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Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Laxmi Attawar
Kelly Braund
Tobin Byers
Caroline Cooper-Marbiah
Edith Macauley MBE
Eleanor Stringer
Martin Whelton

Date: Monday 11 November 2019

Time: 7.15 pm

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

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

Cabinet Agenda

11 November 2019

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2	Declarations of pecuniary interest	
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11	Exclusion of the public To RESOLVE that the public are excluded from the meeting during consideration of the following reports on the grounds that they are exempt from disclosure for the reasons stated in the reports.	
12	Bus Shelter, Street Furniture and Associated Advertising Concession Contract - Appendices	143 - 154
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Note on declarations of interest

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

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Agenda Item 3

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CABINET

14 OCTOBER 2019

(7.15 pm - 7.57 pm)

PRESENT: Councillors Stephen Alambritis (in the Chair), Mark Allison, Laxmi Attawar, Kelly Braund, Tobin Byers, Caroline Cooper-Marbiah, Edith Macauley MBE, Eleanor Stringer and Martin Whelton

ALSO PRESENT: Councillor Nick McLean (Leader of the Conservative Group) and Peter Southgate (Leader of the Merton Park Ward Independent Residents Group)

Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Rachael Wardell (Director, Children, Schools & Families Department), Zara Bishop (Communications Manager), Richard Ellis (Head of Adult Commissioning), Roger Kershaw (Assistant Director of Resources), James McGinlay (Assistant Director for Sustainable Communities) and Fiona Thomsen (Head of shared legal services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for lateness were received from the Cabinet Member for Regeneration, Housing and Transport.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE MEETINGS HELD ON 10 AND 19 SEPTEMBER 2019 (Agenda Item 3)

RESOLVED: That the minutes of the meetings held on 10 and 19 September 2019 were agreed as an accurate record.

4 REFERENCE FROM THE SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL – WASTE, RECYCLING AND STREET CLEANING (Agenda Item 4)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report and thanked the Chair and Members of the Sustainable Communities Overview and Scrutiny Panel for their discussion on the issues. He highlighted the main points made by the Panel for the Cabinet's consideration and advised that the Council would need to continue to engage and work with partners such as housing associations as the Council and Veolia could not address the issues raised alone. A

short update report would be brought to the next meeting of Sustainable Communities Overview and Scrutiny Panel. The Director of Environment and Regeneration confirmed that work on all recommendations was underway and the Scrutiny Panel would receive an update on progress.

The Chair thanked the Scrutiny Panel and the officers for their work and it was

RESOLVED:

That the reference of the Sustainable Communities Overview and Scrutiny Panel set out in paragraphs 2.7 to 2.18 of the Cabinet report, be taken into account when making decisions on the waste, recycling and street cleaning contract.

The Chair advised that the order of the agenda would be altered to take item 6 before item 5, to allow the Cabinet Member for Regeneration, Housing and Transport to present his items when he arrived. For ease of reference, the minutes are listed below as they appear in the agenda.

5 ROAD SAFETY TASK GROUP - OFFICER RESPONSE (Agenda Item 5)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out a response to the recommendations made by the Road Safety Task Group. He thanked all those involved in the Task Group and highlighted the work currently being done by schools in the Borough in improving road safety around the schools. Much of the work was already undertaken either by the schools or the Council working in partnership with schools and TfL. The Cabinet Member advised that recommendation 16 would need to be undertaken by the schools to consult on any proposal and agree an approach to staggered start times.

The Cabinet Member for School and Adult Education welcomed the report and the recommendations. She advised that recommendation 7, relating to the employment of a school crossing patrol, was not something which the schools were able to do directly.

The Director of Environment and Regeneration advised that evidence showed that road safety around schools Merton was already very good, and the recommendations set out in the report would build on current good practice.

RESOLVED:

That the executive response to the recommendations of the Road Safety Task Group as set out in paragraph 3.4 of the Cabinet report be agreed.

6 COMMUNITY SERVICE MARKET ENGAGEMENT (Agenda Item 6)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report which set out proposals for an engagement exercise with potential providers of community health and care services. It would be a joint exercise with the Merton and Wandsworth Clinical Commissioning Group and the CCG would be the

lead commissioner for the project. The current jointly commissioned contract was due to end in March 2021 and the opportunity was being explored to commission integrated community services which would provide an opportunity to be ambitious and shift the focus to a preventative personalised approach; and support the further integration of health, social care and voluntary services.

RESOLVED

That the commencement of a market engagement exercise in November for integrated community health and care services be approved.

7 STATEMENT OF COMMUNITY INVOLVEMENT (Agenda Item 7)

The Cabinet Member for Regeneration, Housing and Transport presented the report and placed on record his thanks to the Borough Plan Advisory Committee for their work on the Statement of Community Involvement, which set out a draft statement for involving the community in the development of planning policy documents and planning applications. It was recognised that communications methods have changed since 2006, with the growth in use of the internet and social media; and the ability to respond to consultations online.

RESOLVED

1. That, following the recommendations of the Borough Plan Advisory Committee on 12th September 2019, Merton's Statement of Community Involvement 2006 be revised.
2. That a six week consultation on the new Statement of Community Involvement, to run for six weeks in winter 2019/20 be approved.
3. That approval for the final consultation documents be delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Housing and Transport.

8 MERTON PLAYING PITCH STRATEGY (2019) (Agenda Item 8)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out a draft strategy for current and future provision of playing pitches in Merton and would form part of the evidence base for the Council's new Local Development Plan. The Cabinet Member again placed on record his thanks to the Borough Plan Advisory Committee for looking at the strategy and considering the timetable.

The Cabinet Member for Commerce, Leisure and Culture thanked all those involved for their work on the report. She welcomed the opportunity to work in partnership with bodies such as Sport England and the ability to provide open space for residents.

RESOLVED:

That Merton's Playing Pitch Strategy (2019), which will form part of the evidence base for the Council's new Local Development Plan, be adopted.

9 BUSINESS PLAN 2020-24 (Agenda Item 9)

The Deputy Leader and Cabinet Member for Finance presented the report which set out a draft Business Plan for the next four years. He thanked all those involved in the report and welcomed their hard work and business-like attitude to the financial management of the Council. It was due to this approach that the Council had been able to provide a high level of service which had contributed to a good level of satisfaction and pride in the borough. However, there was currently a period of uncertainty for both the Council and the Country, with a lack of guidance from the government. The United Kingdom's exit from the EU would have an impact on public finances and the ability to deliver public services. The current uncertainty was also impacting on the Council's ability to plan 3 to 4 years ahead. The Cabinet Member highlighted the key points in the report for Cabinet's consideration, including the current estimate of savings required.

The proposed savings set out in the report were subject to equalities impact assessments, which would be presented to the relevant Scrutiny Panels as part of the first round of Budget Scrutiny; and he welcomed the input of the Cabinet Member for Women and Equalities. He advised that it was unlikely that savings would be found that had no impact on residents, however the Council would be focussing on protecting services to children and vulnerable adults and bridging the gap between the east and west of the Borough. It was possible that additional proposed savings would be reported to the December meeting of the Cabinet following the Chancellor of the Exchequer's Budget announcement on 6 November.

The Director of Corporate Services advised the Cabinet that the figures in the report were likely to change as further information became available. She outlined the key areas for the Cabinet's consideration which were having the biggest impact on the Council's finances. The report outlined some growth items and further details on these would be brought to the December Cabinet meeting for consideration. If the Government called a General Election in early December, this could have an impact on any funding announcement for local government. However officers were working with colleagues across the Council to mitigate any effects.

The Chair echoed the comments made and welcomed the forthcoming budget scrutiny. He thanked all those involved for their work and acknowledged that difficult choices would need to be made across local government.

RESOLVED

1. That the approach to rolling forward the MTFs for 2020-24 be noted.
2. That the latest position with regards to savings already in the MTFs be confirmed.

3. That the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2020-24 be agreed.
4. That the proposed savings targets be agreed.
5. That the timetable for the Business Plan 2020-24 including the revenue budget 2020/21, the MTFs 2020-24 and the Capital Programme for 2020-24 be agreed.
6. That the process for the Service Plan 2020-24 and the progress made so far be noted.
7. That the proposed new savings, replacement savings and deferred savings for 2020-24 be noted and referred to the Scrutiny Panels and Commission; and that these savings be ratified at a future Cabinet meeting subject to scrutiny comments. (Draft Equality Assessments (EAs) will be provided for the Overview and Scrutiny panels and Commission).
8. That the proposed new capital bids and draft capital programme 2020-24 be noted and referred to the Scrutiny Panels and Commission.

10 FINANCIAL MONITORING AUGUST 2019 (Agenda Item 10)

The Deputy Leader and Cabinet Member for Finance presented the report which set out the financial monitoring information for August 2019; and thanked all those involved for their work. There had been a modest change in the projections to the end of the year and the Council was anticipating a very small underspend, which represented -0.05% of the overall budget.

The Director of Corporate Services drew the Cabinet's attention to progress against savings identified; and the increase in the Dedicated Schools Grant deficit with work continuing to address this with the Director of Children, Schools and Families and colleagues. Officers were in the process of reviewing the boilers in the Civic Centre in light of the climate change declaration and therefore a re-profiling of the budget was proposed.

The Chair thanked all for their contributions and it was

RESOLVED:

1. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net underspend at year-end of £250k, -0.05% of gross budget.
2. That Cabinet note the contents of Section 4 and the amendments to the Capital Programme contained in Appendix 5b and approve the amendments in the Table below:

Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate			

Services			
Civic Centre Boilers	(201,480)	201,480	Scheme slipped to 2020/21
Highways and Footways – Traffic Schemes	100,000		New TfL funding of £100k
Total	(101,480)	201.480	

Committee: Cabinet

Date: 11th November 2019

Agenda item:

Wards: All Wards

Subject: Children's Mental Health

Lead member: Councillor Natasha Irons, Task Group Chair.

Contact Officer: Stella Akintan; stella.akintan@merton.gov.uk; 020 8545 3390

Recommendations:

- A. That Cabinet considers the report and recommendations (attached in Appendix A) arising from the scrutiny review of Children's Mental Health.
- B. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers working with relevant local partner organisations and Cabinet Member(s) to be designated by Cabinet.
- C. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Children and Young People Overview and Scrutiny Panel.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- D. To present the scrutiny review report on "Children's Mental Health" for endorsement and seek approval to implement the review recommendations through an action plan being drawn up.

2. DETAILS

- 2.1 In June 2018 the Children and Young People Overview and Scrutiny Panel agreed to undertake a scrutiny review of Children's Mental Health.
- 2.2 The findings and recommendations of the review are set out in Appendix A.

3. ALTERNATIVE OPTIONS

- 3.1 The Children and Young People Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.
- 3.2 Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.
- 3.3 Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4. CONSULTATION UNDERTAKEN OR PROPOSED

4.1 In carrying out its review, the task group questioned senior council officer's local partners and parents affected by this issue.

4.2 TIMETABLE

4.3 The final report was approved by the Panel on 7 October 2019 where it was agreed to present the report to Cabinet.

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

5.1 None for the purposes of this covering report. It is envisaged that the recommendations in the attached report will not have any major resource implications. However, any specific resource implications will be identified and presented to Cabinet prior to agreeing an action plan for implementing the report's recommendations.

7. LEGAL AND STATUTORY IMPLICATIONS

7.1 None for the purposes of this report. Scrutiny work involves consideration of the legal and statutory implications of the topic being scrutinised.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None for the purposes of this report. Scrutiny work involves consideration of the crime and disorder implications of the topic being scrutinised.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purposes of this report.

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

E. Appendix 1 – Task group report on “Children's mental health”

12. BACKGROUND PAPERS

Task Group Review of Children's Mental Health in Merton Final Report and Recommendations

**Children and Young People's Overview and Scrutiny Panel,
September 2019**

Task group membership:

Councillor Natasha Irons, (Chair)
Councillor Agatha Akyigyina
Councillor Hina Bokhari
Councillor Edward Gretton
Councillor Paul Kohler

Scrutiny support:

Stella Akintan, Scrutiny Officer
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Acknowledgments

The task group would particularly like to thank the parents, voluntary and community organisations and council officers who shared their views and experiences with us.

The Task Group witnesses:

Hearts and Minds, Local Charity
Stem4, Local Charity
Child and Adolescent Mental Health Team, Merton CCG
Children and Young People Commissioning Manager, Merton Council
Head of Education Welfare, Merton Council
Head Teacher, Ursuline School
Programme Lead, Merton Trailblazer, South London NHS
Merton Youth Parliament, Merton Council

Visits to local services:

Merton Youth Clubs
Hearts and Minds Charity

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Foreword, Councillor Natasha Irons, Task Group Chair

As parents, we spend much of our lives trying to protect our children from harm. We teach them how to cross the road and to not speak to strangers. Yet many of us would struggle to know how to protect our children from mental health issues, or where to turn if our child develops one. With 75% of mental health conditions first developing by the age of 24 and, as outlined by Public Health England, only 25% of children needing treatment receiving it, the emotional wellbeing of young people in England has rightly become a national priority.

Initially, the group set out to make recommendations aimed at strengthening early years interventions as a way to prevent mental health issues developing in the first place. However, it quickly became clear that Merton already has a framework for postnatal and targeted early years support, but the offer once a young person starts school seems less clear. As a result, the Children's Mental Health Task group focused on what support is on offer for young people in Merton, understanding how our schools support their wellbeing and making recommendations that simplify pathways to support.

I would like to thank all members of our task group for their commitment, ideas and support throughout the process. As a group, we'd like to thank all those who agreed to give evidence – Hearts and Minds, Stem 4, Merton Council's Youth Inclusion Team, Ursuline High School and our Scrutiny Officer Stella Akintan for facilitating our work. A special thanks go to the members of Merton's Youth Parliament for inviting us to one of their sessions and for their invaluable contribution.

List of Recommendations

Recommendation	Responsible Decision Makers	Pages
Recommendation one: That the Children and Young People’s Overview and Scrutiny Panel consider reviewing Merton’s early years support and post-natal attachment strategies. This can either be looked at as a report to the Panel or an in-depth task group review.	Children and Young People’s Overview and Scrutiny Panel	Page 11
Recommendation two: Merton CCG to fund advocacy services for children and young people who are seeking support for their mental health issues but who don’t have appropriate support from a trusted adult.	Merton Clinical Commissioning Group (Merton CCG)	Page 13
Recommendation three: Ensure the named practice lead knows what changes and enhancements on services and training are available to Children and Young People and takes responsibility for keeping clinicians up to date.	Merton CCG GP Practices	Page 13
Recommendations four: The single point of access to be opened up to young people, parents and anyone worried about a young person.	Child and Adolescent Mental Health Services (CAMHS)	Page 13
Recommendation five: Ensure mental health first aid training is provided to anyone working with young people.	Merton CCG CAMHS Children Schools and Families Department	Page 13
Recommendation six: Pilot a young person social prescribing model.	Merton CCG	Page 13
Recommendation seven: Encourage schools to provide mental health first aid training to every parent in Merton – exploring opportunities to work with the Mayor of London to deliver.	Merton schools Children Schools and Families Department	Page 14
Recommendation eight: Encourage schools to adopt a mental health policy (which should include the importance of	Children School’s and Families Department	Page 15

early intervention, building resilience and signposting of services).		
Recommendation nine: Encourage School Governing Bodies to appoint a mental health lead, to ensure mental health and wellbeing is prioritised and training is up-to-date.	School Governing Bodies	Page 15
Recommendation ten: Encourage School Governing Bodies to take up training on mental health issues amongst children and young people.	School Governing Bodies	Page 15
Recommendation eleven: Encourage Governors to ensure PSHE lessons that focus on mental health and wellbeing remain in place for years 10 and 11.	School Governing Bodies	Page 15
Recommendation twelve: Council, Youth Parliament and CCG to work together on a communications plan to raise awareness of Merton's local offer and destigmatize mental health issues amongst young people.	Merton CCG/ Children Schools and Families Department	Page 16
Recommendation thirteen: CCG to lead a knowledge-sharing forum between Trailblazers and other Merton schools to ensure learnings and best practice from the pilot are shared.	Merton CCG	Page 17
Recommendation fourteen: Ensure that the work of the trailblazer reaches under-represented and seldom heard such as BAME and LGBTQ+.	Merton CCG	Page 17

Introduction

On 27th June 2018, the Children and Young People's Overview and Scrutiny Panel commissioned a task group to look at how to promote good mental health and wellbeing for all children and young people in Merton.

Given this broad remit, the task group used the early evidence-gathering sessions to gain a better understanding of the local issues and to consider how to refine the review to ensure the recommendations led to real changes in local service provision.

The national picture highlights that 1 in 8 children and young people will experience mental health problems such as anxiety, depression, eating disorders and self-harm, with the latter leading to a steep rise in hospital admissions¹. The reasons for this are varied and wide ranging; young people who are already vulnerable due to the impact of poverty, being looked after, or having traumatic childhoods are more likely to experience mental health problems. Additionally, the negative impact of social media and increased focus on body image can have a detrimental impact on self-esteem. There are also links between excessive social media use, sleep deprivation and depression in children and young people.²

However, Young Minds, a charity with 25 years sector experience note this as a time for some optimism. Children and young people's mental health has gained wider recognition, largely through discussion and high-profile campaigns on social media. As a result, attitudes are changing and this subject is no longer taboo, which in turn is helping to break the stigma associated with seeking support. However, difficulties in accessing services and the root causes of mental health problems are still prevalent³.

The Government has also dedicated an additional £1.7 billion by 2020 to improve services that help and support young people with mental health issues. In the 2018 Budget, part of the 10-year NHS funding package was allocated towards services supporting children and young people, including schools-based mental health support and specialist crisis teams for young people across the country⁴.

This task group will want to ensure that the monies dedicated to children and young people's mental health services in Merton are reaching those who are most in need and that this borough is at the heart of challenging issues within the sector.

¹ Local Government Association: Don't be left in the Dark, Children and Young People's mental health, January 2018.

² Children and Young People's mental health, the role of education: House of Commons Education and Health Committee. 02 May 2017.

³ Young Minds, 25 Years fighting for young people's mental health, 2018

⁴ Local Government Association: Don't be left in the Dark, Children and Young People's mental health, January 2018.

Terms of reference

1. To review Merton's universal mental health offer for children and young people aged 11-25, assessing whether the current provision is able to meet the diverse needs of this wide ranging group.
2. To review the mental health and wellbeing offer across all schools, assessing whether the provision is consistent for all pupils and that the schools can access mainstream mental health services and signpost wider services.
3. To consider existing projects and good practice from elsewhere and make recommendations aimed at ensuring the borough is friendly and supportive for those with mental health conditions.

The National and London Policy Context

In December 2017, the government published a Children's Mental Health Green Paper which set out an ambition for earlier intervention and prevention, a boost in support for the role played by schools and colleges, and better, faster access to NHS services. The specific measures in the Green Paper included:

- A designated Senior Lead for Mental Health in schools and colleges to oversee the approach to mental health and wellbeing.
- A four-week waiting time for access to specialist NHS children and young people's mental health services.
- The establishment of trailblazer areas incorporating all three pillars, operational from 2019, which will be supported by robust evaluation to understand what works.

Background to children's mental health needs in Merton

The task group met with the Children and Adolescent Mental Health Service (CAMHS), the Clinical Commissioning Group Leads for Merton and the Council's Commissioning Manager for Children and Families. Together, these groups provided an overview of the number of children and young people affected by mental health conditions, as well as some of the services available to support them.

There are an estimated 2,380 children and young people aged 5-16 in Merton with a mental health disorder, representing 8.5% of the total population of children and young people in the borough. It is thought that 38.2% are estimated to have emotional disorders, 1,427 (60%) conduct disorders, and 390 (16.4%) hyperkinetic disorders (i.e. ADHD).⁵

The data highlighted that conduct disorders are most prevalent in children and young people in Merton, followed by emotional disorders, hyperkinetic disorders and then a group labelled less common disorders. There is a strong gender bias in terms of

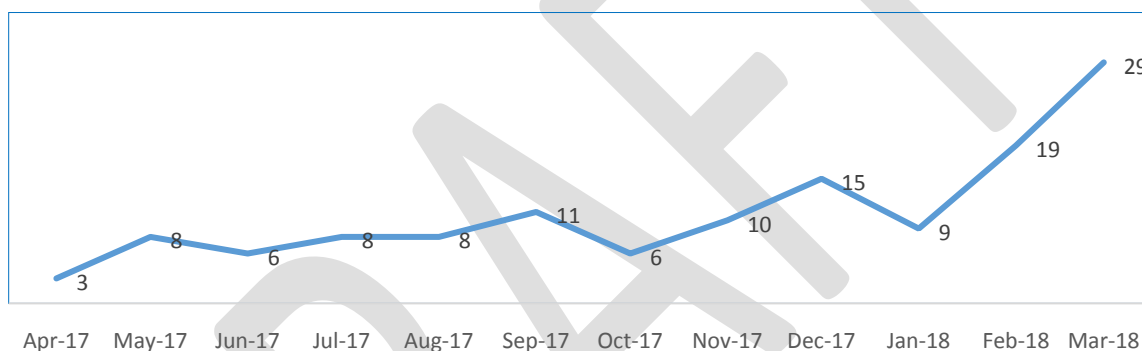
⁵ Data presented to the task group from Merton Clinical Commissioning and Merton Child and Adolescent Mental Health Service.

need; boys tend to be more prevalent in demonstrating conduct disorders and girls in emotional disorders.

The CAMHS team informed the task group that Merton has the second-highest rate of child mental health admissions compared to local authority statistical neighbours and the fifth highest compared to all London Boroughs.

As a result of concerns around self-harm, the South West London Health and Care Partnership has made children and young people’s mental health and well-being a shared health promotion and prevention priority. They aim to reduce the number of children and young people presenting at A&E as a result of self-harm by 20% over the next three years.

Merton A&E Attendances by Children and Young People for substance misuse and self harm 2017 - 18



There has also been an increase in the demand for services as reflected in the table below. These figures are expected to increase further given the projected population increases. The population of children and young people (0-24 years) in Merton is predicted to grow over the next 15 years by 7% from the current figure of 62,900 to 67,300. This suggests an increase in the demand for CAMHS, with the prediction that the number of children aged 10-14 years, currently the largest group accessing CAMHS, will increase by 6% by 2035 (from 12,300 to 13,000).

	2014/15	2015/16	2016/17	2017/18
Tier 2 Services - Data for 14/15 relates to Sep 14 to March 2015 following the introduction of the IAPTus clinical system				
No of Tier 2 Referrals	20	233	239	319
Waiting time from referral to assessment (weeks)	0.9	3.3	2.1	2.5
Waiting time from assessment to treatment (weeks)	7.4	4.7	4.8	5.4
Number of CYP in treatment	1	100	140	114
Number of contacts	44	952	1385	1959

Source: Merton Children and Young People Transformation Plan 2017-18

It was reported that since 2016-17, there has been a 'single point of access' to CAHMS to ensure a high-quality first assessment which takes place either on the phone or face-to-face, with users then directed to the correct services.

All professionals can refer young people into CAMHS where they will undergo a screening process. CAMHS also take a parent referral if the child is previously known to the service. The screening takes place within 24 hours and no-one is rejected but referred to appropriate services.

Merton CCG have commissioned services to meet the need for Tier 2 services and provide early intervention. 'Off the Record' is an online counselling resource and the Wish Centre provides support for those who self-harm. The task group were told both were highly regarded and in-demand. As a result, extra funding had been provided for Off the Record but at the time of writing this report the Wish Centre had withdrawn their service from Merton and was no longer operating.

Given the projected rise in demand for mental health services as well as in self-harm, the task group believes that a good range of Tier 2 services, which provide help and support for those with mild to moderate mental health problems, are essential for early intervention to help prevent people moving to Tier 3 level of need.

Findings and recommendations

Having gathered evidence from a range of witnesses and visited local services, the findings and recommendations from the task group review are set out below.

Prevention of mental health issues.

With over half of mental health problems in adult life starting before the age of 15 and 75% by the age of 18⁶, the initial aim of the task group was to focus on support for early year's development and post-natal attachment. Discussions with the Children and Young People Commissioning Manager indicated that Merton already has embedded targets and support for early years. Given the scale of this topic, the task group believes looking at the link between early years support and parental attachment as a way to prevent mental health conditions in children and young people, should be considered as a stand-alone topic.

The task group also looked at early intervention to stop problems from escalating. Young people should be supported to build emotional resilience and to practice everyday preventative steps to support their mental health. To achieve this, the task group would like to see a range of enrichment programmes to help young people make good choices, overcome challenges and move confidently towards adulthood.

In an attempt to gain a better understanding of preventative intervention methods, the task group considered the Blues Programme which was run by the National Children's Society. The Task Group held a telephone conference with the programme leader and were informed that this is a school-based intervention

⁶ Children and Young People's mental health, the role of education: House of Commons Education and Health Committee. 02 May 2017.

offering a one hour session every week for six weeks. It is aimed at 13-19 year olds and aims to reduce depression and anxiety indicators. It combines a variety of approaches including Cognitive Behaviour Therapy, coping strategies and physical activity. The programme initially offered free support to schools, yet unfortunately this funding came to an end in 2018.

Recommendations:

1. That the Children and Young People's Overview and Scrutiny Panel consider reviewing Merton's early years support and post-natal attachment strategies. This can either be looked at as a report to the Panel or an in-depth task group review.

The task group met with the founders of two local mental health charities, the Youth Parliament and council officers. All shared very clear messages about the current challenges affecting the mental health of Merton's young people.

Early Help

The task group were told about the difficulties young people face in getting support when they begin to suffer with their mental health. There are few alternative options for those who do not meet the threshold for CAMHS. Support is only likely to become available when the condition escalates and more serious intervention is required.

This was of great concern to the task group, given that 7.8% of the population suffer from anxiety and depression, making them the most common mental health conditions in the UK. National research supports this view and also found that many young people felt 'ignored' by health professionals if they did not show physical signs of distress⁷. Up to 44% found it hard to get a referral from their Children and Adolescent Mental Health Service⁸.

The task group also heard about challenges when trying to act on behalf of someone else who is experiencing the onset of anxiety and depression. There is a general lack of information about what is available in the community. As a result, people do not know how to get help, nor where to go for support. Again this can lead to the situation being left untreated until it escalates.

Youth Parliamentarians said that they are not aware of services in the community and teachers only refer pupils to Childline, given that is the only relevant organisation they are aware of.

It takes a concerted effort to ensure that local authorities, the clinical commissioning group and the voluntary and community sectors are working together to ensure that low-level mental health services such as drop-in centres and counselling services are available in the community. Research has highlighted that although there has been a

⁷ Fixing my Anxiety, Young People 'Fixing Anxiety Issues, Supported by the Wellcome Trust.2018

⁸ Young Minds, 25 Years fighting for young people's mental health, 2018

real-terms increase in funding for services, a postcode lottery still determines if spend per child on low-level mental health services actually increases⁹.

User-Friendly Services

Our witnesses expressed concern about the design of statutory mental health services and believe a completely different approach would be more beneficial to users. Given the immense pressure on the current provision and that demand outstrips supply, the focus is on crisis management and support is only given when young people communicate distress through self-harm and eating disorders.

Services were described as ‘top down’ and unresponsive to the needs of young people. Some young people felt that services do not work in a collaborative way to ensure the user’s voice is heard and integrated into service design.

Mental health services often dispense drugs as a solution when a more therapeutic approach is needed to help people understand and manage their own wellbeing. Young people would like to see an individualised approach to mental health in recognition that one size does not fit all and many mental health symptoms vary a great deal for different individuals.

The task group heard that some young people would prefer to have access to trusted adults, especially those with lived experience, who have suffered with mental health issues themselves and hence provide greater empathy and understanding. In reality, councillors were told that access to trusted adults with lived experience and support of this nature is rare and hard to come by.

Young people talked about the difficulties when seeking support or diagnosis from their GP. Concerns included the time-limited nature of appointments and the lack of knowledge about anxiety conditions.

These are similar to the experiences outlined in a report on young people’s experiences with anxiety, which highlighted that young people felt a sense of remoteness from statutory services and would prefer support from an ‘expert by experience’¹⁰. A survey also found that 29% said they had problems getting help from their GP¹¹.

The task group took the view that this should be approached with the view of creating a ‘mental health-friendly borough’ in a similar way to the dementia-friendly initiative; adopting a holistic approach recognises that the whole community has a role in making it easier for everyone to enjoy health and wellbeing. It is important that young people can find a safe space to talk rather than only through the formality of medical professionals.

The task group would like GP’s to be empowered to offer more therapeutic options to patients and believe that social prescribing would be the right approach. Social

⁹ Children’s Commissioner Early Access to mental health support, April 2019

¹⁰ Fixing my Anxiety, Young People ‘Fixing Anxiety Issues, Supported by the Wellcome Trust.2018

¹¹ Young Minds, 25 Years fighting for young people’s mental health, 2018

prescribing is when GP practices signposting patients to non-medical treatments in the community to improve their health and wellbeing. Merton ran a pilot targeted at adults for a year in the East of the borough. This was so successful that the scheme is being rolled out more widely.

Recommendations:

2. Merton CCG to fund advocacy services for children and young people who are seeking support for their mental health issues but who don't have appropriate support from a trusted adult.
3. Ensure the named practice lead knows what changes and enhancements on services and training are available to Children and Young People and takes responsibility for keeping clinicians up to date.
4. The single point of access to be opened up to young people, parents and anyone worried about a young person.
5. Ensure mental health first aid training is provided to anyone working with young people.
6. Pilot a young person social prescribing model

Support for parents and families

Ideally parents should be in the position to spot the early signs of illness and to understand how to offer support. The task group were told this is often not the case. Parents need a greater understanding of what to do when they spot the early signs that their child may be struggling.

Stigma around mental illness often means that parents are reluctant to come forward to discuss any issues they may be facing. The Education Inclusion Manager told the task group that there is often poor attendance when schools arrange sessions with parents to discuss mental health. Other young people said parents who may be struggling with their own mental health feared getting help, in case it led to social services intervention.

On the other hand, parents can unwittingly put too much pressure on young people to achieve academically, which is exacerbated during exam time. Young people felt parents would benefit from being given a greater understanding of mental health issues in a holistic way of how it affects them and how they can support their child. This would enable them do more to provide support and encouragement without making exam pressure any worse.

Young Minds run a parent helpline and report that many parents find it difficult to know how to support their child and access specialist services.

Recommendations:

7. Encourage schools to provide mental health first aid training to every parent in Merton – exploring opportunities to work with the Mayor of London to deliver.

Need for consistent mental health support in schools

The Task Group met with the Education Inclusion Manager who gave an overview of the work happening across schools to support mental health amongst pupils. The task group were concerned about the lack of consistent Tier 2 mental health provision in primary schools. The Targeted Mental Health in Schools (TaMHS) is utilised in 17 primary schools. Other schools could have implemented their own projects and within some schools there will be no support at all.

The picture is different for secondary school pupils who can access the Off the Record counselling service. The Education Inclusion Manager said some schools offer counselling - however as schools are required to support these services from within their own resources, the provision varies greatly.

The Education Inclusion Manager gave an overview of the activities taking place to support children's mental health in schools. Specific initiatives included:

- The council commissioned the Wishmore Academy to provide two days training to schools. Over 20 schools have completed this so far.
- Merton Clinical Commissioning Group provide themed network events looking at issues such as girls and autism, self-harm, eating disorders. This training is aimed at teachers and other professionals.
- There is a range of centrally-funded agencies for secondary schools who provide a range of support, including mental health first aid training.
- An event was held by the Anna Freud Centre to consider joint working and collaboration within mental health systems, which a range of partners attended. Feedback highlighted that signposting has improved - although it is harder to get referrals and waiting lists for an autism spectrum disorder diagnosis is longer than before.

Pressures within the school environment.

The task group attended a session with Youth Parliamentarians who highlighted the immense pressures within the school environment and the need for mental health support.

It was reported that the fear of failure generates a significant amount of stress. There is huge pressure to succeed academically, which comes from parents, teachers, peers and also the pressure young people put on themselves. This echoes evidence from the Mental Health Foundation which suggests that young people are being judged primarily on their academic performance. This is contributing to mental health

problems such as anxiety, depression and eating disorders. To combat this, it is important to put mental wellbeing at the heart of a child's school experience.¹²

The task group agrees that mental health issues need a more prominent position within schools and advocate that schools adopt a mental health policy. They may wish to model it on the approach taken by the London Borough of Camden, which has been widely put forward as an example of good practice.

Recommendations:

8. Encourage schools to adopt a mental health policy (which should include the importance of early intervention, building resilience and signposting of services).
9. Encourage School Governing Bodies to appoint a mental health lead, to ensure mental health and wellbeing is prioritised and training is up-to-date.
10. Encourage School Governing Bodies to take up training on mental health issues amongst children and young people.

Discussing mental health issues within the school curriculum

The Youth Parliamentarians told us that provision of Personal, Social and Health Education (PSHE) can be a useful forum to discuss emotional wellbeing and concerns around their own mental health. Many found that these sessions did not continue in year 10-11, during the busy exam season. However, Youth Parliamentarians felt this was the time the lessons would be the most beneficial.

Again, the Mental Health Foundation research found that PSHE is well placed to help young people understand their own experiences - especially as a significant number of young people report that they did not ask for help because they did not understand what they were going through. However, while there are schools that teach it well, the subject can be haphazardly delivered, frequently with irregular lessons and often rolled into other subjects like careers education.

Recommendation:

11. Encourage Governors to ensure PSHE lessons that focus on mental health and wellbeing remain in place for years 10 and 11.

Social Media

¹² Mental Health Foundation, Make it Count: Let's put mental health and wellbeing at the heart of children's school experience. Policy Briefing, October 2018.

The negative impact of social media upon the mental health of young people is well documented. The Youth Parliament reported that pressures from social media can cause low self-esteem, especially as young people compare themselves to celebrities and high-profile influencers. This resonates with findings from the work of the Education and Health Select Committee looking at the role of education in children and young people's mental health, who found a rise in cyber-bullying and online sexual abuse was linked to a negative impact on mental health¹³.

Youth Parliament Campaign

Given their concerns around mental health, the Youth Parliament are running a campaign. This will include a social media platform to talk about different issues and creation of an Instagram page highlighting relevant services within the borough. The Youth Parliament Manifesto states that:

Merton Youth Parliament have decided to create a Instagram page, to spread awareness on various types of mental health illnesses, the importance of mental health and services that young people can reach out to in order to seek support.

Create posters with mental health support details as well as importance of acknowledging mental health.

The task group believes that this is a good opportunity for the council, CCG and Youth Parliament to work in partnership to develop a Borough-wide campaign.

Recommendation:

12. Council, Youth Parliament and CCG to work together on a communications plan to raise awareness of Merton's local offer and destigmatize mental health issues amongst young people.

Mental Health Trailblazer

In December 2018, the task group review were pleased to hear that Merton, along with our South West London neighbours had been selected to participate in one of the Trailblazer projects which emerged from the Children's Mental Health Green Paper.

The task group met with the Programme Lead for the Trailblazer, who gave a comprehensive overview of the progress with the work. It was reported that the South West London Health and Care Partnership decided to focus on self-harm in children, given the high rates recorded at accident and emergency hospital services. One of the root causes of self-harm is the lack of consistent wellbeing support and early intervention for our young people.

¹³ Children and Young People's mental health, the role of education House of Commons Education and HEALTH Committee. 02 May 2017.

The pilot promotes partnership working, using a 'whole school' approach to emotional health, well-being and mental health. It will deal with mild to moderate mental health issues rather than more enduring mental illness. School leadership and an embedded programme was found to be the best route of delivery.

The task group were pleased to find that many of their early emerging ideas and recommendations were already incorporated into the mental health trailblazer.

Interventions in the whole school approach include:

- An on-line counselling service.
- Parent workshops with mental health support workers to discuss exam stress.
- Parenting - peer led parenting programme, delivered by trained parents.
- Mental health first aid training.
- Teachers receiving support for their own mental health.

The task group were told that schools who participated in the programme would be required to conduct a considerable amount of work themselves. They had to set up a self-assessment audit and assessment and have a cluster action plan. A total of 16 Merton Schools are involved. A list of participating schools is attached at Appendix A.

The task group welcomed the work of the trailblazer as it addressed many of their concerns. The task group want to see learning from the pilot shared amongst all Merton schools and that the pilot pays specific attention to under-represented groups who face additional barriers in finding support for their mental health.

Recommendations:

13. CCG to lead a knowledge-sharing forum between Trailblazers and other Merton schools to ensure learnings and best practice from the pilot are shared.
14. Ensure that the work of the trailblazer reaches under-represented and seldom heard groups such as BAME and LGBTQ+.

Appendix A: Schools involved in the Mental Health Pilot

Primary Schools:

Sacred Heart
St John Fisher
St Thomas of Canterbury
St Peters & St Paul's Catholic Primary School
St Teresa's
St Mary's
Gorringer Park Primary
Holy Trinity Primary
The Sherwood Primary
Links Primary
Hollymount Primary

Secondary Schools:

Wimbledon College
Ursuline High School
Raynes Park Secondary

Alternative Provision:

Melrose School
Smart Centre

Committee: Cabinet

Date: 11 November 2019

Wards: Ravensbury, St Helier, Merton Park and Canon Hill.

Subject: Morden Town Centre Regeneration

Lead officer: Director for Environment and Regeneration Chris Lee
Lead member: Cabinet Member for Regeneration, Environment and Housing,
Councillor Martin Whelton
Contact officer: Assistant Director Sustainable Communities, James McGinlay

Recommendations:

That Cabinet on the 11th November 2019 resolves to;

- A. Note the area identified for the regeneration of Morden Town Centre as shown at Appendix 1, which has also been published as draft Site Allocation Mo4 Morden Town Centre Regeneration Zone in the council's Local Plan Stage 2 consultation.
- B. Recommend that Council accept the Greater London Authority Land Fund grant of £54.5m on behalf of the LLP, and authorise the Director for Environment and Regeneration to finalise the terms and conditions with the GLA.
- C. Note that a requirement of the GLA Land Fund grant, either by the council or as part of a LLP, is subject to the outcome of a residential ballot.
- D. Delegate authority to the Director for Environment and Regeneration in conjunction with the Cabinet Member for Regeneration, Housing and Transport to enter into and establish a Limited Liability Partnership (LLP) with Transport for London (TfL) to procure a third party development partner to jointly deliver the regeneration scheme.
- E. Delegate authority to the Director for Environment and Regeneration to:
 - a. appoint officer representatives to the LLP Board and any other related body; and
 - b. review and approve LLP Business Plans.
- F. Note the steps outlined in this report for the procurement process and eventual appointment of a third party development partner under a development or joint venture agreement.
- G. Authorise the Director for Environment and Regeneration in line with the council's Contract Standing Orders to prepare and issue invitations to tender through TfL's Procurement Team for the appointment of a joint venture third party development partner to develop out the scheme.
- H. Note the increase of the following funds as Merton's equity in the LLP to enable the delivery of the regeneration, subject to scrutiny and final Cabinet approval in the budget:
 - a. £1m capital bid for Morden regeneration.

- I. Delegate authority to the Director for Environment and Regeneration and the Director of Corporate Services, in collaboration with the Cabinet Member for Regeneration, Housing and Transport to approve a resource plan from next year for the project, to be utilised until the terms and conditions of the GLA Land Fund are finalised.
- J. Delegate approval to the Director for Environment and Regeneration in conjunction with the Cabinet Member for Regeneration, Housing and Transport to include additional sites or properties required to assist in the delivery of the scheme.
- K. Note that a further report will be brought to Cabinet prior to the appointment of the preferred third party development partner.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This paper provides an update to Cabinet on work to date including the following:
- The Morden Town Centre Regeneration Zone boundary;
 - A significant number of due diligence items undertaken to de-risk the site prior to procurement;
 - GLA Land Fund bid, with associated terms and conditions;
 - Negotiation and agreement of a Limited Liability Partnership (LLP) with Transport for London (TfL);
 - A selected OJEU procurement route;
 - Use of TfL's procurement team to administer the OJEU procurement process on behalf of the LLP;
 - Capital funding required for this project; and
 - Land assembly for this project.
- 1.2. This paper also requests approval for a number of items required to progress the project forward, specifically to enable the council to take the scheme through an OJEU competitive dialogue procurement process early in 2020 to select a suitable third party development partner to develop the scheme in collaboration with the council and TfL.
- 1.3. The regeneration of Morden town centre is a key priority for the council and officers have been working in partnership with TfL to facilitate the delivery of comprehensive regeneration within Morden town centre, which will stand as an exemplar of sustainable development while achieving the shared project objectives.
- 1.4. However, the council and TfL do not own the entire area and there are in excess of 350 different leasehold and freehold ownerships.
- 1.5. To this end, the council has been successful in receiving an allocation of £54.5m from the Greater London Authority's (GLA) Land Fund to assist with the assembly of land within Morden town centre.
- 1.6. Final confirmation of the Land Fund monies is subject to the GLA's approval of the project business plan and financial appraisal. The GLA would, as per the grant conditions, perform an observer role in the procurement process for the third party development partner (TPDP).
- 1.7. Prior to the selection of a TPDP, the council and TfL will enter into a suitable legal agreement to facilitate the joint working arrangement. It is currently envisaged that this is likely to take the form of a Limited Liability Partnership (LLP) and will be governed by the terms of an LLP agreement.
- 1.8. The members of the LLP will be representatives from the council and TfL. Following the agreed selection of a TPDP, through the procurement process, the LLP will in turn enter into a joint venture (JV) arrangement with the selected TPDP. This JV entity will then be responsible for developing the whole town centre in a phased manner.
- 1.9. The current project programme indicates that the development could start on site in 2023 and be completed over a 10 year construction period.

- 1.10. By developing the town centre in phases, the council will be able to ensure, as far as practically possible, that the local businesses within the town centre continue to trade throughout the construction period.
- 1.11. External advice received, in addition to extensive soft market testing with potential developers, has resulted in the project team decision that the most appropriate procurement route for this scheme is the OJEU competitive dialogue procedure.
- 1.12. This will enable the council and TfL to select a development partner that is not only capable of delivering such a large scale phased project, but also one that shares our vision.
- 1.13. It is recommended that due to their extensive experience in development related procurement and available resources, TfL's procurement team be used to administer and manage the procurement process, on behalf of the council and TfL as the LLP. Representatives from both the council and TfL will be heavily involved in drafting the necessary OJEU documents, undertaking the relevant evaluation processes and ultimately selecting the best bidder through the dialogue stages.
- 1.14. In accordance with the land assembly strategy, the council will be required to put forward all of its landholdings within the Morden Regeneration Zone boundary, while also managing the leases and tenancies of all Council owned freehold land.
- 1.15. Capital funding will be required from the council, identified through the following sources:
 - i. £4.3m TfL allocated Local Implementation Plan (LIP) funding – currently held by TfL on the council's behalf, available for spending on land assembly in Morden town centre;
 - ii. £5m allocated in the current Merton Council Capital Programme 2019-2023 for 'Morden Area Regeneration'; and
 - iii. A further £1m bid for Morden regeneration.
- 1.16. It should be noted that during the past year, officers from the council and TfL have learned through soft market testing with numerous developers and consultants advising on development, that the regeneration of Morden town centre provides one of the largest opportunities for development in London outside of zones 1 and 2. It presents a unique opportunity to revitalise one of Merton's town centres and set a precedent for the many other London town centres that have good public transport facilities but face complex land assembly issues.
- 1.17. This report provides details on the steps to begin the process of selecting and appointing a development partner.
- 1.18. The purpose of this report is to inform Cabinet of the work undertaken to date, to set out the forthcoming workstreams and to ensure members are aware of the associated risks and benefits.

2 DETAILS

Background

- 2.1. The regeneration of Morden town centre is a comprehensive scheme to provide a vibrant new town centre with c.2,000 new homes across the 8.1 hectare site, together with an expanded and improved retail offer, modern business spaces, new and expanded bus infrastructure and a significantly improved public realm for the benefit of existing residents, businesses, commuters and other town centre users.
- 2.2. On 15th January 2018, Cabinet resolved the following:
- i. That a joint venture option be the most appropriate delivery vehicle structure for Morden.*
 - ii. That officers be authorised to negotiate a Scheme Delivery Agreement with TfL for an appropriate joint venture structure to deliver the regeneration of Morden Town Centre.*
 - iii. That the Memorandum of Understanding, set out in the exempt Appendix B, between the council and Transport for London which sets out how the two parties will collaborate on the preparatory works for the procurement of a development partner be noted.*
 - iv. That the procurement of a Project Management Consultant to coordinate and advise on the preparatory works for the procurement of a development partner be noted.*
- 2.3. Since then, the council and TfL have worked together to solidify an agreed way forward, undertaken a number of due diligence works required to enable the scheme to be launched to procurement, successfully applied for funding to assist with the land assembly and progressed the scheme to a point where it is ready to be taken to the market to find a suitable development partner.

Morden Town Centre Regeneration Zone Boundary

- 2.4. The area identified for the regeneration, as shown in Appendix 1, consists of land bounded by Morden Hall Road, Aberconway Road, Kenley Road and the public right of way at the rear of Windermere Avenue.
- 2.5. This area is 8.1 hectares in size and contains a mixture of retail, commercial, residential, leisure and transport uses, including the Morden underground station and bus standing area.
- 2.6. The identified boundary has been published in the draft Merton Local Plan as Site Allocation Mo4 – Morden Regeneration Zone, thus identifying it as a potential development site in planning terms.
- 2.7. For the purposes of the OJEU process the development boundary may be drawn wider than the Morden Town Centre Regeneration Zone boundary as during the procurement, additional sites within close proximity to this boundary may also be identified as being required in order to deliver the scheme. The final development site boundary will therefore be informed by

the procurement process and will also be subject to approval from the Director for Environment and Regeneration in collaboration with the Cabinet Member for Regeneration, Housing and Transport.

Due Diligence

- 2.8. Since the Cabinet decision in January 2018, a significant amount of work has been undertaken by officers including the following necessary due diligence items to de-risk the site prior to procurement:
- i. Land assembly strategy and CPO advice;
 - ii. Communications and engagement plan;
 - iii. Commercial, viability and quantity surveyor advice on build costs;
 - iv. Town centre retail and leisure needs assessment;
 - v. Site wide development framework, including key design principles, development testing, streetscape design parameters and key vision images;
 - vi. Technical assessments including air quality, arboricultural, car parking, ecology, heritage, flood risk, noise and vibration, utilities, geo-environmental, topographic surveys and decking and crane requirements; and
 - vii. Sustainability assessments including healthy streets, building performance, green and blue infrastructure and district heating options.

GLA Land Fund

- 2.9. The council and TfL have been successful in receiving an allocation of £54.5m from the GLA Land Fund to assist with the land assembly required for the regeneration. The project team is currently awaiting the terms and conditions from the GLA.
- 2.10. Final confirmation of the Land Fund monies is subject to the GLA's approval of the LBM/TFL business plan and financial appraisal of the project.
- 2.11. The GLA would, as per the grant conditions, perform an observer role in the procurement process to secure a third party development partner (TPDP).
- 2.12. A considerable amount of work has been undertaken in preparing the information submitted to the GLA including:
- The financial appraisal (covering the costs of delivering the scheme and the income from development);
 - The funding commitments from LBM and TFL that include land and financial investment;
 - The land assembly strategy;
 - Soft market testing with prospective development partners to determine levels of interest in the scheme and to verify presumed values from development;

- The governance of the project;
- The commercial relationship between LBM and TFL;
- The commercial arrangement with a private sector development partner;
- The resource plan for staffing and operating the project;
- The planning framework for guiding the project through the planning process and supporting compulsory purchase of land and property; and
- The community engagement and consultation that has taken place to date.

2.13. The GLA funding will enable third party land to be acquired either by negotiation or through a compulsory purchase process.

2.14. A condition of GLA funding that involves the redevelopment of estates that comprise of, or had previously comprised of, affordable rented accommodation, is that a ballot of residents in the area takes place. The map attached as Appendix 2, shows the 37 houses that were developed as part of the St Helier Estate. Further conditions are not yet known, but will be evaluated to understand any risks to the council and how these can be mitigated.

2.15. One of the conditions set out by the GLA is based on a successful resident ballot of 37 homes within the Morden Regeneration Zone boundary that form part of the St Helier Estate. The drawdown of any of the Land Fund requires a positive outcome from the resident ballot (currently programmed to take place in 2022) and requires at least 50% of residents to vote in support of the proposal. No drawdown of funds is permissible without a successful ballot and no funds can be drawn down beforehand.

2.16. Officers are currently in discussions with communications consultants that have managed successful resident ballots, to develop an extensive communications strategy for this resident ballot, to ensure it aligns with the overall project engagement strategy and allows collaboration and key stakeholder engagement.

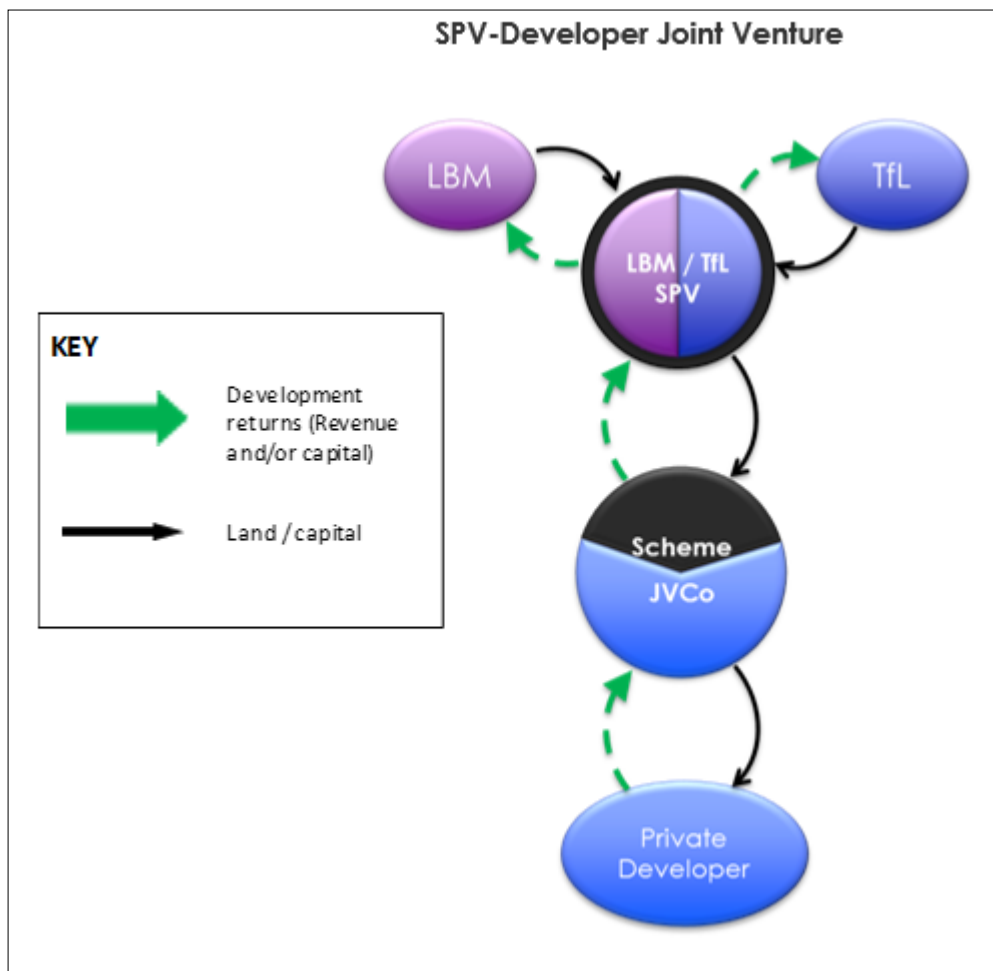
2.17. A failure to secure any GLA funding will present a risk to the project. Given the high land assembly costs, it is expected that bidders will want to see how the council and TfL proposes to mitigate this risk. The following options will need to be considered:

- i. Seek external funding elsewhere; or
- ii. Require the bidders to demonstrate how they can fund the land assembly.

LLP Formation

2.18. The structure of the commercial relationship between the council and TfL is a fundamental component for the successful delivery of the regeneration. Due

- to the complex nature of the opportunity, any agreed commercial basis will have to retain a layer of flexibility.
- 2.19. The Director of Environment and Regeneration and Assistant Director of Sustainable Communities, alongside the project team meet regularly with senior officers from TfL to enable an open and transparent decision making process for the project workstreams. This is known as the Morden Regeneration Senior Officer Meeting.
 - 2.20. Throughout the negotiations, the council has made it clear they wish to be an active participant throughout the scheme.
 - 2.21. The council is the majority land owner of the two parties, and will also play a key role as the Local Planning Authority and as the CPO Authority, should compulsory purchase powers be required.
 - 2.22. TfL are a key stakeholder in the scheme, as the transport and highway authority and majority landowner of the land to the north of London Road within the regeneration boundary, which includes the underground station and associated buildings.
 - 2.23. The consultants, Avison Young, were appointed with a joint duty of care to the council and TfL to provide advice on the most suitable delivery structure and commercial arrangement.
 - 2.24. The agreed way forward is that the council and TfL will form a LLP and enter into an agreement, which will capture the commercial relationship between the parties, governance procedures and dispute resolution mechanisms.
 - 2.25. Should any event occur which may compromise any of these aforementioned factors, then there may be scope for the preferred structure to be re-evaluated.
 - 2.26. As shown in the figure below, the LLP will enter into a joint venture partnership with the development partner, once they have been appointed and it will be this body that delivers the regeneration of the town centre.
 - 2.27. The LLP will provide its landholdings to the JV for its share of equity and retain the option to provide additional capital investment for increased equity in the scheme.
 - 2.28. It is anticipated that the LLP will need to be in place before entering into the joint venture arrangement with the selected development partner on the advice received from consultants and soft market testing that a developer is unlikely to contract with two separate public bodies.
 - 2.29. A 50:50 equity split has been agreed between the council and TfL to ensure that both risk and reward is shared. The equity split within the LLP has been based on an equalisation across the whole site of the parties' respective existing landholdings and a financial contribution, the level of which will be determined to ensure the equity investment of both the council and TfL, into the JV, is equal.
 - 2.30. All profits of the LLP deriving from the JV and the project, will be allocated between the parties in accordance with this agreed 50:50 equity split.



Selection of an OJEU Procurement Route

- 2.31. Development Agreements between a Public Body (such as the council or TfL) and a development partner can either fall within the definition of a “public works contract” under the Public Contracts Regulations 2015 or can be a pure land disposal. Where a development agreement is a “public works contract”, it will fall within the scope of the 2015 Regulations and must be publicly procured using an OJEU process. Where it can be structured a pure land disposal, it will be outside of the scope of public procurement law and the contract can be entered into without an OJEU process.
- 2.32. In general, a determinative factor of whether an agreement constitutes a “public works contract” is the existence of any detailed and specified requirements imposed by the Public Body on the development partner. Public works contracts only arise if the developer has an enforceable contractual obligation to carry out the required works. This is likely to be the case for the Modern Town Centre regeneration as both the council and TfL will require delivery obligations and will be receiving an economic benefit by way of long term income streams from completed properties in lieu of land receipt. Therefore the procurement of a development partner for this scheme must be undertaken via an OJEU compliant process. This includes either a full OJEU process or by utilising a framework panel that has already been procured

through an OJEU process. The GLA's London Development Panel 2 is an example of this.

2.33. The table below identifies the four types of procurement procedures provided for in the Regulations.

Type	Description and relevance for this project
OJEU Open Procedure	<p>Under which all interested parties may respond to the OJEU advert by tendering for the contract.</p> <p>This option is generally not used for Development Agreements as there is no pre-selection process and every party is entitled to submit a tender. It is therefore more appropriate for procuring goods and materials where the exact specification is known at the outset.</p> <p>It is not considered appropriate for this scheme.</p>
OJEU Restricted Procedure	<p>Under which a selection is made of those parties who respond to the advert (PQQ) and only they are invited to submit a tender for the contract.</p> <p>This option can be used for Development Agreements as you have the ability to "pre-qualify" bidders based on their financial standing and technical or professional capability, so as to narrow the number permitted to submit tenders. However, the restricted procedure is only appropriate where you are able to specify your entire requirements and as such tenderers will be able to deliver a fully priced bid without the need for any negotiations whatsoever. Therefore, it is not appropriate in this instance as the overall scheme is far too complex and will require "negotiations" to take place.</p>
OJEU Competitive Dialogue	<p>Under which following a selection process, the council enters into dialogue with potential bidders, to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender.</p> <p>This option can be used for Development Agreements, however one of the great frustrations for public authorities and bidders alike has been the inability to enter readily into competitive commercial negotiations to identify effective solutions for complex procurement projects, such as major development schemes.</p> <p>The competitive dialogue procedure is best used for complex projects where substantial dialogue is</p>

	<p>required or where an element of negotiation may be required at preferred bidder stage.</p> <p>One of the changes introduced by the 2015 Regulations is that the term “negotiation” at preferred bidder stage is expressly used. Such negotiation can be carried out in order to confirm financial commitments or other terms in the tender” on the proviso that this “does not have the effect of materially modifying essential aspects of the tender“. This negotiation at preferred bidder stage is not available with the Competitive Procedure with Negotiation as it is not possible to negotiate after submission of final tenders, which makes this option more preferable for complex projects.</p>
<p>OJEU Competitive Procedure with Negotiation</p>	<p>Under which a Council may select one or more potential bidders with whom to negotiate the terms of a contract.</p> <p>The changes made introducing this negotiation option introduced two new grounds for justification:</p> <ul style="list-style-type: none"> a) Where needs cannot be met without the adaptation of readily available solutions; and b) Where the contract includes design or innovative solutions. <p>This option provides greater flexibility at the negotiation stage to allow a contracting authority to tailor its tender to meet its particular requirements. A contracting authority is for instance able to accept initial tenders without any negotiation, if it has reserved the right to do so in the contract notice or the invitation to confirm interest (where it has used a PIN as a call for competition). Alternatively, the negotiation can be run in successive stages, to allow for dialogue with bidders and/or to amend elements of the tender provided that there is no change to award criteria or the contracting authority’s advertised minimum requirements. Once final tenders are submitted, no further negotiation or clarification of the tender submission is permitted.</p> <p>Flexibility in the rules makes it easier for bidders to negotiate to resolve commercial ambiguities and to offer better solutions. However, it is also open to contracting authorities to choose to accept initial bids without further negotiations.</p>
<p>LDP2</p>	<p>A land procurement panel set up by the GLA to accelerate the delivery of housing in London by</p>

	<p>making it faster, easier and cheaper for public land owners to bring forward land for development.</p> <p>It established a framework of 29 developers, which can be used to procure any housing led development.</p> <p>This option does not currently allow a joint venture or special purpose vehicle between a panel member and a third party. It also does not permit participation in dialogue with potential bidders during the end to end procurement process, which offers limited scope for bidders to fully understand the complex nature and requirements of this scheme.</p> <p>The panel consists predominantly of housebuilders and registered providers, with only a handful of master developers who would be able to undertake a regeneration of this size and scale.</p>
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- 2.34. The council and TfL have undertaken two rounds of soft market testing over the past year and have received commercial and legal advice on procurement procedures, with a decision made that the most appropriate way forward would be to undertake an OJEU competitive dialogue process.
- 2.35. This process is currently shown in the project programme as an 18 month process, from when the notice is published, to the appointment of a development partner, including the council's governance process and the completion of all legal documentation.
- 2.36. Prior to the appointment of the selected development partner, both the council and TfL will be required to take the details of the recommendations through their respective governance processes.
- 2.37. The council and TfL have been advised on the costs associated with this procurement process. Further details are available in the Finance section in this report.

Administration of the OJEU Procurement Process

- 2.38. Given that the council and TfL are working in partnership to deliver this scheme, there are three options available to administering the OJEU procurement process on behalf of the LLP:
- i. The council's procurement team; or
 - ii. TfL's procurement team; or
 - iii. Appoint external consultants.
- 2.39. It should be noted that the administration process would involve the following, carried out in liaison with the Morden project team, including both council and TfL officers (including the council's procurement and legal teams):

- i. Drafting the documents required for publication of the OJEU notice;
- ii. Management of the Standard Selection Questionnaire (SSQ) and evaluation stage;
- iii. Drafting and publication of final Invitation to Submit Outline Solutions, manage clarification and circulate responses;
- iv. Management of the bidding stage;
- v. Overseeing the ISOS evaluation stage;
- vi. Drafting and publication of Invitation to Participate in Dialogue (ITPD);
- vii. Overseeing the dialogue process;
- viii. Drafting and publication of Invitation to Submit Final Tender (ISFT);
- ix. Management of ISFT stage; and
- x. Drafting and publication of notification letters with collated feedback.

Option	Details
The council's Procurement Team	<p>The council's procurement team has recent experience in undertaking OJEU procurements for goods, services and works, such as the waste collection and open spaces contracts.</p> <p>The team does not have sufficient experience in joint venture development projects, nor does it have the resources in house to operate a project of this scale.</p>
TfL's Procurement Team	<p>TfL's procurement team has recent experience in delivering large and complex OJEU competitive dialogue and joint venture projects, with contract values in excess of £1billion.</p> <p>There would be a cost for this service to both TfL's property department and the council, which would be split on a 50:50 basis.</p> <p>TfL have identified the resource needs for this project would include a procurement lead officer, a procurement support officer and a procurement director to oversee and offer support as required, in addition to other junior members of the team.</p> <p>The process would be managed through the Procontract portal to enable a clear audit trail for the entire process.</p> <p>Both parties would have access to the TfL Award evaluation system to enable all returned tenders to be accessed and evaluated jointly by the project team.</p>
External Consultants	<p>This option would come as an additional cost to the council and TfL and would provide a similar level of expertise, resource and advise that is currently available through the TfL procurement team.</p>

- 2.40. Subject to a formal agreement, it is recommended that given the resources and experience within TfL's procurement team, that this option is pursued for the administration of the OJEU procurement process.

Land Assembly

- 2.41. Within the regeneration boundary there are approximately 350 land interests of which 125 are freeholds as shown in the table below (source dated 2018).
- 2.42. The council and TfL both have substantial land interests within the regeneration boundary (refer to Appendix 3).
- 2.43. LBM own the freehold ownership of the majority of the land to the south of London Road (within the Abbotsbury Triangles), which measures approximately 1.4ha and consists of 43 titles.
- 2.44. TfL own the freehold ownership of the majority of the land to the north of London Road, which measures approximately 2.5ha and consists of 15 titles. This includes a substantial amount of operational land surrounding Morden Underground Station.

	Type	Number
Freehold	Residential	39
	Retail	71
	Office	2
	Other - carpark, garage, leisure etc	13
		125
Leasehold	Residential	40
	Retail	62
	Office	7
	Other - carpark, garage, leisure etc	6
		115
Long Leasehold	Residential	21
	Retail	36
	Office	3
	Other - carpark, garage, leisure etc	6
		66
Tenants	Residential	44
Total		350

- 2.45. The council has received strategic land assembly and CPO advice, to understand and quantify the risks to the project. Advice on mitigation strategies has also been received.

- 2.46. Subject to the finalisation of terms and conditions, the following sources of funding have been committed to the project to enable land assembly:
- i. £54.5m GLA Land Fund;
 - ii. £10.3m LBM investment; and
 - iii. £20m TfL investment.
- 2.47. Subject to further legal advice, it is very likely that the council will have to use its discretionary CPO powers under the Town and Country Planning Act to deliver the envisaged comprehensive redevelopment of the town centre.
- 2.48. Landowner discussions and further land referencing will need to be undertaken to understand the exact detail of current ownerships, tenancy status, easements and other property interests involved.
- 2.49. At the appropriate time, it is likely that a Council resolution will be required to agree, in principle, to use its compulsory purchase powers. If terms to acquire all the necessary land interests and new rights by agreement cannot be achieved in a reasonable timescale, then compulsory purchase powers might have to be used.

3 ALTERNATIVE OPTIONS

- 3.1. The Council could choose not to proceed with the procurement launch for a third party development partner. This option is not recommended as the regeneration of Morden Town Centre is of a high priority to the council. The procurement of a development partner is the required next step to enable the regeneration to progress forward.
- 3.2. The Council could choose not to accept the GLA Land Fund grant. This option is not recommended as this funding is required to assist in the delivery of the Land Assembly Strategy. Should the funding not be available for the project, then this risk would be passed wholly onto the potential development partner, likely resulting in less of a return to the council.
- 3.3. Other external funding options for the project have also been explored and applied for. The council applied for Housing Infrastructure Fund (HIF) in 2017/18, which was unsuccessful, largely as the benefit cost ratio for the project was compared against other national schemes that did not involve significant land assembly.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Merton Council have carried out a number of consultations with the local community since 2008 to understand local priorities and how the regeneration could be brought forward:
- i. 2008/9 'More Morden' consultation leading to Cabinet adoption of the 'vision for Morden';
 - ii. 2011 'vision for Morden' incorporated into Merton's adopted Core Planning Strategy,

- iii. 2013 public consultation on Morden Station Planning brief, which was adopted in 2015;
 - iv. 2011-2013 various stages of the Sites and Policies Plan, which included a number of site allocations within the subject area, and was adopted as a Local Plan document in 2014;
 - v. 2015 consultation survey garnering 1,265 responses, following a variety of different methods of public engagement to publicise the survey and providing an overview of the pros and cons of the town centre and suggestions for improvements.
- 4.2. In January 2018, Merton Council circulated a questionnaire to the general public regarding the Town Centre regeneration and the new draft Local Plan. Responses to all questions showed an overwhelming level of agreement for the principles set out in the questions (between 75% - 89% for each area).
- 4.3. Public consultation on the draft policies and site allocation for the Morden Town Centre Regeneration Zone ran from 31 October 2018 to 6 January 2019, with all responses received available on the council's Local Plan webpage.
- 4.4. In October 2018, the council and TfL organised a series of focus groups and pop up events in Morden, involving local stakeholders, councillors, residents, businesses and key users of the town centre.
- 4.5. In January 2019, local school children were involved in a workshop asking their views on what they would like to see for the future of Morden Town Centre.
- 4.6. Officers are considering options for appropriate future consultation exercises over and above the statutory planning consultations.

5 TIMETABLE

- 5.1. This report is to be considered by Cabinet on 11 November 2019 and Council on 20 November 2019.
- 5.2. The table below shows the current project programme overview.

TASK	DATE
TfL and LBM governance process and approvals	
LBM – Cabinet	11 November 2019
LBM - Council	20 November 2019
TfL - CDAG	21 November 2019
Launch of the procurement for development partner	Early 2020
Appointment of preferred development partner	Spring 2021
Submission of planning application	Spring 2022
Start on site	2023
Completion of development	2033

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. It is estimated that the scheme as a whole including regeneration will have a Gross Development Value of circa £1b and will take approximately 10 years to complete. The proposed Limited Liability Partnership (between Merton and TfL) and subsequent Joint Venture (between the LLP and a development partner) will be separate legal entities, and therefore during the formation of these organisations the financial implications for the council and its statutory functions, and its function within the JV companies will be determined.

Land Assembly

- 6.2. The council and TfL both have substantial land interests within the regeneration boundary. In total there are approximately 350 land interests (of which 125 are freehold) within this boundary.
- 6.3. In accordance with the land assembly strategy, the council will be required to put forward all of its landholdings within the regeneration zone boundary while also managing the leases and tenancies of all Council owned freehold land.

Intermediate Use

- 6.4. A meanwhile use document has been drafted which sets out guidance to accompany the land assembly strategy ahead of the selection of a development partner. Should the council decide to acquire retail or residential properties ahead of the appointment of the selected development partner, this strategy can assist in identifying the types of meanwhile uses that could be implemented to ensure the town centre remains vibrant and open for business throughout the construction phases.
- 6.5. No costs in relation to meanwhile uses have been included in the figures in this report, it is envisaged that utilising assets whilst they are waiting to be regenerated will help to mitigate the overall costs of the scheme.

Joint Venture Regeneration

- 6.6. The redevelopment will be undertaken by a joint venture comprising the LLP (LBM and TfL, who will split any liability equally) and a development partner. The LLP will undertake the OJEU procurement exercise to select the development partner. The LLP shareholding in the JV will ultimately be determined by the market response during the procurement exercise.
- 6.7. Once the preferred partner has been selected, the LLP will in turn enter into a joint venture arrangement with the selected development partner and that entity will be responsible for undertaking the entire development in a phased manner.
- 6.8. Through the competitive dialogue the council may be able to explore options to own property within the new development, if it wishes to.

- 6.9. All LLP residual land value and development profit, through the JV, will be re-invested into the scheme, as required, in order to provide the LLP's stake in the scheme, subject to the market outcome of the procurement process.
- 6.10. Any land acquired by the council in advance of the JV will be ultimately transferred to the JV Company.
- 6.11. The financial benefit to the council will be through the JV in the form of dividends.

Limited Liability Partnership

- 6.12. A 50:50 equity split has been agreed between the council and TfL to ensure that both risk and reward is shared. The equity split within the LLP has been based on an equalisation across the whole site of the parties' respective existing landholdings and a financial contribution, the level of which will be determined to ensure the equity investment of both the council and TfL into the JV is equal.

Financial Implications for Merton

Capital

- 6.13. The current approved capital programme includes £5m for Morden Area Regeneration. In addition, £4.3m Local Implementation Plan (LIP) funding is currently held by TfL on the council's behalf. This is not currently reflected in the council's budgets, but it has been agreed in principle and will be formalised through the LLP.
- 6.14. As part of the Business Planning Process for 2020-2024 a further £1m is being bid for to increase Merton's match funding total up to £10.3m. This bid is subject to scrutiny and Cabinet approval in the budget. This will result in an increase in debt charges of £33k for the next 30 years.
- 6.15. In addition to this, the Authority will also need to transfer its property interests in the regeneration site. Any additional property interests purchased within the regeneration area would also need to be transferred.
- 6.16. If the value of the current landholdings and capital resource is insufficient to fund the council's 50% share of the LLP contribution into the scheme, the Authority could be asked to contribute further. This will be confirmed through the procurement exercise.

Required Funding

- 6.17. Negotiations are currently underway with the GLA and TfL to conclude the terms and conditions of the Land Fund and LIP funding. Appendix 4 sets out the current resourcing commitment to the scheme for 2020/21. While revenue budgetary provision exists to offset the projected costs of £448k for 2019/20, until the terms and conditions of the GLA Land Fund are finalised, it is unclear which of the £829k costs for 2020/21 will be covered by the sums currently set aside by Merton. Members are being asked to delegate

authority to the Director for Environment and Regeneration and the Director of Corporate Services in collaboration with the Cabinet Member for Regeneration, Housing and Transport to approve a resource plan from next year for the project, which is to be utilised until the terms and conditions of the GLA Land Fund have been finalised.

Additional Income from the Regeneration

- 6.18. The development will bring in a substantial amount of Community Infrastructure Levy (CIL) funding for the council, in addition to Section 106 planning contributions deemed necessary for the development to be delivered.
- 6.19. While it is recognised that the regeneration of the town centre will result in overall increases of council tax and business rates to the council, the phased manner in which the scheme will be developed over the 10 year period will also result in some losses in early phases. None of these are currently built into the MTFS.

Accounting for the Scheme

- 6.20. With regards to the council's statutory duty to obtain best value under s123 of the Local Government Act 1972 when assets are sold, the council will have had to go through a transparent marketing process culminating in an OJEU compliant procurement exercise to obtain a bidder and development partner for the regeneration of Morden Town Centre.
- 6.21. Strict accounting regulation and standards need to be adhered to in accounting for assets and investments. The configuration of legal documentation and funding agreements will impact on accounting treatment e.g. whether or not the GLA funding will need to be passported through Merton's Accounts. The magnitude of these transactions are likely to impact on the Authority's income and expenditure account and balance sheet and must be reflected in future financial planning (e.g. prudential indicators such as the capital financial requirement, the operational boundary and the authorised limit) and accounting for income and expenditure. As additional information becomes available this will need to be incorporated into financial planning documentation and accounted for appropriately.

7 LEGAL AND STATUTORY IMPLICATIONS

LLP and Procurement

- 7.1. Sharpe Pritchard has been appointed to provide the council with bespoke legal advice on setting up the LLP, joint venture, CPO and procurement matters and is currently working alongside TfL's appointed legal team on the LLP details.
- 7.2. The procurement process will be overseen by the council's legal advisors, which will involve advising on and approving the procurement documents and managing the dialogue process.

- 7.3. The procurement will need to be conducted in compliance with the CSOs and the Public Contract Regulations 2015 and all procurement documents and the dialogue process should be drafted and conducted with oversight by legal.
- 7.4. Any grants to be received will be reviewed by legal to ensure compliance with the state aid rules where applicable.
- 7.5. Property lawyers will be consulted to ensure compliance with any relevant property law legislation.

Resident Ballot

- 7.6. Section 105 of the Housing Act 1985 requires consultation with secure tenants on any proposals to improve or demolish any properties let under secure tenancies. The adoption of the GLA Resident Ballot Guidance including the Landlord Offer, other engagement with residents (including that which has taken place already) and the ballot itself will satisfy the requirements of section 105.
- 7.7. Legal advice will be obtained to show that the council is able to carry out this ballot under local government powers (including the General Power of Competence) and there are no legal issues arising from the council restricting its legal capacity to arrange and undertake a ballot in accordance with the GLA Guidance. The Council will appoint an Independent Body to oversee the ballot process in accordance with the GLA guidance.
- 7.8. Under the Equality Act 2010 the council will have to undertake a full Equality Impact Assessment, (EIA), in respect of a ballot to be undertaken in accordance with the GLA Guidance which includes consideration of the Public Sector Equality Duty under section 149 of the Equality Act 2010.
- 7.9. No specific issues arise under the Human Rights Act 1998 and any issues of potential discrimination under Article 14 have been considered by the EIA addressed above.
- 7.10. As with any function undertaken by the council, it must ensure it does so in accordance with public law principles.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. The regeneration of Morden Town Centre will form part of the council's Local Plan, which contains planning policies to improve community cohesion and will be subject to Sustainability Appraisals, Strategic Environmental Assessments and Equalities Impact Assessments at the appropriate times.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. The Morden Town Centre Regeneration Zone forms part of the council's draft Local Plan, which contains planning policies to improve community cohesion and are subject to Sustainability Appraisal / Strategic Environmental Assessments which also consider matters of crime and disorder.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. As set out in the body of this report.

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

Appendix 1 – The Morden Regeneration Zone Boundary

Appendix 2 – The Resident Ballot Properties

Appendix 3 – LBM and TfL Land Ownership

Appendix 4 – Draft Resource Plan (2020/21) – Exempt

- 11.1. The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within Appendix 4 to this report and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

12 BACKGROUND PAPERS

- 12.1. [Cabinet report January 2018](#) – Delivery of the regeneration of Morden town centre.

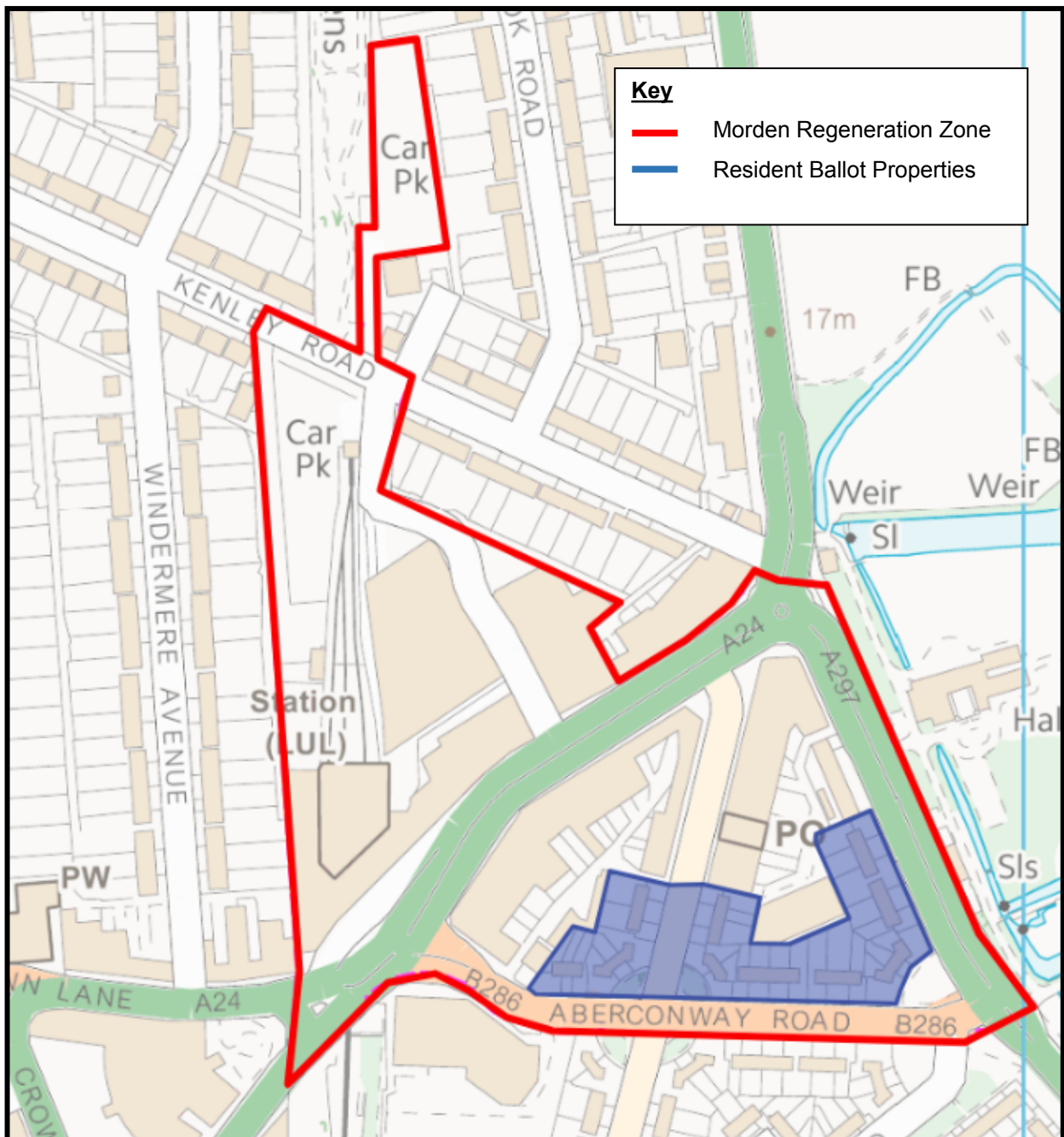
Site Mo4

Morden Regeneration Zone

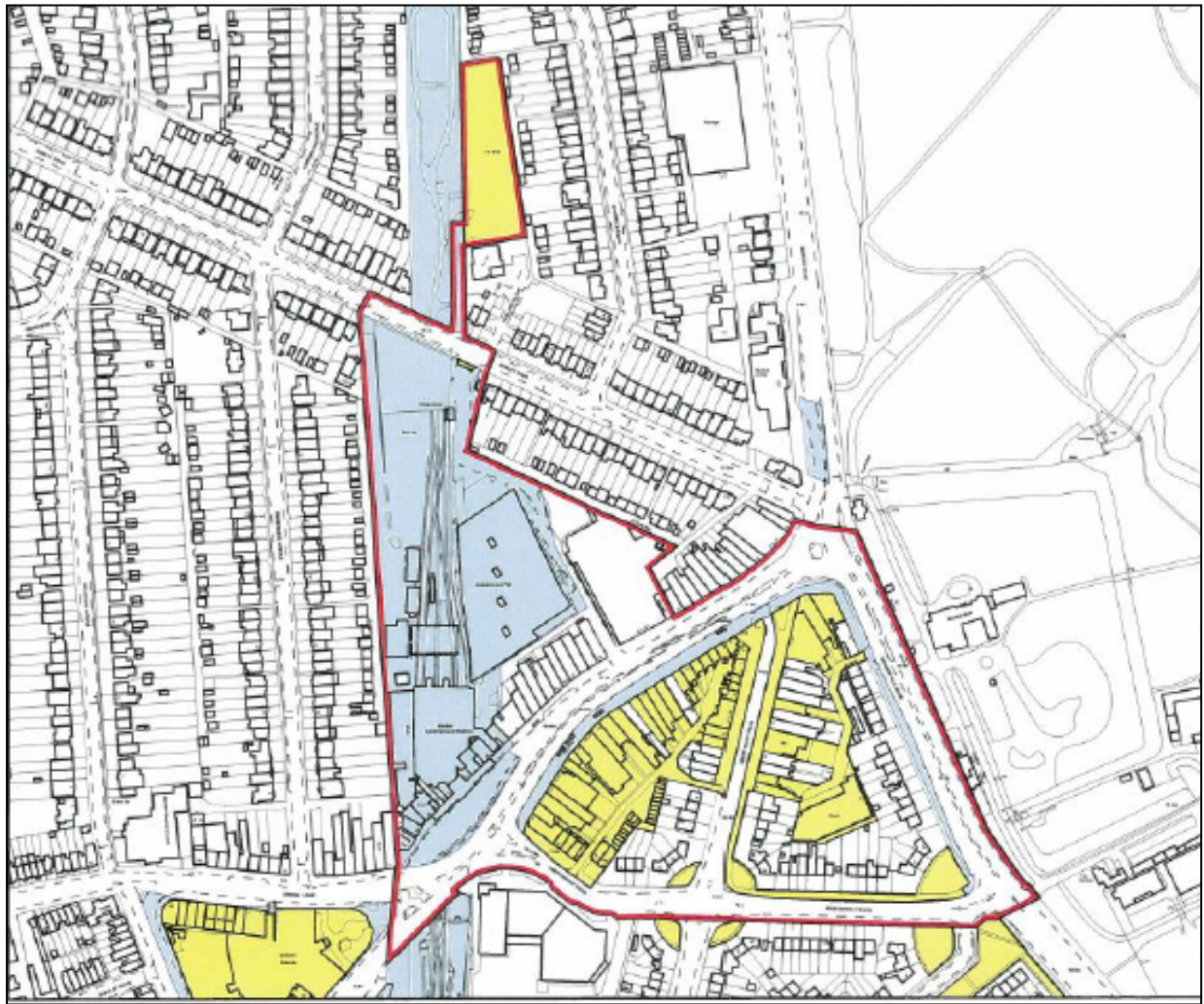
Morden



Appendix 2 – The Resident Ballot Properties (as of 2019)



Appendix 3 – LBM and TfL Land Ownership (as of 2018)



EXEMPT OR CONFIDENTIAL REPORT

The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information given in **Appendix 1, Appendix 2 and Appendix 3** of this report and it is therefore exempt from publication.

Members and officers are advised not to disclose the contents of this report:

Committee: Cabinet

Date: 11th November 2019

Agenda Item:

Wards: All

Subject: Award of concession contract for the provision of Bus Shelters, Free Standing Units and Associated 6 Sheet Advertising within Merton.

Lead officer: Chris Lee – Director of Environment and Regeneration

Lead member: Councillor Martin Whelton – Cabinet Member for Regeneration, Housing and Transport

Contact officer: Sue Keay

REASON FOR EXEMPT

It contains information relating to the financial and business affairs of contractors who have recently participated in a procurement exercise and such information are barred from disclosure because they are commercially sensitive.

Recommendations:

- A. That Cabinet approve the award of this contract to the highest bidder, as outlined in the confidential Appendix 1 for an initial term of 10 years, commencing on 1st January 2020, with the option to extend for a further 5 years at the Council's discretion.
 - B. That Cabinet grant delegated authority to the Director of Environment and Regeneration after consultation with the Cabinet member for Regeneration, Housing and Transport to approve the additional 5 year extension.
-

Important notice: It should be noted that the names of any of the bidders, including the Preferred Bidder, are confidential at this point and should not be disclosed publicly even after Cabinet resolution on 11th November 2019 and any subsequent call-in period. In line with the Public Contract Regulations 2015 and the Concession Contracts Regulations 2016, all bidders need to be made aware of the intention award at exactly the same time (i.e. via a standstill letter via the E-Tendering

portal). Disclosing the names of any of the bidders, including the Preferred Bidder, prior to the notification going out simultaneously via E-Tendering opens up the council to a potential legal challenge for failure to follow due process.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The Council's contract with the current supplier for the provision of bus shelters, free standing units (FSUs) and associated 6 sheet advertising expires on 31st December 2019. This is a concession contract whereby the Council receives maintenance, installation and management of the physical bus shelters and Free Standing Units, free advertising space and income from the provider derived from their advertising revenues.
- 1.2. Financial details of the Council's current contract can be found in the confidential Appendix 2.
- 1.3. Within the current contract the Council benefits from free advertising space on one side of each FSU for its own publicity and campaigns.
- 1.4. The existing contract has been in place since 1999. During the contract term the income has increased annually above the RPI and there have been variations which have extended the contract and upgraded a number of paper screens to digital in key locations. Each variation increased the Council's income.
- 1.5. Future Merton has carried out a procurement exercise, approved by Procurement Board in June 2019 to re-tender the contract. Soft market testing was undertaken prior to this procurement process which demonstrated an appetite to bid from the 2 major players in the industry.
- 1.6. Fortuna Associates were commissioned (through a procurement exercise at the end of 2018) to advise and prepare the tender documents. The terms and conditions were prepared by SLLP.
- 1.7. Due to the expected value of the contract, the tender process was carried out as an OJEU and the invitation to tender was placed on the London Tenders Portal on 1st August 2019.
- 1.8. The evaluation process took place in September 2019 with a recommendation to award the new contract to the most economically advantageous bidder.

2 DETAILS

- 2.1. There are currently 135 bus shelters in Merton and 39 Free Standing Units that are part of this contract (on major roads Transport for London also has its own bus shelters). The Council sought to procure a media provider who would deliver an enhanced provision of the bus shelters improving amenity benefit to residents, at the same time as maximising the income to the Council from advertising. Under the new contract the cost of the business rates would be met by the new provider.
- 2.2. The tender invited bidders to answer 6 questions around quality to:

- a) establish the bidders' experience in providing and maintaining bus shelters and operating such a contract and,
- b) assess their ability to be innovative and creative in accelerating the process to deliver the maximum income through continuous improvement whilst supporting local social value.

2.3. The quality questions represented 30% of the evaluation. A minimum score was set on quality to ensure that a very high price but very low quality tender could not automatically win. The pricing represented 70% and each bidder was asked to provide various pricing elements to allow the Council to determine the most financially advantageous offer.

2.4. The tender evaluation was carried out by a panel of officers from Future Merton and a representative from Fortuna Associates, the company who were procured by the Council to advise on the tender process. The panel met on 24th September 2019 to discuss individual scores and comments for each question in order to arrive at an agreed, moderated score.

2.5. The respective scores of the bidders are below:

Supplier	Price Score 70%	Quality Score 30%	Total Score
Bidder 1	65%	30%	95%
Bidder 2	24%	26%	50%

2.6. Officers therefore recommend the award of the contract to the highest scoring tenderer.

2.7. Under the new contract the provider has committed to upgrading all 135 bus shelters within the first year of the contract and has set out an extensive program for the conversion of a number of advertising screens to digital. Details of the new offer are in confidential Appendix 3.

2.8. The provider has outlined their environmental and sustainability objectives which focus on efficient waste management, improvements in energy efficiency and reducing water usage. The new digital screens provide a 50-70% reduction in electricity consumption compared to tradition lighting and the modern panels are made of materials that are easier to recycle.

2.9. Social value benefits include supporting local employment with a commitment to working in partnership with the Council to support existing initiatives around apprenticeships and work placements.

2.10. The provider will be expected to comply with the Council's advertising policy which includes detailed guidance on what constitutes unhealthy food. The policy will mirror the advertising policy of TfL and other London Boroughs.

2.11. The arrangement of free advertising for the Council will continue under the new contract. The Council will benefit from high quality digital advertising as opposed to the current backlit poster panels.

2.12. The provider has also committed to an additional ten or more digital displays from year 5 of the contract, subject to planning.

3 ALTERNATIVE OPTIONS

- 3.1. There are no realistic alternative options. If we had not carried out the procurement exercise, the current contract would have expired with no guarantee of bus shelter provision or maintenance across Merton, reputational risk to the council, potential loss of income from the provider and possible loss of Council advertising space.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. As part of the procurement process, an OJEU notice was published on 1st August 2019 with relevant Invitation to Tender Document published on the same date with a return deadline date of 17th September 2019

5 TIMETABLE

- 5.1. Should councillors resolve the recommendation in this report, following the call in and standstill periods, the award letter will be sent to the successful bidders in early December 2019.
- 5.2. The successful bidder has set out a detailed mobilisation plan which will be implemented from the contract start date of 1st January 2020.
- 5.3. The contract will run for an initial term of 10 years and the Council can consider an extension for an additional 5 years. This length of contract is industry standard due the high level capex investment required by the provider for the installation of bus shelters and advertising street furniture.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Details of the financial value of the new contract and the expecting savings to the Council is in confidential Appendix 1.
- 6.2. In addition to the income offered in the tenders, the new provider will be liable for paying the business rates, currently £84k per annum.
- 6.3. Due to an initial mobilisation period at the start of the new contract, which will involve a phased installation of the new digital conversions, the Council is expected to realise the full annual savings of the new contract during financial year 2021-22.
- 6.4. The new contract includes an overage payment to the Council of a further percentage of the provider's advertising revenue sales in Merton.
- 6.5. After 5 years the rent the Council receives per panel will increase by the RPI plus an additional percentage offered by the bidders.
- 6.6. The cost of procuring the contract was £9,500 for specialist industry advice and recommendations for the tender requirements. The staff time required during the procurement was allocated from existing resources.
- 6.7. It is anticipated that no additional resource is required for the implementation and future management of the contract.

- 6.8. The street furniture property (bus shelters and free standing units) will remain under the ownership of the provider who will be responsible for all future cleaning and maintenance during the contract period. Residents and other bus stop users and the council will continue to benefit from maintained bus shelters and may benefit from +10 additional bus shelters in the next 5-10 years, subject to planning.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Public contracts must be advertised in the Official Journal of the European Union where the price is above the relevant threshold. The conduct of the bid process must also be undertaken in accordance with the Public Contracts Regulations 2015 (PCR) and in the case of public concession contracts in accordance with the Concession Contracts Regulations 2016 (CCR).
- 7.2. This report describes a procurement process undertaken in accordance with the above requirements which is understood to take the form of a concession as defined in the CCR. As such upon notification of award of contract the Council is required to observe the mandatory ten day standstill period as required by the CCR prior to entering into the concession contract.
- 7.3. The Council is also required to draw up a report under regulation 32 and 33 of the CCR and make notification of contract award.
- 7.4. Officers and Members should note that the names of any of the bidders, including the Preferred Bidder, should not be disclosed publicly even after Cabinet resolution on 11th November 2019 and any subsequent call-in period. In line with the CCR, all bidders need to be made aware of the intention award at exactly the same time (i.e. via a standstill letter via the E-Tendering portal).
- 7.5. The Council expects the provider to ensure compliance with national advertising standards as well as planning and highways consents.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. The upgraded bus shelters will provide a more modern, cleaner amenity for the public with improved seating and design considerations for people with disabilities.
- 8.2. There are no human rights, equalities and community cohesion impacts connected with the decision to award the contract to the Preferred Bidder.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. An enhanced bus shelter provision will create a safer, better lit environment for bus users.
- 9.2. There are no crime and disorder implications connected with the decision to award the contract to the Preferred Bidder.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Modern bus shelters have higher standards of design making them more robust and resistant to vandalism. These improvements will minimise injury risks to the public
- 10.2. Insurance levels set out in the contract requirements have been assessed by the Council's Risk and Insurance team and have been deemed to be of an acceptable level.
- 10.3. The winning bidder's insurers have taken the necessary steps required to ensure they will be compliant with UK law post Brexit.

11 APPENDICES

- 11.1. Appendix 1 (Exempt): Quality and price breakdown, details of financial offer
- 11.2. Appendix 2 (Exempt): Current contract details
- 11.3. Appendix 3 (Exempt): New contract offer from successful bidder

12 BACKGROUND PAPERS

Committee: Cabinet

Date: 11 November 2019

Wards: All

Subject: Council Tax Support Scheme 2020/21

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison

Contact officer: David Keppler, Head of Revenues and Benefits

Recommendations:

1. That the uprating changes for the 2020/21 council tax support scheme detailed in the report be agreed, in order to maintain low council tax charges for those on lower incomes and other vulnerable residents
 2. That Council adopts the new 2020/21 scheme.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report details the proposed changes to Merton's adopted council tax support scheme to ensure that the level of support awarded stays in line with the old council tax benefit scheme had it continued and therefore residents are not worse off due to the new scheme.
- 1.2. That council agrees to implement recommendation 1 and 2

2 DETAILS

- 2.1. **Council Tax Support Scheme 20120/21**
- 2.2. As part of the Spending Review 2010, the Government announced that it intended to localise council tax benefit (CTB) from 1 April 2013 with a 10% reduction in expenditure. These plans were included as part of the terms of reference for the Local Government Resource Review and the then Welfare Reform Bill contained provisions to abolish CTB.
- 2.3. Following a formal consultation exercise full Council agreed on the 21 November 2012 to absorb the funding reduction and adopt the prescribed default scheme in order to maintain low council tax charges for those on lower incomes and other vulnerable residents. CTB was formally abolished with effect from 1 April 2013
- 2.4. Council have subsequently agreed to continue with the same scheme on an annual basis for 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20.
- 2.5. Each year the government "uprate" the housing benefit scheme and the new council tax support scheme for pensioners. This is where state pensions and benefits are increased by a set percentage and the government also increase the applicable amounts and personal allowances (elements that help identify how much income a family or individual requires each week before their housing benefit starts to be reduced) and also non dependant deductions (the

amount a non child who lives with the claimant is expected to contribute to the rent and or council tax each week).

- 2.6. The government have stated that under the new local council tax support scheme pensioners must not be worse off and that existing levels of support for them must remain and this protection will be achieved by keeping in place existing national rules, with eligibility and rates defined in Regulations broadly similar to those that previously existed. This is known as the Prescribed Pensioners scheme.
- 2.7. When full Council adopted the governments default scheme in November 2012 it was not clear what would happen with regards to the uprating of the default scheme from April 2014 onwards. Advice received from the then Department of Communities and Local Government (DCLG) at the end of September 2013 stated that if a Council did not formally agree a revised scheme for the following financial year which would include any “uprating” then its local scheme for the previous year would automatically become its default scheme and as a consequence the “uprating” would not take place and many residents would face an increased council tax bill.
- 2.8. This means that if Merton wants to continue with its council tax support scheme which is broadly similar to the old council tax benefit scheme it would have to formally consult and agree on the “uprating” each year. Merton has subsequently agreed this approach in prior years and is now seeking agreement to the same for 2020/21.
- 2.9. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral. Increases in payments for non-dependants living in households would not be applied and some residents receiving disability benefits or premiums could face higher council tax bills.
- 2.10. The government will uprate the housing benefit scheme from the 1 April 2020 and the detail of this process is unlikely to be known until early December 2019. The government will also uprate the prescribed pensioner scheme for council tax support from 1 April 2020, with the details announced in December 2019. Once the detailed information is known it is proposed to use the data from these to uprate the council tax support scheme.
- 2.11. The uprating of the council tax support scheme will be effective from the 1 April 2020.
- 2.12. A formal consultation exercise regarding the change of the scheme was undertaken between 19 July 2019 and 30 August 2019. Only 6 responses were received, 2 opted to apply the uprating and 4 opted not to apply the uprating.
- 2.13. This level of response is in contrast to the consultation exercise undertaken in the summer of 2012 when the Council first proposed to absorb the funding reduction and ensure that no Merton residents would be worse off due to the change in scheme. Then there were 1,007 responses of which 820 opted to retain the same level of support as council tax benefit and keep the level of contribution towards the council tax down for eligible applicants. Only 69 opted to implement a new council tax support scheme that’s offers less assistance and means that certain groups of people would have to pay more council tax.

- 2.14. The Council has also consulted with our major precepting authority, the Greater London Authority (GLA). The GLA is content to endorse the approach taken by the council.

3 ALTERNATIVE OPTIONS

- 3.1. The only alternative option for the Council Tax Support Scheme based on the consultation undertaken would be not to undertake the uprating of the scheme and continue with the existing scheme. This would result in some of the poorest residents facing increased council tax bills from April 2020

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. A consultation exercise has been undertaken and the results of this are detailed in 2.12 and 2.14 above

5 TIMETABLE

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

Task	Deadline
Consultation with public and precepting authority on proposed change to the scheme	19 July 2019 to 30 August 2019
Report to full Council for agreement to proposed change to the scheme	20 November 2019
Detailed analysis of the housing benefit and prescribed pensioner schemes uprating to establish exact parameters to be applied for the uprating of the council tax support scheme	December 2019 – or as soon as the information is available from the Department of Work and Pensions
Deadline for agreement of amended scheme	11 March 2020
Testing of IT software for amended scheme	February 2020
Implement amended scheme	1 April 2020

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Based on current expenditure for 2019/20 it is estimated that £11 million will be granted in council tax support for 2020/21 based on 2019/20 council Tax levels. This figure includes the Greater London Authorities share of the scheme (£2.3 million), the cost for Merton is £8.7 million. With a 2% increase in council tax from 1 April 2020 this estimate would increase to £8.9 million.
- 6.1. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral.
- 6.2. The council has recently submitted its Council Tax Base Return (CTB) to Government. This is based as at October 2019 and incorporates the latest

information on council tax support and discounts and exemptions. This will be used to calculate the Council Tax Base for 2020/21 and the MTFs 2021-24 will be updated as appropriate during the budget process.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The Council must formally agree its council tax support scheme for 2020/21 by no later than 11 March 2020.
- 7.2. If a new scheme is not agreed by this date then the scheme the council administered for the previous year (2019/20) would become the default scheme for 2020/21.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. A formal consultation exercise has been undertaken. The results of this are detailed in 2.12 and 2.14 above.
- 8.2. Any changes to the council tax scheme which results in reductions of support will mean some residents facing an increase in their council tax bills. Some of these residents, due to the yearly uprating undertaken by the Department of Work and Pensions, would not have previously been faced with increased council tax bills. In the past it has sometimes proved difficult in collecting council tax from residents who are on limited income and or benefits.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. The Council will need to continue to closely monitor the cost of the council tax support scheme to ensure it is affordable for future years. Although in previous years we have not seen an increase in caseload, it is possible that the full impact of the welfare reform could result in more families located in inner London moving into Merton which would result in an increase in council tax support expenditure

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

- 11.1 None

12 BACKGROUND PAPERS

- 12.1. Consultation letter from GLA
- 12.2. Consultation responses as per 2.12 above

Committee: Cabinet

Date:

Wards: Selection of Wards

Subject: Feasibility and Costs of a Council Tax Voluntary Scheme

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison

Contact officer: David Keppler

Recommendations:

1. For Cabinet to decide not to progress with consultation with band H council tax residents to establish if a council tax voluntary scheme should be implemented.
 2. For Cabinet to agree that any benefits to introducing the scheme would not outweigh the likely financial losses of implementation, as concluded in 2.23.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report provides details regarding Westminster Council's voluntary community contribution scheme and highlights the information and issues Cabinet would need to consider if a similar scheme was to be consulted and implemented.

2 DETAILS

- 2.1. In March 2018 Westminster council launched its voluntary community contribution scheme – a way for residents in higher value properties who choose to, make a payment in addition to their council tax.
- 2.2. In order to assess the feasibility of the scheme a consultation exercise was undertaken in November and December 2017 with the 15,600 residents living in band H council tax properties. The consultation tested support for the scheme and invited views as to where any money raised should be spent.
- 2.3. Approximately 1,000 (6.4%) responses were received and there was a 50:50 split for and against the scheme. In March 2018 residents in band H properties were sent letters requesting voluntary payments and a second phase of letters sent in November 18.
- 2.4. The band H charge for Westminster residents in 2018/19 was £1421.00
- 2.5. As at January 2019 contributions were received from 540 individuals amounting £595,000 (including £75,000 gift aid element).
- 2.6. Of the 15,600 band H properties contributions were made from 540 which equates to 3.46%.

- 2.7. Excluding the gift aid element of £75,000, £520,000 was received from 540 individuals which equates to an average contribution of £962.96, less than the band H charge. The breakdown of contributions were as follows:
- % of contributions
- Up to £1,000 – 77%
- Between £1,000 and £1,600 – 19%
- Between £1,600 and £2,600 – 3%
- Over £2,600 – 1%
- 2.8. In Merton there are 1,751 band H properties as at 1 October 2019 at a charge of £3,096.66. Of these 49 properties are empty of which 14 have been empty for over two years and from April 2019 the owners are paying a 100% premium on the council tax charge, prior to April 2019 it was a 50% premium. See Appendix 1 for breakdown of band H properties by Ward.
- 2.9. If the same percentage results were applied to Merton based on 1,702 occupied band H properties we could receive 59 contributions (1,702 x 3.46%) and using the average contribution Westminster received this could equate to £56,817 (59 x £963). However, it is not possible to assume that a similar scheme in Merton would generate this amount, as the average total received by Westminster was £2384 (£1421 Band H contribution plus £963 contribution), and this is less than received from a Band H council taxpayer in Merton.
- 2.10. The band H charge for Merton residents in 2019/20 is £3,096.66 (£3,156.46 for those paying the Wimbledon and Putney Common Conservators levy). This is already more than double the Westminster band H charge.
- 2.11. Based on the % of contributions in Westminster (2.7 above) approximately 96% of residents contributed an overall figure of less than Merton's band H charge (£1,421.00 band H charge plus up to £1,600 voluntary contribution).
- 2.12. Out of Westminster's 540 residents that made a voluntary contribution only 21 (540 x 4%) paid more than Merton's band H charge, and three quarters contributed less than an additional £1,000. Using the same ratio, Merton would receive contributions from only 2 residents (59 x 4%). With an expected additional contribution of less than £1,000 from each of those contributors, the income in Merton would be considerably less than the cost of introducing or running a scheme if the same pattern of payments applies as in Westminster.
- 2.13. To make the scheme worthwhile considerably more Merton residents would need to be prepared to pay more overall in council tax and voluntary contribution than made by Westminster's residents.
- 2.14. Looking at Westminster's action plan for implementation the following would need to be considered/actioned:

<ul style="list-style-type: none"> • Formal Cabinet decision to enable the project to proceed
<ul style="list-style-type: none"> • Implement a project team – including staff from Revenues and

Benefits, Communications, Finance, IT, Policy
<ul style="list-style-type: none"> • Establish a implementation timeframe
<ul style="list-style-type: none"> • Research and implementation of the rules and regulations regarding Gift Aid
<ul style="list-style-type: none"> • Establish if a Charitable Trust needs to be set up – or if there is anything suitable already in place
<ul style="list-style-type: none"> • Identify how the contributions would be spent
<ul style="list-style-type: none"> • Identify a suitable payment method within existing bank account or if a new account is required.
<ul style="list-style-type: none"> • Establish a communication plan – to include the initial letter to residents and press releases
<ul style="list-style-type: none"> • Developing a database to record consultation responses, contact, payments and Gift Aid
<ul style="list-style-type: none"> • Developing and implementing payment methods for the contributions
<ul style="list-style-type: none"> • Handling of local and national press enquires and other communications
<ul style="list-style-type: none"> • Reconciliation of payments
<ul style="list-style-type: none"> • Production of thank you letters and following up with contributors

- 2.15. Any voluntary scheme cannot be administered alongside the collection of council tax, council's cannot simply add a voluntary contribution figure to the council tax bill or ask residents to make an additional charge with their council tax. There is specific legislation for the administration and collection of council tax that adding a voluntary contribution to, would not be lawful. There would be complexities around allocation of monthly payments, recovering unpaid council tax, issuing possible refunds, apportioning bills when residents move or circumstances change.
- 2.16. Inviting voluntary contributions at the same time and along with new council tax bills would make sense but due to the billing arrangements at Merton this would be challenging. The main problem is that council tax bills are produced by payment method order. Firstly all bills for residents that pay by direct debit are produced and printed and then all bills for non direct debit payers. The bills are not produced in council tax band order.
- 2.17. In addition over 15% of new council tax bills are issued electronically rather than a paper bill and production and delivery of these is separate and again they are not produced in council tax band order.
- 2.18. If we wished to issue voluntary payment letter and payment details with the council tax bill was a key deliverable then testing would need to be undertaken to see if it was achievable.
- 2.19. An easier solution would be a separate mailshot to all band H properties.
- 2.20. If the scheme was progressed we would need to look at the most beneficial way of establishing the scheme and receiving payments. To take advantage

of gift aid we would need to identify if a charitable trust would be required or alternative arrangements to maximise income and clearly target resources. An alternative option to a Charitable Trust is through the Merton Giving Scheme – see Appendix 2

- 2.21. We would need to identify a cost effective way of receiving payments along with reconciliation measures. This may be similar to how payments are currently received for the Mayors Charitable Trust.
- 2.22. A communication plan would need to be devised to commence with the consultation process and to include identifying projects to spend the income.
- 2.23. Based on the findings and comparisons from the Westminster’s scheme, which includes the relatively low number of band H properties in Merton, the lower band H charge in Westminster and the value of the contributions made to Westminster, at this stage it is unlikely that a voluntary scheme implemented in Merton would generate the level of contributions that would make the scheme cost effective or worthwhile. This position can be reviewed if other London borough’s, with a similar Band D to Merton, implement voluntary schemes in the future.

3 ALTERNATIVE OPTIONS

- 3.1. None for the purpose of this report

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. If it is agreed to progress with the project an initial consultation would be undertaken with all residents in the 1,751 band H properties to establish how much agreement there would be if there was any desire to implement the scheme.

5 TIMETABLE

- 5.1. Achieving an implementation date of April 2020 would be challenging but to achieve this initial consultation with residents would need to be completed by the end of December 19. An estimated timeframe is detailed below

Action	Timeframe
Cabinet decision to commence consultation	11 November 2019
Initial Consultation	1 December 2019 to 28 December 2019
Investigate banking arrangements	December 2019
Investigate trust	December 2019
Cabinet decision to commence scheme	13 January 2019
Testing of mailshot and method for communication payment requests	January 2020
Communicate decision with residents	January 2020

Set up bank account and trust if applicable	January 2020
Write to all band H properties with invites for contribution and payment method details	March 2020
Report to cabinet with results	May 2020
Decision on projects to invest	May 2020
Follow up letter to residents requesting payments	June 2020
Communicate scheme results	July 2020

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The estimated cost of implementation would be £10,150 as broken down below:

Action	Estimated Cost
Initial consultation	£1,750 plus staff time (2 days £400)
Communicating decision	£1,750 plus staff time (2 days £400)
Payment facility	Staff time (2 days £400)
Setting up Trust	Staff time (1 day £200)
Communications plan	Staff time (2 days £400)
Testing of mailshot and method for communication payment requests	Staff time (2 days £400)
Letters inviting contributions	£1,750 plus staff time (1 day £200)
Develop database for recording payments	Staff time (2 days £400)
Reconciliation of payments	Staff time (2 days £400)
Follow up letter requesting payments	£1,500 plus staff time (1 day £200)

The cost of each mail shot is based on £1.00 per property which covers, postage, envelopes and printing costs. We could look for some sponsorship for the envelopes which could reduce this cost.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There is no legal implication for the voluntary scheme

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purpose of this report

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

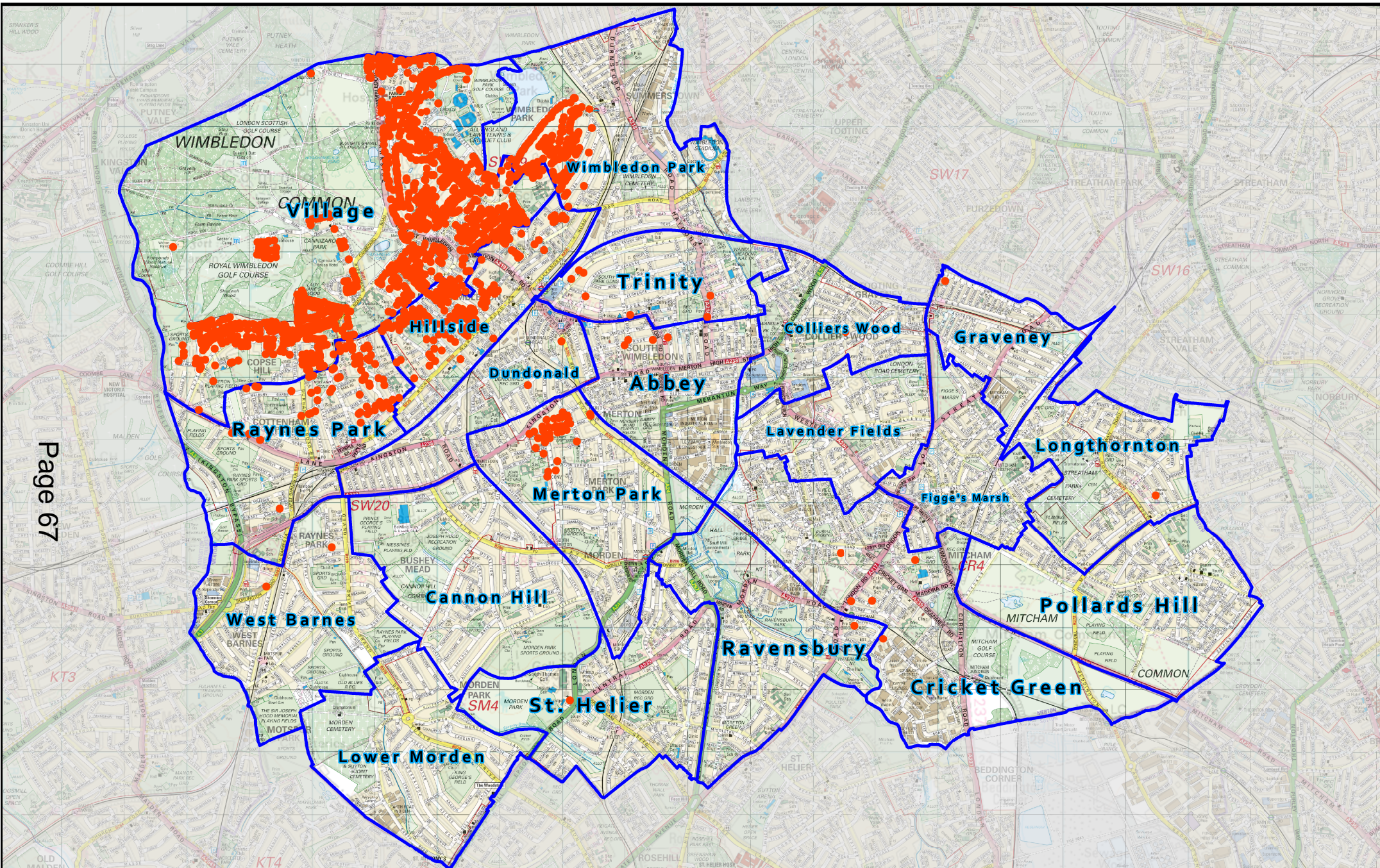
10.1. None for the purpose of this report

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

- Appendix 1 – Map showing breakdown by ward of band H properties
- Appendix 2 – Alternative Option to Charitable Trust

12 BACKGROUND PAPERS

12.1.



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London Borough of Merton 100019259. 2018.

Council Tax Band H Properties

Scale 1 : 38 700

London Borough of Merton

Merton Civic Centre
100 London Road
Morden
Surrey SM4 5DX



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Appendix 2.

Alternative Option to Charitable Trust

- 1.1. It is proposed that any funds raised through this scheme is allocated to voluntary and community organisations through the Merton Giving Scheme.
- 1.2. Merton Giving is a community giving scheme and is a partnership between the council, MVSC and the Chamber of Commerce. Through its contacts with business the Chamber has raised so far this year £12,000 in cash and £60,000 in-kind donations. The council has allocated £13,000 and MVSC £10,000. In addition the CCG and Public Health are investing £26,000.
- 1.3. MVSC hold these funds in a separate account and they are allocated via a grants round to voluntary and community sector groups. MVSC provide the administration for the grants round and the scheme is overseen by a steering group that includes Cllr Macauley, Love Wimbledon, the Wimbledon Foundation and AFC Wimbledon.
- 1.4. Grants are allocated based on themes agreed with the council which are currently:
 - Developing Our Future Generation – Grassroots community initiatives to positively engage with diverse groups of young people to promote active citizenship and a reduction in negative lifestyles and behaviors.
 - Building Healthier Communities – A focus on preventative services and/or activities that address key issues of health inequalities in the borough, including those between East and West Merton.
 - Connecting our Communities – projects that deliver services and/or activities that bring neighborhoods and communities together and strengthen and promote community cohesion and social capital.
- 1.5. It is proposed that funds raised through a Council Tax Voluntary Scheme would be allocated to voluntary and community groups via Merton Giving. The council could if it so wished apply conditions to how this funding was allocated.

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Committee: Cabinet

Date: 11th November 2019

Wards: All

Subject: Award of Corporate Cleaning Services Contract

Lead officer: Mark Humphries – Assistant Director Infrastructure & Technology

Lead member: Councillor Mark Allison – Cabinet Member for Finance

Contact officer: Edwin O'Donnell – Head of Facilities Management

Recommendations:

1. Award the corporate cleaning services contract to Tenderer A for a 3 year period from 1st April 2020 to 31st March 2023 with the option to extend for 2 x 1 additional years (in increments) for a maximum of 5 years to 31st March 2025, subject to satisfactory performance at a cost of £1,829,000 for 3 years, or £3,048,336 for 5 years.
2. That Cabinet grant delegated authority to the Director of Corporate Services after consultation with the Cabinet Member for Finance to approve the additional 2 x 1 year extensions.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To seek approval to award a new corporate cleaning services contract to the most economically advantageous tender, Tenderer A, following an OJEU restricted tender for a 3 year period from 1st April 2020 to 31st March 2023 with an option to extend for 2 x 1 additional years (in increments) for a maximum of 5 years to 31st March 2025, subject to performance and at the discretion of the Council.
- 1.2 In response to an OJEU notice 24 Selection Questionnaire responses were received and following a shortlisting process 5 companies were invited to tender and 3 companies returned a tender. The pre-determined evaluation criteria was based upon a weighting of price 50%: quality 50%. Overall tenderer A scored highest and is recommended to be accepted.
- 1.3 Tender Evaluation quality and price scores

CONTRACTOR	QUALITY SCORE	PRICING SCORE	TOTAL SCORE
Tenderer A	44%	50%	94%
Tenderer B	29%	49%	78%
Tenderer C	33%	47%	80%

2 DETAILS

- 2.1 The current Corporate Cleaning Contract expires on the 31st March 2020.
- 2.2 The contract is for the provision of cleaning services to the Council's corporate and non-educational operational sites; including Merton Civic Centre, Morden Park House register office and other corporate sites,

Libraries, Youth Centres, Children’s and Community Centres (24 sites in total.)

3 ALTERNATIVE OPTIONS

3.1 Alternative options have previously been considered which are now included within the current contract arrangements, namely the transfer of relevant buildings from the schools contract to the corporate services cleaning contract. The contract now includes sites such as Children’s Centres, Libraries, Community and Youth Centres.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1 Consultation with the Site/Service Managers regarding their cleaning requirements has been undertaken. The procurement exercise has been overseen by a member of the Council’s Commercial services team and Legal Services have also provided advice.

5 TIMETABLE

5.1

Stage / Activity	Dates
Publication of ITT	22 nd August 2019
Last date for ITT clarification questions	9 th September 2019 at 12pm
Closing date for receipt of ITT	23 rd September 2019 at 12pm
Evaluation of ITT	24 th September 2019
Cabinet Meeting	11 th November 2019
Call-in	19 th November 2019
Notification of the Councils intention to award	20 th November 2019
Standstill Period	21 st to 30 th November 2019
Contract Commencement date	1 st April 2020

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 The contract must be awarded to a company with relevant expertise, industry accreditation and required insurance indemnity with a record of performance and delivery.

6.2 Funding for cleaning services is from devolved departmental budgets as per current arrangements. It should be noted that there is not a centralised budget for cleaning services.

- 6.3 The cost of the retendered contract has increased. This may in part be due to the mandatory incremental increases to the National Living Wage in accordance with recent government legislation over the past 3 years. All tenderers were requested to provide a fully inclusive cost for the current and impending increases to the National Living Wage for the contract term.

Any future price adjustment throughout the contract term will be based on an annual increase or decrease based on CPI (Consumer Price Index) which is currently 1.8 %.

The Council's Departmental Finance Managers have been advised of the increased cost implications.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 This contract must have been procured in accordance with the Councils Contract Standing Orders. In addition, as this contract value is over the EU threshold, accordingly this has been procured under the Restricted Procedure set out in the Public Contracts Regulations 2015 and comply with the Treaty Principles of transparency, non-discrimination and equal treatment. A ten day standstill period prior to entering into any new contract will be run, as set out above and deselection letters will be approved by legal before they are issued to ensure compliance with the Public Contracts Regulations 2015.

- 7.2 Upon approval the contract will need to be formalised and executed.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 The tender process required all bidders to determine if and to what extent there were any potential TUPE implications for the staff currently providing the service.

No TUPE transfer or redundancy liabilities arise from the award of this contract as the incumbent company have submitted the successful bid.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 None identified.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 The successful company is registered as compliant with CHAS (Contractors Health & Safety Assessment Scheme) and have provided detailed method statements and risk assessments for the day to day operation of the contract.

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

- Appendix 1 – A copy of the Tender Analysis Report.

12 BACKGROUND PAPERS

None for the purposes of this report.

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Cabinet

Date: 11 November 2019

Subject: Financial Report 2019/20 – September 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data for Quarter 2, month 6, relating to revenue budgetary control, showing a forecast net positive variance at year-end of £1,478k, -0.3% of gross budget.
- B. That Cabinet note the contents of Section 4 and the amendments to the Capital Programme contained in Appendix 5b and approve the amendments in the Table below:

Scheme	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Narrative
Civic Centre - Civic Centre Lighting	(300,000)		300,000		Life expectancy greater than estimated slipped to 20-21
Highways & Footways - Highways bridges & structures	(120,000)	120,000			Re-profiled in accordance with projected spend
Capital Contingency				108,900	Transferred from School Equipment Loans to the Capital Contingency
School Equipment Loans	(108,900)				
Total	(528,900)	120,000	300,000	108,900	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 6, 30th September 2019 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 2019/20;
 - Progress on the delivery of the 2019/20 revenue savings
- 1.2 In view of the uncertainty with Government funding and the timing of any announcements at this juncture together with the pending General Election it has been decided that there will be no Business Plan report to the November Cabinet. The savings proposals placed before October Cabinet will be reviewed by the Scrutiny Panels together with the EIA's and will be reviewed by Cabinet at their December meeting together with further Directorate growth and savings proposals.

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There will also be focus on adult social care placements where there is continued pressure. Additionally, accuracy of forecasting will continue to be reviewed as the 2018/19 underspend demonstrates areas of over cautious forecasting in certain services.

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 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 6 to 30th September 2019, the year-end forecast is a net positive variance of £1,478k compared to the current budget. This excludes any monies due from the last year of the Business Rates London Pilot Pool.

Summary Position as at 30th September 2019

	Current Budget 2019/20 £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2018/19 £000s
Department					
3A. Corporate Services	11,495	11,153	(342)	(429)	(2,511)
3B. Children, Schools and Families	61,336	62,917	1,581	1,277	2,271
3C. Community and Housing	63,747	63,137	(610)	197	(197)
3D. Public Health	0	12	12	12	0
3E. Environment & Regeneration	15,932	15,112	(820)	(320)	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	152,510	152,332	(178)	737	(1,996)
3E. Corporate Items					
Impact of Capital on revenue budget	10,481	10,332	(149)	0	403
Other Central budgets	(20,675)	(21,826)	(1,151)	(987)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	(9,245)	(10,545)	(1,300)	(987)	(5,661)
TOTAL GENERAL FUND	143,265	141,787	(1,478)	(250)	(7,657)
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	(143,265)	(143,265)	0	0	0
NET	0	(1,478)	(1,478)	(250)	(7,657)

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget	2019/20 Full year Forecast (September)	2019/20 Full Year Forecast Variance (September)	2019/20 Full Year Forecast Variance (August)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Customers, Policy & Improvement	3,710	3,571	(139)	(140)	(246)
Infrastructure & Technology	11,795	12,064	269	100	(64)
Corporate Governance	2,438	2,318	(120)	(51)	(294)
Resources	5,887	5,641	(246)	(235)	(707)
Human Resources	1,919	2,149	230	235	16
Corporate Other	834	498	(336)	(337)	(1,216)
Total (Controllable)	26,583	26,241	(342)	(429)	(2,511)

Overview

At the end of period 6 (September) the Corporate Services (CS) department is forecasting an underspend of £342k at year end. The underspend forecast has reduced by £87k since period 5 (August).

Customers, Policy and Improvement - £139k under

Customer Contact is forecasting a £59k underspend due to lower than budgeted licence costs. There is a forecast underspend of £49k on Cash Collections, capturing future year savings early in 2019/20. The Translations Service has a forecast underspend of £24k, mainly as a result of additional income from internal translation requests compared to the budgeted amount and a vacancy within the team. Merton Link is forecasting a £12k underspend owing to various running costs. Marketing and Communications have a £44k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with the level of spend in 2018/19. A further £47k underspend is forecast on Community Engagement, this is a result of maternity leave in the team and other underspends on running costs.

A £34k overspend is forecast on the Registrars Service relating to various running cost budgets such as ground maintenance and marketing as well as an underachievement of a staffing saving (2019-20 CS05). This is partly offset by the overachievement of income; however, income for 19/20 is expected to be £76k less than that achieved in 18/19 due to the Home Office no longer providing additional work. Additionally, Press and PR are forecasting a £29k overspend due to underachievement of income.

Infrastructure & Technology - £269k over

I&T are forecasting overspends on Telecoms of £56k due to delays in the PABX telecoms implementation and £83k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. There is also a £200k overspend forecast for Microsoft Licences which is a best estimate of the cost at this stage, pending the outcome of a procurement exercise. Facilities Management are forecasting a £32k overspend reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the energy team. Facilities are forecasting a further £55k overspend on the external fees account due to the use of additional agency staff. The Business Systems Team is also forecasting an overspend of £49k due to recruitment costs, hardware purchases, IT licences and the underachievement of income.

Various underspends within the division are partly offsetting the above overspends. The Print and Post Room are forecasting a £38k underspend with a vacancy held in the team. The Corporate Print Strategy is forecasting a £55k underspend due to less than budgeted multi-functional device (MFD) costs. Additionally, Transactional Services are forecasting a £55k underspend resulting from the recovery of expenses in previous years and there is a £71k underspend forecast on Garth Road Archive Storage due to rental income.

The forecast overspend in I&T has increased by £169k since period 5. This is mainly due to the forecast overspend on the Microsoft Licences which is being offset by increased income from the rental of Garth Road Archive Storage and recovery of expenses by the Transactional Services team.

Corporate Governance – £120k under

The underspend within Corporate Governance is formed of £21k from various running cost budgets held by the AD, £32k from Democracy Services largely due to vacancies and £15k running costs. A further £40k underspend is forecast in the Information Governance team due to vacancies and consultants budget not required in year. Additionally, Legal Services outside of SLLp are forecasting a £27k underspend due expenditure budgets not required in year.

The above underspends are partly offset by the South London Legal Partnership (SLLp) which is forecasting a £66k deficit, of which £13k is attributable to Merton. The SLLp deficit has increased from period 5 largely due to increased agency costs.

The forecast underspend on Corporate Governance has increased by £69k from the position at period 5. This is mainly due to additional Legal Services income from schools, a vacancy within the Democracy Services team and a recharge to the London Borough of Richmond as the acting AD for Corporate Governance is acting as their Monitoring Officer.

Resources - £245k under

There are various underspends forecast within Senior Management, made up of the Chief Executive's budget (£41k under), Director of Corporate Services (£72k under) and AD Resources (£43k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £99k overspend forecast on Corporate Accountancy, largely due to agency spend. This is partly offset by a £26k underspend within the Budget Management Team due to various vacancies.

A £59k overspend is forecast on the Financial Information System (FIS) team mainly due to additional licence and system support costs, with a business case pending to review ongoing budget pressures within the team.

The Insurance and Treasury teams are forecasting an underspend of £12k due to higher than budgeted recharges to the pension fund.

The Merton and Sutton Bailiff Services are forecasting to underspend by £97k due to additional income in excess of the budget. Benefits Administration is forecasting a £250k underspend mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast overspend of £159k on Local Taxation Services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast underspend in the Resources Division has increased by £11k compared to period 5. This is due to a reduced forecast of banking charges in Corporate Accountancy as previous interest overpayments are being refunded and credited to the account. This is, in part, offset by an increased agency spend forecast in the Budget Management Team following recent resignations and a reduced summons income forecast on local taxation services as the dates we can apply to courts for summonses has changed.

Human Resources – £230k over

Learning and Development is forecasting a £139k overspend due to recruitment costs as well as interim cover for the Head of Organisational Development and HR Strategy post. £55k of the L&D overspend relates to training, a review of the planned training for the rest of the year is being carried out and the forecast will be updated in line with this in the coming months. The overspend forecast in HR also includes an additional temporary resource to assist with implementing the new recruitment system.

The HR AD budget is also forecasting an overspend of £48k due to the interim cover of the Head of HR post and recruitment costs. A significant budget pressure within HR is from the Transactions budget which is currently forecasting a £75k overspend. This is due to a £15k budget pressure on DBS recharges to clients, which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buyback income is also contributing to the HR overspend.

Payroll has an underspend forecast of £29k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team.

Overall the HR overspend has reduced by £5k compared to the position at period 5. This is from small variations with the HR forecast which mainly offset one another.

Corporate Items - £336k under

The Housing Benefit Rent Allowances budget shows a forecast surplus of £1.23m on the account against a budgeted surplus of £1m. The additional surplus relates to a £500k underspend against the budget to top-up the bad debt provision, part offset by an overpayment recovery shortfall.

An additional surplus of £60k is forecast following the introduction of a scheme to recover old housing benefits debts which had previously been written off, due to new access to information from HMRC.

The Coroners Court is forecasting an overspend of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £40k additional income from the Magistrates court. A further £33k underspend is forecast on the pensions added years budget.

The forecast underspend on corporate items has decreased by only £1k since period 5.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (Sept)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(13,066)	(13,036)	30	(142)	(753)
Public Space	14,629	14,114	(515)	175	(1,449)
Senior Management	975	1,078	103	28	(17)
Sustainable Communities	8,230	7,792	(438)	(382)	694
Total (Controllable)	10,768	9,948	(820)	(321)	(1,525)

Description	2019/20 Current Budget	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2018/19 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	604	65	66	112
Underspend within Parking Services	(14,541)	(164)	(329)	(964)
Overspend within Safer Merton & CCTV	871	129	121	99
Total for Public Protection	(13,066)	30	(142)	(753)
Underspend within Waste Services	13,672	(239)	382	(1,611)
Underspend within Leisure & Culture	416	(253)	(253)	(222)
Underspend within Greenspaces	1,236	(57)	(50)	145
Overspend within Transport Services	(695)	34	96	239
Total for Public Space	14,629	(515)	175	(1,449)
Overspend within Senior Management & Support	975	103	28	(17)
Total for Senior Management & Support	975	103	28	(17)
Underspend within Property Management	(2,691)	(234)	(269)	368
Underspend within Building & Development Control	4	(119)	(131)	275
Underspend within Future Merton	10,917	(85)	18	51
Total for Sustainable Communities	8,230	(438)	(382)	694
Total Excluding Overheads	10,768	(820)	(321)	(1,525)

Overview

The department is currently forecasting an underspend of £820k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, Waste Services, Leisure & Culture, Senior Management & Support, Property Management, and Development & Building Control.

Public Protection

Parking Services underspend of £164k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£749k), and P&D income (£425k).

The section has a £1,900k saving this year relating to the review of parking charges, based on an October start date. Cabinet approved a revised set of charges in September and officers are preparing to follow the statutory order making process. The forecast reflects a prudent approach to the delayed implementation, and associated income of £950k.

Included within this forecast is an employee related overspend of £78k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although compliance may now be starting to take effect 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.

Safer Merton & CCTV overspend of £129k

The section is forecasting to overspend on annual network and connection costs by £28k, and by c£40k on one-off CCTV upgrade and relocation costs. In addition, the CCTV section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved, coupled with the underachievement of its current income budget by £49k.

Elsewhere within the section, underspends on employees (£40k) and income contributions (£56k) are helping to partially mitigate these pressures.

The CCTV budgets are currently being reviewed by the Safer Merton & CCTV manager and the AD of Public Protection in order to mitigate these pressures, which may include an alternative saving being presented to Cabinet in due course.

Public Space

Waste Services underspend of £239k

The section is forecast to underspend on disposal costs by £646k. Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our energy waste facility at Beddington.

Over this period, we have seen a 12% reduction in refuse, which equates to a monthly average reduction of over 450 tonnes per month. The main contributor to this success is the increase in food waste participation which has seen an increase of over 70% or 191 tonnes per month.

This underspend is being partially offset by an overspend on its waste collection and street cleansing contract of £279k. This is largely due to the internal debt charge of £676k for capital spend, along with recharges for additional services being undertaken by the service provider.

The section is also forecasting to overspend on its employee costs by £63k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6), and the temporary employment of a Public Space Inspector for six months to provide greater resilience in the monitoring of our service provider performance.

Leisure & Culture underspend of £253k

The forecast underspend is mainly as a result of the final year, under the previous contractual agreement, of the profit share arrangement with our service provider for the Leisure Centres Contract (£214k). Changes to this contract came into effect from 1st December 2018, which has

resulted in future guaranteed annual income, now being built into the Medium Term budget. Due to this guaranteed income the likelihood of future profit shares is now unlikely.

Senior Management & Support

Senior Management & Support overspend of £103k

The overspend relates to the parking review project currently being undertaken to analyse and develop the Council's staff travel plans and reduction in car use.

Sustainable Communities

Property Management underspend of £234k

The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £716k, which includes £150k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £380k on premises related expenditure, for example, utility and repairs & maintenance costs. In addition, a £115k overspend is being forecast relating to employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations.

Development & Building Control underspend of £119k

The section is forecasting to overachieve against their other grants & contributions by £86k, mainly as a result of allowable CIL income to cover the administration and overhead costs associated with managing the levy.

They also expect to overachieve against customer & client receipts income expectations by £68k, mainly within Development Control, as a result of a number of large planning application fees received in the early part of the financial year.

A forecast employee overspend of £98k, as a result of additional resources being provided for the planning enforcement team to enable it to clear the backlog of cases, is partially offsetting these underspends.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Sep £000	Forecast Variance at year end (Sep) £000	Forecast Variance at year end (Aug) £000	2018/19 Variance at year end £000
Education	24,869	25,179	310	209	(37)
Social Care and Youth Inclusion	19,571	21,699	2,128	1,912	3,211
Cross Department budgets	1,029	999	(30)	(15)	(20)
PFI	8,573	8,114	(459)	(459)	(354)
Redundancy costs	2,183	1,815	(368)	(370)	(529)
Total (controllable)	56,225	57,806	1,581	1,277	2,271

Overview

At the end of September, Children Schools and Families forecast to overspend by £1,581m on local authority funded services, an increase in overspend of £304k from August's outturn forecast. The pressure 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 has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise from 1,893 in August to 1,941 in September, an increase of 48.

The CSF department received £500k growth for 2019/20 which was all allocated against the SEN transport cost due to the continuing pressure in this area.

Local Authority Funded Services

The table below details the significant budget variances identified to date:

Description	Budget £000	Sep £000	Aug £000	2018/19 £000
Procurement & School organisation	594	(200)	(200)	(411)
SEN transport	4,705	1,097	1,097	1,223
Early Years services	3,117	(206)	(251)	(349)
CWD team staffing	571	(72)	(72)	(88)
Internal legal hard charge	543	(144)	(143)	(32)
Other small over and underspends	15,339	(165)	(222)	(380)
Subtotal Education	24,869	310	209	(37)
Fostering and residential placements (ART)	7,111	696	696	1,057
Un-accompanied asylum seeking children (UASC)	75	551	517	488
Community Placement	0	385	385	500
No Recourse to Public Funds (NRPF)	21	141	141	301
MASH & First Response staffing	1,618	267	267	354
Legal costs	526	209	209	280
Other small over and underspends	10,220	(121)	(303)	231
Subtotal Children's Social Care and Youth Inclusion	19,571	2,128	1,912	3,211

Education Division

The procurement and school organisation budget is forecast to underspend by £200k because of lower spend on revenue budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £1.097m. The forecast for maintained school taxis is £3.685m, circa £400k more than last year. This is our best estimate based on the information available at the end of September. A more accurate forecast for the current financial year is expected in October once all the changes of the new academic year have been procured and initial payments for the new academic year should have been received to check calculations against. The current estimated cost includes a small forecast for new placements that may be required towards the end of the year. There is a risk that this cost can increase more than currently allowed for as we have seen a major increase in the number of EHCPs, although not all plans will necessarily be eligible for support under Merton's transport policy. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of September this is estimated to deliver a £206k underspend.

The Children with Disabilities (CWD) team, which transferred to the Education division this year, is holding vacant posts which is expected to deliver a £72k underspend in the current financial year. Some of this underspend is being used to offset social work cost pressures in the fostering service.

The internal legal hard charging budget is estimated to underspend by £144k. This forecast is based on spend to date and will fluctuate if usage increases towards year-end.

There are various other small over and underspends forecast across the division netting to a £165k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £310k.

Children's Social Care and Youth Inclusion Division

At the end of September Merton had 164 looked after children (LAC). This is a reduction of 3 children from August. The numbers of Looked after Children (LAC) in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

Overview	2015/16	2016/17	2017/18	2018/19
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	34
London Rate	51	50	49	tbc
England Rate	60	62	64	tbc

The complexity of a significant proportion of cases is causing cost pressures as detailed below.

Service	Budget £000	Sept spend £000	Variance		Placements	
			Sept £000	Aug £000	Sept No	Aug No
Residential Placements	2,305	2,005	(300)	(300)	15	15
Independent Agency Fostering	1,753	1,953	200	200	41	41
In-house Fostering	993	1,697	704	704	68	70
Secure accommodation	138	138	0	0	1	1
Mother and baby	103	103	0	0	1	1
Supported lodgings/housing	1,819	1,911	92	92	58	59
Total	7,111	7,807	696	696	184	187

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 placement forecasts includes a prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. These assumptions are reviewed and updated every month and estimates adjusted accordingly to provide our best estimate of full year costs.

- The Residential placement expenditure is forecast to underspend by £300k at the end of the financial year. We currently have 15 residential (including 10 respite), the same as last month.
- The Independent Agency Fostering expenditure is forecast to overspend by £200k. We currently have 41 placements, the same as last month.
- The In-house Foster carer expenditure is forecast to overspend by £704k. We currently have 68 placements. There has been 3 new placements while 4 placements ended during September. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projected to spend to budget in September. We currently have 1 placement but are forecasting for additional placements expected by the end of financial year.
- The mother and baby assessment unit expenditure is forecast budget for the current year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k in September. There has been 3 new placements while 2 placements ended. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- At the end of September, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £551k, up from £517k in August.

Service	Budget £000	Sept spend £000	Variance		Placements	
			Sept £000	Aug £000	Sept No	Aug No
Independent Agency Fostering	380	491	111	89	13	11
In-house Fostering	0	660	660	648	32	30
Supported lodgings/housing	170	675	505	505	24	23
UASC grant	(475)	(1,200)	(725)	(725)		
Total	75	627	551	517	69	64

At the end of September, we had 37 placements for UASC young people under 18. Of these, 34 were placed in foster care and 3 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is 37 (0.08% of the child population). We receive UASC grant towards these placements although it is not sufficient to cover the full cost.

Merton had 38 young people aged 18+ who were formerly UASC in our care at the end of September, 11 in foster care, 21 in semi-independent accommodation and 6 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is agreed or they reach age 25.

We are currently forecasting to 'over-achieve' our projected UASC grant income by £725k. We are currently reviewing this forecast based on Merton's latest caseloads and taking account of the grant increases confirmed by the Home Office earlier this year and will update this figure next month. The grant income is offset against the additional costs incurred through having higher numbers of UASC in our care.

We are estimating a £385k spend on the un-budgeted community placement for the current financial year. This includes a £485k estimated cost for 2019/20 reduced by an over accrual in 2018/19 of £100k. The figure is our best current estimate and is subject to change as the case is extremely complex and regularly reviewed. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements, although it may not be possible to establish permanent arrangements until the young person is an adult.

The NRPF budget is forecast to overspend by £141k in the current financial year. This is £160k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and they can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of 30 in 2016/17 to a current caseload of 6 families where we support 9 children with accommodation and 6 with subsistence.

We are forecasting to overspend by £267k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £209k, the same as last month. This cost relates to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs. The investment in the FDAC is intended to reduce placement costs due to fewer children coming into care. The evidence is that this is effective in those cases that go through the FDAC process, but that this is more than offset by increases in other placement costs.

There are various other small over and underspends forecast across the division netting to a £121k underspend. These combine with the items described above to arrive at the total divisional forecast overspend of £2.128m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £9.990m, an increase of £87k over last month. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £12.899m.

The main reason for the variance relates to a £6.522m overspend on Independent Day School provision. This is a £473k increase from August 2019. The reason for the increase is the increase in placements from 243 in August to 257 in September. Based on past years' experience, we would expect this number to increase further towards the end of the year. We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £12.899m cumulative deficit to increase further.

Other overspends include £851k on EHCP allocations to Merton primary and secondary schools, £1.718m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.164m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of September 2019 there were 1,941 EHCPs, a 13% increase year to date.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream Schools (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Education	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	1075	100%	1242	100%	1518	100%	1712	100%
Change over previous year				16%		22%		13%

There are various other smaller over and underspends forecast across the DSG netting to a £265k underspend which, combined with the items above, equates to the net overspend of £9.990m. This will be added to Merton's negative reserve and conversations continue with government over the funding of this.

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

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. We are therefore not in a position to estimate this adjustment until year-end.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above and continue into 2019/20 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20.

There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets. Total school balances, including capital balances, did however increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, 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 UASC young people. We have recruited 5 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers and we are therefore behind target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+ to act as a step down into permanent independent living. Building on these cost reductions, we expect to be able to procure further placements of this type in 2019/20 and 2020/21.

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. 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 UASC young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Our average placements costs against each budget code are reported each month. Due to the low numbers in UASC independent agency (non-grant) placements and secure accommodation units, small changes in numbers result in big variations in the average weekly unit costs as detailed in the following table.

Weekly cost 2019-20

Description	March	May	June	July	Aug	Sep	Movement from last month	Sept
	£	£	£	£	£	£	£	No
ART Independent Agency Fostering	900	879	854	889	898	896	● -2	41
ART In-house Fostering	440	438	443	430	428	438	● 11	68
UASC Independent Agency (Grant)	803	822	822	821	821	818	● -2	12
UASC In house Fostering (Grant)	490	410	388	452	419	422	● 3	22
UASC Independent Agency (Non-Grant)	237	802	802	802	802	618	● -183	1
UASC In house Fostering (Non-Grant)	589	409	417	405	426	422	● -4	10
ART Residential Placements	3,978	3,919	3,887	3,886	3,916	3,925	● 9	15
ART Secure Accommodation	3,374	1,323	1,890	1,890	2,457	1,816	● -641	1
ART Mother & Baby Unit	3,589	4,204	4,204	3,401	3,401	3,401	● 0	1
Supported Housing & Lodgings (Art 16+ Accommodation)	585	611	619	627	652	671	● 20	58
Supported Housing & Lodgings - UASC (Grant)	782	788	736	687	687	685	● -2	3
Supported Housing & Lodgings - UASC (Non Grant)	642	451	410	400	427	434	● 7	21

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to funding for children with complex needs, particularly through continuing healthcare (CHC) funding. This is an area we need to improve with closer working with the CCG 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 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, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.

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 £72k, however that figure masks substantial one 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	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	170	505	505	774
UASC	380	771	737	211
No Recourse to Public Funds (NRPF)	21	141	141	301
Total	2,390	1,509	1,475	1,338

The above table summarises the placement cost in relation to additional burdens. On top of these costs there will also be staffing costs to supporting these cases.

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. 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 is 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 have 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).
- SEND tribunals will cover all elements of children care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

Further new burdens are expected for 2019/20 including the DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).

Community and Housing

Overview

Community and Housing is currently forecasting an underspend of £598k as at September 2019.

There are forecast underspends in Adult Social Care and Housing. Public Health and Libraries continues to forecast an overspend. Merton Adult Learning expects to achieve a breakeven position.

Community and Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (Sept'19) £000	2019/20 Forecast Variance (Aug'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	44,292	(907)	(52)	(258)
Commissioning	4,438	4,347	(91)	(93)	(5)
Direct Provision	4,706	4,783	77	112	6
Directorate	1,142	1,397	255	283	90
Adult Social Care	55,485	54,819	(666)	250	(167)
Libraries and Heritage	2,186	2,258	72	47	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,905	1,889	(16)	(101)	(73)
Other Services Sub-total	4,083	4,139	56	(54)	(28)
Public Health	(148)	(136)	12	12	0
Grand Total Controllable	59,420	58,822	(598)	208	(195)

Adult Social Care

Access & Assessment - £907k underspend

This service is currently forecasting an underspend of £907k as of September 2019. This is due to the reduction in forecasted expenditure on placements; increase in forecasted income from assessed client contributions, a decrease in overspend on equipment and other minor movements. There is however an increase in the amount of debts outstanding in the service which may need to be written off.

It is however important to note that the approaching winter is likely to be a harsh one which may lead to an increase in the demand for services and therefore a budget pressure. Thus at this stage it is not expected that the current underspend will be an ongoing position.

The winter planning with health has concluded. The service has allocated winter grants to additionally expand short-term capacity and investment in the voluntary sector. Since hospitals are already operating at near capacity, it is expected to be a challenging winter period.

Social care-caused delayed transfers of care remain good and below the nationally set target. However, health-caused delays have risen which will put the Merton system under scrutiny. The service will need to work hard to maintain our current good performance thus will need to allocate sufficient resources to facilitate a seamless service.

The recent spending round announcement by the government continued the short-term allocations via the Improved Better Care Fund (IBCF), the precept and a new grant to support Adults and Children's services. This announcement, though welcomed, prevents the department and Merton to plan effectively for the long term due to the uncertainty surrounding the source and level of social care funding post 2020. The department is awaiting details on the spending round announced recently.

The current year budget is supported by the short term IBCF funding as per the grant requirements.

It is important to note that included in Adult Social Care income is £300k Independent Living Fund (ILF) grant, which ceases next year; thus from 2020-21 this will be an additional pressure as it currently supports the cost of previous ILF customers costing the service £800k per annum.

The department transformation project is currently in progress with an expected completion date of March 2023. This project is looking at Merton's prevention offer, Learning Disabilities offer, Adult social care customer journey and Housing.

The table below shows significant movement in budget variances in the Access & Assessment division

Access & Assessment	Forecast Variance Sept'19 £000	Forecast Variance Aug'19 £000	Outturn Variances March 19 £000
Underspend on Concessionary Fares-(taxi-cards scheme)	(92)	(92)	(42)
Equipment	70	103	95
Other- Incl. Employee Related & Premises	(48)	(138)	(104)
Placements & Placements Other	1,513	1,807	1,111
Income (IBCF & ILF, Client Contribution)	(2,350)	(1,732)	(1,318)
Total Controllable	(907)	(53)	(258)

Direct Provision-£77k overspend

The Direct Provision service is currently forecasting an overspend of £77k which is a reduction of £35k since August 2019.

This service has undertaken intensive work in the day services to ensure that its forecasts are correct. It has introduced plans which will reduce bank staff usage across all day services. However there has been a temporary increase in sickness at the Riverside residential home.

The overspend in direct provision continues to be of concern and is subject to further investigation. There are some areas where the budgets are not aligned to real costs and will be addressed in setting the 2020/21 budget. There is a misalignment between capacity and usage in day care that needs to be addressed as part of the review of the local offer. However, there are also concerns about the sickness levels in some units which are causing additional costs. These are being addressed through management action with individuals and through deploying staff across the homes to cover shifts. We are trialling the use of day service staff to cover some residential shifts.

C&H-Other Services

Libraries-£72k overspend

The library service is currently forecasting an overspend of £72k which is an increase of £25k between August and September. This is largely due to an increase in forecasted spend on IT licences, telephone costs and a reduction of expected income from printing and advertising. The service will investigate these increases and the outcome will be reported on in the October's budget monitoring report.

Merton Adult Learning continues to forecast a breakeven position.

Housing - £16k underspend

This service is currently forecasting an underspend of £16k as at September 2019 which is a reduction of £85k since August 2019. This is due a reduction in the forecasted income from housing benefit and client contributions in temporary accommodation.

It remains the case that this budget will be subjected to fluctuations to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit and the corresponding budget implications flowing from temporary accommodation subsidy

Housing benefit Income and subsidy costs are affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act.

Since the introduction of the Homelessness Reduction Act 2017 (HRA), the service is required by statute to deliver homelessness prevention activities (now referred to as 'Prevention & Relief Duties'). Accordingly, the prevention of homelessness remains a central plank to the work of the team and contributes to the wider council prevention agenda, which is seeking to ensure that households are able to continue to occupy their homes and avoid the trauma that a homelessness episode brings. It is also the case that the service is required to deliver outcomes to the rough sleeper population in line with MHCLG and the GLA requirements.

The housing service continues to maintain its position of having the lowest number of households in temporary accommodation than any other London borough.

The service continues to utilise secured grant funding to undertake various projects such as a rough sleeping initiative in Merton, outreach, rough sleepers hub, control migration, accommodation assistance and rapid rehousing pathways.

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

- Rent rescue
- Rent Deposits
- Landlord liaison and negotiation with excluder
- Referrals to landlords, hostels and supported housing providers
- Legal advice on security of tenure, i.e. non-compliant s21 Housing Act 1988 notices
- Advice on prevention from eviction and landlord harassment
- Advice on income maximisation and welfare benefits

The table below shows the number of homelessness prevented to September 2019

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	225
Achieved-Apr'19	57
Achieved-May'19	86
Achieved-June'19	118
Achieved-July'19	152
Achieved-Aug'19	193
Achieved-Sept'19	233

The service has exceeded its target to date and it is expected to over achieve its annual prevention target.

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to September 2019

Housing	Budget 2019/20 £000	Forecast (Sept'19) £'000	Forecast Variances (Sept'19) £'000	Forecast Variances (Aug'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2,961	593	588	562
Temporary Accommodation-Client Contribution	(140)	(502)	(362)	(412)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2508)	(503)	(530)	(26)
Temporary Accommodation-Subsidy Shortfall	322	1,088	766	771	455
Temporary Accommodation-Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	544	589	45	(33)	(58)
Housing Other Budgets-Over/(under)spend	1,361	1,300	(61)	(68)	(15)
Total Controllable	1,905	1,889	(16)	(101)	(73)

Temporary Accommodation (TA) movement to September 2019

The data below shows the total number of households (i.e. families and single occupants) in temporary accommodation as at September 2019.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	2018/19
Mar'17	-	-	186	
Mar'18	16	16	165	
Mar'19	15	11	174	
April'19	15	11	178	170
May'19	15	16	177	175
June'19	11	18	170	172
July'19	16	20	166	175
Aug'19	16	14	168	176
Sept'19	14	13	169	174

The average number of households in temporary accommodation in 2018-19 as at period 6 was 173 compared to 171 in 2019-20.

Public Health - £12k overspend (No Change)

This service is continues to forecast an overspend of £12k.

The overspend in public health is due to the additional costs of maternity cover for the Children's Senior Public Health Principal and interim Children's Commissioning Officer pending recruitment and child care voucher costs.

Corporate Items

The details comparing actual expenditure up to 30 September 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 30 September 2019 there is an underspend of £1.300m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	10,481	10,332	(149)	0	403
Investment Income	(664)	(1,143)	(479)	(313)	(364)
Pension Fund	3,279	3,179	(100)	(100)	(254)
Pay and Price Inflation	450	450	0	0	(1,122)
Contingencies and provisions	4,585	4,257	(327)	(327)	(3,366)
Income Items	(1,503)	(1,749)	(245)	(246)	(956)
Appropriations/Transfers	(3,918)	(3,918)	0	0	(6)
Central Items	2,229	1,078	(1,151)	(987)	(6,068)
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	(9,245)	(10,545)	(1,300)	(987)	(5,661)

There has been an increase of £0.313m in the underspend forecast on corporate items since August. The reasons for this are:-

- Following a review of the capital programme and reprofiling based on the outturn position, it is anticipated that there will be an underspend of £0.149m on capital financing costs in 2019/20.
- A review of investment income has been undertaken based on the half yearly position and it is expected that there will be £0.479m more income than budgeted. This is due to an improvement in the investment interest rates achieved and a larger sum being available for short term investment.

The figures in the table above have also been adjusted to reflect the transfer of the following amounts to the Spending Review Reserve:-

	£000
Pensions - Autoenrolment	150
Loss of income arising from P3/P4	100
Total	250

The addition of these amounts will increase the balance on the Spending Review Reserve to £4.495m.

4 Capital Programme 2019-23

4.1 The Table below shows the movement in the 2019/23 corporate capital programme since the last meeting of Cabinet:

Depts	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	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	9,969	(300)	9,669	26,328	0	26,328	3,945	300	4,245	15,967	109	16,076
C&H	1,196	0	1,196	1,118	0	1,118	913	0	913	882	0	882
CSF	9,523	(319)	9,204	5,606	210	5,816	3,150	0	3,150	1,900	0	1,900
E&R	14,713	(120)	14,593	8,259	120	8,379	7,504	0	7,504	4,401	0	4,401
TOTAL	35,401	(739)	34,662	41,311	330	41,641	15,512	300	15,812	23,149	109	23,258

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at September 2019. The detail is shown in Appendix 5.

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	1,130,771	1,818,445	(687,674)	9,668,690	9,667,986	(704)
Community and Housing	413,861	355,000	58,861	1,196,240	996,240	(200,000)
Children Schools & Families	4,751,978	4,146,420	605,558	9,203,830	8,893,500	(310,330)
Environment and Regeneration	2,851,171	4,632,772	(1,781,601)	14,593,440	14,579,060	(14,380)
Total	9,147,781	10,952,637	(1,804,856)	34,662,200	34,136,786	(525,414)

- a) Corporate Services – All budget managers are projecting a full spend against budget. One budget has been re-profiled from 2019-20 to 2021-22, this for Civic Centre – Lighting £300,000, this is due to greater life expectancy of existing lighting. Re-profiling of Housing Company spending profile in accordance with the latest development plan will be progressed as part of the coming months monitoring.
- b) Community and Housing – All budget managers are projecting a full year spend apart from West Barnes Library Re-Fit which is showing a £200k slippage. Officers are currently considering how best to progress this scheme and will profile the budget spend once this is decided as part of October monitoring. There are no proposed amendments to departmental budgets this month.
- c) Children, Schools and Families – Officers are currently projecting in year slippage of £254k in Primary, £52 in Secondary, £4k on Healthy Schools and £109k on School Equipment Loans. Officers are currently reviewing which schemes can be progressed during term time and this will be reported as part of October 2019 monitoring. The following re-profiling and virements have been progressed:
- Three budgets have been slipped into 2020-21 these are Perseid- capital maintenance £38k, Unallocated SEN – Further SEN Provision £100k and Secondary Schools Autism Unit £72k.
 - The School Equipment Loans Budget has been re-profiled to 2022-23 and added to the Capital Contingency. This will then be slipped to 2023/24 as part of the Business Planning Process for 2020-24
 - Three virements have been progressed, these are Sherwood – Capital Maintenance £12k, Gorrington – Capital Maintenance £35k and Gorrington – Healthy Schools £1k.

d) Environment and Regeneration – Officers are projecting two in year underspend Alleygating £10k and within Highways and Footways two schemes are showing small underspends. One scheme – Highways Bridges and Structures within Highways and Footways is requesting to re-profiles £120k from 2019-20 to 2020-21. There is the possibility that additional funding may be required for the Bishopsford Road Bridge, sources of funding to be determined by the outcome of a review currently being undertaken. Regular updates will be provided as part of the monitoring report. Any liability falling on the Authority could be funded from the Corporate Capital Contingency, which totals £4.8 million and is currently held in the financial year 2022-23, subject to review as part of the Medium Term Financial Strategy.

4.3 The table below summarises the movement in the Capital Programme for 2019/20 since its approval in March 2019:

Depts.	Original Budget 19/20	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 19/20
Corporate Services	28,857	1,686			60	(20,934)	9,669
Community & Housing	971	225					1,196
Children Schools & Families	10,203	566		555	50	(2,170)	9,204
Environment and Regeneration	13,498	404		398	359	(66)	14,593
Total	53,529	2,881	0	953	469	(23,170)	34,662

4.4 The table below compares capital expenditure (£000s) to September 2019 to that in previous years':

Depts.	Spend To September 2016	Spend To September 2017	Spend to September 2018	Spend to September 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	215	1,182	2,401	1,131	916	(51)	(1,271)
C&H	916	340	411	414	(502)	74	3
CSF	2,811	2,673	2,850	4,752	1,941	2,079	1,902
E&R	5,930	4,598	6,380	2,851	(3,079)	(1,747)	(3,529)
Total Capital	9,873	8,793	12,043	9,148	(725)	355	(2,895)

Outturn £000s	30,626	32,230	31,424	
Budget £000s				34,662
Projected Spend September 2019 £000s				34,137
Percentage Spend to Budget				26.39%
% Spend to Outturn/Projection	32.24%	27.28%	38.32%	26.80%
Monthly Spend to Achieve Projected Outturn £000s				4,165

4.5 September is half way through the financial year and departments have spent just over 26% of the budget. Spend to date is lower than two of the three previous financial years shown.

Department	Spend To August 2019 £000s	Spend To September 2019 £000s	Increase £000s
CS	900	1,131	230
C&H	354	414	60
CSF	3,482	4,752	1,270
E&R	1,554	2,851	1,297
Total Capital	6,290	9,148	2,858

- 4.6 During September 2019 officers spent £2.858 million, which highlights that it is highly unlikely that a projected Authority wide spend of just over £34 million will be achieved, but funding has been based on 88.5% being achieved. Time will continue to be spent with budget managers to re-profile budgets into subsequent financial years.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	Period 5 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,401	83	5.6%	93	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,413	121	7.9%	121	0
Environment and Regeneration	3,370	2,097	1,273	37.8%	1,273	130
Total	6,960	5,483	1,477	21.2%	1,430	165

Appendix 6 details the progress on savings for 2019/20 by department.

Progress on savings 2018/19

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	147	47
Total	5,637	1,470	542	57

Appendix 7 details the progress on unachieved savings from 2018/19 by department and the impact on the current year and next year.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	10,314	2,391	694	305

Appendix 8 details the progress on unachieved savings from 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 2019/20
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19
Appendix 8 -	Progress on savings 2017/18
Appendix 9 -	Debt Report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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Summary Position as at 30th September 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Sept) £000s	Year to Date Actual (Sept) £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2018/19 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	10,930	11,495	12,611	14,194	11,153	(342)	(429)	(2,511)
3B. Children, Schools and Families	60,819	61,336	22,883	22,926	62,917	1,581	1,277	2,271
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	58,657	58,650	27,817	29,260	57,983	(667)	250	(169)
Libraries & Adult Education	2,878	2,878	1,635	2,113	2,950	72	47	45
Housing General Fund	2,219	2,219	667	(103)	2,204	(15)	(101)	(73)
3D. Public Health	0	0	74	(6,102)	12	12	12	0
3E. Environment & Regeneration	15,832	15,932	2,764	(11,875)	15,112	(820)	(320)	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,335	152,510	68,452	50,413	152,332	-178	737	(1,996)
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	10,481	10,481	3,158	2,618	10,332	(149)	0	403
Other Central items	(19,500)	(20,675)	(4,025)	2,694	(21,826)	(1,151)	(987)	(6,064)
Levies	949	949	433	433	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(9,245)	(434)	5,745	(10,545)	(1,300)	(987)	(5,661)
TOTAL GENERAL FUND	143,264	143,265	68,017	56,158	141,787	(1,478)	(250)	(7,657)
Funding	-	-	-	-	-	-	-	-
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(2,056)	(2,056)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(1,054)	(1,054)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(2,398)	(2,398)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(210)	(210)	(210)	0	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(3,070)	(3,070)	(1,054)	0	0	0
Grants	(52,195)	(52,195)	(8,789)	(8,789)	(52,195)	0	0	-
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax	0	0	0	0	0	0	0	0
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	(91,070)	0	0	-
FUNDING	(143,265)	(143,265)	(8,789)	(8,789)	(143,265)	0	0	-
NET	(0)	0	59,229	47,369	(1,478)	(1,478)	(250)	(7,657)

Appendix 2

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £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 2018/19 £000s
Cost of Borrowing	10,481	10,481	10,481	3,158	2,618	10,332	(149)	0	403
Impact of Capital on revenue budget	10,481	10,481	10,481	3,158	2,618	10,332	(149)	0	403
Investment Income	(664)	(664)	(664)	(332)	(513)	(1,143)	(479)	(313)	(364)
Pension Fund	3,429	3,429	3,279	0	3,552	3,179	(100)	(100)	(254)
Corporate Provision for Pay Award	877	877	(0)		0	(0)	0	0	(744)
Provision for excess inflation	450	450	450		0	450	0	0	(378)
Pay and Price Inflation	1,327	1,327	450	0	0	450	0	0	(1,122)
Contingency	1,500	1,500	1,250		0	1,250	0	0	(1,398)
Single Status/Equal Pay	100	100	50		0	50	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income arising from P3/P4	200	200	100		0	0	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	(34)	(83)
Apprenticeship Levy	450	450	450	225	152	450	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,200		219	2,007	(193)	(193)	(1,351)
Contingencies and provisions	4,904	4,904	4,585	225	371	4,257	(327)	(327)	(3,366)
Other income	0	0	0	0	(245)	(245)	(245)	(246)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		(250)	(1,503)	0	0	(3)
Income items	(1,407)	(1,407)	(1,503)	0	(495)	(1,749)	(245)	(246)	(956)
Appropriations: CS Reserves	(711)	(711)	(1,077)	(1,077)	(421)	(1,077)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(311)	(311)	0	(311)	0	0	0
Appropriations: CSF Reserves	9	9	(586)	(586)	(976)	(586)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0	0
Appropriations: Corporate Reserves	(2,034)	(2,034)	(639)	(639)	1,177	(639)	0	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	(3,918)	(3,918)	(220)	(3,918)	0	0	(6)
Depreciation and Impairment	(22,903)	(22,903)	(22,903)	0	0	(22,903)	0	0	4
Central Items	(9,019)	(9,019)	(10,194)	(867)	5,312	(11,494)	(1,300)	(987)	(5,661)
Levies	949	949	949	433	433	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	(9,245)	(434)	5,745	(10,545)	(1,300)	(987)	(5,661)

Pay and Price Inflation as at September 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, 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 1.7% and RPI at 2.6% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2019/20 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%.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 1.7% in September 2019, unchanged from August 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.7% in September 2019, also unchanged from August 2019. The largest downward contributions to change in the inflation rate, between August and September 2019, came from motor fuels, second-hand cars, and electricity, gas and other fuels. These were offset by upward movements in furniture, household appliances, hotel overnight stays, and from recreation and culture items. The RPI rate for September 2019 was 2.4%, which is down from the figure of 2.6% in August 2019.

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 18 September 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The next Bank Rate minutes will be published on 7 November 2019.

In the minutes to its September meeting, the MPC note that "Since the MPC's previous meeting, the trade war between the United States and China has intensified, and the outlook for global growth has weakened. Monetary policy has been loosened in many major economies. Shifting expectations about the potential timing and nature of Brexit have continued to generate heightened volatility in UK asset prices, in particular the sterling exchange rate has risen by over 3½%. Brexit-related developments are making UK economic data more volatile, with GDP falling by 0.2% in 2019 Q2 and now expected to rise by 0.2% in Q3. The Committee judges that underlying growth has slowed, but remains slightly positive, and that a degree of excess supply appears to have opened up within companies."

Employment and pay growth may be a key factor as the MPC recognise that "CPI inflation fell to 1.7% in August, from 2.1% in July, and is expected to remain slightly below the 2% target in the near term. The labour market appears to remain tight, with the unemployment rate having been just under 4% since the beginning of this year. Annual pay growth has strengthened further to the highest rate in over a decade. Unit wage cost growth has also risen, to a level above that consistent with meeting the inflation target in the medium term. The labour market does not appear to be tightening further, however, with official and survey measures of employment growth softening."

However, short term policy may be heavily influenced by the outcome of Brexit negotiations and the MPC note that “In the event of a no-deal Brexit, the exchange rate would probably fall, CPI inflation rise and GDP growth slow. The Committee’s interest rate decisions would need to balance the upward pressure on inflation, from the likely fall in sterling and any reduction in supply capacity, with the downward pressure from any reduction in demand. In this eventuality, the monetary policy response would not be automatic and could be in either direction.”

The latest Inflation Report was published on the 1 August 2019 and the next report will be published in early November 2019.

In the August 2019 Inflation Report, the MPC noted that “CPI inflation was at the 2.0% target in June and is projected to fall below the target over the next six months as energy prices decline. From next year inflation is expected to pick up as the impact of lower energy prices fades, sterling’s recent depreciation pushes up import prices, and domestic inflationary pressures rise.” In terms of the prospects for inflation, the MPC minutes are heavily caveated to take account of Brexit. The MPC sum up their view as follows:-

“Underlying UK GDP growth has softened to below-potential rates, reflecting weaker global growth as well as the impact of Brexit-related uncertainties. Growth is expected to remain subdued in coming quarters, as those uncertainties have intensified over the past few months and are assumed to remain elevated in the near term. CPI inflation is projected to fall temporarily below the MPC’s 2% target over the second half of 2019 as energy prices decline. Conditioned on a smooth withdrawal of the UK from the EU, Brexit-related uncertainties are assumed to subside over the forecast period. Together with a boost from looser monetary conditions, the decline in uncertainties leads to a recovery in demand growth to robust rates. As a result, excess demand and domestic inflationary pressures build. CPI inflation picks up to materially above the MPC’s 2% target by the end of the forecast period. The MPC’s projections are affected by an inconsistency between the asset prices on which they are conditioned — which reflect a higher perceived probability of a no-deal Brexit among financial market participants — and the smooth Brexit assumption underlying the central forecasts. In the event of a Brexit deal, sterling would be likely to appreciate and market interest rates and UK-focused equity prices to rise.”

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 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.5	2.3	1.9
RPI	2.2	3.2	2.6
LFS Unemployment Rate	3.8	4.3	4.0
2020 (Quarter 4)			
CPI	1.7	3.3	2.1
RPI	2.0	4.2	2.9
LFS Unemployment Rate	3.8	5.7	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 2019 to 2023 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	2.0	2.1	2.1
RPI	2.7	2.8	3.0	3.2	3.2
LFS Unemployment Rate	3.9	4.1	4.3	4.3	4.3

Treasury Management: Outlook

At its meeting ending on 18 September 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The next Bank Rate minutes will be published on 7 November 2019.

In the minutes to its September meeting the MPC state that “Shifting expectations about the potential timing and nature of Brexit had continued to generate heightened volatility in UK asset prices. The sterling exchange rate and market forward pricing of Bank Rate had both risen as the perceived probability of a no-deal Brexit had fallen. The implied probability of the United Kingdom leaving the European Union with a deal this year had also increased more recently. Sterling implied volatilities had remained at elevated levels. Brexit-related developments, such as stockbuilding and shutdowns in car production around previous Brexit deadlines, were making UK economic data more volatile. GDP had fallen by 0.2% in 2019 Q2 and was now expected to rise by 0.2% in Q3, compared with 0.3% at the time of the August Report....Brexit uncertainties, and more recently the slowing global economy, had weighed on business investment, which had now declined in five of the past six quarters. There had been a rise in the proportion of respondents to the Decision Maker Panel (DMP) reporting that Brexit was one of their top three sources of uncertainty. The weaker global backdrop was weighing on exports. Consumption growth had remained resilient, however, supported by continued growth in real household income.”

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. However, the MPC note that “In the event of greater clarity that the economy was on a path to a smooth Brexit, and assuming some recovery in global growth, a significant margin of excess demand was likely to build in the medium term. Were that to occur, the Committee judged that increases in interest rates, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target. In all circumstances, the Committee would set monetary policy appropriately to achieve the 2% inflation target.”

The Bank of England will publish its November 2019 Inflation Report in early November.

The August Inflation report states that “As in previous Reports, and consistent with the general approach to condition forecasts on Government policy, the MPC’s projections assume a smooth transition to the average of a range of possible outcomes for the United Kingdom’s eventual trading relationship with the European Union. Consistent with that conditioning assumption, Brexit uncertainties are assumed to wane over the second half of the forecast period. All else equal, this boosts GDP growth and inflation. The projections are also conditioned on a range of UK asset prices. Over the past few months, monetary conditions have loosened. The market yield curve currently implies that Bank Rate is expected to fall in the near term, and ends the forecast period at 0.6% (to Quarter 3, 2022), around 40 basis points lower than in the May 2019 Report. The sterling exchange rate is 4% lower than in May. The lower path for market interest rates partly reflects the influence of global factors; interest rate expectations have fallen in the US and euro area as well as the UK. UK asset price developments have also been driven by the growing weight that market participants have placed on the possibility of a no-deal Brexit. In contrast to the MPC’s forecast, which assumes a smooth Brexit, asset prices encompass the full range of potential Brexit outcomes, and the rising perceived likelihood of no deal has contributed to the lower market path for interest rates and the depreciation of the exchange rate, as well as weighing on some risky

asset prices. Taken together, financial and monetary conditions have become more supportive of GDP growth and CPI inflation.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports are summarised in the following table:-

	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	End Q.1 2022	End Q.2 2022	End Q.3 2022
Aug. '19	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
May '19	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	
Feb.'19	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
Nov.'18	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4			
Aug.'18	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1				
May '18	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2					
Feb.'18	0.9	1.0	1.0	1.1	1.1	1.1	1.2						
Nov.'17	0.8	0.9	0.9	0.9	1.0	1.0							
Aug.'17	0.6	0.7	0.7	0.7	0.8								
May '17	0.4	0.5	0.5	0.5									
Feb'17	0.6	0.6	0.7										
Nov.'16	0.4	0.4											
Aug.'16	0.2												

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 three key judgements :-

1. while global activity has weakened and sentiment has deteriorated, looser financial conditions support the return of world growth to its potential rate in the medium term
2. on the conditioning assumption that there is a smooth Brexit, UK demand growth recovers after softening in the near term
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand and domestic inflationary pressures build

Capital Budget Monitoring - September 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Capital	9,147,781	10,952,637	(1,804,856)	34,662,200	34,136,786	(525,414)
Corporate Services	1,130,771	1,818,445	(687,674)	9,668,690	9,667,986	(704)
Customer, Policy and Improvement	0	12,275	(12,275)	622,660	621,956	(704)
Customer Contact Programme	0	12,275	(12,275)	622,660	621,956	(704)
Facilities Management	362,155	603,870	(241,715)	1,480,420	1,480,420	0
Works to other buildings	168,147	295,040	(126,893)	941,320	769,210	(172,110)
Civic Centre	177,020	233,830	(56,810)	272,660	444,770	172,110
Invest to Save schemes	16,988	75,000	(58,012)	266,440	266,440	0
Infrastructure & Technology	752,359	1,192,300	(439,941)	3,616,180	3,616,180	0
Business Systems	30,018	93,800	(63,782)	636,860	636,860	0
Social Care IT System	65,960	185,000	(119,040)	425,240	425,240	0
Planned Replacement Programme	656,381	913,500	(257,119)	2,554,080	2,554,080	0
Resources	16,257	10,000	6,257	24,970	24,970	0
Financial System	16,257	10,000	6,257	24,970	24,970	0
Corporate Items	0	0	0	3,924,460	3,924,460	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	0	0	3,464,460	3,464,460	0
Community and Housing	413,861	355,000	58,861	1,196,240	996,240	(200,000)
Adult Social Care	3,349	0	3,349	43,750	43,750	0
Telehealth	3,349	0	3,349	43,750	43,750	0
Housing	370,364	290,000	80,364	827,160	827,160	0
Disabled Facilities Grant	370,364	290,000	80,364	827,160	827,160	0
Libraries	40,149	65,000	(24,852)	325,330	125,330	(200,000)
Library Enhancement Works	490	45,000	(44,510)	248,700	48,700	(200,000)
Libraries IT	39,659	20,000	19,659	76,630	76,630	0

Capital Budget Monitoring - September 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	4,751,978	4,146,420	605,558	9,203,830	8,893,500	(310,330)
Primary Schools	579,871	1,226,610	(646,739)	1,730,260	1,476,483	(253,777)
Hollymount	0	12,180	(12,180)	16,240	16,240	0
West Wimbledon	36,917	52,778	(15,861)	70,370	40,780	(29,590)
Hatfeild	35,356	65,363	(30,006)	87,150	40,169	(46,981)
Hillcross	46,086	174,555	(128,469)	232,740	232,740	0
Joseph Hood	20,000	31,350	(11,350)	41,800	47,305	5,505
Dundonald	(3,871)	31,150	(35,021)	31,150	31,150	0
Garfield	82,546	73,835	8,711	92,780	92,780	0
Merton Abbey	828	17,843	(17,015)	23,790	23,790	0
Pelham	26,417	76,418	(50,001)	85,890	79,329	(6,561)
Poplar	(4,560)	20,303	(24,862)	27,070	28,362	1,292
Wimbledon Chase	54,251	114,835	(60,584)	133,780	133,780	0
Wimbledon Park	0	1,800	(1,800)	1,800	1,800	0
Abbotsbury	32,067	53,655	(21,588)	71,540	34,433	(37,107)
Morden	(2,219)	3,970	(6,189)	3,970	3,970	0
Bond	52,246	91,450	(39,204)	120,600	120,600	0
Cranmer	528	32,073	(31,545)	56,430	44,603	(11,827)
Gorrington Park	0	7,500	(7,500)	45,970	45,970	0
Haslemere	28,352	45,130	(16,778)	70,840	33,591	(37,249)
Liberty	34,003	61,370	(27,367)	77,300	77,300	0
Links	64,651	60,110	4,541	74,480	68,987	(5,493)
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	278	(13,533)	13,811	0	0	0
Lonesome	20,000	16,300	3,700	21,300	21,300	0
Sherwood	42,367	40,598	1,769	66,130	65,586	(544)
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	15,396	76,200	(60,804)	101,600	17,348	(84,252)
Unallocated Primary School Proj	0	68,380	(68,380)	164,540	163,570	(970)

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - September 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Secondary School	1,294,471	419,918	874,554	1,831,180	1,778,731	(52,449)
Harris Academy Morden	0	38,560	(38,560)	38,560	0	(38,560)
Harris Academy Merton	1,550	4,570	(3,020)	4,570	4,570	0
Raynes Park	20,862	51,983	(31,121)	67,680	43,050	(24,630)
Ricards Lodge	20,648	31,440	(10,792)	36,690	36,000	(690)
Rutlish	93,924	196,165	(102,241)	232,970	244,401	11,431
Harris Academy Wimbledon	1,157,487	97,200	1,060,287	1,450,710	1,450,710	0
SEN	2,705,019	2,383,453	321,566	5,290,400	5,290,396	(4)
Perseid	(32,203)	36,960	(69,163)	53,490	53,486	(4)
Cricket Green	2,343,764	2,117,743	226,022	4,138,910	4,138,910	0
Melrose	7,000	5,250	1,750	107,000	107,000	0
Unallocated SEN	348,974	100,000	248,974	820,000	820,000	0
Melbury College - Smart Centre	37,484	123,500	(86,016)	171,000	171,000	0
CSF Schemes	172,617	116,440	56,177	351,990	347,890	(4,100)
CSF IT Schemes	(1,353)	440	(1,793)	440	0	(440)
Devolved Formula Capital	173,970	116,000	57,970	351,550	347,890	(3,660)

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - September 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	2,851,171	4,632,772	(1,781,601)	14,593,440	14,579,060	(14,380)
Public Protection and Develop.	44,214	50,340	(6,126)	66,800	66,800	0
CCTV Investment	0	10,340	(10,340)	10,340	10,340	0
Public Protection and Development	44,214	40,000	4,214	56,460	56,460	0
Street Scene & Waste	40,931	49,660	(8,729)	1,146,340	1,136,340	(10,000)
Fleet Vehicles	37,685	37,660	25	337,660	337,660	0
Alley Gating Scheme	3,246	12,000	(8,754)	30,000	20,000	(10,000)
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	2,766,026	4,532,772	(1,766,746)	13,380,300	13,375,920	(4,380)
Street Trees	0	0	0	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	1,574,348	1,961,270	(386,922)	4,860,030	4,855,650	(4,380)
Cycle Route Improvements	577,865	630,110	(52,245)	994,600	994,600	0
Mitcham Transport Improvements	152,204	212,210	(60,006)	986,590	986,590	0
Mitcham Area Regeneration	14,466	543,666	(529,200)	1,369,290	1,369,290	0
Wimbledon Area Regeneration	120,258	120,000	258	417,500	417,500	0
Morden Area Regeneration	0	0	0	500,000	500,000	0
Borough Regeneration	88,006	0	88,006	593,150	593,150	0
Morden Leisure Centre	(47,814)	466,400	(514,214)	596,820	596,820	0
Sports Facilities	235,283	295,000	(59,717)	1,888,160	1,888,160	(0)
Parks	51,409	304,116	(252,707)	1,088,050	1,088,050	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Virement, Re-profiling and New Funding - September 2019

Appendix 5b

		2019/20 Budget	Virements	Funding Adjustments	Re- profiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Civic Centre - Civic Centre Lighting	(1)	300,000			(300,000)	0	0		0	Life expectancy greater than estimated slipped to 20-21
Children, Schools and Families	-									
Perseid - Capital Maintenance		40,000			(37,720)	2,280	0	37,720	37,720	Re-profiled in accordance with projected spend
Unallocated SEN - Further SEN Provision		100,000			(100,000)	0	188,020	100,000	288,020	Re-profiled in accordance with projected spend
Secondary School Autism Unit		72,000			(72,000)	0	1,288,000	72,000	1,360,000	Re-profiled in accordance with projected spend
Sherwood - Capital Maintenance		54,130	12,000			66,130			0	To cover the estimated final costs of the scheme
Gorringe - Capital Maintenance		0	35,000			35,000			0	Scheme to provide essential fencing
Unallocated Primary School Proj - Capital Maintenance		211,540	(47,000)			164,540			0	Unallocated balance of the Capital Maintenance Budget
Devolved Formula Capital - Healthy Schools		4,630	(970)			3,660			0	Unallocated balance of the Healthy Schools Budget
Gorringe - Healthy Schools		10,000	970			10,970			0	To cover the estimated final costs of the scheme
School Equipment Loans	(1)	108,900			(108,900)	0			0	Transferred to the Capital Contingency
Environment and Regeneration										
Highways & Footways - Highways bridges & structures	(1)	370,000			(120,000)	250,000	260,000	120,000	380,000	Re-profiled in accordance with projected spend
Total		1,271,200	0	0	(738,620)	532,580	1,736,020	329,720	2,065,740	

1) Requires Cabinet Approval

2) Requires Council Approval

Virement, Re-profiling and New Funding - September 2019

Appendix 5b

		2021/22 Budget	Re- profiling	Revised 2021/22 Budget	2022/23 Budget	Re- profiling	Revised 2022/23 Budget	Narrative
-	-	£	£	£	£	£	£	
Corporate Services	-							
Civic Centre - Civic Centre Lighting	(1)	0	300,000	300,000	0		0	Life expectancy greater than estimated slipped to 20-21
Capital Contingency	(1)			0	0	108,900	108,900	Transferred to the Capital Contingency
Total		0	300,000	300,000	0	108,900	108,900	

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme - August Monitoring	25,167	10,234	35,401
<u>Corporate Services</u>			
Civic Centre - Civic Centre Lighting	(300)	0	(300)
<u>Children, Schools and Families</u>			
Perseid - Capital Maintenance	0	(38)	(38)
Unallocated SEN - Further SEN Provision	(100)	0	(100)
Secondary School Autism Unit	(72)	0	(72)
School Equipment Loan	(109)	0	(109)
<u>Environment and Regeneration</u>			
Highways & Footways - Highways bridges & structures	(120)	0	(120)
Proposed Capital Programme - Sept Monitoring	24,466	10,197	34,662

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme - August Monitoring	37,140	4,171	41,311
<u>Children, Schools and Families</u>			
Perseid - Capital Maintenance	0	38	38
Unallocated SEN - Further SEN Provision	100	0	100
Secondary School Autism Unit	72	0	72
<u>Environment and Regeneration</u>			
Highways & Footways - Highways bridges & structures	120	0	120
Proposed Sept. Monitoring	37,432	4,209	41,641

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approve Capital Programme	12,620	2,892	15,512
<u>Corporate Services</u>			
Civic Centre - Civic Centre Lighting	300	0	300
Approve Capital Programme	12,920	2,892	15,812

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	20,969	2,180	23,149
<u>Corporate Services</u>			
Civic Centre - Civic Centre Lighting	109	0	109
Approve Capital Programme	21,078	2,180	23,258

APPENDIX 6

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	Period 5 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,401	83	5.6%	93	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,413	121	7.9%	121	0
Environment and Regeneration	3,370	2,097	1,273	37.8%	1,273	130
Total	6,960	5,483	1,477	21.2%	1,430	165

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
Customers, Policy & Improvement											
CS2016 -05	Increase income through translations	15	15	0	G	15	0	G	Sean Cunniffe		
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 has been brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
Infrastructure & Technology											
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	18	18	A	31	5	A	Edwin O'Donnell	Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20.	Y
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	R	20	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.	Y
Corporate Governance											
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	50	0	G	50	0	G	Fiona Thomsen		
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	30	0	G	30	0	G	Fiona Thomsen		
Resources											
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	R	0	30	R	Roger Kershaw	Saving will require replacement. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		
Corporate											
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		
	Total Corporate Services Department Savings for 2019/20	1,484	1,401	83		1,449	35				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A	100	0	G	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	28	27	R	55	0	A	James McGinlay	New contract expected to commence in the final quarter of 2019/20, and we should have a better idea of outcomes when the tenders are reviewed (Sept).	Y
PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A	100	0	A	Cathryn James		N
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R	0	100	R	Cathryn James	Alternative Saving Required.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R	1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	57	0	G	57	0	G	Cathryn James		Y
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R	14	0	G	Cathryn James		Y
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A	200	0	A	John Bosley		Y
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R	0	30	R	John Bosley	Alternative saving required	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programme due to commence in March 2014.	250	250	0	G	250	0	G	John Bosley		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G	54	0	G	John Bosley		Y
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley		Y
E6	Increased tenancy income in Greenspaces	40	0	40	R	40	0	R	John Bosley	Alternative saving required	Y
ENR10	Two year extension of the GLL contract	300	300	0	G	300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G	60	0	G	John Bosley		N
Total Environment and Regeneration Savings 2018/19		3,370	2,097	1,273		3,240	130				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20										21/10/2019	APPENDIX 6
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Expected Savings £000	Shortfall £000	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH35/36/52	Housing Related Support: -The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	306	3	G	309	0	G	Steve Langley	Work to manage the budget has brought delivery close to the target and work is continuing to make up the small shortfall in year	Y
CH39	Extra Care Contracts: -This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G	57	0	G	John Morgan	Achieved	Y
CH55	Promoting Independence: -The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G	553	0	G	John Morgan	Achieved	Y
CH70	Home Care: -The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G	301	0	G	John Morgan	Achieved	Y
CH88	Home Care Monitoring System: -The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G	40	0	G	John Morgan	Achieved through Forum. The plan is to enrol all major home providers on to the home monitoring system and only seek variations for when there is a need to utilise specialist providers as required.	Y
CH89	Older People Day Care Activities: -As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	R	236	0	G	Richard Ellis	Engagement with the new owner has established an agreed timeline that means that the majority of savings will not be achieved until the new year. The work is underway to ensure that delivery	Y
Subtotal Adult Social Care		1,496	1,375	121		1,496	0				
Library & Heritage Service											
CH67	Merton Arts Space income	38	38	0	G	38	0	G	Anthony Hopkins	On track	Y
Total C & H Savings for 2019/20		1,534	1,413	121		1,534	0				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Education										
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	49	49	0	G	49	0	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	30	30	0	G	30	0	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	100	100	0	G	100	0	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	72	72	0	G	72	0	G	Jane McSherry		
	Children Social Care & Youth Inclusion										
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	30	30	0	G	30	0	G	El Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	130	130	0	G	130	0	G	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT	Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT	Y
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	71	71	0	G	71	0	G	El Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0		572	0				

APPENDIX 7

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	147	47
Total	5,637	1,470	542	57

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	465	465	R	365	A	0	G	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	10	R	Clive Cooke	Saving to be reviewed during 19/20 to identify if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	20	R	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	505	505		395		10			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

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	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	G	0	G	James McGinlay	Based on the P5 forecast, the income targets are now being achieved.	N
PUBLIC PROTECTION													
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	47	R	Cathryn James	Saving has been reviewed and a part-alternative saving is required.	Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James		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	0	G	Cathryn James	Saving is being delayed as it will now form part of the wider discussion on parking charges.	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	390	50	R	440	0	G	0	G	Cathryn James		N
PUBLIC SPACE													
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	100	100	R	0	A	John Bosley	This was not delivered in 2018. Review and restructure still outstanding. Scheduled for quarter 3 2019	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
Total Environment and Regeneration Savings 2018/19		926	403	523		699	147		47				

Updated 21/10/2019											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19											
Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Adult Social Care										
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	23	R	100	0	G	0	G	Richard Ellis	Balance deferred to 2019/20
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	R	38	0	G	0	G	Steve Langley	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R	50	0	R	0	G	Phil Howell	Deferred to 2020/21.
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R	100	0	R	0	G	Richard Ellis	£100k deferred to 2020/21. Part of the Transport review
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	R	231	0	G	0	G	Richard Ellis	Team resources have increased and this has enabled to team to catch up on reviews and nil payers, which has netted more then £200k in additional income
	Total C & H Savings for 2018/19	519	442		519	0		0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Total Children, Schools and Families Department Savings for 2018/19		489	0			489	0		0				

There were no red savings for CSF

APPENDIX 8

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	10,314	2,391	694	305

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 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? 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 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			

Updated 21/10/19											
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18											
Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall £000	17/18 RAG	2018/19 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
	<u>Adult Social Care</u>										
	Total C & H Savings for 2017/18									No Reds	

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 Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Comments	R /A Included in Forecast Over/Underpend? Y/N
SUSTAINABLE COMMUNITIES													
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R							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							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							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	45	0	G	45	0	G		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							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		N
ENV20	Increased income from building control services.	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
PUBLIC PROTECTION													
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	G	100	0	G		Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	0	190	R	Alternative saving required	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							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		Y
PUBLIC SPACE													
E&R16	Joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,257	243	R	1500	0	A	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	0	70	R	Saving has been delayed but in the process of being reviewed but not expected to be achieved until 2020/21.	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	G		N
ENV18	Increased income from events in parks	100	0	100	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	82	78	R	160	0	G		N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	G		Y
Total Environment and Regeneration Savings		3,134	946	2,188		2,059	694		2,448	305			

Appendix 9

Subject: Miscellaneous Debt Update September 2019

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September 2019, 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 2019 – 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 19 arrears f	June 19 arrears f	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,497,949	274,170	700,886	334,724	2,807,729	2,254,705	
Corporate Services	619,994	41,270	25,156	125,688	812,108	489,012	
Housing Benefits	336,025	627,179	1,128,627	2,855,057	4,946,888	4,507,083	
Children, Schools & Families	198,984	424,801	223,389	518,697	1,365,871	1,302,351	
Community & Housing	933,532	901,846	1,212,209	1,961,700	5,009,288	5,317,259	
Chief Executive's					-	-	-
CHAS 2013	14,524	8,195	1,120	9,998	33,837	37,902	
Total	3,601,008	2,277,461	3,291,386	5,805,865	14,975,720	13,908,312	

1.3 Since the position was last reported on 30 June 2019, the net level of arrears, i.e. invoices over 30 days old, has increased by £1,067,408.

1.4 Since last reported at the end of June 2019 Environment and Regeneration department debt has increased by £553,000, due to over £674,000 recharge for the Regulatory service remaining unpaid.. Corporate Services debt has increased by £320,000 mainly due the recharges for the legal service remaining unpaid. Housing benefit debt has increased by £440,000 (detailed below in this report) and Community and Housing debt has reduced by £300,000..

- 1.5 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 SLLP, external solicitors, 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 £4.368 million, a reduction of £79,000 since last reported in June 2019.
- 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 are 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 appointments 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 Financial Assessments team have been reviewing their clients to ensure that the assessments are accurate and correct. They have reviewed over 600 clients who had previously been assessed as not contributing but now, due to change of their circumstances they have started to charge 137 of these with contributions. The team have also helped these clients claim additional benefits which has resulted in these reassessments
- 3.7 The team have also reviewed clients that have been previously fully costed and in particular where the assessment was made due to the client or their representative not engaging with the process. This will include contacting family members and ensuring all benefits are being claimed by clients.
- 3.8 These projects are time consuming and have required additional resource but will ensure, where possible, clients are making the correct contribution at an earlier stage towards their care, which should reduce large bills coming through at a later stage. It will also ensure that clients are claiming correct benefits and will reduce the council's funding.
- 3.9 In September 2019 the council raised invoices for £597,000 for Adult Social care clients. As at 17 October 2018 there is still £189,000, or 32% unpaid. For the month of August 2019 £465,000 in invoices were raised and as at the 17 October £113,000, or 24% is unpaid
- 3.10 For the financial year 2018/19 approximately £5.8 million in invoices for Adult Social Care charges were issued and of that amount £1.33 million (23%) was outstanding at 31 March 2019.

- 3.11 An initiative was commenced in April 2019 to issue communication with all non direct debit payer invoices encourage the take up of direct debit payment method. In April we issued 471 non direct debit emails and managed to increase take up by 62 accounts signing up for direct debit. This exercise is being repeated in October.
- 3.12 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. As at the 30 September 2019 we had passed 34 cases totalling £1.8 million. Of these cases 8 totalling £238,000 were returned as uncollectable after investigations. Another 6 cases totalling £291,000 were paid in full.
- 3.13 Of the remaining 20 cases they have identified 10 (£528,000) as 70% to 100% prospect of payment, 8 (£510,000) as 50% to 69% prospect of collection, 1 (£150,000) less than 50% prospect of collection and 1 case (£73,000) as less than 1% prospect of payment.
- 3.14 Agreement has recently been reached with the Shared Legal Service to undertake this legal work for an initial trial period of six months. So far 11 cases with a value of £140,000 have been passed to them over the past three months. There will be a progress update in the next quarterly report.
- 3.15 Housing Benefit Overpayments
- 3.16 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.823 million, which is a small reduction of £70,000 since last reported at the end of June 2019.
- 3.17 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.
- 3.18 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.
- 3.19 The Real Time information initiative continued throughout 2018/19 and will again run in 2019/20 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.
- 3.20 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.

3.21 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

3.22 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from Sept 2017 to Sept 2019 by quarter

Recovery Stage	Sep-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Invoice and Reminder stage	379,477	340,008	312,186	347,861	407,687	151,889	152,121	257,883
On-going recovery	3,354,237	3,032,656	2,775,552	2,618,115	2,477,390	2,550,198	2,622,894	2,349,142
Payment Arrangements	2,511,028	2,647,525	2,826,435	3,012,437	3,249,997	3,256,461	3,044,975	3,036,016
No Arrangements secured	2,387,794	2,427,693	2,384,329	2,216,787	1,912,306	1,967,960	2,073,063	2,180,600
Total HB Debt	8,632,536	8,447,882	8,298,502	8,195,200	8,047,380	7,926,508	7,893,053	7,823,641

3.23 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.

3.24 We commenced another 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 in excess of 275 new attachment to earnings. We currently have £645,000 set to recover by this method. 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.

3.25 The table below shows the value of housing benefit overpayments created and collected by year in millions.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Overpayments raised	4.67	4.56	3.66	3.74	3.10	1.70
Overpayments collected	2.22	2.88	2.75	2.92	3.00	1.37
Recovered from ongoing benefit	1.33	1.69	1.64	1.74	1.40	0.69

3.26 It should be noted that in 2018/19 collection was higher than in previous years. The amount recovered from ongoing benefit is included in the overpayments collected and does not necessarily tie back to the year the overpayment was raised.

3.27 It has previously been reported that a new initiative with an external company to review and try to collect housing benefit overpayments that have been written off by the council over the past five years had been explored. This commenced in May 2019 with the company reviewing approximately £1.9 million (1,469 cases) of previously written off debt.

3.28 By the end of June the company reported that they had issued letters to 473 accounts, had applied for 307 attachment to earnings, set up 90 payment arrangements and received just over £60,000 in payments.

3.29 They had assigned three full time officers to the initiative and have obtained information on accounts from the DWP as detailed in 3.23 above.

3.30 A further update of this initiative will be provided in the December 2019 report.

3.31 Debt Written Off

3.32 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management for the period 2014/15 to 2018/19 plus for this year.

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

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		2019/20
	Total	Total	Total	Total	Total	Quarter 1	Quarter 2	Total
Debt type								
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£572,301	£0	£99,584	£99,584
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£512,379	£364,549	£28,901	£94,136	£123,037
Council Tax	£526,881	£951,280	£623,486	£804,987	£424,936	£101,495	£73,290	£174,785
Business Rates	£790,373	£659,514	£567,908	£378,155	£367,299	£0	£0	£0
Total	£2,715,085	£2,702,565	£1,838,199	£2,138,838	£1,729,085	£130,396	£267,010	£397,406

3.33 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2018/19 £2.761 million of business rates debt was written off and £1.5 million (54%) related to businesses that went into liquidation.

3.34 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2018/19 the council was collecting a net debt of £111.5 million in council tax (this includes the GLA portion), a net debt of £94.3 million in business rates (this includes Business Rates Supplement) and approximately over £83 million raised through sundry debts.

3.35 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 In 2019/20 just over £42.6 million invoices have been raised in the first six months and we have collected £33.2 million (77% collected)

4.3 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 2018/19 accounts for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.442m for Accounts Receivable

(including former ASH) miscellaneous debt and £5,890m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9,332m. 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 31/03/2018	At 31/03/2019
	£000's	£000's
Env & Regeneration	608	701
Corporate Services	171	119
Housing Benefits	6504	5890
Children, Schools & Families	413	426
Community & Housing	2249	2196
Total	9945	9332

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2019 is detailed in the table below.

Total debt outstanding as at 30 September 2019 and compared with previous periods over the past 15 months

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	14,758,378	13,492,395	14,496,116	17,532,710	16,803,235	16,459,168
Housing Benefit debt	8,298,503	8,195,200	8,047,380	7,926,508	7,893,055	7,823,641
Parking Services	4,398,706	4,352,661	4,658,685	4,508,378	4,535,378	3,848,876
Council Tax Note 2	7,340,722	6,587,840	6,127,652	8,157,533	7,215,847	6,825,605
Business Rates Note 3	2,806,594	2,099,948	1,822,228	2,979,843	2,586,876	2,474,270
Total	37,602,903	34,728,044	35,152,061	41,104,972	39,034,391	37,431,560

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 2018/19 in March 19 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2018/19 in March 19 figure hence the increase.

- 6.1 The overall debt outstanding has reduced by £1,602,831 since last reported at the end of June 2019.
- 6.2 All debts have reduced since last reported at the end of June 2019.
- 6.3 A more relevant comparison is between September 2018 and September 2019. The changes in outstanding debt are as follows

Overall £2,703,516 increase
Sundry debt £2,967,000 increase (debt under 30 days increased by £2,043,000)
Housing Benefit £372,000 decrease
Council Tax £237,000 increase
Parking £504,000 decrease
Business Rates £375,000 increase

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

Car Parking Aged Debtors – 30 September 2019

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,017,861	10,329	£99
3-6 months	£639,652	3,872	£165
6-9 months	£514,321	2,986	£172
9-12 months	£522,442	2,936	£178
12-15 months	£415,285	2,309	£180
Older than 15 months	£739,354	4,136	£179
Total	£3,848,915	26,568	£144

Total June 2019 £4,535,876 29, 038

Increase/-decrease £686,961- 2,470-

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

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