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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 24 February 2020**

**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](mailto:communications@merton.gov.uk), 020 8545 3181

# Cabinet Agenda

## 24 February 2020

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| 1  | Apologies for absence   |           |
| 2  | Declarations of pecuniary interest  |           |
| 3  | Minutes of the previous meeting   | 1 - 8     |
| 4  | Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2020-24  | 9 - 12    |
| 5  | Merton's strategy for meeting the needs of children and young people who have special educational needs and/or disabilities (SEND)  | 13 - 34   |
| 6  | The Canons, Mitcham - Landscape & Building Contracts  | To Follow |
| 7  | Wimbledon Park Lake – Outdoor Swimming Proposal   | 35 - 50   |
| 8  | Bishopsford Road Bridge - preferred option  | 51 - 70   |
| 9  | Award of Microsoft Enterprise Agreement   | 71 - 76   |
| 10 | Local Business Rates Discretionary Rate Relief and Retail Discount Schemes 2020/21  | 77 - 88   |
| 11 | Financial Monitoring December 2019  | 89 - 156  |
| 12 | Business Plan 2020-24   | To Follow |
| 13 | Business Plan 2020/24 Savings Information Pack<br>This report is provided separately and will be discussed as part of the preceding agenda item on the Business Plan.   |           |
| 14 | Exclusion of the public<br>To RESOLVE that the public are excluded from the meeting during consideration of the following report on the grounds that it is exempt from disclosure for the reasons stated in the report. |           |
| 15 | Wimbledon Park Lake - Outdoor swimming proposal: Exempt appendices  | 157 - 166 |
| 16 | Award of Microsoft Enterprise Agreement - Exempt appendix   | 167 - 168 |

**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 Managing Director, South London Legal Partnership.

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# Agenda Item 3

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## CABINET

27 JANUARY 2020

(7.15 pm - 7.45 pm)

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

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

Ged Curran (Chief Executive), Caroline Holland (Director of Corporate Services), Rachael Wardell (Director, Children, Schools & Families Department), Louise Round (Managing Director, South London Legal Partnership and Monitoring Officer), Zara Bishop (Communications Manager), John Bosley (Assistant Director Public Space Contracts and Commissioning), Alan Gibbs (Policy and Research Officer, Opposition Group), Anthony Hopkins (Head of Library, Heritage and Adult Education Services), Roger Kershaw (Assistant Director of Resources), Octavia Lamb (Policy and Research Officer (Labour Group)), James McGinlay (Assistant Director for Sustainable Communities) and Louise Fleming (Senior Democratic Services Officer)

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

Apologies were received from the Cabinet Member for Children's Services.

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

There were no declarations of interest.

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

The minutes of the meeting held on 16 December 2019 were agreed as a correct record.

### 4 CONTRACT AWARD - RISK AND RESILIENCE SERVICE 2020 (Agenda Item 4)

The Director of Children, Schools and Families presented the report in the absence of the Cabinet Member. She drew Cabinet's attention to the extensive consultation which had taken place, particularly the important role that the Young Commissioners had played in the process. She apologised on behalf of the Young Commissioners, who would have liked to attend the Cabinet meeting to co-present the report, but who were currently revising for their mock A Level exams.

RESOLVED:

1. That the contract for the provision of Risk and Resilience Service be awarded to the organisation identified as Contractor A in the Confidential Annex to the Cabinet report, for a period of 3 years from 1 April 2020, with an option to extend for up to two further years at the discretion of the council.
2. That authority be delegated to the Director of Children Schools and Families after consultation with the Cabinet Member for Children to approve the additional 2 further years' extensions.

## 5 MERTON ADULT LEARNING STRATEGIC OBJECTIVES (Agenda Item 5)

The Cabinet Member for Schools and Adult Education presented the report and thanked the officers involved in the service which had transformed in recent years, moving to a fully commissioned model which had brought the budget under control and improved the offer to learners in the Borough. In response to a question from the Cabinet, she highlighted the large range of accredited courses offered to residents with the key aim of assisting them in getting back into employment.

The Chair thanked the Cabinet Member and all the staff in the service for their hard work and welcomed the achievement of a "good" inspection outcome from OFSTED.

RESOLVED:

1. the strategic objectives for the next 3 years for Merton's Adult Learning Service be agreed.
2. That the progress in the evolution of the model of service following the transition in 2016 to a commissioning model of service and the recent 'Good' Ofsted inspection outcomes be noted.

## 6 DSG RECOVERY PLAN (Agenda Item 6)

The Cabinet Member for Schools and Adult Education presented the report, highlighting the pressures on the Council's ability to support the growing number of young people eligible for additional support due to their Special Educational Needs (SEN). The Council was committed to supporting these young people and would be bringing a SEN Strategy to a future Cabinet meeting. The financial pressures had been exacerbated by the change in the eligibility criteria introduced by the Government, which had not come with additional funding and therefore it was recommended that the Council continued to lobby the Government to recognise this and ensure sufficient funding is in place in the future. The additional funding included in the Government's financial settlement was welcome but it did not go any way to plugging the gap. Given that the overspend on the Dedicated Schools Grant exceeded 1%, the Council was required to submit a five year recovery plan to the Department for Education to set out how the Council intended to bring the DSG back into balance.

The Cabinet welcomed the plan to improve provision for young people despite the financial difficulties. The Cabinet Member for Finance echoed the comments made and drew the Cabinet's attention to the table on page 139 of the agenda, which set out the financial impact on the Council dependent on the approach taken by the Government. He urged the Government to fund this area properly as it had a big impact on the quality of lives of children in the borough.

The Chair welcomed the report and echoed the comments made. The shortfall in government funding in this area was an issue for all London boroughs and he would continue to lobby the Government along with his colleagues in other boroughs.

RESOLVED:

1. That the Recovery Plan requested by the Department of Education in response to Merton's overspend on the Dedicated Schools Grant caused by significant overspending of the high needs block, and the context and background in which this Recovery Plan has been required be noted.
2. To continue to lobby central government to ensure sufficient funding is made available through the DSG to achieve the intentions of the Children and Families Act 2014 for all children and young people to be able to achieve their full potential.

7 WASTE AND STREET CLEANSING CONTRACT ANNUAL REVIEW  
(Agenda Item 7)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report and explained the purpose of the annual review of the Waste and Street Cleansing Contract and drew the Cabinet's attention to the proposed changes set out on page 56 of the report, which reflected changes that had taken place since the contract was entered into which included increases in the number of households and assisted collections, improvements in recycling rates and changes in the recycling market, and increases in flytipping. All four boroughs in the South London Waste Partnership had gone through a similar review process and reports would be considered by their decision making bodies over the coming weeks.

Paragraph 2.23 set out the deductions proposed and these would be reported on an annual basis. The annual review process was a contractual mechanism and did not reflect the Council's view on the level of service it was receiving, and there remained disappointment at the performance in certain areas, particularly street cleansing in the east of the borough and therefore the Council would continue to work with Veolia and hold them to account for their poor performance.

The Cabinet welcomed the review, which was standard commercial practice, and the actions proposed in response.

RESOLVED:

1. That the outcome of the annual review of the South London Waste Partnership agreement with Veolia, as set out in the report, be agreed.

2. That the changes arising as a result of a combination of growth in the number of households across the borough, and updated evidence of the cost of providing the waste service that have arisen since the last review, be noted.
3. That the Cabinet continue to support separate measures to monitor and improve service performance as outlined in this report.

## 8 FINANCIAL MONITORING NOVEMBER 2019 (Agenda Item 8)

The Deputy Leader and Cabinet Member for Finance presented the report, thanking the officers involved for compiling the information. He welcomed the good practice which had helped with the planning for the budget. He highlighted the concerns over the financial pressures on the Council which had led to some growth proposed in the budget item. Overall the Council was projecting a small underspend which was welcomed.

The Director of Corporate Services drew Cabinet's attention to the capital adjustments proposed, which was usual for month 8. The DSG deficit had increased from last month due to the continued pressure of additional young people requiring Education Health and Care Plans.

### RESOLVED:

1. That Cabinet note the financial reporting data for month 8, November 2019, relating to revenue budgetary control, showing a forecast net underspend at year-end of £378k, -0.1% 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:

| <b>Scheme</b>                                      | <b>2019/20 Budget</b> | <b>2020/21 Budget</b> | <b>Narrative</b>  |
|--|-----------------------|-----------------------|---|
| <b><u>Corporate Service</u></b>                    |                       |                       |   |
| Invest to Save                                     | (100,000)             | 100,000               | Re-profiled in accordance with projected spend          |
| Planned Replacement Programme – Data Centre        | (150,000)             | 150,000               | Re-profiled in accordance with projected spend          |
| Planned Replacement Programme – Equipment Purchase | 100,000               | 0                     | Vired from Corporate Cap Maint to cover projected costs |
| Other Buildings – Capital Maintenance              | (100,000)             | 0                     | Vired to IT Planned Rep Prog to cover projected costs   |



|   |             |           |   |
|---|-------------|-----------|---|
| Housing Company                                       | (1,564,460) | 1,564,460 | Re-profiled in accordance with projected spend                |
| Westminster Coroners Court                            | (455,000)   | 455,000   | Re-profiled in accordance with projected spend                |
| <b><u>Children, Schools and Families</u></b>          |             |           |   |
| Cricket Green – Capital Maintenance                   | 102,250     | 0         | Vired from various Cap Maint Schemes to cover projected costs |
| Cricket Green Expansion                               | (100,000)   | 100,000   | Re-profiled in accordance with projected spend                |
| <b><u>Environment and Regeneration</u></b>            |             |           |   |
| Replacement Fleet Vehicles                            | (284,000)   | 284,000   | Re-profiled in accordance with projected spend                |
| Highways & Footways – Traffic Schemes                 | (100,000)   | 100,000   | Re-profiled in accordance with projected spend                |
| Highways & Footways – Bridges and Structures          | (100,000)   | 100,000   | Re-profiled in accordance with projected spend                |
| Wimbledon Area Regen – Crowded Places/Hostile Vehicle | (259,030)   | 268,000   | Re-profiled in accordance with projected spend                |
| Borough Regeneration – Haydons Rd Shopfronts          | (204,000)   | 204,000   | Re-profiled in accordance with projected spend                |
| Parks Investment – Canons Parks for the People        | (688,300)   | 688,300   | Re-profiled in accordance with projected spend                |
| Mitcham Area Regen – Canons Parks for the People      | (1,244,290) | 1,244,290 | Re-profiled in accordance with projected spend                |
| Morden Leisure Centre                                 | (231,820)   |           | Scheme complete   |

|   |                    |                  |   |
|---|--------------------|------------------|---|
|   |                    |                  | relinquished budget                             |
| Sports Facilities<br>– Wimbledon<br>Park Lake                 | (1,318,160)        | 1,318,160        | Re-profiled in accordance with projected spend  |
| Parks Investment<br>– Resurface<br>Tennis Courts<br>(Wimb Pk) | 150,440            |                  | Funded by a contribution from a renewal reserve |
| <b>Total</b>  | <b>(6,546,370)</b> | <b>6,576,210</b> |   |

## 9 BUSINESS PLAN 2020-24 (Agenda Item 9)

The Deputy Leader and Cabinet Member for Finance presented the report, which had been delayed due to the General Election in December which had pushed back the announcement of the Government's financial settlement. He thanked the Scrutiny Members for accommodating a delay in their meetings to scrutinise the draft savings. He advised that in order to deliver a balanced budget, savings of £3.4m would be required and recommended the package for approval, subject to comments by Scrutiny.

The Director of Corporate Services advised that although the financial settlement had been better than expected, it was only for one year and work would shortly start on making representations for settlements for future years. She drew Cabinet's attention to the increase in the Council tax base, the surplus on the pension fund, the impact of the change to the London Business Rates pool and the impact of London Living Wage on the Council's contracts. The figures in the report would be updated when confirmation had been received.

The Chair welcomed the pension surplus and highlighted that the growth proposed was for services for those in need. He acknowledged that despite maintaining council tax discounts, opening a new library and maintaining school performance, there were still challenges ahead which he hoped Scrutiny would take on board as part of their discussions.

### RESOLVED

1. That the new draft growth proposals (Appendix 7), and the new draft savings/income proposals (Appendix 5a) and associated draft equalities impact assessments (Appendix 6) put forward by officers be agreed and referred to the Overview and Scrutiny panels and Commission in February 2020 for consideration and comment as part of the Member's Information Pack.
2. That the growth and savings and the associated draft equalities analyses for the savings noted in October (Member's Information Pack) be agreed.
3. That the latest amendments to the draft Capital Programme 2020-2024 which was considered by Cabinet on 14 October 2019 and by scrutiny in November 2019 (Appendix 9) be agreed and referred to the Overview and Scrutiny

panels and Commission in February 2020 for consideration and comment as part of the Member's Information Pack.

4. That the proposed amendments to savings, including the draft equalities impact assessments previously agreed. (Appendices 5b and 5c) be agreed and referred to the Overview and Scrutiny panels and Commission in February 2020 for consideration and comment as part of the Member's Information Pack.
5. That the proposed Council Tax Base for 2020/21 set out in paragraph 2.9 and Appendix 1 be agreed.
6. That the draft service plans (Appendix 8) be referred to the Overview and Scrutiny panels and Commission in February 2020 for consideration and comment as part of the Member's Information Pack.
7. That authority be delegated to the Director of Corporate Services in discussion with the Deputy Leader and Cabinet Member for Finance for Merton to enter into a London Business Rates Pool for 2020/21.

#### 10 EXCLUSION OF THE PUBLIC (Agenda Item 10)

Cabinet agreed to note the exempt items and not refer to them so the meeting could stay in public.

#### 11 CONTRACT AWARD - RISK AND RESILIENCE SERVICE EXEMPT APPENDIX (Agenda Item 11)

The Cabinet noted the contents of the exempt appendix. The decision is set out under item 4 above.

#### 12 WASTE AND STREET CLEANSING CONTRACT ANNUAL REVIEW - EXEMPT APPENDIX (Agenda Item 12)

The Cabinet noted the contents of the exempt appendix. The decision is set out under item 7 above.

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## **Committee: Cabinet**

**Date: 24 February 2020**

Wards: All

**Subject: Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2020-24**

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair, Overview and Scrutiny Commission

Contact officer: Julia Regan, [Julia.regan@merton.gov.uk](mailto:Julia.regan@merton.gov.uk) 0208 545 3864

### **Recommendations:**

- 
1. That Cabinet, in taking decisions relating to the Business Plan 2020-24, takes into account the recommendation made by the Overview and Scrutiny Commission (set out in paragraph 2.4 below) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1)
- 

## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To inform Cabinet of the recommendations and comments resulting from pre decision scrutiny of the Business Plan 2020-24 by the Overview and Scrutiny Commission and Overview and Scrutiny Panels at their meetings in February 2020.

## **2 DETAILS**

- 2.1. Each of the Overview and Scrutiny Panels and the Overview and Scrutiny Commission has examined the budget and business plan proposals relating to the service areas within their remit, as well as scrutinising the draft service plans. The Overview and Scrutiny Commission has also received the findings of the Panels.
- 2.2. The Commission RESOLVED to forward to Cabinet the comments and recommendations made by the overview and scrutiny panels. These are set out in Appendix 1.
- 2.3. The Overview and Scrutiny Commission has received and discussed the findings of the Panels and has discussed the savings proposals and the draft service plans relating to its remit. The Commission has made a recommendation to ask Cabinet to keep it informed regarding the outcome of government reviews and decision on a number of funding streams that currently remain uncertain. These include decisions on business rates, the fair funding review, financing of adult social care, addressing the deficit in the dedicated schools grant and the outcome of the comprehensive spending review.
- 2.4. The Commission RESOLVED to note that central government is undertaking a number of strategic reviews that will have a direct impact on the funding of Merton Council and therefore asks that Cabinet keep the Commission

informed upon the outcome of each one, as and when it arrives, with a view to its impact on the council's medium term financial strategy.

- 2.5. It is anticipated that Cabinet would provide this information to the Commission through the quarterly financial monitoring reports.

### **3 ALTERNATIVE OPTIONS**

- 3.1. Cabinet is required under the terms of the constitution to receive, consider and respond to recommendations from Overview and Scrutiny.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5 The Constitution contains the requirements for consulting scrutiny on the budget and business plan. There is an initial phase of scrutiny in November each year, with the second round in January (February this year due to the General Election) representing the formal consultation of scrutiny on the proposed Business Plan, Budget and Capital Programme.

### **6 TIMETABLE**

- 6.1. Round one of scrutiny of the 2020-24 Business Plan was undertaken as follows:-

- Sustainable Communities Overview & Scrutiny Panel: 30 October 2019
- Healthier Communities & Older People Scrutiny Panel: 5 November 2019
- Children & Young People Overview & Scrutiny Panel: 6 November 2019
- Overview and Scrutiny Commission: 13 November 2019

- 6.2. Round two of scrutiny of the Business Plan was undertaken as follows:-

- Sustainable Communities Overview & Scrutiny Panel: 6 February 2020
- Children & Young People Overview & Scrutiny Panel: 10 February 2020
- Healthier Communities & Older People Scrutiny Panel: 11 February 2020
- Overview and Scrutiny Commission: 12 February 2020

- 6.3. The responses from round two will be presented to Cabinet on 24 February 2020. A meeting of full Council will then take place on 4 March 2020.

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

- 7.1. These are detailed in the substantive reports elsewhere on this agenda.

### **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. The process for developing the budget and business plan is set out in Part 4C of the Council's Constitution. The role of the Overview and Scrutiny Commission and panels with regard to the development of the budget and business plan is set out in Part 4E of the Constitution.

- 8.2. The legal and statutory implications relating to the budget and business plan are contained in the reports elsewhere on this agenda.

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

9.1. 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 engagement.

**10 CRIME AND DISORDER IMPLICATIONS**

10.1. None for the purposes of this report.

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

11.1. None for the purposes of this report.

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

- Appendix 1 – Comments and recommendations made by the Overview and Scrutiny Panels at meetings in February 2020

**13 BACKGROUND PAPERS**

13.1. None

**References/Comments from Scrutiny Panels to the Overview & Scrutiny Commission 12 February 2020**

**Scrutiny of the Business Plan 2020-2024**

**Sustainable Communities Overview and Scrutiny Panel: 6 February 2020**

The Panel discussed each of the new savings proposals and asked questions of clarification about the growth proposals.

The Panel further discussed and commented on the report and RESOLVED (six votes for, none against and one abstention) to make the following reference to Cabinet;

“That Cabinet note the excellent work of the Merton Finance Team in managing the pension fund and the resulting benefits to the people of Merton of over £2.4 million per year for the foreseeable future”.

**Children and Young People Overview and Scrutiny Panel: 10 February 2020**

The Panel discussed the report and the savings and growth item in relation to its remit. No reference was made to Cabinet.

**Healthier Communities and Older People O&S Panel: 11 February 2020**

The Panel discussed the report and the savings and growth item in relation to its remit. No reference was made to Cabinet.



## Committee: Cabinet

**Date: 24 February 2020**

Wards: All Wards

**Subject:** Merton's Strategy for meeting the needs of children and young people with SEN and/ or disabilities age 0-25 (2020-23). 'The Merton SEND Strategy'.

Lead officer: Rachael Wardell, Director of Children, Schools and Families

Lead member: Kelly Braund, Cabinet Member for Children's Services.

Eleanor Stringer, Cabinet Member for Education and Adult Services.

Contact officer: Lisa Deer, Head of Policy, Planning and Partnerships

### Recommendations:

- 
1. To approve for publication in March 2020 **Merton's Strategy for meeting the needs of children and young people with SEN and/ or disabilities age 0-25 (2020-23). 'The Merton SEND Strategy' – Appendix 1**
- 

## 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The report proposes that Cabinet approve Merton's Strategy for meeting the needs of children and young people with SEN and/ or disabilities age 0-25 (2020-23). This will be published via social media channels in early March 2020.
- 1.2. The report outlines the strategic context of the strategy and the involvement of key stakeholders in its development – children and young people with SEN and/or disabilities and their families and professionals and staff from Children's Trust agencies.

## 2 DETAILS

- 2.1 The Merton SEND Strategy 2020-23, sets out Children's Trust partners' shared responsibility to deliver effective services for children, young people and families with SEN and/or disabilities – in Merton SEND is 'everyone's business. The strategy has been developed by the local authority, the Merton Clinical Commissioning Group, and with key contributions from the parent carer forum Kids First, working in collaboration to drive our improvement agenda, and in partnership with Merton's Children's Trust partners.
- 2.2 The strategy is based on the format and design of the new Children and Young People's Plan 2019-23, which was adopted by the council at their meeting on 18 September. This emphasises that we have the same aspirations for *all* our children and young people, and are committed to supporting those with SEN and/or disabilities to be *valued, included, enjoy equality of opportunity, feel safe and supported, and happy and fulfilled in all areas of their lives – at home, in the community, at school and beyond.*

- 2.3 The strategy is driven by statutory requirements as set out in the Children and Families Act 2014 (reform for children with special educational needs and/or disabilities), the SEND code of practice 0-25 years, the Equality Act 2010 and learning from the recent joint 'local area SEND inspection' conducted by Ofsted and the Care Quality Commission. It is aligned with the current Merton Autism Strategy 2018-24, and feeds into the Children and Young People's Plan 2019-23.
- 2.4 The strategy is based on a commitment to support children and young people to reach their full potential across six outcome areas – being healthy; staying safe; enjoying and achieving; getting involved, having a say; becoming independent and My Merton – community connections. The strategic objectives in the strategy identify priority areas of work, based on statutory requirements and feedback from stakeholders including children and young people with SEN and/or disabilities and their families, and professionals and staff. The objectives in the strategy focus on supporting children, young people and families at the earliest point via inclusive, local services working together to maximise resources and impact.
- 2.5 A draft version of the strategy was sent out for consultation during September and October 2019. This was based on our 2019 'self-evaluation' of SEND services which was informed by a needs analysis of prevalence, outcome and feedback from all stakeholders. Stakeholder feedback can be summarised as follows:
- 2.6 Stakeholders have highlighted the importance of: putting children, young people and families' participation and engagement at the heart of identification, assessment and support for SEN and/or disabilities and in our overall strategic planning; continuing to promote an inclusive culture across services and the community, with access to clear information about local provision; clear information, advice and guidance for support for parents in their caring role, with a focus on early support; access to effective therapies and other support services in education settings, and a review of the impact of these; clear guidance on all points of 'transition' for children and young people, and effective support for those who are eligible for adult services post 18 and those who are not, to support 'preparation for adulthood' - the move into employment.
- 2.7 The 'vision' and strategic objectives in the final version of the strategy directly address the concerns raised by stakeholders.
- 2.8 Once agreed, the strategy will be published via a range of the council webpages and social media channels that operate across the borough.
- 2.9 An implementation plan for year one of the strategy (2020/21) has been finalised and will be published with the strategy. This sets out SMART targets under each of the strategic objectives. It will be monitored by the SEND Strategic Implementation Group, which represents all stakeholders, and the Children and Young People Integrated Commissioning Board (LA and CCG), with oversight from Merton's Children's Trust.

### **3 ALTERNATIVE OPTIONS**

3.1. None.

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. As above – 2.5-2.7

#### **5 TIMETABLE**

5.1. Following Cabinet approval the Merton SEND Strategy will be published online via a range of channels.

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

6.1 The 'strategic aims' listed in the strategy highlight the priority areas of work, based on statutory requirements and feedback from stakeholders which focus on supporting children, young people and families at the earliest point via inclusive, local services working together to maximise resources and impact.

6.2 Our stated aims under each outcome area will be developed further as part of the local authority, CCG and other Children's Trust partners' planned business with the intention that the costs are met within existing budgets. Where the Children's Trust Partnership identifies that resource constraints are inhibiting the achievement of any particular aim, the Partnership will take responsibility for securing additional resources before progressing.

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. New duties on local areas regarding provision for children and young people with special educational needs were set out in the Children and Families Act 2014, which came into force in September 2014.

7.2. The Council's general statutory duties under the Children and Families Act include to support and involve children and young people; to promote the integration of educational provision and training provision with health care provision and social care provision; to make joint commissioning arrangements and to cooperate with partners; and to keep education and care provision in the authority's area under review and consider the extent to which it is sufficient. The Code of Practice under the Act states that: "Local partners should identify the outcomes that matter to children and young people with SEN or disabilities to inform the planning and delivery of services and the monitoring of how well services have secured those outcomes".

7.3. Under the Public Sector Equality Duty (Equality Act 2010), public bodies (including CCGs, local authorities, maintained schools, maintained nursery schools, academies and free schools) must have regard to the need to eliminate discrimination, promote equality of opportunity and foster good relations between disabled and non-disabled children and young people when carrying out their functions.

7.4. The Minister of State for Children and Families has tasked OFSTED and the Care Quality Commission (CQC) with inspecting local areas on their effectiveness in implementing the Children and Families Act. These inspections are carried out under section 20 of the Children Act 2004. Ofsted and the CQC conducted a joint inspection of the local area of

Merton in June 2019. The outcome of the inspection was set out in a letter to the Council and to the CCG which required the local area to produce and submit a Written Statement of Action that explained how the local area would tackle areas of significant weakness identified by the inspection.

- 7.5. The Merton SEND Strategy addresses the statutory requirements to support and involve children and young people; to promote the integration of provision and to cooperate with partners; and to keep education and care provision in the authority's area under review and takes account of issues raised by the Local Area SEND Inspection.

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

- 8.1. The Merton SEND Strategy focuses on improving the life chances of children and young people with SEN and/ or disabilities. We consulted with a wide variety of stakeholders in the development of the strategy.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. N/A

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

- 10.1. Risks to delivery of the strategic objectives will be reviewed and acted on as part of the governance of the Merton SEND Strategy by the SEND Strategic Implementation Group and the Children and Young People Integrated Commissioning Board (LA and CCG), with oversight from Merton's Children's Trust.
- 10.2. Any risks to the council will be managed via the existing corporate risk management process.

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

- Appendix 1 MERTON SEND STRATEGY 2020-23

## **12 BACKGROUND PAPERS**

- 13 N/A

# MERTON 'SEND STRATEGY' 2020-23



**Merton's strategy for meeting the needs of children and young people aged 0-25 who have special educational needs and/or disabilities (2020-23).**

*A place where children and young people with special educational needs and/or disabilities are valued, included, enjoy equality of opportunity, feel safe and supported, and are happy and fulfilled in all areas of their lives – at home, in the community, at school and beyond.*

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## Welcome to 'Merton's SEND Strategy'...

### From Kids First parent carer forum

Kids First welcomes the Merton SEND strategy as a way to further develop joined-up thinking and action. This strategy, in conjunction with the local authority and the Clinical Commissioning Group response to the Local Area Joint Inspection, is something that Kids First is looking forward to seeing in practice, with improvements for Merton's children and young people with SEN and/or disabilities (SEND) happening at pace.

Being clear what the needs are for the population of children and young people with SEND is essential, as is ensuring that local provision is based on the most recent evidence-based practice available. Kids First appreciates that they have a voice at the table, feeding into strategic as well as operational decision making, and will be pleased when the experience for all children with SEN and/or disabilities is a consistent, effective, supportive and positive one across the borough.

### From James Blythe, Managing Director NHS Merton Clinical Commissioning Group

The well-being, health and outcomes of children and young people have long been at the centre of the partnership working between NHS Merton CCG and the London Borough of Merton. We are committed to building on this through our joint "Start Well" strategy within the Merton Local Health and Care Plan. NHS Merton CCG has been proud to work with the Children's Trust and partners in developing the Merton SEND strategy 2020-23. We believe the strategy clearly defines the health, education and

care support required from the NHS, local authorities and other agencies, to meet the needs and aspirations of children with SEND measured through an improvement in the experience of children and the outcomes they achieve.

NHS Merton CCG is committed to working with partners to commission and transform services to deliver the SEND strategy outcomes and to continuing this work during our transition to NHS South West London CCG from April 2020. We will work with children, young people and their families, and partner organisations, to continue to develop our understanding of local needs and resources as they change, identifying where needs are not met by current services, taking decisions about priorities and ensuring resources available are used in the best possible way to achieve the highest outcomes. NHS Merton CCG and the London Borough of Merton commission children's services via an Integrated Commissioning Team which allows joint working and planning of services. Joint commissioning involves planning and delivering services in a holistic way and offers health, education and social care partners a way of working together to redesign services and operate more effectively. We strongly believe this is the most effective way of improving the experiences of children, young people, and their families while making best use of local resources.

### From Rachael Wardell, Director of Children's Services London Borough of Merton

I want Merton to be a place where children and young people feel they belong, stay safe and can thrive and I want this to be as true for children with special educational needs and disabilities as it is for

all Merton's children. Through conversations with and feedback from children and young people with SEND, their parents and those who work with them in education, health and social care, we have been able to develop a SEND strategy which accords with this aim, and which truly represents the expressed aspirations and support needs of stakeholders, as well as one which helps us to meet our statutory duties.

The vision and strategic aims of the strategy will be driven forward by the local authority and the CCG in conjunction with Kids First, Merton's parent carer forum, and with input from wider Children's Trust partners including early years settings and schools. By working together in an integrated way around families in their local communities, and with a clear commitment to delivering inclusive services, we are well placed to offer 'Early Help' to children and young people as their needs emerge. We will also deliver the right level of support as needs change throughout their childhood and beyond. An integrated offer means that we can help families to build confidence in their own support for their children and resilience to work with services to develop the best possible outcomes for their children in terms of health, education, and preparation for adulthood. As a foundation to this we will help children and young people build strong connections with their family, friends and the community.

Although there are financial constraints across all statutory services at present, we will continue to strive to improve children's outcomes by working in partnership, by offering support at the earliest point via inclusive, local services and by working together to maximise our resources and impact on the life chances of our young people.

# Our vision for Merton's children and young people with special educational needs and/ or disabilities aged 0-25.



Merton's Children's Trust is responsible for bringing together services across the borough to work together and in partnership with children, young people and their families to facilitate improved outcomes for all children, including those with special educational needs and/or disabilities – in Merton having high aspirations for children and young people with special educational needs and/or disabilities aged 0-25, and providing effective services to support their health and well-being, education and beyond to independence is 'everyone's business'.

Merton's 'Strategy for meeting the needs of children and young people with special educational needs and/or disabilities aged 0-25 (Merton's SEND Strategy)' is for all children and young people with SEND.

This is defined in the SEND Code of Practice 2014 as those who 'have a significantly greater difficulty in learning than the majority of others of the same age which calls for special educational provision to be made for them, and/ or a disability which prevents them from making use of facilities generally provided for others of the same age in mainstream schools'. In this strategy the use of the term 'young person' means 'over the compulsory school age and under 25', as defined by the Code of Practice 2014.

Our **vision** is that Merton is a place where children and young people with special educational needs and/or disabilities are valued, included, enjoy equality of opportunity, feel safe and supported and are happy and fulfilled in all areas of their lives – at home, in the community, at school and beyond.

Implementing Merton's SEND Strategy 0-25 and the actions from the recent SEND area inspection are all part of our journey to deliver the best services we can for our children, young people and their families. In consultation with families and professionals we have agreed to work together to make sure that:

- Families can develop confidence in supporting their child with emerging additional needs, at home and in the community, with timely access to early help at the lowest appropriate level.
- Services are planned and delivered **in collaboration and in partnership** with children, young people and their families.



- We work closely with partners including schools and the voluntary sector to build links with all families including those who are under-represented in consultation and engagement activities (for example those whose **children are on SEN support and those with English as an additional language**).
- Children and young people can **build relationships and friendships** with their peers in their local community.
- Children and young people can **attend educational provision close to where they live**.
- There is a sufficient **range and choice of provision locally, where leaders are committed to developing an inclusive culture with well trained staff**, so that children and young people's **education and health outcomes are not disadvantaged**.
- Children and young people are given the appropriate level of support to **achieve well** in their local early years, schools and college settings.
- There is **seamless transition** though all the stages from local education into independent living for those who are eligible for adult social care as well as those who are not.

### Our SEND Journey

Drawing on evidence, good practice, continuous self-evaluation and working in partnership with children, parents and professionals we have achieved the following:

**2013 – Publication of Merton's SEND strategy** for 2013-2015, including implementation of SEND reforms

**2016 – SEND included as an integrated part of Merton's Children and Young People's Plan 2016-2019.**

- multi-agency governance via the Children's Trust
- SEND is 'everyone's business'
- focus on parent representation within the governance arrangements.

**2018 – Publication of Merton's Autism Strategy 2018-23** following extensive consultation and **high needs review undertaken**.

-Both of the above documents act as the basis for the revised Merton SEND strategy

**2019 – New strategies:** Merton Children and Young People's Plan 2019-23 and Merton's Strategy for meeting the needs of children and young people who have special educational needs and/or disabilities (2020-23).

# How was the strategy developed?

## Overview

The strategy has been developed with contributions from the local authority, the Merton Clinical Commissioning Group, and from the parent carer forum Kids First, working in collaboration to drive our improvement agenda, and in partnership with Merton's Children's Trust partners.

It is coordinated and monitored by the multi-agency SEND Strategic Implementation Board (SSIB) and the Children and Young People's Integrated Commissioning Group and will be reported to Merton's Children's Trust Board. The development and monitoring of the strategy's annual implementation plan will be similarly overseen.

Partners in the Children's Trust include children, young people and families, health, social care the voluntary and community sector, Police, early years settings, schools and colleges, and the local authority.

Merton's SEND Strategy is driven by statutory requirements as set out in the Children and Families Act 2014 (reform for children with special educational needs and/or disabilities), the SEND code of practice 0-25 years, the Equality Act 2010 and learning from the recent joint 'local area SEND inspection' conducted by Ofsted and the Care Quality Commission.

It is aligned with the current [Merton Autism Strategy 2018-24](#), and feeds into the Children and Young People's Plan 2019-23.

## Consulting on the draft strategy

A draft version of the strategy was sent out for consultation during September and October 2019 to further develop and test the vision and strategic objectives. The draft version was based on our 2019 'self-evaluation' of SEND services which was informed by a needs analysis of prevalence, outcome and 'user voice' data. The latter was taken from formal consultations with parents (High Needs review 2018), with children and young people (Children and Young People's Plan consultation 2019 and the Young Residents' survey 2019), and with children's professionals in the local authority, health and education (High Needs Review). We also gather a wealth of regular feedback that comes from close working with children and young people, parents and partners, the themes of which fed into the draft version of the strategy. Consultation on the draft version included:

1. Over **100 parents of children with SEN and/or disabilities and professionals/ staff work with them**, made a full response to the Merton SEND Strategy consultation September/ October 2019
2. Around **70 children and young people aged from 9-18** were involved in discussion groups across six Merton primary, secondary and special schools. The children and young people involved represented those supported at SEN support, and those with an EHC plan.
3. Discussions with **parents and professionals/ staff** via a number of our regular meetings and SEND governance focus groups

## **Using the consultations to inform the final Merton SEND Strategy**

The purpose of the consultation was to discuss and draw out stakeholders' key issues and concerns, and to make sure that these are addressed in the strategy vision, and by the strategic objectives set out under the 'we will aim to' sections.

### **The final strategy consists of the following sections:**

#### **Six outcome areas for children and young people:**

Merton's SEND Strategy is based on the 'six outcomes' featured in the Merton Children and Young People's Plan 2019-23. These are the areas of children and young people's lives Merton's Children's Trust partners are committed to improving. The six outcomes were endorsed by children and young people themselves, including those with special educational needs and/or disabilities, through an extensive online survey and a range of focus groups. We have used the same outcomes as we have the same ambitions for children with special educational needs and/or disabilities as we do for all Merton's children and young people. The six outcomes are:

1. Being healthy;
2. Staying safe;
3. Enjoying and achieving;
4. Getting involved, having a say;
5. Becoming independent;
6. My Merton – connection with family, friends and the community.

#### **Stakeholder feedback**

Each section of the strategy includes key pieces of stakeholder feedback data that has been collated from the online consultation and focus groups with parents and professionals,

and from discussion groups in schools with children and young people.



#### **We know:**

Services across the Children's Trust monitor and evaluate their services as part of a performance framework. This is to ensure that we can continuously improve the quality of services delivered. This section of the strategy includes key information that we have used to inform our strategic direction and work objectives for delivering services for SEND.



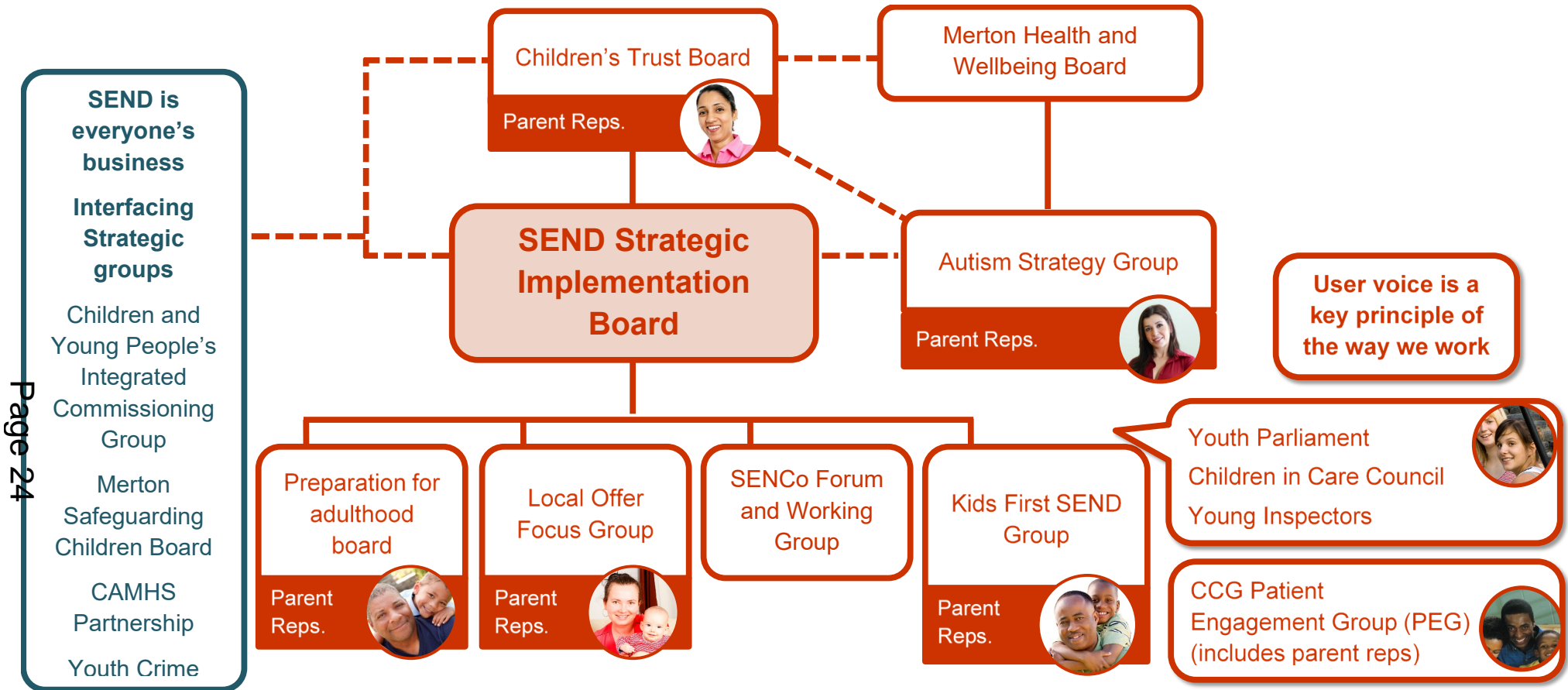
#### **We will aim to:**

Under each outcome area there is a list of 'strategic objectives' that partners aim to delivering and which have been informed by statutory requirements, good practice and the expressed needs of children and young people with special educational needs and/or disabilities and their families.

#### **How will we do this?**

Merton's SEND Strategy is a three-year document delivered by Merton's Children's Trust. Partners are also developing an annual action plan with specific and measurable activities under each of the 'strategic objectives'. Progress against the action plan will be overseen by Merton's Children' Trust and by children, young people and families via a range of stakeholder forums.

## Leadership and Governance of SEND in Merton

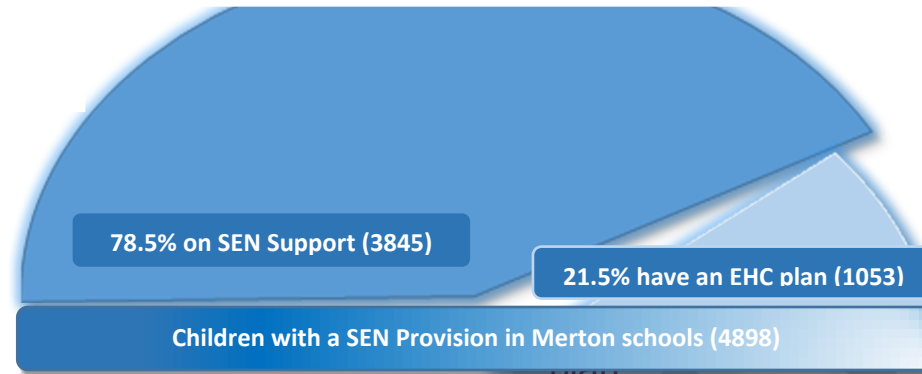


### Key Strategies, guidance and protocols:

Merton Sustainable Community Plan  
 Merton Children and young people's plan 2019-23  
 Merton Health and Well Being Strategy 2019-24  
 MSCP Business Plan  
 Merton SEND Strategy 2020-23  
 Merton Autism Strategy 2018-24  
 LAC and Care Leavers Strategies 2019-21  
 Merton Early Help Strategy (complete in 2020)

Merton Violence Against Women and Girls Strategy–2018-2020  
 Merton Young Carers' Multi-agency Strategy 2019-22  
 Merton Sexual Health Strategy 2019-24  
 Child and Adolescent Mental Health Transformation Plan 2019  
 Carers Strategy (Launch 2020)  
 Merton Adult Learning Strategic Priorities 2019-22  
 Domestic Violence and Abuse Multi-Agency Guidance 2018-21  
 Housing and homelessness strategies

Total number of children with SEN Provision in Merton schools, by type of support (SEN support or EHC plan)



# Did you know?



## Merton profile<sup>1</sup>:

**28,798** pupils in Merton schools.

**17%** (4898) pupils in Merton schools with a SEN provision (SEN support or Education Health and Care (EHC) Plan).

**13.3%** (3845) pupils in Merton schools on SEN support.

**3.7%** (1053) pupils in Merton schools with an EHC plan.

**1087** children and young people in the London Borough of Merton have an EHC plan<sup>2</sup>. This has almost doubled since 2015<sup>3</sup>.

## Health outcomes<sup>4</sup>

443 children referred to the neurodevelopment service (ASD and ADHD) in 2018/19, with the majority going on to be diagnosed; this is higher than neighbouring boroughs.

83.5% uptake questionnaire yrs.



of 'Ages and Stages' at 12 months, and 80% at 2.5

## Vulnerabilities<sup>5</sup>:

**33%** of children and young people supported by children's social care as 'Children in Need' have an EHC plan.

**3%** children and young people who are subject to a child protection plan have an EHC plan.

**21%** children and young people who are 'looked after' have an EHC plan.

**13%** (16 cases) of 'children missing from education' have an EHC plan.



## 'Identified need' of pupils in Merton's mainstream schools<sup>1</sup>:

**28%** of pupils with an EHC plan are autistic (**ASD**); this is the single largest category of need followed by **25%** who have speech, language and communication **needs (SLCN)**.

**28%** of pupils on SEN Support have (**SLCN**); this is the single largest category of need, followed by **21%** who have social, emotional and mental health needs (**SEMH**).

<sup>1</sup>LBM school census Spring 2019; <sup>2</sup>LBM Education data December 2019; <sup>3</sup>DfE national data June 2019; <sup>4</sup>CCG data 18/19; <sup>5</sup>LBM Education data November 2019.



## Education, training and employment:

All Merton special schools, **95%** of all schools, and **94%** of Early Years Foundation Stage settings rated 'good' or 'outstanding'<sup>1</sup>.

**300** families supported by Merton's Information and Advice Service for special education needs and/or disabilities in 2018/19 (MIASS data 2018/19).



### Early years<sup>2</sup>:

28% children on SEN support achieved a 'Good Level of Development' (in line with national).

89% children with an EHC plan achieved a 'Good Level of Development' (above national).



### Key stage 2<sup>2</sup>:

22% children on SEN support achieved at 'expected level' for reading, writing and maths (above national).

18% children with an EHC plan achieved at 'expected level' for reading writing and maths (above national).



### Key stage 4 and beyond<sup>2</sup>:

54% young people on SEN support achieved a standard pass (9-4) in English and maths (above national).

20% young people with an EHC plan achieved a standard pass (9-4) in English and maths (below national).

**28%** of NEET young people are identified as SEN Support and 11% have an EHC plan (this is below the London average).



## Participation and engagement (service data 2018/19)

Children and young people with SEN and/ or disabilities from mainstream and special schools take part in the participation and engagement opportunities delivered across Merton - Youth Parliament, School Council Action Days, young inspectors, young advisers, and a range of consultations.

Disabled young people responded to key surveys in 2019, which were used to inform the strategic direction of the local authority's work to support all young people.

70 children and young people from mainstream and special schools were involved in discussion groups to inform the new Merton SEND Strategy.

Over 100 parents and professionals/staff responded to the online survey to inform the new Merton SEND Strategy.

Young people with autism were involved in the development of the borough's autism strategy.

<sup>1</sup>LBM Education data November 2019. <sup>2</sup>DfE school outcome data 2018. Unless otherwise stated.

# 1. Being healthy

We are committed to providing effective oversight and planning to improve health services for children with special educational needs and/ or disabilities aged 0-25, as set out in statutory reforms, with the aim of ensuring equal access to services and delivering a choice of health provision locally, which meets the range of needs and closes gaps in health outcomes.

## Stakeholder feedback:

*There should be a review of the impact of all therapies across mainstream schools* (Kids First/ Patient Engagement Group/online consultation).

*More support for children with mental health needs/ SEMH including trained staff in school* (online/children and young people).

*Children need more support for healthy eating and access to healthy food* (Portage drop-in/children and young people).

## We know:

- Children and young people have good support from health visitors and school nurses including through

open access drop in clinics (Local area SEND inspection 2019).

- 60% of children and young people in Merton with special educational needs and/or disabilities are on the autistic spectrum (Merton Autism Strategy 2018-24)

## We will aim to:



Improve the range of co-ordinated specialist child health services, provided by community-based doctors, nurses and therapists, accessed in the most appropriate and child focused setting, closer to home.

Review and improve the nursing and health therapies offer across all Merton schools to enable it to meet current and future needs.

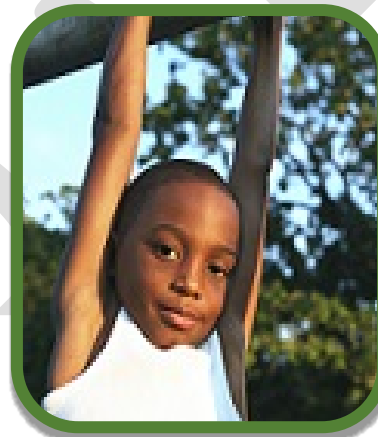
Make sure young people have easy and timely access to local health services including mental health, sexual health and substance misuse (including information, advice and guidance).

Work with partners including schools and settings to support healthy eating in children and young people.

Deliver improved and consistent services for children with autism, in line with the Merton Autism Strategy 2018-23.

Improve quality and sufficiency of health advice included in EHC Plans (Local area SEND inspection 2019).

Review 'children's continuing care' service provision to improve assessment and decision-making processes and to inform the Education Health and Care Planning process, where appropriate.





Review the school nursing school entry 'health questionnaire' process to make sure that the information is sufficient to plan appropriate support services in schools.

## 2. Staying safe

We aim to deliver a range of services and pathways to support children with special educational needs and/or disabilities aged 0-25 and their families, to build skills and resilience to feel safe and stay safe from the early years up to adulthood and independence. This work to align with the work of Merton's Safeguarding Partnership.

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### Stakeholder feedback:

**Young people need access to 'life skills' training to help them build independence and prevent more needs in the future** (children and young people).

**One of the 'strategic objectives' should be 'to support parent carers to maintain their well-being and enable their caring role** (Patient Engagement Group; Local offer focus group).

**It's clear how to get help with bullying in school, but not if the bullying is online, or outside of school** (children and young people).



### We know:

- 100% of our Children's Centre are rated by Ofsted as 'good' or 'outstanding'.
- **33%** of children and young people supported by children's social care as 'Children in Need' have an EHC plan.
- **3%** of children and young people who are subject to a children protection plan have an EHC plan.
- There is consistent participation of social care professionals in the identification and assessment of children and young people with special educational needs and/ or disabilities (Local area SEND inspection 2019).



### We will aim to:

Work together across education, health and social care to support young people to prepare for a safe and happy adulthood including employment, independent living, community inclusion and social life, and health.

Create new referral pathways for swift and easy access to Merton's multi-agency 'early help' offer for families and professionals.

Provide information, advice and guidance to parent carers to support their well-being and enable their caring role, with a focus on early support.

Support children, young people and families to appropriately deal with bullying and staying safe online.



Help build skills and resilience for children, young people and their families to feel safe and stay safe.

### 3. Enjoying and achieving

We are committed to supporting all children and young people with SEN and/ or disabilities (as defined by the SEND code of practice) to achieve well, enjoy themselves and be fully included in their local early years, schools and college/ post 16 settings, attending provision close to where they live.



#### We will aim to:

Increase access to local, inclusive education provision for children with SEN and/ or disabilities, where it appropriately meets needs.

Encourage and support mainstream education leaders to develop an inclusive culture and improve staff knowledge, understanding and skills through training, school to school support and maximising opportunities for schools to work together.

Continue work to improve Special Educational Needs Coordinator practice in Merton's mainstream schools and settings, including consistency of identification and support, with a particular focus on children at SEN Support..

Improve the quality including monitoring of Education, Health and Care Plans to make sure they set clear targets to support the child or young person's development. (Local area SEND inspection 2019).

Improve access to places where children and young people can enjoy themselves, socialise and access physical activities including after school clubs, youth clubs, parks and leisure, including effective promotion.

Secure strong progress and achievement and raise attainment of children with SEN and/ or disabilities in schools and nurseries, and close gaps in education outcomes.



#### Stakeholder feedback:

*It's important that an inclusive culture is developed by school leaders, SEN audit processes are integrated into whole school self-evaluation, and schools work together to improve outcomes* (SENCo working group).

*We want to do well at school and need more support* (children and young people).

#### We know:



- 91% EHC plan assessment referrals reviewed at panel within 2 weeks; 58% EHC Plans completed to deadline.
- Increased capacity of specialist places in mainstream and special schools.
- As a result of attending good or better education provision children and young people 'typically achieve well academically by the end of each key stage of education' (SEND inspection 2019)

Review current support services for children and young people with SEN and identify their needs.

**Children and families voices need to be central to identification, assessment and support planning and monitoring** (SENco working group).

Further develop school leaders' ability to evaluate and improve their support for children with SEN and/or disabilities, including integrating the SEN audit and whole school evaluation processes.

## 4. Getting involved, having a say

We support children, young people and their families to be at the centre of decisions made about their education, health and care, and to have a voice as regards the strategic direction of services SEN and/ or disabilities and other services in the borough. We will continue to work with partners including schools and the voluntary sector to improve links with all families including those who are under-represented in consultation and engagement activities (including those with children on SEN support, and with English as an additional language).

### Stakeholder feedback:

*We like to be able tell people what we think, and like as many opportunities to take part as possible* (children and young people).

*Its good when we have input into our EHCPs* (children and young people).



### We know:



- Young people with a disability responded to key surveys in 2019, which were used to inform the strategic direction of the local authority's work.
- There is a whole hearted and effective commitment to ensuring children and young people have a voice in decision making. (Local area SEND inspection 2019)
- Merton's parent carer forum, Kids First, understands the main concerns and positive views of parents in the area, providing a strong voice and challenge to leaders in the borough; it is trusted by parents who use the service. (Local area SEND inspection 2019).

### We will aim to:



Provide opportunities for children and young people (in mainstream, special schools and colleges), and families, to directly talk to all types of service providers about decisions which affect them.

Improve how we support children, young people and families to make sure that their voices are central to identification, assessment, support and monitoring processes for children identified at SEN Support and those with an EHC Plan.

Continue to improve how we involve children, young people (in mainstream, special schools and colleges), and families in service and strategic planning for special educational needs and/or disabilities services.

Continue to provide information, advice and support on education, health and social care, for all children, young people and families on matters relating to special educational needs and disabilities.

## 5. Becoming independent

We will work across education, health and social care and in partnership with young people and their families to embed the delivery of a multi-agency 'preparation for adulthood' model which is integrated across services and supports young people with Employment; Independent Living; Community Inclusion and social life; and Health – taking an approach which is person centred, timely and enables independent choices.

### Stakeholder feedback:

**We need information about jobs and careers, as well as work experience and volunteering opportunities** (children and young people).

**We need clear visual representations/ process maps of 'transitions' for young people, families and professionals** (PfA Board).

### We know:

- Lower than London average rate of young people with special educational needs and/or disabilities 'Not in employment education or training' (NEET) or 'not known'.
- 11% (11/61) of care leavers have an EHC plan.
- 'The children's community nursing team ensures that young people approaching transition to adulthood are appropriately prepared for the next step'. (Local area SEND inspection 2019).

- The timeliness of support for transition to adulthood in social care (and for those not eligible for social care – including ASD and specific learning difficulties) is an 'identified area for improvement'. (Local area SEND inspection 2019).

### We will aim to:



Implement the borough's multi-agency transitions project across education, health and social care, developing a 'preparation for adulthood' model - employment; independent living; community inclusion; and health – and meeting the needs of those who are eligible for adult social care and those who are not.

Simplify transitions from children's to adults' services in education, health and social care, to enable an integrated, seamless pathway which supports young people through significant changes. (Local area SEND inspection 2019).

Further develop the post 16 offer (Education, Training and Employment) including creating more supported internships, volunteering and employment opportunities.

Promote good communication and coordination between the young person, their family and service providers to promote joint planning, choice and control for the young person.

Provide early support and accessible information, advice and guidance for young people and their families, who may not be eligible for adult social care, to navigate 'preparing for adulthood', and to prevent escalation of need (Local area SEND inspection 2019).

Provide a 'preparation for adulthood' model which incorporates a robust support process for looked after children and care leavers who have SEN and/or disabilities.

Develop improved access to advocacy, information, advice and guidance to support young people, including those who do not have families, to have an independent say in planning their future.



Support community inclusion through improved information about and access to activities in the evenings and weekends for 18-25 year olds.

Work in partnership across agencies and teams to enable adult social care to plan and prepare for young people who may transition into the service.

## 6. My Merton – connection with family, friends and the community

We are committed to working in collaboration with partner agencies including schools and the voluntary sector, to create an environment where children and young people with special educational needs and/or disabilities and their families can feel part of their community and build relationships and friendships with their peers, through sufficiency of service provision and access to information, advice and guidance. This work to include ensuring accessibility by under-represented groups including those with English as an additional language.

### Stakeholder feedback:

**We would like clearer information about events and activities that are going on** (children and young people).

**Non-SEND young people and the local community should be better educated on how to understand and accept SEND young people** (children and young people).

### We know:



- There are a range of leisure and community activities on offer for children and young people with SEN and/ or disabilities provided by the statutory, and voluntary and community sector, available at all levels of support - Universal, targeted and specialist.
- Merton's local offer directory gives information about the range of opportunities that are available for children and families to enjoy themselves and build their family and community relationships.
- Increasing social capital is a key priority in Merton's sustainable communities plan to strengthen community connections.
- Merton's Health and Well-being strategy supports focus on creating a healthy social and physical environment in the borough.



### We will aim to:

Undertake a review of the local offer of services for children and young people with special educational needs and/or disabilities and their families to identify whether these are sufficient to meet needs.

Improve promotion and accessibility of the 'Local Offer for children with SEN and/or disabilities' and 'Young Merton' to broaden awareness of the availability of local opportunities, support and advice and guidance for children, young people and their families.

Support service providers to improve information about and access to their services so that children and young people with SEND and/or disabilities can enjoy the full range of opportunities alongside their peers.

Support children and young people with special educational needs and/or disabilities and their families to feel part of their community by



promoting positive attitudes and understanding, and making Merton a friendly place for those with disabilities.

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## Next steps

### Developing the Merton SEND Strategy action plan

Merton's SEND Strategy is a three-year document delivered by Merton's Children's Trust. Partners are also developing an annual action plan with specific and measurable activities under each of the 'strategic objectives'. Progress against the action plan will be overseen by Merton's Children' Trust and by children, young people and families via a range of stakeholder forums.

### More information

If you would like more information about the Merton SEND Strategy, or the action plan please email: [cypp@merton.gov.uk](mailto:cypp@merton.gov.uk).

## **Committee: Cabinet**

**Date: 24 February 2020**

### **Exempt or confidential report**

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information given in **Appendices 1 and 2** of this report and they are therefore exempt from publication. Members and officers are advised not to disclose the contents of this report:

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

**Wards:** Wimbledon Park

## **Subject: Open Water Swimming**

Lead officer: Christine Parsloe, Leisure & Culture Development Manager

Lead member: Councillor Cooper-Marbiah, Cabinet Member for Commerce, Leisure and Culture

Contact officer: Christine Parsloe, Leisure & Culture Development Manager

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### **Recommendations:**

- A. Approval in principle, and subject to all approvals being met, to allow Swimbleton, Open Water Swimming Group, to have access to Wimbledon Park Lake for the purposes of Open Water Swimming, subject to them becoming a formally constituted body and able to meet all of the council's operational, financial, legal, insurance, risk, health and safety, etc. considerations, as set out in Option B, Table 2, of the alternative options.
  - B. Give authority to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Commerce, Leisure and Culture, to use his delegated authority to agree detailed terms for Wimbledon Park Lake to be used for the purposes of Open Water Swimming should the principle be agreed by Cabinet.
  - C. Give authority to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Commerce, Leisure and Culture, to use his delegated authority to issue a statement to clarify the council's intended prosecution policy by indicating that the Council would not consider it in the public interest to prosecute persons swimming in accordance with the rules of this licensed scheme during the trial period.
  - D. Approval for the Director of Environment and Regeneration, in consultation with the Cabinet Member for Commerce, Leisure and Culture, to consider Swimbleton's full proposal and determine whether or not the activity is able to go ahead.
  - E. Approval is given for a trial period for the summer period of 2020 so that the suitability of this activity at this venue can be further considered.
-

## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To approve a trial period of open water swimming in Wimbledon Park Lake to be delivered by a local open water swimming group, Swimbleton, to take place this summer and in so doing give authority to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Commerce, Leisure and Culture, to determine whether or not the activity is able to go ahead having given due consideration to Swimbleton's detailed proposals and authority to undertake all necessary actions to enable the activity to happen.

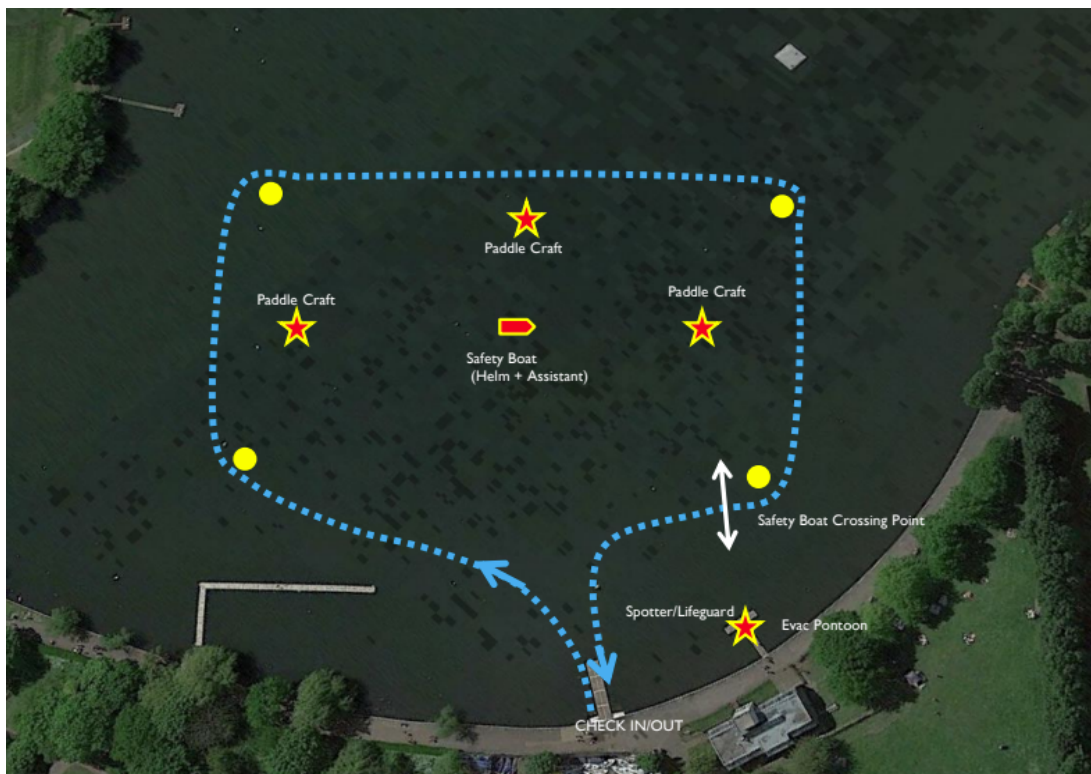
## **2 DETAILS**

- 2.1. Earlier this year a group of local people came together to progress bringing open water swimming to Wimbledon Park Lake. Since that time they have:
- 3,000 people in support of their proposals via an online petition
  - Talked to open water swimming agencies
  - Visited and talked with other providers of open water swimming
  - Carried out water quality testing
  - Planned a 400m route within the lake
  - Developed a self-financing business plan
  - Met with the Leisure & Culture Development Manager to discuss their proposals
  - The use of the lake and adjoining land should be documented setting out the arrangement between Swimbleton and the Council this can be done by either by granting a licence or a lease to Swimbleton
  - However, there are, as a minimum, some significant issues that would need to be overcome should this be an activity that the council wishes to allow in this lake:
    - The Byelaws for our Parks and Open Spaces do not allow swimming
    - The bottom of the lake is heavily silted
    - There are risks from other activities such as fisherman's hooks and lines
    - The ecology of the water space which is the home to fresh water mussels and European eels as well as birds and fish
    - The lake suffers from growth of water weed which has caused problems for the Watersports centre and they regularly have to cut and remove in order to do sailing and kayaking, etc. The weed regularly wraps around the motor on the power boat
    - Insurance liabilities and operational matters such as opening the park, toilet and changing facilities, staffing, water quality testing, etc.
    - If open water swimming is allowed at certain times would this encourage others to swim at other times and if this did occur how it would be regulated to stop this infringement?
    - The impending Reservoir Safety work which, according to current research and proposals expects that the water level will need to be dropped by 330mm.
- 2.2. Before the group spend more time and their own resources on progressing this proposal it is important to determine if the Council as landowner would be willing to allow this activity on their site and if so what would be the terms of use.



- 2.3. Swimbledon have engaged with SH2OUT and SwimSafety and they have attended the site and carried out their preliminary Assessment of the Lake. Both agencies have advised Swimbledon that they see it as an “**excellent**” venue for conducting **safe** open water swimming.
- 2.4. Futhermore, these agencies have agreed, in principle, to provide full risk assessment on a cost recovery basis, subject to the successful implementation of Swimbledon in 2020. Their respective fees for risk assessment services and for appropriate staff / volunteer training should equate to no more than £1,500 (subject to a full statement of work being outlined). Swimbledon would fund this through their business plan. It is noted that the council would also need to carry out their own independent risk assessment as part of the evaluation process as to whether the activity can go ahead.
- 2.5. Swimbledon collected water samples from the lake on 2<sup>nd</sup> June and sent them to engaged SwimSafety to carry out water quality analysis. The Water Quality Sampling Results Certificate is attached as Appendix 1 (exempt). The findings were that the samples provided ‘Pass Guideline’ the EC Bathing Water Directive (76/160/EEC) and ‘Pass Excellent’ for the EC Bathing Water Directive (2006/7/EC) (for inland waters).
- 2.6. Swimbledon have visited the site and with the assistance of a member of staff at the Watersports centre have been able to carry out some current depth checks and plan a proposed circuit for Open Water Swimming:

**Figure 1: Swimbledon proposed route and safety model**



- 2.8. Swimbledon advise that they consider this route to be sufficiently deep and a long enough stretch of water for their outdoor swimming proposal. They consider that the swimming activity can be safely supported using their own

trained and qualified staff using boats and paddlecraft. However, at this time they have assumed they would be able to use council owned fleet including power rescue boats, which the Council would not be able to agree to. Swimbledon would also need to source, fund and provide security staff, should these be required.

- 2.9. Local people who are already open water swimmers take part in this activity at venues that currently have this on offer. They include:

**Table 1: Open water swimming venues within 15 miles of Wimbledon Park**

| Location   | Summary Details  |
|--|--|
| Beckenham Palace Lake<br>– 11.5 miles                  | <a href="https://lewisham.gov.uk/inmyarea/regeneration/improvements-to-parks/beckenhampalacepark/the-lake-in-beckenham-palace-park">https://lewisham.gov.uk/inmyarea/regeneration/improvements-to-parks/beckenhampalacepark/the-lake-in-beckenham-palace-park</a><br>Lake is 285m long and 48m wide. It is 3.5m deep at its deepest level. No changing facilities. Opened first in summer of 2019 and had to close almost immediately due to health and safety concerns due to volumes of users. Area was fenced off in order to put in necessary health and safety controls. Lifeguarded during use. Security has also been put in place. No dogs are allowed in the water at any time. |
| Hampstead Heath Ponds<br>– 11.5 miles                  | <a href="https://www.cityoflondon.gov.uk/things-to-do/green-spaces/hampstead-heath/swimming">https://www.cityoflondon.gov.uk/things-to-do/green-spaces/hampstead-heath/swimming</a><br>Bathing ponds (men’s and ladies) and the Parliament Hill Lido. The bathing ponds are the only lifeguarded open water swimming facilities open to the public every day of the year. The Lido is uncovered and unheated, measuring 27m wide by 60m long. Toilets available in wider park. No lockers. Opening times, usage and charges vary. All income goes towards maintaining these facilities. Fenced. No dogs allowed in the water at any time.  |
| Hampton Open Air Swimming Pool<br>– 8.5 miles          | <a href="https://www.hamptonpool.co.uk">https://www.hamptonpool.co.uk</a><br>2 pools, 1 x 36m and learner pool 7m x 12.5m. Temperature 28 degrees. Open all year round. Prices range from an adult peak ticket at £7.60 to season tickets and saver books (£4.76 per swim). No other water uses. Securely locked to prevent unauthorised access. No dogs allowed in the water at any time.   |
| London Royal Docks Open Water Swimming<br>– 14.3 miles | <a href="https://www.londonroyaldocksows.co.uk/">https://www.londonroyaldocksows.co.uk/</a><br>Summer season 29 <sup>th</sup> March to 30 <sup>th</sup> September. 3 weekday evenings and both weekend mornings. Need a NOWCA safety wristband (annual fee £12) to swim. Cost Pay as you go £8 summer season and £10 winter season. No dogs are allowed in the docks area.   |
| Serpentine Lido  | <a href="https://www.royalparks.org.uk/parks/hyde-park/things-to-see-">https://www.royalparks.org.uk/parks/hyde-park/things-to-see-</a>  |

|  |   |
|--|---|
| <p>- 6.9 miles</p>                         | <p><a href="#">and-do/sports-and-leisure/serpentine-lido</a></p> <p>It is open on weekends throughout May (including the May Day Bank Holiday) and seven days a week from 1 June to early September.</p> <p>Open water swimming in The Serpentine in area 30m x 100m</p> <p>The Serpentine Lido is open from 10:00 am - 6:00 pm (last entry 5:30pm) every day in June, July and August.</p> <p>During May it is only open on weekends and Bank Holidays.</p> <p>The Serpentine Lido closes on the first weekend in September, but may open at weekends in September only if the weather is good. Due to the British weather these openings can be closed at short notice, so visitors are advised to check before travelling.</p> <p>Adult - £4.80 (£4.10 after 4pm)</p> <p>Concessions - £3.80 (£3.10 after 4pm)</p> <p>Child - £1.80 (£1.10 after 4pm)</p> <p>Family Ticket - 2 adults and up to 2 children -£12.00 (£9 after 4pm)</p> <p>Under 16s must be accompanied by an adult. 2 adults to every 1 under 16 if customers are using the lake.</p> <p>No dogs allowed in the water at any time.</p> |
| <p>Shepperton Lake</p> <p>- 14.2 miles</p> | <p><a href="https://www.sheppertonopenwaterswim.co.uk">https://www.sheppertonopenwaterswim.co.uk</a></p> <p>25 acre site. Privately owned and operated. Water depth greater than 20 feet deep. No fishing. Arrangement with local sailing club to use club house for toilets and changing.</p> <p>Operates: Apr/May to Sept/Oct when water is 12degrees or higher. Secure site. Cost £5 per session cash including parking, changing &amp; showers. Open 3 mornings and 4 evenings per week. Dogs on lead policy being reviewed at the moment due to bagged mess being left around. Dogs not allowed in the water.</p>  |
| <p>Tooting Bec Lido</p> <p>- 4.1 miles</p> | <p><a href="https://www.slsc.org.uk">https://www.slsc.org.uk</a></p> <p>Largest fresh water pool in England. 100 yards long and 33 yards wide. Water clear and cold. Public opening 1 May to 30 Sept. SLSC Club members swim all year round. Prices vary. Operated by LB Wandsworth and Places for People. No other water uses. Securely locked to prevent unauthorised access.</p> <p>No dogs allowed in the water at any time.</p>  |
| <p>West Reservoir</p> <p>- 12.9 miles</p>  | <p><a href="https://www.better.org.uk/leisure-centre/london/hackney/west-reservoir-centre">https://www.better.org.uk/leisure-centre/london/hackney/west-reservoir-centre</a></p> <p>23 acres of water in a 30 acre site. 3.5-4.0m minimum depth. No fishing, fresh water mussels, dogs on site. Open May to autumn. 2 Weekday evening sessions and both weekend days early morning. Operated by Better for LB Hackney. All</p>  |

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|--|--|
|  | swimmers must have undertaken an induction before taking part. Wet suits are mandatory. Costs: Members £5 per swim and Non-members £10 per swim. No dogs are allowed on reservoir lands. |
|--|--|

2.10. Swimbleton wish to:

- Carry out early morning (06:30 - 08:30) outdoor swimming activities from May through to Sept on two week days and one day at the weekend to start with
- They wish to create their own Swimbleton course of c400m as outlined in Figure 1
- They would be supported by their own trained volunteer staff and would not require any council staff to be in attendance
- Pay, their own Swimbleton suitably qualified safety personnel
- Establish and gain council approval for their own Swimbleton Standard Operating Procedures.
- Use council owned watercraft to support their activities (subject to council approvals)
- Pay the council for the use of equipment and for the use of the lake, so that as a minimum there is no net cost to the council for this activity and that Swimbleton also pay a fee to the council for the time that the waterspace is used
- To start small, limit the ages and number of swimmers and then grow in a controlled and contained way

3

**ALTERNATIVE OPTIONS**

**Table 2: Alternative Options Considered**

|   | <b>Option</b>   | <b>Likely Outcome</b>  |
|---|---|--|
| A | Reject proposal   | Significant disappointment, frustration and likely continued campaigning and lobbying by the local community as they will feel that they have carried out appropriate due diligence in progressing their proposal  |
| B | Swimbleton to deliver a proposal for implementation May 2020  | This will require significant amounts of work across the whole council to ensure that what they propose would be able to be implemented and acceptable to the council.<br><br>Details on how this would work would need to be scoped out in advance in order to manage expectations on both sides.   |
| C | Work with Swimbleton to deliver a proposal for implementation once the Reservoir Safety Act project has been implemented - May 2022 | This will require significant amounts of work across the whole council to ensure that what they propose would be able to be implemented and acceptable to the council.<br><br>Details on how this would work would need to be scoped out in advance in order to manage expectations on both sides.<br><br>This allows more time to develop and would do so |

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|  |  | <p>knowing what the final depths of the lake might be.</p> <p>It could also result in the proposal being rejected later should the depth no longer be sufficient.</p> <p>Significant disappointment, frustration and likely continued campaigning and lobbying by the local community who will feel appropriate due diligence has been conducted.</p> |
|--|--|---|

#### 4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. Swimbleton have been carrying out public and community engagement and consultation in order to gauge whether or not there is sufficient support and potential user numbers to create a viable self-funded sustainable open water swimming offer.

4.2. Table 3 below provides an outline summary of the organisations they have consulted thus far and includes some who bring professional and community-led business interest as well as those who may be users.

**Table 3: Outline summary of consultation and engagement**

| Who  | Expertise  | Interests   |
|--|--|---|
| <p>Swimbleton<br/> <a href="https://www.swimbleton.co.uk">https://www.swimbleton.co.uk</a></p> <p>Group of local volunteers in the community representing c. 3,000 respondents to their facebook petition Not all of these are necessarily local people who are interested in taking part in open water swimming in Wimbledon Park Lake</p>  | <p>Open water swimmers, triathletes, active lifestyle interest residents and southwest Londoners.</p>                            | <p>Want local resources to be better used.</p> <p>Would incorporate as a Community Interest Company, ensure part time staff are appropriately trained and paid.</p> <p>Manage the open water swimming operation as a whole.</p>                                       |
| <p>SH2OUT<br/>           (A partnership between British Triathlon and the Royal Life Saving Society)<br/> <a href="https://www.sh2out.org/">https://www.sh2out.org/</a></p> <p>UK triathletes provide best practice advice and guidance to communities for open water swimming.</p> <p>No1 UK recognised organisation for best practice in the prevention of drowning in open water.</p> <p>(RLSS:<br/> <a href="https://www.rlss.org.uk/">https://www.rlss.org.uk/</a>)</p> | <p>Life-saving standard operating procedures for open water swimming.</p> <p>Risk assessments for open water swimming venues</p> | <p>Not-for-profit partnership dedicated to getting people to be more active.</p> <p>Semi-commercial and mission driven.</p> <p>This group could become an invaluable long term partner to support best practice safety systems and standard operating procedures.</p> |

|  |   |   |
|--|---|---|
| <p>SwimSafety</p> <p>Company established to provide specialist advice and guidance.</p> <p>Experts in running, managing and training open water swimming staff.</p> <p>Have an operational model for water quality testing for outdoor swimming</p> <p><a href="https://swim-safety.co.uk/">https://swim-safety.co.uk/</a></p> | <p>Unique capability / for training 'paddle craft' safety staff especially Kayakers and stand-up paddle board staff who support open water swimmers</p> | <p>Commercial and mission driven.</p> <p>This group could become an invaluable long term partner to support best practice safety systems and standard operating procedures.</p> |
| <p><b>Local Community Organisations consulted:</b></p>   |   |   |
| <p>The Wimbledon Club</p>  | <p>Friends of Wimbledon Park</p>  |   |
| <p>The All England Lawn Tennis and Croquet Club</p>  | <p>Wimbledon Park residents associations</p>  |   |
| <p>The Wimbledon Park Angling Club</p>   | <p>Southfields residents associations</p>   |   |
| <p>Capability Brown Society</p>  |   |   |

- 4.3. Wider local community engagement has been significant through online engagement including a petition, social media posts and a video produced specifically for this purpose <https://youtube/XsoNPQUq8iM> This video has been viewed by more than 1,200 times.
- 4.4. Swimbleton has the volunteer support of an experienced market researcher. Swimbleton is currently conducting a quantitative and qualitative local community survey to assess and evidence many of the working assumptions behind their business plan. In particular they are aiming to better understand:
- Level of community support to staff the initiative
  - Actual willingness to swim in a silted lake vs the other local options
  - The business model and proposed fees
  - What are the primary concerns amongst key stakeholders and existing lake users.
- 4.5. The lake is spring fed and in turn feeds into the Wandle, which is understood to have restrictions governing environmental impacts. The Environment Agency have been consulted on the current proposal and have advised that there is no requirement to gain a licence/permit from the Environment Agency to allow a waterbody to host open swimming, however should the council in the future wish to allow wider bathing in the lake they should consider applying to the Environment Agency to make it a designated site for bathing and then the Environment Agency would be involved in the water quality testing process. The Environment Agency

have also offered, and the council accepted, carrying out some water quality testing to check the suitability for swimming at this time.

## 5 TIMETABLE

**Table 4: Indicative Implementation Timetable**

| <b>When</b>         | <b>What</b>  |
|---------------------|--|
| Currently           | Swimbleton continuing to develop their business plans and operational procedures, etc.   |
| 24 February 2020    | Cabinet consider report on Outdoor Swimming Proposal   |
| By 28 February 2020 | Feedback to Swimbleton so they can take the next steps and work with council officers to finalise proposals  |
| 31 March 2020       | Swimbleton update all of their proposals and submit to council for consideration   |
| Mid April 2020      | Director of Environment & Regeneration in consultation with Cabinet Member for Commerce, Leisure and Culture take a decision on whether or not Swimbleton proposals are 'fit for purpose' and advise of next steps |
| May / June 2020     | Swimbleton, once they have approvals commence delivery of Open Water Swimming providing no preparatory work for the Wimbledon Park Lake Safety project is required at this time                                    |
| May to Sept 2020    | Swimbleton monitor the delivery of their activities.   |
| Autumn 2020         | Swimbleton produce report on the outcomes of their trial and present these to the council for further consideration.   |

## 6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Swimbleton have produced their draft business plan to ensure that they can fully fund their proposals and are talking with agencies and local people to bring this to a reality. Their proposal contains a blend of annual membership (40 members pre-launch and another 50 mid way through the season) and pay per swim (a model proven at other venues). Swimbleton also propose that they would pay a modest annual return to Merton for the use of the facilities. Swimbleton's full operational and financial budget is attached as Appendix 2 (exempt). Please note: This budget is still being developed by the group and currently includes a large event, which the council might not want to allow at this time.
- 6.2. Swimbleton believe that they can initiate and sustain their own set-up costs and associated part time staff operating costs, but would require Merton to support via use of property / resources / assets / staff for nominal costs, including:
- Access to Merton Watersports facilities for viewing / monitoring swimmers and providing a necessary evacuation point
- Note: The council would not be able to agree to this request**

- Use of Merton Watersports power driven safety boat, paddle craft, e.g. Kayaks and Standup paddle boards

**Note: The council would not be able to agree to the use of their power driven craft, but would be willing to work with the group to allow them use of suitable paddle boards**

- Use of staff

**Note: The council would not be able to provide staff or other resources, save for the use of paddlecraft and would need to see the group's proposals that do not require this support**

- 6.3. Throughout the discussions with Swimbleton there was never any suggestion that they would wish to use any council resources except for the use of the lake and early morning access to the park, but their current proposals now include the use of paddle craft, kayaks, power boats and the use of the Watersports Centre for viewing. This room is the centre's working office, to which no groups have access, unless there are centre core staff in. The rest of the time the office is locked and bolted as all records that are kept in this room are not for public access. Access to this building then includes toilets, kitchen and changing facilities – none of which is let out to any other group due to the Statutory Duty functions on that service unit.
- 6.4. The council will need to ensure that Swimbleton has its own appropriate insurances and the council would have to determine whether it needed to increase its own insurance levels for this activity. If there are any additional costs to the council for insurances then Swimbleton would need to fund those additional costs, so that there is no additional costs to the council for this activity.
- 6.5. The council will establish charges with Swimbleton for the use of equipment and the lake, etc. so that as a minimum in this trial period there is no cost of this activity to the council.
- 6.6. Following the trial period Swimbleton would be required to pay the council a more commercial fee for this activity and the use of equipment.
- 6.7. Should this activity become viable in this location the council would wish to develop this opportunity for more commercial events such as triathlon, aquathon, etc.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. Merton Council byelaws for public walks, pleasure grounds and open spaces September 1992 ("Ornamental lakes, ponds, streams any other waters") made by the council under section 164 of the Public Health Act 1875, Sections 12 and 15 of the Open Spaces Act 1906 and Section 15 of the Open Spaces Act 1906.

Byelaw 10 states:



“No person shall in the pleasure ground:-

(i) bathe, wade or wash in any ornamental lake, pond, stream or other water or areas set aside for toy boats:...”

- 7.2. These byelaws were last updated in September 1992 and would need to be updated should Merton wish to allow Open Water Swimming in Wimbledon Park Lake. Wimbledon propose that the council consider following the Department for Communities’ and Local Government guidance for simplifying The Byelaws (Alternative Procedure) (England) Regulations 2016.
- 7.3. Should Merton decide to progress with this proposal legal advice would need to be taken as to what changes would need to be made to the byelaws and how best to progress in line with the council’s legal responsibilities. Ideally it may be preferable for the somewhat antiquated byelaws to be reviewed as a whole on a Council-wide basis, rather than a limited amendment to byelaw 10.
- 7.4. The process for amending byelaws is likely to take at least 9 months and would not be in place for this trial. It is therefore proposed that the Council issue a statement to clarify its prosecution policy by indicating that the Council would not consider it in the public interest to prosecute persons swimming in accordance with the rules of the scheme during the trial period.
- 7.5. As an occupier of land Merton will owe a legal duty of care to take reasonable precautions to ensure the safety of visitors to the land under the Occupiers’ Liability Acts of 1957 and 1984.
- 7.6. The Occupiers Liability Act 1957 sets out the duty of care in relation to anyone coming on the land with permission. Section 2 requires the occupier to take reasonable steps to ensure the safety of its visitors by warning of any dangers. This warning must be sufficient to allow the visitors to be reasonably safe from any special dangers that a person would not usually come across when swimming. If there are unusual or special risks that would not be obvious to a reasonable person, then it would be Merton’s duty to make visitors aware of those unusual /special risks e.g. by using notices. Under Section 2(5) this risk does not extend to risks willingly accepted by the visitor. Merton would not be liable for an injury resulting from a risk willingly undertaken by an adult swimmer but this might not be the case with young children as the duty is particularly onerous where children are concerned.
- 7.7. The Occupiers Liability Act 1984 extended the duty of care so that it also applies to trespassers.
- 7.8. Merton also has a Statutory Duty to keep a register of prescribed matters under The Reservoirs Act 1975 (Registers, Reports and Records) (Amendment) Regulations 1985 as Wimbledon Park Lake is classified as a

“large raised reservoir” as it is capable of storing more than 25,000 cubic metres of water above the natural level of any part of the surrounding land. A project is underway to ensure that the council meets its statutory duties and that will be implemented over the next two years. The early modelling for solutions to the risks identified include reducing the water levels in the lake by 330mm. This will inevitably have an impact on all current recreational uses and would have an impact on any open water swimming should that be progressed.

- 7.9. Should Merton decide to progress with this proposal, legal advice would need to be taken in order to grant a licence to Swimbledon. A licence is a personal right to use land according to the terms of the licence. It is a less formal arrangement than a lease and usually suitable for short periods of one year or less a longer period may be interpreted as a lease, which could give Swimbledon security of tenure.
- 7.10. The Council should be satisfied that there are full insurance arrangements in place to cover the proposed activities.

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

- 8.1. Swimbledon is a community-led initiative and will connect people across the community who share a common interest and passion for being in the outdoors, working together to make best use of our local environment and educating and informing others about what it has to offer.
- 8.2. Swimbledon propose to design and implement an appropriate and mandatory ‘lake induction’ with every new swimmer to the lake’; to educate swimmers about the risks and hazards involved, but also about the lake environment and ecology itself.
- 8.3. Swimbledon advise that following their consultation with the local stakeholders and residents in the area, they believe that there is an overwhelming amount of support for this initiative. Specifically focusing on the local residents, the SGRA, FoWP and WPRA endorse this idea (these letters are linked to [Swimbledon.co.uk](http://Swimbledon.co.uk)).
- 8.4. Swimbledon also note that many community comments from the petition acknowledged the lack of public swimming facilities in the area and how it would be such a shame not to make the most of such an amazing lake and also the health benefits surrounding cold water exercise.
- 8.5. Swimbledon advise that this initiative has received strong support from many local businesses and service organisations who see the footfall as a potential source of income.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. Swimbledon advise that they are aware of impromptu recreational swimming occurring in the Lake - often at busy times of the Summer (e.g. during the Championships). Such unsupported, uneducated swimming has, on occasion, led to injuries and disputes between park users and Merton

staff. Swimbleton proposal is for open water swimming to take place outside of core park hours to distract from copycat style disorderly activity.

- 9.2. It is unlikely that the introduction of open water swimming will have any positive effect on distracting those that choose to enter the water at their own risk at certain times of the year. What could conceivably happen is that local people know that swimming is allowed at certain times and therefore choose to enter the water at other times. This could result in increased numbers of people trying to swim when it is not considered safe to do so.

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

- 10.1. The council has a number of concerns that would need to be addressed by Swimbleton in order to ensure that all risks are appropriately being mitigated and/or managed. This is not intended to be a definitive list, rather matters that typify the concerns and risks that will need to be addresses and these include:

- Requirements of users swimming in water with a silt bed
- Requirements of users swimming when waterweed is more prevalent
- Promotion of their sessions, whilst not encouraging 'copy-cat' outdoor swimming use at non-approved times
- Swimbleton membership ceasing swimming immediately should the council issue an instruction for this to happen.

- 10.2. Swimbleton advise that they will be able to provide appropriate insurance for the open water swimming activity indirectly via British Triathlon or alternative recommended third party underwriters who work with SH2OUT and SwimSafety, However the council's insurers will need to consider whether these insurances are sufficient or if not what other insurances are required for this activity to go ahead.

- 10.3. Should the council wish to progress this project then advice and instructions as to what the council would require would need to be determined in consultation with the corporate risk and insurance team. The insurance involvement would be to advise the body, once it is formed, as to the adequacy of their insurance arrangement. Their insurance arrangement must be without any liability attached to the Authority in the event of a claim.

- 10.4. The council would also need to carry out its own risk assessment of the proposed activities and take advice from the council's insurers as to whether or not it would need to increase its insurance cover. Should this be required Swimbleton would be required to cover the costs of that additional premiums.

- 10.5. The council will need to add this activity to the council's Risk Register and monitor it accordingly throughout the trial period.

- 10.6. The council would need to be assured that both SH2OUT and SwimSafety have approved and endorsed the Swimbleton Standard Operating Procedures and that the council officers have reviewed and approved all documentation including, but not limited to, staff qualifications, DBS checks, insurances, water quality testing regimes, etc.

- 11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**
- 11.1. Appendix 1 (exempt) – Swimbledon – Considerations and Concerns
  - 11.2. Appendix 2 (exempt) – Swimbledon – Draft Business Plan
- 12 BACKGROUND PAPERS**
- 12.1. None for the purposes of this report.



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## **Committee: Cabinet**

**Date: 24<sup>th</sup> February 2020**

Wards: Ravensbury

## **Subject: Bishopsford Road Bridge – preferred options for reopening the bridge**

Lead officer: Director of Environment and Regeneration, Chris Lee

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

Contact officer: Deputy FutureMerton Manager, Tara Butler

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### **Recommendations:**

- A. That Cabinet continues to recognise the urgency and importance of reopening Bishopsford Road Bridge and reaffirms its commitment to holding special meetings where necessary.
  - B. That Cabinet selects the demolition of the existing structure and the erection of a new bridge [ options 5 or 6] as the preferred option from a number of options explored to reopen the bridge.
- 

## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report sets out the options the council has explored to reopen the Bishopsford Road Bridge and recommends a preferred option to Cabinet.
- 1.2. Reopening the bridge to all vehicles is a high priority for the council. Cabinet members have already committed to prioritising works to reopen the bridge and have offered to undertake measures to speed up decision-making such as hold special meetings where necessary.
- 1.3. Six different options have been explored to reopen the bridge: options 1 to 4 are mainly based around repair and options 5 and 6 provide for a new bridge.
- 1.4. The primary aim has been to reopen the road as quickly and as safely as possible, ensure both the river and the structure are restored to the state they would have been in if the incident hadn't happened in June 2019 while ensuring that the project can minimise or mitigate risks.
- 1.5. The report recommends the demolition of the existing structure and the construction to the new bridge as the preferred option to reopen the bridge. This will be either a two span structure (option 5) or a single span structure (option 6).

## **2 DETAILS**

- 2.1. The council had been carrying out deck strengthening of Bishopsford Road Bridge as part of the annual highways maintenance programme. Works started on 23rd April 2019 which were due to finish by the end of July 2019

- 2.2. On the evening of Monday 10th June 2019 following a weekend of heavy rain the river Wandle flooded at various points including three houses downstream from Bishopsford Bridge.
- 2.3. The council and its main structures contractor, FM Conway, worked on stabilising the bridge during the week 10th-14th June. Council staff also arranged sandbags and other support for the residents in the flooded houses
- 2.4. Four days later on the evening of Friday 14th June 2019 the northern arch of the bridged partially collapsed, breaking the utilities services (gas, water, electricity and broadband) that are routed through the bridge structure. The central arch suffered minor structural damage and the southern arch has no visible defects.
- 2.5. Details of the civil contingencies plan enacted from 14<sup>th</sup> – 17<sup>th</sup> June 2019, the subsequent stabilisation works to the structure and the mitigation measures enacted in the nearby park and surrounding area are set out in the Bishopsford Bridge update to Sustainable Communities Overview and Scrutiny Panel October 2019.

### **Options for reopening the bridge**

- 2.6. Officers have been working with a multidisciplinary engineering company, WSP and the highways term contractor FM Conway to develop different options to reopen the bridge.
- 2.7. The options have been based on
  - Restoring the structure and the road to the state it would have been in, had the strengthening works been completed as planned and had the incident not occurred in June 2019.
  - Reopening the bridge to traffic and pedestrians as quickly as possible while managing or mitigating risks to avoid any further incidents, either during construction or with the new structure.
  - Restoring river flow as promptly possible as required by the Water Resources Act, again minimising or mitigating risks in undertaking this.
- 2.8. A wide variety of other matters have also been considered: impact on the amenity of local residents and businesses, utilities, ecology and other environmental issues, heritage, how the new bridge would look, costs, durability, serviceability and risks
- 2.9. There are some key issues associated with the reconstruction of the bridge under all options.
- 2.10. **All options involve demolition.** The northern arch is significantly damaged. All options involve its demolition, including the material above it such as the concrete laid on the bridge during the strengthening works, the walls and piers above the northern arch etc. The central arch is also damaged and the southern arch has no obvious damage. Hidden defects are unknown.



- 2.11. **Utilities** There are gas, electrical, water and broadband services running through the structure. The existence of these services in the structure make all options complex to deliver and will require demolition by hand around the service pipes, both to prevent damaging the services and to prevent harm to the construction workers on site. Engineers continue to work with all the utilities companies; it is likely that some utilities will have to be diverted in all options.
- 2.12. **Flood risk management.** Although stabilisation works have been carried out to the broken northern arch, the river is still prevented from flowing through it by a cofferdam in case river flow exacerbates the existing damage and the structure collapses further. A further collapse, particularly if it blocked a flowing river, could be devastating for local flood risk. Any option has to restore the river flow as swiftly as possible while using techniques that will minimise as far as is possible any chance of masonry collapsing into the river.
- 2.13. Restoration of the river flow and reducing risk is a high priority for the Environment Agency and the council is required to do this under the Water Resources Act.
- 2.14. The aim of minimising flood risk is a high priority for this project. The council has held 2-weekly discussions with the Environment Agency and received pre-application advice. This advice has been considered when assessing each of the potential options for reopening the bridge.

### **Preferred option**

- 2.15. It is recommended that Cabinet select the preferred option of demolition of the existing structure and reconstruction of a new bridge. This could either be a two-span structure (i.e. with a single pier in the middle of the river) as set out in Option 5 or a single span structure (without a pier in the middle of the river) as set out in Option 6. There is very little difference between these two options and the estimated costs for each are the same. More detail is set out in Appendix 1.
- 2.16. Officers are recommending demolition of the existing structure and the construction of a new bridge as giving the lowest risk (during both construction and whole life) and the best service to the area, creating a low risk structure that can accommodate the river Wandle and the weight and volume of modern traffic. The cost of this option is approximately £3million. While the council will continue to seek external funding to help support this cost and are having ongoing discussions on liabilities, Cabinet are asked to consider this report under the initial scenario that the council will bear all the costs.
- 2.17. Appendix 1 sets out all six options in detail:
- 2.17.1 Option 1: demolishing c50% of the bridge: all of the broken northern arch and half the damaged central arch and rebuilding both in brick.
- 2.17.2 Option 2: demolishing c33% of the bridge: the broken northern arch only, repairs to the damaged central arch in brick
- 2.17.3 Option 3: do minimal repairs to the existing structure to allow cars but not busses or heavy vehicles to cross.

- 2.17.4 Option 4: demolish c66% of the bridge: all of the broken northern arch and the damaged central arch and rebuilding both in brick
- 2.17.5 Option 5: demolishing all of the existing bridge and rebuilding a new two-span concrete bridge (i.e. with a pier in the middle)
- 2.17.6 Option 6: demolishing all of the existing bridge and rebuilding a new single span bridge (i.e. crossing the river without a pier)

**3 ALTERNATIVE OPTIONS**

- 3.1. As set out in the body of the report.

**4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. A regular newsletter is distributed to c3,000 homes, businesses, schools and other properties near Bishopsford Road Bridge to update occupiers on progress.
- 4.2. The council also has a dedicated webpage which is updated regularly, including with the contents of the newsletter and with any events that are held regarding the bridge [www.merton.gov.uk/bishopsfordbridge](http://www.merton.gov.uk/bishopsfordbridge)
- 4.3. On 14th September 2019 council officers and local councillors held a drop-in coffee event on the Tooting and Mitcham Hub side of the bridge to give residents and anyone interested the opportunity to have an update on how works are progressing
- 4.4. On 16<sup>th</sup> October 2019 council officers attended Morden Community Forum to update on progress and answer questions.
- 4.5. Local schools and Tooting and Mitcham Hub have also been contacted to offer school travel plan and road safety training in recognition of the existing travel disruption. We have also engaged local businesses to offer them assistance.
- 4.6. In the future, if the new structure requires planning permission the council will undertake pre-application consultation on the design of the new structure.
- 4.7. The council is also in weekly consultation with the Environment Agency, SGN, UK Power Networks, Thames Water and BT Openreach on the technical aspects of delivering the project.

**5 TIMETABLE**

- 5.1. The proposed programmes for different options are set out in Appendix A
- 5.2. Should the preferred option be chosen, the following timetable is proposed:

| DATE | ACTIVITY |
|------|----------|
|------|----------|

|                    |  |
|--------------------|--|
| March April 2020   | Environment Agency Flood Risk Activity Permit<br>Start on site.<br>Create initial designs for new bridge including consultation with local people.<br>Work with gas, water, electricity and broadband utilities on their diversions / equipment.<br>Start procurement process for new bridge |
| May – June 2020    | Public consultation on planning application for the new bridge.<br>Submit Environment Agency permission for new bridge.<br>Procure new bridge construction contractors<br>End demolition phase   |
| July – August 2020 | Decisions on planning permission and Environment Agency permit<br>Mobilise construction phase and start construction.  |

## 6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. The estimated costs for each option are summarised in table below.

| Options | Description of schemes   | Estimated Costs (£'000) | Accounting treatment  |
|---------|--|-------------------------|---|
| 1       | Demolishing 50% of the bridge: all of the broken northern arch and half the damaged central arch and rebuilding both in brick. | £1,008                  | This project would be capitalised                                       |
| 2       | Demolishing 33% of the bridge: the broken northern arch only, repairs to the damaged central arch in brick                     | £752                    | Envisaged this project would be a mixture of revenue and capital spend  |
| 3       | Do minimal repairs to the existing structure to allow cars but not busses or heavy vehicles to cross                           | £880                    | Current proposal is a repairs to existing structure hence revenue costs |
| 4       | Demolish 66% of the bridge: all of the broken northern arch and the damaged central arch and rebuilding both in brick          | £1,860                  | This project would be capitalised                                       |
| 5       | Demolishing all of the existing bridge and rebuilding a new two-span concrete bridge (i.e. with a pier in the middle)          | £2,690                  | This project would be capitalised                                       |
| 6       | Demolishing all of the existing bridge and rebuilding a new single span bridge (i.e. crossing the whole river without a pier)  | £2,690                  | This project would be capitalised                                       |

### CAPITAL

- 6.2. The following adjustment to the proposed Business Plan 2020-24 has been made to make provision for the replacement of Bishopsford Bridge (Options 5 or 6):

**Adjustments to the Proposed Capital Programme 2020-24 to Fund the Replacement of Bishopsford Bridge**

| <b>Scheme</b>                 | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>Total</b>  |
|-------------------------------|----------------|----------------|----------------|----------------|---------------|
|                               | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b> |
| Corporate Capital Contingency | 0              | 0              | 0              | (2,690)        | (2,690)       |
| Bishopsford Bridge            | £2,000         | £690           | 0              | 0              | 2,690         |
| <b>Total</b>                  | <b>£2,000</b>  | <b>£690</b>    | <b>0</b>       | <b>(2,690)</b> | <b>0</b>      |

- 6.3. Assuming both projects will be repaid over 25 years they will have the following estimated impact on revenue budgets over the duration of the scheme:

**Revenue Impact of the Proposed Change to the Capital Programme to Fund Bishopsford Bridge**

|                           | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>Full Year</b> | <b>2046-47</b> | <b>2047-48</b> | <b>2048-49</b> |
|---------------------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|
|                           | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>    | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  |
| Minimum Revenue Provision | 0              | £80            | £108           | £108           | 0                | (90)           | (108)          | (108)          |
| Interest                  | £62            | £86            | £83            | (£10)          | (£10)            | (£10)          | (7)            | (3)            |
| <b>Total</b>              | <b>£62</b>     | <b>£166</b>    | <b>£191</b>    | <b>£98</b>     | <b>(£10)</b>     | <b>(£100)</b>  | <b>(£115)</b>  | <b>(111)</b>   |

Please Note: The table above shows that the main impact of the proposed change will impact at the beginning and the end of the funding period, from 2024/25 to 2045/46 the only difference is that caused by the amount of the principal sum outstanding. As the Bishopsford Bridge scheme starts earlier it has a lower principal sum outstanding

- 6.4. This proposal will reduce the Corporate Capital Contingency from £4,833,900 to £2,143,900.
- 6.5. REVENUE
- 6.6. Costs in relation to revenue activities such as engagement/liaison, web page development and maintenance and newsletters cannot be capitalised and would need to be met from revenue budgets.
- 6.7. Bishopsford Road Bridge lies in a conservation area and as such substantial works to it are likely to require planning permission. Planning permission (including pre-application engagement with local communities) is being factored into all options.
- 6.8. The council is making provisions to cover these costs in order to reopen the bridge as swiftly and as safely as possible while continuing to explore other avenues to cover the costs of the works.
- 6.9. Members should note that the above are estimated total costs and the final cost will only be known once final designs are completed and the work competitively tendered.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. In relation to the subsequent work required in response to the partial collapse of the bridge, the council is operating under its Constitution and contract standing orders. The council and its main contractor FM Conway are working together under the terms of the existing NEC3 contract in place at the time of the event.
- 7.2. Under the terms of the council's new Highways Contract 2019, the council may procure any works of over £500,000 outside of the contract. All the options that have been considered and are addressed in Appendix A will require a procurement exercise to seek a contractor to undertake the work and this has been factored into the programme.

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

- 8.1. None for the purposes of this report.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purposes of this report.

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

- 10.1. Bishopsford Road Bridge is on the council's corporate risk register and is being closely monitored as a high priority.
- 10.2. The council has prepared a bespoke update to its emergency plan to take account of the site-specific considerations and arrangements for any incident involving the bridge and local residents.
- 10.3. The council, the Environment Agency and FM Conways agreed a flood resilience management plan in July 2019 which sets out what technical actions would be taken in the event of a flood to de-risk the area and who is responsible for them (e.g. supply of water pumps, etc.) This is being regularly reviewed and was most recently updated in December 2019

## **11 APPENDICES**

- 11.1. Appendix 1: summary of options
- 11.2. Appendix 2: latest newsletter (January 2020)

## **12 BACKGROUND PAPERS**

Bishopsford Road Bridge feasibility options (WSP) – February 2020

Bishopsford Road Bridge repair proposals (FM Conway) – February 2020

Wandle Vally Conservation Area Character Appraisal

Background papers are available on Merton Council's website:

[www.merton.gov.uk/bishopsfordbridge](http://www.merton.gov.uk/bishopsfordbridge)

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Appendix 1 Bishopsford Road Bridge – Merton Cabinet – 24<sup>th</sup> February 2020

|                              | <b>Option 1 demolishing c50% of the bridge: the northern arch and half the central arch and rebuilding both</b>  | <b>Option 2: demolishing c25% of the bridge: the northern arch only and rebuilding it, retaining and repairing the central arch</b>   |
|------------------------------|--|---|
| Scope of works               | <p>This option involves demolishing all of the broken northern arch and half of the damaged central arch (approximately 50% of the bridge).</p> <p>The other half of the central arch and the southern arch would then be held up by a restraint system (kentledge) attached to the western bank.</p> <p>The northern arch and half of the central arch would be rebuilt in brick by hand to match in with the lines of the original bridge. During construction one arch – the southern arch – would be open to let the river flow through.</p>                     | <p>Option 2 is a variation on Option 1: this time leaving the central arch and pier in place and demolishing part of the northern arch only up to the crown (approximately 33% of the bridge). Again, it is proposed that the restraints would run from the western bank and hold most of the bridge in place while the work would be undertaken.</p> <p>It is proposed that the northern arch would be fully repaired in brick by hand, using lime mortar. The central arch would not be rebuilt in this option, it would be repaired including by inserting brick wedges into the arch.</p>   |
| Durability and servicability | <p>In this option, half of the bridge would be +100 years old with the other half rebuilt in brick using traditional techniques. The proposal is for the new built elements to be bonded with lime mortar like the older parts of the structure.</p> <p>Scour survey and remediation will be carried out to the northern arch abutment and the first pier.</p> <p>If there are defects in the southern or central arch that are currently hidden but are exposed during repairs, this could result in the option being amended or not being able to be delivered</p> | <p>The central arch has visible cracks in it and is deformed. This option retains the deformed central arch and proposes a repair. In this option it is proposed that the central arch would remain deformed at the end, although this would not be easily visible.</p> <p>If there was any settling of the structure post construction (for example, if the repairs to the damaged central arch were to settle and deform further), the bridge would have to be closed again while further engineering work was investigated.</p> <p>If there are defects in the southern or central arch that are currently hidden but are exposed during repairs, this could</p> |

|                          |   |   |
|--------------------------|---|---|
|                          | <p>The load capacity of the repaired structure in this option would not be the desired level for a modern transport system in an urban area.</p> <p>It is not currently known how the structure would react to the release of the restraint system.</p> <p>If there was any settling of the structure post construction (for example, if the repairs to the damaged central arch were to settle and deform further), the bridge would have to be closed again while further engineering work was investigated.</p>  | <p>result in the option being amended or not being able to be delivered.</p> <p>The load capacity of the repaired structure in this option would not be the desired level for a modern transport system in an urban area.</p> <p>It is not currently known how the +100 year old structure would react to c75% of it being restrained from the western bank, particularly as the central arch is deformed.</p>  |
| <p>Health and safety</p> | <p>Ongoing future maintenance liabilities will be greater with a partially repaired bridge. The bridge will require reconstruction in the medium term. It is not known how long the repaired bridge will last.</p> <p>The works proposed would allow only one of the three arches, the southern arch, to be open for the river Wandle to flow through, supplemented by pumps while the works were underway. However this approach is considered high risk. It isn't clear how the risks of excess rainfall (such as happened in June 2019) could be adequately mitigated to minimize the risk of upstream flooding.</p> <p>There are significant risks associated with installing, maintaining and removing the restraint system that is proposed to hold up the southern arch and half the central arch. There are also uncertainties as to how the southern and half the central arch would react structurally to being propped up, particularly if there are hidden defects. If either were to fail at any stage, the resulting collapse</p> | <p>Ongoing future maintenance liabilities will be greater with a partially repaired bridge. The bridge will require reconstruction in the short- medium term. It is not known how long the repaired bridge will last.</p> <p>The works proposed would allow only one of the three arches, the southern arch, to be open for the river Wandle to flow through, supplemented by pumps while the works were underway. However this approach is considered high risk. It isn't clear how the risks of excess rainfall (such as happened in June 2019) could be adequately mitigated to minimize the risk of upstream flooding.</p> <p>There are significant risks associated with installing, maintaining and removing the restraint system that is proposed to hold up the southern arch and half the central arch. There are also uncertainties as to how the southern and half the central arch would react structurally to being propped up, particularly if there are hidden defects. If either were to fail at any stage, the resulting collapse would result in significant flood risk upstream,</p> |



|                                       |  |  |
|---------------------------------------|--|--|
|                                       | <p>would result in significant flood risk upstream, increase the costs, time and programme associated with the project.</p> <p>The programme and costs do not adequately take account of the risks associated with this complex project</p>  | <p>increase the costs, time and programme associated with the project.</p>   |
| Impact on statutory undertakers plant | <p>Minor lifting and temporary support of existing utilities crossing the bridge deck will be required.</p> <p>The saddle in footway areas will require advanced demolition to ensure that services can be accessed and supported prior to demolition of the main saddle areas. Services supported in existing locations include; BT Openreach and UKPN</p> <p>Thames Water services will however require both temporary and permanent diversion. Temporary diversion will be via the east (upstream) service bridge, with permanent diversion through the saddle in the previously proposed positions. This will be at a cost of over £300k, which is not currently incorporated into the programme</p> | <p>Services (SGN, UKPN, Thames Water and BT) supported by the original structure will need temporary support or diversion during construction</p> <ul style="list-style-type: none"> <li>· Services (BT and Thames Water) supported by the eastern footway deck and piers can remain in place</li> <li>· Services reinstated into new arch structure will be (as currently) encased in concrete saddle</li> <li>· The existing eastern footway can be used to supported diverted services</li> </ul> |
| Programme (inc road closures)         | <p>The programme provided with this option proposes a start on site on 13th May 2020 with a proposed completion by 17th September 2020.</p> <p>The proposed programme omits considerations including the following: drying time for the area under the central and northern arch, drying time for lime mortar, adequate time for carrying out and acting on environmental surveys etc.</p>   | <p>The programme provided with this option proposes a start on site on 13th May 2020 with a proposed completion by 27th August 2020.</p> <p>The proposed programme omits considerations including the following: drying time for the area under the central and northern arch, drying time for lime mortar, adequate time for carrying out and acting on environmental surveys etc.</p>  |

|              |  |   |
|--------------|--|---|
|              | <p>This proposal is presented with an estimated cost of £708,000. This estimated cost does not incorporate design costs, carriageway resurfacing, contractors fee allowance.</p> <p>The estimated costs does not incorporate adequate costs for diverting utilities infrastructure. Current estimated costs from the utilities companies are in excess of £400,000 for this work</p> <p>5% risk is allowed for additional costs against risk, which is considered low for such a complex project with many unknowns.</p>   | <p>This proposal is presented with an estimated cost of £452,000, This estimated cost does not incorporate design costs, carriageway resurfacing, contractors fee allowance. It also does not include the total costs for the restraints or kenteledge.</p> <p>5% has been allowed for additional costs against risk which is considered low for such a complex project with many unknowns.</p> <p>If there was any settling of the structure post construction (for example, if the repairs to the damaged central arch were to settle and deform further), the bridge would have to be closed again while further engineering work was investigated.</p>  |
| Buildability | <p>Challenging access to the northern pier for underpinning work.</p> <p>The works proposed would allow only one of the three arches, the southern arch, to be open for the river Wandle to flow through, supplemented by pumps while the works were underway.</p> <p>There are significant risks associated with installing, maintaining and removing the restraint system that is proposed to hold up the southern arch and half the central arch. There are also uncertainties as to how the +100 year old southern and half the central arch would react structurally to being propped up, particularly if there are hidden defects. If either were to fail at any stage, the resulting collapse would result in significant flood risk upstream, increase the costs, time and programme</p> | <p>This option does not restore the structure to the way it would have been prior to the incident in June 2019. The central arch would remain deformed and while this may not be easily visible, it would leave many unknowns about the structural integrity and the load-bearing ability of the bridge and its ongoing lifespan. This is considered too high a level of risk to bear.</p> <p>There are significant risks associated with installing, maintaining and removing the restraint system that is proposed to hold up more than 66% the structure, particularly when structural damage has been identified in the central arch and the pier between the central and northern arch. It is not currently evidenced how this would react structurally to being propped up, particularly how the deformations and cracks would respond. If either were to fail at any stage, the resulting collapse would result in significant flood risk upstream, increase the</p> |

|                                  |  |  |
|----------------------------------|--|--|
|                                  | <p>associated with the project. It is unlikely that this risk could be sufficiently mitigated.</p> <p>The programme and costs do not adequately take account of the risks associated with this complex project.</p>  | <p>costs, time and programme associated with the project. It is unlikely that this risk could be sufficiently mitigated.</p>   |
| Aesthetics                       | Aesthetics maintained as existing.   | Aesthetics largely maintained as existing – the central arch would remain deformed but this would not be easily visible from public areas.   |
| Environmental and sustainability | <p>Bricks used, so maintains the current aesthetic</p> <p>Although this option utilises the current structure as much as possible, it would need replacement in future leading to less efficient use of materials.</p> <p>Lots of work within the watercourse over a longer period, so high on disturbance to riverbed</p> | <p>Bricks used, so maintains the current aesthetic</p> <p>If option needs later further replacement, then a less efficient use of materials.</p> <p>Lots of work within the watercourse over a longer period, so high on disturbance to riverbed</p> |
| Capacity                         | This option would not provide the capacity suitable for a modern transport system.   | This option would not provide the capacity suitable for a modern transport system.   |
| Estimated costs                  | £708,000 not including utilities diversions + VAT  | £452,000 not including utilities diversion + VAT   |
| Recommendation                   | Not recommended  | Not recommended  |
|                                  |  |  |

|                              | <b>Option 3 Do minimum – retain and refurbish the existing superstructure</b>  | <b>Option 4 Partial reconstruction – reconstruct north and central spans, retain south span</b>  |
|------------------------------|--|--|
| Scope of works               | Minimal demolition and brickwork repair to the bridge, enabling pedestrians, cyclists and cars to cross the river but not heavier vehicles such as busses or lorries.  | Demolishing 66% of the bridge: the northern arch and the central arch, holding up the southern arch.<br><br>Repairing the northern and central arch in brickwork with concrete foundations.  |
| Durability and servicability | <p>This option does not restore the structure to the way it would have been prior to the incident in June 2019</p> <p>This option will increase the serviceable life by only 10 years, after which reconstruction would be required.</p> <p>Extensive re-pointing throughout the bridge will be required where not previously addressed through the preceding strengthening works.</p> <p>The load capacity of the repaired structure in this option would not be the desired level for a modern transport system in an urban area. This option would result in a bridge that would not be able to support busses and other heavier vehicles.</p> <p>If there are defects in the southern or central arch that are currently hidden but are exposed during repairs, this could result in the option being amended or not being able to be delivered.</p> | <p>In this option a third of the bridge (the southern arch) will be +100 years old as it will be retained and two thirds of the bridge (the central and southern arch) rebuilt in brick.</p> <p>The anticipated service life of the entire structure will be limited by the service life of the retained southern span, which would be less than a full reconstruction.</p> <p>The load capacity of the repaired structure in this option would not be the desired level for a modern transport system in an urban area.</p> <p>If there are defects in the southern arch that are currently hidden but are exposed during repairs, this could result in the option being amended or not being able to be delivered.</p> |
| Health and safety            | Multiple phases of work within watercourse to install and remove dams and pipes.   | Multiple phases of work within watercourse to install and remove dams and pipes.   |

|                                       |   |  |
|---------------------------------------|---|--|
|                                       | <p>Work around/ protection of statutory undertaker's plant required.</p> <p>Work within water required to underpin foundations, installation of Armco pipe.</p> <p>Ongoing future maintenance liabilities</p>   | <p>Work around/ protection of statutory undertaker's plant required.</p> <p>Work within water required to underpin foundations, installation of Armco pipe.</p> <p>Ongoing future maintenance liabilities</p>  |
| Impact on statutory undertakers plant | <p>Minor lifting and temporary support of existing utilities crossing the bridge deck will be required to provide access to demolish the failed saddle.</p> <p>The saddle in footway areas will require advanced demolition to ensure that services can be accessed and supported prior to demolition of the main saddle areas. Services supported in existing locations include; BT Openreach and UKPN (HV and LV services).</p> <p>Thames Water services will require both temporary and permanent diversion. Temporary diversion will be via the east (upstream) service bridge, with permanent diversion through the saddle in the previously proposed positions.</p> | <p>Services (SGN, UKPN, Thames Water and BT) supported by the original structure will need temporary support or diversion during construction.</p> <p>Services (BT and Thames Water) supported by the eastern footway deck and piers can remain in place.</p> <p>Services reinstated into new arch structure will be (as currently) encased in concrete saddle.</p> <p>The existing eastern footway can be used to supported diverted services</p> |
| Programme (inc road closures)         | Overall works duration low (c3 months)  | Overall works duration: medium (6 to 8 months)   |
| Buildability                          | <p>Limited clearances within arch will lead to congestion when the geometry of the Armco liner and shoring is considered.</p> <p>Challenging access to the northern pier for underpinning work.</p> <p>Diversion route as existing</p>  | <p>Works significantly affected by waterflows; many activities required while 'in- river' – higher risk of being flooded out &amp; work being stopped.</p> <p>Standard construction materials, readily available, no significant lead-ins.</p> <p>Small to moderate sized plant required due to smaller units (bricks) used.</p>   |

|                                  |   |  |
|----------------------------------|---|--|
|                                  |   | <p>Construction of brick arches requires skilled labour.</p> <p>Diversion route as existing</p>  |
| Aesthetics                       | Aesthetics worse than existing due to additionally cluttered appearance of northern span  | Aesthetics maintained as existing  |
| Environmental and sustainability | <p>Although this option utilises the current structure as much as possible, it would need replacement in future leading to less efficient use of materials.</p> <p>Lots of work within the watercourse over a longer period, so high on disturbance to riverbed</p> | <p>Vernacular materials used, so maintains the current aesthetic</p> <p>If option needs later further replacement, then a less efficient use of materials.</p> <p>Lots of work within the watercourse over a longer period, so high on disturbance to riverbed</p> |
| Capacity                         | The load capacity of the repaired structure in this option would not be the desired level for a modern transport system in an urban area.   | Desired 40Tonne capacity is achievable   |
| Estimated costs                  | £880,000 exc VAT  | £1,860,000 exc VAT   |
| Recommendation                   | Not recommended   | Not recommended  |
|                                  |   |  |

|                                     | <b>Option 5: demolition of the existing bridge and reconstruction with a two-span bridge</b>  | <b>Option 6: demolition of the existing bridge and reconstruction with a single span bridge</b>   |
|-------------------------------------|---|---|
| <p>Scope of works</p>               | <p>This option would involve the demolition of the existing bridge and its reconstruction to a two span structure (i.e. with a pier in the middle)</p> <p>Construction would be carried out in modern materials to hold the weight and volume of traffic and accommodate river flow, including increasing resilience for climate change (e.g. accommodating heavy rainfall scenarios).</p> <p>Some elements of the bridge would be constructed off site and assembled on site, minimizing the disturbance associated with construction for local residents and businesses.</p> <p>While the underlying structure of the bridge would be made with modern materials, the look of the bridge could be determined to reflect and compliment the local area</p> <p>Developing the foundations and the central pier in the river will require more working in the river than with a single span bridge, and is likely to require more maintenance over the lifetime of the structure and scour protection.</p> | <p>This option would involve the demolition of the existing bridge and its reconstruction to a single span structure.</p> <p>This option would involve more highways work either side of the bridge to support a bridge that spanned the whole river</p> <p>Construction would be carried out in modern materials to hold the weight and volume of traffic and accommodate river flow, including increasing resilience for climate change (e.g. accommodating heavy rainfall scenarios).</p> <p>Some elements of the bridge would be constructed off site and assembled on site, minimizing the disturbance associated with construction for local residents and businesses.</p> <p>While the underlying structure of the bridge would be made with modern materials, the look of the bridge could be determined to reflect and compliment the local area</p> <p>The look of the bridge could be determined to reflect and compliment the local area.</p> <p>A single span bridge may require a different highways alignment than a bridge with a pier in the middle.</p> |
| <p>Durability and servicability</p> | <p>A piled structure will be less sensitive to scour, removing restrictions in the watercourse will allow the river flow to slow down and reduce scour; formation level for substructures will be designed to allow for scour, or measures incorporated during foundation construction.</p>   |   |

|                                       |   |   |
|---------------------------------------|---|---|
|                                       | Target design life of 120 years, life to major maintenance is circa 20 years (metallic parapet elements)  |   |
| Health and safety                     | <p>Installation of temporary restraints to south pier.</p> <p>Multiple phases of working within watercourse to install, reconfigure (twice) and remove the dams and pipes.</p> <p>Work around / protection of statutory undertaker's plant required.</p> <p>Work within watercourse required for pier construction (risk of flooding to be mitigated)</p> <p>Lifting of pre-cast elements</p>   | <p>Installation of temporary restraints to south pier</p> <p>Two phases of working within watercourse to install, and remove the dams and pipes. This option requires the least amount of working in the river.</p> <p>Work around / protection of statutory undertakers plant required</p> <p>Lifting of pre-cast elements</p> |
| Impact on statutory undertakers plant | <p>Services (SGN, UKPN, Thames Water and BT) supported by the original structure will need temporary support or diversion during construction.</p> <p>Services (BT and Thames Water) supported by the eastern footway deck and piers will need temporary support or diversion during construction.</p> <p>Any services temporarily supported in place will hamper construction, particularly piling and placement of beams.</p> <p>SGN services will be reinstated on the new structure after construction.</p> <p>UKPN services should be diverted via the downstream footbridge.</p> <p>The Thames Water service that passes through the saddle will need disconnection and reinstatement over the new deck, at which point the rider main can be decommissioned.</p> <p>BT services within the downstream verge will need careful extraction and supporting from a temporary structure or diversion to the ducts below the downstream footbridge.</p> <p>BT services supported by the eastern footway deck /piers and the Thames Water rider main should be supported from a temporary structure until it can be decommissioned.</p> |   |



|                                  |  |   |
|----------------------------------|--|---|
| Programme (inc road closures)    | Long: approximately one year start to finish   | Long: approximately one year start to finish  |
| Buildability                     | <p>Challenging access to the central pier foundation.</p> <p>Small precast elements that can be lifted by modest sized plant.</p> <p>Any services temporarily supported in place will hamper construction, particularly piling and placement of beams.</p> <p>Some beams will need sliding sideways after initial landing to move them under the temporary service bridges.</p> <p>Diversion route as existing</p> | <p>Foundations can be constructed from the river bank – least amount of working the river</p> <p>Larger pre-cast elements than other options, requiring larger cranes than other options</p> <p>Some beams will need sliding sideways after initial landing to move them under the temporary service bridges</p> <p>Diversion route as existing</p> |
| Aesthetics                       | <p>Aesthetics will be different from existing. Materials will be salvaged from the existing structure and can be incorporated into the new structure. Consultation pre-application for planning proposes will inform the look and feel of the new bridge.</p>  | <p>Aesthetics will be different from existing. Materials will be salvaged from the existing structure and can be incorporated into the new structure. Consultation pre-application for planning proposes will inform the look and feel of the new bridge.</p>   |
| Environmental and sustainability | <p>New structures, so no need for further works in short to medium term</p> <p>No use of materials for shorter term solutions</p>  |   |
| Capacity                         | <p>Will be able to accommodate traffic loads and volumes of a modern urban transport system, including HGVs and abnormal loads.</p>  |   |
| Costs                            | £2,690,000 exc VAT   | £2,690,000 exc VAT  |
| Recommendation                   | Both are recommended options   |   |

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## **Committee: Cabinet**

**Date: 24th February 2020**

Wards:

## **Subject: DN448053 - Renewal of Microsoft Enterprise Agreement**

Lead officer: Mark Humphries - Assistant Director, Infrastructure & Technology

Lead member: Councillor Mark Allison

Contact officer: Richard Warren – Head of IT Service Delivery

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### **Recommendations:**

- A. To award a three-year contract for the provision of Microsoft Enterprise Licences to Supplier B, to be appointed as the Microsoft Large Account Reseller partner (LAR) for London Borough of Merton.

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### **Exempt or Confidential Report**

The following paragraph of Part 4b, Section 10 of the constitution applies in respect of information within this report and it has therefore been placed in an appendix.

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

Members and officers are advised not to disclose the contents of the appendix.

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## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. Merton Council's IT infrastructure is based on a hybrid of technology platforms including on premise, hosted and cloud-based services. Merton's servers, database and end point devices all use Microsoft software platforms, and as such, need to be licenced with Microsoft. Some examples of the software currently in use include; Windows 10, Microsoft Office (Word, Excel etc), Windows Server, SQL database management software and applications to run the corporate website.
- 1.2. The Council currently holds an agreement with Civica UK Ltd through which large volume licensing quantities are discounted and purchased via a Large Account Reseller (LAR). This relationship is one that Microsoft specify as they do not sell large volume licences directly to their clients. We therefore needed to engage a LAR in order to purchase complex licence models which then provides access to the wide breadth of Microsoft's goods and services.
- 1.3. Following the completion of a competitive tendering exercise, this report seeks approval to award a three-year contract to Supplier B to provide the LAR services required.

## 2. DETAILS

- 2.1 Merton Council is currently engaged with its incumbent LAR; Civica UK Ltd. The contract with Civica will expire at the end of March 2020.
- 2.2 Merton commenced a competitive tendering exercise between suppliers on the Crown Commercial Service “Technology Products 2” framework agreement in November, in line with the requirements of the Council’s Contract Standing Orders.
- 2.3 As an OJEU-compliant framework was used there was no need to publish an OJEU contract notice or to advertise the opportunity on the Government’s Contracts Finder website.
- 2.4 The procurement was carried out on the London Tenders Portal and the further competition documents were sent to the 21 potential suppliers who were appointed to the framework agreement.
- 2.5 Potential providers were given a list of the licences that the Council requires, for both corporate and academic products and asked to provide a quote as well as to answer a number of quality-related method statement questions.
- 2.6 The tender exercise was timetabled as below, and the evaluation stage has now been concluded. This report seeks approval to award a contract for the provision of new Microsoft Enterprise Agreement commencing with a new LAR from the end of March 2020.

|                                 |   |
|---------------------------------|---|
| 15th November 2019              | Publication of the Further Competition Invitation |
| 25th November 2019              | End of clarification period                       |
| 29th November 2019              | Clarification responses published                 |
| 6th December 2019               | Deadline for tender submissions                   |
| 6th December – 6th January 2020 | Individual evaluations                            |
| 8th January 2020                | Evaluation moderation meeting                     |
| 10th February 2020              | Leaders Strategy Group                            |
| 24th February 2020              | Cabinet Decision                                  |
| 25th February 2020              | 10-day standstill period starts                   |
| 6th March 2020                  | Expected commencement date for the Contract       |

- 2.7 Three bids were received, but a submission from one of the bidders was incomplete as they had failed to provide all the required tender documents and was therefore rejected and not evaluated.
- 2.8 A panel of three IT Service Delivery officers independently evaluated the two compliant bids received, in accordance with the scoring regime set out

in the Invitation to Tender document. Final scores for each bidder were then agreed at a moderation meeting chaired by Commercial Services.

2.9 The moderated scores are as detailed below:

| Bidder     | Pass/Fail | Quality Score | Quality Weighting | Price (Lowest) | Final Weighted Score | Rank |
|------------|-----------|---------------|-------------------|----------------|----------------------|------|
| Supplier A | PASS      | 15.0          | 58%               | 34.83%         | 92.83%               | 2    |
| Supplier B | PASS      | 14.0          | 57%               | 39.72%         | 96.72%               | 1    |

2.10 Supplier B were ranked first, winning the procurement exercise with a total score of 97%, ahead of Supplier A, who achieved a score of 93%.

2.11 The weighting of 40% price against 60% quality was formulated to ensure that the winning supplier would be evaluated stringently on the quality of their complementing goods and services so that the value-added benefits can be maximised for the authority.

2.12 The Council had previously been advised by Microsoft that the price of Microsoft products are largely “fixed”, so suppliers only have a small margin of tolerance, in respect to adjustment of price, within which they are able to exercise discounts on software/licence units. These small margins have contributed to a difference in the price quoted.

2.13 Although supplier B were not the highest ranked in the area of quality the tender response did not cause any concerns.

### **Value Added Analysis**

2.14 Both suppliers offered a range of material benefits as part of their respective submissions and will provide a number of additional benefits to the Council.

## **3 ALTERNATIVE OPTIONS**

3.1 The Council must engage a LAR in order to purchase Microsoft goods and services.

3.2 If the Council decides to “do nothing” it could continue to procure services through the incumbent LAR, although this would not be compliant with the Council’s standing orders and would require Legal Services to extend the contract with the current supplier in order to remain compliant with CSO and consider if so doing would be compliant with Public Contracts Regulations 2015.

3.3 We considered Google Docs as an alternative, but concluded it was not viable due the Council decision to move to Office 365 and Azure as part of the Customer Contact migration.

## **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1 Colleagues from Commercial Services, SLLP, and the Corporate Services Financial Advisor contributed to the drafting of this report.

4.2 No further consultation is required or proposed.

## 5 TIMETABLE

5.1 The following is the outline timetable for the management of the contract award.

| Date                             | Activity                                    |
|----------------------------------|---|
| By 21 <sup>st</sup> January 2020 | OPG (by virtual approval)                   |
| 21st January 2020                | Procurement Board                           |
| 10th February 2020               | Leaders Strategy Group                      |
| 24th February 2020               | Cabinet Decision                            |
| 25th February 2020               | 10-day standstill period starts             |
| 6th March 2020                   | Expected commencement date for the Contract |

## 6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 The Enterprise Agreement consists of two separate elements; Corporate licences and Academic licences and Merton requires both.

6.2 Microsoft's licencing models allow for "Academic" licences which are offered at a heavily discounted unit cost. These licences are subject to qualifying criteria. These criteria have been applied to specific job roles in Merton that qualify on the basis of their focus on educational support.

6.3 The Corporate element of the EA represents the majority of the service users and core technology infrastructure. These costs are also discounted from Microsoft's RRP under the new CCS framework Agreement.

6.4 The cost of the bids were as follows:-

| Supplier                           | Annual Cost        | Contract Cost (3 years) |
|------------------------------------|--------------------|-------------------------|
| Supplier A (Corporate EA)          | £851,272.36        | £2,553,817.08           |
| Supplier A (Academic EA)           | £76,261.44         | £228,784.32             |
| <b>Supplier A - Total EA Costs</b> | <b>£927,533.80</b> | <b>£2,782,601.40</b>    |
|                                    |                    |                         |
| Supplier B (Corporate EA)          | £800,262.79        | £2,418,588.37           |
| Supplier B (Academic EA)           | £80,822.72         | £242,468.16             |
| <b>Supplier B - Total EA Costs</b> | <b>£881,085.51</b> | <b>£2,661,056.53</b>    |

NB: - These costs were based on our requirements at the time of the procurement and such requirements may change in the future.

- 6.5 At the end of each year, the Council will undergo a ‘true up’ exercise. This is based on several factors, (i.e.) starters and leavers, change to the IT infrastructure, additional/reduced services, so licences will be adjusted accordingly. All of these are closely monitored to ensure the budget forecasting is accurate.
- 6.6 The current budget for the Microsoft Enterprise Agreement is circa £585,000 per year. The tender evaluations reflect a significant increase in the annual payment which is due to a major change in the Microsoft Licensing models, and incremental changes to the pricing that Microsoft had held under previous agreements. The Council has had visibility of these changes and has adopted the most cost-effective framework available via Crown Commercial Services (CCS). Whilst the cost of the new Enterprise Agreement has increased, this is partly due to additional costs which have been incurred as a result of the Customer Contact programme and the subsequent need to migrate from GDIT to Azure, these include licensing of servers and applications to run the new environment.
- 6.7 The other main contributing factor relating to the price increase is that Merton has a strategic aim to embrace and increase mobile and flexible working. Through its revamped “Merton Smarter Working” programme, it aims to deliver the move from our Microsoft on premise environment to Office 365. As part of this move, the Council will roll out enterprise mobility and security and compliance modules – all of which have meant an uplift/change in licence units but provide a more flexible platform for the Council to deliver its services.
- 6.8 In our early discussions with Microsoft we were aware of the costs being increased. A growth bid is therefore included as part of the MTFS process, requested from 2020/21 onwards, to fund the increased budget requirement.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 The Council has a legal obligation to ensure that all software products and services are correctly licensed and that we continue to be compliant with Microsoft’s Enterprise Agreement licence requirements.
- 7.2 Failure to renew our agreement would render the Council to be operating these platforms illegally and could expose the Council to financial and reputational losses.
- 7.3 This procurement has been carried out using the CCS Technology Product 2, a Framework Agreement and accordingly provided the Council was entitled to do so and followed the framework requirements, a full OJEU process was not required. However, it is advisable, as is the case here that a standstill period be observed.

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

- 8.1 None for the purposes of this report.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1 None for the purposes of this report.

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1 By renewing the Microsoft agreement, this will fix the unit prices for those declared products and services for three years. We would therefore have some protection against inflated cost over the period of the agreement.

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

- Appendix A provides a breakdown of the supplier’s bid price.
- Note that supplier details need to be redacted from the committee report in order to ensure the contract award decision is protected from the public arena, as some of the information contained within this report is deemed commercially confidential and therefore exempt from publication.



**Committee:****Date:**

Wards: All

**Subject: Local Discretionary Business Rate Relief and Retail Discount Schemes 2020/21**

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: David Keppler

**Recommendations:**

- 
1. For Cabinet to review and agree the Local Discretionary Business Rate Relief Scheme for 2020/21
  2. For Cabinet to agree the new Retail Discount Scheme for 2020/21
- 

**1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To update Cabinet on the Local Discretionary Rate Relief scheme and seek agreement for the 2020/21 scheme.
- 1.2. To update Cabinet on the new Retail Discount Scheme announced in the December 2019 budget and seek agreement for the scheme.

**2 DETAILS**

- 2.1. On the 1 April 2017 a re-valuation of business rates rateable values was implemented. The previous re-valuation took place in April 2010. These re-valuations are meant to be every five years although in 2012 the Government announced that the 2015 re-valuation was delayed until 2017.
- 2.2. Rateable values are calculated by the Valuation Officer and are based on market rental values, size, usage and location.
- 2.3. Based on the draft valuation list in October 2016 Merton had a 7% average percentage increase in rateable values. The average increase for Outer London boroughs was 14% and the average increase for all of London was 24%
- 2.4. Although on average the rateable value has increased from April 2017 the poundage multiplier was reduced by 4 %. This means that when rates bills are calculated although the rateable value may have increased the actual rates payable would have increased less than the rateable value increase.
- 2.5. Following every re-valuation there is a Transitional Relief scheme which protects businesses with disproportionately high or low rateable value changes. Although the scheme is quite complicated, it in effect restricts the level of rates increase or decrease a business would face over the five-year period of the re-valuation. The transitional relief a business would receive under the scheme is based on the rateable value of the property.

- 2.6. Under the business rates regulations there are different ways businesses may have their rates reduced. Some of the reliefs are mandatory and set within the legislation such as small business rate relief (reductions for businesses where the rateable value is below a certain figure), empty rate relief where premises are unoccupied, charitable relief – where a business is a charitable body. In addition, some reliefs are discretionary and determined by the Council, such as discretionary relief as a top up to charitable relief, discretionary relief where mandatory relief is not awarded, hardship relief and in Merton a local discount to encourage new and expanding businesses to move into the borough.
- 2.7. In the March 2017 budget the Government announced a range of initiatives to assist businesses affected by the re-valuation and allocated funding to local authorities to help businesses worst affected by the increases in rates.
- 2.8. In the Government announcement regarding local discretionary relief it assumes that local authorities will only support businesses that have had an increase in their bill and will make this a condition of the funding. It further assumes that by and large authorities will offer support to ratepayers or locations that face the most significant increases in bills and ratepayers occupying lower value properties.
- 2.9. Local authorities are expected to devise their own local schemes using guidance provided.
- 2.10. Merton has been awarded £459,000 for 2017/18, £223,000 in 2018/19, £92,000 in 2019/20 and £13,000 in 2020/21.
- 2.11. Merton’s scheme for 2019/20 was agreed by Cabinet on 14 January 2019.

### **3 LOCAL DISCRETIONARY RATE RELIEF**

- 3.1. As at the 17 January 2020, we have awarded £86,521.15 in relief to 322 businesses (£209,537.14 in relief to 366 businesses in 2018/19).
- 3.2. The table below shows the number of businesses receiving assistance by the percentage band increase and reduction. It also shows the value of relief awarded and average for each band.

| % Increase in rates payable | % Reduction | Number receiving relief | Amount of relief | Average relief granted |
|-----------------------------|-------------|-------------------------|------------------|------------------------|
| 5-6                         | 6           | 45                      | £1,104.69        | £25.00                 |
| 7-14                        | 10          | 118                     | £8,447.61        | £71.00                 |
| 15-25                       | 22          | 125                     | £26,411.78       | £211.00                |
| Over 25                     | 32          | 44                      | £50,557.07       | £1,149.00              |
| Total                       |             | 366                     | £86,521.15       |                        |

- 3.3. The new policy for 2020/21 with qualification criteria has been drafted (see Appendix 1), which details the conditions for businesses who will qualify for assistance under the new scheme and lists the types of businesses that will be ineligible.
- 3.4. As the amount of funding available has reduced from £92,000 to £13,000 the new policy will not support all the businesses previously supported. We have calculated that we can provide relief of 18% of the actual relief figure received in 2019/20. However, where this figure is less than £10.00 for the year it is not practical to apply the relief.
- 3.5. The businesses we do not support will all still receive the new 50% Retail discount.
- 3.6. Subject to approval, it is proposed that this relief will be applied to accounts before the new business rates bills for 2020/21 are issued in March 2020. This will ensure that businesses have the correct bill from the start of the financial year.
- 3.7. **Retail Discount and Pub Discount**
- 3.8. The Government announced in the October 2018 budget that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21.
- 3.9. The value of the discount shall be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs have been applied.
- 3.10. The Government is not changing the legislation around reliefs. Instead local billing authorities will adopt a local scheme, (appendix B) in line with the guidance provided by government and award the discount in individual cases in line with the guidance. Government will reimburse local authorities for the cost of the scheme.
- 3.11. On the 27 January 2020 the Government announced that the one third reduction applied would increase to half. It will now also include cinema's and music venues. The Government hopes that local authorities will apply and grant these reliefs to qualifying ratepayers from the start of the 2020/21 billing cycle. However, the Government's budget formally announcing this change will not take place until the 11 March 2020.
- 3.12. The Retail Discount scheme is very similar to the council's Local Discretionary Rate Relief scheme, in fact most business that receive support under the Local Discretionary Rate Relief scheme will also receive support under the Retail Discount scheme. Businesses that have moved to the borough since the revaluation will now benefit from the Retail Discount scheme.
- 3.13. An initial analysis of all businesses within the Borough where the rateable value is less than £51,000 has been undertaken and it is estimated that in the region of 600 retail businesses will benefit from the new 50% Retail

Discount and we estimate this award will be in excess of £2.5 million. The Government have confirmed that the council will be reimbursed for this discount.

- 3.14. The Government also announced in December 2019 that it will re-introduce Pub Relief for all pubs with a rateable value of less than £100,000. This discount will be £1,000 and will apply in addition to the retail relief for those eligible. There will be approximately 30 pubs due to receive this discount.
- 3.15. The Council intends to undertake a desktop exercise to award Retail Discount and Pub Relief automatically where it can and write and advise businesses.
- 3.16. Where there is some uncertainty regarding qualification criteria a letter will be sent asking the business to confirm if they meet the criteria and wish to apply.
- 3.17. It is hoped that all new business rates bills for 2020/21 will be issued with the Local Discretionary Rate relief, Retail Discount and Pub relief.

#### **4 ALTERNATIVE OPTIONS**

- 4.1. Do nothing is not an option as we have to have a policy to distribute this additional funding to businesses under the Local Discount Rate Relief scheme. We could consider alternative ways of assisting fewer businesses with more relief but supporting more businesses is considered preferable.
- 4.2. There is no alternative option for the new Retail Discount since the Council is required to implement the Scheme.

#### **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. Consultation was previously undertaken with the Chamber of Commerce regarding the Local Discretionary Rate Relief scheme but as the relief now available is only £13,000 for 2020/21 no further consultation has taken place.

#### **6 TIMETABLE**

- 6.1. It is intended .subject to approval, that all reductions will be applied to 2020/21 business rates bills which are due to be despatched at the beginning of March 2020.

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

- 7.1. The Council will receive funding from Government for the Local Discretionary Rate relief granted, for the Retail Discount granted and the Pub Discount and this will be re-claimed via the yearly NNDR1 return which estimates for Government the expected income received and reliefs granted.
- 7.2. As stated above in 2.10 Merton has been awarded £13,000 in 2020/21.
- 7.3. The Government have indicated that there will be New Burdens money to fund the software changes to implement the Retail Discount Scheme and

also for the administration costs for the Council but no figures have been released yet.

## **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. The Government announced in the March 2017 budget statement measures whereby local authorities should offer help to businesses that have been most adversely affected by the 2017 re-valuation. The payment of this award is made as part of the Council's grant under Section 31 of the Local Government Act 2003 (2003 Act).
- 8.2. In the Budget on 29 October 2018 the Government announced that it would provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. The value of discount should be one third of the bill, and must be applied by authorities after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
- 8.3. On the 27 January 2020 the Government announced that for 2020/21 the value of the discount would increase to half of the bill for qualifying businesses.
- 8.4 The Government is not changing the legislation around the reliefs available to properties. Instead the Government, in line with the eligibility criteria set out in Guidance issued by the Ministry of Housing Communities and Local Government (the Guidance), will reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. The Government will fully reimburse authorities for the local share of the discretionary relief (using a grant under section 31 of the 2003 Act).
- 8.5 The Guidance provides the detail on how local authorities are to operate and delivery of the policy change.

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

- 9.1. None for the purpose of this report

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1. None for the purpose of this report

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

- 11.1. None for the purpose of this report

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

Appendix A – Local Discretionary Business Rate Relief Policy 2020/21

Appendix B – Retail Discount Policy 2020/21

## **13 BACKGROUND PAPERS**

- 13.1. None for the purpose of this report



## **Local Discretionary Rate Relief Scheme 2020/21**

The Local Discretionary Business Rate Relief Scheme will apply for the year 1 April 2020 to 31 March 2021 only. Under the scheme, relief will only be provided to businesses that received assistance during 2019/20 having met the criteria for that year.

Where a qualifying ratepayer's rates bill is reduced in a previous financial year for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- a reduction in rateable value in the 2010 and, or 2017 rating lists
- the provision of a certificated value for the 2010 rating list or historical change
- the application of exemption
- vacation and re-occupation of the property
- any other reason

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

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

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

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

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

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

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

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



authority or agency asking for information on 'De Minimus' aid for the next three years.

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

### **How the Local Discretionary Business Rate Relief will be calculated**

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

- Exemptions and other reliefs
- Transitional arrangements

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

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

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

| % Increase from 2019/20 to 2020/21 (after all other reliefs) | % Reduction on increase (after all other reliefs) |
|--|---|
| Between 5 and 6%   | 1.1%  |
| Between 7 and 14%  | 1.8%  |
| Between 15 and 24%   | 4.0%  |
| Over 25%   | 5.7%  |

Note - Where the amount of Local Discretionary Relief is calculated to be under £10.00 the property will no longer qualify in 2020/21.

This policy will only be applicable for 2020/21.

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## **Retail Discount Policy 2019/20 & 2020/21**

The Government announced in the Budget on 29 October 2018, that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000. The value of discount should be one third of the bill but for 2020/21 the Government increased this to 50% of the bill, and must be applied after mandatory reliefs and other discretionary reliefs have been applied.

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

### **Which properties will benefit from relief?**

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

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

### **How much relief will be available?**

The total amount of government-funded relief available for each property for each of the years under this scheme is one-third of the rates bill in 2019/20 and 50% in 2020/21. The amount will vary depending on rateable value and there is no taper. The relief will be applied against the net bill after all other reliefs.

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

### **Eligibility Criteria**

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

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

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

### **Ineligible businesses/organisations**

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

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

Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)

Other services (e.g. estate agents, letting agents, employment agencies)

Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)

Post office sorting office

Businesses trading in activities that could bring the scheme into disrepute (e.g. pornography etc.)

Any other properties which are not reasonably accessible to visiting members of the public. For example, cinemas, theatres, museums, gyms, nightclubs and music venues.

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

### **Application Process**

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

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

### **Decision Making and Appeals**

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

### **Budget**

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

## Cabinet

Date: 24 February 2020

### Subject: Financial Report 2019/20 – December 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

### Recommendations:

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- A. That Cabinet note the financial reporting data for month 9, December 2019, relating to revenue budgetary control, showing a forecast net favourable variance at year-end of £1,710k, -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.
- 

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 9, 31<sup>st</sup> December 2019 presented in line with the financial reporting timetable.  
This financial monitoring report provides -
  - The income and expenditure at period 9 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

#### 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 are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored.
- 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 areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance 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 9 to 31<sup>st</sup> December 2019, the year-end forecast is a net favourable variance of £1,512k 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 31<sup>st</sup> December 2019

|                                     | Current Budget<br>2019/20 | Full Year Forecast<br>(Dec) | Forecast Variance<br>at year end<br>(Dec) | Forecast Variance<br>at year end<br>(Nov) | Outturn variance<br>2018/19 |
|-------------------------------------|---------------------------|-----------------------------|---|---|-----------------------------|
|                                     | £000s                     | £000s                       | £000s                                     | £000s                                     | £000s                       |
| <b>Department</b>                   |                           |                             |   |   |                             |
| 3A. Corporate Services              | 11,445                    | 11,036                      | (409)                                     | (290)                                     | (2,511)                     |
| 3B. Children, Schools and Families  | 61,154                    | 62,197                      | 1,044                                     | 1,406                                     | 2,271                       |
| 3C. Community and Housing           | 63,768                    | 62,992                      | (776)                                     | (124)                                     | (197)                       |
| 3D. Public Health                   | 0                         | 0                           | 0   | 0   | 0                           |
| 3E. Environment & Regeneration      | 15,370                    | 15,382                      | 12  | 180                                       | (1,526)                     |
| Overheads                           | 0                         | 0                           | 0   | 0   | (33)                        |
| <b>NET SERVICE EXPENDITURE</b>      | <b>151,737</b>            | <b>151,608</b>              | <b>(129)</b>                              | <b>1,172</b>                              | <b>(1,996)</b>              |
| <b>3E. Corporate Items</b>          |                           |                             |   |   |                             |
| Impact of Capital on revenue budget | 11,364                    | 11,215                      | (149)                                     | (149)                                     | 403                         |
| Other Central budgets               | (20,784)                  | (22,215)                    | (1,432)                                   | (1,401)                                   | (6,064)                     |
| Levies                              | 949                       | 949                         | 0   | 0   | 0                           |
| <b>TOTAL CORPORATE PROVISIONS</b>   | <b>(8,471)</b>            | <b>(10,051)</b>             | <b>(1,581)</b>                            | <b>(1,550)</b>                            | <b>(5,661)</b>              |
|                                     |                           |                             |   |   |                             |
| <b>TOTAL GENERAL FUND</b>           | <b>143,266</b>            | <b>141,556</b>              | <b>(1,710)</b>                            | <b>(378)</b>                              | <b>(7,657)</b>              |
| <b>FUNDING</b>                      |                           |                             |   |   |                             |
| 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                           |
| <b>FUNDING</b>                      | <b>(143,265)</b>          | <b>(143,265)</b>            | <b>0</b>                                  | <b>0</b>                                  | <b>0</b>                    |
|                                     |                           |                             |   |   |                             |
| <b>NET</b>                          | <b>1</b>                  | <b>(1,709)</b>              | <b>(1,710)</b>                            | <b>(378)</b>                              | <b>(7,657)</b>              |

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<br>Current<br>Budget | 2019/20<br>Full year<br>Forecast<br>(December) | 2019/20<br>Full Year<br>Forecast<br>Variance<br>(December) | 2019/20<br>Full Year<br>Forecast<br>Variance<br>(November) | 2018/19<br>Outturn<br>Variance |
|---------------------------------------|------------------------------|--|--|--|--------------------------------|
|                                       | £000                         | £000   | £000   | £000   | £000                           |
| Customers,<br>Policy &<br>Improvement | 3,760                        | 3,584  | (176)  | (162)  | (246)                          |
| Infrastructure<br>& Technology        | 11,795                       | 11,998   | 203  | 255  | (64)                           |
| Corporate<br>Governance               | 2,438                        | 2,314  | (124)  | (104)  | (294)                          |
| Resources                             | 5,887                        | 5,917  | 30   | (52)   | (707)                          |
| Human<br>Resources                    | 1,919                        | 2,168  | 249  | 220  | 16                             |
| Corporate<br>Other                    | 734                          | 143  | (591)  | (459)  | (1,216)                        |
| <b>Total<br/>(Controllable)</b>       | <b>26,533</b>                | <b>26,124</b>                                  | <b>(409)</b>   | <b>(290)</b>   | <b>(2,511)</b>                 |

#### Overview

At the end of period 9 (December) the Corporate Services (CS) department is forecasting a favourable variance of £409k at year end. This has increased since the £290k favourable variance forecast in period 8 (November).

#### Customers, Policy and Improvement - £176k favourable variance

Customer Contact is forecasting a £42k favourable variance due to lower than budgeted licence costs and the division's AD budget is forecasting a £33k favourable variance due to the vacant AD post. There is a forecast favourable variance of £59k on Cash Collections, capturing future year savings early in 2019/20. Marketing and Communications have a £46k favourable variance forecast from less than budgeted spend on the council magazine and graphic design. A further £52k favourable variance is forecast on Community Engagement, this is a result of maternity leave earlier in the year and other running costs. The policy team are forecasting a £24k favourable variance mainly due to notional rents and grants to voluntary organisations being less than budgeted, part offset by agency spend. A £10k favourable variance is forecast on the Registrars Service relating to the overachievement of income, part offset by additional spend on running costs.

Press and PR are forecasting a £67k adverse variance due to the underachievement of income and the use of agency staff. Merton Link is also forecasting a £13k adverse variance due to agency staff covering sickness and maternity leave as well as covering additional work pressures in year.

The forecast favourable variance in CPI has increased by £14k since period 8. This is mainly due to the AD post remaining vacant and reduced running costs for the Registrars service. This is partly offset by a reduced Translation Service income forecast and recent recruitment to Communications Officer and Digital Communications Officer posts in Press and PR.

### **Infrastructure & Technology - £203k adverse variance**

I&T are forecasting adverse variances on Telecoms of £110k due to system upgrades and delays in the PABX telecoms implementation. A £59k adverse variance is forecast on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. There is also a £200k adverse variance 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 £26k adverse variance 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 £52k adverse variance on the external fees account due to the use of additional agency staff during the year. The Business Systems Team is also forecasting an adverse variance of £94k due to recruitment costs, hardware purchases, IT licences and the underachievement of income.

Various favourable variances within the division are partly offsetting the above variances. The Print and Post Room are forecasting a £40k favourable variance with a vacancy held in the team for part of the year. The Corporate Print Strategy is forecasting a £51k favourable variance due to less than budgeted multi-functional device (MFD) costs. Additionally, Transactional Services are forecasting a £79k favourable variance resulting from the recovery of expenses in previous years and there is a £94k favourable variance forecast on Garth Road Archive Storage due to rental income. A £39k favourable variance is also forecast on the Energy budget due to delays on works to be carried out.

The forecast adverse variance in I&T has reduced by £52k since period 8. This is mainly due to increased rental income for the Garth Road site as well as the delay to energy works.

### **Corporate Governance – £124k favourable variance**

The favourable variance within Corporate Governance is formed of £19k from various running cost budgets held by the AD, £12k from Democracy Services largely due to vacancies and £15k running costs. A further £36k favourable variance is forecast in the Information Governance team due to vacancies and consultants budget not required in year. Electoral Services are forecasting an £18k favourable variance as there will not be household notification letters in January as the register is currently at its most accurate as a result of the general election. Additionally, Legal Services outside of SLLp are forecasting a £33k favourable variance due to expenditure budgets not required in year.

The South London Legal Partnership (SLLp) is forecasting a £47k deficit, of which £10k is attributable to Merton. The SLLp deficit has reduced from £70k in period 8 due to increased income from clients.

The forecast favourable variance on Corporate Governance has increased by £20k from the position at period 8. This is mainly due to the Electoral Service's reduced canvassers and printing costs as the planned household notification letters are no longer required.

### **Resources - £30k adverse variance**

There are various favourable variances forecast within Senior Management, made up of the Chief Executive's budget (£36k), Director of Corporate Services (£82k) and AD Resources (£28k) due to subscription and consultancy budgets not expected to be required in year.

Corporate Accountancy has a £79k adverse variance forecast largely due to agency spend. An £80k adverse variance is forecast on the Financial Information System (FIS) team mainly due to additional system support costs.



The Insurance and Treasury teams are forecasting an adverse variance of £104k due to property valuation fees ahead of a re-tendering of insurance contracts, partly offset by a recharge of staff time to the pension fund.

Benefits Administration is forecasting a £279k favourable variance mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast adverse variance of £212k 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 in the Resources division has had an adverse movement of £82k since period 8. This is due to reduced income from the Bailiffs Service in recent months which will continue to be closely monitored. This is part offset by smaller favourable movements, such as reduced agency spend in the Benefits Administration and Budget Management teams.

### **Human Resources – £249k adverse variance**

Learning and Development is forecasting a £180k adverse variance due to recruitment costs as well as interim cover for the Head of Organisational Development and HR Strategy post. £55k of the L&D variance relates to training, a review of the planned training for the rest of the year is being carried out. The forecast in Learning and Development also includes an additional temporary resource to assist with implementing the new recruitment system.

The HR AD budget is also forecasting an adverse variance of £37k 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 adverse variance. 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 adverse variance.

Payroll has a favourable variance forecast of £32k 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 adverse variance has increased by £17k since period 8. This is mainly due to an extension of the temporary resource assisting with the implementation of the new recruitment system until the end of February 2020.

### **Corporate Items - £592k favourable variance**

The Housing Benefit Rent Allowances budget is forecasting a net favourable variance of £141k. This is generated from a £500k budget to top-up the bad debt provision which isn't forecast to be required in year, part offset by a shortfall on income relating to overpayment recovery.

An additional surplus of £80k is forecast following the introduction of a scheme to recover old housing benefit debts which had previously been written off, due to new access to information from HMRC. The corporately funded items budget has a favourable variance forecast of £215k due to budget not expected to be required in year.

The Coroners Court is forecasting an adverse variance of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £40k additional income from the Magistrates Court. A further £138k favourable variance is forecast on the redundancies and added years pensions budget.

The forecast favourable variance on corporate items has increased by £132k since period 8 due to reductions in forecast for corporately funded items and redundancies based on information known to date. This is part offset by the reduced Housing Benefits overpayment recovery forecast.

## Environment & Regeneration

| Environment & Regeneration  | 2019/20 Current Budget | Full year Forecast (Dec) | Forecast Variance at year end (Dec) | Forecast Variance at year end (Nov) | 2018/19 Outturn Variance |
|-----------------------------|------------------------|--------------------------|-------------------------------------|-------------------------------------|--------------------------|
|                             | £000                   | £000                     | £000                                | £000                                | £000                     |
| Public Protection           | (12,947)               | (12,921)                 | 26                                  | (157)                               | (753)                    |
| Public Space                | 13,953                 | 14,008                   | 55                                  | 252                                 | (1,449)                  |
| Senior Management           | 975                    | 1,091                    | 116                                 | 130                                 | (17)                     |
| Sustainable Communities     | 8,223                  | 8,038                    | (185)                               | (45)                                | 694                      |
| <b>Total (Controllable)</b> | <b>10,204</b>          | <b>10,216</b>            | <b>12</b>                           | <b>180</b>                          | <b>(1,525)</b>           |

| Description                                      | 2019/20 Current Budget | Forecast Variance at year end (Dec) | Forecast Variance at year end (Nov) | 2018/19 Variance at year end |
|--|------------------------|-------------------------------------|-------------------------------------|------------------------------|
|  | £000                   | £000                                | £000                                | £000                         |
| Regulatory Services                              | 648                    | 87                                  | 66                                  | 112                          |
| Parking Services                                 | (14,466)               | (147)                               | (317)                               | (964)                        |
| Safer Merton & CCTV                              | 871                    | 86                                  | 94                                  | 99                           |
| <b>Total for Public Protection</b>               | <b>(12,947)</b>        | <b>26</b>                           | <b>(157)</b>                        | <b>(753)</b>                 |
| Waste Services                                   | 12,996                 | 459                                 | 460                                 | (1,611)                      |
| Leisure & Culture                                | 416                    | (337)                               | (250)                               | (222)                        |
| Greenspaces                                      | 1,236                  | (64)                                | 8                                   | 145                          |
| Transport Services                               | (695)                  | (3)                                 | 34                                  | 239                          |
| <b>Total for Public Space</b>                    | <b>13,953</b>          | <b>55</b>                           | <b>252</b>                          | <b>(1,449)</b>               |
| Senior Management & Support                      | 975                    | 116                                 | 130                                 | (17)                         |
| <b>Total for Senior Management &amp; Support</b> | <b>975</b>             | <b>116</b>                          | <b>130</b>                          | <b>(17)</b>                  |
| Property Management                              | (2,713)                | (131)                               | (118)                               | 368                          |
| Building & Development Control                   | 4                      | (81)                                | (60)                                | 275                          |
| Future Merton                                    | 10,932                 | 27                                  | 133                                 | 51                           |
| <b>Total for Sustainable Communities</b>         | <b>8,223</b>           | <b>(185)</b>                        | <b>(45)</b>                         | <b>694</b>                   |
| <b>Total Excluding Overheads</b>                 | <b>10,204</b>          | <b>12</b>                           | <b>180</b>                          | <b>(1,525)</b>               |

### Overview

The department is currently forecasting an adverse variance of £12k at year end. The main areas of variance are Parking Services, Waste Services, Leisure & Culture, Senior Management & Support, and Property Management.

### Public Protection

#### **Parking Services favourable variance of £147k**

The favourable variance is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£657k), and P&D income (£572k).

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.

The favourable variance is being further offset by an employee related adverse variance (£71k) due to a combination of savings not yet implemented and service demand, and Premises related costs (£73k) due to new signage connected to the revised parking charges.

## **Public Space**

### **Waste Services adverse variance of £459k**

Following the conclusion of discussions between the South London Waste Partnership (SLWP) and Veolia pursuant to the Annual Review (AR) process, which takes account of factors such as property growth and other contractual matters, the SLWP have proposed to the partnership authorities seeking permission for additional payments of which Merton's contribution is £740k. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27<sup>th</sup> January 2020.

The SLWP have also recommended an additional lump sum payment relating to the Year 2 (2018/19) AR process, which was conducted simultaneously, of which Merton's contribution is £304k.

The revenue impact of the above on the 2019/20 forecast is an increase in net revenue spend of £366k, as the figure is being partially offset by £119k relating to capital expenditure which forms part of the capital programme, £410k of deductions relating to contract performance, and an agreed 2018/19 reserve of £150k relating to this contract.

Merton, in common with the rest of the country, has experienced a significant increase in fly-tipping and abandoned waste. The service has been handling approximately 12,000 incidents across the borough each year. In order to take a proactive approach to fly tipping the service has recently implemented a new fly-tipping strategy and agreed action plan for 2020/21. The forecast cost to address the increase in fly tipping is £197k for 2019/20 onwards. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27<sup>th</sup> January 2020.

The section is forecasting an adverse variance on its current waste collection and street cleansing contract by £286k. 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 an adverse variance on its employee costs by £57k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6 £200k), and the temporary employment of a Public Space Inspector to provide greater resilience in the monitoring of our service provider performance. This role is scheduled to come to an end in March.

The above adverse variances are being partially mitigated by a forecast favourable variance on disposal costs of £516k. 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, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have continued to see a sustained 12% reduction in refuse, which equates to a monthly average reduction of over 500 tonnes per month this financial year. The main contributor to this success is the increase in food waste participation which has seen an increase of over 66% or 184 tonnes per month.

emissions and the Council's commitment to be Carbon neutral. Therefore, from 2020/21 this saving will be replaced by the favourable variance in residual waste disposal costs following the October 2018 service change.

### **Leisure & Culture favourable variance of £337k**

The forecast favourable variance 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 1<sup>st</sup> 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.

The section is also forecasting a favourable variance of £41k on utilities spend incurred at these leisure Centres, and a favourable variance of £34k relating to the Watersports Centre.

### **Greenspaces favourable variance of £64k**

The forecast favourable variance is in relation to the grounds maintenance contract. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is also being undertaken regarding the Grounds Maintenance contract (lot 2), which should be concluded before year-end, and any financial impact forecast accordingly.

### **Senior Management & Support**

#### **Senior Management & Support adverse variance of £110k**

The adverse variance 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 favourable variance of £131k**

The principal reason for the forecast favourable variance relates to exceeding the commercial rental income expectations by £652k, which includes £95k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an adverse variance of £410k on premises related expenditure, in particular, utility and repairs & maintenance costs. In addition, a £125k adverse variance on supplies & services is being forecast, mainly relating to the employment of consultants to progress rent reviews due to lack of internal resource, valuations to support asset valuations, and additional costs from holding Worsfold House vacant.

## Children Schools and Families

| Children, Schools and Families  | 2019/20 Current Budget £000 | Full year Forecast Dec £000 | Forecast Variance at year end (Dec) £000 | Forecast Variance at year end (Nov) £000 | 2018/19 Variance at year end £000 |
|---------------------------------|-----------------------------|-----------------------------|--|--|-----------------------------------|
| Education                       | 24,687                      | 24,955                      | 268                                      | 240                                      | (37)                              |
| Social Care and Youth Inclusion | 19,571                      | 21,220                      | 1,649                                    | 2,062                                    | 3,211                             |
| Cross Department budgets        | 1,029                       | 974                         | (55)                                     | (52)                                     | (20)                              |
| PFI                             | 8,573                       | 8,162                       | (411)                                    | (465)                                    | (354)                             |
| Redundancy costs                | 2,183                       | 1,798                       | (385)                                    | (378)                                    | (529)                             |
| Other Education                 | 4                           | (26)                        | (22)                                     | 0  | 0                                 |
| <b>Total (controllable)</b>     | <b>56,047</b>               | <b>57,109</b>               | <b>1,044</b>                             | <b>1,407</b>                             | <b>2,271</b>                      |

### Overview

At the end of December Children Schools and Families forecast to overspend by £1,044m on local authority funded services, a decrease of £363k from November's forecast.

This is primarily due to a favourable £413k movement within CSC (mainly attributed to £264k decrease within access to resources placement cost and an additional £102k CCG and early intervention youth fund income) and staffing under-spends within CSC.

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 forecasts are vulnerable to change. 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 1,973 in November to 1,999 in December, an increase of 26.

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<br>£000 | Dec<br>£000  | Nov<br>£000  | 2018/19<br>£000 |
|--|----------------|--------------|--------------|-----------------|
| Procurement & School organisation                          | 594            | (288)        | (281)        | (411)           |
| SEN transport  | 4,705          | 1,359        | 1,196        | 1,223           |
| Early Years services                                       | 3,117          | (318)        | (179)        | (349)           |
| CWD team staffing  | 571            | (79)         | (84)         | (88)            |
| Childrens Short-Breaks                                     | 280            | 155          | 155          | 219             |
| Education Inclusion  | 1,771          | (276)        | (202)        | (398)           |
| Internal legal hard charge                                 | 543            | (110)        | (110)        | (32)            |
| Other over and underspends                                 | 13,106         | (175)        | (255)        | (380)           |
| <b>Subtotal Education</b>                                  | <b>24,687</b>  | <b>268</b>   | <b>240</b>   | <b>(216)</b>    |
| Fostering and residential placements (ART)                 | 7,111          | 412          | 676          | 1,057           |
| Un-accompanied asylum seeking children (UASC)              | 75             | 285          | 261          | 488             |
| Community Placement  | 0              | 400          | 385          | 500             |
| No Recourse to Public Funds (NRPF)                         | 21             | 147          | 141          | 301             |
| MASH & First Response staffing                             | 1,618          | 311          | 311          | 354             |
| Legal costs  | 526            | 224          | 224          | 280             |
| Other over and underspends                                 | 10,220         | (130)        | 64           | 231             |
| <b>Subtotal Children's Social Care and Youth Inclusion</b> | <b>19,571</b>  | <b>1,649</b> | <b>2,062</b> | <b>3,211</b>    |

### Education Division

The procurement and school organisation budget is showing a favourable variance of £288k because of lower spend on re-venue 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 forecasting an adverse variance of £1.359m (increase of £163k from November). The forecast for maintained school taxis is £3.567m, circa £284k more than last year. This is our best estimate based on the information available at the end of December. 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 could 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 December this is estimated to deliver a favourable variance of £318k.

The Children with Disabilities (CWD) team, which transferred to the Education division this year, is holding vacant posts which is expected to deliver a favourable variance of £79k in the current financial year. Some of this is being used to offset agreed social work activities in the fostering service.

The internal legal hard charging budget is projecting a favourable variance of £110k. This forecast is based on spend to date and will fluctuate if usage increases towards year-end.

There are various other movements in forecast across the division netting to a £175k favourable variance. These combine with the items described above to arrive at the total divisional adverse forecast of £268k.

## Children's Social Care and Youth Inclusion Division

At the end of December Merton had 168 looked after children. This is a decrease of 2 children from November. The numbers of Looked after Children in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

| <b>Overview</b>                             | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> |
|---|----------------|----------------|----------------|----------------|
| 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.

| <b>Service</b>               | <b>Budget<br/>£000</b> | <b>Dec<br/>Forecast<br/>spend<br/>£000</b> | <b>Variance</b>     |                     | <b>Placements</b> |                   |
|------------------------------|------------------------|--|---------------------|---------------------|-------------------|-------------------|
|                              |                        |  | <b>Dec<br/>£000</b> | <b>Nov<br/>£000</b> | <b>Dec<br/>No</b> | <b>Nov<br/>No</b> |
| Residential Placements       | 2,305                  | 1,653                                      | (652)               | (300)               | 14                | 15                |
| Independent Agency Fostering | 1,753                  | 2,100                                      | 347                 | 200                 | 49                | 49                |
| In-house Fostering           | 993                    | 1,697                                      | 704                 | 704                 | 70                | 73                |
| Secure accommodation         | 138                    | 79   | (59)                | 0                   | 0                 | 0                 |
| Mother and baby              | 103                    | 103  | 0                   | 0                   | 0                 | 0                 |
| Supported lodgings/housing   | 1,819                  | 1,911                                      | 92                  | 92                  | 60                | 56                |
| <b>Total</b>                 | <b>7,111</b>           | <b>7,543</b>                               | <b>432</b>          | <b>696</b>          | <b>193</b>        | <b>193</b>        |

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

The 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 forecasting a favourable £652k variance at the end of the financial year. We currently have 14 residential (including 10 respite) placements with one placement ended in December.
- The Independent Agency Fostering expenditure is forecasting an adverse variance of £347k. We currently have 49 placements, unchanged from November.
- The In-house Foster carer expenditure is forecasting an adverse £704k variance. We currently have 70 placements. There has been 2 new placements and 5 Placements ended in December. 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 projecting a favourable £59k variance in December.

- The mother and baby assessment unit expenditure is forecast budget for the current year. We currently have no placements but are forecasting for additional placements expected by the end of financial year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will have an adverse variance of £92k in December. There has been 5 new placements while 1 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 December, UASC placements and previous UASC that are now Care Leavers are reflecting an adverse variance of £279k, increase of £18k from November.

| Service                      | Budget<br>£000 | Dec<br>Forecast-<br>spend<br>£000 | Variance    |             | Placements |           |
|------------------------------|----------------|-----------------------------------|-------------|-------------|------------|-----------|
|                              |                |                                   | Dec<br>£000 | Nov<br>£000 | Dec<br>No  | Nov<br>No |
| Independent Agency Fostering | 380            | 482                               | 102         | 102         | 12         | 11        |
| In-house Fostering           | 325            | 697                               | 372         | 354         | 34         | 33        |
| Supported lodgings/housing   | 570            | 675                               | 105         | 105         | 26         | 25        |
| UASC grant                   | (1,200)        | (1,500)                           | (300)       | (300)       |            |           |
| <b>Total</b>                 | <b>75</b>      | <b>354</b>                        | <b>279</b>  | <b>261</b>  | <b>72</b>  | <b>69</b> |

At the end of December, 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 of placement, subsistence and social work intervention.

Merton had 35 young people aged 18+ who were formerly UASC in our care at the end of December, 12 in foster care, 23 in semi-independent accommodation. In addition, we have 8 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 resolved.

We are currently forecasting to 'over-achieve' our projected UASC grant income by £300k. The grant income is offset against the additional costs incurred through having higher numbers of UASC in our care.

### 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. Removal of the £14k fostering recruitment budget from the corporate Communications team budget has reduced the range of recruitment activity.

We have recruited 8 new foster carers and 3 connected persons this year so far and there are currently 9 prospective foster carers and 1 connected person in assessment with Panel dates for approval scheduled before the end of March 2020. The target for this financial year is to recruit 20 new foster carers (including connected persons) 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.

| Description  | March | May   | June  | July  | Aug   | Sep   | Oct   | Nov   | Dec   | Movement from last month | Dec No |    |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------------|--------|----|
|  | £     | £     | £     | £     | £     | £     | £     | £     | £     |                          |        |    |
| ART Independent Agency Fostering                     | 900   | 879   | 854   | 889   | 898   | 896   | 910   | 910   | 908   | ●                        | -2     | 49 |
| ART In-house Fostering                               | 440   | 438   | 443   | 430   | 428   | 438   | 435   | 431   | 432   | ●                        | 1      | 70 |
| UASC Independent Agency (Grant)                      | 803   | 822   | 822   | 821   | 821   | 818   | 818   | 831   | 803   | ●                        | -28    | 10 |
| UASC In house Fostering (Grant)                      | 490   | 410   | 388   | 452   | 419   | 422   | 425   | 506   | 495   | ●                        | -11    | 24 |
| UASC Independent Agency (Non-Grant)                  | 237   | 802   | 802   | 802   | 802   | 618   | 560   | 560   | 560   | ●                        | 0      | 2  |
| UASC In house Fostering (Non-Grant)                  | 589   | 409   | 417   | 405   | 426   | 422   | 420   | 397   | 417   | ●                        | 20     | 10 |
| ART Residential Placements                           | 3,978 | 3,919 | 3,887 | 3,886 | 3,916 | 3,925 | 3,870 | 3,874 | 3,865 | ●                        | -9     | 14 |
| ART Secure Accommodation                             | 3,374 | 1,323 | 1,890 | 1,890 | 2,457 | 1,816 | 1,804 | 1,760 | 1,760 | ●                        | 0      | 0  |
| ART Mother & Baby Unit                               | 3,589 | 4,204 | 4,204 | 3,401 | 3,401 | 3,401 | 3,405 | 3,405 | 3,405 | ●                        | 0      | 0  |
| Supported Housing & Lodgings (Art 16+ Accommodation) | 585   | 611   | 619   | 627   | 652   | 671   | 676   | 750   | 733   | ●                        | -16    | 60 |
| Supported Housing & Lodgings - UASC (Grant)          | 782   | 788   | 736   | 687   | 687   | 685   | 708   | 767   | 656   | ●                        | -111   | 3  |
| Supported Housing & Lodgings - UASC (Non Grant)      | 642   | 451   | 410   | 400   | 427   | 434   | 428   | 422   | 420   | ●                        | -1     | 23 |

## Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £10.552m, a decrease of £4k 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 £13.460m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020.

The main reason for the variance relates to a £6.829m overspend on Independent Day School provision. This is a £40k increase from November 2019. The reason for the overspend is due to the high number of placements.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase towards the end of the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require. They are going through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

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 £13.460m cumulative deficit to increase further.

Other overspends include £1,088k on EHCP allocations to Merton primary and secondary schools, £1.878m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.235m 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 December 2019 there were 1,999 EHCPs, a 17% 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%          |
| <b>Total</b>                                    | <b>1075</b>                         | <b>100%</b> | <b>1242</b>                         | <b>100%</b> | <b>1518</b>                         | <b>100%</b> | <b>1712</b>                         | <b>100%</b> |
| Change over previous year                       |                                     |             |                                     | 16%         |                                     | 22%         |                                     | 13%         |

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 await the response to the national consultation about the accounting 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. For 2018/19 this additional grant was £338k.

Merton was required to return to the DfE a Deficit Recovery Plan for the DSG, which is a 5-year plan, taking us up to 2023/24. A full update was included in a separate report on the DSG which went to Cabinet in January 2020.

In addition to the pressures on the high needs block, which 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. Children's Social Care and Youth Inclusion are currently reviewing the distribution of social work staffing to ensure workloads in the MASH and First Response Service are at a level that supports recruitment and retention of permanent staff.

### 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 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.

### 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 option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both 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 £432k, 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<br>£000 | Dec<br>overspend<br>forecast<br>£000 | Nov<br>overspend<br>forecast<br>£000 | 2018/19<br>over<br>£000 |
|--|----------------|--------------------------------------|--------------------------------------|-------------------------|
| Supported lodgings/housing- care leavers | 1,819          | 92                                   | 92                                   | 52                      |
| Supported lodgings/housing- UASC         | 570            | 105                                  | 105                                  | 774                     |
| UASC                                     | 705            | 476                                  | 476                                  | 211                     |
| No Recourse to Public Funds (NRPF)       | 21             | 147                                  | 141                                  | 301                     |
| UASC grant                               | (1,200)        | (300)                                | (300)                                |                         |
| <b>Total</b>                             | <b>1,915</b>   | <b>520</b>                           | <b>514</b>                           | <b>1,338</b>            |

The above table summarises the placement cost in relation to additional burdens. On top of these costs there will also be staffing costs to support 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's 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 a favourable variance of £776k as at December 2019. The department continues to have under and over spends in a number of its services except in Merton Adult Learning and Public Health which are forecasting a breakeven position.

The department transformation project is currently in progress in order to achieve its strategic priorities outlined in the TOM. This project is expected to be concluded in 2023.

### Community and Housing Summary Outturn Position

| <b>Community and Housing</b>    | <b>2019/20<br/>Current<br/>Budget<br/>£000</b> | <b>2019/20<br/>Forecast<br/>Spend<br/>£'000</b> | <b>2019/20<br/>Forecast<br/>Variance<br/>(Dec'19)<br/>£000</b> | <b>2019/20<br/>Forecast<br/>Variance<br/>(Nov'19)<br/>£000</b> | <b>2018/19<br/>Outturn<br/>Variance<br/>£000</b> |
|---------------------------------|--|---|--|--|--|
| <b>Access and Assessment</b>    | 45,199   | 43,981  | (1,218)  | (462)  | (258)  |
| <b>Commissioning</b>            | 4,438  | 4,307   | (131)  | (135)  | (5)  |
| <b>Direct Provision</b>         | 4,706  | 4,881   | 175  | 69   | 6  |
| <b>Directorate</b>              | 1,142  | 1,437   | 295  | 289  | 90   |
| <b>Adult Social Care</b>        | <b>55,485</b>                                  | <b>54,606</b>                                   | <b>(879)</b>   | <b>(240)</b>   | <b>(167)</b>                                     |
| <b>Libraries and Heritage</b>   | 2,186  | 2,223   | 37   | 55   | 45   |
| <b>Merton Adult Learning</b>    | (8)  | (8)   | 0  | 0  | 0  |
| <b>Housing General Fund</b>     | 1,926  | 1,992   | 66   | 60   | (73)   |
| <b>Other Services Sub-total</b> | <b>4,104</b>                                   | <b>4,207</b>                                    | <b>103</b>   | <b>115</b>   | <b>(28)</b>                                      |
|                                 |  |   |  |  |  |
| <b>Public Health</b>            | <b>(148)</b>                                   | <b>(148)</b>                                    | <b>0</b>   | <b>0</b>   | <b>0</b>   |
| <b>Grand Total Controllable</b> | <b>59,441</b>                                  | <b>58,665</b>                                   | <b>(776)</b>   | <b>(124)</b>   | <b>(195)</b>                                     |

### Adult Social Care

Overall Adult Social Care is forecasting a favourable variance of £879k, of which £695k relates to one-off items. Overspends in direct provision and directorate budgets are offset by underspends elsewhere in the division. There is an expectation that placement numbers will increase over the winter months due to the current increase in hospital admissions. The service is currently awaiting January 2020 data to ascertain the impact on the service.

Winter pressures in the NHS are starting to show in demand for adult social care. There are significant demand pressures in the health system, and that is before any flu has impacted. ASC has put in place contingency plans with our health partners. The short term beds commissioned for winter have been utilised at a higher level than last year and some of the service users have been moved on to long term nursing home placements.

The current underspend is not only due to 2020/21 savings achieved early, but particularly in December the service recognised a one-off contribution of £695k received from clawback of payments not utilised as per the agreements. The department has also reduced spend on employee related expenditure to December 2019.

The announcement of a 6.2% increase in the national minimum wage will have a major impact on the cost of care from April 2020. Given the fragility of care markets, the increase will need to be fully reflected in care fees.

## **Direct Provision-£175k Adverse Variance**

This service is currently forecasting an adverse variance of £175k. This is a change since November.

In December payroll implemented guidelines issued by ACAS which increases the amount of holiday pay bank staff are entitled to receive, and this also significantly includes permanent staff who work bank hours at other establishments. Thus this has affected the divisions forecast.

Work is now taking place to urgently review how bank staff are deployed and what the ongoing cost will be to the service.

High sickness levels in Supported Living and temporary support put in at JMC day service also led to higher usage of bank staff.

The largest movement however came about as the result of correcting an error in two areas. The first was at Glebelands extra care unit where forecasts had been based on the activity levels of 2018/19. Reviewing the service has shown that current levels do not reflect this and an overcharge to placements of around £59k had taken place. Secondly the recharge to the Learning Disability team for 1-1 support across day services had been incorrectly calculated and has now been adjusted. This amounted to £31k. This total has moved as a credit to the placements budget. We are now looking at finance support in Direct Provision and building in extra time for budget monitoring with managers.

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

### **Libraries-£37k Adverse Variance**

The library service is currently forecasting an adverse variance of £37k which is an improvement of £18k since November. This is mainly due to an increase in rental income at a number of libraries. However the service continues to experience budget pressures on its utilities budget namely electricity and security costs.

## **Merton Adult Learning**

Merton Adult Learning continues to report a break even position and its funding relies solely on external grants. A new 3-year strategy for the service is in the process of being agreed by Cabinet and will outline investment plans in priority areas. A recent Ofsted inspection noted the strong performance of the service and the improvements made to the offer for residents since the move to the new commissioning model in 2016.

### **Housing - £66k – Adverse Variance**

The Housing service is currently forecasting an adverse variance of £66k as at December 2019 which is an increase of £6k since November. This is due to a combination of items, such as a reduction in salary forecast, a reduction in forecasted Housing Benefit contributions and conversely the increases in subsidy, rent deposits and rent sanctuary costs.

To ensure that housing standards in the private rental sector are maintained and where necessary and appropriate a robust enforcement approach is taken therefore the budget will need to reflect the need to recruit and retain additional and qualified enforcement staff. However across London it is acknowledged that there is a shortage of qualified environmental health housing enforcement officers thus this brings challenges to the recruitment and retention of staff.

The temporary accommodation budget continues to fluctuate 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.

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. There was an increase of 9 cases since October.

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 service continues to provide outcomes to the most vulnerable members of our community who are rough sleeping. Recently the hub provided 18 bed spaces for those most entrenched rough sleepers. Any resident residing in the hub have had their housing and support needs assessed and appropriate pathways drawn up so as to minimise the risk of their returning to rough sleeping.

Other initiatives that are being developed following successful applications to MHCLG for grant funding. These include:-

**Rough Sleeping Initiative, Rapid Rehousing Pathway, Controlling Migration Fund, And Outreach Rapid Response Team. These projects are all in progress and will contribute to the reduction of vulnerable rough sleepers sleeping**

### **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 December 2019.

| Period            | Homelessness Prevention Targets 2019-20 |
|-------------------|---|
| Full Year Target  | 450                                     |
| <b>Target YTD</b> | <b>338</b>                              |
| Achieved-Apr'19   | 57                                      |
| Achieved-May'19   | 86                                      |
| Achieved-June'19  | 118                                     |
| Achieved-July'19  | 152                                     |
| Achieved-Aug'19   | 193                                     |
| Achieved-Sept'19  | 233                                     |
| Achieved-Oct'19   | 273                                     |
| Achieved-Nov'19   | 309                                     |
| Achieved-Dec'19   | 371                                     |

The service continues consistently exceed its target to date and it is expected to over achieve its annual prevention target. This is the second year of the additional duties undertaken by the housing team and the team continue to exceed its target. It also demonstrates that if homelessness prevention service was ineffective the number of homeless households in temporary accommodation would be much greater.

#### Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to December 2019.

| Housing  | Budget<br>2019/20<br>£000 | Forecast<br>(Dec'19)<br>£'000 | Forecast<br>Variances<br>(Dec'19)<br>£'000 | Forecast<br>Variances<br>(Nov'19)<br>£000 | Outturn<br>Variances<br>(March'19)<br>£000 |
|--|---------------------------|-------------------------------|--|---|--|
| Temporary Accommodation-<br>Expenditure            | 2,368                     | 2,961                         | 593  | 616                                       | 562  |
| Temporary Accommodation-<br>Client Contribution    | (140)                     | (495)                         | (355)                                      | (354)                                     | (518)                                      |
| Temporary Accommodation-<br>Housing Benefit Income | (2,005)                   | (2,445)                       | (440)                                      | (508)                                     | (26)                                       |
| Temporary Accommodation-<br>Subsidy Shortfall      | 322                       | 1,072                         | 750  | 768                                       | 455  |
| Temporary Accommodation-<br>Grant                  | 0                         | (450)                         | (450)                                      | (450)                                     | (531)                                      |
| <b>Subtotal Temporary<br/>Accommodation</b>        | <b>544</b>                | <b>642</b>                    | <b>98</b>                                  | <b>73</b>                                 | <b>(58)</b>                                |
| Housing Other Budgets-<br>Over/(favourable)adverse | 1,382                     | 1,350                         | (32)                                       | (13)                                      | (15)                                       |
| <b>Total Controllable</b>                          | <b>1,926</b>              | <b>1,992</b>                  | <b>66</b>                                  | <b>60</b>                                 | <b>(73)</b>                                |



## Temporary Accommodation (TA) movement to December 2019

The data below shows the total number of households in (i.e. families and single occupants) temporary accommodation as at December 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     |
| Oct'19                  | 17         | 12          | 174                 | 168     |
| Nov'19                  | 19         | 15          | 178                 | 169     |
| Dec'19                  | 17         | 12          | 183                 | 167     |

Temporary accommodation numbers has slowly increased in the last 4 months. The table above also shows that the total numbers in temporary accommodation in the last financial year were much lower.

### Public Health –Breakeven Position

Public Health is forecasting a breakeven position as at December 2019. The service has also secured LGA funding to fund a Behavioural Insights project. The objective is to design, implement and evaluate behavioural insights trial which aims to change behaviours to only improvement the environment but health.

The largest spending areas for Public Health are the commissioning of statutory services such sexual health, 0-19 healthy child (health visiting and school nursing) and substance misuse. However Public Health also has a range of other duties including strategy/system leadership for health (Health and Wellbeing Board, JSNA and Health and Wellbeing Strategy, independent Annual Public Health Report - all mandatory); commissioning support to the NHS (mandatory) and council; and health protection oversight (mandatory), including screening, infection control, emergency preparedness and immunisations.

Projects linked to the preventative agenda include a whole systems approach to diabetes, child healthy weight and workplace health:

Following a 'Diabetes Truth' programme, a whole systems Diabetes Action Plan has been developed with three evidence based themes (clinical oversight and service improvement, holistic individual care and healthy place) and has actions for partners across Merton.

Implementation of a refreshed Child Healthy Weight Action Plan (CHWAP) 2019/22, will continue to be a priority and has 3 key themes: making childhood Obesity everybody's business, supporting children young people and their families, and healthy place, which includes healthy food and the physical environment.

health and active travel, focused for the latter on the co-benefits with climate change, is a priority including building a network with other organisations. Within LBM, applying for the London Healthy Workplace Award, working through the Workforce Strategy Board, to be linked to the review of the council vehicle fleet, new arrangements for staff travel, and #MertonCan physical activity campaign.

In addition, as part of collaborative working across the Council, Public Health manages the integrated commissioning team in CSF, as well as financial contribution to CSF early year prevention programmes. Public health also contributes funding to Adult Social Care prevention priorities, primarily dementia hub and ageing well.

## Corporate Items

The details comparing actual expenditure up to 31 December 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 31 December 2019 there is a favourable variance of £1.581m forecast on corporate items as summarised in the following table:-

| Corporate Items                            | Current Budget 2019/20<br>£000s | Full Year Forecast (Dec.)<br>£000s | Forecast Variance at year end (Dec.)<br>£000s | Forecast Variance at year end (Nov.)<br>£000s | Outturn Variance 2018/19<br>£000s |
|--|---------------------------------|------------------------------------|---|---|-----------------------------------|
| <b>Impact of Capital on revenue budget</b> | <b>11,364</b>                   | <b>11,215</b>                      | <b>(149)</b>                                  | <b>(149)</b>                                  | <b>403</b>                        |
| Investment Income                          | (664)                           | (1,206)                            | (542)   | (479)   | (364)                             |
| Pension Fund                               | 3,279                           | 3,179                              | (100)   | (100)   | (254)                             |
| Pay and Price Inflation                    | 100                             | 100                                | 0   | 0   | (1,122)                           |
| Contingencies and provisions               | 2,510                           | 1,932                              | (577)   | (577)   | (3,366)                           |
| Income Items                               | (1,503)                         | (1,716)                            | (212)   | (245)   | (956)                             |
| Appropriations/Transfers                   | (1,602)                         | (1,602)                            | 0   | 0   | (6)                               |
| <b>Central Items</b>                       | <b>2,119</b>                    | <b>688</b>                         | <b>(1,431)</b>                                | <b>(1,401)</b>                                | <b>(6,068)</b>                    |
| Levies                                     | 949                             | 949                                | 0   | 0   | 0                                 |
| Depreciation and Impairment                | (22,903)                        | (22,903)                           | 0   | 0   | 4                                 |
| <b>TOTAL CORPORATE PROVISIONS</b>          | <b>(8,471)</b>                  | <b>(10,051)</b>                    | <b>(1,581)</b>                                | <b>(1,550)</b>                                | <b>(5,661)</b>                    |

There has been an increase of £0.031m since November in the forecast level of favourable variance in corporate items due to :-

- A review of investment income has been undertaken based on the third quarter position and it is expected that there will £0.063m more income than forecast based on the previous quarter. This brings the net additional investment income forecast to £0.542m. This is due to an improvement in the investment interest rates achieved and a larger sum being available for short term investment.
- The net amount of income from unbudgeted income and technical adjustments reduced by £0.033m in December.

In addition, the figures in the table above have been adjusted to reflect the transfer of the following amounts, where budgets are planned to be available, to the Spending Review Reserve

|                           |              |
|---------------------------|--------------|
|                           | £000         |
| Single Status/Equal Pay   | 50           |
| Redundancy/Pension Strain | 1,000        |
| <b>Total</b>              | <b>1,050</b> |

The addition of this amount will increase the balance on the Spending Review Reserve to £6.995m.

## 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           | 7,150                | 0         | <b>7,150</b>         | 28,923               |          | <b>28,923</b>        | 4,245                | 0        | <b>4,245</b>         | 16,075               |          | <b>16,075</b>        |
| C&H          | 1,057                | 0         | <b>1,057</b>         | 2,004                |          | <b>2,004</b>         | 913                  | 0        | <b>913</b>           | 882                  |          | <b>882</b>           |
| CSF          | 9,063                | 0         | <b>9,063</b>         | 5,966                |          | <b>5,966</b>         | 3,150                | 0        | <b>3,150</b>         | 1,900                |          | <b>1,900</b>         |
| E&R          | 9,606                | 70        | <b>9,676</b>         | 12,847               |          | <b>12,847</b>        | 7,504                | 0        | <b>7,504</b>         | 4,826                |          | <b>4,826</b>         |
| <b>TOTAL</b> | <b>26,876</b>        | <b>70</b> | <b>26,946</b>        | <b>49,739</b>        | <b>0</b> | <b>49,739</b>        | <b>15,812</b>        | <b>0</b> | <b>15,812</b>        | <b>23,683</b>        | <b>0</b> | <b>23,683</b>        |

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at December 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           | 1,982,327         | 2,742,210              | (759,883)          | 7,149,230         | 6,944,091              | (205,139)          |
| Community and Housing        | 645,478           | 672,700                | (27,222)           | 1,057,490         | 957,490                | (100,000)          |
| Children Schools & Families  | 6,842,945         | 7,045,858              | (202,914)          | 9,062,400         | 9,051,670              | (10,730)           |
| Environment and Regeneration | 5,856,118         | 6,496,501              | (640,383)          | 9,676,240         | 9,620,259              | (55,981)           |
| <b>Total</b>                 | <b>15,326,867</b> | <b>16,957,269</b>      | <b>(1,630,403)</b> | <b>26,945,360</b> | <b>26,573,510</b>      | <b>(371,850)</b>   |

- a) Corporate Services – All budget managers are projecting a full spend against budget, apart from Customer Contact which is currently showing in year slippage of £200k and Westminster Coroners Court which is showing in year slippage of £5k. It is currently envisaged that the unspent balance on Customer Contact will be relinquished at year end. No budget adjustments are being made this month.
- b) Community and Housing – All budget managers are projecting a full year spend apart from disabled facilities grants which is showing in year slippage of £100k. No budget adjustments are being made this month

- c) Children, Schools and Families – Officers are currently projecting in year slippage of £11k over various sites. The table below summarises the virements being made to the schools capital maintenance capital programme this month:

|                                       | 2019/20 Budget   | Virements | Revised 2019/20 Budget | Narrative                                    |
|---------------------------------------|------------------|-----------|------------------------|--|
| -                                     | £                | £         | £                      |  |
| <b>Children, Schools and Families</b> |                  |           |                        |  |
| Hollymount - Capital Maintenance      | 16,240           | (850)     | 15,390                 | Virement to match budget to expected outturn |
| West Wimbledon - Capital Maintenance  | 90,370           | (10,230)  | 80,140                 | Virement to match budget to expected outturn |
| Hatfield - Capital Maintenance        | 80,000           | 6,050     | 86,050                 | Virement to match budget to expected outturn |
| Hillcross - Capital Maintenance       | 232,740          | (5,000)   | 227,740                | Virement to match budget to expected outturn |
| Joseph Hood - Capital Maintenance     | 21,800           | 3,410     | 25,210                 | Virement to match budget to expected outturn |
| Garfield - Capital Maintenance        | 126,780          | 13,460    | 140,240                | Virement to match budget to expected outturn |
| Pelham - Capital Maintenance          | 85,890           | (8,460)   | 77,430                 | Virement to match budget to expected outturn |
| Poplar - Capital Maintenance          | 27,070           | 3,940     | 31,010                 | Virement to match budget to expected outturn |
| Wimbledon Chase - Capital Maintenance | 133,780          | 2,880     | 136,660                | Virement to match budget to expected outturn |
| Wimbledon Park - Capital Maintenance  | 1,800            | (1,800)   | 0                      | Virement to match budget to expected outturn |
| Morden - Capital Maintenance          | 3,970            | (3,970)   | 0                      | Virement to match budget to expected outturn |
| Cranmer - Capital Maintenance         | 34,430           | (550)     | 33,880                 | Virement to match budget to expected outturn |
| Haslemere - Capital Maintenance       | 36,840           | (300)     | 36,540                 | Virement to match budget to expected outturn |
| Links - Capital Maintenance           | 49,480           | (5,500)   | 43,980                 | Virement to match budget to expected outturn |
| Lonesome - Capital Maintenance        | 56,300           | 4,820     | 61,120                 | Virement to match budget to expected outturn |
| Raynes Park - Capital Maintenance     | 37,680           | (500)     | 37,180                 | Virement to match budget to expected outturn |
| Ricards Lodge - Capital Maintenance   | 36,690           | 1,800     | 38,490                 | Virement to match budget to expected outturn |
| SMART - Capital Maintenance           | 121,000          | 800       | 121,800                | Virement to match budget to expected outturn |
| <b>Total</b>                          | <b>1,192,860</b> | <b>0</b>  | <b>1,192,860</b>       |  |

- d) Environment and Regeneration – Officers are projecting full spend on all budgets apart from favourable variances on Alleygating (£20k), Fleet Vehicles (16k) and Morden Leisure Centre (£20k)(in-year slippage). Only one budget adjustment is proposed this month £70k is being added to Highways and Footways – Safer Walking Routes, this addition will be funded by TfL.

- 4.3 The table below summarises the movement in the Capital Programme for 2019/20 since its approval in March 2019 (£000s):

| 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                   | (23,453)        | 7,150                |
| Community & Housing          | 971                   | 225                  |              |                      |                      | (139)           | 1,057                |
| Children Schools & Families  | 10,203                | 566                  |              | 594                  | 50                   | (2,350)         | 9,063                |
| Environment and Regeneration | 13,498                | 404                  | (232)        | 520                  | 519                  | (5,034)         | 9,676                |
| <b>Total</b>                 | <b>53,529</b>         | <b>2,881</b>         | <b>(232)</b> | <b>1,114</b>         | <b>629</b>           | <b>(30,976)</b> | <b>26,946</b>        |

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

| Depts.               | Spend To December 2016 | Spend To December 2017 | Spend to December 2018 | Spend to December 2019 | Variance 2016 to 2019 | Variance 2017 to 2019 | Variance 2018 to 2019 |
|----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| CS                   | 348                    | 1,799                  | 3,975                  | 1,982                  | 1,634                 | 183                   | (1,993)               |
| C&H                  | 1,386                  | 581                    | 635                    | 645                    | (741)                 | 64                    | 11                    |
| CSF                  | 9,684                  | 3,969                  | 4,777                  | 6,843                  | (2,841)               | 2,874                 | 2,066                 |
| E&R                  | 7,834                  | 9,660                  | 11,155                 | 5,856                  | (1,977)               | (3,804)               | (5,299)               |
| <b>Total Capital</b> | <b>19,252</b>          | <b>16,009</b>          | <b>20,542</b>          | <b>15,327</b>          | <b>(3,925)</b>        | <b>(682)</b>          | <b>(5,216)</b>        |

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Outturn £000s                                    | 30,626 | 32,230 | 31,424 |        |
| Budget £000s                                     |        |        |        | 26,946 |
| Projected Spend December 2019 £000s              |        |        |        | 26,574 |
| Percentage Spend to Budget                       |        |        |        | 56.88% |
| % Spend to Outturn/Projection                    | 62.86% | 49.67% | 65.37% | 57.68% |
| Monthly Spend to Achieve Projected Outturn £000s |        |        |        | 3,082  |

4.5 December is three quarters of the way through the financial year and departments have spent just over 57% of the budget. Spend to date is lower than all three of the three previous financial years shown.

| Department           | Spend To November 2019 £000s | Spend To December 2019 £000s | Increase £000s |
|----------------------|------------------------------|------------------------------|----------------|
| CS                   | 1,753                        | 1,982                        | 229            |
| C&H                  | 557                          | 645                          | 88             |
| CSF                  | 6,391                        | 6,843                        | 452            |
| E&R                  | 5,058                        | 5,856                        | 798            |
| <b>Total Capital</b> | <b>13,760</b>                | <b>15,327</b>                | <b>1,567</b>   |

4.6 During December 2019 officers spent just over £1.5 million, allowing for £2m accruals an average monthly spend of just over £3million is required to achieve budget managers projected outturn. An allowance for further slippage against this figure will be made in the Medium Term Financial Strategy as finance officers are projecting an outturn position of circa £25 million.

## DELIVERY OF SAVINGS FOR 2019/20

| Department                    | Target Savings 2019/20 | Projected Savings 2019/20 | Period 9 Forecast Shortfall | Period Forecast Shortfall (P8) | Period 8 Forecast Shortfall | 2020/21 Expected Shortfall |
|-------------------------------|------------------------|---------------------------|-----------------------------|--------------------------------|-----------------------------|----------------------------|
|                               | £000                   | £000                      | £000                        | %                              | £000                        | £000                       |
| Corporate Services            | 1,484                  | 1,388                     | 96                          | 6.5%                           | 83                          | 35                         |
| Children Schools and Families | 572                    | 572                       | 0                           | 0.0%                           | 0                           | 0                          |
| Community and Housing         | 1,534                  | 1,416                     | 118                         | 7.7%                           | 118                         | 0                          |
| Environment and Regeneration  | 3,370                  | 2,097                     | 1,273                       | 37.8%                          | 1,273                       | 100                        |
| <b>Total</b>                  | <b>6,960</b>           | <b>5,473</b>              | <b>1,487</b>                | <b>21.4%</b>                   | <b>1,474</b>                | <b>135</b>                 |

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                         | 120                         |
| Children Schools and Families | 489                    | 0                 | 0                           | 0                           |
| Community and Housing         | 2,198                  | 442               | 0                           | 0                           |
| Environment and Regeneration  | 926                    | 523               | 172                         | 97                          |
| <b>Total</b>                  | <b>5,637</b>           | <b>1,470</b>      | <b>567</b>                  | <b>217</b>                  |

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                         |
| <b>Total</b>                  | <b>10,314</b>          | <b>2,391</b>      | <b>694</b>        | <b>305</b>                  |

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 2019/20; 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 31<sup>st</sup> December 2019

|   | Original Budget<br>2019/20 | Current Budget<br>2019/20 | Year to Date<br>Budget<br>(Dec) | Year to Date<br>Actual<br>(Dec) | Full Year<br>Forecast<br>(Dec) | Forecast<br>Variance<br>at year<br>end (Dec) | Forecast<br>Variance<br>at year<br>end (Nov) | Outturn<br>variance<br>2018/19 |
|---|----------------------------|---------------------------|---------------------------------|---------------------------------|--------------------------------|--|--|--------------------------------|
|   | £000s                      | £000s                     | £000s                           | £000s                           | £000s                          | £000s  | £000s  | £000                           |
| <b>Department</b>                                   | -                          | -                         | -                               | -                               | -                              | -  | -  | -                              |
| 3A. Corporate Services                              | 10,930                     | 11,445                    | 18,760                          | 18,761                          | 11,036                         | (409)  | (290)  | (2,511)                        |
| 3B. Children, Schools and Families                  | 60,819                     | 61,154                    | 34,756                          | 32,707                          | 62,197                         | 1,044  | 1,406  | 2,271                          |
| <b>3C. Community and Housing</b>                    | -                          | -                         | -                               | -                               | -                              | -  | -  | -                              |
| Adult Social Care                                   | 58,657                     | 58,650                    | 41,521                          | 46,587                          | 57,770                         | (880)  | (240)  | (169)                          |
| Libraries & Adult Education                         | 2,878                      | 2,878                     | 2,198                           | 3,106                           | 2,915                          | 37   | 55   | 45                             |
| Housing General Fund                                | 2,219                      | 2,241                     | 1,001                           | 682                             | 2,307                          | 66   | 60   | (73)                           |
| 3D. Public Health                                   | 0                          | 0                         | 17                              | (1,001)                         | 0                              | 0  | 0  | 0                              |
| 3E. Environment & Regeneration                      | 15,832                     | 15,370                    | 3,171                           | (11,852)                        | 15,382                         | 12   | 180  | (1,526)                        |
| Overheads   | 0                          | 0                         | 0                               | 0                               | 0                              | 0  | 0  | (33)                           |
| <b>NET SERVICE EXPENDITURE</b>                      | <b>151,335</b>             | <b>151,737</b>            | <b>101,424</b>                  | <b>88,991</b>                   | <b>151,608</b>                 | <b>-129</b>                                  | <b>1,172</b>                                 | <b>(1,996)</b>                 |
| <b>3E. Corporate Items</b>                          |                            |                           |                                 |                                 |                                |  |  |                                |
| Impact of Capital on revenue budget                 | 10,481                     | 11,364                    | 4,210                           | 4,347                           | 11,215                         | (149)  | (149)  | 403                            |
| Other Central items                                 | (19,500)                   | (20,784)                  | 853                             | 4,796                           | (22,215)                       | (1,432)                                      | (1,401)                                      | (6,064)                        |
| Levies  | 949                        | 949                       | 433                             | 433                             | 949                            | 0  | 0  | 0                              |
| <b>TOTAL CORPORATE PROVISIONS</b>                   | <b>(8,070)</b>             | <b>(8,471)</b>            | <b>5,496</b>                    | <b>9,576</b>                    | <b>(10,051)</b>                | <b>(1,581)</b>                               | <b>(1,550)</b>                               | <b>(5,661)</b>                 |
| <b>TOTAL GENERAL FUND</b>                           | <b>143,264</b>             | <b>143,266</b>            | <b>106,920</b>                  | <b>98,568</b>                   | <b>141,556</b>                 | <b>(1,710)</b>                               | <b>(378)</b>                                 | <b>(7,657)</b>                 |
| <b>Funding</b>                                      |                            |                           |                                 |                                 |                                |  |  |                                |
| - 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                         | (3,080)                         | (3,080)                         | 0                              | 0  | 0  | 0                              |
| - New Homes Bonus                                   | (2,108)                    | (2,108)                   | (1,581)                         | (1,581)                         | (2,108)                        | 0  | 0  | 0                              |
| - PFI Grant   | (4,797)                    | (4,797)                   | (3,598)                         | (3,598)                         | (4,797)                        | 0  | 0  | 0                              |
| - Brexit Grant                                      | (210)                      | (210)                     | (210)                           | (210)                           | (210)                          | 0  | 0  | 0                              |
| - Adult Social Care Grant                           | (1,054)                    | (1,054)                   | (4,605)                         | (4,605)                         | (1,054)                        | 0  | 0  | 0                              |
| <b>Grants</b>                                       | <b>(52,195)</b>            | <b>(52,195)</b>           | <b>(13,074)</b>                 | <b>(13,074)</b>                 | <b>(52,195)</b>                | <b>0</b>                                     | <b>0</b>                                     | <b>-</b>                       |
| 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                              |
| <b>Council Tax</b>                                  |                            |                           |                                 |                                 |                                |  |  |                                |
| - General   | (92,028)                   | (92,028)                  | 0                               | 0                               | (92,028)                       | 0  | 0  | 0                              |
| - WPC   | (343)                      | (343)                     | 0                               | 0                               | (343)                          | 0  | 0  | 0                              |
| <b>Council Tax and Collection Fund</b>              | <b>(91,070)</b>            | <b>(91,070)</b>           | <b>0</b>                        | <b>0</b>                        | <b>(91,070)</b>                | <b>0</b>                                     | <b>0</b>                                     | <b>-</b>                       |
| <b>FUNDING</b>                                      | <b>(143,265)</b>           | <b>(143,265)</b>          | <b>(13,074)</b>                 | <b>(13,074)</b>                 | <b>(143,265)</b>               | <b>0</b>                                     | <b>0</b>                                     | <b>-</b>                       |
| <b>NET</b>  | <b>(0)</b>                 | <b>1</b>                  | <b>93,846</b>                   | <b>85,494</b>                   | <b>(1,709)</b>                 | <b>(1,710)</b>                               | <b>(378)</b>                                 | <b>(7,657)</b>                 |

## Appendix 2

| 3E. Corporate Items                        | Council<br>2019/20<br>£000s | Original<br>Budget<br>2019/20<br>£000s | Current<br>Budget<br>2019/20<br>£000s | Year<br>to<br>Date<br>Budget<br>(Dec.)<br>£000s | Year<br>to<br>Date<br>Actual<br>(Dec.)<br>£000s | Full<br>Year<br>Forecast<br>(Dec.)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(Dec.)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(Nov.)<br>£000s | Outturn<br>Variance<br>2018/19<br>£000s |
|--|-----------------------------|--|---------------------------------------|---|---|---|---|---|---|
| Cost of Borrowing                          | 10,481                      | 10,481                                 | 11,364                                | 4,210   | 4,347   | 11,215                                      | (149)   | (149)   | 403                                     |
| <b>Impact of Capital on revenue budget</b> | <b>10,481</b>               | <b>10,481</b>                          | <b>11,364</b>                         | <b>4,210</b>                                    | <b>4,347</b>                                    | <b>11,215</b>                               | <b>(149)</b>  | <b>(149)</b>  | <b>403</b>                              |
| <b>Investment Income</b>                   | <b>(664)</b>                | <b>(664)</b>                           | <b>(664)</b>                          | <b>(443)</b>                                    | <b>(747)</b>                                    | <b>(1,206)</b>                              | <b>(542)</b>  | <b>(479)</b>  | <b>(364)</b>                            |
| <b>Pension Fund</b>                        | <b>3,429</b>                | <b>3,429</b>                           | <b>3,279</b>                          | <b>3,552</b>                                    | <b>3,552</b>                                    | <b>3,179</b>                                | <b>(100)</b>  | <b>(100)</b>  | <b>(254)</b>                            |
| Corporate Provision for Pay Award          | 877                         | 877                                    | (0)                                   |   | 0   | (0)   | 0   | 0   | (744)                                   |
| Provision for excess inflation             | 450                         | 450                                    | 100                                   |   | 0   | 100   | 0   | 0   | (378)                                   |
| <b>Pay and Price Inflation</b>             | <b>1,327</b>                | <b>1,327</b>                           | <b>100</b>                            | <b>0</b>  | <b>0</b>  | <b>100</b>                                  | <b>0</b>  | <b>0</b>  | <b>(1,122)</b>                          |
| Contingency                                | 1,500                       | 1,500                                  | 750                                   |   | 0   | 500   | (250)   | (250)   | (1,398)                                 |
| Single Status/Equal Pay                    | 100                         | 100                                    | 0                                     |   | 0   | 0   | 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                                    | 250                                   | 167   | 209   | 250   | 0   | 0   | (217)                                   |
| Revenuisation and miscellaneous            | 2,070                       | 2,070                                  | 875                                   |   | 277   | 682   | (193)   | (193)   | (1,351)                                 |
| <b>Contingencies and provisions</b>        | <b>4,904</b>                | <b>4,904</b>                           | <b>2,510</b>                          | <b>167</b>                                      | <b>486</b>                                      | <b>1,932</b>                                | <b>(577)</b>  | <b>(577)</b>  | <b>(3,366)</b>                          |
| Other income                               | 0                           | 0                                      | 0                                     | 0   | (212)   | (212)                                       | (212)   | (246)   | (953)                                   |
| CHAS IP/Dividend                           | (1,407)                     | (1,407)                                | (1,503)                               | (821)   | (830)   | (1,503)                                     | 0   | 0   | (3)                                     |
| <b>Income items</b>                        | <b>(1,407)</b>              | <b>(1,407)</b>                         | <b>(1,503)</b>                        | <b>(821)</b>                                    | <b>(1,042)</b>                                  | <b>(1,716)</b>                              | <b>(212)</b>  | <b>(246)</b>  | <b>(956)</b>                            |
| Appropriations: CS Reserves                | (711)                       | (711)                                  | (1,027)                               | (1,027)   | (371)   | (1,027)                                     | 0   | 0   | 0                                       |
| Appropriations: E&R Reserves               | (146)                       | (146)                                  | (446)                                 | (446)   | 0   | (446)                                       | 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)                                | 1,761                                 | 1,761   | 3,895   | 1,761                                       | 0   | 0   | (6)                                     |
| <b>Appropriations/Transfers</b>            | <b>(4,186)</b>              | <b>(4,186)</b>                         | <b>(1,602)</b>                        | <b>(1,602)</b>                                  | <b>2,548</b>                                    | <b>(1,602)</b>                              | <b>0</b>  | <b>0</b>  | <b>(6)</b>                              |
| <b>Depreciation and Impairment</b>         | <b>(22,903)</b>             | <b>(22,903)</b>                        | <b>(22,903)</b>                       | <b>0</b>  | <b>0</b>  | <b>(22,903)</b>                             | <b>0</b>  | <b>0</b>  | <b>4</b>                                |
| <b>Other Central Items</b>                 | <b>(19,500)</b>             | <b>(19,500)</b>                        | <b>(20,784)</b>                       | <b>853</b>                                      | <b>4,796</b>                                    | <b>(22,215)</b>                             | <b>(1,432)</b>  | <b>(1,401)</b>  | <b>(6,064)</b>                          |
| <b>Levies</b>                              | <b>949</b>                  | <b>949</b>                             | <b>949</b>                            | <b>433</b>                                      | <b>433</b>                                      | <b>949</b>                                  | <b>0</b>  | <b>0</b>  | <b>0</b>                                |
| <b>TOTAL CORPORATE PROVISIONS</b>          | <b>(8,070)</b>              | <b>(8,070)</b>                         | <b>(8,471)</b>                        | <b>5,496</b>                                    | <b>9,576</b>                                    | <b>(10,051)</b>                             | <b>(1,581)</b>  | <b>(1,550)</b>  | <b>(5,661)</b>                          |

Pay and Price Inflation as at December 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 1.5% and RPI at 2.2% 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 1.3% in December 2019, down from 1.5% in November 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.4% in December 2019, down from 1.5% in November 2019. The largest downward contributions to change in the 12-month inflation rate between November and December 2019 came from accommodation services and clothing. The largest offsetting upward contributions came from housing, water, electricity, gas and other fuels. The RPI rate for December 2019 was 2.2%, which is unchanged from the figure for November 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 December 2019, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its December meeting, the MPC note that "there continue to be some signs that the labour market is loosening, although it remains tight. Employment growth has slowed and vacancies have fallen, but the unemployment rate has remained stable and the employment rate is around its record high. Although pay growth has eased somewhat, unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term. CPI inflation remained at 1.5% in November and core CPI inflation remained at 1.7%, broadly as expected. The headline rate is still expected to fall to around 1¼% by the spring, owing to the temporary effects of falls in regulated energy and water prices. Monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The Committee will, among other factors, continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth."

The next decision on the Bank Base Rate will be made on 30 January 2020.

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020.

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

| Source: HM Treasury - Forecasts for the UK Economy (January 2020) |          |           |           |
|---|----------|-----------|-----------|
|   | Lowest % | Highest % | Average % |
| 2019 (Quarter 4)  |          |           |           |
| CPI   | 1.4      | 2.0       | 1.6       |
| RPI   | 1.8      | 2.3       | 2.2       |
| LFS Unemployment Rate   | 3.7      | 4.2       | 3.9       |
|   |          |           |           |
| 2020 (Quarter 4)  | Lowest % | Highest % | Average % |
| CPI   | 1.4      | 2.5       | 1.8       |
| RPI   | 1.8      | 3.2       | 2.4       |
| LFS Unemployment Rate   | 3.7      | 4.4       | 4.0       |
|   |          |           |           |

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 (December 2019) |      |      |      |      |      |
|--|------|------|------|------|------|
|  | 2019 | 2020 | 2021 | 2022 | 2023 |
|  | %    | %    | %    | %    | %    |
| CPI  | 1.8  | 1.8  | 1.9  | 2.1  | 2.1  |
| RPI  | 2.6  | 2.4  | 2.7  | 3.3  | 3.4  |
| LFS Unemployment Rate  | 3.9  | 4.0  | 4.0  | 4.1  | 4.0  |

**Treasury Management: Outlook**

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020.

At its meeting ending on 18 December 2019, the MPC voted by a majority of 7-2 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 decision on the Bank Base Rate will be made on 30 January 2020.

In the minutes to the December 2019 meeting the MPC state that “Monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The Committee will, among other factors, continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth. If global growth fails to stabilise or if Brexit uncertainties remain entrenched, monetary policy may need to reinforce the expected recovery in UK GDP growth and inflation. Further ahead, provided these risks do not materialise and the economy recovers broadly in line with the MPC’s latest projections, some modest tightening of policy, at a gradual pace and to a limited extent, may be needed to maintain inflation sustainably at the target. The MPC judges at this meeting that the existing stance of monetary policy is appropriate.”

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. The MPC say that “The MPC sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. In pursuing that objective, the main challenges the Committee faced had been to assess the economic implications of the United Kingdom withdrawing from the European Union against a backdrop, more recently, of weaker global growth, and to identify the appropriate policy response to that changing outlook. That outlook depended significantly on the nature and timing of EU withdrawal, in particular: the form of new trading arrangements between the European Union and the United Kingdom; whether the transition to them was abrupt or smooth; and how households, businesses and financial markets responded. The implications for the appropriate path of monetary policy would depend on the balance of the effects on demand, supply and the exchange rate.”

In terms of the likely path of interest rates the MPC state that “Financial markets had remained sensitive to domestic policy developments. Since the November Report, the sterling exchange rate had appreciated by 2% and UK-focused equities had outperformed their international counterparts. The expected path for Bank Rate in three years’ time was around 10 basis points higher than the 15-day average on which the November Report projections had been conditioned. These movements probably reflected a perceived reduction in tail risks around the Brexit process as well as an updated judgement among market participants about the likely central outcome.”

**The Quarterly “Inflation Report now “The Monetary Policy Report”**

Starting on 7 November, the Bank of England Inflation Report became the Monetary Policy Report. The Report is also to undergo some changes to its structure

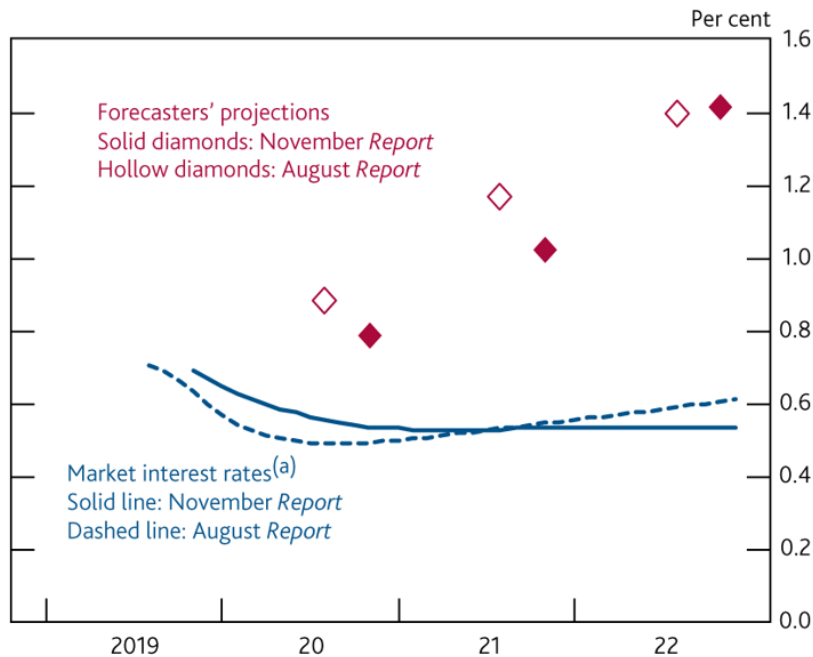
These changes are part of the Bank’s ongoing efforts to improve its communications and ensure that those outside the institution have the information they need in order to understand our policy decisions and to hold the Bank to account.

External forecasters’ central projections for Bank Rate in one and two years’ time were lower, on average, than three months ago, while they were broadly similar at the three-year horizon (See

Chart below). The average central projection for Bank Rate remained well above the market-implied path upon which the MPC’s November Report forecast assumptions are conditioned.

|   | 2019<br>Qtr.4 | 2020<br>Qtr.4 | 2021<br>Qtr.4 | 2022 Qtr.4 |
|---|---------------|---------------|---------------|------------|
| MPC’s Market implied Bank Rate<br>(November 2019)   | 0.7           | 0.5           | 0.5           | 0.5        |
| External forecasters projections<br>(November 2019) |               | 0.8           | 1.0           | 1.4        |

### Market interest rates and averages of forecasters’ central projections of Bank Rate



Sources: Bloomberg Finance L.P. and projections of outside forecasters as of 25 October 2019 and 19 July 2019.

(a) Estimated using instantaneous forward overnight index swap rates in the 15 working days to 30 October 2018 and 24 July 2019 respectively.

Source: Monetary Policy Report November 2019 (Bank of England – MPC)

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

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

**Key Judgement 1:**

Global GDP growth is projected to remain slow in the first part of the forecast period, partly reflecting the impact of trade protectionism, before rising gradually towards potential rates.

**Key Judgement 2:**

Supply growth is subdued.

**Key Judgement 3:**

Uncertainty is reduced by the Withdrawal Agreement — providing some support to UK demand growth.

Key Judgement 4:

CPI inflation declines further below 2% in the near term given lower utilities prices, before rising slightly above the target by the end of the forecast owing to building domestic price pressures.

Office for Budget Responsibility (OBR) Economic and Fiscal Outlook (EFO)

Following the outcome of the General Election, the OBR published its “Restated March 2019 Forecast” on 16 December 2019. The main conclusions in the OBR’s report as to how the forecast has changed since March 2019 are that:-

- World GDP and trade growth are materially weaker, with the International Monetary Fund having revised down its forecasts for growth in advanced and emerging economies over the next two years
- UK GDP growth this year has been more uneven than expected, with output declining in the second quarter and rebounding in the third. Business surveys have weakened further in recent months and consumer confidence remains subdued.
- Average earnings growth has continued to pick up and unemployment remains low.
- ONS Blue Book revisions point to a higher saving ratio than previously estimated.
- New ONS population projections suggest less fiscally unfavourable demographics over the coming five years, with lower fertility and higher mortality (both reducing pressure on spending) but higher net migration (adding to employment and receipts growth).
- Year-to-date borrowing has risen proportionately faster than the OBR’s full-year March forecast. Mechanically extrapolating the increase over the year to date would imply a full-year upward revision of around £10 billion

Capital Budget Monitoring- December 2019

|  | Actuals           | Budgeted Spend to Date | Variance to Date   | Final Budget      | Final Year Forecast 2019/20 | Full Year Variance |
|--|-------------------|------------------------|--------------------|-------------------|-----------------------------|--------------------|
| <b>Capital</b>                           | <b>15,326,867</b> | <b>16,957,269</b>      | <b>(1,630,403)</b> | <b>26,945,360</b> | <b>26,573,510</b>           | <b>(371,850)</b>   |
| <b>Corporate Services</b>                | <b>1,982,327</b>  | <b>2,742,210</b>       | <b>(759,883)</b>   | <b>7,149,230</b>  | <b>6,944,091</b>            | <b>(205,139)</b>   |
| <b>Customer, Policy and Improvmen</b>    | <b>270,568</b>    | <b>49,100</b>          | <b>221,468</b>     | <b>472,660</b>    | <b>272,520</b>              | <b>(200,140)</b>   |
| Customer Contact Programme               | 270,568           | 49,100                 | 221,468            | 472,660           | 272,520                     | (200,140)          |
| <b>Facilities Management Total</b>       | <b>574,353</b>    | <b>818,230</b>         | <b>(243,877)</b>   | <b>1,280,420</b>  | <b>1,280,420</b>            | <b>0</b>           |
| Works to other buildings                 | 234,519           | 485,680                | (251,161)          | 841,320           | 835,843                     | (5,477)            |
| Civic Centre                             | 268,530           | 267,550                | 980                | 272,660           | 278,137                     | 5,477              |
| Invest to Save schemes                   | 71,304            | 65,000                 | 6,304              | 166,440           | 166,440                     | 0                  |
| <b>Infrastructure &amp; Transactions</b> | <b>1,111,120</b>  | <b>1,854,880</b>       | <b>(743,760)</b>   | <b>3,466,180</b>  | <b>3,466,180</b>            | <b>0</b>           |
| Business Systems                         | 68,510            | 183,800                | (115,290)          | 536,860           | 536,860                     | 0                  |
| Social Care IT System                    | 96,903            | 185,000                | (88,097)           | 425,240           | 425,240                     | 0                  |
| Planned Replacement Programme            | 945,708           | 1,486,080              | (540,372)          | 2,504,080         | 2,504,080                   | 0                  |
| <b>Resources</b>                         | <b>26,286</b>     | <b>20,000</b>          | <b>6,286</b>       | <b>24,970</b>     | <b>24,970</b>               | <b>0</b>           |
| Financial System                         | 26,286            | 20,000                 | 6,286              | 24,970            | 24,970                      | 0                  |
| <b>Corporate Items</b>                   | <b>0</b>          | <b>0</b>               | <b>0</b>           | <b>1,905,000</b>  | <b>1,900,000</b>            | <b>(5,000)</b>     |
| Westminster Ccl Coroners Court           | 0                 | 0                      | 0                  | 5,000             | 0                           | (5,000)            |
| Housing Company                          | 0                 | 0                      | 0                  | 1,900,000         | 1,900,000                   | 0                  |
| <b>Community and Housing</b>             | <b>645,478</b>    | <b>672,700</b>         | <b>(27,222)</b>    | <b>1,057,490</b>  | <b>957,490</b>              | <b>(100,000)</b>   |
| <b>Adult Social Care</b>                 | <b>3,349</b>      | <b>4,000</b>           | <b>(651)</b>       | <b>5,000</b>      | <b>5,000</b>                | <b>0</b>           |
| Telehealth                               | 3,349             | 4,000                  | (651)              | 5,000             | 5,000                       | 0                  |
| <b>Housing</b>                           | <b>568,535</b>    | <b>570,000</b>         | <b>(1,465)</b>     | <b>927,160</b>    | <b>827,160</b>              | <b>(100,000)</b>   |
| Disabled Facilities Grant                | 568,535           | 570,000                | (1,465)            | 927,160           | 827,160                     | (100,000)          |
| <b>Libraries</b>                         | <b>73,594</b>     | <b>98,700</b>          | <b>(25,106)</b>    | <b>125,330</b>    | <b>125,330</b>              | <b>0</b>           |
| Library Enhancement Works                | 33,935            | 48,700                 | (14,765)           | 48,700            | 48,700                      | 0                  |
| Libraries IT                             | 39,659            | 50,000                 | (10,342)           | 76,630            | 76,630                      | 0                  |



**Capital Budget Monitoring- December 2019**

|  | Actuals          | Budgeted Spend to Date | Variance to Date | Final Budget     | Final Year Forecast 2019/20 | Full Year Variance |
|--|------------------|------------------------|------------------|------------------|-----------------------------|--------------------|
| <b>Children Schools &amp; Families</b> | <b>6,842,945</b> | <b>7,045,858</b>       | <b>(202,914)</b> | <b>9,062,400</b> | <b>9,051,670</b>            | <b>(10,730)</b>    |
| <b>Primary Schools</b>                 | <b>960,672</b>   | <b>1,051,153</b>       | <b>(90,482)</b>  | <b>1,635,320</b> | <b>1,621,000</b>            | <b>(14,320)</b>    |
| Hollymount                             | 0                | 12,180                 | (12,180)         | 15,390           | 15,390                      | 0                  |
| West Wimbledon                         | 36,917           | 52,778                 | (15,861)         | 80,140           | 80,140                      | 0                  |
| Hatfeild                               | 35,884           | 39,653                 | (3,768)          | 86,050           | 86,050                      | 0                  |
| Hillcross                              | 168,588          | 174,555                | (5,967)          | 227,740          | 227,750                     | 10                 |
| Joseph Hood                            | 36,460           | 31,350                 | 5,110            | 45,210           | 45,210                      | 0                  |
| Dundonald                              | (3,871)          | 0                      | (3,871)          | 0                | 0                           | 0                  |
| Garfield                               | 82,546           | 73,835                 | 8,711            | 140,240          | 140,240                     | 0                  |
| Merton Abbey                           | 21,479           | 17,843                 | 3,636            | 23,790           | 23,790                      | 0                  |
| Pelham                                 | 67,618           | 76,418                 | (8,800)          | 77,430           | 68,978                      | (8,452)            |
| Poplar                                 | 18,896           | 20,303                 | (1,406)          | 31,010           | 32,000                      | 990                |
| Wimbledon Chase                        | 116,251          | 114,835                | 1,416            | 136,660          | 136,700                     | 40                 |
| Wimbledon Park                         | 0                | 1,800                  | (1,800)          | 0                | 0                           | 0                  |
| Abbotsbury                             | 32,067           | 53,655                 | (21,588)         | 184,540          | 184,540                     | 0                  |
| Morden                                 | (2,219)          | 3,970                  | (6,189)          | 0                | 0                           | 0                  |
| Bond                                   | 107,640          | 98,950                 | 8,689            | 120,600          | 121,200                     | 600                |
| Cranmer                                | 12,980           | 10,073                 | 2,908            | 33,880           | 34,150                      | 270                |
| Gorringer Park                         | 10,970           | 7,500                  | 3,470            | 83,970           | 83,970                      | 0                  |
| Haslemere                              | 30,464           | 31,130                 | (666)            | 36,540           | 36,540                      | 0                  |
| Liberty                                | 34,003           | 65,120                 | (31,117)         | 92,300           | 85,000                      | (7,300)            |
| Links                                  | 64,651           | 66,360                 | (1,709)          | 68,980           | 69,000                      | 20                 |
| St Marks                               | 278              | 0                      | 278              | 0                | 0                           | 0                  |
| Lonesome                               | 33,075           | 36,300                 | (3,226)          | 81,120           | 81,120                      | 0                  |
| Sherwood                               | 42,367           | 45,598                 | (3,231)          | 51,130           | 51,130                      | 0                  |
| Stanford                               | (1,768)          | 0                      | (1,768)          | 0                | 0                           | 0                  |
| William Morris                         | 15,396           | 16,950                 | (1,554)          | 18,600           | 18,102                      | (498)              |

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

**Capital Budget Monitoring- December 2019**

|                                | Actuals          | Budgeted Spend to Date | Variance to Date | Final Budget     | Final Year Forecast 2019/20 | Full Year Variance |
|--------------------------------|------------------|------------------------|------------------|------------------|-----------------------------|--------------------|
| <b>Secondary School</b>        | <b>1,623,472</b> | <b>1,661,358</b>       | <b>(37,885)</b>  | <b>1,813,640</b> | <b>1,806,670</b>            | <b>(6,970)</b>     |
| Harris Academy Morden          | 0                | 0                      | 0                | 0                | 0                           | 0                  |
| Harris Academy Merton          | 1,550            | 4,570                  | (3,020)          | 35,720           | 35,720                      | 0                  |
| Raynes Park                    | 28,749           | 51,983                 | (23,234)         | 37,180           | 37,200                      | 20                 |
| Ricards Lodge                  | 29,991           | 31,440                 | (1,449)          | 38,490           | 38,490                      | 0                  |
| Rutlish                        | 222,659          | 226,165                | (3,506)          | 251,540          | 244,550                     | (6,990)            |
| Harris Academy Wimbledon       | 1,340,523        | 1,347,200              | (6,677)          | 1,450,710        | 1,450,710                   | 0                  |
| <b>SEN</b>                     | <b>3,999,199</b> | <b>4,071,953</b>       | <b>(72,753)</b>  | <b>5,261,450</b> | <b>5,272,450</b>            | <b>11,000</b>      |
| Perseid                        | (5,176)          | 51,210                 | (56,386)         | 94,490           | 94,490                      | 0                  |
| Cricket Green                  | 3,348,366        | 3,367,743              | (19,376)         | 4,148,160        | 4,159,160                   | 11,000             |
| Melrose                        | 8,900            | 7,000                  | 1,900            | 57,000           | 57,000                      | 0                  |
| Unlocated SEN                  | 541,820          | 540,000                | 1,820            | 820,000          | 820,000                     | 0                  |
| Melbury College - Smart Centre | 105,289          | 106,000                | (711)            | 141,800          | 141,800                     | 0                  |
| <b>CSF Schemes</b>             | <b>259,602</b>   | <b>261,395</b>         | <b>(1,793)</b>   | <b>351,990</b>   | <b>351,550</b>              | <b>(440)</b>       |
| CSF IT Schemes                 | (1,353)          | 440                    | (1,793)          | 440              | 0                           | (440)              |
| Devolved Formula Capital       | 260,955          | 260,955                | 0                | 351,550          | 351,550                     | 0                  |

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

**Capital Budget Monitoring- December 2019**

|                                       | Actuals          | Budgeted Spend to Date | Variance to Date | Final Budget     | Final Year Forecast 2019/20 | Full Year Variance |
|---------------------------------------|------------------|------------------------|------------------|------------------|-----------------------------|--------------------|
| <b>Environment and Regeneration</b>   | <b>5,856,118</b> | <b>6,496,501</b>       | <b>(640,383)</b> | <b>9,676,240</b> | <b>9,620,259</b>            | <b>(55,981)</b>    |
| <b>Public Protection and Developm</b> | <b>48,190</b>    | <b>66,800</b>          | <b>(18,610)</b>  | <b>66,800</b>    | <b>66,800</b>               | <b>0</b>           |
| CCTV Investment                       | 0                | 10,340                 | (10,340)         | 10,340           | 10,340                      | 0                  |
| Public Protection and Developm        | 48,190           | 56,460                 | (8,270)          | 56,460           | 56,460                      | 0                  |
| <b>Street Scene &amp; Waste</b>       | <b>656,193</b>   | <b>669,660</b>         | <b>(13,467)</b>  | <b>814,300</b>   | <b>778,325</b>              | <b>(35,975)</b>    |
| Fleet Vehicles                        | 37,685           | 37,660                 | 25               | 53,660           | 37,685                      | (15,975)           |
| Alley Gating Scheme                   | 7,508            | 21,000                 | (13,492)         | 30,000           | 10,000                      | (20,000)           |
| Waste SLWP                            | 611,000          | 611,000                | 0                | 730,640          | 730,640                     | 0                  |
| <b>Sustainable Communities</b>        | <b>5,151,734</b> | <b>5,760,041</b>       | <b>(608,307)</b> | <b>8,795,140</b> | <b>8,775,134</b>            | <b>(20,006)</b>    |
| Street Trees                          | 20,340           | 20,000                 | 340              | 60,000           | 60,000                      | 0                  |
| Raynes Park Area Roads                | 0                | 0                      | 0                | 26,110           | 26,110                      | 0                  |
| Highways & Footways                   | 2,816,158        | 2,899,290              | (83,132)         | 4,655,650        | 4,655,650                   | 0                  |
| Cycle Route Improvements              | 627,277          | 872,700                | (245,423)        | 984,600          | 984,600                     | 0                  |
| Mitcham Transport Improvements        | 561,714          | 576,590                | (14,876)         | 931,590          | 931,590                     | 0                  |
| Colliers Wood Area Regeneratio        | 0                | 0                      | 0                | 15,000           | 15,000                      | 0                  |
| Mitcham Area Regeneration             | 16,566           | 72,816                 | (56,250)         | 125,000          | 125,000                     | 0                  |
| Wimbledon Area Regeneration           | 128,276          | 122,000                | 6,276            | 158,470          | 158,470                     | 0                  |
| Morden Area Regeneration              | 0                | 0                      | 0                | 0                | 0                           | 0                  |
| Borough Regeneration                  | 157,632          | 216,870                | (59,238)         | 389,150          | 389,145                     | (5)                |
| Morden Leisure Centre                 | 259,133          | 341,400                | (82,267)         | 365,000          | 345,000                     | (20,000)           |
| Sports Facilities                     | 360,229          | 420,000                | (59,771)         | 570,000          | 570,000                     | (0)                |
| Parks                                 | 204,408          | 218,375                | (13,967)         | 514,570          | 514,569                     | (1)                |

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

## Virement, Re-profiling and New Funding - December 2019

|  | 2019/20 Budget   | Virements | Funding Adjustments | Revised 2019/20 Budget | Narrative                                    |
|--|------------------|-----------|---------------------|------------------------|--|
|  | £                | £         |                     | £                      |  |
| <b>Children, Schools and Families</b>        |                  |           |                     |                        |  |
| Hollymount - Capital Maintenance             | 16,240           | (850)     |                     | 15,390                 | Virement to match budget to expected outturn |
| West Wimbledon - Capital Maintenance         | 90,370           | (10,230)  |                     | 80,140                 | Virement to match budget to expected outturn |
| Hatfield - Capital Maintenance               | 80,000           | 6,050     |                     | 86,050                 | Virement to match budget to expected outturn |
| Hillcross - Capital Maintenance              | 232,740          | (5,000)   |                     | 227,740                | Virement to match budget to expected outturn |
| Joseph Hood - Capital Maintenance            | 21,800           | 3,410     |                     | 25,210                 | Virement to match budget to expected outturn |
| Garfield - Capital Maintenance               | 126,780          | 13,460    |                     | 140,240                | Virement to match budget to expected outturn |
| Pelham - Capital Maintenance                 | 85,890           | (8,460)   |                     | 77,430                 | Virement to match budget to expected outturn |
| Poplar - Capital Maintenance                 | 27,070           | 3,940     |                     | 31,010                 | Virement to match budget to expected outturn |
| Wimbledon Chase - Capital Maintenance        | 133,780          | 2,880     |                     | 136,660                | Virement to match budget to expected outturn |
| Wimbledon Park - Capital Maintenance         | 1,800            | (1,800)   |                     | 0                      | Virement to match budget to expected outturn |
| Morden - Capital Maintenance                 | 3,970            | (3,970)   |                     | 0                      | Virement to match budget to expected outturn |
| Cranmer - Capital Maintenance                | 34,430           | (550)     |                     | 33,880                 | Virement to match budget to expected outturn |
| Haslemere - Capital Maintenance              | 36,840           | (300)     |                     | 36,540                 | Virement to match budget to expected outturn |
| Links - Capital Maintenance                  | 49,480           | (5,500)   |                     | 43,980                 | Virement to match budget to expected outturn |
| Lonesome - Capital Maintenance               | 56,300           | 4,820     |                     | 61,120                 | Virement to match budget to expected outturn |
| Raynes Park - Capital Maintenance            | 37,680           | (500)     |                     | 37,180                 | Virement to match budget to expected outturn |
| Ricards Lodge - Capital Maintenance          | 36,690           | 1,800     |                     | 38,490                 | Virement to match budget to expected outturn |
| SMART - Capital Maintenance                  | 121,000          | 800       |                     | 121,800                | Virement to match budget to expected outturn |
| <b>Environment and Regeneration</b>          |                  |           |                     |                        |  |
| Highways and Footways - Safer Walking Routes | 53,000           |           | 70,000              | 123,000                | Additional TfL Funding                       |
| <b>Total</b>                                 | <b>1,245,860</b> | <b>0</b>  | <b>70,000</b>       | <b>1,315,860</b>       |  |

## Capital Programme Funding Summary 2019/20

|  | Funded from Merton's Resources | Funded by Grant & Capital Contributions | Total         |
|--|--------------------------------|---|---------------|
|  | £000s                          | £000s                                   | £000s         |
| <b>Approved Programme</b>                          | <b>18,184</b>                  | <b>8,691</b>                            | <b>26,875</b> |
| <b><u>Environment and Regeneration</u></b>         |                                |   |               |
| Highways & Footways - Safer Walking Routes         | 0                              | 70                                      | 70            |
| <b>Proposed Capital Programme - Dec Monitoring</b> | <b>18,184</b>                  | <b>8,761</b>                            | <b>26,945</b> |

APPENDIX 6

| Department                    | Target Savings 2019/20 | Projected Savings 2019/20 | Period 9 Forecast Shortfall | Period Forecast Shortfall (P8) | Period 8 Forecast Shortfall | 2020/21 Expected Shortfall |
|-------------------------------|------------------------|---------------------------|-----------------------------|--------------------------------|-----------------------------|----------------------------|
|                               | £000                   | £000                      | £000                        | %                              | £000                        | £000                       |
| Corporate Services            | 1,484                  | 1,388                     | 96                          | 6.5%                           | 83                          | 35                         |
| Children Schools and Families | 572                    | 572                       | 0                           | 0.0%                           | 0                           | 0                          |
| Community and Housing         | 1,534                  | 1,416                     | 118                         | 7.7%                           | 118                         | 0                          |
| Environment and Regeneration  | 3,370                  | 2,097                     | 1,273                       | 37.8%                          | 1,273                       | 100                        |
| <b>Total</b>                  | <b>6,960</b>           | <b>5,473</b>              | <b>1,487</b>                | <b>21.4%</b>                   | <b>1,474</b>                | <b>135</b>                 |

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

| Ref  | Description of Saving  | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Period 9 Shortfall forecast | 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 |
|--|--|-------------------------------|-------------------------------|-----------------------------|-----------|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| <b>Customers, Policy &amp; Improvement</b> |  |                               |                               |                             |           |                               |                                 |           |                     |   |  |
| CS2016 -05                                 | Increase income through translations   | 15                            | 15                            | 0                           | G         | 15                            | 0                               | A         | Sean Cunniffe       | 20/21 will see the outsourcing of Translation Services so income streams will be removed as a result. Efficiencies will be made organisationally as a result of reduced administrative costs associated with maintaining the in-house service.                              |  |
| 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  |
| <b>Infrastructure &amp; Technology</b>     |  |                               |                               |                             |           |                               |                                 |           |                     |   |  |
| 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 RSP, may be at risk if they don't migrate to M3 system.   | Y  |
| <b>Corporate Governance</b>                |  |                               |                               |                             |           |                               |                                 |           |                     |   |  |
| CSREP 2019-20 (1)                          | Increase in income from Legal Services relating to S106, property and court fees   | 50                            | 45                            | 5                           | A         | 50                            | 0                               | G         | Fiona Thomsen       | Reduced forecast on property related income, this is offset in year by underspends on LBM legal services expenditure  | Y  |
| CSREP 2019-20 (6)                          | Legal services - reduce employment and HR support by 50%   | 30                            | 22                            | 8                           | A         | 30                            | 0                               | G         | Fiona Thomsen       | Underachievement offset by underspends elsewhere on legal support   | Y  |
| <b>Resources</b>                           |  |                               |                               |                             |           |                               |                                 |           |                     |   |  |
| 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 to be replaced from 2020/21. 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       |   |  |

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

| Ref               | Description of Saving  | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Period 9 Shortfall forecast | 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 |
|-------------------|--|-------------------------------|-------------------------------|-----------------------------|-----------|-------------------------------|---------------------------------|-----------|---------------------|----------|--|
|                   | <u>Corporate</u>   |                               |                               |                             |           |                               |                                 |           |                     |          |  |
| 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   |          |  |
| CSREP 2019-20 (5) | CHAS dividend  | 40                            | 40                            | 0                           | G         | 40                            | 0                               | G         | Ian McKinnon        |          |  |
|                   |  |                               |                               |                             |           |                               |                                 |           |                     |          |  |
|                   | <b>Total Corporate Services Department Savings for 2019/20</b> | <b>1,484</b>                  | <b>1,388</b>                  | <b>96</b>                   |           | <b>1,449</b>                  | <b>35</b>                       |           |                     |          |  |



## DEPARTMENT: ENVIRONMENT &amp; 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 |
|---|---|-------------------------------|-------------------------------|--------------|-------------|-------------------------------|---------------------------------|-------------|---------------------|--|---|
| <b>SUSTAINABLE COMMUNITIES</b>                            |   |                               |                               |              |             |                               |                                 |             |                     |  |   |
| 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                               | G           | James McGinlay      | New contract expected to commence in the final quarter of 2019/20, so full saving won't be achieved this financial year.   | Y   |
| <b>PUBLIC PROTECTION</b>                                  |   |                               |                               |              |             |                               |                                 |             |                     |  |   |
| 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 presented Cabinet on 27th Jan 2020.   | 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 incident 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   |
| <b>PUBLIC SPACE</b>                                       |   |                               |                               |              |             |                               |                                 |             |                     |  |   |
| 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         | This saving is currently being mitigated by the additional revenue delivered by the external enforcement contractor. (£140k) additional / alternative saving of c£60k needs to be agreed.  | Y   |
| E2  | Thermal Treatment of wood waste from HRRC   | 30                            | 0                             | 30           | R           | 30                            | 0                               | G           | John Bosley         | Saving rejected by members due to impact on recycling rate and reputational damage. Thermal treatment of wood is no longer an option due to impact on carbon and the Council's commitment to be Carbon neutral.<br><br>This saving will be replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change. | 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   |
| <b>Total Environment and Regeneration Savings 2018/19</b> |   | <b>3,370</b>                  | <b>2,097</b>                  | <b>1,273</b> |             | <b>3,270</b>                  | <b>100</b>                      |             |                     |  |   |

| DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20 |   |                             |                                |                |     |                               |                                 |           |                     | 22/01/2020  | APPENDIX 6                                       |
|--|---|-----------------------------|--------------------------------|----------------|-----|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| Ref  | Description of Saving   | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | 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 |
| <b>Adult Social Care</b>                                 |   |                             |                                |                |     |                               |                                 |           |                     |   |  |
| CH35/36/52   | <b>Housing Related Support:-</b> 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                         | 309                            | 0              | G   | 309                           | 0                               | G         | Steve Langley       | Achieved  | Y  |
| CH39   | <b>Extra Care Contracts:-</b> 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   | <b>Promoting Independence:-</b> 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  |
| CH56   | <b>Home Care:-</b> 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   | <b>Home Care Monitoring System:-</b> 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. This is due to the low volume of hours taken on by the specialist providers, they may only support one customer thus not economically viable to be enrolled on to home monitoring system. | Y  |
| CH89   | <b>Older People Day Care Activities:-</b> 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  |
| <b>Subtotal Adult Social Care</b>                        |   | <b>1,496</b>                | <b>1,378</b>                   | <b>118</b>     |     | <b>1,496</b>                  | <b>0</b>                        |           |                     |   |  |
| <b>Library &amp; Heritage Service</b>                    |   |                             |                                |                |     |                               |                                 |           |                     |   |  |

| DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20 |                          |                             |                                |                |     |                               |                                 |           |                     | 22/01/2020  | APPENDIX 6                                       |
|--|--------------------------|-----------------------------|--------------------------------|----------------|-----|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| Ref  | Description of Saving    | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | 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 |
| CH67   | Merton Arts Space income | 38                          | 38                             | 0              | G   | 38                            | 0                               | G         | Anthony Hopkins     | On track, rental income has increased above budget by £9.4k | Y  |
| Total C & H Savings for 2019/20                          |                          | 1,534                       | 1,416                          | 118            |     | 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 | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | 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 |
|------------|--|-------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|---------------------------------|-----------|---------------------|---|---|
|            | <b>Education</b>   |                               |                               |                             |                                |                               |                                 |           |                     |   |   |
| 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       |   |   |
|            | <b>Children Social Care &amp; Youth Inclusion</b>  |                               |                               |                             |                                |                               |                                 |           |                     |   |   |
| 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           |   |   |
|            | <b>Total Children, Schools and Families Department Savings for 2019/20</b>   | <b>572</b>                    | <b>572</b>                    | <b>0</b>                    |                                | <b>572</b>                    | <b>0</b>                        |           |                     |   |   |

APPENDIX 7

| Department                    | Target Savings<br>2018/19 | 2018/19<br>Shortfall | 2019/20<br>Projected<br>shortfall | 2020/21<br>Projected<br>shortfall |
|-------------------------------|---------------------------|----------------------|-----------------------------------|-----------------------------------|
|                               | £000                      | £000                 | £000                              | £000                              |
| Corporate Services            | 2,024                     | 505                  | 395                               | 120                               |
| Children Schools and Families | 489                       | 0                    | 0                                 | 0                                 |
| Community and Housing         | 2,198                     | 442                  | 0                                 | 0                                 |
| Environment and Regeneration  | 926                       | 523                  | 172                               | 97                                |
| <b>Total</b>                  | <b>5,637</b>              | <b>1,470</b>         | <b>567</b>                        | <b>217</b>                        |

## 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  |
|--------------------|---|-------------------------------|-------------------|-----------|---------------------------------|-----------|---------------------------------|-----------|---------------------|---|
|                    | <b>Infrastructure &amp; transactions</b>                                  |                               |                   |           |                                 |           |                                 |           |                     |   |
| CS2015-10          | FM - Energy invest to save  | 465                           | 465               | R         | 365                             | A         | 110                             | A         | 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 RSP, may be at risk if they don't migrate to M3 system.   |
|                    | <b>Corporate Governance</b>   |                               |                   |           |                                 |           |                                 |           |                     |   |
| 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   |
|                    | <b>Total Corporate Services Department Savings for 2018/19</b>            | <b>505</b>                    | <b>505</b>        |           | <b>395</b>                      |           | <b>120</b>                      |           |                     |   |

## DEPARTMENT: ENVIRONMENT &amp; 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 |
|---|--|-------------------------------|-------------------------------|------------|-----------|-------------------------------|---------------------------------|-----------|---------------------------------|-----------|---------------------|--|--|
| <b>SUSTAINABLE COMMUNITIES</b>                            |  |                               |                               |            |           |                               |                                 |           |                                 |           |                     |  |  |
| 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  |
| <b>PUBLIC PROTECTION</b>                                  |  |                               |                               |            |           |                               |                                 |           |                                 |           |                     |  |  |
| ENV07   | Parking: Reduction in supplies & services/third party payment budgets.   | 60                            | 13                            | 47         | R         | 13                            | 47                              | R         | 47                              | R         | Cathryn James       | Alternative saving being presented to Cabinet  | 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  |
| <b>PUBLIC SPACE</b>                                       |  |                               |                               |            |           |                               |                                 |           |                                 |           |                     |  |  |
| ENV32   | Transport: Review of Business Support requirements   | 30                            | 0                             | 30         | R         |                               |                                 |           |                                 |           | John Bosley         | Alternative saving has been agreed and implemented for 2019/20.  | Y  |
| ENR6  | Waste: Wider Department restructure in Waste Services  | 200                           | 0                             | 200        | R         | 75                            | 125                             | R         | 50                              | A         | John Bosley         | This was not delivered in 2018. Review of the current wider Public Space structure is being assessed and business needs along with resource gap being identified. Scheduled. The restructure is now scheduled for the first quarter 2020/21  | Y  |
| ENR7  | Transport Services: Shared Fleet services function with LB Sutton  | 10                            | 0                             | 10         | R         |                               |                                 |           |                                 |           | John Bosley         | Alternative saving has been agreed and implemented for 2019/20.  | Y  |
| <b>Total Environment and Regeneration Savings 2018/19</b> |  | <b>926</b>                    | <b>403</b>                    | <b>523</b> |           | <b>674</b>                    | <b>172</b>                      |           | <b>97</b>                       |           |                     |  |  |

| Updated 22/01/2020                                       |  |                               |                |     |                               |                                 |           |                                 |           |                     | 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  |
|  | <b>Adult Social Care</b>   |                               |                |     |                               |                                 |           |                                 |           |                     |   |
| 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.  |
| CH73   | 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 which is about to commence  |
| 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 |
|  | <b>Total C &amp; H Savings for 2018/19</b>   | <b>519</b>                    | <b>442</b>     |     | <b>519</b>                    | <b>0</b>                        |           | <b>0</b>                        |           |                     |   |



## 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                         |
| <b>Total</b>                  | <b>10,314</b>          | <b>2,391</b>      | <b>694</b>        | <b>305</b>                  |

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

| Ref               | Description of Saving   | 2017/18 Savings Required £000 | 2017/18 Expected Shortfall £000 | 17/18 RAG | 2018/19 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 |
|-------------------|---|-------------------------------|---------------------------------|-----------|------------------------|-----------|---------------------------------|-----------|---------------------|---|---|
| <b>CSF2012-07</b> | <b>Children Social Care</b><br>Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post. | 100                           | 7                               | R         | 0                      | G         | 0                               | G         | Paul Angeli         | The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services. | N   |
|                   | <b>Total Children, Schools and Families Department Savings for 2017/18</b>  |                               | 7                               |           | 0                      |           | 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  |
|--------|---|-------------------------------|-------------------|-----------|------------------------|-----------|---------------------------------|-----------|---------------------|---|
|        | <b>Business improvement</b>   |                               |                   |           |                        |           |                                 |           |                     |   |
| CSD42  | Restructure functions, delete 1 AD and other elements of management   | 170                           | 70                | R         |                        |           |                                 |           | Sophie Ellis        | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
| CS2015 | Staffing support savings  | 13                            | 13                | R         |                        |           |                                 |           | Sophie Ellis        | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
|        | <b>Infrastructure &amp; transactions</b>  |                               |                   |           |                        |           |                                 |           |                     |   |
| CS70   | Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team | 35                            | 35                | R         |                        |           |                                 |           | Pam Lamb            | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
|        | <b>Resources</b>  |                               |                   |           |                        |           |                                 |           |                     |   |
| CSD26  | Delete 1 Business Partner   | 78                            | 78                | R         | 0                      | G         |                                 | G         | Caroline Holland    | Due to delays in projects this saving was not achieved until 18/19          |
|        | <b>Total Corporate Services Department Savings for 2017/18</b>  |                               | 196               |           | 0                      |           | 0                               |           |                     |   |

Updated 22/01/20

**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>                   |                               |                        |           |                        |           |                                 |           |                     |                |   |
|     | <b>Total C &amp; H Savings for 2017/18</b> |                               |                        |           |                        |           |                                 |           |                     | <b>No Reds</b> |   |

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

| Ref   | Description of Saving  | 2017/18 Savings Required £000 | 2017/18 Savings Achieved £000 | Shortfall    | 17/18 RAG | 2018/19 Savings Expected £000 | 2018/19 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/Underspend? Y/N |
|---|--|-------------------------------|-------------------------------|--------------|-----------|-------------------------------|------------------------|-----------|-------------------------------|---------------------------------|-----------|---|--|
| <b>SUSTAINABLE COMMUNITIES</b>                    |  |                               |                               |              |           |                               |                        |           |                               |                                 |           |   |  |
| 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  |
| <b>PUBLIC PROTECTION</b>                          |  |                               |                               |              |           |                               |                        |           |                               |                                 |           |   |  |
| 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  |
| <b>PUBLIC SPACE</b>                               |  |                               |                               |              |           |                               |                        |           |                               |                                 |           |   |  |
| 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  |
| <b>Total Environment and Regeneration Savings</b> |  | <b>3,134</b>                  | <b>946</b>                    | <b>2,188</b> |           | <b>2,059</b>                  | <b>694</b>             |           | <b>2,448</b>                  | <b>305</b>                      |           |   |  |

## Appendix 9

### Subject: Miscellaneous Debt Update December 2019

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 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 – 31 December 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<br>a              | 30 days to 6<br>months b | 6 months to 1<br>year c | 1 to 2 years<br>d | Over 2<br>years<br>e | Dec 19<br>arrears f | Sept 19<br>arrears<br>f | Direction of<br>travel |
|------------------------------|--------------------------|-------------------------|-------------------|----------------------|---------------------|-------------------------|------------------------|
|                              | £                        | £                       | £                 | £                    | £                   | £                       |                        |
| Env & Regeneration           | 1,044,767                | 382,460                 | 566,489           | 329,260              | 2,322,975           | 2,807,729               | ↓                      |
| Corporate Services           | 324,475                  | 65,306                  | 34,025            | 136,960              | 560,766             | 812,108                 | ↓                      |
| Housing Benefits             | 563,573                  | 348,239                 | 1,311,656         | 2,778,036            | 5,001,504           | 4,946,888               | ↑                      |
| Children, Schools & Families | 262,229                  | 176,483                 | 134,620           | 359,126              | 932,458             | 1,365,871               | ↓                      |
| Community & Housing          | 855,255                  | 802,728                 | 1,449,831         | 2,099,125            | 5,206,939           | 5,009,288               | ↑                      |
| Chief Executive's            |                          |                         |                   |                      | -                   | -                       | -                      |
| CHAS 2013                    | 9,302                    | 11,533                  | 1,745             | 10,206               | 32,786              | 33,837                  | ↓                      |
| <b>Total</b>                 | <b>3,059,602</b>         | <b>1,786,749</b>        | <b>3,498,365</b>  | <b>5,712,713</b>     | <b>14,057,428</b>   | <b>14,975,720</b>       | ↓                      |

- 1.3 Since the position was last reported on 30 September 2019, the net level of arrears, i.e. invoices over 30 days old, has decreased by £918,292.
- 1.4 Since last reported at the end of September Community and Housing debt has increased by £197,651 the majority relates to increase in Adult Social Care debt over 30 day (detailed below in this report). Housing benefit debt has increased by £55,000 (detailed below in this report).

- 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 £4.693 million, an increase of £325,000 since last reported in September 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 any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.

- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The 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 For the period 1 October 2019 to 31 December 2019 the council raised invoices for £2,029,000 for Adult Social care clients. As at 18 January 2020 there is still £645,000 or 32% unpaid.
- 3.10 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 was repeated in October.

- 3.11 A further 42 clients signed up for payment by direct debit in October/November 2019. The overall percentage of clients now paying by direct debit is 45.2% (347 out of 767).
- 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 As at the end of December 2019 a further £32,000 has been collected. They currently have 18 live cases and they have identified 8 (£416,000) as 70% to 100% prospect of payment, 9 (£741,000) as 50% to 69% prospect of collection, 1 (£73,000) less than 50% prospect of collection. Of the debt outstanding they have indicated that £803,000 could be paid within six months. The team will monitor progress against these time estimates.
- 3.14 Agreement was reached for the Shared Legal Service to undertake legal work for an initial trial period of six months for all debts and this commenced in July 2019. Currently they have 10 cases with a total value of £172,000. Progress has been made on all cases and action commenced, including some legal proceedings. One case where £14,500 of a £16,400 has been paid and another one where £8,000 is due by the end of January 2020.
- 3.15 Cases for all debts types are still being passed to the Shared Legal Service and quarterly progress meetings take place to review processes and collection.
- 3.16 Housing Benefit Overpayments
- 3.17 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.653 million, which is a reduction of £170,000 since last reported at the end of September 2019.
- 3.18 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.
- 3.19 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.

- 3.20 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.
- 3.21 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.
- 3.22 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
- 3.23 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from March 2018 to December 2019 by quarter

| Recovery Stage             | Mar-18           | Jun-18           | Sep-18           | Dec-18           | Mar-19           | Jun-19           | Sep-19           | Dec-19           |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Invoice and Reminder stage | 340,008          | 312,186          | 347,861          | 407,687          | 151,889          | 152,121          | 257,883          | 88,857           |
| On-going recovery          | 3,032,656        | 2,775,552        | 2,618,115        | 2,477,390        | 2,550,198        | 2,622,894        | 2,349,142        | 2,178,844        |
| Payment Arrangements       | 2,647,525        | 2,826,435        | 3,012,437        | 3,249,997        | 3,256,461        | 3,044,975        | 3,036,016        | 3,046,935        |
| No Arrangements secured    | 2,427,693        | 2,384,329        | 2,216,787        | 1,912,306        | 1,967,960        | 2,073,063        | 2,180,600        | 2,338,903        |
| <b>Total HB Debt</b>       | <b>8,447,882</b> | <b>8,298,502</b> | <b>8,195,200</b> | <b>8,047,380</b> | <b>7,926,508</b> | <b>7,893,053</b> | <b>7,823,641</b> | <b>7,653,539</b> |

- 3.24 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.

3.25 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 291 new attachment to earnings. We currently have £721,000 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.

3.26 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     |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Overpayments raised</b>            | <b>4.67</b> | <b>4.56</b> | <b>3.66</b> | <b>3.74</b> | <b>3.10</b> | <b>2.14</b> |
| <b>Overpayments collected</b>         | <b>2.22</b> | <b>2.88</b> | <b>2.75</b> | <b>2.92</b> | <b>3.00</b> | <b>1.95</b> |
| <b>Recovered from ongoing benefit</b> | <b>1.33</b> | <b>1.69</b> | <b>1.64</b> | <b>1.74</b> | <b>1.40</b> | <b>1.02</b> |

3.27 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.

3.28 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.

3.29 By the end of December 2019 the company reported that they had issued letters to 519 accounts, had applied for 389 attachment to earnings, set up 50 payment arrangements and received just over £108,000 in payments.

3.30 They had assigned three full time officers to the initiative and have obtained information on accounts from the DWP as detailed in 3.24 above.

3.31 A further update of this initiative will be provided in the March 2020 report.

3.32 Debt Written Off

3.33 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       | Quarter 3       | Total           |
| <b>Debt type</b>                   |                   |                   |                   |                   |                   |                 |                 |                 |                 |
| <b>Sundry Debt</b>                 | £347,726          | £581,419          | £129,338          | £443,317          | £572,301          | £0              | £99,584         | £0              | £99,584         |
| <b>Housing benefit overpayment</b> | £1,050,105        | £510,352          | £517,467          | £512,379          | £364,549          | £28,901         | £94,136         | £97,691         | £220,728        |
| <b>Council Tax</b>                 | £526,881          | £951,280          | £623,486          | £804,987          | £424,936          | £101,495        | £73,290         | £0              | £174,785        |
| <b>Business Rates</b>              | £790,373          | £659,514          | £567,908          | £378,155          | £367,299          | £0              | £0              | £315,523        | £315,523        |
| <b>Total</b>                       | <b>£2,715,085</b> | <b>£2,702,565</b> | <b>£1,838,199</b> | <b>£2,138,838</b> | <b>£1,729,085</b> | <b>£130,396</b> | <b>£267,010</b> | <b>£413,214</b> | <b>£810,620</b> |

3.34 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. Of the £315,000 written off in 2019/20 £261,000 relates to businesses that went into liquidation.

3.35 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.

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

**4. SUNDRY DEBT COLLECTED**

4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9%

collected. This data is based at 31 December 2016 prior to the implementation of E5.

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

## 5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the 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          |
| <b>Total</b>                 | <b>9945</b>     | <b>9332</b>   |

## 6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 December 2019 is detailed in the table below.

Total debt outstanding as at 31 December 2019 and compared with previous periods over the past 15 months

|                                  | <b>Sep-18</b>     | <b>Dec-18</b>     | <b>Mar-19</b>     | <b>Jun-19</b>     | <b>Sep-19</b>     | <b>Dec-19</b>     |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| Miscellaneous sundry debt Note 1 | 13,492,395        | 14,496,116        | 17,532,710        | 16,803,235        | 16,459,168        | 12,584,544        |
| Housing Benefit debt             | 8,195,200         | 8,047,380         | 7,926,508         | 7,893,055         | 7,823,641         | 7,653,539         |
| Parking Services                 | 4,352,661         | 4,658,685         | 4,508,378         | 4,535,378         | 3,848,876         | 4,183,930         |
| Council Tax Note 2               | 6,587,840         | 6,127,652         | 8,157,533         | 7,215,847         | 6,825,605         | 6,496,094         |
| Business Rates Note 3            | 2,099,948         | 1,822,228         | 2,979,843         | 2,586,876         | 2,474,270         | 1,941,014         |
| <b>Total</b>                     | <b>34,728,044</b> | <b>35,152,061</b> | <b>41,104,972</b> | <b>39,034,391</b> | <b>37,431,560</b> | <b>32,859,121</b> |

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

Note 2 Council tax debt now includes unpaid council tax for 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 £4,572,439 since last reported at the end of September 2019. The majority relates to sundry debt or which £3.5 million is debt under 30 days.
- 6.2 All debts have reduced since last reported at the end of September 2019 with the exception of parking debts which increased by just over £300,000.
- 6.3 A more relevant comparison is between December 2018 and December 2019. The changes in outstanding debt are as follows
- Overall £2,292,940 decrease  
Sundry debt £1,911,000 decrease  
Housing Benefit £394,000 decrease  
Council Tax £368,000 increase  
Parking £475,000 decrease  
Business Rates £119,000 increase
- 6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

**Car Parking Aged Debtors – 31 December 2019**

| <b>Age of Debt</b>   | <b>Outstanding<br/>£</b> | <b>Number of<br/>PCNs</b> | <b>Average<br/>Value<br/>£</b> |
|----------------------|--------------------------|---------------------------|--------------------------------|
| 0-3 months           | £1,249,643               | 12,399                    | £101                           |
| 3-6 months           | £753,931                 | 4,650                     | £158                           |
| 6-9 months           | £474,232                 | 2,656                     | £178                           |
| 9-12 months          | £429,538                 | 2,417                     | £178                           |
| 12-15 months         | £458,426                 | 2,533                     | £181                           |
| Older than 15 months | £836,160                 | 4,650                     | £180                           |
| <b>Total</b>         | <b>£4,183,930</b>        | <b>29,305</b>             | <b>£143</b>                    |

**Total September 2019      £3,848,915      26,568**

**Increase/-decrease      £335,015+      2,737+**

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