line with the MPC's expectation at the time of the August Report. Inflation has been boosted by the effects of higher energy and import prices. The contributions from these factors are projected to fade over the forecast period. UK GDP growth in 2018 Q3 is expected to be somewhat stronger than projected in August, but the outlook for growth over the forecast period is little changed. The MPC judges that supply and demand in the economy are currently broadly in balance. Conditioned on a path for Bank Rate that rises gradually over the next three years, and the assumption of a smooth adjustment to new trading arrangements with the EU, the MPC judges that a margin of excess demand is likely to build. That raises domestic inflationary pressures, which partially offset diminishing contributions from energy and import prices. CPI inflation is projected to be above the target for most of the forecast period, before reaching 2% by the end. The economic outlook will depend significantly on the nature of EU withdrawal. The MPC judges that the monetary policy response to Brexit, whatever form it takes, will not be automatic, and could be in either direction."

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 (December 2018)			
2018 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.2	2.6	2.3
RPI	3.1	3.8	3.2
LFS Unemployment Rate	3.8	4.2	4.1
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.0
RPI	2.3	4.2	3.0
LFS Unemployment Rate	3.6	4.5	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 (November 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.1	2.0	2.0	2.1
RPI	3.4	3.2	3.1	3.3	3.3
LFS Unemployment Rate	4.1	4.1	4.2	4.4	4.4

Office for Budget Responsibility– Fiscal and economic outlook (October 2018)

The Office for Budget Responsibility (OBR) published its 2018 “Economic and fiscal outlook” at the same time as the Budget 2018 on 29 October 2018. Some of the key forecasts for the economy and public finances are included in the following table:-

	Outturn 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Gross Domestic Product (GDP) Growth (%)	1.7	1.3	1.6	1.4	1.4	1.5	1.6
Public Sector Net Borrowing (£bn)	39.8	25.5	31.8	26.7	23.8	20.8	19.8
Public Sector Net Borrowing (% of GDP)	1.9	1.2	1.4	1.2	1.0	0.9	0.8
Public Sector Net Debt (%)	85.0	83.7	82.8	79.7	75.7	75.0	
CPI (%)	2.7	2.6	2.0	2.0	2.1	2.1	2.0
RPI (%)	3.6	3.5	3.1	3.1	3.2	3.1	3.1
LFS Unemployment Rate (%)	4.4	4.0	3.7	3.8	3.9	3.9	4.0

Appendix 4

Treasury Management: Outlook

At its meeting ending on 19 December 2018, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.
The November Inflation Report was published on 1 November 2018 and in it the MPC note that “In August, the MPC raised Bank Rate to 0.75%. That had been anticipated well ahead of the announcement with most short-term interest rates rising earlier in 2018. The MPC voted to make no changes to monetary policy at its September meeting. In the run-up to the November Report, stronger-than-expected activity and inflation outturns, as well as increases in short-term interest rates internationally, have pushed up the market-implied path for Bank Rate. It is now expected to reach around 1.4% in three years’ time, up from 1.1% in August. Long-term UK interest rates have also risen since August, despite falling back in the run-up to the November Report. Those rates have been affected in part by the increase in long-term interest rates in other countries.”

In the minutes to the meeting ending on 19 December, the MPC note that “Brexit uncertainties have intensified considerably since the Committee’s last meeting. These uncertainties are weighing on UK financial markets. UK bank funding costs and non-financial high-yield corporate bond spreads have risen sharply and by more than in other advanced economies. UK-focused equity prices have fallen materially. Sterling has depreciated further, and its volatility has risen substantially. Market-based indicators of inflation expectations in the United Kingdom have risen, including at longer horizons. The further intensification of Brexit uncertainties, coupled with the slowing global economy, has also weighed on the near-term outlook for UK growth. Business investment has fallen for each of the past three quarters and is likely to remain weak in the near term. The housing market has remained subdued. Indicators of household consumption have generally been more resilient, although retail spending may be slowing. The MPC has previously noted that shifting expectations about Brexit among financial markets, businesses and households could lead to greater-than-usual short-term volatility in UK data. Judging the appropriate stance of monetary policy requires separating these shorter-term developments from other more persistent factors affecting inflation and from the dynamics of the economy once greater clarity emerges about the nature of EU withdrawal.”

The uncertainty over Brexit continues to lead to uncertainty and the MPC conclude the December 2018 minutes by stating that “the broader economic outlook will continue to depend significantly on the nature of EU withdrawal, in particular: the form of new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of the effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC judges at this month’s meeting that the current stance of monetary policy is appropriate. The Committee will always act to achieve 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.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	End Q.4 2021
Nov.’18	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4
Aug.’18	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	
May ‘18	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2		
Feb.’18	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2			
Nov.’17	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0				
Aug.’17	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8					
May ‘17	0.3	0.4	0.4	0.4	0.5	0.5	0.5						
Feb’17	0.4	0.5	0.5	0.6	0.6	0.7							
Nov.’16	0.3	0.3	0.3	0.4	0.4								
Aug.’16	0.2	0.2	0.2	0.2									
May ‘16	0.7	0.7	0.8										
Feb. ‘16	1.0	1.1											
Nov ‘15	1.3												

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

Capital Budget Monitoring November 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Merton Capital	18,335,909	22,618,891	(4,282,982)	36,423,230	36,417,878	(5,352)
Capital	18,335,909	22,618,891	(4,282,982)	36,423,230	36,417,878	(5,352)
Corporate Services	3,534,319	5,114,311	(1,579,992)	8,636,160	8,631,855	(4,305)
Customer, Policy and Improvmen	4,305	250,000	(245,695)	1,999,310	1,995,005	(4,305)
Customer Contact Programme	4,305	250,000	(245,695)	1,999,310	1,995,005	(4,305)
Facilities Management	2,200,666	2,301,791	(101,125)	3,189,220	3,189,220	0
Works to other buildings	171,487	455,040	(283,553)	695,040	660,806	(34,234)
Civic Centre	197,133	397,001	(199,868)	456,430	490,664	34,234
Invest to Save schemes	1,831,371	1,449,750	381,621	2,037,750	2,037,750	0
Asbestos Safety Works	675	0	675	0	0	0
Infrastructure & Transactions	1,103,348	1,742,970	(639,622)	2,308,280	2,308,280	0
Business Systems	59,149	58,970	179	280,490	280,490	0
Social Care IT System	48,000	50,000	(2,000)	62,500	62,500	0
Disaster recovery site	393,638	280,000	113,638	394,290	394,290	0
Planned Replacement Programme	602,561	1,354,000	(751,439)	1,571,000	1,571,000	0
Resources	0	132,050	(132,050)	211,850	211,850	0
Financial System	0	59,000	(59,000)	97,000	97,000	0
ePayments System	0	32,050	(32,050)	32,050	32,050	0
Invoice Scanning SCIS/FIS	0	41,000	(41,000)	82,800	82,800	0
Corporate Items	65,000	526,500	(461,500)	66,500	66,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	0	0	0
Westminster Ccl Coroners Court	0	460,000	(460,000)	0	0	0
Investments	161,000	161,000	0	861,000	861,000	0
Housing Company	161,000	161,000	0	861,000	861,000	0
Community and Housing	608,240	652,090	(43,850)	1,118,010	1,117,995	(15)
Adult Social Care	0	43,750	(43,750)	43,750	43,750	0
Telehealth		43,750	(43,750)	43,750	43,750	0
Housing	562,059	541,600	20,459	917,520	917,520	0
Disabled Facilities Grant	562,059	541,600	20,459	917,520	917,520	0
Libraries	46,181	66,740	(20,559)	156,740	156,725	(15)
Library Enhancement Works	7,330	16,740	(9,410)	16,740	16,892	152
Major Library Projects	0	0	0	0	0	0
Libraries IT	38,851	50,000	(11,149)	140,000	139,833	(167)

Capital Budget Monitoring November 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Children Schools & Families	4,296,621	5,755,740	(1,459,119)	8,619,320	8,618,748	(572)
Primary Schools	634,877	765,330	(130,453)	836,050	835,478	(572)
Hollymount	55,166	0	55,166	59,000	59,000	0
Hatfeild	35,324	50,000	(14,676)	41,000	41,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,836	(64)
Dundonald	8,834	50,980	(42,146)	60,190	60,082	(108)
Poplar	34,910	56,800	(21,890)	47,590	47,590	0
Wimbledon Park	21,126	23,500	(2,374)	23,500	23,100	(400)
Abbotsbury	(628)	0	(628)	0	0	0
Morden	64,841	76,380	(11,539)	76,380	76,380	0
Cranmer	49,912	66,000	(16,088)	54,600	54,600	0
Gorringe Park	28,051	40,000	(11,950)	30,670	30,670	0
Haslemere	45,618	50,000	(4,382)	52,230	52,230	0
Liberty	55,577	70,000	(14,423)	74,440	74,440	0
Links	(690)	0	(690)	0	0	0
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	88,311	99,240	(10,929)	100,920	100,920	0
Lonesome	47,690	55,000	(7,310)	81,290	81,290	0
Stanford	98,000	113,530	(15,530)	112,700	112,700	0
Unlocated Primary School Proj	0	0	0	7,640	7,640	0
Secondary School	2,167,586	3,528,210	(1,360,624)	4,983,590	4,983,590	0
Harris Academy Morden	0	0	0	104,000	104,000	0
Harris Academy Merton	328,939	323,130	5,809	444,090	444,090	0
St Mark's Academy	0	0	0	0	0	0
Raynes Park	0	0	0	574,000	574,000	0
Ricards Lodge	0	0	0	15,000	15,000	0
Rutlish	21,282	0	21,282	21,500	21,500	0
Harris Academy Wimbledon	1,817,365	3,205,080	(1,387,715)	3,825,000	3,825,000	0
SEN	1,226,223	1,403,890	(177,667)	2,387,980	2,387,980	0
Perseid	965,798	675,960	289,838	1,087,960	1,087,960	0
Cricket Green	255,389	650,000	(394,611)	1,200,000	1,200,000	0
Secondary School Autism Unit	0	0	0	0	0	0
Unlocated SEN	5,036	77,930	(72,894)	100,020	100,020	0
CSF Schemes	267,935	58,310	209,625	411,700	411,700	0
CSF IT Schemes	32,335	58,310	(25,975)	58,310	58,310	0
Devolved Formula Capital	235,600	0	235,600	353,390	353,390	0

Appendix 5a

Capital Budget Monitoring November 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Environment and Regeneration	9,896,728	11,096,750	(1,200,022)	18,049,740	18,049,280	(460)
Public Protection and Developm	219	0	219	229,970	229,970	0
Off Street Parking - P&D	0	0	0	0	0	0
CCTV Investment	219	0	219	39,490	39,490	0
Public Protection and Developm	0	0	0	190,480	190,480	0
Street Scene & Waste	2,708,160	2,985,620	(277,460)	5,114,060	5,113,590	(470)
Fleet Vehicles	0	231,900	(231,900)	472,600	472,593	(7)
GPS Vehical Tracking Equipment	2,460	0	2,460	0	0	0
Alley Gating Scheme	8,194	23,490	(15,296)	25,000	25,000	0
Smart Bin Leases - Street Scen	6,552	0	6,552	5,500	5,500	0
Waste SLWP	2,690,954	2,730,230	(39,276)	4,610,960	4,610,497	(463)
Sustainable Communities	7,188,348	8,111,130	(922,782)	12,705,710	12,705,721	11
Street Trees	0	0	0	57,690	57,690	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	1,438,768	2,369,060	(930,292)	4,158,940	4,158,950	10
Cycle Route Improvements	307,155	350,200	(43,045)	705,980	705,980	0
Mitcham Transport Improvements	24,945	226,680	(201,736)	278,000	278,000	0
Mitcham Area Regeneration	34,565	124,360	(89,795)	136,360	136,361	1
Wimbledon Area Regeneration	0	0	0	25,000	25,000	0
Morden Area Regeneration	0	0	0	0	0	0
Borough Regeneration	259,505	216,820	42,685	560,050	560,050	0
Morden Leisure Centre	4,531,685	4,546,760	(15,075)	5,864,530	5,864,530	0
Sports Facilities	183,328	0	183,328	373,460	373,460	0
Parks	408,397	277,250	131,147	519,590	519,590	0

Virement, Re-profiling and New Funding - November 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Movement	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Housing Company	(1)	**1,300,000**			(439,000)	**861,000**	**22,325,020**	**439,000**	**22,764,020**	Re-profiled in accordance with projected spend
Parking System	(1)	**126,000**			(106,000)	**20,000**	**0**	**106,000**	**106,000**	Re-profiled in accordance with projected spend
Social Care IT System		**150,000**			(87,500)	**62,500**	**400,000**	**87,500**	**487,500**	Re-profiled in accordance with projected spend
Community and Housing										
Disabled Facilities Grant	(1)	**815,200**		102,320		**917,520**	**280,000**		**280,000**	2018-19 Budget based on projected spend at year end
Children, Schools and Families	-									
Hollymount		**59,850**	(850)			**59,000**	**0**		**0**	Final Virements in accordance with projected spend
Hatfeild		**50,000**	(9,000)			**41,000**	**0**		**0**	Final Virements in accordance with projected spend
Dundonald		**20,280**	9,210			**29,490**	**0**		**0**	Final Virements in accordance with projected spend
Poplar		**56,800**	(9,210)			**47,590**	**0**		**0**	Final Virements in accordance with projected spend
Tranmer		**66,000**	(11,400)			**54,600**	**0**		**0**	Final Virements in accordance with projected spend
Gorringe Park		**40,000**	(9,330)			**30,670**	**0**		**0**	Final Virements in accordance with projected spend
Haslemere		**50,000**	2,230			**52,230**	**0**		**0**	Final Virements in accordance with projected spend
Liberty		**70,000**	4,440			**74,440**	**0**		**0**	Final Virements in accordance with projected spend
St Mark's		**99,240**	1,680			**100,920**	**0**		**0**	Final Virements in accordance with projected spend
Lonesome		**55,000**	26,290			**81,290**	**0**		**0**	Final Virements in accordance with projected spend
Stanford		**113,530**	(830)			**112,700**	**0**		**0**	Final Virements in accordance with projected spend
Unallocated		**10,870**	(3,230)			**7,640**	**650,000**		**650,000**	Final Virements in accordance with projected spend
Healthy Schools	(1)	**188,630**			(188,630)	**0**	**0**	188,630	**188,630**	Final Virements in accordance with projected spend
Harris Academy Wimbledon	(1)	**4,034,500**			(209,500)	**3,825,000**	**2,944,010**	209,500	**3,153,510**	Final Virements in accordance with projected spend
Capital Loans to Schools	(1)	**108,900**			(108,900)	**0**	**0**	108,900	**108,900**	Final Virements in accordance with projected spend
Environment and Regeneration										
Wimbledon Lake De-Silting	(1)	**106,500**	43,790		(117,290)	**33,000**	**1,250,000**	**117,290**	**1,367,290**	Re-profiled in accordance with projected spend
Morden Leisure Centre	(1)	**6,203,360**			(338,830)	**5,864,530**	**241,590**	**338,830**	**580,420**	Re-profiled in accordance with projected spend
Replacement of Fleet Vehicles		**502,900**	(30,300)			**472,600**	**300,000**		**300,000**	Current Virement part offsets virement in 2017/18
Waste Bins	(1)	**2,674,000**			(789,270)	**1,884,730**	**0**	**789,270**	**789,270**	Re-profiled in accordance with projected spend
Alley Gating		**38,490**	(13,490)			**25,000**	**40,000**		**40,000**	Current Virement part offsets virement in 2017/18
Commonside East/Windmill Rd		**41,000**		(12,030)		**28,970**	**0**		**0**	Funding no longer required
TfL Cycle Quietways		**0**		60,150		**60,150**	**0**		**0**	Approved TfL Spend
Merton Green Walke - S106		**25,000**			(25,000)	**0**	**0**	**25,000**	**25,000**	Re-profiled in accordance with projected spend
Abbey Recreation Ground S106		**39,750**			(39,750)	**0**	**0**	**39,750**	**39,750**	Re-profiled in accordance with projected spend
s106 Mawson Close (B719)		**7,180**		(7,180)		**0**	**0**		**0**	Funding no longer required, residual spend in revenue.
Highways bridges & structures	(1)	**460,000**			(310,000)	**150,000**	**60,000**	**310,000**	**370,000**	Re-profiled in accordance with projected spend
Mitcham Cricket Green Improvements		**50,000**			(50,000)	**0**	**0**	50,000	**50,000**	Re-profiled to dovetail with other schemes in the same geographical area
Mortuary Provision		**53,890**			(53,890)	**0**	**0**	53,890	**53,890**	Re-profiled in accordance with projected spend
Total		**17,616,870**	**0**	**143,260**	**(2,863,560)**	**14,896,570**	**28,490,620**	**2,863,560**	**31,354,180**	

1) Requires Cabinet Approval

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	24,770	14,374	39,144
Corporate Services			
Housing Company	(439)	0	(439)
Parking System	(106)	0	(106)
Social Care IT System	(88)	0	(88)
Community and Housing			
Disabled Facilities Grant	0	102	102
Children, Schools and Families			
Healthy Schools	0	(189)	(189)
Harris Academy Wimbledon	(210)	0	(210)
Capital Loans to Schools	(109)	0	(109)
Environment and Regeneration			
Wimbledon Lake De-Silting	(74)	0	(74)
Morden Leisure Centre	(30)	0	(30)
Replacement of Flet Vehicles	(339)	0	(339)
Waste Bins	(789)	0	(789)
Alley Gating	(13)	0	(13)
Commonside East/Windmill Rd	(12)	0	(12)
TfL Cycle Quietways	0	60	60
Merton Green Walke - S106	(25)	0	(25)
Abbey Recreation Ground S106	(40)	0	(40)
s106 Mawson Close (B719)	(7)	0	(7)
Highways bridges & structures	(310)	0	(310)
Mitcham Cricket Green Improvements	(50)	0	(50)
Mortuary Provision	(54)	0	(54)
Proposed Capital Programme	22,076	14,347	36,423

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	**£000s**	**£000s**
Approved Capital Programme	**47,308**	**5,154**	**52,461**
Corporate Services			
Housing Company	**439**	**0**	**439**
Parking System	**106**	**0**	**106**
Social Care IT System	**88**	**0**	**88**
Children, Schools and Families			
Healthy Schools	**0**	**189**	**189**
Harris Academy Wimbledon	**210**	**0**	**210**
Capital Loans to Schools	**109**	**0**	**109**
Environment and Regeneration			
Wimbledon Lake De-Silting	**118**	**0**	**118**
Morden Leisure Centre	**339**	**0**	**339**
Waste Bins	**789**	**0**	**789**
Merton Green Walke - S106	**25**	**0**	**25**
Abbey Recreation Ground S106	**40**	**0**	**40**
Highways bridges & structures	**310**	**0**	**310**
Mitcham Cricket Green Improvements	**50**	**0**	**50**
Mortuary Provision	**54**	**0**	**54**
Proposed Capital Programme	**49,984**	**5,342**	**55,326**

APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 8 Forecast Shortfall	Period 7 Forecast Shortfall	Period Forecast Shortfall (P8)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,519	505	505	25.0%	385
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,998	200	302	9.1%	(18)
Environment and Regeneration	1,874	1,401	473	473	25.2%	80
Total	**6,585**	**5,407**	**1,178**	**1,280**	**17.9%**	**447**

82.111

Nov-18

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G		987	0	G	**John Morgan**		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	G		100	0	G	**Richard Ellis**	Balance of £32k deferred to 2019/20. Impact offset by in year budget management	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	0	38	G		38	0	G	**Steve Langley**	Deferred to 2019/20. Impact offset by in year budget management	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	G		50	0	G	**Phil Howell**		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	G		100	0	G	**Richard Ellis**	Deferred to 2019/20. Impact offset by in year budget management	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**		Y
	Subtotal Adult Social Care	**1,506**	**1,306**	**200**			**1,506**	**0**				
	Library & Heritage Service											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G		30	0	G	**Anthony Hopkins**		Y
	Housing Needs & Enabling											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	G		62	0	G	**Steve Langley**		Y
	Public Health											
CH75	Public Health: health related services in other budgets	600	600	0	G		582	18	A	**Dagmar Zeuner**	Shortfall offset by CH85 and CH86	Y

	Nov-18										APPENDIX 6	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19												
Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total C & H Savings for 2018/19	2,198	1,998	200			2,180	18				

APPENDIX 6

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
	Schools									
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	**200**	**0**	G		**0**	G	Jane McSherry		**N**
	Commissioning, Strategy and Performance									
CSF2015-04	Commissioning rationalisation	**60**	**0**	G		**0**	G	Leanne Wallder		**N**
	Cross cutting									
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**
	Children Social Care									
CSF2017-03	Delivery of preventative services through the Social Impact Bond	**45**	**0**	G		**0**	G	Jane McSherry		**N**
CSF2017-04	South London Family Drug and Alcohol Court commissioning	**45**	**0**	G		**0**	G	Jane McSherry		**N**
	Total Children, Schools and Families Department Savings for 2017/18	**489**	**0**			**0**				

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G		18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G		100	0	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprocurement	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	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
	PUBLIC PROTECTION											
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G		163	0	G	Cathryn James		N
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R		60	0	A	Cathryn James		Y
ENV08	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
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R		50	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team is proposed as part of the 2018/19 restructure of the Regulatory Services Partnership.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R		44	0	G	Cathryn James	Saving is being achieved from current income	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	Saving is being achieved from current income	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

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	PUBLIC SPACE											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G		4	0	G	Anita Cacchioli		**N**
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G		5	0	G	Anita Cacchioli		**N**
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G		100	0	G	Anita Cacchioli		**N**
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G		-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award. We are currently	**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.	**Y**
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G		9	0	G	Anita Cacchioli	Guaranteed income being achieved. Risk is now managed by our collections contractor.	**N**
ENV32	Transport: Review of Business Support requirements	30	0	30	R		0	30	R	Anita Cacchioli	Alternative saving has been proposed as this saving can not be delivered. Please see E&R20	**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	A	Anita Cacchioli	Saving forms part of Phase C.	**Y**
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	35	0	G		35	0	A	Anita Cacchioli	Saving forms part of Phase C.	**Y**
ENR5	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**
ENR6	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	Alternative saving has been proposed as this saving can not be delivered. Please see E&R20	**Y**
	Total Environment and Regeneration Savings 2018/19	**1,874**	**1,401**	**473**			**1,794**	**80**				

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend?
	Customers, Policy & Improvement								
CSD19	Staff reductions - Delete 1 FTE	49	0	G	0	G	James Flynn	Achieved via 0.5fte reduction in Community Engagement and remainder replaced with reduced Press & PR agency budget	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	G	0	G	Sean Cunniffe		Y
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
	Infrastructure & Technology								
CS71	Delete two in house trainers posts	43	0	G	0	G	Richard Warren		Y
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	G	0	G	Richard Neal		Y
CS2015-09	Restructure of Safety Services & Emergency Planning team	30	0	G	0	G	Adam Vicarri		Y
CS2015-10	FM - Energy invest to save	465	465	R	365	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving will be delayed with £100k expected in 19/20 and the balance in 20/21. Shortfall to be funded by Corporate Services reserve	Y
CSREP 2018-19 (1)	Renegotiation of income generated through the corporate catering contract	20	0	G	0	G	Edwin O Donnell		Y
CSREP 2018-19 (2)	Review the specification on the corporate cleaning contract and reduce frequency of visits	15	0	G	0	G	Edwin O Donnell		Y
CS2015-01	Reduction in IT support / maintenance contracts	3	0	G	0	G	Clive Cooke		Y
CS2015-02	Expiration of salary protection	16	0	G	0	G	Clive Cooke		Y
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	Clive Cooke	This saving will be met in the year from other underspends within I&T.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk in 19/20 if they don't migrate to M3 system. Saving	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
	Corporate Governance								
CSD43	Share FOI and information governance policy with another Council	10	10	R	10	R	Karin lane	This saving will be met in the year from a salary underspend due to 2 staff members working slightly reduced hours. This may result in an overspend in future years if these staff wish to revert to their full time salary.	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
	Resources								
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
	Human Resources								
CSREP 2018-19 (12)	Reduction in posts across the department	**185**	**0**	G	**0**	G	Kim Brown		Y
	Corporate								
CSREP 2018-19 (5)	Council tax and business rates credits	**220**	**0**	G	**0**	G	Roger Kershaw		Y
CSREP 2018-19 (8)	Dividend from CHAS 2013 Limited	**215**	**0**	G	**0**	G	Ian McKinnon		Y
	Total Corporate Services Department Savings for 2018/19	**2,024**	**505**		**385**				

APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 8 Projected shortfall	2019/20 Period 8 Projected shortfall	2018/19 Period 7 Projected shortfall	2019/20 Period 7 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	19	0	0	0	0
Environment and Regeneration	3,134	2,188	666	45	666	45
Total	**10,314**	**2,410**	**666**	**45**	**666**	**45**

APPENDIX 7

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
	Children Social Care										
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	**100**	**7**	**R**	**0**	**G**	**0**	**G**	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	**N**
	Total Children, Schools and Families Department Savings for 2017/18		**7**		**0**		**0**				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

November'18

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG		2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care											
CH57	**Staff savings: transfer of savings from housing**	50	19	G		0	G	0	G	**Richard Ellis**	Achievable	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	0	G		0	G	0	G	**Richard Ellis**	Work on re-commissioning in progress.	Y
	Library & Heritage Service											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	0	G		0	G	0	G	**Anthony Hopkins**	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
	Housing Needs & Enabling											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	0	G		0	G	0	G	**Steve Langley**	Staffing plan agreed for implementation	Y
	Total C & H Savings for 2017/18		**19**			**0**		**0**				

APPENDIX 7

DEPARTMENT: ENVIRONMENT & 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
	SUSTAINABLE COMMUNITIES													
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
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	45	0	G	45	0	G	James McGinlay		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	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 only	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
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
	PUBLIC PROTECTION													
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff joined the RSP on 1st November 2017. This saving is linked to efficiencies associated with the current management restructure of the RSP.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	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
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Cathryn James	Alternative saving required	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
	PUBLIC SPACE													
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,382	118	R	1500	0	A	Anita Cacchioli	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	70	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	0	70	R	70	0	G	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
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	70	90	R	160	0	A	Anita Cacchioli	Saving forms part of Phase C, but will not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	A	Anita Cacchioli		Y
	Total Environment and Regeneration Savings 2016/17	**3,134**	**946**	**2,188**		**2,087**	**666**		**2,708**	**45**				

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CABINET

Date: 14 January 2019

Wards: Trinity

Subject: Former Virgin Active property, Battle Close, SW19 1AQ

Lead officer: Chris Lee, Director of Environment and Regeneration

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

Contact officer: Howard Joy, Property Management and Review Manager

Recommendations:

1. That the demolition of the former Virgin Active Health Club, Battle Close, SW19 1AQ is authorised subject to confirmation of prior approval under the Town and Country Planning (General Permitted Development((England) Order 2015.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To authorise the demolition of the former Virgin Active Health Club, Battle Close, SW19 1AQ.

2 DETAILS

2.1. Virgin Active Health Club (previously Holmes Place), Battle Close, SW19 1AQ (Edged red on appendix Location Plan) comprises a freestanding two storey health club in a 2.406 acre (0.974 hectares) site. The freehold is owned by the Council and was leased to Virgin Active. On 20th December 2017 Virgin Active surrendered their leasehold interest to the council giving the council possession of the building.

2.2. The intention is to redevelop the property for housing either directly/via Merantun Developments Ltd or through sale to a private developer. Redevelopment of the site to maximise housing requires the designation of the site to be changed through the Local Plan 2020. This is underway with approval having been given by Cabinet for the second stage of public consultation between October 2018 – January 2019. This process is scheduled to be completed in eighteen months.

2.3. Until the site is sold or redeveloped the council need to ensure the property is secured against damage or squatters. The holding costs of the property remain with the Council until then. These costs including NNDR amount to approximately £600,000 p.a. (see appendix Schedule of expenditure 2018-19). The major components of these costs are NNDR @ £241,110 and security@ £314,000. NB The security was significantly increased on 9th March 2018 following the building being squatted both to protect the building and re-assure the public.

2.4. Pressures upon the council's revenue budget and the need for thrift demand that these costs be significantly reduced. The best means of doing this is through demolition of the building that has been estimated to cost £160,000 plus professional fees at 9.9%. Demolition should remove almost all of the costs identified in Schedule of expenditure 2018-19.

2.5. Demolition had been considered previously but concerns over the loss of a leisure centre facility has been minimised through the completion of Morden Park Leisure Centre that opened on 6th November 2018. Demolition need not now be delayed subject to obtaining prior approval (see paragraph 7.2) before carrying out any demolition

2.6. On 31 October 2018 consultation started on Stage 2 of Merton's draft Local Plan, including sites proposed for allocation to new land uses. Battle Close is one of those sites which is now proposed for reallocation to residential use.

2.7. The Council has purposely delayed consideration of demolition until the Local Plan preparation has progressed sufficiently. Now that we are at the end of the 2nd stage of consultation on the Local Plan, subject to the site allocation responses, greater weight can be attached to the Local Plan and the change of use proposed for this site. To consider demolition prior to the 2nd stage consultation could have been considered premature.

2.8. As the site was formerly in use as a privately run leisure centre, Sport England will be one of the consultees who are likely to comment on this site. On 3rd January 2019, the time of writing of this report, no responses from Sport England had been received.

2.9. It should be noted that while Sport England are not a statutory consultee for this site in their statutory role to protect playing fields (as the leisure centre does not meet the definition of a "playing field" under the Town and Country Planning (Development Management Procedure) (England) Order 2015) they remain a consultee for Merton's Local Plan and it is likely considerable weight will be given to their response by decision-makers including the Planning Inspector examining the council's Local Plan and Merton's Planning Applications Committee.

2.10. Sport England's planning policy states "*Existing provision should be protected unless an assessment has demonstrated there is an excess of the provision and the specific buildings or land are surplus to requirements, or equivalent or better provision will be provided as replacement*".

2.11. This is very similar to the new National Planning Policy Framework 2018 para 97 which states:

Existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:

a) an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or

b) the loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or

c) the development is for alternative sports and recreational provision, the benefits of which clearly outweigh the loss of the current or former use.

2.12. The FutureMerton and Leisure Services teams have been working together on a Playing Pitch Study and Open Space Study (including indoor sports) to assess all such facilities in the borough in line with the NPPF 2018 and Sport England's requirements. This is due to report shortly.

2.13. On the currently available information, officers have recommended that Battle Close is allocated for residential development in the draft Local Plan. Consultees had until 06 January 2019 to respond.

2.14. Support (or otherwise) for whole site residential on Battle Close will be informed by various matters including consultee's responses, the opening of Morden leisure centre, the completion of the council's playing pitch / open space studies and consequential demonstration of compliance with national policy on sports facilities.

2.14 Local Plans gather greater significance in influencing planning decisions the closer they are to adoption. It may be possible to take forward a successful planning application for residential development on Battle Close prior to 2020 if there is support for this through evidence and consultation.

2.15 Property Asset Management Board on 12th November 2018 approved the principle of demolition subject to obtaining formal authority.

3 ALTERNATIVE OPTIONS

3.1 Let the property. This would reduce the revenue costs falling upon the council. However, the previous provider (Virgin Active) chose to hand back the long leasehold to the council which indicates a low level of market demand for such a facility in this location and as the maximum term the council could offer is eighteen months it is very unlikely that a tenant could be found and at best there would be a delay until a tenant could be found and a lease completed reducing the term and saving to the council.

3.2 Do nothing. The revenue costs would continue to be funded by the Council.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. Officers of the council through the normal circulation process.

4.2. The draft Local Plan consultation timetable is 31 October 2018 to 06 January 2019.

5 TIMETABLE

5.1. From authority tenders in two weeks, lead in of two weeks. Demolition two to four weeks.

5.2. The timetable for the production of Merton's Local Plan 2020 is as follows:

5.2.1 October 2018 – January 2019: consultation on draft Local Plan

5.2.2 January 2019 – September 2019: assess consultation responses, complete local evidence, attend the examination of the London Plan and incorporate results into Merton's Local Plan; finalise Local Plan for submission to Secretary of State. (NB if more sites are put forward or there are significant policy changes, this stage will also include 6 weeks of consultation on those sites / policy changes)

5.2.3 Autumn 2019 – seek full council resolution to submit to the Secretary of State for examination

5.2.4 Autumn 2019 – Spring 2020: examination in public (c6 months)

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 Capital

6.2 The proposals in this report would need to be progressed with the costs of demolition being charged to revenue.

6.3 Under the Prudential Code released in 2012 it would only be possible to capitalise demolition costs if the demolition was intrinsic to a re-development scheme or related to asbestos. Under the new guidance for account closure in 2017/18 the latitude for capitalising demolition costs has been extended. It is now possible to capitalise demolition costs if it can be justified that this will increase the value of the residual asset.

6.4 The onus will be placed on officers to justify that the value has increased. Merton’s specialist financial advisors have recommended that independent valuations are obtained to justify the increased value and the decision to capitalise would be subject to external audit review. The VOA/DVS has been instructed to provide the valuation advice required.

6.5 Revenue.

6.8 The financial implications are contained within the body of the report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Under the Town and Country Planning Act 1990 planning permission is required for “Development” Development includes demolition and therefore as a general rule demolition requires planning permission.

7.2. However, the Town and Country Planning (General Permitted Development((England) Order 2015 grants deemed planning permission for demolition subject to the party proposing to carry out the development first going through a prior approval before carrying out any demolition.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purpose of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. Risk management regarding the revenue and capital budget are contained within the body of this report.

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

- Location Plan.
- Schedule of expenditure 2018-19

12 BACKGROUND PAPERS

12.1. National Planning Policy Framework 2018

12.2. Town and Country Planning Act 1990 as amended

12.3. Sport England – planning policy and playing fields statutory policy

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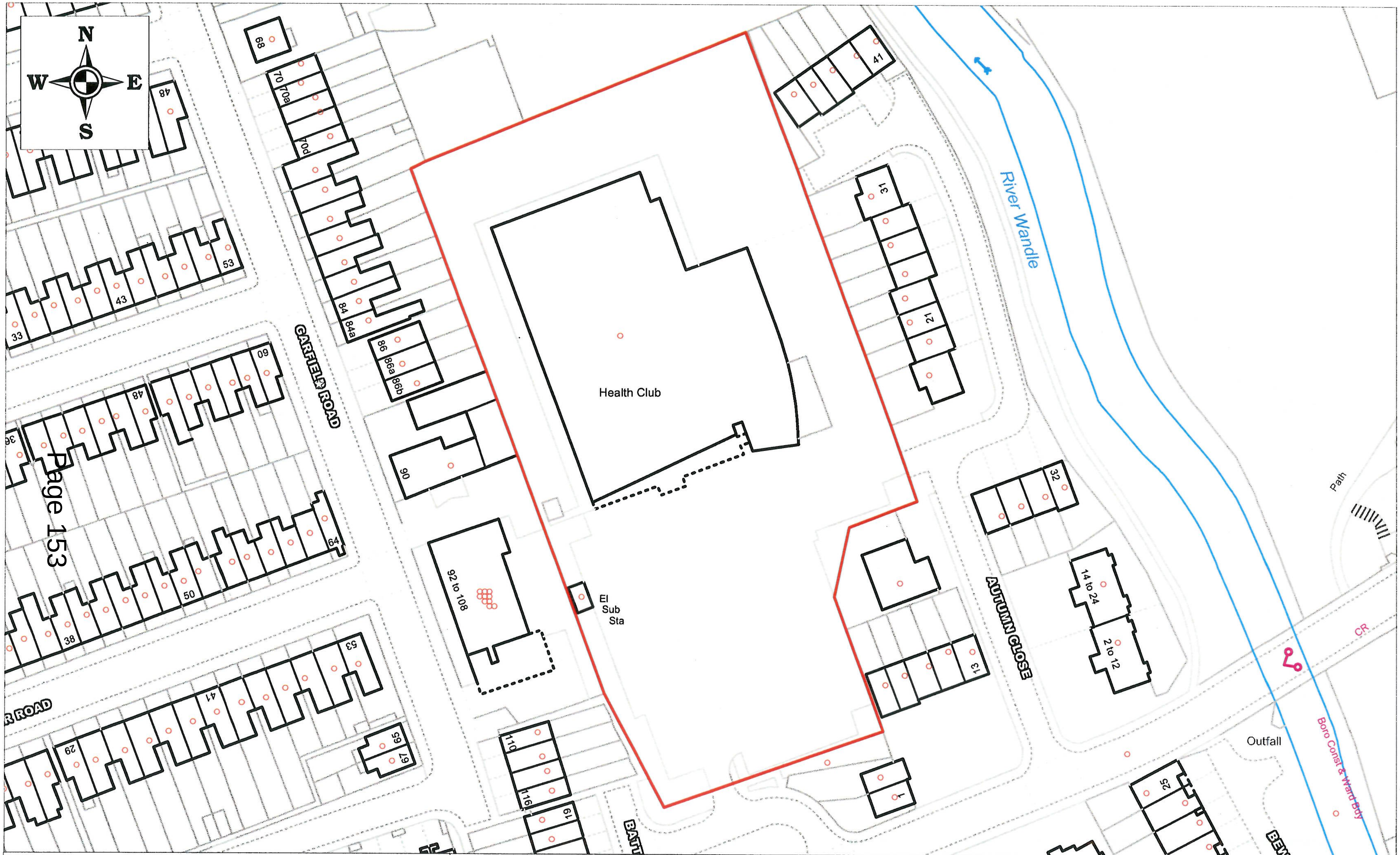

LONDON BOROUGH OF MERTON
Environment & Regeneration Department

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Holmes Place (West Site North Road)

Scale = 1: 1000

Date Printed: 13/03/2007

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BATTLE CLOSE EXPENDITURE 2018-19

PAID TO DATE

COMPANY	AMT	FOR	PO	CODE FROM	DATE PAID
Engie Power	£167.56	Electric 01/02 to 04/02/18	E20030745	400753-1102-00000905-00000	12-Apr-18
Engie Power	£176.32	Electric 01/02 to 04/02/18	E20030748	400753-1102-00000905-00000	12-Apr-18
Knightguard Ltd	£14,735.00	14/7 Security 8/03 to 25/03/18	E20031096	400753-1002-00000905-00000	13-Apr-18
Knightguard Ltd	£31,080.00	8/5 security 26/03 to 29/04/18	E20033230	400753-1002-00000905-00000	09-May-18
Knightguard Ltd	£24,605.00	Security 30/04/18 to 27/05/18	E20035237	400753-1002-00000905-00000	Jun-18
Knightguard Ltd	£24,132.50	Security 28/05 to 24/06/18	E20037486	400753-1002-00000905-00000	Jul-18
Knightguard Ltd	£23,520.00	Security 25/06 to 22/07/18	E20039840	400753-1002-00000905-00000	Aug-18
Knightguard Ltd	£29,653.75	Security 23/07 to 26/08/18	E20042415	400753-1002-00000905-00000	Sep-18
Knightguard Ltd	£24,110.63	Security 27/08 to 23/09/18	E20044327	400753-1002-00000905-00000	Oct-18
MLB	£507.93	Fire extinguisher service	E20030857	400753-1002-00000905-00000	11-Apr-18
MLB	£4,525.00	Installation Intruder Alarm system & fire alarm investigation	E20029295	400753-1036-00000000-00000	08-May-18
NNDR - LBM	£241,110.00	NNDR for 01/04/18 to 31/03/19	Passed to Corporate	400753-1300-00000905-00000	Apr-18
Saltash	£8,153.88	Installation of Steel Works for Security	FM	400753-1036-00000000-00000	Apr-18
Secom Plc	£112.00	Concrete Blks 14/4/ to 11/5	E20030750	400753-1002-00000905-00000	12-Apr-18
Secom Plc	£112.00	Hire blocks 4 weeks 12/05/18 to 11/06/18	E20033422	400753-1002-00000905-00000	May-18
Secom Plc	£396.00	Annual Response fee/Intruder Redcare	E20037512	400753-1002-00000905-00000	Jul-18
Secom Plc	£112.00	Hire blocks 12/06 to 06/07/18	E20035584	400753-1002-00000905-00000	Jun-18
Secom Plc	£112.00	Hire blocks 4 weeks 7/07/18 to 03/08/18	E20037520	400753-1002-00000905-00000	Jul-18
Secom Plc	£112.00	Blocks 04/08/18 to 31/08/18	E20039828	400753-1002-00000905-00000	Aug-18
Secom Plc	£112.00	Hire blocks 4 wks 01/09 to 28/09/18	E20042417	400753-1002-00000905-00000	Aug-18
Secom Plc	£112.00	Hire blocks 29/09 to 26/10/18	E20042418	400753-1002-00000905-00000	Sep-18
Scottish Power	£912.19	Electric 01/03 to 31/03/18	E20032623	400753-1102-00000905-00000	01-May-18
Scottish Power	£1,009.59	Electric 01/03 to 31/03/18	E20032626	400753-1102-00000905-00000	01-May-18
Scottish Power	£597.18	Electric 01/04 to 30/04/18	E20033939	400753-1102-00000905-00000	17-May-18
Scottish Power	£590.33	Electric 01/04 to 30/04/18	E20033938	400753-1102-00000905-00000	17-May-18
Scottish Power	£320.16	Electric 01/06 to 30/06/18	E20038303	400753-1102-00000905-00000	11-Jul-18
Scottish Power	£205.61	Electric 01/06 to 30/06/18	E20038306	400753-1102-00000905-00000	11-Jul-18
Scottish Power	£350.13	Electric 01/05 to 31/05/2018	E20035954	400753-1102-00000905-00000	Jun-18
Scottish Power	£206.25	Electric 01/05 to 31/05/2018	E20035953	400753-1102-00000905-00000	Jun-18
Scottish Power	£211.45	Electric 01/07 to 31/07/18	E20041000	400753-1102-00000905-00000	Aug-18
Scottish Power	£332.39	Electric 01/07 to 31/07/18	E20041001	400753-1102-00000905-00000	Aug-18
Scottish Power	£338.99	Electric 01/08 to 31/08/18	E20042638	400753-1102-00000905-00000	Sep-18
Scottish Power	£211.97	Electric 01/08 to 31/08/18	E20042637	400753-1102-00000905-00000	Sep-18
Upton Services	£12,187.00	Environmental Clean & Sanitisation after squatters	E20029294	400753-1036-00000000-00000	17-Apr-18
Upton Services	£7,337.00	Electrical/Mechanical shutdown	E20030849	400753-1036-00000000-00000	11-May-18
TOTAL	**£452,467.81**				

ESTIMATION FOR REMAINING FINANCIAL YEAR

COMPANY	AMT	FOR
Scottish Power	£3,851.00	Electric
Secom	£336.00	Hire of concrete blocks
Knightguard Ltd	£159,600.00	24hr Security - £840 per day
Secom	£168.72	Alarm Maintenance due Dec 18
TOTAL	**£163,955.72**	

£452,467.81	Paid to date
£163,955.72	Estimation to yr end
£616,423.53	**TOTAL**

BATTLE CLOSE EXPENDITURE 2017-18

PAID TO DATE

COMPANY	AMT	FOR	PO	CODE FROM	DATE PAID
Secom Plc	£396.00	Key Response annual fee	E20022255	400753-1002-00000905-00000	19-Dec-17
Secom Plc	£168.72	Alarm maintenance annual fee	E20022251	400753-1002-00000905-00000	19-Dec-17
Secom Plc	£221.44	Dualcom & Fire monitoring annual fee	E20022253	400753-1002-00000905-00000	19-Dec-17
Secom Plc	£1,412.00	Delivery & collection cost for concrete blocks secure site - one off	E20022257	400753-1002-00000905-00000	19-Dec-17
Secom Plc	£160.00	Police URN transfer fee - one off	E20022262	400753-1002-00000905-00000	19-Dec-17
Secom Plc	£112.00	Hire of concrete blocks - 1 month fee	E20023607	400753-1002-00000905-00000	15-Jan-18
Secom Plc	£112.00	Hire of concret blocks - 1 month	E20025952	400753-1002-00000905-00000	13-Feb-18
Secom Plc	£100.00	Alarm call out chge on 16/01/18	E20026084	400753-1002-00000905-00000	13-Feb-18
Engie Power	£612.89	Electric covers 20/12 to 31/12/17	E20026442	400753-1102-00000905-00000	19-Feb-18
Engie Power	£736.73	Electric covers 20/12 to 31/12/17	E20026441	400753-1102-00000905-00000	19-Feb-18
Engie Power	£1,553.69	Electric covers 01/01 to 31/01/18	E20027600	400753-1102-00000905-00000	06-Mar-18
Engie Power	£1,733.92	Electric covers 01/01 to 31/01/18	E20027601	400753-1102-00000905-00000	06-Mar-18
Engie Power	£386.00	Gas covers 20/12 to 31/12/17	E20027936	400753-1101-00000905-00000	09-Mar-18
Engie Power	£1,149.70	Gas covers 01/01 to 31/01/18	E20027935	400753-1101-00000905-00000	09-Mar-18
Engie Power	£753.68	Gas covers 20/12 to 31/12/17	E20028040	400753-1101-00000905-00000	12-Mar-18
Engie Power	£2,188.20	Gas covers 01/01 to 31/01/18	E20028042	400753-1101-00000905-00000	12-Mar-18
Scottish Power	£887.49	Electric covers 05/02 to 28/02/18	E20028479	400753-1102-00000905-00000	15-Mar-18
Scottish Power	£757.22	Electric covers 05/02 to 28/02/18	E20028480	400753-1102-00000905-00000	15-Mar-18
Scottish Power	£350.13	Electric covers 01/05 to 31/05/18	E20035954	400753-1102-00000905-00000	13-Jun-18
Scottish Power	£206.25	Electric covers 01/05 to 31/05/18	E20035953	400753-1102-00000905-00000	13-Jun-18
TOTAL	**£13,998.06**				

Committee:	**Cabinet**
Date:	**14 January 2019**
Wards:	All
Subject:	**London Councils Grants Scheme Subscription for 2019/20**
Lead officer:	John Dimmer, Head of Policy, Strategy and Partnerships
Lead member:	Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities
Contact officer:	Amanda Roberts, Policy, Strategy and Partnerships Officer (020 8545 4685 / amanda.roberts@merton.go.uk)

Recommendations:

A. That Cabinet approves the council's contribution to the London Councils Grants Scheme 2019/20 as per the subscription set by London Councils Leaders' Committee on 4 December 2018.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The London Councils Leaders' Committee has set a revised budget for the London Councils Grants Scheme (LCGS) for 2019/20. The LCGS is governed by statute which requires the budget to be approved by two thirds of London boroughs by 18 January 2019.

1.2 This report seeks Cabinet's approval for Merton's contribution to the LCGS for 2019/20, which the London Councils Leaders' Committee has determined should be £155,691. This can be met within existing resources.

2 DETAILS

2.1 The LCGS funds a range of services across London with financial contributions from all London boroughs. See Appendix I for a further breakdown. The budget for the grants scheme is determined by the London Councils Leaders' Committee and boroughs are asked to confirm their contributions each year.

2.2 In 2018/19 the London Councils Leaders' Committee determined Merton's contribution to be £155,574. For 2019/20 the London Councils Leaders' Committee has determined that Merton's contribution should increase very slightly to £155,691.

3 ALTERNATIVE OPTIONS

3.1 Merton could decide not to approve the proposed contribution. However, if at least two thirds of London boroughs approve the budget it will apply to all councils.

3.2 If at least two thirds of constituent councils do not agree the revised budget within the timescales, then the subscription levied for 2018/19 (£155,574) will apply for 2019/20.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1 The London Councils Leaders' Committee approved the overall revenue budget for London Councils for 2019/20 and the level of borough subscriptions and charges for the year on 4 December 2018, including those relating to the LCGS.

4.2 The LCGS borough subscriptions 2019-20 are attached to this report as Appendix II.

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

5.1. The subscription for 2019/20 can be met within existing resources.

6 LEGAL AND STATUTORY IMPLICATIONS

7.1 The LCGS is governed by statute which requires at least two thirds of London boroughs to approve the budget in order for the budget to apply to all councils. If at least two thirds of constituent councils do not agree the revised budget within the timescales, then the subscription levied for 2018/19 (£155,574) will apply for 2019/20.

7.2 The LCGS can only be revoked if a majority of the member councils so decide. In such circumstances the revocation would take effect from the end of any financial year after that in which the decision to revoke is made. The Council cannot, therefore, unilaterally withdraw from the scheme and is bound to make a contribution to the scheme in 2019/20.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1. None for the purposes of this report.

8 CRIME AND DISORDER IMPLICATIONS

8.1. None for the purposes of this report.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

9.1. None for the purposes of this report.

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

- Appendix I: London Councils' Grants scheme spending
- Appendix II: London Councils Grants Scheme – Proposed Borough Subscriptions 2019-20

11 BACKGROUND PAPERS

11.1. None.

Appendix I

London Councils' Grants scheme spending

The London Councils grants scheme was originally set up on abolition of the Greater London Council (GLC). Section 48 of the Local Government Act 1985 enabled London boroughs to fund voluntary action in the capital through a joint scheme provided by London Councils.

All 32 London boroughs and the City of London contribute to the grants programme which is run on their behalf by London Councils and aims to meet key areas of need in the capital.

Applicants to the programme must be non-profit organisations that are able to work across more than one borough and able to demonstrate they provide services in at least one of the following 2017 to 2021 Grants Programme priorities identified by London Councils following a 2015/16 Grants Review:

Priority 1 - Combatting Homelessness

Priority 2 - Tackling Sexual and Domestic Violence

Priority 3 - Tackling Poverty through Employment (ESF match funded).

Table One: London Councils Grants Programme 2017-21 (Priority 1 and 2)

The 2017-21 grants programme has seen £6,173,132 split between 13 different projects dedicated to tackling some of the most serious issues affecting the capital.

Service Area	**Organisation**	**Annual Grant Amount**
1.1	Shelter - London Advice Services	£1,003,495
	St Mungo Community Housing Association	£251,378
1.2	New Horizon Youth Centre	£1,008,338
1.3	Homeless Link	£120,239
	Standing Together Against Domestic Violence	£88,977
Priority 1: Combatting Homelessness		**£2,472,427**
2.1	Tender Education and Arts	£265,000
2.2	Solace Women's Aid	£1,425,238
	Galop	£146,318
	SignHealth	£148,444
2.3	Women's Aid Federation of England (Women's Aid)	£314,922

2.4	Ashiana Network	£840,000
2.5	Women's Resource Centre	£240,783
2.6	Asian Women's Resource Centre	£320,000
Priority 2: Tackling Sexual and Domestic Violence		**£3,700,705**
Total		**£6,173,132**

Table Two: London Councils Grants Programme 2017-2021 (Priority 3)

Priority 3 is funded by boroughs' contributions to the Grants Programme of £3 million and matched by £3 million from the London Councils European Social Fund (ESF) Programme, under an agreement with the Greater London Authority (GLA).

Organisation and Cluster	**Grant Amount**
Citizens Trust (Brent, Ealing, Hillingdon, Hounslow, Richmond-upon-Thames)	£448,114
London Training and Employment Network (Croydon, Kingston-upon-Thames, Lambeth, Merton, Sutton, Wandsworth)	£483,211
MI ComputSolutions (Bexley, Bromley, Greenwich, Lewisham, Southwark)	£463,156
Paddington Development Trust (Barnet, Hammersmith & Fulham, Haringey, Harrow, Kensington & Chelsea, Westminster)	£464,409
Redbridge Council for Voluntary Service (Enfield, City of London, Hackney, Islington, Tower Hamlets, Camden)	£469,423
Redbridge Council for Voluntary Service (Barking & Dagenham, Havering, Newham, Redbridge, Waltham Forest)	£491,985
Priority 3: Tackling Poverty through Employment Total Programme	**£5,640,601**
London Councils Management and Administration (6 percent)	£359,399
Priority 3: Grant Funding	**£3,000,000**
Priority 3: European Social Funding	**£3,000,000**
Total	**£6,000,000**

Borough Subscriptions 2019/20

Appendix B

ONS Mid-2016 Estimate of Population ('000)	%	2018/19 Base Borough Contribution (£)		ONS Mid-2017 Estimate of Population ('000)	%	2019/20 Base Borough Contribution (£)	Base Difference from 2018/19 (£)
			Inner London				
246.18	2.79%	186,799	Camden	253.36	2.87%	191,438	4,639
9.40	0.11%	7,133	City of London	7.65	0.09%	5,780	-1,352
279.77	3.17%	212,286	Greenwich	282.85	3.21%	213,721	1,434
273.53	3.10%	207,551	Hackney	275.93	3.13%	208,492	940
179.65	2.04%	136,316	Hammersmith and Fulham	183.00	2.07%	138,274	1,958
232.87	2.64%	176,699	Islington	235.00	2.66%	177,565	866
156.73	1.78%	118,925	Kensington and Chelsea	155.74	1.76%	117,677	-1,248
327.91	3.72%	248,814	Lambeth	324.05	3.67%	244,851	-3,963
301.87	3.42%	229,056	Lewisham	301.31	3.41%	227,669	-1,387
313.22	3.55%	237,668	Southwark	314.23	3.56%	237,431	-237
304.85	3.45%	231,317	Tower Hamlets	307.96	3.49%	232,694	1,377
316.10	3.58%	239,853	Wandsworth	323.26	3.66%	244,254	4,401
247.61	2.81%	187,884	Westminster	244.80	2.77%	184,970	-2,914
3,189.69	**36.14%**	**2,420,301**		**3,209.14**	**36.36%**	**2,424,817**	**4,516**
			Outer London				
206.46	2.34%	156,660	Barking and Dagenham	210.71	2.39%	159,212	2,552
386.08	4.37%	292,953	Barnet	387.80	4.39%	293,021	67
244.76	2.77%	185,721	Bexley	246.12	2.79%	185,968	246
328.25	3.72%	249,072	Brent	329.10	3.73%	248,667	-405
326.88	3.70%	248,033	Bromley	329.39	3.73%	248,886	853
382.30	4.33%	290,085	Croydon	384.84	4.36%	290,784	699
343.20	3.89%	260,416	Ealing	342.74	3.88%	258,973	-1,443
331.40	3.76%	251,463	Enfield	332.71	3.77%	251,395	-68
278.45	3.16%	211,285	Haringey	271.22	3.07%	204,933	-6,352
248.75	2.82%	188,749	Harrow	248.88	2.82%	188,053	-696
252.78	2.86%	191,807	Havering	256.04	2.90%	193,463	1,656
302.47	3.43%	229,511	Hillingdon	302.34	3.43%	228,447	-1,064
271.14	3.07%	205,738	Hounslow	269.10	3.05%	203,331	-2,407
176.11	2.00%	133,630	Kingston upon Thames	174.61	1.98%	131,935	-1,695
205.03	2.32%	155,574	Merton	206.05	2.33%	155,691	116
340.98	3.86%	258,732	Newham	348.00	3.94%	262,948	4,216
299.25	3.39%	227,068	Redbridge	301.79	3.42%	228,032	964
195.85	2.22%	148,609	Richmond upon Thames	195.68	2.22%	147,855	-754
202.22	2.29%	153,442	Sutton	203.24	2.30%	153,568	125
275.84	3.13%	209,304	Waltham Forest	275.51	3.12%	208,175	-1,130
5,598.20	**63.44%**	**4,247,851**		**5,615.87**	**63.64%**	**4,243,335**	**-4,516**
8,787.89	**99.58%**	**6,668,152**	**Totals**	**8,825.01**	**100.00%**	**6,668,152**	**0**
		6,668,152				6,668,152	

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