

Merton Council

Overview and Scrutiny Commission - financial monitoring task group

Task group members

Councillors:

Nigel Benbow
Paul Kohler
Aidan Mundy
Owen Pritchard
Eleanor Stringer
Peter Southgate
David Williams

Tuesday 13 November 2018 at 7.15 pm
Committee room B - Merton Civic Centre, London Road,
Morden SM4 5DX

Agenda

- | | | |
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Agenda Item 3

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

OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

30 AUGUST 2018

(7.15 pm - 9.35 pm)

PRESENT: Councillor Stephen Crowe (in the Chair),
Councillor Nigel Benbow, Councillor Paul Kohler,
Councillor Aidan Mundy, Councillor Owen Pritchard,
Councillor Eleanor Stringer and Councillor Peter Southgate

ALSO PRESENT: Caroline Holland (Director of Corporate Services), Roger Kershaw (Assistant Director of Resources), Bindi Lakhani (Head of Accountancy), Zoe Church (Head of Business Planning), David Keppler (Head of Revenues and Benefits) and Julia Regan (Head of Democracy Services)

1 ELECTION OF CHAIR (Agenda Item 1)

Councillor Stephen Crowe was elected as Chair.

2 APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies were received from Councillor David Williams.

3 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 3)

There were no declarations of pecuniary interest.

4 MINUTES OF LAST MEETING - 6 MARCH 2018 (Agenda Item 4)

The minutes were AGREED as an accurate record of the meeting, subject to the correction of the title for item 4 on page 3 to read 14 November 2018 instead of 2017.

Matters arising

The Director of Corporate Services, Caroline Holland, reported that there would be no risk share for Better Care Fund in 2018/19.

Caroline Holland handed out information to show unachieved savings shortfall by expenditure type. This will be published on the website alongside these minutes.

The Chair reported that all the work programme suggestions from the meeting on 6 March 2018 had been included in the report at item 8 on this agenda.

5 BUDGET OUTTURN REPORT 2017/18 (Agenda Item 5)

The Director of Corporate Services, Caroline Holland, introduced the report and summarised the content.

General questions

In response to a request for trend analysis of departmental spending, Caroline Holland said that it would not be meaningful to go back more than four years due to changes that had taken place in departments.

Caroline Holland explained that the council does not do zero based budgeting. The budget rolls forward year on year with adjustments made for pay and price inflation, growth and savings.

The council has an overall risk register that is reported to the Standards and General Purposes Committee and to Cabinet. Financial risks are included within the general register, there is no separate register for financial risk.

Caroline Holland outlined the council's approach to building up and drawing down on various reserves. There is an annual report to Cabinet on the council's reserves that is also received by the Overview and Scrutiny Commission.

Members expressed interest in looking at the accuracy of service expenditure forecasting in more detail and in understanding the processes used. Caroline Holland said that the table on page 7, showing the forecast at each month end over the past four years, could be produced for each department.

The Merton Improvement Board oversees the council's transformation programme, including a programme of Lean reviews that have been identified by Directors. Members expressed an interest in receiving an update on learning from lean reviews.

Merton's membership of the South London Waste Partnership has resulted in significant financial savings and other benefits including better information on the waste rounds.

The external auditors are still finalising the accounts due to an issue with valuations.

Revenue budgets

Caroline Holland provided additional information and clarification in response to questions:

Corporate Services

The forecast over-achievement of income by Merton's bailiffs is largely due to an increase in the number of parking warrants issued.

The underspend in HR, partly due to the level of vacancies, has not had an impact on the council's ability to recruit to other services.

Environment and Regeneration

The underspend in property management was forecast at £272k in December and revised in subsequent reports to Cabinet. The sheer number of reviews made this difficult to forecast. Progress has been made in relation to the backlog.

The work of the council-owned property company, Merantun, is at an early stage and is reported to Cabinet's Property Sub-Committee.

Children Schools and Families

Members expressed concern at the level of predicted overspend and questioned the decision not to allocate monies for the unfunded budgets for un-accompanied asylum seeking children and no recourse to public funds. Caroline Holland said that work was underway to identify efficiencies and look at the contributions made by the Clinical Commissioning Group and NHS England that she anticipated would reduce the level of forecast overspend during 2018/19.

Community and Housing

In response to a question about why there had been a forecast overspend from the start of the financial year, Caroline Holland said that the forecast level of overspend had been a surprise and was associated with pressures in the cost of temporary accommodation and with implementation of requirements arising from the Homelessness Reduction Act.

Capital budget

Slippage is the practice of moving money that has not been spent in one financial year into a future year(s) if the funding is still required for that capital project. Proposed slippage is taken to Cabinet for approval.

The council uses the most cost effective way of funding the capital programme, namely capital receipts, grants and reserves rather than external borrowing.

6 FINANCIAL MONITORING REPORT - QUARTER 1, 2018/19 (Agenda Item 6)

The Director of Corporate Services, Caroline Holland, introduced the report, which has been presented to the task group prior to going to Cabinet. Caroline Holland drew the task group's attention to the forecast net overspend at year end of £2.6m and the adjustments proposed to the capital programme.

Revenue budgets

Caroline Holland provided additional information in response to questions:

- It is assumed that the contingency budget (page 84) will be fully utilised
- The forecast underspend in Public Protection (page 63) is largely due to an overachievement in parking fees and penalty charge notices. Monies raised are re-invested and information on this is published in the accounts and on the council's website.
- Finance officers are working with schools to address deficits in the Dedicated School Grant services (page 69)
- It is difficult to forecast the number of unaccompanied asylum seeking children and associated costs. Officers work to obtain the most cost-effective support

for individual children, including through an annual recruitment programme for foster carers plus identification of supported lodging.

- The adult social care precept monies are used to fund costs associated with the provision of adult social care services
- The council has a reserve for rent deposits and work is underway to obtain a better understanding of how the rent deposits budget works (page 75)
- Negotiations with Veolia are ongoing. Monies raised from the penalty clause will eventually show on the waste services underspend figure (page 63). Caroline Holland will check the position and report back.

Miscellaneous debt update

Caroline Holland and the Head of Revenues and Benefits, David Keppler, responded to questions.

In relation to the difference between the levels of outstanding debt in June 2018 compared to March 2018 (page 115), David Keppler explained that both figures were snapshots, that although Merton has a relatively good collection rate, collecting debt is difficult and can take time. The council has a year in which to collect debt, after which point a debt can be re-registered. A sample of “out of time” debts are currently being examined to assess whether it would be cost effective to re-register them.

The council does not sell its debt to other organisations. This was considered some years ago in relation to mortgage debt but there was little interest expressed. Caroline Holland added that the council is using a specialist company on a one year trail basis to collect some of the larger adult social care debts and debts for deceased debtors.

7 ESTABLISHMENT CONTROL AND VACANCY REPORTING (Agenda Item 7)

The Director of Corporate Services, Caroline Holland, said that staffing is the largest item of expenditure and so the departmental management teams all review the figures each month. In response to a question, she undertook to check the figure of 15% of gross General Fund spend given in on page 119.

NOTE: subsequent to the meeting the Director has confirmed that the figure is accurate as it excludes schools.

Caroline Holland explained that some unfilled vacancies are held as potential savings, some are out to recruitment and some are covered by casual or temporary workers. There are challenges in the recruitment of some groups of staff who may prefer not to accept permanent positions as they would then be paid less than for temporary work or similar work in the private sector.

Staff turnover is below 12% which is relatively low.

The task group RESOLVED to request that for future meetings the overall summary table (page 123-4) should provide comparative data for each quarter.

8 WORK PROGRAMME (Agenda Item 8)

Task group members discussed the work programme items suggested in the report and issues that had emerged from their discussion of the budget outturn and quarterly financial monitoring reports. Members agreed to have a balance of items firstly to deepen their understanding of aspects of the council's medium term financial strategy and secondly to examine the financial implications of some of the council's contractual arrangements.

It was AGREED that the Chair and Head of Democracy Services would meet with the relevant Directors to seek advice on timetabling the following items for future meetings:

- budget forecasting – how this process is carried out and what is being done to assist officers to forecast with more accuracy
- financial risk management – to understand how this is assessed and managed
- contingency funds and reserves
- Veolia - deep dive into financial aspects of the contract, members particularly wish to understand the penalty clauses and the extent to which penalties monies had and would be collected.
- IdVerde - deep dive into financial aspects of the contract
- Merantum – deep dive to understand the financial modelling and an update on progress

ACTION: Chair and Head of Democracy Services

The task group AGREED to have a meeting in July 2019 to consider the budget outturn report for 2018/19 – ACTION: Head of Democracy Services

Task group members requested a copy of the Business Plan – ACTION: Director of Corporate Services

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Committee: Financial Monitoring Task Group

Date: 13th November 2018

Wards:

Subject: Budget Forecasting

Lead officer: Caroline Holland

Lead member: Cllr Mark Allison

Contact officer: Bindi Lakhani

Recommendations:

A. That Members note the report and make comments as they wish.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To provide Members with an update on the budget monitoring and forecasting process.

2 DETAILS

2.1. The Council operates a tight budgetary control process to ensure strong and effective monitoring of Council budgets and compliance with law and good practice.

2.2. The financial regulations set out the financial procedures and responsibilities of the Chief Finance Officer (Director of Corporate services) and other chief officers (directors) and detail the framework for managing the financial affairs of the authority.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council, Cabinet and external auditor if the authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- is about to make an unlawful entry in the authority's accounts.

This is an important independent statutory tool for the S151 officer to exercise where it is felt spending is out of control against budgets.

2.3. After consultation with Directors the budget management team within Accountancy are responsible for setting and overall monitoring of the revenue budgets of the Council. The budget or cost centre manager owns

the budget and is responsible for delivering the service within the allocated budget.

2.4. Each department has a Service Financial Adviser (SFA) responsible for the financial monitoring for the departments' budget and providing professional advice and support.

2.5. The SFA is supported by senior accountants who provide training to budget managers to better understand their core financial responsibilities and assist them to effectively manage their budgets.

2.6. It is the responsibility of departmental directors and budget managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Finance Officer. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems

2.7. Budget Monitoring Timetable and Process

2.7.1 The budget monitoring cycle begins in period 2 of the financial year, allowing the previous year end accounts closure process to be completed. Budget managers are provided with a timetable and guidance on the budget monitoring process.

2.7.2 The budget manager is required to review their income and costs to date versus the budget and analyse and explain any variances.

2.7.3 The budget managers are required to provide a year-end forecast based on the year to date position, planned activities for the remainder of the year taking account of seasonal activity and trends

2.7.4 The financial position of the authority is consolidated and then reviewed and challenged at a monthly meeting with the Director of Corporate Services, Assistant Director of Resources and Head of Accountancy.

2.7.5 Following this review reports are presented to CMT, LSG, Cabinet and FMTG.

2.7.6 The budget forecasting is performed on the Collaborative Planning (CP) module of e5, the financial system.

2.8. Budget managers

2.8.1 It is the responsibility of the budget manager to deliver their service efficiently and effectively within their allocation. They are required to identify and explain variances against budgetary targets

2.8.2 Each budget manager has a finance contact who can provide training on the financial system, advice and support as needed.

2.8.3 All new managers are provided with 1-2-1 training on e5 to ensure they can review and analyse their income and expenditure. Training is provided on generic forecasting for non-financial budget managers teaching them extrapolation and other techniques to forecast their full year expected spend.

2.8.4 SFA's regularly attend Department Management Team (DMT) to present the month end position, forecast and discuss departmental action required to curtail and mitigate overspending budgets.

2.9. Budget variances and analysis

2.9.1 All budgets are reviewed by the budget management team but the focus is on high risk or demand based budgets at risk of overspending.

2.9.2 Each department faces different budget pressures which require financial support. The demand based budgets of adult and children's social care are more difficult to manage and predict and require a careful and accurate approach to forecasting.

2.9.3 Budgetary control ensures resources allocated are used for their intended purpose, are properly accounted for and is a continuous process, enabling the authority to identify changes in trends and resource requirements.

2.10. Spend Control

2.10.1 A powerful tool within e5 which supports budgetary control is the spend control function built into the purchasing portal. When an order is raised the system performs a funds check which compares the value of the order to the available budget on the cost centre, which is made up of the annual budget, less amounts already spent or committed to date . The funds check looks only at the controllable expenditure budget, excluding overheads, depreciation and salaries which restricts and prevents budget for these items being spent on other goods or services. The spend control check in the system therefore prevents any orders from being raised where they exceed budget, helping to prevent overspends.

2.10.2 In cases where management have authorised an overspend, a spend control waiver can be granted on an annual basis which allows the funds check in the system to be bypassed. This allows essential expenditure to continue, for example social care, where otherwise the system would have prevented orders from being raised. In these cases, a waiver is requested by the budget manager and requires authorisation by the s151 Director before being processed in e5 by the FIS team to ensure appropriate segregation of duties.

2.11. Salary calculator

2.11.1 The Collaborative Planning module in e5 provides a salary calculator which is a useful tool to forecast salary costs and eliminates the need to use separate spreadsheets to calculate the forecast.

The calculator shows the monthly costs for each employee for the year to date period.

Budget managers are then able to complete the remaining months to calculate the costs for the whole year.

There are 3 options for completing the salary calculator – Repeat Previous Month; Repeat Average; and Manually Entry.

Repeat Previous Month is used most frequently.

Repeat Average would be used where there are fluctuations in monthly pay, for example, when there are additional irregular payments for overtime.

Examples of where Manually Entry would be used are where an employee is leaving, where a new employee is joining, or an employee going on maternity leave.

2.12. Overspending budgets

2.12.1 Budgets which are forecasting to overspend are reviewed in detail by finance officers together with budget managers to firstly ensure the validity of the forecast overspend and the reasons why.

2.12.2 Mitigating action is expected by the budget manager and the department to offset the overspend. For demand based statutory services it is more difficult to curtail spend but support is provided to accurately forecast spend on volatile budgets. Examples of key focus include placement budgets and SEN transport.

2.12.3 Although the over-riding principle is that Departments consume their own smoke there are occasions where mitigations do not result in fully ameliorating a Departmental overspend at year end. In this situation underspends in other Departments can be used to offset an overspend. Ultimately a Council net overspend will need to be offset in that year by General and Earmarked Reserves. This must be a temporary measure and must be coupled with mitigating action to address the overspending. It is worth noting that Merton's General Reserves at £12.778m are just above the minimum level (£12.09m) recommended for a Council with Merton's characteristics.

Department specific monitoring

2.13. CSF

The CSF placement budgets are reviewed monthly to account for any changes in circumstances, step-down arrangements and updating of forecasts using the latest caseload information. Transactional details are summarised by child to ensure a more accurate forecast and is checked by the service manager who also attends panel meetings where progress and changes to individual packages are agreed. These forecast schedules are discussed with finance monthly as an additional check for accuracy and also regularly reviewed by the AD. The SEN transport forecast is done at client level in conjunction with the contract management service to ensure accuracy of forecasts. Due to the volatile nature of placement and SEN transport budgets and the current volume of activity, these budgets are prone to significant fluctuations on a monthly basis.

2.14. C&H

Placement data is downloaded and analysed for completeness, accuracy and adjusted for contracts, voids, and deaths during the period. Any anomalies identified are referred back to the relevant budget managers for correction and or clarification. A comparison is made to the previous period in terms of increase in numbers and total expected cost for the financial year. Data is also adjusted for any known changes communicated by budget managers, for example, forum decisions, transitions, provider request for inflationary uplifts and packages currently not on the system. It is then used to forecast placement spend for the financial year.

2.15. E&R

Within the Environment and Regeneration department, additional analysis and support is currently being provided on the Phase C budgets i.e. Waste Services (lot 1) and Greenspaces (lot 2). For lot 1, this involves analysing the monthly invoice backing data received from the contractor and comparing to the contract specification. Where any charges are not agreed, or require further explanation, these are added to a 'dispute list'. Monthly meetings are then held with the contractor to discuss this list and to agree the charges, in co-ordination with the service manager. For lot 2, this also involves analysing the monthly invoice backing data received from the contractor and comparing to the contract specification. Where any charges are not agreed, the contractor is informed of this in writing and the invoice is amended accordingly by the contractor. The invoice is then agreed, in co-ordination with the service manager.

2.16. Corporate services

The South London Legal partnership (SLLp) hosted by Merton requires regular support from the team to ensure financial information provided to partnership boroughs is complete and accurate and any forecast over/ under spend is reported on a timely basis to the SLLp Board. Each partner's share of the surplus or deficit is determined by their relative demand for the service. Redundancy costs forecast is based on data provided by HR. The schedule provides all known redundancy payments and the forecast includes some extrapolation but remains uncertain until later in the financial year when an overspend or underspend can be declared with more confidence.

2.17. Quality of forecasting

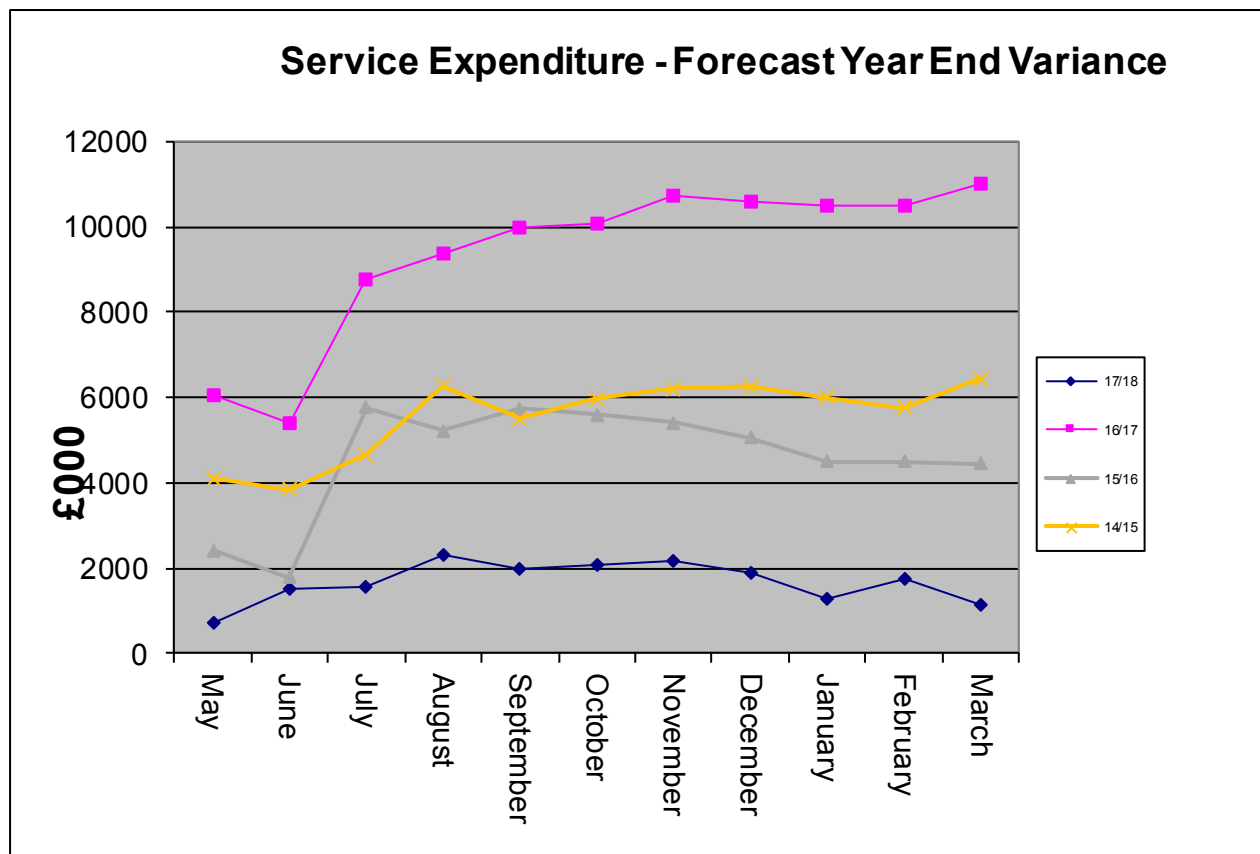
The table below shows the outturn variance for the last four years and also the period 10 forecast, which is the final forecast reported to Cabinet.

Although there are some large variances between outturn and the final period 10 forecast at department level the overall position for the Council demonstrates accurate forecasting and is 0.2% or less of the gross budget.

OUTTURN VARIANCE	2017/18 Outturn Variance	2017/18 P10 forecast	2016/17 outturn variance	2016/17 P10 forecast	2015/16 variance	2015/16 P10 forecast	2014/15 variance	2014/15 P10 forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Department</u>								
Corporate Services	(812)	(479)	(1,287)	(864)	(373)	84	(272)	(35)
Children, Schools and Families	2,249	1,891	1,154	1,164	(7)	401	2,448	2,781
Community and Housing	922	1,168	10,140	9,389	940	876	2,747	1,946
Public Health	0	(0)		(0)	0	70	0	0
Environment & Regeneration	(1,211)	(1,315)	1,011	828	3,632	3,084	1,299	1,306
Net recharges	0	0			265		226	
NET SERVICE EXPENDITURE	1,148	1,264	11,018	10,518	4,457	4,515	6,448	5,998
Corporate Provisions	(926)	(1,644)	(5,035)	(3,411)	(2,797)	(2,921)	(2,612)	(1,793)
TOTAL GENERAL FUND	222	(380)	5,983	7,107	1,659	1,595	3,836	4,205
Business Rates	181	0	0		0		0	0
Grants	(669)	82	(536)	(542)	(960)		(154)	(81)
Council Tax and Collection Fund	0	0	0		(0)		0	
FUNDING	(488)	82	(536)	(542)	(960)	0	(154)	(81)
NET (UNDER)/OVERSPEND	(266)	(298)	5,447	6,565	699	1,595	3,682	4,124
Transfers to/ (from) Reserves	266	298	(5,447)	(6,565)	(699)	(1,595)	(3,682)	(4,124)

Diff between outturn and P10 forecast	32	(1,118)		(896)		(442)		
% of gross budget	0.01%	-0.22%		-0.18%		-0.09%		

The graph below shows forecast variance by month for the last four years.



Appendix 1 shows the variance by department for the last four years.

2.18. Progress on savings

2.18.1 The savings agreed and taken from the MTFs are monitored and reported on a monthly basis. Where savings targets are not fully or partially achieved they remain the responsibility of the department to source alternative savings. They are carried forward in the department until they are replaced

2.18.2 Where planned savings are not achievable the in-year mitigation is to ensure alternate underspends where possible.

2.18.3 Savings not achieved and identified as such (red) are monitored in the following financial years to show if they were delayed and are now being delivered or whether alternatives have been identified.

2.18.4 Budgets are reduced on the financial system for savings so if they are not achieved there will be an ongoing issue in spend control on the financial system.

2.18.5 Learnings from Northamptonshire County Council (NCC)

2.18.6 NCC has failed to comply with its duty under the Local Government Act 1999 in financial management and to provide best value in the delivery of its services.

2.18.7 The two significant events that took place:

- (i) The Council's S151 officer issued two Section 114 notices because in his opinion the Council was at risk of not being able to balance its budget by

the year end and as a consequence, imposed spending controls to attempt to restore the situation pending full Council consideration of the position and how it should be rectified.

(ii) The Council's external auditor KPMG, issued an Advisory Notice (20th February 2018) under the Local Audit and Accountability Act 2014 on the basis that they believed the Council was about to set a potentially unlawful budget.

2.18.8 Both of these events are extremely rare and are a sign of systematic failure in financial management. The main factors contributing to this failure identified from the enquiry are the use of one off resources to offset overspends over several years. This comprises significant use of reserves, flexible use of capital receipts to fund transformation revenue expenditure and the failure to deliver savings.

2.18.9 **Capital Monitoring**

2.18.10 The process for monitoring capital budgets dovetails with that used to monitor revenue budgets, however, emphasis is placed on the multi-year nature of expenditure and its correct classification. Monitoring information includes all adjustments to the programme to provide a time based audit trail for budget managers of their schemes. A small capital team within the Business Planning element of the Resources Division work closely with budget managers to improve their year-end forecasting and the November monitoring report provides the information fed into the Medium Term Financial Strategy (MTFS) via the Capital Funding Model.

2.18.11 The Capital Funding Model is a 10 year funding model developed by finance officers which covers the approved and indicative capital programme to provide a long term assessment of the impact of capital activity on revenue budgets, cash-flows and borrowing requirements. The model also underpins the Capital and Treasury Managements strategies and the Prudential Indicators. The model has been developed to allow for a reduction in projected spend to reduce the optimism bias in budget manager projections.

3 ALTERNATIVE OPTIONS

3.1. n/a

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None specific for this report

5 TIMETABLE

5.1. In accordance with current financial reporting timetables.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. This report deals solely with the monitoring and forecasting process of Council budgets.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Included in the body of the report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. There are no specific Human rights, equalities or community cohesion issues arising from this report.

9 CRIME AND DISORDER IMPLICATIONS

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

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

- Appendix 1 – Quality of forecasting by department

12 BACKGROUND PAPERS

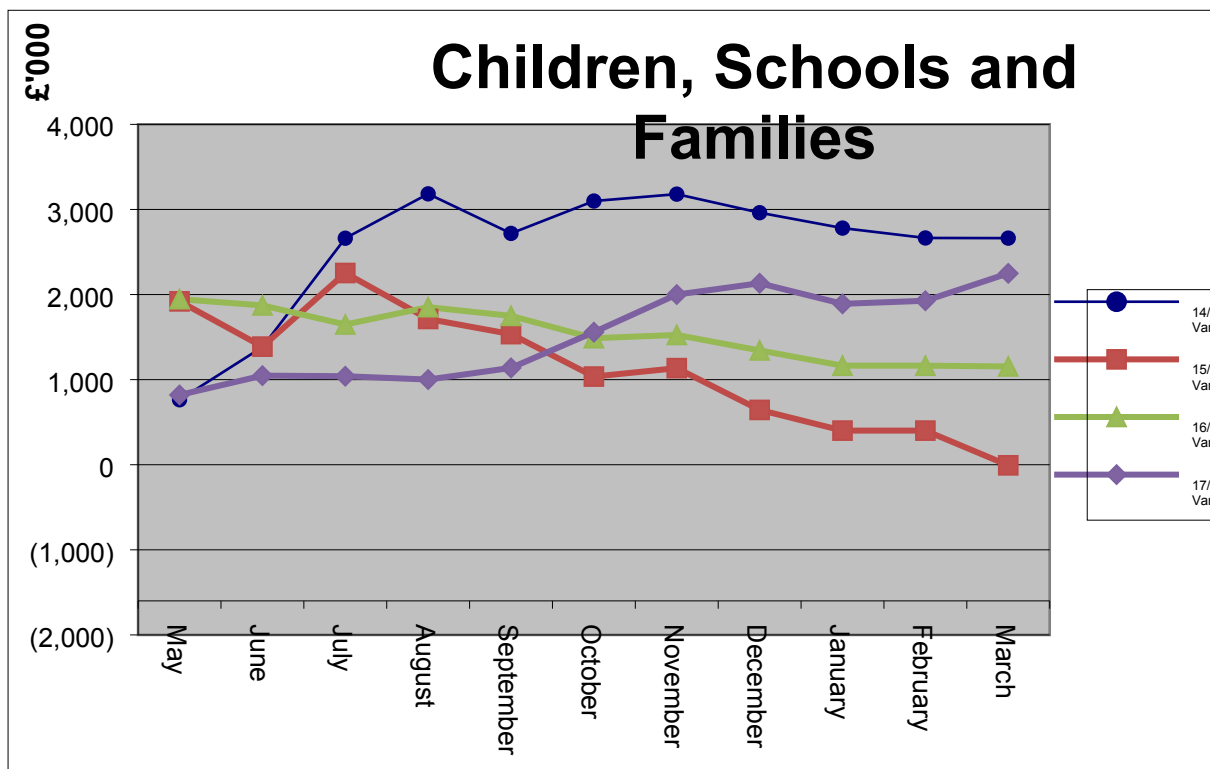
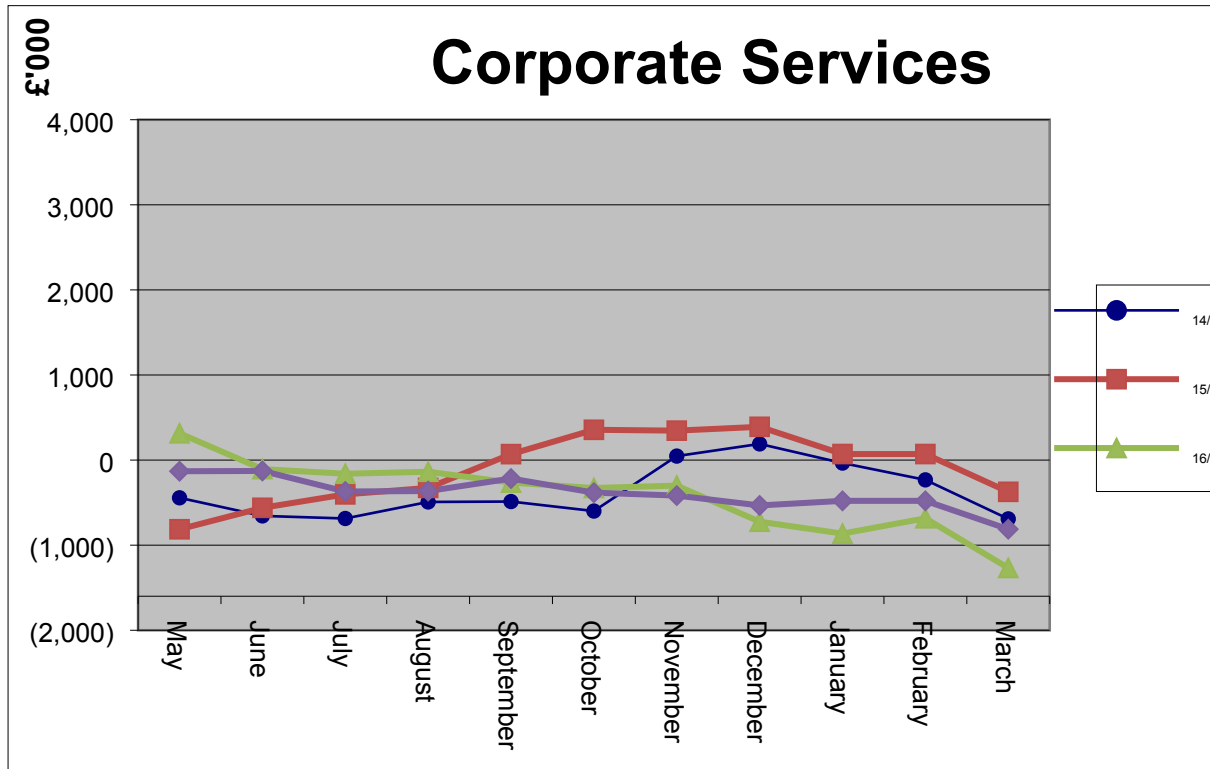
12.1. Within Resources division

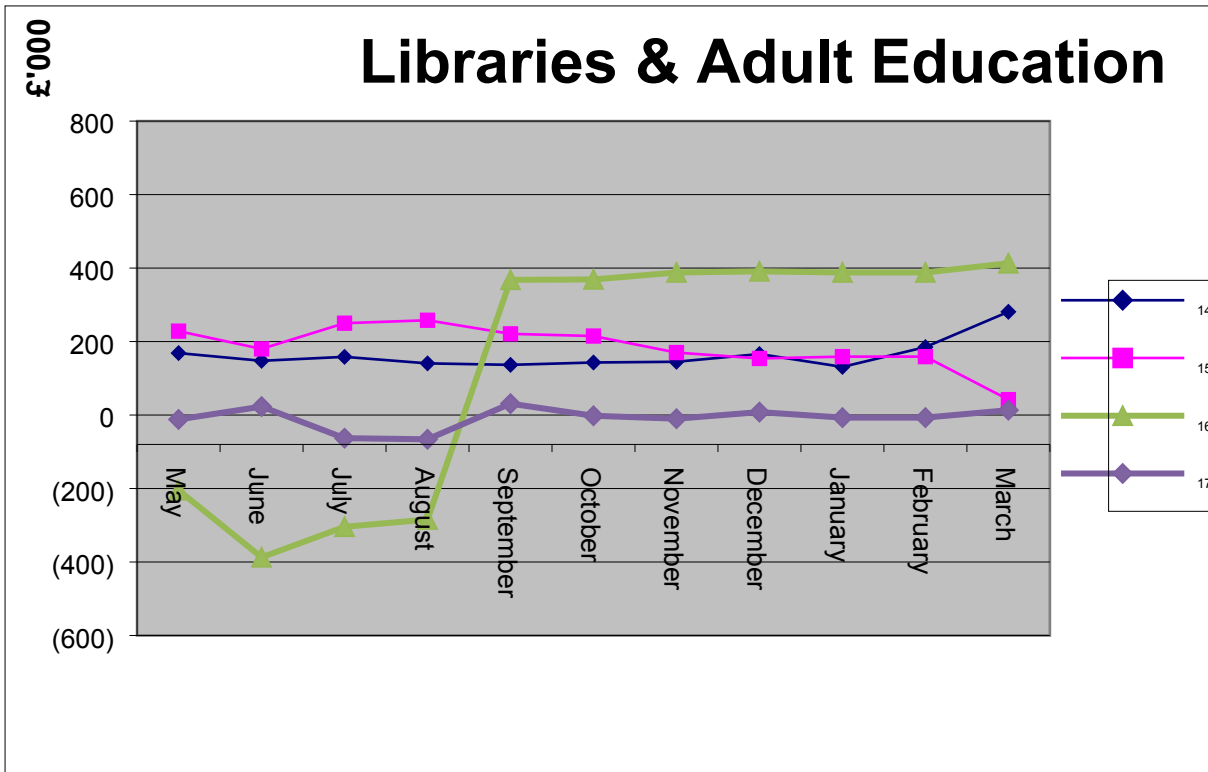
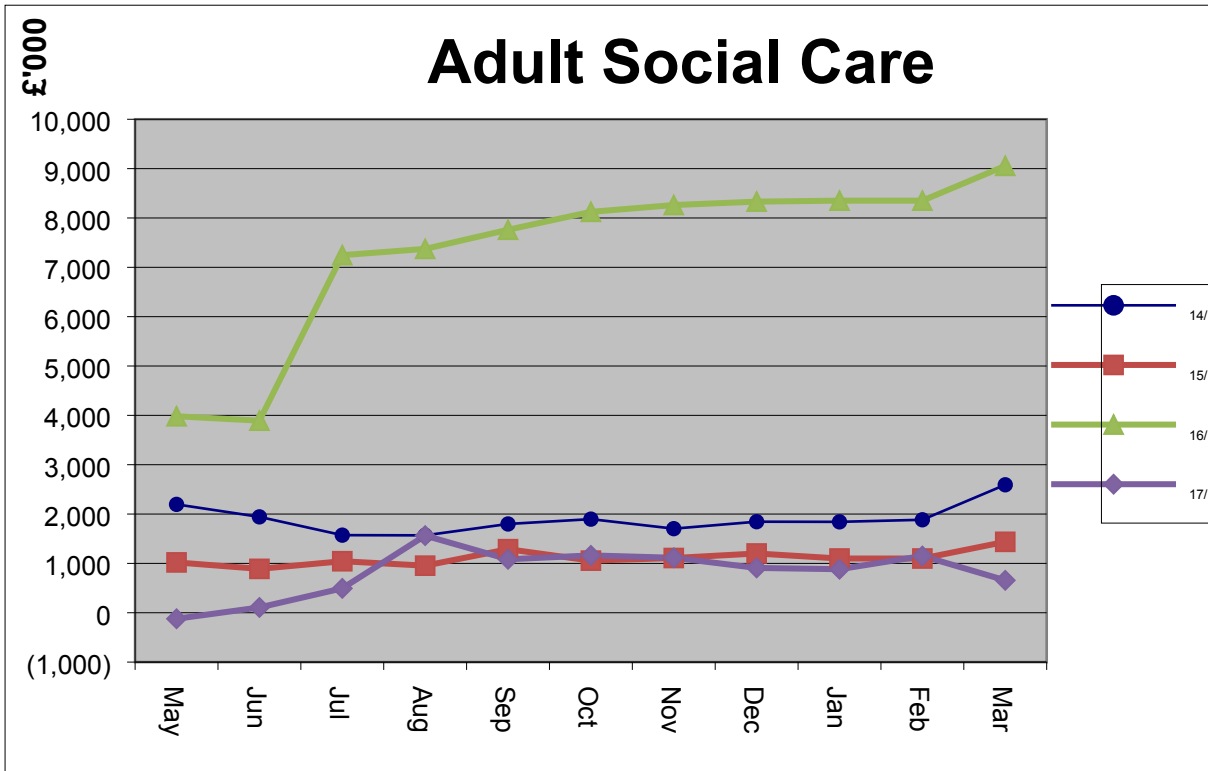
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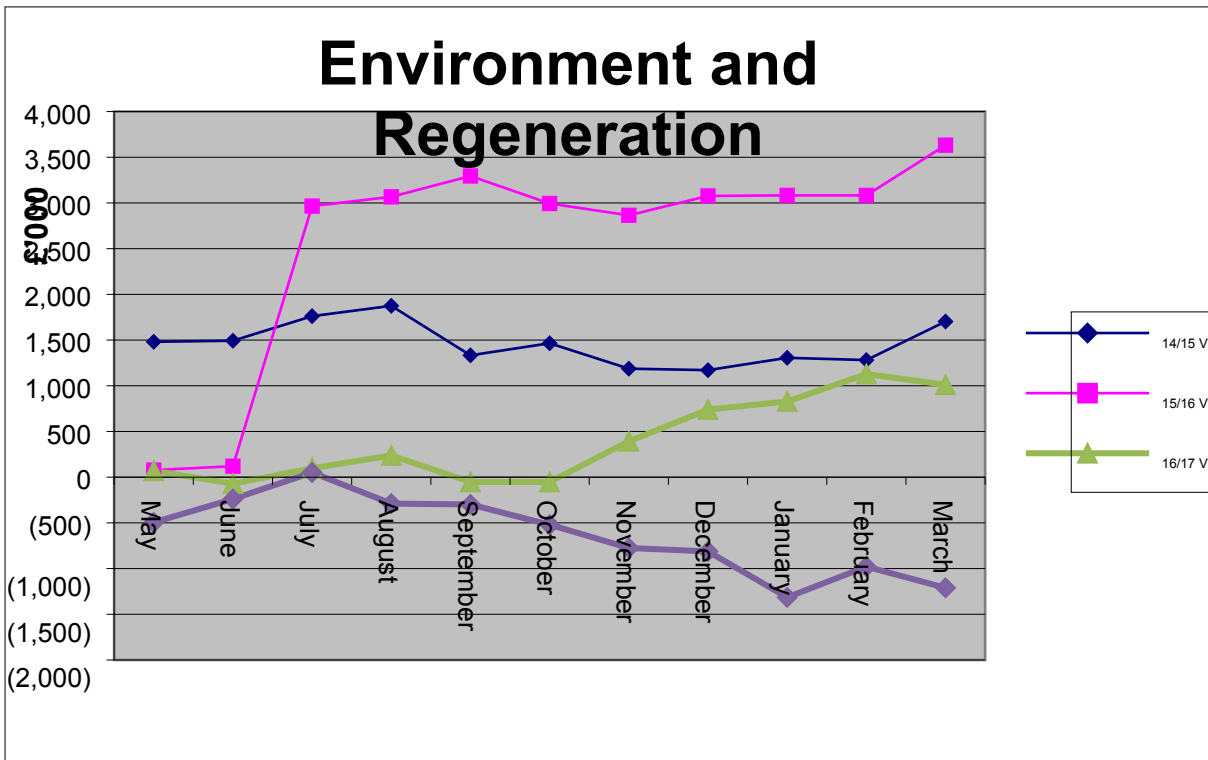
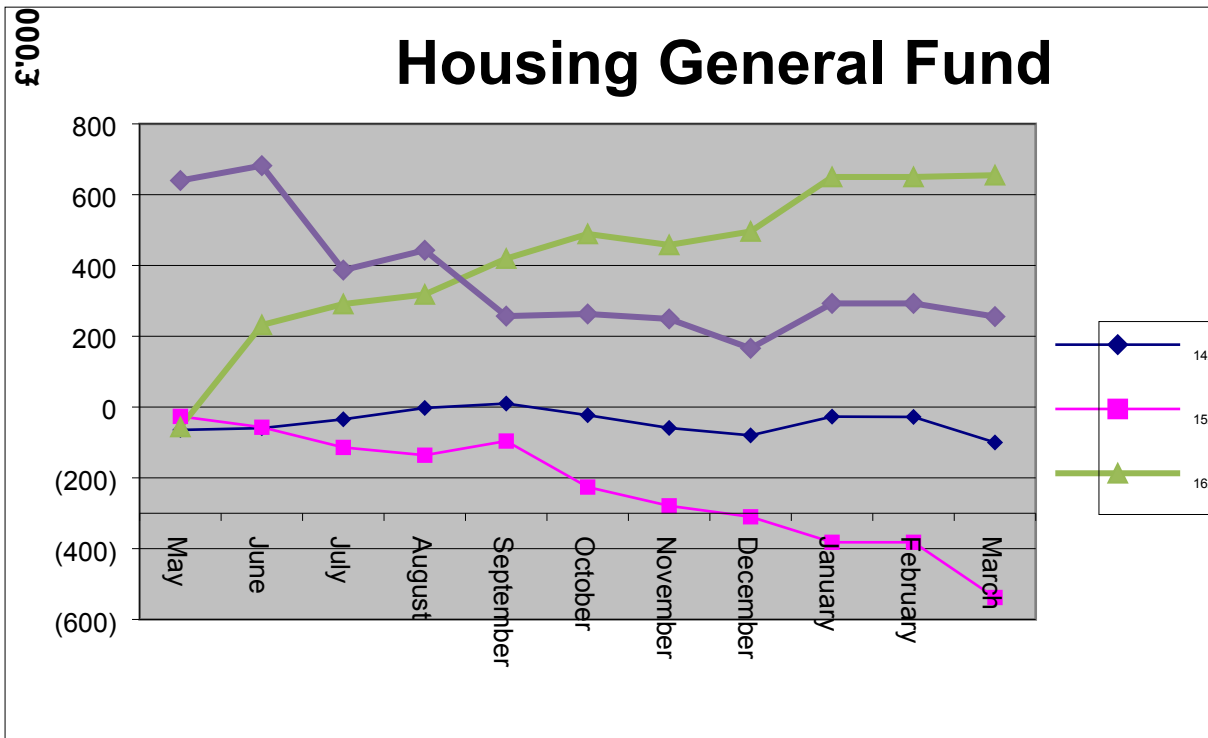
Appendix 1

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

To note, different scales have been used for the Adult Social Care, Libraries & Adult Education and Housing graphs. All other graphs have been prepared using the same scale.







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Committee: Financial Monitoring Task Group

Date: 13th November 2018

Wards:

Subject: Financial Risk Management

Lead officer: Caroline Holland

Lead member: Cllr Mark Allison

Contact officer: Roger Kershaw

Recommendations:

That Members note the current position in respect of financial risk management and the best practice developments being progressed.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To provide Members with an understanding of Merton's approach to Financial Risk Management.
- 1.2. This report builds on the risk management work undertaken within the Authority which is attached as Appendix 1 and focusses on developments in strategic financial risk management. The report also focusses on the latest information from Central Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) in relation to resilience and strategy.

2 DETAILS

- 2.1. Attached as Appendix 1 is the annual update on risk management within Merton which is being presented to the Standards and General Purposes Committee on 8th November 2018.
- 2.2. Local government has faced unprecedented financial challenges in recent years that are likely to remain well into the next decade. The harsh financial economy faced by local authorities was driven home by the situation faced by Northamptonshire County Council this year. In February 2018 [and then in July 2018](#), the statutory financial officer for Northamptonshire County Council issued section 114 notices indicating that the Authority was at risk of spending more in the financial year than the resources it had available, which would have been unlawful. Central government and the public sector accounting body CIPFA are currently considering how best to minimise the chance of further Section 114 notices being released and providing early warnings of authorities being unable to balance their budgets.
- 2.3. Section 2.4 considers information from Central Government and Sections 2.5 and 2.6 consider developments from CIPFA:
- 2.4. Central Government

2.4.1 A report by the House of Commons Committee of Public Accounts on the Financial Stability of Local Authorities (Fiftieth Report of Session 2017-19) quoted.

“Since 2010-11 successive governments have reduced funding to English local authorities as part of their efforts to reduce the fiscal deficit. By 2017-18 government funding to authorities had fallen by 49.1% in real terms. Over the same period, local authorities have faced growing demand for key services such as adult and children’s social care, and housing services alongside new cost pressures such as the National Living Wage. While local authorities have coped well in absorbing the costs, there is now growing evidence of pressure in the system. Local Authorities are increasingly reliant on unsustainable measures such as reducing debt costs or drawing down their reserves. Local authorities with social care responsibilities overspent their service budgets by over £1 billion in 2016-17, and there is evidence of service reductions across a number of areas such as waste collection, libraries and bus services.....

Signs of financial pressure are now present amongst local authorities, particularly those with social care responsibilities. Nearly two thirds of these local authorities drew on their funding reserves in 2016-17 to support their spending and over 80% overspent their social care budgets. Some of these authorities are rapidly depleting their reserves: more than one in ten local authorities with social care responsibilities will have completely exhausted their reserves within three years if they continue to use them at the rate they did in 2016-17.....

Merton - As at 31st March 2018 Merton overspent by £2.4 million and £1.2 million against its Children, Schools and Families and Community and Housing budgets respectively. This overspend occurred even though as part of the Business Plan 2017-21 Merton added £1.0 million (CSF) and £9.3 million (C&H) growth to 2017/18 budgets

2.4.2 The Financial Stability of Local Authorities also states *“If the Department is not able to secure sufficient funding for local authorities from the [2019] Spending Review [which will determine funding levels from 2020-21], alternative means of ensuring that local authorities remain financially sustainable will be needed.*

The Department uses a range of data and information to assess sustainability in the local authority sector on an ongoing basis but does not share its methodology with the sector or publish the outputs of its work.....the Department is not able to say at what specific point it would have a concern either about individual local authorities or the sector as a whole. This lack of information on the Department’s understanding of financial risk amongst local authorities complicates both assessing risk in the local authority sector and holding the department to account. It also raises concern that the department lacks a clear methodology for assessing risk on a consistent basis. Similarly, the Department does not make public any of the work underlying its bid as part of the government’s 2015 Spending Review, which determined how much money the Department will have over the following 4 years, and how much government funding local authorities will receive. This evidence is vital to make the case to Treasury for more funding particularly at a time when there are so many competing calls for increased funding across Whitehall.”

Merton - Local authorities are required to be as transparent as possible, unfortunately central government funding calculations tend to be opaque in nature making it difficult to track funding sources through to the Revenue Support Grant. The analysis required for any lobbying is hindered by the lack of information underpinning funding

2.4.3 *The Financial Stability of Local Authorities also states “Local authorities are spending a greater proportion of their funding on social care services. The share of local authorities’ service spend devoted to adult and children’s social care grew from 45.3% in 2010-11 to 54.4% in 2016-17. This results from a combination of a 3% in real terms reduction in social care spend a 32.6% reduction in spend outside social care..... Council tax rates are increasing and much of the additional income is being used to fill the gap in funding for social care.....”*

Merton – The growth provided to CSF and C&H detailed at 2.4.2 demonstrates this percentage is also increasing for Merton.

2.4.4 *The Financial Stability of Local Authorities also states “A series of significant changes to the funding of local government and the scale of funding will come into force in 2020-21. These are the 2019 Spending Review, the Fair Funding Review and the introduction of 75% local retention of business rates (up from 50% retention..... Local authorities will not know the cumulative outcome of these changes until late 2019, by which time they will be well into the process of setting their budgets for 2020-21. The government is considering making changes to the funding arrangements for adult social care too, although both the timing and the impact of these is uncertain.... The lack of clarity over the design of the new funding framework and the potential scale of changes to their funding means that authorities are not able to manage their financial planning within the normal three to five year medium term financial strategies and will have to take a short term approach..... This is a risk both to the value for money of local authority spending and also their financial sustainability.....”*

Merton – The table below shows Merton’s projected shortfall in funding as at October 2018 Cabinet. These figures assume that there a loss of Adult Social Care grant funding and are excluding any savings targets from the 2019-23 Business Planning Process:

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budget Gap	653	14,692	2,593	1,828
Budget Gap (Cumulative)	653	15,345	17,938	19,766

Merton’s ability to effectively predict over the planning period above is severely hindered by lack of knowledge on the outcome of the 2019 Spending Review.

Merton is currently at a critical phase in addressing the funding challenges it faces in order to plan for a balanced budget for 2019/20 and beyond. Departments are in the process of developing savings plans to address the budget gap anticipated in the business plan highlighted above.

This task is further complicated to the extent that a range of key financial pieces in the jigsaw are still currently unknown. Some of these include:

- Continuance of Adult Social Care Grant beyond 2019/20
- Future of the London Pool – 75% or 100%
- Fair Funding Review (for 2020/21)
- Local Government Settlement Announcement (due 6 December 2018)
- Council Tax
- Brexit

2.4.5 *The Financial Stability of Local Authorities also states “Both audit and scrutiny form an important part of the framework to support financial sustainability in local authorities. However, there are weaknesses in aspects of the current arrangements..... There was a risk that the role of the external auditor was becoming reduced to that of purely financial audit and meeting regulatory requirements, rather than scrutinising the financial standing of the authority. The willingness and capacity of authorities’ audit committees to respond to external auditors’ findings is also a concern and was a factor in the issues faced by Northamptonshire County Council. Scrutiny committees also support local arrangements to secure financial sustainability, but stakeholder bodies questioned whether their level of resourcing was adequate and whether they receive sufficient independent advice.”*

Merton – In contrast to Northamptonshire Merton has robust Scrutiny arrangements (of which this Task Group is one). This is highlighted below:-

Overview and Scrutiny Commission and Panels

The Overview and Scrutiny Commission is responsible for participating in pre-decision policy formulation and for scrutinising Cabinet decisions after they have been made and for holding the Cabinet to account. The Overview and Scrutiny Commission is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the authority.

Standards and General purposes Committee

This Committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the Council on the adoption and revision of the members' code of conduct, and for monitoring the operation of the code.

The Committee also oversees the Constitution (non-executive functions) and makes recommendations to full council; to approve the Statement of Accounts, Internal and External Audit Matters and Corporate Governance and deals with other specific matters related to finance, pension and personnel; and to discharges the functions related to Health and Safety, Elections and as Corporate Trustee where appropriate.

This committee is required to consider and make recommendations as appropriate in relation to the activities set out in the agenda item at that meeting concerned with internal and external audit matters and corporate governance and liaison with the Authority’s External Auditors

In addition to the Council reviews and scrutinises a range of internal and external assurances. These include:-

The Annual Governance Statement - This statement from the Leader and the Chief Executive provides assurance to all stakeholders that within Merton Council processes and systems have been established, which ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to all citizens of the borough. The statement is compiled in accordance with the best practice principles in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). It sets out the arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The statement also sets out

a programme of improvement work for the following year and reviews progress against the work programme for the previous year.

The statement is reviewed annually by external audit.

External Audit

External audit has a statutory responsibility for certification of Merton's financial statements. As part of their certification of financial statements the external auditors will also draw attention to any instances of irregularity, impropriety or poor financial control.

Annually external audit undertake the closing of accounts audit and value for money review. In addition, as part of a rolling programme additional work is undertaken. In March of each financial year the audit scope and approach for the audit of the Council's statement of accounts is presented to Standards and General Purposes Committee. Once the Audit work is completed time is spent reviewing not only the outcomes but how processes for the delivery of financial and value for money information are reviewed and a detailed "Lessoned Learned" action plan devised. The outcome from 2017/18 Audit work is that an extensive review will be undertaken of the closure process both internally and with the External Auditor, in line with previous years. However it is already clear that some of those lessons will include:

- An even greater focus on upstream work that can be undertaken prior to the commencement of the audit.
- Where practical, to build up greater resilience in both teams (LBM and EY) to enable a timely approach to and delivery of the audit plan. It was clear from both teams that the earlier deadline sorely tested ours and our Auditors resilience during the audit.
- Improved protocols and continuity plans for operating the EY portal which was the desired mechanism for exchanging data and communications before and during the audit. This proved to be problematic at key times during the audit.
- The recognition that both sides need to improve communications and importantly the logging of key decisions and discussions throughout the audit process.
- Improved closure task lists and robust signoff processes.
- Closer liaison and scrutiny of the valuation process by managers within Environment and Regeneration and Corporate Services.

Internal Audit

Internal Audit is an assurance function that provides an independent and objective opinion on the control environment. It operates to defined standards as set out in the Public Sector Internal Audit Standards.

An annual internal review has been completed and concluded that the service is compliant. An external assessment was carried out in March 2014, which concluded that Merton's Internal Audit function complied with the standard.

An annual report is produced by the Head of Audit which provides an opinion on the adequacy and effectiveness of the internal control environment.

A review has been undertaken on the 5 elements of the CIPFA statement on the role of the Head of Audit in public sector organisations. These elements are all met.

Internal auditors do not focus only on financial statements or financial risks: much of their work is looking at reputation, operational or strategic risks. Internal auditors examine and evaluate internal controls put in place to manage these risks and that they are actually working as intended. Internal auditors are part of Merton's system of internal control and their scope includes ALL aspects of control, not just finance.

CIPFA

- 2.4.2 In considering their response to the current challenging financial environment in which local government operates CIPFA has drawn heavily on the National Audit Office report on financial sustainability in local authorities, published following the crisis at Northamptonshire County Council. The report indicates that there is a heightened risk of more councils over the next four years falling into special financial measures as a result of the unrelenting pressure on budgets. In response to the challenges outlined above, CIPFA is strengthening its range of guidance, tools and services to promote better financial management and provide an early warning system to senior officers and members. Through the development of a new Financial Management Code, they aim to support good practice in the planning of sustainable finances, including the continuing development requirements of chief financial officers, leadership teams, managers and elected members to embed the revised code.
- 2.4.3 CIPFA is also looking to develop a resilience index. In its consultation document CIPFA state *“The resilience index is a not a performance table of service outcomes or quality, and is not a comment on the quality of leadership in councils. It aims, however, to be an authoritative measure of councils’ financial resilience, drawing on publicly available information, intended to provide an early warning system where it is needed so that action can be taken at a local level in a timely manner. CIPFA believes that good governance best occurs when it is supported by well-founded evidence which is discussed objectively and we believe it is in all councils’ and taxpayers’ interests that a comparative resilience index is produced from which local government and its external auditors can draw.....As with all of CIPFA’s analytical products, the index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base which should be more useful than unattributed speculation informed by little more than anecdote.*
- 2.4.4 CIPFA’s proposals are currently being consulted on, but they are currently considering six indicators

	Indicator	Note 1	Reason for Inclusion	Commentary
1	The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.	0.25	A low level means that there is little scope to draw on reserves should the budget not be met. Source: Revenue Outturn Returns	

2	The percentage change in reserves, excluding schools and public health, over the past three years.	0.25	If a council is reducing its reserves it may not be achieving necessary savings to balance its budget. Source: Revenue Outturn Returns	
3	The ratio of government grants to net revenue expenditure.	0.10	If a council has a higher dependency on central government financing, it may face greater financial pressures than those with more local resources. Source: Revenue Outturn Returns	
4	Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.	0.15	A high proportion suggests that a council has little headroom to make cuts in expenditure on more discretionary expenditure. Source: Revenue Outturn Returns	
5	Ofsted overall rating for children's social care.	0.15	Councils with an "Inadequate" rating are likely to be under considerable pressure to increase spending in this area.	As at Summer 2017 Merton's Children's Social Care was rated as "Good" by Ofsted.
6	Auditor's VFM judgement.	0.10	An adverse or "except for" judgement may be indicative of poor financial management within a council.	As at 31-3-18 Merton "has in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources"
	Total	1.00		

Note 1 - Weighting

2.4.5 Merton would be categorised into a comparator group and for each indicator they would be allocated a score between 0 (lowest performing) to 1 (highest performing). The weightings are applied when adding performance results to achieve one overall score.

2.4.6 Authorities have expressed concern that:

- (i) the results of this calculation would be used as a performance indicator
- (ii) the allocated comparator group may not provide the best overall comparator
- (iii) whilst the revenue outturn provides a relatively consistent comparator it is backward looking and there is a time delay in producing the information

- (iv) have the right indicators been included - should information be included on service under/overspends against budget, unachieved savings and/or unidentified savings
- (v) Forward looking indicators from the medium term financial strategy should be included e.g. savings as a proportion of net expenditure, capital financing costs and income trends

2.5. Updated CIPFA Guidance – The following CIPFA Guidance was release by CIPFA in autumn 2018:

- (i) The Prudential Code for Capital Finance in Local Authorities (Guidance Notes for Practitioners), and
- (ii) Treasury Management in the Public Services (Guidance Notes for Local Authorities including Police Forces and Fire and Rescue Authorities)

2.6.1 These documents set out the framework which supports local strategic planning, local asset management planning, option appraisal, management of cash-flows, effective risk control and optimum performance consistent with those risks.

2.6.2 Officers are just revising Capital and Treasury Management Strategies it is envisaged that an Investment Strategy will need to be compiled to underpin the investment in the Housing Company. In addition, officers are currently completing Capital Strategy Self-Assessment Checklist released at the end of October 2018.

2.6.3 These changes will be incorporated into documentation developed as part of the 2019-23 Business Planning Process.

3 ALTERNATIVE OPTIONS

3.1. Developments would be in accordance with those required by legislation or best practice.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None specific for this report

5 TIMETABLE

5.1. In accordance with those required by legislation and the 2019-23 Business Planning Process.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. Included in the body of the report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Included in the body of the report.

7.2. There are no specific Human rights, equalities or community cohesion issues arising from this report.

8 CRIME AND DISORDER IMPLICATIONS

8.1. There are no specific crime and disorder implications arising from this report.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

9.1 Included in the body of the report.

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

- Appendix 1 – Progress Report on Risk Management
- Appendix 2 – Financial Governance arrangements within Merton

11 BACKGROUND PAPERS

11.1. Within Resources division

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Committee: Standards and General Purposes Committee

Date: 8th November 2018

Wards:

Subject: Progress Report on Risk Management

Lead officer: Caroline Holland, Director of Corporate Services

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

Contact officer: Zoe Church, Head of Business Planning, 020 8545 3451

Recommendations:

- A. That the Standards and General Purposes Committee reviews the adequacy of the risk management framework and the associated control environment
 - B. To consider the Key Strategic Risks and Issues faced by the council, and determine whether these are being actively managed
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide a progress report on risk management within Merton, including details of the Key Strategic Risks (KSRs) faced by the council.
- 1.2 The risk management strategy was revised by the Business Planning Team in early January 2018 taking account of recommendations made by the Corporate Risk Management Group on 10 January 2018, notably revision of the protocol for removal of risks from our risk registers. The strategy was then approved by Cabinet on 19 February 2018 and approved by Council on 28 February 2018 as part of the 2018/22 Business Plan. The current Risk Management Strategy is at Appendix I.
- 1.3 The procedure for identifying and monitoring risks is that each department manages their risks through their risk registers, and these are reviewed quarterly by DMTs. Any significant risks which may have a strategic impact are escalated by the Corporate Risk Management Group (CRMG) to CMT for inclusion on the Key Strategic Risk Register (KSRR) to ensure that risks which affect the council are being monitored and managed effectively.
- 1.4 Strategic oversight is provided by Cabinet, and the Standards and General Purposes Committee.

2 DETAILS

- 2.1. The risk management strategy emphasises the benefits of effective risk management, particularly in the context of budget savings. The strategy includes clear guidance for defining the likelihood and impact of risks, and the appropriate matrices for assessing these. This results in consistency

across the council when it comes to scoring and monitoring risk. Where risks which might affect the Council as a whole are concerned, the strategy clearly sets out the process for escalating these risks onto the KSRR.

- 2.2. The procedure for managing risk is also laid out clearly in the strategy. Departmental risks are reviewed quarterly by the relevant risk champions and DMTs, to ensure that they have been assessed accurately and in a manner consistent with risk assessment across the organisation.
- 2.3. Risks scored at 16 or over (red risks) must be supported by an action plan to mitigate against the risk. Where possible, the risks are linked to an existing action plan such as a service or project plan, and up-to-date management commentary is supplied to demonstrate how the Control Actions are being progressed.
- 2.4. CRMG meets quarterly within two weeks of the DMT risk review meetings, and subjects the departmental risk registers and the KSRR to thorough scrutiny and challenge. Proposed amendments to KSRs, including the addition or deletion of risks, are escalated to CMT via a quarterly risk report. Any urgent decisions regarding KSRs can be escalated to CMT via the monthly finance and performance report.
- 2.5. In accordance with the risk reporting cycle, the most recent quarterly review of departmental risks was undertaken by DMTs during September 2018. These reviews were scrutinised at CRMG on 8 October 2018, and a report on the final Quarter Two status of the KSRR was subsequently presented to CMT on 23 October 2018.
- 2.6. There are currently 18 Key Strategic Risks and Issues on the KSRR.
 - A Risk is defined as an event which might occur in the future
 - An Issue is something which is happening right now.

We have 13 Key Strategic Risks, of which three are scored as red risks:

- KSR21/IT24: Public Contract Regulations/Contract Standing Orders
- KSR49/RE02: Corporate Business Plan and balanced budget
- KSR61/RE16: Annual Savings Programme

We have five Key Strategic Issues, of which one is scored as a red risk:

- KSR62/CSF09: Intervention/prevention commissioning

- 2.7. The latest KSRR, containing full details of all strategic risks and issues together with their associated Control Actions and management commentary, can be found at Appendix II.
- 2.8. Corporate Risk Management Group also reviews the level of insurance claims against the council on a quarterly basis. At its meeting on 8 October 2018, CRMG noted continuing cross-departmental efforts to reduce the level of claims for damage caused by trees.
- 2.9. During the course of the past year, a number of other risk-related activities have been undertaken including a full review of our Financial Impact

definitions which were approved by CMT in April 2018 (these can be viewed at Appendix III).

- 2.10. Officers also visited Croydon to meet with their Risk Officer and compare risk management procedures. This proved to be a productive and helpful visit, and provided reassurance that our procedures are comparably effective.
- 2.11. Officers have also benefitted from training delivered by the Institute of Risk Management, and following this a number of improvements have been made to the way our risks are articulated.
- 2.12. The next quarterly review of the departmental risk registers will be undertaken throughout December 2018, and the results will be scrutinised by CRMG in early January 2019 and included in the 2019/23 Business Plan.
- 2.13. Cabinet receives reports on the risk management strategy in order to determine whether corporate risks are being actively managed. Cabinet is also responsible for agreeing the risk management strategy on an annual basis. The Standards and General Purposes Committee provides an independent oversight of the adequacy of the risk management framework and the associated control environment; and must be satisfied that the council's strategic risks are being actively managed.
- 2.14. The risk management strategy is included within the dedicated risk management pages on the Intranet, and informs and underpins all risk management processes. The risk management pages on the intranet have been reviewed and all information is up to date. All departmental risk registers and the KSRR are published on the Merton Hub intranet, along with guidance and information to assist officers who are responsible for managing and monitoring risks.
- 2.15. All internal audit report recommendations are reviewed by the departmental risk champions to ensure all relevant risk issues are addressed, supporting the internal control process.

3 ALTERNATIVE OPTIONS

- 3.1. Not applicable.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The Corporate Risk Management Group contributed to consultations for the revision of the Risk Management Strategy which is attached at Appendix I. CRMG and CMT will also be consulted on the annual revision of the Risk Management Strategy to be undertaken in January 2019. This will incorporate the revised Financial Impact definitions which were approved by CRMG and CMT in April 2018

5 TIMETABLE

- 5.1. Not applicable.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Over the past 7 financial years, Merton along with all other local authorities have faced continued financial pressure from reductions in central

government funding and increased demand from vulnerable people and children. The harsh reality of this situation is that more and more local authorities are now showing signs of financial stress such as overspending on services coupled with depleting reserves.

- 6.2. The Chartered Institute for Public Finance and Accountancy are:
- a) developing measures to indicate the financial resilience of local authorities to provide early warnings of financial difficulty, and
 - b) reviewing the contents of capital and treasury management strategies to ensure investment activity is underpinned by sound business cases.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Risk management is a requirement of regulation 4(a) (iii) of the Accounts and Audit Regulations 2015.
- 7.2. Responses to FOI and other statutory enquiries relating to the Council's risks are based upon the published Key Strategic Risk Register within the Council's annual Business Plan. Should departmental risk registers form the subject of FOIs, these are redacted as and when appropriate.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

There is one specific Key Strategic Issue around equalities currently rated as amber:

- KSR 53: Equalities Duties

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no Key Strategic Risks which focus on specific crime and disorder implications.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Risk management issues are detailed in this report. There is currently one Key Strategic Risk relating to the health and safety of staff and customers currently rated as amber:
- KSR35/CSF01: Safeguarding children

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

- Appendix I – Risk Management Strategy (January 2018)
- Appendix II - Key Strategic Risk Register (Status as at Q2, 2018/19)
- Appendix III – Revised Financial Impact definitions (agreed April 2018)

12 BACKGROUND PAPERS

- 12.1. Relevant papers held within the Resources Division



London Borough of Merton

Risk Management Strategy

Revised January 2018

Policy Statement

Merton's policy is to manage our risks by identifying, assessing and controlling them, with the aim of eliminating or reducing them to acceptable levels whilst being mindful that some risks will always exist and will never be eliminated.

The council recognises its responsibility to risk management by supporting a structured, systematic and focussed approach to risk management through the approval of our risk management strategy.

The effective management of risk is at the core of our approach to delivering cost effective and efficient services as well as sound corporate governance and is a continuous and evolving process, running through our strategies and service delivery arrangements. As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Minimise the council's exposure to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Assign clear roles and responsibilities for councillors and officers responsible for risk management
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

We will achieve this by:

- Having a clear and concise risk management strategy which underpins our approach and responsibilities to risk
- Incorporating risk management into business planning, project management and service delivery
- Monitoring risk on a regular basis through the Corporate Risk Management Group (CRMG)
- Reporting on risk on a regular basis to the Corporate Management Team (CMT), Cabinet and General Purposes Committee

Risk Management Strategy

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face, we are better able to actively recognise where uncertainty surrounding events or outcomes exists, and identify measures which can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy provides a structured approach to identifying emerging risks as well as assessing and managing current risks. It also incorporates a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on an annual basis, and updated where required.

What is risk?

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Our risk management processes also include the assessment of Issues. Issues are current problems, questions, outstanding items, tasks or a request that exists in the immediate present. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

Definition of Risk Management

Organisations exist to achieve their ambitions, aims and objectives. Risk Management is the process by which organisations methodically address and identify the risks that may prevent them from achieving these ambitions, aims and objectives. The intention is to achieve sustained benefit within each of their activities, and across the portfolio of all their activities.

Ultimately, risk management is about creating a better understanding of the most important problems facing organisations.

Risk is also implicit in the decisions all organisations take; how those decisions are taken will affect how successful they are in achieving their objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly significant in times of change. Risk management therefore is a key component in the management of change and helps to support effective decision making.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are also placed on the Key Strategic Risk Register (KSRR).

The benefits of risk management

In addition to the business and service benefits of our approach, we are required to undertake risk management because it forms part of the Annual Governance Statement. We must, therefore, demonstrate that we have a systematic strategy, framework and process for managing risk.

However, the council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include:

- Stronger ability to achieve our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in our ability to adapt to change
- Improvement in our corporate governance
- Compliance with statutory and regulatory requirements

Organisational awareness of risk and risk management

Ensuring that there is a strong organisational awareness of risk management will be achieved through training sessions, reviews, departmental meetings, briefings and staff bulletins which will take place on a regular basis. Each department has an assigned Risk Champion who will offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk ie the Risk Management Toolkit and other guidance.

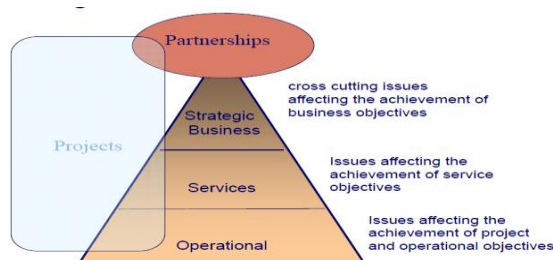
Risk Appetite

The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an “informed and cautious” approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

How does risk management integrate with other policies?

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.



Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

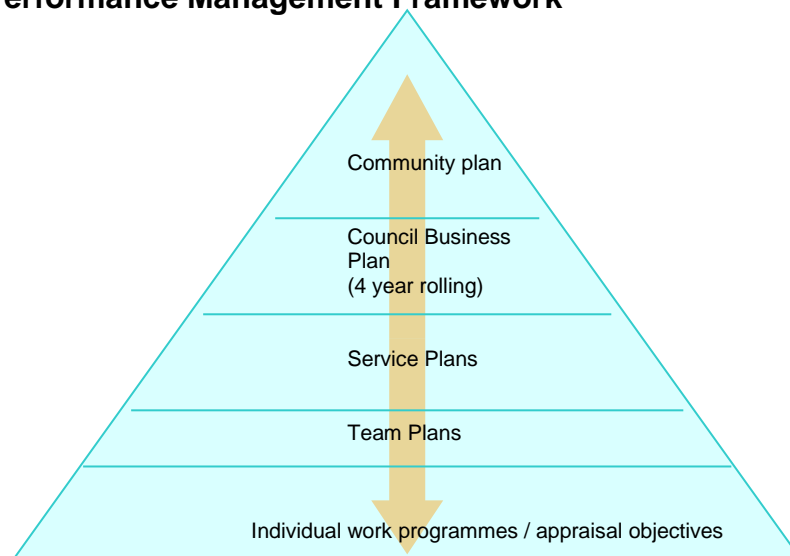
Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed, and then reviewed on a regular basis.

Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

Scoring Risk

In conjunction with this strategy, more detailed guidance will be issued to assist officers in identifying risks and issues, and the scoring, managing and reporting of those risks identified.

When determining a score for service level risks, definitions of likelihood and impact of risk (Service Level) should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

Defining the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time

Defining the Impact of Risk (Service Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
Financial Impact - FI	Up to 15% gross budget or turnover	Over 15% and up to 50% of gross budget or turnover	Over 50% and up to 75% of gross budget or turnover	Over 75% of gross budget or turnover
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Risk Matrix

Likelihood	
6	= Very High
5	= High
4	= Significant
3	= Possible
2	= Low
1	= Almost Impossible

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
	1	2	3	4	
	Impact				

Impact	
4	= Catastrophic
3	= Critical
2	= Significant
1	= Marginal

Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be rescored using the Defining the Impact of Risk (corporate level) criteria below, prior to inclusion on the Key Strategic Risk Register.

Defining the Impact of Risk (Corporate Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
Financial Impact - FI	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £40m one off
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

1 st week	2 nd week	4 th week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

Removal of any risks from the registers must be approved by DMTs and CRMG prior to being presented to CMT. CRMG will only approve removal of a risk if it is scored green for a minimum of two consecutive reporting cycles (ie two quarters). There are otherwise no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so those with an assurance role can be confident mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

Roles, Responsibilities and Governance

Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT will take a leading role in the risk management process, ensuring that risk management is communicated,

understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture. CMT will submit an annual report on risk to the Standards and General Purposes Committee and Cabinet.

Directors

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

Section 151 Officer / Internal Audit

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. The section 151 officer will chair the CRMG group.

Risk Champions

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

Service Managers

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about risk so that appropriate mitigation actions and control measures can be agreed.

Risk Owners

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

Individual Employees

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

Business Planning team

The business planning team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages remain up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc. as required.

Corporate Risk Management Group

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

Cabinet

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

Standards and General Purposes Committee

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

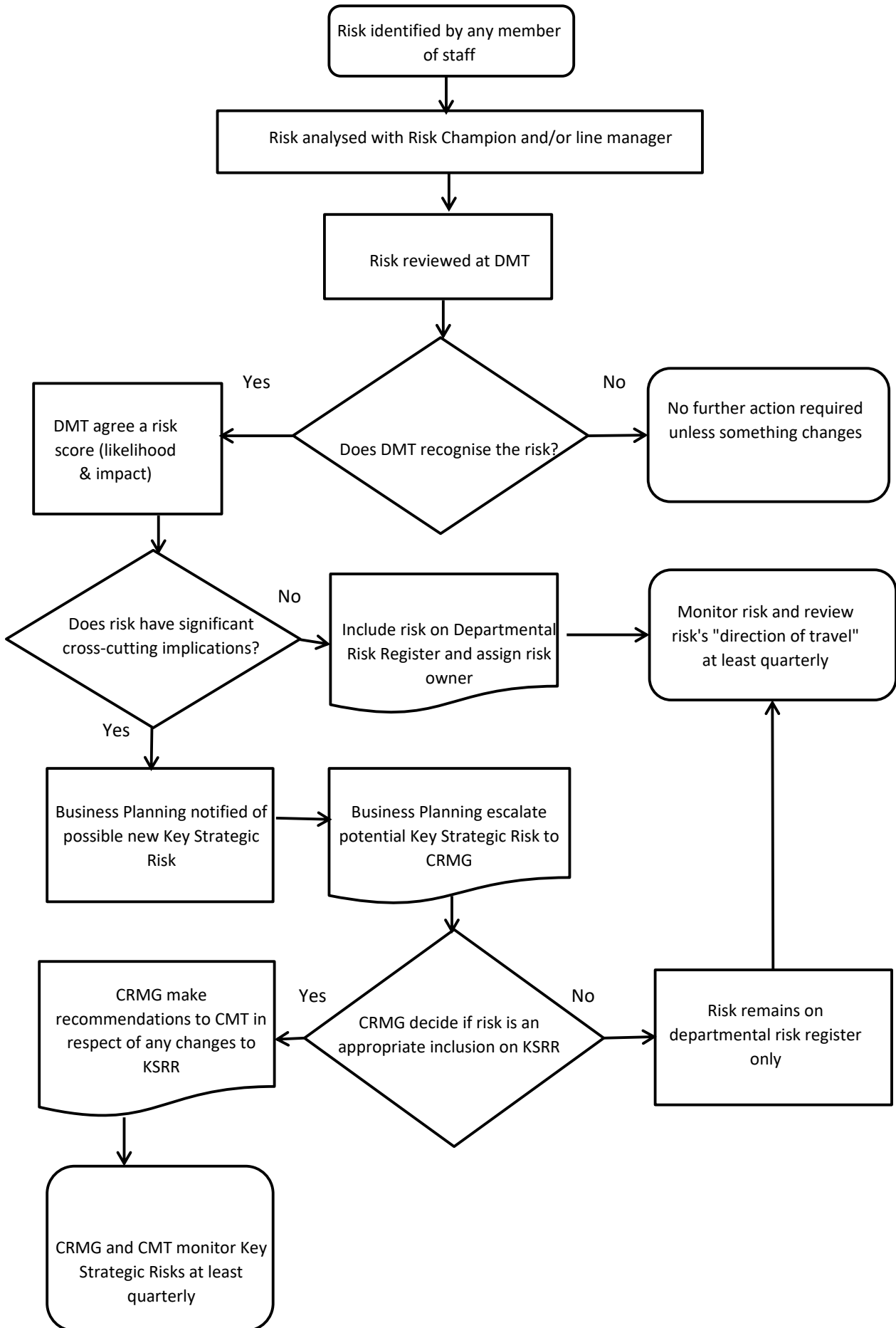
On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

Risk management in committee reports

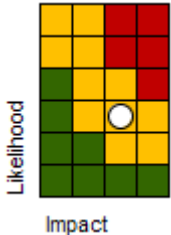




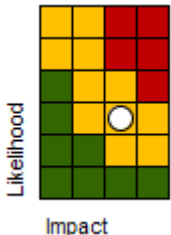




When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).

Report authors are advised to consult with the Business Planning team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

London Borough of Merton Risk Management Process

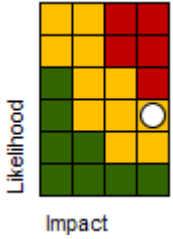




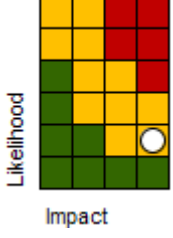






Key Strategic Risks ~ Quarter Two, 2018-19

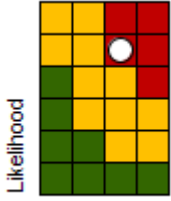




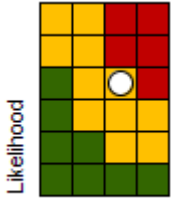



Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
John Morgan	ASC06 / KSR78 Legal challenge ASC Placements	Key Strategic Risk	Some of our Adult Social Care placements might result in legal challenges	- shortage of suitable placements in Merton - budgetary constraints - people placed further from their support networks.	- increased costs of placements - prevention of other developments - increased staff time - additional legal costs - damage to reputation	R		9  26-Sep-2018	We are targeting the market to fill the gap in complex placements- we try to utilise homes within the borough but at times due to availability we need to look further afield. All decisions regarding appropriateness and sufficiency of support are taken through the ASC outcomes forum.	01 Oct 2018
								9  27-Jun-2018		
								9  29-Mar-2018		
								12  22-Jan-2018		
Page 47 Lorraine Henry	ASC21 / KSR77 Increase in number of DoLS and Community DoL	Key Strategic Risk	We may not be able to manage the rise in Deprivation of Liberty Safeguards (DOLS) and Community DOL effectively	- A recent court ruling known as 'Cheshire West' widens the criteria for people that can be subject to a DoLS or Community DoLS (CDoLS) - The Government has not made any additional resources available	- Existing backlog of assessments awaiting completion - Cost pressure in relation to DoLS assessments which need to be undertaken - Potential of legal challenge if DoLS authorisation requests are not completed	FI		9  26-Sep-2018	- Following a paper to DMT a robust system is now in place to manage current Dols and historic cases. This is being monitored at DMT level. - The backlog has reduced from 500 in Sept 17 to 380 in January 18 to 210 in September 18. - Community DoL- A system is in place to screen and prioritise Community DoL and this will also be reported to DMT. - Training is being organised, and a RAG system is being developed to identify clients that pose the most risk to the Local Authority - External training has been commissioned for the Best Interest Assessors (BIAs)	15 Oct 2018
								9  15-Jun-2018		
								12  03-Apr-2018		
								12  02-Jan-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Paul Evans	CG25 / KSR79 GDPR	Key Strategic Risk	LB Merton may not be compliant with the General Data Protection Regulation (GDPR) or Data Protection Act 2018 that came into effect on 25th May 2018	<ul style="list-style-type: none"> - insufficient time or resources to fully comply - Weaknesses in some existing and legacy IT systems - technical barriers to compliance - reliance on external suppliers 	<ul style="list-style-type: none"> - LB Merton is fined by the Information Commissioner's Office - reputational damage - key stakeholders lose confidence & may not share information / work with the Council. 	FI		12 17-Sep-2018	GDPR / DPA 2018 action plan in place and progress reported at CSDMT Information Board weekly.	17 Sep 2018
								12 11-Jun-2018		
								15 23-Mar-2018		
								15 31-Jan-2018		
Sophie Ellis	CPI18 / KSR68 TOMs delivery	Key Strategic Risk	We may not be able to deliver our TOMs across the organisation in the way we have planned	<ul style="list-style-type: none"> - Inadequate delivery planning for TOM's across the organisation - Unanticipated changes in delivery context - additional financial reductions. 	<ul style="list-style-type: none"> - Ambition set out in TOM is not achieved - Our objectives are not met 	O		4 17-Sep-2018	Impact and likelihood remain low as the TOM refresh progresses with a focus on planning for the subsequent 5 year period and delivery of previous TOMs draws to a close. MIB and CMT oversight mitigates this risk.	17 Sep 2018
								4 14-Jun-2018		
								4 20-Mar-2018		
								4 12-Dec-2017		
Sophie Ellis; Kris Witherington	CPI39 / KSR74 Inadequate consultation	Key Strategic Risk	We may fail to adequately consult over changes to Council services and policies, and/or the design and implementation of projects (formerly CS17/KSR74)	<ul style="list-style-type: none"> - inadequate consultation - not meeting expected standards - insufficient training 	<ul style="list-style-type: none"> - increasingly robust scrutiny and challenge - possibility of Judicial Reviews 	R, FI		8 19-Sep-2018	The standards expected for consultation are described in the Community Engagement Strategy ("Get Involved") which was agreed by the Merton Partnership in 2010 and refreshed in 2014. All Council consultations should be listed on the Council's online consultation database, having been approved by the Consultation and Community Engagement Team. Support for services is available including training around the need for consultation, design, and legal obligations.	17 Oct 2018
								8 13-Jul-2018		
								6 14-Jun-2018		
								6 20-Mar-2018		

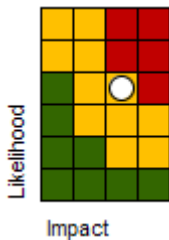




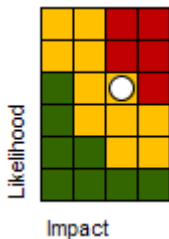




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									In the meantime work is underway with key stakeholders to determine whether any lessons are to be learned from a recent challenge and on the basis of this the risk score and control measures will be reviewed.	
Page 49 Rachael Wardell	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	We may fail to adequately safeguard children	Because of: - Less effective inter-agency working - Changing expectations & updated regulatory framework - Ongoing budget pressures across all agencies	Resulting in: - Child protection & safeguarding consequences including possible child death or serious harm. - increasing costs of "high cost" interventions - undermining of the Merton Model	R		12 30-Sep-2018	Strengthened MSCB governance and development of new partnership arrangements. Refreshed the Merton CYP and Family Wellbeing Model. Ongoing rigour in conversations with partner agencies and third sector to improve understanding and responsibility of safeguarding. Launched consultation on CSC Practice Model. Signs of Safety and Think Family approaches being rolled-out. Post-Ofsted action plan fully implemented. Refresh of CYPP for 2019-22 underway ensuring effective partner buy-in and engagement.	01 Oct 2018
								12 23-Aug-2018		
								12 21-Jun-2018		
								12 29-Mar-2018		
Charles Baker; Anita Cacchioli	ER112 / KSR73 Waste disposal budget (Viridor)	Key Strategic Risk	We may be unable to meet financial budget for waste disposal	- Waste may not be adequately disposed of - Delays in moving over to ERF - Increase in waste forecasted - Reduction in recycling - Insufficient budget to cover disposal costs	- increased costs for waste disposal - operational difficulties - performance may be affected (more landfill, less recycling and more missed bins) - political and reputational impact	FI/R/O		8 25-Sep-2018	The commissioning phase of the new ERF facility has started. We are monitoring the level of general waste used as part of the commissioning phase which we anticipate will generate a significant reduction in our landfill disposal cost (c£450k)	25 Sep 2018
								8 13-Sep-2018		
								8 26-Jun-2018		
								8 21-Mar-2018		

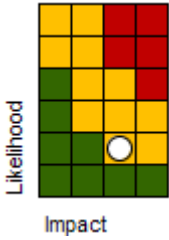




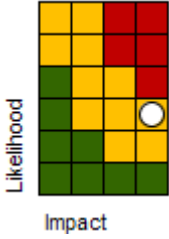




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									The new waste collection service is due to be rolled out in Oct 2018 which is designed to increase the take up of the food waste collection and increase recycling. This will have a positive impact on our disposal cost. Full year effect will be delivered in 2019 / 2020. Risk to be reviewed once the impact of the service change can be measured.	
Paul McGarry; James McGinlay	ER118 / KSR75 Crossrail 2	Key Strategic Risk	We may fail to minimise the negative impact of Crossrail2 on the Council's income and/or commercial activity in Wimbledon Town Centre and Weir Road	- inadequate preparation and planning on our part	- financial impact on council and services - economic impact on Wimbledon Town Centre and the borough (potential loss of businesses and jobs) - Council reputation	FI	 Likelihood Impact	12  13-Sep-2018	Consultation has been delayed because the Treasury is reviewing the Crossrail 2 business case before this project can proceed any further. No further progress at Quarter Two (20th September 2018)	20 Sep 2018
								12  04-Jul-2018		
								12  21-Mar-2018		
								12  19-Dec-2017		
Mark Humphries	IT03 /KSR48 IT Systems	Key Strategic Risk	The 6th floor data centre may be rendered unusable	- major disruption in the civic centre	- IT failure - unavailability of IT services - negative impact on organisational service delivery.	SP	 Likelihood Impact	8  12-Sep-2018	- Upgrading works completed and operationally tested to confirm that the infrastructure now provides the required functionality. - A further review of the Council's DR and BC arrangements is being undertaken to ensure that agreed list of business critical systems reflects recent changes (i.e.) hosting of some of the previous on premise business systems. - Interim report being presented to CMT in second week of October 2018	01 Oct 2018
								8  13-Jun-2018		
								8  05-Mar-2018		
								8  04-Dec-2017		

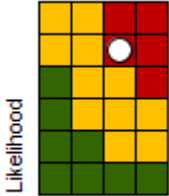




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Caroline Holland; Mark Humphries	IT24 / KSR21 Public Contract Regulations/Contract Standing Orders	Key Strategic Risk	We might breach Public Contract Regulations 2015 and Contract Standing Orders (previously risk RE03)	<ul style="list-style-type: none"> - incorrect procurement (despite this being a tightly regulated area of council activity) - Lack of staff awareness - insufficient training and guidance 	<ul style="list-style-type: none"> - procurement exercises impacting on strategy and time - adverse budget and service implications if not carried out correctly - legal challenges - slower identification, capture and delivery of savings - reputational risk. 	R		15 12-Sep-2018	An online procurement 'toolkit' was formally launched in September 2018. This will be supported by staff training sessions in order to promote use of the Councils procurement portal and the suite of new documents and templates. This will promote and embed good practice across the organisation and significantly reduce the risk of a legal challenge due to a failure to meet the requirements of the Public Contract Regulation or Contract Standing Orders.	24 Sep 2018
								15 13-Jun-2018		
								15 05-Mar-2018		
								15 07-Dec-2017		
Page 51 Zoe Church; Caroline Holland	RE02 / KSR49 Corporate Business Plan & balanced budget	Key Strategic Risk	We may fail to develop a corporate Business Plan & set a balanced budget for 19/23 & beyond	<ul style="list-style-type: none"> - Reduction in Government Grant - challenges of making accurate projections of Business Rate Retention due to lack of clarity over future of London Pilot Pool 	<ul style="list-style-type: none"> - negative impact on service provision - damage to council reputation - negative impact on staff morale - dissatisfaction of internal & external customers 	FI		15 08-Oct-2018	Officers have completed the Business Planning Process for 2018-22 and preparing to commence the process for 2019-23. An initial report to Cabinet on 17/9 rolled forward the MTFs to 19-23 and updated the forecast with latest information and net savings targets for service departments to achieve a balanced budget over the MTFs 19-23. Currently there is a gap of £0.8 million in 2019-20 rising to £18.7m in 2022-23 (the cumulative difference over the 4 year planning period) – work will continue in line with the approved Business Plan Timetable to achieve a balanced budget for 19/20. The likelihood has been increased in light of the significant shortfall in future years.	08 Oct 2018
								12 21-Sep-2018		
								12 13-Jun-2018		
								12 06-Mar-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Caroline Holland	RE16 / KSR61 Annual Savings Programme	Key Strategic Risk	We might fail to deliver the savings of £30m which have been agreed for the period 2016/17 to 2019/20 (the period of budget decisions required by this council)	- we are unable to achieve planned and/or anticipated savings - projected outturns do not match actuality	- adverse impact on the authorities ability to balance its budget in the medium to long term - gap is larger than the contingency - we are required to reinstate reserves	FI		15  20-Sep-2018	The monthly monitoring report is forecasting a shortfall in savings in 18/19 of £1.5m (22% of savings target). In 17/18 savings of £2.6m were unachieved and £01.3m are an ongoing pressure and not expected to be achieved in 18/19. The projected outturn position for 18/19 is £2.7m overspend. Delivery of savings will continue to be monitored and reported in 18/19 as they are critical to balance the budget.	20 Sep 2018
								15  28-Jun-2018		
								15  19-Mar-2018		
								15  14-Dec-2017		
Page 52 Corporate Management Team	RE24 / KSR80 Impact of Brexit	Key Strategic Risk	We might be unable to respond effectively to the changes brought about by Brexit	<ul style="list-style-type: none"> - A challenging withdrawal process - Changes to procurement frameworks - Other regulatory/statutory changes - Loss of regional aid funding - Changing eligibility of EU nationals to live &/or work in UK - potential impact on staff recruitment and retention - security of supplier network - short to medium term impact on LBM's pension investments - community cohesion 	<ul style="list-style-type: none"> - Financial uncertainty - Impact on local economy, investment & growth - Employment & skills gaps - Strain on resources - Impact on services esp. social care - Difficulty complying with statutory requirements - inability to capitalise on post-Brexit opportunities <p>The risk profile assumes a Brexit deal. If no deal, the risk profile will significantly increase as a consequence of the uncertainty created</p>			12  18-Oct-2018	Officers are closely monitoring developments on the Brexit negotiations and the potential impact for the council, citizens and businesses. This includes reviewing the Technical Notices, guidance from the LGA and other sector related assessments of possible implications. A session has been held with Collective DMT to identify risks. This has been reviewed by CMT and a task group of officers from across the council has been established to monitor developments and how the Council responds. Cabinet will be considering the implications of Brexit in November and the Overview and Scrutiny Commission are reviewing the implications for citizens.	18 Oct 2018
								9  30-Aug-2018		
								9  13-Jul-2018		

Key Strategic Issues ~ Quarter Two, 2018-19

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Sophie Ellis; Rachael Wardell	CPI41 / KSR53 Equalities duties	Key Strategic Issue	We may be in breach of Equalities legislation regarding new policy development, designing services and decision making (formerly RE11)	- insufficient evidence to demonstrate how equalities implications have been considered	- reputational impact for council - risk of judicial review & litigation - negative impact on service users - loss of savings.	R		12  31-Aug-2018	Implementation of the new Equality Strategy is going well. DMTs, CMT and OSC have all noted the good progress made on the revised outcomes. Given the financial pressures on the Council and the implementation of funding reductions there continues to be in our view an increased risk of scrutiny and challenge to these decisions (reflected in last quarter's increase in risk score) – as is evidenced by the recent JR. This was discussed at Collective DMT and follow up work is planned with DMTs and through the MTFS process to further mitigate this risk.	17 Oct 2018
								12  13-Jun-2018		
								9  13-Mar-2018		
								9  13-Dec-2017		
Rachael Wardell	CSF04 / KSR55 Demographic changes	Key Strategic Issue	We may fail to respond adequately to changing children's social care demands	Due to changing borough demographics including: - an increase in the total population in the borough - a particular increase in families with young children - a change in the mix of the population with respect to ethnicity, disability & deprivation - an increase in children with special educational needs and disabilities	This will lead to: - Additional demand for services for children with special educational needs & disabilities - pressure for growth in children's social care & child protection interventions - increasing level of support for families with no recourse to public funds.	SP		12  01-Oct-2018	Right size budgets in areas with demand pressure that cannot be met. CSF Service Plans identify current control measures, including: reviewing and strengthening the eligibility criteria; step up step down process; and consistently managing demand. A project is in train to try to improve prediction of future demand.	01 Oct 2018
								12  21-Jun-2018		
								12  29-Mar-2018		
								12  30-Dec-2017		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Jane McSherry	CSF05 / KSR34 Insufficient school places	Key Strategic Issue	We may fail to meet the demand for school places	This is because: - we are expecting 200-250 additional admissions applications for pupils to start secondary school in September 2018 - we have only 150 spare places in our current year 7, at schools to the far west and east of the borough where there is less demand	Insufficient school places provided by Sept 2018 will result in: - failure to meet statutory duty - increased scrutiny - reputational damage	R		6  01-Oct-2018 6  05-Jul-2018 3  21-Jun-2018 12  29-Mar-2018	Harris Wimbledon (Free School) opened in September 2018. Work in hand to deliver new school site for 2020. Increased classes allow surplus in secondary places. Primary role currently falling so able to cope with increased demand. Planning permission for new school to be applied for.	01 Oct 2018
Children, Schools & Families	CSF06 / KSR56 CSF funding & statutory services	Key Strategic Issue	CSF funding changes, budget savings & resource management may impact on our ability to provide statutory services.	Causes include: - Move to national funding formula for DSG expected from 2017/18 onwards and implications for overspends - continued uncertainty regarding changes to funding regimes & external grants - concurrent additional statutory duties - demographic pressures - the impact of maintained schools becoming academies through to 2022 - Insufficient funding for new burdens: C&F Act; NRTPF; Leaving Care. - Requirement to make significant savings over the next 3-4 years - Need to balance competing & increasing demands at a time of contracting resources & extensive change.	Leading to: - DSG overspend would impact on council general fund budget - Negative impact on our ability to provide statutory services - undermining of the Merton Model, causing additional spend pressures in targeted services. - Low staff morale - Difficulties in managing the impact of the Workforce Management Strategy - Time & effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work.	FI		12  01-Oct-2018 12  21-Jun-2018 9  29-Mar-2018 9  30-Dec-2017	Assessment of likely impact of changes through Government funding proposals. Additional burdens reported on monthly and demographic pressures identified. Feeds into the MTFS, TOM, Service Planning work and relevant strategies to deliver the required savings without adversely impacting on performance. Early help and prevention a key theme of our TOM coupled with our continued focus on our statutory services. Right sizing of budgets to enable unfunded service demands to be met. Changes to rules on DSG overspend increase potential impact.	01 Oct 2018

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Rachael Wardell	CSF09 / KSR62 Intervention/ prevention commissioning	Key Strategic Issue	We may fail to recommission appropriate intervention and prevention services	Due to: - reduction in contracting with local third sector - change in delivery reports of CSF	Resulting in: - Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements - reduced service delivery - an increase in reactive, rather than pro-active, services - adverse reputational impact - political impact	R		<p>15  30-Sep-2018</p> <p>15  21-Jun-2018</p> <p>10  29-Mar-2018</p> <p>10  30-Dec-2017</p>	Better understanding of totality of commissioned / short breaks services. Regular review of commissioned services. Opportunities identified to commission differently focusing on early help, prevention and reducing the escalation of cases. SIB and FDAC implemented with high take up, further enhancing our preventative work. Understand impact on / implications for preventative services.	01 Oct 2018

Definition of the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur over 50% of the time
4 - Significant	Occurs or likely to occur over a 25% of the time
3 - Possible	Occurs or likely to occur less than a 25% of the time
2 - Low	Occurs or likely to occur less than 5% of the time
1 - Almost Impossible	Occurs or likely to occur less than 1% of the time

Definition of the Impact of Risk

Categories	1 - Marginal	2 – Moderate	3 - Serious	4 - Very serious
Financial Impact – FI	£100k - £500k per annum	£500k - £1m per annum	£1m - £5m per annum	Over £5m per annum
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

These revised Impact Category descriptions and Financial Impact definitions were approved by CMT on 24 April 2018.

Council's Constitution Since the Local Government Act 2000 came into force, every local authority is required to choose a model of governance from a choice of four prescribed by Parliament. The Constitution forms the building blocks and foundation of the Council's Corporate Governance arrangements it includes Contract Standing Orders and Financial Regulations.

Contract Standing Orders ("CSOs") form part of the Constitution of the London Borough of Merton ("the Council") and govern contracts. The Council is legally obliged to have standing orders. CSOs must include provision for securing competition in the award of contracts and for regulating the manner in which tenders are invited.

In addition, each Department must have and adhere to a Scheme of Management. The Scheme of Management allows a Chief Officer to clearly define the decision making rights of those who exercise management responsibility on their behalf. It operates within the Council's Constitution.

Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs. They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice.

Officers and Members are authorised to make decisions in accordance with these Financial Regulations, but they do not authorise any person to make a decision which is contrary to any provision in the Constitution.

Financial Procedures detail the responsibilities of the Chief Finance Officer and other chief officers and identify key controls. They carry the same importance as financial regulations and are an integral part of the Council's framework of internal control. They operate within the Council's Constitution.

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Cabinet

Date: 12 November 2018

Subject: Financial Report 2018/19 – September 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 £1.92 million, 0.36% of gross budget.
- B. That Cabinet approve the virement of £100k between Environment & Regeneration & Corporate Services in relation to the funding of RingGo card processing charges.
- C. That Cabinet approve the virement of £302k between Community Care Placement Contingency and Housing Related Support (both in Adult Social Care placements). Savings were allocated to an incorrect cost centre at the start of the financial year.
- D. That Cabinet note the position in respect of the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme		2018/19 Budget	2019/20 Budget	Narrative
<u>Corproate Service</u>				
Planning and Public Protection	(1)	(199,730)	199,730	Reflects Projected Spending Pattern
Housing Company	(1)	(200,000)	200,000	Reflects Current Projected Spending Pattern
<u>Children, Schools and Families</u>				
Cricket Green expansion	(1)	(150,000)	150,000	Reflects the estimated programme post contract award
Healthy Schools	(1)	188,630	0	Funded by CSF Grant
<u>Environment and Regeneration</u>				
Highway Bridges and Structures	(1)	200,000	(200,000)	Re-profiled in accordance with projected spend
Polka Theatre	(1)	0	150,000	To achieve ongoing revenue savings
Bus Priority Scheme	(1)	(150,000)	0	Correction to TfL Schemes
Mitcham Town Centre	(1)	(435,680)	425,000	CIL scheme re-profiled
School Part Time Road Closure	(1)	74,000	0	TfL funded scheme
Total		(672,780)	924,730	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 6, 30th September 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 6 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process in 2018/19 will continue to focus on adult social care and children's social care as these areas overspent in 2017/18 and continue to have budget pressures.

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

2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 6 to 30th September 2018, the year-end forecast is a net £1.92m overspend compared to the current budget, 0.36% of the gross revenue budget (£2.78m forecast overspend at period 5). This is a decrease of £0.86m (0.16%) compared to last month.

Summary Position as at 30th September 2018

	Current Budget 2018/19 £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2017/18 £000s
Department					
3A. Corporate Services	10,585	9,295	(1,290)	(1,257)	(812)
3B. Children, Schools and Families	56,495	59,742	3,247	3,630	2,249
3C. Community and Housing	64,093	64,317	224	426	922
3D. Public Health	0	86	86	86	0
3E. Environment & Regeneration	18,550	18,168	(381)	(633)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	149,723	151,609	1,886	2,253	1,148
3E. Corporate Items					
Impact of Capital on revenue budget	8,404	8,930	526	527	(103)
Other Central budgets	(14,732)	(15,223)	(491)	0	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(5,390)	(5,355)	35	527	(926)
TOTAL GENERAL FUND	144,333	146,254	1,921	2,780	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)	1,921	1,921	2,780	(265)

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £1.233m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (September) £000	2018/19 Full Year Forecast Variance (September) £000	2018/19 Full Year Forecast Variance (August) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,567	3,592	25	61	46
Infrastructure & Technology	11,173	10,939	-234	-314	71
Corporate Governance	2,431	2,431	0	18	-229
Resources	5,997	5,703	-294	-253	-515
Human Resources	1,811	1,819	8	-2	-207
Corporate Other	796	1	-795	-767	22
Total (Controllable)	25,775	24,485	-1,290	-1,257	-812

Overview

At the end of period 6 (September) the Corporate Services (CS) department is forecasting an underspend of £1,290k 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 £33k compared to the period 5 (August) position.

Customers, Policy and Improvement - £25k over

The principal reason for the forecast overspend is lower than budgeted advertising income within the Communications Service. This is partly offset by additional income within the registrars and translations service reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There has been a favourable movement of £36k from the position reported in August, mainly due to an increase in the level of income forecast for the registrars and translation services based on the current level of demand for these services.

Infrastructure & Technology - £234k under

There is a forecast underspend of £147k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is an underspend of £86k against the Business Systems budget principally due to vacant posts and recharge income from CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level. There has been an adverse movement of £80k from the position reported in August, mainly due to an increase in the salary forecast within the Business Systems budget reflecting the latest position regarding the current recruitment process.

Corporate Governance - no variation from budget

Whilst the overall forecast position is on budget, the budget for the South London Legal partnership (SLLp) is forecast to overspend by £23k. The latest income projections, based on chargeable hours at the end of September, alongside the latest expenditure projections, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken. At the moment, the deficit is projected to be in the region of £123k and Merton's share of that deficit would be £23k. The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary.

Resources - £294k under

The Merton Bailiff Service is forecasting to underspend by £283k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £169k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services of £50k principally due to additional IT licence and postage costs. There is a forecast underspend within the Assistant Director's budget of £57k mainly within consultancy that will be used to part fund a forecast overspend of £223k on the Financial Information System 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 is also a forecast overspend within the budget for external audit fees to reflect the latest agreement with Ernst & Young. The forecast for bank charges reflects an agreement from E&R to fund £100k of additional credit card charges relating to the increased volume of transactions on the RingGo contract. Cabinet will be requested to approve a virement in November. There has been a favourable movement of £41k from the position reported in August mainly due to a reduction in the forecast for agency and salary costs

Human Resources – £8k 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 buyback 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 an adverse movement of £10k from the position reported in August mainly due to an increase in the forecast cost of the payroll partly offset by a reduction in the forecast for training costs.

Corporate Items - £795k under

The Housing Benefit budget shows a forecast surplus of £1.5m on the account against a budgeted surplus of £1m. The £0.5m unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit. The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry. There has been a favourable movement of £28k from the position reported in July mainly due to an increase in the forecast charge to clients for use of the Commensura agency staff service.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget	Full year Forecast (Sept)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2017/18 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(10,987)	(11,681)	(694)	(904)	(1,602)
Public Space	15,126	14,826	(300)	(311)	632
Senior Management	953	953	0	73	3
Sustainable Communities	8,104	8,717	613	509	(244)
Total (Controllable)	13,196	12,815	(381)	(633)	(1,211)

Description	2018/19 Current Budget	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2017/18 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	578	169	116	78
Underspend within Parking Services	(12,451)	(851)	(999)	(1,663)
Underspend within Safer Merton & CCTV	886	(12)	(21)	(47)
Total for Public Protection	(10,987)	(694)	(904)	(1,602)
Underspend within Waste Services	13,850	(660)	(682)	97
Underspend within Leisure & Culture	736	(66)	(6)	(166)
Overspend within Greenspaces	1,400	309	309	754
Overspend within Transport Services	(860)	117	68	(53)
Total for Public Space	15,126	(300)	(311)	632
Overspend within Senior Management & Support	953	0	73	3
Total for Senior Management	953	0	73	3
Overspend within Property Management	(2,901)	372	156	(422)
Overspend within Building & Development Control	(32)	225	147	397
Overspend within Future Merton	11,038	16	206	(219)
Total for Sustainable Communities	8,104	613	505	(244)
Total Excluding Overheads	13,196	(381)	(633)	(1,211)

Overview

The department is currently forecasting an underspend of £381k 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 £851k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,110k). The positive effects of this fully functional system are beginning to be realised e.g. a reduction in congestion and improved traffic flow.

Included within this forecast is employee related overspend of c£182k 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 ongoing 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 £169k

On the 1st November 2017, Wandsworth became the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure is currently out for staff consultation, with an estimated go live date of 1st November. Work is also well under way with updating and agreeing a revised cost allocation methodology for the three partners, which will have an impact of the section's forecast. Therefore, a revised forecast will need to be provided as soon as this has been agreed.

Public Space

Waste Services underspend of £660k

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,064k, 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 £309k

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £158k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£98k), whereby related savings of £170k have been implemented over the last few years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£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 £372k

The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the recent departure of the leaseholder (£538k). Consideration is being given to reducing the security and holding costs for Battle Close by demolition.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, resulting in a forecast premises related overspend of £264k.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £544k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £154k relates to ongoing rental income but £390k is one-off due this year only.

Development & Building Control overspend by £225k

The section is forecasting to underachieve on income by £273k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

Virement

Corporate Services incur the additional card charges relating to the increased volume of transactions on the RingGo contract, and so E&R have agreed to fund these additional charges, currently estimated to be £100k. Cabinet are requested to approve this virement.

Children Schools and Families

Children, Schools and Families	2018/19 Current Budget £000	Full year Forecast (Sep) £000	Forecast Variance at year end (Sep) £000	Forecast Variance at year end (Aug) £000	2017/18 Variance at year end £000
Education	19,301	19,843	542	621	(703)
Social Care and Youth Inclusion	21,499	24,804	3,305	3,541	3,596
Cross Department budgets	480	461	(19)	(25)	(95)
PFI	8,075	7,764	(311)	(236)	(342)
Redundancy costs	2,124	1,854	(270)	(270)	(207)
Total (controllable)	51,479	54,726	3,247	3,631	2,249

Overview

At the end of September Children Schools and Families had a forecast overspend of £3.247m on local authority funded services; a reduction in overspend from August'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	Sep £000	Aug £000	2017/18 £000
Procurement & School organisation	643	(267)	(157)	(319)
SEN transport	4,133	966	962	566
Other small over and underspends	14,525	(157)	(184)	(738)
Subtotal Education	19,301	542	621	(703)
Fostering and residential placements (ART)	7,094	639	630	813
Un-accompanied asylum seeking children (UASC)	901	830	1,126	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	290	261	353
MASH & First Response staffing	1,587	234	228	403
Other small over and underspends	11,896	356	340	288
Subtotal Children's Social Care and Youth Inclusion	21,499	3,305	3,541	3,596

Education Division

Procurement and school organisation budgets are forecast to underspend by £267k because of lower spend on revenue budgets, which has slipped to next year. 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 £966k at the end of the financial year, which includes £858k taxi cost and £165k direct payments. The forecast outturn for taxis is £3.214m, circa £442k more than last year, but a slight reduction in the reported forecast last month. The forecast overspend reflects increased demand over a number of years including the 51 extra children transported by taxi (21% increase in routes) compared to this time last year. The forecast is a slight reduction this month as over the summer substantial work was undertaken to re-tender and improve the efficiency of routes that meant that although 39 extra children are being transported compared to the spring term there are only 9 extra taxi routes. 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 further, 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 agree personal budgets to directly arrange transport. The expansion of Cricket Green School will enable extra local places from September 2019 and officers are further reviewing the range of in-borough provision to reduce the reliance on transporting significant distances to out of borough schools.

There are various other small over and underspends forecast across the division netting to a £157k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £542k.

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

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 August and September the forecast placement overspend has increased slightly by £9k, as detailed in the table below.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep Nr	Aug Nr
Residential Placements	2,271	2,420	149	110	17	19
Independent Agency Fostering	1,816	1,958	142	150	40	41
In-house Fostering	978	1,395	417	410	61	60
Secure accommodation	136	122	(14)	(14)	2	2
Mother and baby	101	0	(101)	(101)	0	0
Supported lodgings/housing	1,792	1,838	46	76	54	54
Total	7,094	7,733	639	630	174	176

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

- The residential placement expenditure is forecast to overspend by £149k. The increase in cost is due to a new respite package, the overall numbers of young people in residential care has reduced but was included in the previous month's forecast.
- The agency fostering placement overspend has reduced by a further £8k from last month. This is due to two children leaving and one new child being placed.
- The in-house foster carer expenditure is forecast to overspend by £417k for the year. The increase of £7k from last month is due to the net increase of one child in placement.
- There has been no movement in the number of young people in secure accommodation. The forecast remains the same at £122k.
- We still have had no mother and baby assessment placements for this year and are therefore forecasting no expected spend at this stage.
- We are forecasting that the budget for semi-independent accommodation and supported lodgings/housing placements will overspend by £46k. There were 54 semi-independent placements for young people at the end of September 2018. Although numbers have stayed the same, the overall costs reduced by £30k due to a revised estimate of one placement.

At the end of September, UASC placements and previously UASC that are now care leavers are expected to overspend by £830k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep Nr	Aug Nr
Independent Agency Fostering	372	392	20	120	9	12
In-house Fostering	362	527	165	325	21	20
Supported lodgings/housing	167	812	645	681	31	31
Total	901	1,731	830	1,126	61	63

- At the end of September, we had 30 placements for UASC young people under 18. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+. The overall cost for Fostering has reduced from £445k in August to £185k in September. £237k of this reduction relates to additional grant expected from the 2017/18 final settlement.
- We have budgeted for 31 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rota, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

We are forecasting a £956k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best estimate at this stage but is subject to change. A review has been underway to change the current provision with the intention that this should reduce the cost to Merton, but unfortunately the intended provider has withdrawn from the review and as a result it will not be possible to quantify any likely reduction in costs until fresh proposals are agreed. The current position of the CCG is that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once settled it is likely to mean that the reduced cost apportioned to the council will transfer from the general fund to the DSG.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £290k in the current financial year. This is about £63k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

We are expecting to overspend by £234k on the MASH and First Response teams' staffing costs. This is because the team is covering 13 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. This is again a reduction from last month's overspend.

There are various other small over and underspends forecast across the division netting to a £340k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,541k.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £5.034m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £3.755m on Independent Day School provision. It is likely that these numbers will increase slightly towards year-end. There will be a review of contributions from the CCG for placement costs.

Other pressures include £584k on EHCP allocations to Merton primary and secondary schools, £771k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £750k on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting a £722k underspend on independent residential placements. The table below shows the increase in number of EHCPs over the past 4 years.

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

There are various other smaller over and underspends forecast across the DSG netting to a £104k underspend which, combined with the items above, equates to the net overspend of £5.034m.

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

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to eleven in 2018/19. The main reasons for setting deficit budgets relate to a combination of factors. These include unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Staffing

The number of employed Social Workers dipped slightly during quarter two to 122 (115.31WTE) from 125 (117.3 WTE) in Q10, 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 October/November, 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.

Placements

We have good management oversight of children coming into care and our numbers remain stable. This stability disguises a reduction in the number of local children coming into care which is offset by the number of UASC entering our care. This pattern suggests that our early help arrangements continue to be effective in reducing the need for higher level interventions in those populations where early help can have an impact. We are aiming to strengthen this demand management further by the use of panel processes going forward. We are introducing a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UAS young people. We have recruited four new sets of foster carers (one who has come from an IFA with three of our UAS 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.

We are also targeting our recruitment to increase our number of in-house mother and child foster placements. Although there is no use of parenting assessment units at present this year, we placed 8 families for parental assessments during the course of last year. We have continued to support four of those families in IFA foster placements during on-going court processes, significantly affecting our IFA costs for the past 4 months.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. However, despite a reduction in numbers this month, we still have 54 young people in Semi-independent Accommodation (SIA) placements. We have reintroduced the SIA panel and will be recording cost reductions as a result of this going forward. In addition, we will be recruiting a specific BS 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. Our biggest increase is in the unit cost for secure accommodation. We have little choice over which accommodation our young people may be remanded to and costs are set by the YJB.

Description	May	June	July	Aug	Sep	Movement from last month	Sep
	£	£	£	£	£	£	No
ART Independent Agency Fostering	925	907	905	892	887	-5	40
ART In-house Fostering	449	444	428	443	428	-14	61
UASC Independent Agency (Grant)	782	783	791	791	791	0	9
UASC In house Fostering (Grant)	504	498	498	505	505	0	15
UASC Independent Agency (Non-Grant)	766	770	761	764	764	0	0
UASC In house Fostering (Non-Grant)	485	482	437	448	455	7	6
ART Residential Placements	3,878	4,174	4,022	4,021	4,021	0	17
ART Secure Accommodation	0	0	3,752	3,918	3,918	0	2
Supported Housing & Lodgings (Art 16+ Accommodation)	605	614	627	645	634	-11	54
Supported Housing & Lodgings - UASC (Grant)	834	835	841	839	838	-1	5
Supported Housing & Lodgings - UASC (Non Grant)	480	486	520	507	505	-2	26

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 £2.081m, 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	Sep overspend forecast £000	Aug overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	46	76	156
Supported lodgings/housing- UASC	167	645	681	520
Un-accompanied asylum seeking children (UASC)	734	185	445	173
No Recourse to Public Funds (NRPF)	21	290	261	353
Total	2,478	1,166	1,463	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 overspend of £310k as at period 6 September 2018.

The department is currently forecasting an overspend of £310k as at September 2018 which is a decrease of £203k since August. Underspends are in Adult Social Care. Public Health and Merton Adult Learning remains unchanged, however the Library Service overspend has reduced. The Housing Service is currently forecasting £286k overspend which equates to 92% of Community & Housing forecasted overspend to date.

The judicial review process continues and resolution unknown at this time.

Community and Housing	2018/19 Current Budget £000	Forecast (Sept'18) £'000	Forecast Variance (Sept'18) £000	Forecast Variance (Aug'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,986	45,768	(218)	(84)	455
Commissioning	4,579	4,586	7	6	211
Direct Provision	4,451	4,405	(46)	(45)	(195)
Directorate	973	1,156	183	190	181
Adult Social Care	55,989	55,915	(74)	67	652
Libraries and Heritage	1,996	2,008	12	19	20
Merton Adult Learning	(11)	(11)	0	0	(6)
Housing General Fund	1,848	2,134	286	341	256
Sub-total	59,822	4,131	298	427	922
Public Health	(143)	(57)	86	86	0
Grand Total	59,679	59,989	310	513	922

Access & Assessment - £218k underspend

Access and Assessment underspend has increased since the last budget monitoring process. This is due to a 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. Additionally numbers of Deprivation of Liberty (Dols) has increased since April 2018 from 21 to 60 assessment per month as at September 2018.

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Sept'18 £'000	Forecast Variances Aug'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares-(Postage)	(15)	(14)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other-e.g. Deprivation of Liberty (Dols)	82	36	(307)
Placements	352	501	1,671
Income	(637)	(607)	(1,234)
Total	(218)	(84)	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, but we do not yet know the terms and conditions that will be placed on the use of those monies. With joint working with health, we are as well set to manage winter demands as we can be at this stage.

ASC savings for 2018.19 are on track to be delivered. Where savings have not been able to be delivered due to changes in circumstances, alternative efficiencies and savings will be put forward to achieve a balanced budget.

The table below sets on the movement in the number of service users in each care group between months. It shows a net increase of 13 packages since April 2018.

Total Number of Clients with an external care package

Placements	Nos. of Clients Sept'18	Nos. of Clients Aug'18	Nos. of Client Jul'18	Nos. of Client Apr'18
Older People	1140	1142	1150	1167
Physical/Sensory	214	213	214	219
Learning Disabilities	360	350	353	356
LD Housing Support	3	3	2	2
Mental Health	135	134	130	125
MH Housing Support	13	12	11	11
Substances Misuse	3	3	2	1
Grand Total	1868	1857	1862	1881

Commissioning - £7k overspend

The commissioning service is currently forecasting a small overspend of £7k as at September'18. Increased staff costs is offset by increased income and efficiencies.

Direct Provision - £46k underspend

Direct Provision service is forecasting an under spend of £46k as at September 2018. This service continues to improve with underspends in the daycentres supporting overspend on employee cost at Riverside Drive residential home.

Management action in reviewing shifts and staff deployment on a weekly basis has led to a reduction in the level of projected underspend at Riverside. However a pay claim following on from Single Status by care staff at the home which is close to resolution will add between £10k and £15k to the annual salaries budget.

We will continue to control spending in Day Services and Supported Living to mitigate this.

Virement

At the start of the year, savings of £302K were allocated to an incorrect cost centre. The savings should have come from the Community Care Placement Contingency, but were instead taken from Housing Related Support. Both costs centres come under Adult Social Care Placements. Cabinet are requested to approve this virement.

C&H - Other Services

Libraries - £12k overspend

The Library & Heritage Service forecasted overspend has reduced by £7k. This forecast includes an over spend on business rates but is mitigated by underspends on rental cost, postage, equipment and increase in rental income at Mitcham and Pollards Hill libraries.

Merton Adult Education – Breakeven

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

Housing - £286k overspend

The housing service is forecasting an over spend as at September 2018 of £286k which is a reduction of £55k. It is expected that forecast in this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy, Housing Benefit and client contributions.

The market for temporary housing is distorted by its reliance on housing benefit and the introduction of a subsidy cap on housing benefit. It bears resemblance to the wider housing market in London e.g. inexpensive accommodation is rare and in high demand, it has a key distortion which is driven by the Welfare Benefits system it supports.

Generally speaking the supply of temporary accommodation is owned by a number of private landlords with properties. The pricing of this accommodation is reliant on Welfare Benefit subsidy arrangements, rather than the more natural market pricing.

Demand arrangement

This revolves around increasing homeless prevention activities and providing housing solutions

This service continues to maintain the lowest numbers of homeless households in temporary accommodation (TA) in London, as at the end of September 2018 there were 174, which is an increase of two household in TA accommodation.

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	225
Achieved- Sept'18	243

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 (Sept'18) £'000	Forecast Variances (Aug'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	713	752	909
Temporary Accommodation-Client Contribution	(140)	(616)	(612)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	100	(92)	(160)
Temporary Accommodation-Subsidy Shortfall	322	375	489	517
Temporary Accommodation- Grant	-	(466)	(466)	(406)
Sub-total Temporary Accommodation	512	106	71	259
Housing Other Budgets- Over(under)spend	1,336	180	270	(3)
Total	1,848	286	341	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 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

Public Health - £86k overspend

This service continues to forecast an overspend of £86k. It is anticipated that the outcome of the identified mitigating actions will be reported in period 7 (October).

Corporate Items

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

	Current Budget 2018/19 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £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)	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	1,122	0	0	(736)
Contingencies and provisions	4,291	3,941	(350)	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(2,357)	(2,357)	0	0	2,445
Central Items	4,276	3,785	(491)	0	(823)
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	(5,391)	(5,355)	36	527	(926)

Since the August update there has been a half-yearly review of the forecast income from investments and it is estimated that there will be additional income of £141,000 above the original budget. This is due to increased interest rates and amounts invested than budgeted for.

In addition, a review of contingencies and provisions indicates that based on current expenditure there will be an underspend of £100k on the Apprenticeship Levy budget and, at this half-year stage of the year, the corporate contingency budget will be underutilised by £250k.

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	9,878	(400)	9,478	26,252	400	26,652	3,945	0	3,945	12,083	0	12,083
C&H	932	0	932	480		480	630	0	630	280	0	280
CSF	9,088	39	9,127	16,045	150	16,195	3,202	0	3,202	650	0	650
E&R	20,001	(268)	19,733	8,060	375	8,435	7,517	0	7,517	7,264	0	7,264
TOTAL	39,899	(630)	39,270	50,837	925	51,761	15,294	0	15,294	20,277	0	20,277

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

Capital Budget Monitoring September 2018

Department	2018/19 Actuals £	Profiled Budget To September £	Variance £	Revised Annual Budget £	September Year End Forecast £	Forecast Full Year Variance £
Corporate Services	2,561,460	3,846,597	(1,285,137)	9,478,310	9,071,380	(406,930)
Community and Housing	411,306	508,090	(96,784)	931,990	976,482	44,492
Children Schools & Families	2,849,858	1,906,160	943,698	9,126,350	9,126,350	(0)
Environment and Regeneration	6,380,417	6,043,483	336,935	19,732,830	19,732,830	(1)
Total	12,203,041	12,304,330	(101,289)	39,269,480	38,907,041	(362,439)

- Corporate Services – There is currently one projected in year underspend Customer Contact (£416k). Business Systems and the Housing Company have both re-profiled £200k from 2018/19 to 2019/20.
- Community and Housing – Officers are projecting spend to budget on all schemes apart from Libraries ICT and Library Enhancement works which are projected to overspend by a total of £44k, this outturn projection is currently being finalised and will be addressed as part of the October Monitoring Report. These schemes were progressed a number of years ago at which time internal support costs were subsumed within the existing budgets. The development of a number of corporate systems at any one time requires the back filling of internal staff. The impact of these costs are two fold additional budget is required to complete the current project (estimated at £44k) and future bids to replace this system need to be adjusted to reflect the additional support required to complete the project

- c) Children, Schools and Families – One scheme has been added for Healthy Schools of £189k this will be funded by an unringfenced DofE grant. Budget virements to offset the variations shown within the budgets for primary schools will be progressed once final costs for individual schemes are established. Officers are currently projecting no underspends on other budgets. £150k of Cricket Green’s budget being re-profiled to 2019-20 from 2018-19 in accordance with anticipated spending patterns.
- d) Environment and Regeneration – Officers are currently projecting no underspends against budget. The following adjustments are being made to the budget:
- I. £200k is being re-profiled from 2019-20 to 2018-19 to undertake a large highway bridges and structure scheme
 - II. £150k is being added to Polka Theatre for capital works that will provide ongoing revenue grant savings in future years – If for any reason this scheme will not generate a continuing revenue saving it will be removed. Please note the revenue saving (including equalities impact) are being progressed as part of the budget setting process to a later Cabinet.
 - III. A TfL Bus Priority Scheme is being removed from the programme (£150k)
 - IV. £425k CIL Neighbourhood funding is being re-profiled from 2018-19 to 2019-20 and £10k TfL budget is being moved from capital to revenue.
 - V. £460 S106 funding is being added to the Wandle Project in 2018/19
 - VI. £25k Crowded Places scheme funded by Network Rail is being added to the 2018/19 programme
 - VII. £7k S106 funding is being added to Parks Investment for 2018/19
 - VIII. £26k S106 funding is being added for a new scheme for Raynes Park Station Improvements
 - IX. £15k TfL funding is being moved to revenue for the Beddington Lane Cycle Route
 - X. £74k TfL funding is being added for a new scheme for School Part Time Road Closures

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
<u>Corproate Service</u>				
Planning and Public Protection	(1)	(199,730)	199,730	Reflects Projected Spending Pattern
Housing Company	(1)	(200,000)	200,000	Reflects Current Projected Spending Pattern
<u>Children, Schools and Families</u>				
Cricket Green expansion	(1)	(150,000)	150,000	Reflects the estimated programme post contract award
Healthy Schools	(1)	188,630	0	Funded by CSF Grant
<u>Environment and Regeneration</u>				
Highway Bridges and Structures	(1)	200,000	(200,000)	Re-profiled in accordance with projected spend
Polka Theatre	(1)	0	150,000	To achieve ongoing revenue savings
Bus Priority Scheme	(1)	(150,000)	0	Correction to TfL Schemes
Mitcham Town Centre	(1)	(435,680)	425,000	CIL scheme re-profiled
Crowded Places/Hostile Vehicle Mitigation		25,000	0	Funded by Network Rail Contribution
Wandle Project		460	0	Additional S106 Funding
Parks Investment		6,700	0	Additional S106 Funding
Raynes Park Stn Public Realm Imp		26,110	0	New Scheme funded by S106
Beddington Lane Cycle Route		(15,000)	0	TfL funding classified as revenue rather than capital
School Part Time Road Closure	(1)	74,000	0	TfL funded scheme
Total		(629,510)	924,730	

(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				(19,056)	9,478
Community & Housing	773	165	(5)			0	932
Children Schools & Families	15,158	924		1,117	15	(8,087)	9,127
Environment and Regeneration	21,853	919		1,899		(4,938)	19,733
Total	61,266	7,059	(5)	3,016	15	(32,081)	39,270

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

Depts.	Spend To September 2015	Spend To September 2016	Spend To September 2017	Spend to September 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	267	215	1,182	2,561	2,294	2,346	1,379
C&H	610	916	340	411	(199)	(505)	71
CSF	7,944	2,811	2,673	2,850	(5,094)	38	177
E&R	3,006	5,930	4,598	6,380	3,374	450	1,782
Total Capital	11,827	9,873	8,793	12,203	376	2,330	3,410

Outturn £000s	29,327	30,626	32,230	
Budget £000s				39,270
Projected Spend September 2018 £000s				38,907
Percentage Spend to Budget				31.08%
% Spend to Outturn/Projection	40.33%	32.24%	27.28%	31.36%
Monthly Spend to Achieve Projected Outturn £000s				4,451

4.6 September is half way into the financial year and departments have spent just over 30% of the budget. Spend to date is higher than each of the previous financial years shown.

Department	Spend To Aug 2018 £000s	Spend To Sept 2018 £000s	Increase £000s
CS	2,039	2,561	523
C&H	408	411	3
CSF	2,066	2,850	784
E&R	5,042	6,380	1,339
Total Capital	9,555	12,203	2,648

- 4.7 During September 2018 officers spent £2.488 million. If spend can be maintained throughout the rest of the financial year then this will result in a higher outturn than the last three financial years, but not as high as the projected outturn. Finance officers will continue to work with budget managers to re-profile budgets across the approved programme.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 6 Forecast Shortfall	Period 5 Forecast Shortfall	Period Forecast Shortfall (P6)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,968	230	302	10.5%	18
Environment and Regeneration	1,874	1,373	501	686	26.7%	80
Total	6,585	5,379	1,206	1,463	18.3%	473

Appendix 6 details the progress on savings for 2018/19 by department, with the position improving by £257k since last month.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 6 Projected shortfall	2019/20 Period 6 Projected shortfall	2018/19 Period 5 Projected shortfall	2019/20 Period 5 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	201	0	0	149	49
Environment and Regeneration	3,218	2,258	791	90	1,163	45
Total	10,398	2,662	791	90	1,312	94

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
Appendix 8 -`	Debt report
Appendix 9 -	Establishment Control and Vacancy reporting (2 nd Quarter)

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 September 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-
3A. Corporate Services	9,495	10,585	9,295	(1,290)	(1,257)	(812)
3B. Children, Schools and Families	56,145	56,495	59,742	3,247	3,630	2,249
3C. Community and Housing	-	-	-	-	-	-
Adult Social Care	58,778	59,258	59,185	(73)	68	646
Libraries & Adult Education	2,771	2,694	2,706	12	19	20
Housing General Fund	2,207	2,141	2,427	286	340	256
3D. Public Health	(0)	0	86	86	86	0
3E. Environment & Regeneration	17,951	18,550	18,168	(381)	(633)	-1,211
NET SERVICE EXPENDITURE	147,345	149,723	151,609	1,886	2,253	1,148
3E. Corporate Items	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,404	8,930	526	527	(103)
Other Central items	(12,353)	(14,732)	(15,223)	(491)	0	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(5,390)	(5,355)	35	527	(926)
TOTAL GENERAL FUND	144,333	144,333	146,254	1,921	2,780	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	(86,678)	(86,678)	(86,678)	0	0	0
- 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)	1,921	1,921	2,780	(265)

Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	3,158	2,336	8,930	527	527	(103)
Impact of Capital on revenue budget	8,403	8,403	8,403	3,158	2,336	8,930	527	527	(103)
Investment Income	(759)	(759)	(759)	(380)	(404)	(900)	(141)	0	408
Pension Fund	3,346	3,346	3,346	0	0	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	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	2,486	2,486	1,122	0	0	1,122	0	0	(736)
Contingency	1,500	1,500	1,500		0	1,250	(250)	0	(1,500)
Single Status/Equal Pay	100	100	100		10	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Apprenticeship Levy	450	450	450	150	96	350	(100)	0	(235)
Revenues and miscellaneous	1,361	1,361	1,361		351	1,361	0	0	(432)
Contingencies and provisions	4,291	4,291	4,291	150	457	3,941	(350)	0	(2,447)
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
Income items	(1,367)	(1,367)	(1,367)	0	(6)	(1,367)	0	0	(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	47	47	(2)	47	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	(1,342)	(1,342)	(2,357)	(2,357)	(607)	(2,357)	0	0	2,445
Depreciation / Impairment	(19,008)	(19,008)	(19,008)	0	0	(19,008)	0	0	0
Central Items	(3,950)	(3,950)	(6,329)	571	1,776	(6,293)	36	527	(926)
Levies	938	938	938	511	511	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(3,012)	(5,391)	1,082	2,287	(5,355)	36	527	(926)

Pay and Price Inflation as at September 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 2.4% in September 2018, down from 2.7% in August 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.2% in September 2018, down from 2.4% in August 2018. The largest downward contribution came from food and non-alcoholic beverages where prices fell between August and September 2018 but rose between the same two months a year ago. Other large downward contributions came from transport, recreation and culture, and clothing. The fall was partially offset by increases to electricity and gas prices.

The RPI 12-month rate for September 2018 stood at 3.3%, down from 3.5% in August 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 31 October 2018, the MPC voted unanimously to maintain the 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 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 (October 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.8	2.7	2.4
RPI	2.9	3.8	3.3
LFS Unemployment Rate	3.8	4.3	4.1
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.0
RPI	2.6	4.2	3.0
LFS Unemployment Rate	3.6	4.8	4.2

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

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

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

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

Treasury Management: Outlook

At its meeting ending on 31 October 2018, the MPC voted unanimously to maintain the 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 its October meeting the MPC concluded that “the economic outlook will depend significantly on the nature of EU withdrawal, in particular the form of new trading arrangements, the smoothness of the transition to them and the responses of households, businesses and financial markets. The implications for the appropriate path of monetary policy will depend on the balance of the effects on demand, supply and the exchange rate. The MPC judges that the monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. At this meeting the MPC judged that the current stance of monetary policy remained appropriate. The Committee also judges that, were the economy to continue to develop broadly in line with the November Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. Any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent....”

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

	End Q.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												
Aug.'15													

Source: Bank of England Inflation Reports

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

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

1. global demand grows at above-potential rates
2. net trade and business investment continue to support UK activity, while consumption growth remains modest
3. demand growth outstrips subdued potential supply growth, and a margin of excess demand emerges, pushing up domestic cost growth
4. domestic inflationary pressures continue to build over the forecast period, while external cost pressures ease

Capital Budget Monitoring September 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Capital	12,203,041	12,304,330	(261,289)	39,269,480	38,907,041	(362,439)
Corporate Services	2,561,460	3,846,597	(1,445,137)	9,478,310	9,071,380	(406,930)
Customers, Policy and Improvements	4,305	250,000	(245,695)	1,899,010	1,482,747	(416,263)
Customer Contact Programme	4,305	250,000	(245,695)	1,899,010	1,482,747	(416,263)
Facilities Management Total	1,534,821	1,801,077	(266,256)	3,301,220	3,301,220	0
Works to other buildings	49,375	325,040	(275,665)	695,040	695,040	0
Civic Centre	146,007	311,287	(165,280)	568,430	568,430	0
Invest to Save schemes	1,339,439	1,164,750	174,689	2,037,750	2,037,750	0
Infrastructure & Transactions	797,334	1,596,970	(799,636)	2,319,530	2,328,863	9,333
Business Systems	58,544	208,970	(150,426)	164,240	173,573	9,333
Social Care IT System	48,000	50,000	(2,000)	150,000	150,000	0
Disaster recovery site	393,638	210,000	183,638	394,290	394,290	0
Planned Replacement Programme	297,152	1,128,000	(830,848)	1,611,000	1,611,000	0
Resources	0	132,050	(132,050)	132,050	132,050	0
ePayments System	0	91,050	(91,050)	32,050	32,050	0
Invoice Scanning SCIS/FIS	0	41,000	(41,000)	100,000	100,000	0
Corporate Items	65,000	66,500	(1,500)	526,500	526,500	0
Centrally Held Budgets	65,000	66,500	(1,500)	526,500	526,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Investments	160,000	0	0	1,300,000	1,300,000	0
Housing Company	160,000	0	0	1,300,000	1,300,000	0
Community and Housing	411,306	508,090	(96,784)	931,990	976,482	44,492
Adult Social Care	0	43,750	(43,750)	43,750	43,750	0
Telehealth	0	43,750	(43,750)	43,750	43,750	0
Housing	396,193	427,600	(31,407)	771,500	771,500	0
Disabled Facilities Grant	396,193	427,600	(31,407)	771,500	771,500	0
Libraries	15,113	36,740	(21,627)	116,740	161,232	44,492
Library Enhancement Works	7,113	16,740	(9,627)	16,740	21,232	4,492
Libraries IT	8,000	20,000	(12,000)	100,000	140,000	40,000

Capital Budget Monitoring September 2018

Appendix 5a

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Children Schools & Families	2,849,858	1,906,160	943,698	9,126,350	9,126,350	(0)
Primary Schools	320,507	791,330	(470,823)	836,050	836,050	0
Hollymount	55,166	0	55,166	59,850	59,850	0
Hatfeild	20,014	50,000	(29,986)	50,000	41,000	(9,000)
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(20,395)	50,980	(71,375)	50,980	50,980	0
Poplar	(8,371)	40,000	(48,371)	40,000	47,600	7,600
Wimbledon Park	20,730	23,500	(2,770)	23,500	22,700	(800)
Abbotsbury	(628)	0	(628)	0	0	0
Morden	8,622	74,380	(65,758)	74,380	76,380	2,000
Cranmer	49,912	72,000	(22,088)	66,000	55,000	(11,000)
Gorringe Park	28,051	60,000	(31,950)	40,000	40,000	0
Haslemere	3,023	50,000	(46,977)	50,000	52,300	2,300
Liberty	55,577	70,000	(14,423)	70,000	73,530	3,530
Links	(690)	0	(690)	0	0	0
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	8,396	99,240	(90,844)	99,240	121,240	22,000
Lonesome	264	55,000	(54,736)	55,000	58,000	3,000
Stanford	98,000	132,330	(34,330)	132,330	112,700	(19,630)
Unlocated Primary School Proj	0	0	0	10,870	10,870	0
Secondary School	1,359,477	428,210	931,267	5,193,090	5,193,090	(0)
Harris Academy Morden	0	0	0	104,000	104,000	0
Harris Academy Merton	307,970	173,130	134,840	444,090	444,090	0
St Mark's Academy	0	50,000	(50,000)	0	0	0
Raynes Park	0	0	0	574,000	574,000	0
Ricards Lodge	0	0	0	15,000	15,000	0
Rutlish	0	0	0	21,500	21,500	0
Harris Academy Wimbledon	1,051,507	205,080	846,427	4,034,500	4,034,500	(0)
SEN	989,438	837,660	151,778	2,387,980	2,387,980	0
Perseid	926,715	475,960	450,755	1,087,960	1,087,960	0
Cricket Green	60,351	223,770	(163,419)	1,200,000	1,200,000	0
Secondary School Autism Unit	0	30,000	(30,000)	0	0	0
Unlocated SEN	2,372	77,930	(75,558)	100,020	100,020	0
Melbury College - Smart Centre	0	30,000	(30,000)	0	0	0
CSF Schemes	180,435	(151,040)	331,475	709,230	709,230	0
Children's Social Care	3,735	58,310	(54,575)	58,310	58,310	0
Healthy Schools	0	0	0	188,630	188,630	0
School Equipment Loans	0	(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	176,700	0	176,700	353,390	353,390	0

Capital Budget Monitoring September 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Environment and Regeneration	6,380,417	6,043,483	336,935	19,732,830	19,732,830	(1)
Public Protection and Developm	219	0	219	229,970	229,970	0
CCTV Investment	219	0	219	229,970	229,970	0
Street Scene & Waste	7,861	368,130	(360,269)	5,947,120	5,947,120	0
Fleet Vehicles	0	291,900	(291,900)	502,900	502,900	0
Alley Gating Scheme	7,861	20,000	(12,139)	38,490	38,490	0
Smart Bin Leases - Street Scen	0	0	0	5,500	5,500	0
Waste SLWP	0	56,230	(56,230)	5,400,230	5,400,230	0
Sustainable Communities	6,372,337	5,675,353	696,984	13,555,740	13,555,740	(1)
Street Trees	0	0	0	57,690	57,690	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	1,096,799	1,624,790	(527,991)	4,594,150	4,594,150	0
Cycle Route Improvements	204,720	280,200	(75,480)	539,830	539,830	0
Mitcham Transport Improvements	24,759	266,680	(241,921)	278,000	278,000	0
Mitcham Area Regeneration	8,210	554,360	(546,150)	186,360	186,360	0
Wimbledon Area Regeneration	0	0	0	25,000	25,000	0
Borough Regeneration	219,505	208,820	10,685	560,050	560,050	0
Morden Leisure Centre	4,502,146	2,000,000	2,502,146	6,203,360	6,203,360	0
Sports Facilities	73,643	0	73,643	446,960	446,960	0
Parks	242,554	686,613	(444,058)	584,340	584,340	0
Mortuary Provision	0	53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - September 2018

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Planning and Public Protection	(1)	337,730			(199,730)	138,000	130,000	199,730	329,730	Reflects Projected Spending Pattern
Housing Company	(1)	1,500,000			(200,000)	1,300,000	22,125,020	200,000	22,325,020	Reflects Current Projected Spending Pattern
Children, Schools and Families	-									
Cricket Green expansion	(1)	1,350,000			(150,000)	1,200,000	4,001,730	150,000	4,151,730	Reflects the estimated programme post contract award
Healthy Schools	(1)	0		188,630		(188,630)	0		0	Funded by CSF Grant
Environment and Regeneration										
Highway Bridges and Structures	(1)	260,000			200,000	460,000	260,000	(200,000)	60,000	Re-profiled in accordance with projected spend
Polka Theatre	(1)	149,950				149,950	0	150,000	150,000	To achieve ongoing revenue savings
Bus Priority Scheme	(1)	150,000			(150,000)	0	0		0	Correction only £15k available rather than £300k on two separate schemes
Mitcham Town Centre	(1)	499,680		(10,680)	(425,000)	64,000	0	425,000	425,000	CIL scheme re-profiled
Crowded Places/Hostile Vehicle Mitigation		0		25,000		25,000	0		0	Funded by Network Rail Contribution
Wandle Project		216,590		460		217,050	0		0	Additional S106 Funding
Parks Investment		297,390		6,700		304,090	0		0	Additional S106 Funding
Pynes Park Stn Public Realm Imp		0		26,110		26,110	0		0	New Scheme funded by S106
Beddington Lane Cycle Route		366,000		(15,000)		351,000	0		0	TfL funding classified as revenue rather than capital
School Part Time Road Closure	(1)	0		74,000		74,000				TfL funded scheme
Total		5,127,340	0	295,220	(924,730)	4,120,570	26,516,750	924,730	27,441,480	

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	27,244	12,655	39,899
<u>Corporate Services</u>			
Planning and Public Protection System	(200)	0	(200)
Housing Company	(200)	0	(200)
<u>Children, Schools and Families</u>			
Cricket Green expansion	(150)	0	(150)
Cricket Green expansion	0	189	189
<u>Environment and Regeneration</u>			
Highway Bridges and Structures	200	0	200
Bus Priority Scheme	0	(150)	(150)
Mitcham Town Centre	(425)	(11)	(436)
Crowded Places/Hostile Vehicle Mitigation	0	25	25
Wandle Project	0	0	0
Parks Investment	7	0	7
Raynes Park Stn Public Realm Imp	26	0	26
Beddington Lane Cycle Route	0	(15)	(15)
School Part Time Road Closure	0	74	74
Proposed Capital Programme	26,503	12,767	39,269

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	46,517	4,319	50,837
<u>Corporate Services</u>			
Business Systems - Planning and Public Protection System	200	0	200
Housing Company	200	0	200
<u>Children, Schools and Families</u>			
Cricket Green expansion	150	0	150
<u>Environment and Regeneration</u>			
Highway Bridges and Structures	(200)	0	(200)
Polka Theatre	150	0	150
Mitcham Town Centre	425	0	425
Proposed Capital Programme	47,442	4,319	51,761

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/Under spend? 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	Achieved as at period 6	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	38	62	R	100	0	R	Richard Ellis	Defer balance of £62k to 2019.20	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	R	38	0	G	Steve Langley	Defer balance of £38k to 2019.20	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	0	50	R	50	0	G	Phil Howell	Work In progress.	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	100	0	A	Richard Ellis	Defer as requires Corporate approach	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis	Additional income from more efficient processes. £115k achieved to date	Y
Subtotal Adult Social Care		1,506	1,294	212		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	Work on demand and capacity is in progress. May be achieved through new income streams.	Y
Public Health											
CH75	Public Health: health related services in other budgets	600	582	18	A	582	(18)	A	Dagmar Zeuner	Further savings in non-statutory spend achieved	Y

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	1,968	230		2,180	(18)			Alternative savings of £200k have been identified and will be presented to Cabinet in due course.	

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
	<u>Schools</u>								
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	200	0	G	0	G	Jane McSherry		N
	<u>Commissioning, Strategy and Performance</u>								
CSF2015-04	Commissioning rationalisation	60	0	G	0	G	Leanne Wallder		N
	<u>Cross cutting</u>								
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
	<u>Children Social Care</u>								
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				

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 reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	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	22	22	R	44	0	G	Cathryn James	Implementation of saving delayed. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	Any increase in season tickets will form part of the extensive work currently underway, reviewing permit prices for all parking activities. Once complete, it is unlikely that any price increases will be implemented before April 2019. Shortfall will be mitigated by over-achievement in other revenue streams	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N

DEPARTMENT: ENVIRONMENT & 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	N
ENV18	Greenspaces: Increased income from events in parks	100	50	50	R	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	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	Alternative saving required	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	150	0	G	150	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV36	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
ENV37	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENV38	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENV39	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	Alternative saving required	Y
Total Environment and Regeneration Savings 2018/19		1,874	1,373	501		1,794	80				

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		Y
CS2015-11	Reduction in corporate grants budget	19	0	G	0	G	John Dimmer		Y
CSREP 2018-19 (7)	Translation - increase in income	10	0	A	0	A	Sean Cunniffe	The decision of existing customers to refer work elsewhere, within other organisations i.e. LB Sutton using RBK translation Services.	N
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
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 supp	10	0	A	0	G	Clive Cooke	At risk due to APR increases by some suppliers.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	0	A	0	G	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
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 other underspends in the team.	Y
CS2015-06	Delete auditor post and fees	50	0	G	0	G	Margaret Culleton		Y

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend?
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
	<u>Resources</u>								
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
	<u>Human Resources</u>								
CSREP 2018-19 (12)	Reduction in posts across the department	185	0	G	0	G	Kim Brown		Y
	<u>Corporate</u>								
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	475		375				

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
CSF2012-07	Children Social Care 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			

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18										APPENDIX 7	
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	R	0	G	0	G	Richard Ellis	To be met from staffing underspends	Y
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R	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	33	R	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
Housing Needs & Enabling											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	G	0	G	0	G	Steve Langley	Staffing plan agreed for implementation	Y
Total C & H Savings for 2017/18			201		0		0			The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&H	

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/Unders pend? Y/N
SUSTAINABLE COMMUNITIES														
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	214										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	82	0	G	82	0	G	82	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R34	Alternative delivery model of highway safety inspection service	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	25	0	G	James McGinlay	Contract renegotiated	N
E&R37	Introduction of Lane rental approach to Highways works to assist in reducing congestion.	50										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R41	Staff restructure	80										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
D&BC1	Fast track of householder planning applications	55	0	55	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	0	45	R	0	45	R	James McGinlay	Alternative saving required	Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices	10	0	10	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G	James McGinlay		N
ENV16	Further reductions in the highways maintenance contract costs following reprocurement. Part year effect in 17/18 due to contract start date mid year.	65										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV17	Reduction in reactive works budget	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV20	Increased income from building control services.	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	10	0	G	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	8	0	G	8	0	G	James McGinlay		N
SENIOR MANAGEMENT														
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	G	19	0	G	Chris Lee		N
PUBLIC PROTECTION														
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	125	0	G	Cathryn James		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	163	0	G	Cathryn James		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G	-1540	0	G	-1540	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff joined the RSP on 1st November 2017. This saving is linked to efficiencies associated with the current management restructure of the RSP.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	70	0	G	70	0	G	70	0	G	Cathryn James		N

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/Unders pend? Y/N
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	190	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y
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
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	G	70	0	G	70	0	G	Cathryn James	Review of back office staffing complement has achieved 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
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	G	10	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particulary from diesel engined motor vehicles	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	G	16	0	G	Cathryn James		N
PUBLIC SPACE														
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	5	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	10	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	G	16	0	G	Anita Cacchioli		N
E&R16	Joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,382	118	R	1500	0	A	Anita Cacchioli	Actual savings delivered are being monitored closely	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under Litter/ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	G	-3	0	G	Anita Cacchioli	The level of FPN issued and paid continue sto increase . Revenue income exceeds budget	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	G	59	0	G	Anita Cacchioli		Y
ENV12	Roles of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	70	0	A	Anita Cacchioli	Saving has been delayed but expected to be implemented in 2019/20	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
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	90	0	G	90	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	G	24	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	0	160	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
ENV26	Re-balancing of rounds	20	20	0	G	20	0	G	20	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	66	0	G	66	0	G	66	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	G	37	0	G	37	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	G	10	10	R	20	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	30	0	G	30	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	102	0	G	102	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	50	0	G	50	0	G	50	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
Total Environment and Regeneration Savings 2016/17		3,218	960	2,258		2,046	791		2,747	90				

Appendix 8

Subject: Miscellaneous Debt Update September 2018

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September 2018, is shown in column F of the table below.

1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 September 2018 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 18 arrears f	June 18 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	666,086	895,846	306,455	228,720	2,097,108	2,501,863	↓
Corporate Services	485,642	141,011	107,479	70,741	804,874	653,437	↑
Housing Benefits	547,074	809,015	952,096	2,400,197	4,708,381	4,754,665	↓
Children, Schools & Families	411,486	144,185	331,816	269,293	1,156,780	1,169,909	↓
Community & Housing	1,113,154	1,116,146	1,006,016	1,793,830	5,029,146	5,672,488	↓
Chief Executive's	0	0	0	0	-	0	↓
CHAS 2013	15,179	1,845	16,158	36,293	69,475	101,572	↓
Total	3,238,620	3,108,048	2,720,021	4,799,073	13,865,763	14,853,934	↓
Sep-17	5,450,519	2,100,528	2,533,659	3,612,689	13,697,395		
Variance Sept 17 to Sept 18	-2,211,899	1,007,520	186,362	1,186,384	168,368		↑

1.3 Since the position was last reported on 30 September 2018, the net level of arrears, i.e. invoices over 30 days old, has decreased by £988,171.

- 1.4 The new financial system (E5) was implemented on 6 February 2017 and there was an initial delay in raising new invoices. There was also a backlog of issuing invoices for Adult Social Care debt which was linked with the implementation of the new Social Care computer system (Mosaic). However, this backlog has now been addressed and invoicing was back on track in February 2018 as initially planned.
- 1.5 All departments debts have reduced since last reported in June except Corporate Services where the Legal Partnership debt had increased by £180,000 to £265,000. However, since the report was run and data extracted over £150,000 of this debt has been collected.
- 1.6 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

The process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

- 3.1 Adult Social Care Debt

- 3.2 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of this debt is £4.912 million, a reduction of £60,000 since last reported in June 2018.
- 3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.
- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at September 2018 compared to December 2016, June 2017, March 2018 and June 2018

Please note that debt at invoice stage is where the invoice is less than 30 days old so not included in table 1 above under Community and Housing.

Adult Social Care Debt	Dec 2016	% at stage	Jun 2017	% at stage	Mar-18	% at stage	Jun-18	% at stage	Sep-18	% at stage
Invoice stage	646,210	13%	1,129,190	11%	959,618	17%	360,575	7%	385,921	8%
Charge & Deferred Payment	635,671	13%	311,604	7%	258,470	5%	255,870	5%	47,673	1%
Payment arrangement	235,667	5%	273,316	6%	232,088	4%	178,224	4%	180,288	4%
Probate, DWP & Deputyship	771,456	15%	553,437	13%	491,306	9%	476,696	10%	468,353	9%
Court action	188,264	4%	184,781	3%	84,958	1%	84,598	2%	84,598	2%
Dept or service query	286,782	6%	90,530	2%	71,185	1%	25,097	1%	22,615	1%
No action secured	2,186,747	44%	1,380,647	58%	2,420,165	46%	2,271,872	45%	2,296,871	46%
J&P					920,885	17%	1,323,327	26%	1,426,309	29%
Total Debt	4,950,797		3,923,505		5,438,675		4,976,259		4,912,628	

- 3.7 There has been a reduction in the debt at Charge and deferred Payment Arrangement. This is mainly due to receiving payments of £93,000, £55,000 and £37,000 on cases where in the last quarter we have secured full payments. One of these was recovered by the specialist Adult Social Care debt collection company detailed below in 3.10.
- 3.8 Every four weeks the council raises approximately £490,000 in Adult Social Care invoices and of this collect £120,000 by direct debit.
- 3.9 This results in approximately £370,000 of debt needing to be collected each month (£1.1 million a quarter) for the level of outstanding debt to remain static.
- 3.10 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. In the first seven months they have received full payments on four cases totalling £128,000.
- 3.11 Housing Benefit Overpayments
- 3.12 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.19 million, which is a reduction of £200,000 since last reported at the end of June 2018.

- 3.13 The Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.14 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.
- 3.15 The Real Time information initiative continued throughout 2017/18 and will again run in 2018/19 under Verification of Earnings and Pension (VEP) initiative. The council receives notifications every week for cases where the DWP suggests we check earnings details using the real time information.
- 3.16 Since the start of the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month.
- 3.17 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.6 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit
- 3.18 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from September 2016 to September 2018 by quarter

Recovery Stage	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Mar-18	Jun-18	Sep-18
Invoice and Reminder stage	624,877	874,548	723,613	284,713	379,477	340,008	312,186	347,861
On-going recovery	3,048,093	3,032,558	2,928,992	3,363,611	3,354,237	3,032,656	2,775,552	2,618,115
Payment Arrangements	2,134,893	2,220,007	2,314,257	2,353,352	2,511,028	2,647,525	2,826,435	3,012,437
No Arrangements secured	2,544,392	2,162,070	2,113,587	2,665,410	2,387,794	2,427,693	2,384,329	2,216,787
Total HB Debt	8,352,255	8,289,183	8,080,449	8,667,086	8,632,536	8,447,882	8,298,502	8,195,200

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

3.20 We commenced another new DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for an additional 290 attachment to earnings. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

3.21 Debt Written Off

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

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

	2014/15	2015/16	2016/17	2017/18	2018/19				2018/19
	Total	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type									
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£0	£124,754			£124,754
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£512,379	£110,922	£173,825			£284,747
Council Tax	£526,881	£951,280	£623,486	£804,987	£0	£226,884			£226,884
Business Rates	£790,373	£659,514	£567,908	£378,155	£0	£0			£0
Total	£2,715,085	£2,702,565	£1,838,199	£2,138,838	£110,922	£525,463	£0	£0	£636,385

3.23 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2016/17 £2.017 million of business rates debt was written off and £1.071 million related to businesses that went into liquidation. In 2017/18 £378,155 was written off of which £205,000 related to businesses that went into liquidation.

3.24 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2017/18 the council was collecting a net debt of £107.1 million in council tax (this includes the GLA portion), a net debt of £93.1 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.

3.25 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9% collected. This data is based at 31 December 2016 prior to the implementation of E5.

4.2 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the draft 2017/18 account for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.441m for Accounts Receivable (including former ASH) miscellaneous debt and £6.504m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.945m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.
- 5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2017	At 31/03/2018
	£000's	£000's
Env & Regeneration	294	607
Corporate Services	221	171
Housing Benefits	6,947	6,504
Children, Schools & Families	296	413
Community & Housing	2,148	2,250
Total	9,906	9,945

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2018 is detailed in the table below.

Total debt outstanding as at 30 September 2018 and compared with previous periods over the past 18 months

	Mar-17	Jun-17	Sep-17	Mar 18	Jun-18	Sep-18
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	7,067,219	12,454,666	17,256,834	15,778,776	14,758,378	13,492,395
Housing Benefit debt	8,080,449	8,667,087	8,632,539	8,447,884	8,298,503	8,195,200
Parking Services	3,526,192	4,451,650	4,692,186	4,876,618	4,398,706	4,352,661
Council Tax Note 2	3,866,556	6,940,774	6,262,466	7,601,390	7,340,722	6,587,840
Business Rates Note 3	654,794	2,558,946	2,160,057	2,857,363	2,806,594	2,099,948
Total	23,195,210	35,073,123	39,004,082	39,562,031	37,602,903	34,728,044

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

Note 2 Council tax debt now includes unpaid council tax for 2017/18 in March 18 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2017/18 in March 18 figure hence the increase.

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

- 6.1 The overall debt outstanding has reduced by £2,874,859 since last reported at the end of June 2018.
- 6.2 The overall level of debt has reduced by £4.27 million since September 2017. Just over £3.7 million of this reduction is related to sundry debt.
- 6.3 Included in the £13.4 million sundry debt outstanding is £4.3 million of invoices that are less than 30 days old.

6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – 30 September 2018

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	1,556,748	13,141	118
3-6 months	755,231	4,632	163
6-9 months	550,444	3,198	172
9-12 months	482,768	2,699	178
12-15 months	476,768	2,667	178
Older than 15 months	530,702	3,223	164
Total September 2018	4,352,661	29,560	147

Total June 2018 **£4,398,706** **29,325**

Increase/-decrease **-£46,045** **-235**

APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

Committee: Financial monitoring scrutiny task group

Date: 13 November 2018

Agenda item:

Wards:

Subject: Establishment Control and Vacancy reporting (2nd Quarter)

Lead officer: Kim Brown – interim HR lead

Lead member: Councillor Mark Allison

Contact officer: Kim Brown ext 3152

Recommendations:

A. To note the contents of this report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The last report to this committee reported data as at Q4 2017/18 - 31 March 2018 and as at Q1 2018/19 – 30 June 2018.
- 1.2. This report provides data as at 2nd quarter 2018/19 (data as at 30 September 2018). Subject to timing of committee dates updates are provided quarterly, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 1.3. The data reflects further work to align iTrent agency workers and interims with the established posts they are covering.
- 1.4. A mechanism is in place to convert agency workers to Employees, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency on an interim basis and then offered direct employment with no competitive selection.

2 DETAILS

- 2.1. Appendix A shows the positions as at 30 September 2018. The appendices show vacancies not filled by direct employees, and vacancies not filled by either a direct employee or an agency worker/consultant. The size of establishment is measured in terms of authorised Full Time Equivalents, rather than numbers of posts, and therefore the appendix totals FTEs for budgeted posts, employees, agency workers and vacancies.
- 2.2. As requested at the last meeting, the summary now also shows the figures for the previous quarters in the financial year.

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

3 ALTERNATIVE OPTIONS

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

4 CONSULTATION UNDERTAKEN OR PROPOSED

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

5 TIMETABLE

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

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

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

7 LEGAL AND STATUTORY IMPLICATIONS

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

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

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

9 CRIME AND DISORDER IMPLICATIONS

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

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

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

12 BACKGROUND PAPERS

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

OVERALL SUMMARY

APPENDIX B VACANCY DATA FOR MERTON - as at 30th September 2018

As at 30th September 2018

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	19.35	522.76	433.98	88.78	56.69	32.09
Children Schools and Families	526.03	37.12	567.65	459.43	108.22	65.20	43.02
Community and Housing	421.38	4.71	426.09	340.64	85.45	28.60	56.85
Environment and Regeneration	306.31	139.24	445.55	329.88	115.67	54.60	61.07
Total	1757.13	200.42	1962.05	1563.93	398.12	205.09	193.03

As at 30th June 2018

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	18.63	522.04	427.73	94.31	59.29	35.02
Children Schools and Families	526.03	37.06	563.09	457.95	105.14	67.40	37.74
Community and Housing	421.38	-1.39	419.99	343.01	76.98	23.60	53.38
Environment and Regeneration	306.31	131.74	438.05	330.73	107.32	56.17	51.15
Total	1757.13	186.04	1943.17	1559.42	383.75	206.46	177.29

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Chief Exec - Management		2	0.00	2.00	2.00	0.00	0.00	0.00
Chief Exec - Management Total		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Corporate Governance								
Democracy Services		13.20	0.50	13.70	13.64	0.06	0.00	0.06
Electoral Services		5.50	1.00	6.50	4.50	2.00	0.00	2.00
Information		10.13	0.60	10.73	11.44	-0.71	1.00	-1.71
South London Legal Partnership		113.59	-2.83	110.76	83.59	27.17	24.09	3.08
Management		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Corporate Governance Total		143.42	-0.73	142.69	114.17	28.52	25.09	3.43
Customers, Policy and Improvement								
Communications		4.00	2.00	6.00	2.80	3.20	2.00	1.20
	Community Engagement	2.00	0.00	2.00	1.50	0.50	0.00	0.50
Continuous Improvement		4.00	0.00	4.00	4.00	0.00	0.00	0.00
Customer Contact	Reception - Contact Centre & Cash Office	19.08	-0.05	19.03	17.29	1.74	4.60	-2.86
	Registrars	10.30	0.00	10.30	5.20	5.10	0.00	5.10
	Translation	2.00	0.00	2.00	1.60	0.40	0.00	0.40
	Web Team	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Management	1.00	1.00	2.00	2.00	0.00	0.00	0.00
Customer Contact Programme		4.00	0.00	4.00	0.00	4.00	1.00	3.00
Policy Strategy & Partnerships		4.60	0.00	4.60	4.60	0.00	0.00	0.00
Management		2.00	1.00	3.00	2.71	0.29	0.00	0.29
Business Improvement (Corporate Services) Total		54.98	3.95	58.93	43.70	15.23	7.60	7.63
Executive								
Executive Assistant		1	0.00	1.00	1.00	0.00	0.00	0.00
Executive Total		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Human Resources								
Human Resources	Advice and Consultancy	11.00	-2.50	8.50	6.61	1.89	0.00	1.89
	HR Processing and Report	6.00	1.00	7.00	5.80	1.20	0.00	1.20
	Organisational Development & HR Strategy	11.00	5.00	16.00	13.67	2.33	1.00	1.33
	Staff Side - Merton	2.50	1.04	3.54	3.14	0.40	0.00	0.40
	Management	1.00	0.00	1.00	0.00	1.00	0.00	1.00
HR Total		31.50	4.54	36.04	29.22	6.82	1.00	5.82
Infrastructure & Technology								
Business Systems Team		27.20	3.00	30.20	23.20	7.00	6.00	1.00
Client Financial Affairs Team		6.00	0.00	6.00	4.80	1.20	1.00	0.20
Commercial Services		9.00	0.00	9.00	8.00	1.00	0.00	1.00
Facilities Management	Compliance and Maintenance	9.00	0.00	9.00	7.66	1.34	1.00	0.34
	Energy and Sustainability	3.00	0.00	3.00	3.00	0.00	0.00	0.00
	Facilities	5.46	0.14	5.60	4.60	1.00	2.00	-1.00
	Major Projects	3.00	0.00	3.00	0.00	3.00	2.00	1.00
	Post & Print	12.43	0.00	12.43	10.57	1.86	0.00	1.86
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
IT Service Delivery	Business Development and Projects	3.00	0.00	3.00	3.00	0.00	0.00	0.00
	IT Customer Support & Services	10.00	2.60	12.60	10.60	2.00	0.00	2.00
	IT Operations	12.00	2.00	14.00	9.00	5.00	3.00	2.00
	Management	3.00	0.00	3.00	3.00	0.00	0.00	0.00
Safety Services		5.00	-1.00	4.00	4.00	0.00	0.00	0.00
Transactional Services	Trans Services (Accounts)	8.00	0.00	8.00	8.00	0.00	0.00	0.00
	Trans Services (Care First)	2.60	0.00	2.60	2.60	0.00	0.00	0.00
	Vendor Maintenance Officer	1.71	0.00	1.71	1.71	0.00	0.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Management		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Infrastructure & Technology Total		124.40	6.74	131.14	107.74	23.40	15.00	8.40
Resources								
Accountancy	Budget Team	14.08	0.92	15.00	11.00	4.00	3.00	1.00
	Corporate Accountancy	7.50	0.50	8.00	8.00	0.00	1.00	-1.00
	Service Financial Adviser CSF	4.50	0.00	4.50	4.43	0.07	0.00	0.07
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Business Planning		10.00	0.00	10.00	8.00	2.00	2.00	0.00
Revenues and Benefits	Bailiffs	16.60	0.00	16.60	18.60	-2.00	0.00	-2.00
	Council Tax Incl R&B	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Council Tax Incl R&B Team 2	23.27	-0.57	22.70	21.39	1.31	0.00	1.31
	HB Support	11.00	-1.00	10.00	9.80	0.20	0.00	0.20
	Housing Benefits Incl Appeals	36.86	3.00	39.86	34.13	5.73	0.00	5.73
	Income Collection C Tax Recovery	11.80	0.00	11.80	10.80	1.00	0.00	1.00
	Management & Support	1.00	1.00	2.00	2.00	0.00	0.00	0.00
Treasury & Insurance		4.50	1.00	5.50	3.00	2.50	2.00	0.50
Management	Management	2.00	0.00	2.00	2.00	0.00	0.00	0.00
Resources Total		145.11	4.85	149.96	135.15	14.81	8.00	6.81
Management								
Management		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Management Total		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Grand Total		503.41	19.35	522.76	433.98	88.78	56.69	32.09

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Children's Social Care & Youth Inclusion								
Access to Resources	Children with Disability Social Work Team	10.00	1.00	11.00	8.00	3.00	2.00	1.00
	Family Support Centre Bond Road	20.40	-1.00	19.40	16.30	3.10	3.00	0.10
	Fostering Team	6.60	-1.00	5.60	5.00	0.60	0.00	0.60
		12.10	2.00	14.10	10.10	4.00	2.00	2.00
Adolescent and Family Serv	Support Team	4.00	0.00	4.00	2.80	1.20	0.00	1.20
	Tackling Exploitation Team	3.00	0.00	3.00	3.00	0.00	0.00	0.00
	Transforming Families Team	11.00	2.24	13.24	10.60	2.64	3.00	-0.36
	Youth Justive Team (Risk and Court)	7.00	-2.00	5.00	5.40	-0.40	0.00	-0.40
	Youth Justice Team (Safeguarding and Part)	6.60	0.00	6.60	5.60	1.00	0.00	1.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Children's Social Care Busin	Finance Team - Children's Social Care			3.50	0.00	3.50	1.00	2.50
				1.00	0.00	1.00	0.00	1.00
MASH & Child Protection S	First Response Team 1	5.00	0.00	5.00	3.00	2.00	1.00	1.00
	First Response Team 2	5.00	1.00	6.00	3.00	3.00	3.00	0.00
	First Response Team 3	5.00	0.00	5.00	5.00	0.00	2.00	-2.00
	First Response Team 4	2.00	0.00	2.00	4.00	-2.00	0.00	-2.00
	MASH	7.60	0.00	7.60	3.60	4.00	4.00	0.00
	Support Team	8.00	0.00	8.00	3.00	5.00	4.00	1.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Permanency, Looked after	14+ Looked After & Leaving Care	15.91	2.38	18.29	15.06	3.23	0.00	3.23
	Adoption Team	7.90	0.00	7.90	6.50	1.40	1.00	0.40
	Permanency	6.10	-0.10	6.00	6.10	-0.10	0.00	-0.10
	Quality Assurance & Panel	1.00	0.00	1.00	0.80	0.20	0.00	0.20
	Support Team	8.48	0.03	8.51	8.50	0.01	0.00	0.01
	Management	2.00	0.00	2.00	1.00	1.00	0.00	1.00
Quality Assurance and Prac	Support Team	7.60	0.00	7.60	4.00	3.60	4.00	-0.40
		13.60	0.10	13.70	13.21	0.49	2.00	-1.51
Safeguarding and Planning	Safeguarding and Care Planning Team 1	5.00	1.00	6.00	2.00	4.00	4.00	0.00
	Safeguarding and Care Planning Team 2	5.00	2.00	7.00	5.00	2.00	1.00	1.00
	Safeguarding and Care Planning Team 3	6.00	0.00	6.00	3.00	3.00	3.00	0.00
	Safeguarding and Care Planning Team 4	6.00	0.00	6.00	6.00	0.00	1.00	-1.00
	Safeguarding and Care Planning Team 5	5.00	1.00	6.00	6.80	-0.80	0.00	-0.80
	Support Team	7.00	0.00	7.00	5.20	1.80	1.00	0.80
	Vulnerable Children Team	7.60	0.00	7.60	7.00	0.60	0.00	0.60
	Management	2.00	1.00	3.00	2.00	1.00	0.00	1.00
Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00	
Children's Social Care & Youth Inclusion Total		222.49	9.65	236.64	183.57	53.07	42.00	11.07
Education Division								
Contracts and School Organ	Capital	2.00	0.00	2.00	1.00	1.00	0.00	1.00
	Contracts Management	6.00	0.00	6.00	6.00	0.00	0.00	0.00
	Schools Admissions	5.86	-0.86	5.00	5.00	0.00	0.00	0.00
		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Early Years Childcare and C	Brightwell Team	13.04	1.72	14.76	12.89	1.87	1.00	0.87
	Business, Finance and Resources	3.00	1.11	4.11	2.71	1.40	1.00	0.40
	Children's Centres	31.00	0.00	31.00	26.40	4.60	3.00	1.60
	Continuous Improvement, Inclusion, Portag	56.24	2.68	58.92	46.60	12.32	1.00	11.32
	Early Years 0-5s Supporting Families	15.06	-0.06	15.00	15.00	0.00	1.00	-1.00
	Funded Places, Sufficiency and Information	5.50	1.00	6.50	4.50	2.00	2.00	0.00
	Systems and Service Development	4.00	0.00	4.00	3.00	1.00	1.00	0.00
	Management	1.69	0.00	1.69	1.91	-0.22	0.00	-0.22
Education Inclusion	Education Welfare Service	9.83	0.52	10.35	9.41	0.94	2.20	-1.26
	Learning Behaviour & Language Team	14.53	2.50	17.03	15.63	1.40	1.00	0.40
	Merton Advice and Support	1.00	1.00	2.00	1.00	1.00	0.00	1.00
	MIASS		1.00	1.00	1.00	0.00	0.00	0.00
	My Futures Team	10.60	-1.60	9.00	5.80	3.20	2.00	1.20
	Participation	2.00	0.69	2.69	2.00	0.69	0.00	0.69
	Virtual Behaviour Service (Youth Inclusion)	10.17	0.53	10.70	9.80	0.90	0.00	0.90
	Youth Service	12.27	0.84	13.11	10.01	3.10	0.00	3.10
	Management	1.00	2.00	3.00	2.00	1.00	1.00	0.00
Merton School Improve	Education Support Team	1.50	0.10	1.60	1.60	0.00	0.00	0.00
	Equality & Diversity	2.83	1.56	4.39	3.89	0.50	0.00	0.50
	Governance Team	2.79	0.21	3.00	3.00	0.00	0.00	0.00
	Schools ICT Support Management	5.84	0.76	6.60	5.00	1.60	0.00	1.60
	Strategic School Improvement	6.20	0.00	6.20	6.20	0.00	0.00	0.00
	Virtual Team	5.87	0.00	5.87	5.97	-0.10	0.00	-0.10
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Policy, Planning & Perform	Business Support Team (CSPD)	3.00	1.00	4.00	2.00	2.00	1.00	1.00
	MCSB	3.00	-0.40	2.60	2.60	0.00	0.00	0.00
	Research & Information	6.66	0.00	6.66	3.36	3.30	1.00	2.30
		1.36	2.00	3.36	2.36	1.00	1.00	0.00
SEN & Inclusion Service	0-25 SEND Intervention Team	3.33	2.67	6.00	4.00	2.00	0.00	2.00
	Assesment, Planning and Resource Team	9.00	3.53	12.53	8.20	4.33	3.00	1.33
	Educational Psychology Service	15.85	2.13	17.98	16.06	1.92	0.00	1.92
	SEN Team	13.47	0.99	14.46	12.46	2.00	1.00	1.00
	Sensory Impairment Service	5.61	-0.55	5.06	4.70	0.36	0.00	0.36
	Short Breaks Team	3.00	0.00	3.00	3.00	0.00	0.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Education Division Total		298.10	27.07	325.17	270.06	55.11	23.20	31.91
Joint Commissioning & Partnerships								
Joint Commissioning & Partnerships		3.44	0.40	3.84	3.80	0.04	0.00	0.04
Commissioning, Strategy And Performance Division Total		3.44	0.40	3.84	3.80	0.04	0.00	0.04
Management & Exec Assistant								
Management & Exec Assistant		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Management & Exec Assistant total		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Grand Total		526.03	37.12	567.65	459.43	108.22	65.20	43.02

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Adult Social Care								
Adult Social Care	Long Term Services	38.38	1.51	39.89	34.30	5.59	6.00	-0.41
	Mental Health Team	41.18	-14.95	26.23	18.51	7.72	5.00	2.72
	Operations and Commissioning	27.81	4.00	31.81	24.27	7.54	3.00	4.54
	Prevention and Recovery	72.96	13.37	86.33	66.44	19.89	7.00	12.89
	Safeguarding Team	5.00	0.60	5.60	5.60	0.00	1.00	-1.00
	Management	4.00	0.00	4.00	3.00	1.00	0.00	1.00
Adult Social Care Total		189.33	4.53	193.86	152.12	41.74	22.00	19.74
Housing Services								
Housing Needs	Advice & Options	1.50	12.00	13.50	11.50	2.00	1.00	1.00
	Development	6.00	-1.00	5.00	4.00	1.00	0.00	1.00
	Environmental Health (Housing) Team	5.03	0.00	5.03	3.80	1.23	0.00	1.23
	Housing Strategy	0.00	1.00	1.00	1.00	0.00	0.00	0.00
	Management	12.50	-7.50	5.00	3.00	2.00	0.00	2.00
Housing Services Total		25.03	4.50	29.53	23.30	6.23	1.00	5.23
Libraries, Heritage and Adult Education Service								
Library Service	Heritage Centre	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Mitcham Library	3.80	0.00	3.80	3.80	0.00	1.00	-1.00
	Morden Library	5.46	0.00	5.46	5.46	0.00	0.00	0.00
	Pollards Hill & Colliers Wood Library	3.57	0.00	3.57	3.57	0.00	0.00	0.00
	Raynes Park & West Barnes Library	3.27	0.01	3.28	3.27	0.01	0.00	0.01
	Resources Team	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Service Development	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Wimbledon Library	7.45	-0.02	7.43	7.44	-0.01	0.00	-0.01
Adult Learning		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Management		3.75	-0.15	3.60	3.80	-0.20	1.00	-1.20
Management		0.80	0.20	1.00	1.00	0.00	0.00	0.00
Libraries, Heritage and Adult Education Service Total		35.10	0.04	35.14	35.34	-0.20	2.00	-2.20
Provider Services								
All Saints/High Path Day Centre	All Saints	9.50	-0.50	9.00	8.80	0.20	0.00	0.20
	High Path	8.70	-0.99	7.71	6.51	1.20	0.00	1.20
			1.00	1.00	1.00	0.00	0.00	0.00
Jan Malinowski/Eastways Centre	Eastways Day Centre	8.12	-0.48	7.64	7.50	0.14	0.00	0.14
	Jan Malinowski Centre	30.13	-0.92	29.21	25.15	4.06	0.00	4.06
			1.00	1.00	1.00	0.00	0.00	0.00
Supported Living/Mascot/Glebelands	Glebelands	9.97	1.00	10.97	6.60	4.37	0.00	4.37
	Mascot	19.27	3.40	22.67	14.06	8.61	0.00	8.61
	Support Living Services	27.76	-0.16	27.60	14.71	12.89	0.00	12.89
			1.00	1.00	1.00	0.00	0.00	0.00
Meadowsweet/Riverside	Meadowsweet	11.20	-3.16	8.04	8.12	-0.08	0.00	-0.08
	Riverside Drive	15.15	0.51	15.66	14.66	1.00	0.00	1.00
			1.00	1.00	1.00	0.00	0.00	0.00
Merton Employment Team		3.00	-0.40	2.60	2.31	0.29	0.00	0.29
Service Provision Business Support		3.00	0.00	3.00	1.60	1.40	1.00	0.40
Provider Services	Management		1.00	1.00	1.00	0.00	0.00	0.00
Provider Services Total		145.80	3.30	149.10	115.02	34.08	1.00	33.08
Public Health Team								
Public Health Team		18.66	-4.20	14.46	11.86	2.60	1.60	1.00
Public Health Team Total		18.66	-4.20	14.46	11.86	2.60	1.60	1.00
Management								
Management		7.46	-3.46	4.00	3.00	1.00	1.00	0.00
Management Total		7.46	-3.46	4.00	3.00	1.00	1.00	0.00
Grand Total Community & Housing		421.38	4.71	426.09	340.64	85.45	28.60	56.85

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Public Protection								
Parking & CCTV Services	Parking Services	84.57	6.83	91.40	71.34	20.06	8.00	12.06
Regulatory Services Partner	Administration and Finance	3.00	0.00	3.00	2.00	1.00	1.00	0.00
	Environmental Health (Commercial)	9.98	0.50	10.48	6.40	4.08	3.00	1.08
	Environmental Health (Pollution)	8.50	1.50	10.00	7.44	2.56	4.00	-1.44
	Licensing	8.18	1.82	10.00	4.73	5.27	3.60	1.67
	Trading Standards	10.09	0.01	10.10	8.09	2.01	0.00	2.01
	Wandsworth Regulatory Services Team Management	0.00	70.57	70.57	57.17	13.40	5.00	8.40
Safer Merton	CCTV		9.00	9.00	8.00	1.00	0.00	1.00
		7.49	1.37	8.86	8.49	0.37	0.00	0.37
Management	Management	1.40	0.00	1.40	0.40	1.00	1.00	0.00
Public Protection total		134.21	91.60	225.81	175.06	50.75	25.60	25.15
Public Realm Contracting and Commissioning								
Leisure & Culture Develop	Leisure Support Services	3.80	-1.00	2.80	2.80	0.00	0.00	0.00
	Wimbledon Park Watersports Centre	3.00	4.00	7.00	6.00	1.00	0.00	1.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Leisure & Culture Greensp	Arboricultural	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Events	1.00	0.40	1.40	0.00	1.40	0.00	1.40
	Greenspaces Development	4.70	1.60	6.30	6.10	0.20	0.00	0.20
	Mitcham Common	0.00	2.00	2.00	2.00	0.00	0.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Strategic Partnership Team		2.00	-1.00	1.00	1.00	0.00	0.00	0.00
Waste Engagement & Info	Community Waste Partnerships	2.00	0.00	2.00	1.86	0.14	0.00	0.14
	Enforcement and Inspection	2.00	4.00	6.00	4.40	1.60	0.00	1.60
		1.00	0.00	1.00	0.60	0.40	0.00	0.40
Waste Services	Finance & Administration Support	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Finance and Performance	1.50	1.50	3.00	1.96	1.04	1.00	0.04
	Service Development & Strategy	2.69	2.00	4.69	2.29	2.40	0.00	2.40
	Training and Road Safety	1.00	0.00	1.00	0.50	0.50	0.00	0.50
	Transport and Operations	42.84	4.09	46.93	40.51	6.42	0.00	6.42
	Management	2.00	0.00	2.00	2.00	0.00	0.00	0.00
Management		4.40	2.60	7.00	3.71	3.29	2.00	1.29
Public Realm Contracting and Commissioning		79.93	20.19	100.12	81.73	18.39	3.00	15.39
Sustainable Communities								
Business Performance (Sustainable Communities)	Business Performance	1.00	0.57	1.57	1.00	0.57	0.00	0.57
Development Control	Admin & Finance	5.00	1.00	6.00	5.00	1.00	2.00	-1.00
	Building Control	11.61	0.00	11.61	3.00	8.61	2.00	6.61
	Enforcement	3.50	2.00	5.50	3.50	2.00	0.00	2.00
	Planning Mitcham & Morden	5.50	5.50	11.00	7.20	3.80	3.00	0.80
	Planning Wimbledon	6.00	0.00	6.00	4.00	2.00	1.00	1.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
futureMerton	Commissioning	7.44	8.60	16.04	5.43	10.61	7.00	3.61
	Economy	3.46	2.54	6.00	4.46	1.54	0.00	1.54
	Infrastructure	25.06	5.24	30.30	21.30	9.00	7.00	2.00
	Programming	13.00	1.00	14.00	8.60	5.40	4.00	1.40
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Property Management	Estates (Property Management)	3.00	0.00	3.00	2.00	1.00	0.00	1.00
	Finance & Admin (Property Management)	1.60	0.00	1.60	1.00	0.60	0.00	0.60
	Management -	0.00	1.00	1.00	1.00	0.00	0.00	0.00
Management	Management	2.00	0.00	2.00	1.60	0.40	0.00	0.40
Sustainable Communities Total		90.17	27.45	117.62	71.09	46.53	26.00	20.53
Management								
Management		2	0.00	2.00	2.00	0.00	0.00	0.00
Management Total		2	0	2.00	2.00	0.00	0.00	0.00
Grand Total		306.31	139.24	445.55	329.88	115.67	54.60	61.07

Work programme, November 2018

13 November 2018

Quarter 2 financial monitoring report

Briefing report on budget forecasting

Briefing report on financial risk management

25 February 2019

Quarter 3 financial monitoring report

Veolia - deep dive into financial aspects of the contract
Idverde - deep dive into financial aspects of the contract

4 April 2019

Merantun - progress update and deepdive on the financial modelling

Report on contingency funds and reserves

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