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Merton Council

Sustainable Communities

Overview and Scrutiny

Panel



Date: 6 February 2020

Time: 7.15 pm

Venue: Committee Rooms DE, Merton Civic Centre, London Road, SM4 5DX

AGENDA

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2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 6
4	Business Plan 2020-24 (budget scrutiny round 2)	7 - 76
5	Business Plan 2020-24 - savings information pack This report is provided separately and will be discussed as part of the preceding agenda item on the Business Plan Update.	
6	Annual Review (and other matters relating to the Veolia Street cleaning and waste contract)	77 - 84
7	Fly-tipping review	85 - 90
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Sustainable Communities Overview and Scrutiny Panel Membership

Councillors:

Natasha Irons (Chair)
Daniel Holden (Vice-Chair)
Ben Butler
Anthony Fairclough
David Dean
Aidan Mundy
Owen Pritchard
Geraldine Stanford

Substitute Members:

Nigel Benbow
Eloise Bailey
Nick Draper
Brenda Fraser
Edward Gretton

Note on declarations of interest

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

What is Overview and Scrutiny?

Overview and Scrutiny describes the way Merton's scrutiny councillors hold the Council's Executive (the Cabinet) to account to make sure that they take the right decisions for the Borough. Scrutiny panels also carry out reviews of Council services or issues to identify ways the Council can improve or develop new policy to meet the needs of local people. From May 2008, the Overview & Scrutiny Commission and Panels have been restructured and the Panels renamed to reflect the Local Area Agreement strategic themes.

Scrutiny's work falls into four broad areas:

- ⇒ **Call-in:** If three (non-executive) councillors feel that a decision made by the Cabinet is inappropriate they can 'call the decision in' after it has been made to prevent the decision taking immediate effect. They can then interview the Cabinet Member or Council Officers and make recommendations to the decision-maker suggesting improvements.
- ⇒ **Policy Reviews:** The panels carry out detailed, evidence-based assessments of Council services or issues that affect the lives of local people. At the end of the review the panels issue a report setting out their findings and recommendations for improvement and present it to Cabinet and other partner agencies. During the reviews, panels will gather information, evidence and opinions from Council officers, external bodies and organisations and members of the public to help them understand the key issues relating to the review topic.
- ⇒ **One-Off Reviews:** Panels often want to have a quick, one-off review of a topic and will ask Council officers to come and speak to them about a particular service or issue before making recommendations to the Cabinet.
- ⇒ **Scrutiny of Council Documents:** Panels also examine key Council documents, such as the budget, the Business Plan and the Best Value Performance Plan.

Scrutiny panels need the help of local people, partners and community groups to make sure that Merton delivers effective services. If you think there is something that scrutiny should look at, or have views on current reviews being carried out by scrutiny, let us know.

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Agenda Item 3

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SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

30 OCTOBER 2019

(7.15 pm - 10.10 pm)

PRESENT Councillors Councillor Natasha Irons (in the Chair),
Councillor Daniel Holden, Councillor Ben Butler,
Councillor Anthony Fairclough, Councillor David Dean,
Councillor Aidan Mundy, Councillor Owen Pritchard and
Councillor Geraldine Stanford

John Bosley (Assistant Director Public Space Contracts and Commissioning), Caroline Holland (Director of Corporate Services), Mark Humphries (Assistant Director of Infrastructure & Technology), Chris Lee (Director of Environment and Regeneration), Paul McGarry (FutureMerton Manager) and James McGinlay (Assistant Director for Sustainable Communities)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous meeting were agreed. However, Cllr Mundy requested that the minutes be updated with a few clarifications.

In response to Panel Member questions about street cleaning and fly tipping (page 3), it was clarified that Pollards Hill is one of the areas in the East of the borough that the Council is paying for side waste removal outside the contract.

Officers committed to action on the matter of user journeys, web improvements and increasing the limit for uploads via mobile phones (page 4).

4 MATTERS ARISING FROM THE MINUTES (Agenda Item 4)

The Director of Environment and Regeneration commented on the active work being undertaken following the recommendations from the Panel in October.

One of the scrutiny recommendations agreed by Cabinet (Para 2.11) was to involve a scrutiny representative in meetings between the Council and Clarion. This matter has been discussed with the Chair outside of the meeting and she has agreed to be the scrutiny representative in those meetings.

5 CLARION HOUSING GROUP: REGENERATION (Agenda Item 5)

The Chair welcomed and thanked Paul Quinn, Director of Merton Regeneration for Clarion Housing, for facilitating today's visits to the three regeneration sites. The Councillors all found it extremely useful and informative.

Paul Quinn gave the following updates with regards to the regeneration sites;

- **Eastfields** – Clarion will be submitting the planning application for 197 homes just after Christmas. These are earmarked for the existing community, with 330 families to rehouse in total. Community centre and Energy centre. Underground refuse system at Eastfields and High Path estates.
- **Ravensbury** - Ravensbury Live web browser. Sustainable drainage system. Community centre. First new homes completed around June 2020. Phases 2-4 submitted for November Planning Committee.
- **High Path** – Extensive study of the local area, what design features work well. Phase 1 underway building over 134 homes, construction are on site with completion expected in 18-20 months. All entrances will be designed the same irrespective of social or private housing tenants.

The Chair then invited speakers to share their views on the regeneration plans;

- Cypren Edmunds, High Path Residents Association - Residents feel there has been a lack of transparency. No residents were part of the discussion of the financial model or consultation. Raynsford review reflects this kind of disenfranchisement. Fire doors installed a year ago have recently been replaced due to not being fit for purpose. There needs to be an overhaul of the financial offer or residents will be penalised.
- Eve Cohen – Lack of toilet and bathroom provision in High Path. 3 and 4 bedroom properties only have one toilet. Sanitary provision has improved through the years, why can it not continue to improve? Will private properties feature en-suite plus extra provision? Although it is too late for High Path phases 1 and 2, can more consideration be given to phases 3 and 4?
- Sara Sharp – Issue with heights Currently High Path is an island and it needs to be stitched back into the fabric of the street and community. Consultation has not been wide enough. Should have been designed as a whole - Residents don't know what phase 3 will look like. There is a push from Government for better quality – there should not be a divide and materials should be equal for social housing and luxury/private homes.

Paul Quinn responded to the speakers comments;

- We are building some of the most energy efficient properties in South London. They are insulated well, air tight, part of the district heat network and there will be underfloor heating in every home.
- Residents offer is key. Clarion made considerable effort to consult and the resident offer has been well received.
- With regards to bathrooms, we are working to National Design Standards.
- The tallest building we have is ten storeys.
- We are knitting High Path back into the surrounding area. We undertook a space syntax which indicated people walk around High Path, not through it. We have planned a much more accessible estate.
- Fire safety – We are responding to legislation and anticipating the outcome of the Hackett review/report. One of the lead contributors to that review is the Senior EM at PR Architects who are advising us with our designs.

In response to Panel Members questions, Paul Quinn replied;

- Considerable effort to ensure all homes are of the same quality and space standards. Design code and masterplan are sacrosanct to guarantee all later phases refer back to the earlier phases.
- We have undergone extension consultation including drop-ins, workshops and letters. Digital engagement is being utilised to reach further.
- Consultation has enabled us to understand residents' concerns and this is reflected in the home offer. The Ravensbury Design Consultation also led to design nuances.
- Incredibly important that we work in partnership with the Council and consider that there is always room to improve. There have been many frustrations over slow moving work and processes.
- We have an interest in regenerating neighbourhoods – the focus right now is on the Morden and Wimbledon regenerations, but we see that Mitcham has great potential for regeneration also.
- All the projects are taken to the Design Review Panel.

Paul Quinn was thanked for attending.

6 SINGLE USE PLASTICS - ACTION PLAN (Agenda Item 6)

The Assistant Director for Infrastructure and Technology presented the update. In response to Panel Members questions, the AD for Infrastructure and Technology explained that difficulties have arisen as the work sits across two directorates.

The AD for Infrastructure and Technology agreed to return in the future with an updated plan detailing the objectives and measures of success.

7 BUDGET/BUSINESS PLAN SCRUTINY (ROUND 1) (Agenda Item 7)

After inviting questions of clarification from the Panel, the Director of Corporate Services explained the following;

- Deficit created by the Dedicated Schools Grant is assumed to be around 9 million.
- Council Tax – The 2% precept is ring fenced for Adult Social Care.
- New procurement strategy enables a small release of capacity/resources.

The Director of Environment and Regeneration confirmed there will be a consultation about Wimbledon Park and the other paddling pools/interactive water features in the borough.

Discussing ENV1920-01 which is the Parking services application to change Merton's PCN charge band from band B to band A.

There was the additional request for information about where Merton Council sits in council rankings of parking services income in the country.

Action: The Director of E&R agreed to provide this outside the meeting

Councillor Daniel Holden raised a motion with regards to ENV1920-01 which is the Parking services application to change Merton's PCN charge band from band B to band A. Councillor Holden proposed this The motion was seconded by Councillor David Dean and debated by the Panel.

Panel unanimously RESOLVED to make the following reference to Cabinet:

“This Panel recommends to Cabinet that the proposed saving of ENV1920-01 be accepted on the proviso that the key locations that give rise to PCN's are checked and reviewed by the Highways inspectors to ensure that the appropriate signage, layout and road markings are clear and therefore not unfairly penalising residents. Once the review is concluded, the results should be brought to the Sustainable Communities Overview & Scrutiny Panel for comment”.

8 BISHOPSFORD ROAD BRIDGE UPDATE (Agenda Item 8)

The Assistant Director for Sustainable Communities introduced the update and stated that the Council is still waiting for the report conclusion into the causes and what led to the bridges collapse. A report investigating whether the bridge needs to be repaired or replaced all together is also underway. Regular updates are online at www.merton.gov.uk/bishopsfordbridge

9 TOWN CENTRE REGENERATION (Agenda Item 9)

The Head of Future Merton gave a presentation on the plans for Morden. In response to Panel Members questions he also clarified;

- Mitcham has seen £7m investment in transport and public realm and the next stage will be to work on a long term plan for new development investment.
- Shop front improvements are planned for Merton High Street, complimenting the High Path regeneration utilising CIL from nearby developments. South

Wimbledon is also proposed to be designated as a local town centre in the new Local Plan.

10 PERFORMANCE MONITORING (Agenda Item 10)

A Panel Member asked how fly tips removed within 24 hours are monitored. The Director of Environment and Regeneration replied that fly tips are reported via CRM through to Echo and then recorded back into CRM when collected by Veolia. Due to the high volume, we cannot check every single one has been completed therefore we accept that some residents may find they have not all been collected.

The Assistant Director of Public Space added that are some peculiarities within the data that are being looked into (i.e. private land, requiring different arrangements etc.) Action: The Assistant Director of Public Space agreed to report back any significant anomalies.

A Panel Member queried the still high levels of litter and detritus. The Assistant Director of Public Space agreed they were high but are moving in the right direction. The plan implemented in the East of the borough is bringing improvement and we are grading more stringently so we maintain that pressure to deliver. We are also looking at electric mechanised sweeping apparatus pilot for waste as an option.

11 WORK PROGRAMME (Agenda Item 11)

The work programme was agreed.

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Committee: Sustainable Communities Overview and Scrutiny Panel

6 February 2020

Children and Young People Overview and Scrutiny Panel

10 February 2020

Healthier Communities & Older People Overview and Scrutiny Panel

11 February 2020

Overview and Scrutiny Commission

12 February 2020

Wards: ALL

Subject: Business Plan Update 2020-2024 (Members are requested to bring the Business Plan Information Pack with them to these meetings)

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: Roger Kershaw

Recommendations:

1. That the Panel considers the proposed amendments to savings previously agreed set out in the Business Plan Information Pack;
 2. That the Overview and Scrutiny Commission also consider the Draft Business Plan 2020-24 report received by Cabinet at its meeting on 27 January 2020;
 3. That the Panel considers the draft capital programme 2020-24 and indicative programme for 2024-29 set out in Appendix 9 of the attached report on the Business Plan;
 4. That the Panel considers the draft savings/income proposals and associated equalities analyses set out in the Business Plan Information Pack;
 5. That the Panel considers the draft service plans set out in the Business Plan Information Pack;
 6. That the Panel considers the contents of the information pack circulated;
 7. That the Overview and Scrutiny Commission considers the comments of the Panels on the Business Plan 2020-2024 and details provided in the information pack and provides a response to Cabinet when it meets on the 24 February 2020.
-

1. Purpose of report and executive summary

- 1.1 This report requests Scrutiny Panels to consider the latest information in respect of the Business Plan and Budget 2020/21, including proposed amendments to savings previously agreed by Council, the draft capital programme 2020-23, and the draft service plans, and feedback comments to the Overview and Scrutiny Commission.
- 1.2 The Overview and Scrutiny Commission will consider the comments of the Panels and provide a response on the Business Plan 2020-24 to Cabinet when it meets on the 24 February 2020.

2. Details - Revenue

- 2.1 The Cabinet of 27 January 2020 received a report on the business plan for 2020-24.
- 2.2 At the meeting Cabinet

RESOLVED:

1. That Cabinet considers and agrees 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 and refers them 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 Cabinet considers and agrees the growth and savings and the associated draft equalities analyses for the savings noted in October (Member's Information Pack)
3. That Cabinet agrees 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) and refers them 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 Cabinet considers and agrees the proposed amendments to savings, including the draft equalities impact assessments previously agreed. (Appendices 5b and 5c) and refers them 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 Cabinet agrees the proposed Council Tax Base for 2020/21 set out in paragraph 2.9 and Appendix 1.
6. That Cabinet considers the draft service plans. (Appendix 8) and refers them 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 Cabinet delegates authority to the Director of Corporate Services in discussion with Councillor Allison for Merton to enter into a London Business Rates Pool for 2020/21

3. **Alternative Options**

3.1 It is a requirement that the Council sets a balanced budget. The Cabinet report on 27 January 2020 sets out the progress made towards setting a balanced budget and options on how the budget gap could be closed. This identified the current budget position that needs to be addressed between now and the next report to Cabinet on 24 February 2020, prior to Council on 4 March 2020, agreeing the Budget and Council Tax for 2020/21 and the Business Plan 2020-24, including the MTFs and Capital Programme 2020-24.

4. **Capital Programme 2020-24**

4.1 Details of the draft Capital Programme 2020-24 were agreed by Cabinet on 27 January 2020 in the attached report for consideration by Overview and Scrutiny panels and Commission.

5. **Consultation undertaken or proposed**

5.1 Further work will be undertaken as the process develops.

5.2 There will be a meeting on 20 February 2020 with businesses as part of the statutory consultation with NNDR ratepayers. Any feedback from this meeting will be reported verbally to Cabinet on 24 February 2020.

5.3 As previously indicated, an information pack was distributed to all councillors at the end of January 2020 with a request that it be brought to all Scrutiny and Cabinet meetings from 6 February 2020 onwards and to Budget Council. This should maintain the improvement for both councillors and officers which makes the Business Planning process more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings is easier. It also considerably reduces printing costs and reduces the amount of printing that needs to take place immediately prior to Budget Council.

5.4 The information pack includes:

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

6. **Timetable**

- 6.1 The timetable for the Business Plan 2020-24 including the revenue budget 2019/20, the MTF5 2019-23 and the Capital Programme for 2019-23 was agreed by Cabinet on 14 October 2019 but due to the unexpected calling of a General Election on 12 December 2019 this has been amended to ensure that the Council's business, including Budget and Council Tax setting for 2020/21, is properly dealt with. The agreed key dates are included in the body of this report.

7. **Financial, resource and property implications**

- 7.1 These are set out in the Cabinet reports for 14 October 2019 (Appendix 1) and 27 January 2020. (Appendix 2) and the Information Pack.

8. **Legal and statutory implications**

- 8.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and business planning process proceeds and will be included in the budget report to Cabinet on the 24 February 2020.
- 8.2 Detailed legal advice will be provided throughout the budget setting process further to any proposals identified and prior to any final decisions.

9. **Human Rights, Equalities and Community Cohesion Implications**

- 9.1 All relevant implications will be addressed in Cabinet reports on the business planning process.
- 9.2 A draft equalities assessment has been carried out with respect to the proposed budget savings where applicable and is included in the Business Plan Information Pack circulated to all Members.

10. **Crime and Disorder implications**

- 10.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

11. **Risk Management and Health and Safety Implications**

- 11.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

Appendices – the following documents are to be published with this report and form part of the report

Appendix 1 - Cabinet report 27 January 2020: Draft Business Plan 2020-24 (NB: This excludes Savings, Service Plans and Equalities Assessments which are included in the Business Plan Information Pack)

BACKGROUND PAPERS

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

Budget files held in the Corporate Services department.
2019/20 Budgetary Control and 2018/19 Final Accounts Working Papers in the Corporate Services Department.
Budget Monitoring working papers
MTFS working papers

13. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458

email: roger.kershaw@merton.gov.uk

CABINET

27 January 2020

Agenda item:

Business Plan Update 2020-2024

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Key Decision Reference Number: This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

Contact officer: Roger Kershaw

Recommendations:

1. That Cabinet considers and agrees 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 and refers them 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 Cabinet considers and agrees the growth and savings and the associated draft equalities analyses for the savings noted in October (Member's Information Pack)
 3. That Cabinet agrees 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) and refers them 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 Cabinet considers and agrees the proposed amendments to savings, including the draft equalities impact assessments previously agreed. (Appendices 5b and 5c) and refers them 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 Cabinet agrees the proposed Council Tax Base for 2020/21 set out in paragraph 2.9 and Appendix 1.
 6. That Cabinet considers the draft service plans. (Appendix 8) and refers them 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 Cabinet delegates authority to the Director of Corporate Services in discussion with Councillor Allison for Merton to enter into a London Business Rates Pool for 2020/21
-

APPENDIX 1

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2020-24 and in particular on the progress made so far towards setting a balanced revenue budget for 2020/21 and over the Medium Term Financial Strategy 2020-24 period as a whole.
- 1.2 The report provides a summary of the key deadlines which need to be met following the delays in the Business Planning process necessitated as a result of the General Election which was held in December 2019.
- 1.3 An update on the latest information with respect to the Local Government Finance Settlement is also provided. This is a major element in identifying the key constraints (e.g. level of funding and Council Tax referendum principles) within which the Council will have to operate, in order to be able to set a balanced budget.
- 1.4 Specifically, the report provides details of additional revenue growth, savings and income proposals put forward by officers towards the savings/income targets agreed by Cabinet in October 2019.
- 1.5 The report also provides an update on the capital programme for 2020-24 and the financial implications for the MTFS.
- 1.6 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in February 2020 as part of the information pack.

2. DETAILS

Brief recap

- 2.1 Given the delays in the Business Planning as a result of the General Election which took place on 12 December 2019, it is worth briefly summarising the progress that has been made so far towards setting a balanced budget and council tax for 2020/21.
- 2.2 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 14 October 2019. Savings targets were set and some savings proposals were considered and referred to scrutiny panels and the Commission in November 2019 for ratification at a future Cabinet meeting, subject to scrutiny comments.
- 2.3 Taking into account the information contained in the October 2019 Cabinet report, the overall position of the MTFS reported to Cabinet on 14 October 2019 was as follows:-

(Cumulative Budget Gap)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
MTFS Gap (Cabinet October 2019)	2,860	11,062	14,493	16,226

APPENDIX 1

- 2.4 Feedback from the Overview and Scrutiny Panels and Commission in November 2019 was reported to Cabinet on 16 December 2019.

The report to Cabinet in December 2019 set out the comments made by the Commission and Panels in relation to the first round of budget scrutiny. It was noted that there was a significant level of uncertainty for the Council due to the delay in the funding announcement from central government. The scrutiny members would continue to support the Cabinet in lobbying central government for a more realistic, multi-year funding settlement.

Cabinet resolved:-

That Cabinet, in taking decisions relating to the Business Plan 2020-24, takes into account the comments and recommendations made by the Overview and Scrutiny Commission and the outcomes of consideration by the Overview and Scrutiny Panels.

- 2.5 On 29 October 2019 it was announced that a General Election would take place on 12 December 2019 and given the inevitable impact that this would have on Government business including local government (e.g. announcement of Local Government Finance Settlement for 2020/21) it was necessary to amend the Council's timetable.

2.6 Review of Assumptions

Since Cabinet in October, work has been continuing to review assumptions, identify new savings/income proposals, consider further growth proposals, and analyse information which has been received since then.

2.6.1 Pay

The pay and terms of conditions of employment for over 1.4 million local government services' workers is determined by the National Joint Council (NJC) for Local Government Services. On 24 July 2019 a pay claim for 2020/21 was submitted by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association (NJC).

The union's claim is for:-

- A real living wage of £10 per hour to be introduced for NJC scp 1 and a 10% increase on all other NJC/GLPC pay points
- A one day increase to the minimum paid annual leave entitlement set out in the Green Book
- A two hour reduction in the standard working week as set out in the Green Book
- A comprehensive joint national review of the workplace causes of stress and mental health throughout local authorities.

APPENDIX 1

The current assumptions regarding pay inflation incorporated into the MTFS assume 2% per year.

The latest estimates for pay inflation included in the MTFS are:-

(Cumulative)	2020/21	2021/22	2022/23	2023/24
Pay inflation (%)	2.0%	2.0%	2.0%	2.0%
Revised Estimate (cumulative £000)	1,708	3,416	5,124	6,832

Further details on the pay negotiations for 2020/21 and beyond, and the impact on the MTFS will be reported when they are known.

2.6.2 Prices

The estimates for price inflation agreed by Council in March 2019 have been reviewed and the latest forecast is set out in the following table:-

(Cumulative)	2020/21	2021/22	2022/23	2023/24
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,035	4,069	6,104	8,139

The Consumer Prices Index (CPI) 12-month rate was 1.5% in November 2019, unchanged from October 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was also 1.5% in November 2019, unchanged from October 2019.

The RPI rate for November 2019 was 2.2%, which is up from the figure of 2.1% in October 2019.

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 (December 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.4	2.3	1.7
RPI	1.8	3.2	2.3
LFS Unemployment Rate	3.8	4.1	3.9
2020 (Quarter 4)			
CPI	1.4	3.3	1.9
RPI	1.8	4.2	2.6
LFS Unemployment Rate	3.8	4.6	4.1

APPENDIX 1

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

Independent medium-term projections for the calendar years 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

Details on the outlook for inflation over the MTFs period are provided in Appendix 2.

2.6.3 Inflation > 1.5%:

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

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Inflation exceeding 1.5%	450	450	450	450

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.7m by 2023/24.

2.6.4 Income

The MTFs does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

2.6.5 Taxicards and Freedom Passes

These schemes are administered by London Councils on behalf of London boroughs. Each year, negotiations take place between London Councils Transport and Environment Committee (on behalf of boroughs) and TfL for buses, tubes, DLR, Tram, London Overground and TfL Rail to determine the cost of the scheme on the basis that both parties are neither better nor worse off. This is based on:

- The revenue foregone by the operators i.e. the revenue which if the concessionary fares scheme did not exist would be collected from Freedom Pass holders. This excludes fares income from generated travel; and

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- The additional costs to the operator i.e. generated travel by permit holders for which operators receive no fares revenue but do receive the cost of increasing the service to allow for the extra trips made.

The change in the estimated cost of Taxicards and Freedom Passes from 2019/20 to 2020/21 is summarised in the following table:-

	Current Estimate 2019/20 £000
Freedom Passes	8,968
Taxicards	114
Total	9,082
Estimated Cost in 2020/21	9,174
Increase for 2020/21	92
Provision for increase in MTFS (Cabinet October 2019)	450
Reduction in MTFS in 2020/21	358

The MTFS will be adjusted to reflect these latest estimates.

2.6.6 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2020-24:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenuisation	582	143	213	213

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

2.6.7 **Budgetary Control 2019/20**

The revenue budgetary control information below summarises the corporate position using the latest available information as at 30 November 2019 as shown in a separate report on the agenda for this meeting. As at 30 November 2019, there is a forecast underspend for the Council of £0.941m.

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Although an overall underspend is forecast, there are spending pressures being experienced in the following areas:-

- CS - Infrastructure and Transactions, Human Resources
- CSF - Children's Social Care, SEN transport
- CSF - DSG funded services are forecast to overspend by £10.557m. 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 £13.476m. In light of this and the wider impact on the MTFs over the next four years, there is a separate report on the DSG on the agenda for this meeting.
- E&R – Safer Merton and CCTV, Senior management and support, Future Merton
- C&H – Libraries, Housing General Fund (mainly temporary accommodation)

2.6.8 Growth

The MTFs reported to Cabinet in October 2019 included new provision for growth from 2020/21 to 2023/24 as follows:-

Growth – Cabinet (October 2019)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CS - Emergency Planning – Response to Grenfell	150	0	0	0
CS – Microsoft Licences	280	0	0	0
Service Department Growth Total	430	0	0	0
Service Department Growth (cumulative)	430	430	430	430
CSF – New Burdens funding to offset DSG Deficit (Based on October monitoring)*	9,297	(1,297)	726	925
Total – New Burdens Funding	9,297	(1,297)	726	925
Cumulative – New Burdens Funding	9,297	8,000	8,726	9651
Total Growth (October Cabinet)	9,727	(1,297)	726	925
Cumulative Growth (October Cabinet)	9,727	8,430	9,156	10,081

*Current growth to offset 50% of the deficit, with some assumed additional HN Grant funding for 2021/21 only.

Since October, the need for growth has been reviewed and the following changes are proposed:-

- the projected DSG deficit has increased but this is partially offset by the assumption that High Needs grant funding will continue in the future rather than just apply for 2020/21. In the absence of any details from the Government that they are prepared to finance Council DSG deficits, the Council's General Fund contribution in the MTFs to fund the deficit has been increased. This contribution is based on the November 2019 deficit (including brought forward from 2018/19) and a Council contribution of 100% up to and including 2020/21 and 50% thereafter, as the current assumption is that there may be further funding once the outcome of current consultations are known. (See paragraph 5.2 for more details) (See separate report on the agenda and Appendix 7a)

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- the need for some growth to address pressures in Children’s Services (See Appendix 7a and 7b)
- the need for some growth to address pressures in Environment and Regeneration (See separate report on the agenda and Appendix 7a)

If the new growth proposals are agreed, the total growth will be:-

Growth – Total	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CS	430	0	0	0
CSF	3,847	404	384	390
E&R	937	0	0	0
C&H	0	0	0	0
Total	5,214	404	384	390
Cumulative	5,214	5,618	6,002	6,392
DSG Deficit – GF Contribution (cumulative)	16,014	6,354	7,158	8,130
Total (Cumulative)	21,228	11,972	13,160	14,522

2.6.9 Capital Financing Costs

Revenue Implications of Current Capital Programme

As previously reported the Capital Programme has been reviewed and revised and a draft programme for 2020-2024 was approved by Cabinet on 14 October 2019.

Section 6 of this report sets out an update of progress made towards preparing the draft capital programme 2020-24.

The estimated capital financing costs, net of investment income and based on the latest draft programme, which includes the best estimate of new schemes commencing over the period 2020-24, the effect of estimated government grant funding, estimated funding from the Education Funding Agency (EFA) and slippage/reprofiling based on 2018/19 outturn and latest monitoring information, are set out in the following table. This also includes an element of revenue contribution to fund short-life assets:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Programme (including slippage)	34,773	29,777	16,960	26,520
Revenue Implications	10,576	11,408	12,618	13,310

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2.6.10 Pension Fund Revaluation

Pensions

By law the Superannuation Fund is valued every 3 years. The new valuation is based on the position at 31 March 2019 and is implemented in the 2020/21 financial year. The fund has shown an increase in funding level to 103%. Discussions during the current financial year have been held with the actuary Barnett Waddingham LLP and they have confirmed that there will be no need to provide for a deficit recovery over the next three years.

Table 18: Pension Deficit Recovery

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
MTFS (Based on 2016 valuation)	3,635	3,718	3,801	3,884
Latest (2019 valuation)	0	0	0	0
Change	(3,635)	(3,718)	(3,801)	(3,884)

Oncost

In addition, the actuary has indicated that the future service contribution rate will be fixed at 17.06% for 2020/21, 2021/22 and 2022/23, an increase from 15.2% in the current year. The estimated additional cost in each department's salary costs from 2020/21 is as follows:-

Table 19: Increased oncost contribution rate

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Increased contribution	1,158	1,181	1,204	1,229

The net change in pension costs is therefore

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Net saving to General Fund	(2,477)	(2,537)	(2,597)	(2,655)

2.7 Forecast of Resources and Provisional Local Government Finance Settlement

2.7.1 Due to the General Election which was held on 12 December 2019, the timetable for announcing the resources that local authorities will receive in 2020/21 was significantly delayed. The Provisional Settlement was eventually announced on 20 December 2019. Details on the Provisional Local Government Finance Settlement 2020/21 are provided in Appendix 3 with the key details relating to Merton's resources summarised in this Section of the report.

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2.7.2 The Provisional Settlement broadly reflects the details set out in the Spending Round 2019. The main details are:-

- a) Settlement Funding Assessment (RSG + Business Rates) allocations have increased by 1.6% nationally and in London. The details for Merton are:-

MERTON	2019-2020 £m	2020-2021 £m	Change £m	Change %
Settlement Funding Assessment	40.460	41.120	0.659	1.6
of which:				
Revenue Support Grant (RSG)	-	5.159		
Baseline Funding Level (BFL)	40.460	35.961		
(Tariff)/Top-Up (Included in BFL)	40.460 (1.144)	41.120 9.534		

- b) Core Spending Power will increase by 6.3% nationally and 6.5% in London.

Merton's Core Spending Power is as follows:-

	2019-2020 £m	2020-2021 £m	Change £m	Change %
Settlement Funding Assessment	40.460	41.120	0.660	1.6
Section 31 Grant	1.153	1.441	0.288	25.0
Council Tax Requirement	92.370	97.847	5.477	5.9
Improved Better Care Fund	4.114	4.862	0.748	18.2
Social Care Support Grant	1.278	0.000	(1.278)	(100.0)
Social Care Grant	0.000	4.058	4.058	N/A
Winter Pressures Grant	0.748	0.000	(0.748)	See Improved BCF above
New Homes Bonus	2.108	1.438	(0.670)	(31.8)
Total Core Spending Power	142.231	150.766	8.535	6.0

The provisional Settlement outlined provisional core funding allocations based on Government assumptions. Therefore the figures included above for the Settlement Funding Assessment (Business Rates element) and Council Tax Requirement may differ from the actual amounts eventually calculated on Merton's more up to date information.

Further details on the grants and New Homes Bonus are included in Appendix 3.

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c) Adult Social Care

As indicated in the Core Spending Power Summary, the Improved Better Care Fund (IBCF) has been extended to 2020/21 and Winter Pressures Grant of £0.748m has been incorporated. This is to be welcomed and reduces some of the pressure on the MTFS in which funding had been included to replace IBCF in case the Government no longer provided it. This funding can now be directed to meeting other pressures.

This is summarised in the following table:-

Adult Social Care (IBCF)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Replacement funding included in MTFS Improved Better Care Fund 2020/21*	3,283 (4,862)	3,326	3,326	3,326
Balance	(1,579)			

* Funding beyond 2020/21 is not assured and is not included in the updated MTFS. However, given the Government's assurances that it is committed to addressing social care pressures, paragraph 6 includes an exemplification of the impact on the MTFS assuming that grant does continue.

d) Social Care Grant

As indicated in the Core Spending Power Summary, Social Care Grant of £4.058m will be received in 2020/21. It will be for local authorities to determine how much of it should be spent on adult social care and how much should be spent on children's social care.

In the first instance it is proposed to apply this grant to fund growth in Children, Schools and Families (paragraph 2.6.8 refers)

Social Care Grant	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CSF Growth (cumulative) Social Care Grant	2,372 4,058	2,776 *(2,776)	3,160 *(3,160)	3,550 *(3,550)
Balance	(1,686)	-	-	-

* Although funding beyond 2020/21 is not assured it has been assumed that grant at least equivalent to the growth currently provided in the MTFS will be received going forward, given the Government's manifesto commitment.

2.8 London Business Rates 2020-21

2.8.1 In the Spending Round 2019 which was published on 4 September 2019, it was announced that the Government has written to councils announcing that a decision has been taken to delay the implementation of 75 per cent business rates retention and the Fair Funding Review until April 2021.

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2.8.2 The Government also announced that it was ending the 75% pilot pools, including the London pilot pool, for 2020/21. Based on the general arrangement currently in force, central government receive 33% of business rates, the GLA receive 37% and London boroughs receive 30%. London boroughs are still considering introducing a pooling arrangement based on these proportions. Leaders of London boroughs met in October to discuss the pool and agreed to pool in 2020-21. Participating authorities (32 boroughs, city, and the GLA) will have 28 days after the provisional Local government Finance Settlement to withdraw from the pool.

2.8.3 Regardless of whether there is a London pool or not, final projections for Business Rates retention in 2020/21 will be based on London Boroughs NNDR1 returns for 2020/21 which are due to be returned to central government by 31 January 2020.

2.9 Council Tax Base

2.9.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2020/21. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2020/21. The Council is required to determine its Council Tax Base by 31 January 2020.

2.9.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

2.9.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2019 is the basis for the calculation of the Council Tax Base for 2020/21.

2.9.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2020/21 compared to 2019/20 is set out in the following table:-

Council Tax Base	2019/20	2020/21	Change
			%
Whole Area	74,951.7	75,989.9	1.4%
Wimbledon & Putney Common Conservators	11,464.4	11,604.6	1.2%

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2.10 Proposed Amendments to Previously Agreed Savings

2.10.1 Cabinet on 14 October 2019 approved some proposed amendments to savings which had been agreed in previous year's budgets and also agreed that the financial implications should be incorporated into the draft MTFS 2020-24.

2.10.2 Some additional changes to existing savings are proposed as follows:-

a) Corporate Services

It is proposed to replace a saving of £30,000 in 2020/21 with an alternative.

It is also proposed to defer three savings previously agreed, totalling £196,000 for 2020/21, until 2023/24.

b) Environment and Regeneration

It is proposed that previously agreed savings amounting to £0.647m be replaced in 2020/21 by alternative proposals.

2.10.2 Details of these further requests to defer and/or replace savings are set out in Appendix 5b for replacement savings and Appendix 5c for deferred savings. Including the changes approved by Cabinet in October 2019, the change over the four year MTFS period resulting from these proposals is set out in the following table:-

Deferred Savings and Replacement Savings (Net impact)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	196	0	0	(196)	0
Children, Schools and Families	0	0	0	0	0
Environment and Regeneration	65	10	(75)	0	0
Community and Housing	0	0	0	0	0
Total	261	10	(75)	(196)	0
Cumulative Total	261	271	196	0	

3. SAVINGS PROPOSALS 2020-24

Controllable budgets and Savings Targets for 2020-24

3.1 Cabinet on 14 October 2019 agreed the rolling forward of the unmet element of 2019/20 savings targets to be identified by service departments over the period 2020-24 as follows:-

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	Savings Targets 2020-24 £'000
Corporate Services	663
Children, Schools & Families	2,627
Environment & Regeneration	2,606
Community & Housing	4,385
Total	10,281

- 3.2 Cabinet on 14 October 2019 also considered some proposed new savings towards meeting these savings targets and referred them to the Scrutiny Panels and Commission. Cabinet agreed to ratify these savings at a future Cabinet meeting subject to scrutiny comments. The savings, considered by Cabinet in October 2019 and scrutinised by panels and the Commission during November 2019 are summarised in the following table:-

SAVINGS (Cabinet 14 March 2019)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	570	(49)	125	0	646
Children, Schools and Families	509	400	0	0	909
Environment and Regeneration	1,240	340	0	0	1,580
Community and Housing	0	500	0	0	500
Total	2,319	1,191	125	0	3,635
Total (cumulative)	2,319	3,510	3,635	3,635	

- 3.3 Feedback on the October 2019 Cabinet proposals from the Overview and Scrutiny Panels and the Commission which met during November 2019 was reported to Cabinet on 9 December 2019
- 3.4 Further work has been carried out since October 2019 to identify additional savings and details of these proposals are provided in Appendix 5a and summarised in the following table:-

SAVINGS PROPOSALS	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	0	0	0	0	0
Children, Schools and Families	1,460	410	0	0	1,870
Environment and Regeneration	40	70	0	0	110
Community and Housing	532	810	60	0	1,402
Total	2,032	1,290	60	0	3,382
Total (cumulative)	2,032	3,322	3,382	3,382	

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3.5 These savings will be scrutinised by Overview and Scrutiny Panels and the Commission during February 2020 and will be included in the Member's Information pack that will be despatched to all Members at the end of January 2020.

3.6 If all of these are approved, the total new savings, including those agreed in October 2019, is:-

SUMMARY (cumulative)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	570	(49)	125	0	646
Children, Schools & Families	1,969	810	0	0	2,779
Environment & Regeneration	1,280	410	0	0	1,690
Community & Housing	532	1,310	60	0	1,902
Total	4,351	2,481	185	0	7,017
Net Cumulative total	4,351	6,832	7,017	7,017	

3.7 Assuming that all of the savings proposed so far are accepted the balance remaining is as follows:-

	Targets £'000	Proposals £'000	Balance £'000	Balance %
Corporate Services	663	646	17	2.6
Children, Schools & Families	2,627	2,779	(152)	0
Environment & Regeneration	2,606	1,690	916	35.1
Community & Housing	4,385	1,902	2,483	56.6
Total	10,281	7,017	3,264	31.7

3.8 Draft Equalities Assessments where applicable are included in Appendix 6.

3.9 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years' budget processes to be made good.

4. **SERVICE PLANNING 2020-24**

4.1 Draft Service Plans are included in Appendix 8.

5. **USE OF RESERVES IN 2019/20 and 2020-24**

5.1 The application of current revenue reserves in 2019/20 to address any level of overspend will have an ongoing impact on the MTFs going forward.

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5.2 DSG Deficit

The treatment of the forecast Dedicated Schools Grant deficit will be an important factor in this. As reported elsewhere on the January 2020 Cabinet agenda as part of the monthly monitoring report, based on November 2019, DSG funded services are forecast to overspend by £10.557m in 2019/20 bringing the cumulated deficit at year end to £13.466m, although this is expected to increase by year end, and to continue to increase in future years.

Increasing Deficits in DSG is a national issue and the Department for Education issued a consultation paper consulting on changing the conditions of grant and regulations applying to the Dedicated Schools Grant (DSG). This is designed to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities, and that any deficit an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves. The consultation period ran until 15 November 2019 and Merton submitted a response.

Whilst it is welcomed that the General Fund is not expected to fund the DSG deficit the issue of how such large amounts can be accounted for is one that needs to be resolved at a national level.

The previous update on the MTFs reported to Cabinet in October 2019 assumed that the General Fund would contribute 50% towards the estimated DSG deficit and this is also the assumption in the growth calculations included in paragraph 2.6.8.

The Provisional Local Government Finance Settlement did not include any additional resources to enable local authorities to address the anticipated funding difficulties. This issue is still under consideration by the Government. For the purposes of this report the financial implications of a range of potential outcomes have been assessed:-

- Option 1: As included in the October Cabinet report assuming that the Council's General Fund meets all of the deficit until the end of 2019/20 and 50% of the deficit thereafter (based on November 2019 monitoring in this report)
- Option 2: assuming that the Council's General Fund meets all of the deficit until the end of 2020/21 and 50% of the deficit thereafter (based on November 2019 monitoring in this report)
- Option 3: assuming that the Council's General Fund meets all of the deficit until the end of 2019/20 and the Government meets 100% of the deficit thereafter (based on November 2019 monitoring in this report)
- Option 4: assuming that the Government does not make any contribution towards funding the DSG deficit and the burden falls entirely on the council's General Fund

The impact on the MTFs of each of the options is as follows:-

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	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	TOTAL £000
Cabinet (October)	9,297	8,000	8,727	9,652	35,676
Option 1	10,786	6,354	7,158	8,130	32,428
Option 2	16,014	6,354	7,158	8,130	37,656
Option 3	5,557	0	0	0	5,557
Option 4	16,014	12,707	14,316	16,260	59,297

6. UPDATE TO MTFS 2020-24

- 6.1 The MTFS gap in October 2019 was c. £16m and with additional savings proposals of c. £2.4m, additional service department growth of c. £4.5m and other changes, including revisions to capital financing costs arising from the capital programme, increases in council tax yield arising from the new council tax base for 2020/21, changes arising from the Budget 2019 and Provisional Local Government Finance Settlement in December, and assuming option 2 with respect to the DSG deficit, the latest budget gap forecast is:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Budget Gap in MTFS	0	4,239	8,502	10,541

A more detailed MTFS is included as Appendix 4.

- 6.2 As referred to in paragraph 2.7.2 (c), the future related to the Improved Better Care Fund from 2021/22 is not assured and is therefore omitted from the MTFS gap shown above and in Appendix 4. However, if the Improved Better Care Funding continues from 2021/22 the impact of the forecast budget gap is as follows:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Budget Gap in MTFS	0	0	3,017	5,679

- 6.3 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny. (Appendix 10)

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7. **CAPITAL PROGRAMME 2020-24: UPDATE**

- 7.1 The proposed draft Capital Programme 2020-24 was presented to Cabinet on 14 October 2019.
- 7.2 The programme has been reviewed by scrutiny panels.
- 7.3 Monthly monitoring of the approved programme for 2019/20 has been ongoing and there will inevitably be further changes arising from slippage, reprofiling and the announcement of capital grants as part of the local government finance settlement.
- 7.4 Further changes that have been made to the proposed capital programme since it was presented to Cabinet in October 2019 are set out in Appendix 5. These include reprofiling of existing schemes and addition of some new bids commencing over the period of the MTFS.
- 7.5 The estimated revenue implications of funding the draft capital programme are summarised in paragraph 2.6.9 and these have been incorporated into the latest draft MTFS 2020-24.

8. **BUDGET STRATEGY**

- 8.1 The council has a statutory duty to set a balanced budget.
- 8.2 The MTFS reported to Cabinet in October 2019 assumed a 2% general Council Tax increase in 2020/21. The MTFS in this update assumes a 1.99% general Council Tax increase and a 2% increase for Adult Social Care Precept, as assumed in the Core Spending Power. This keeps the proposed Council Tax increase for 2020/21 within the 4% referendum threshold.
- 8.3 With respect to the DSG deficit, it is assumed that the Council's General Fund will provide for 100% of the estimated deficit (Based on November 2019 monitoring information) up until 2020/21 and 50% thereafter. (Option 2 in paragraph 5.2 refers)

9. **GLA BUDGET AND PRECEPT SETTING 2020-21**

- 9.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.
- 9.2 The Mayor published his draft consolidated budget and provisional council tax precept for 2020-21 on 18 December 2019 for consultation. The consultation on the budget proposals will end on Wednesday 15 January 2020.

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- 9.3 The provisional precept on council taxpayers in the 32 London boroughs is £326.92 – a £6.41 or 1.99% increase compared to 2019/20. The proposed precept for council taxpayers in the City of London – excluding the police element – is £79.94 (an increase of 1.99%). It should be noted that the Band D precept is likely to change prior to the Mayor's final budget to reflect the impact of the Home Office settlement for policing including the council tax referendum thresholds for local policing bodies which have not yet been announced for 2020-21.
- 9.4 The Mayor's draft budget is expected to be considered by the London Assembly on 29 January 2020. The final draft budget is scheduled to be considered by the Assembly on 24 February 2020 following which the Mayor will confirm formally the final precept and GLA group budget for 2020-21. The statutory deadline for the GLA to agree the final GLA council tax precept and the Capital Spending Plan is 28 February 2020.
- 9.5 NNDR1 returns will be required to be submitted to the MHCLG by 31 January 2020 and, with the addition of information required for the London pilot pool, it is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2020-21 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London boroughs. This has been confirmed in the provisional local government finance settlement.

10. **CONSULTATION UNDERTAKEN OR PROPOSED**

- 10.1 There will be consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.
- 10.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2020.
- 10.3 As previously indicated, a Member's information pack will be prepared and distributed to all councillors and the revised date for this is 29 January 2020. This can be brought to all Scrutiny and Cabinet meetings from 6 February 2020 onwards and to Budget Council. Despite the delay, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.

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10.4 The pack will include:

- Savings proposals
- Growth proposals
- A draft Equality impact assessment for each saving proposal.
- Service plans (these will also be printed in A3 to lay round at scrutiny meetings)
- Budget Summaries 2020/21

11. **TIMETABLE**

11.1 In accordance with revised financial reporting timetables.

12. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

12.1 All relevant implications have been addressed in the report.

13. **LEGAL AND STATUTORY IMPLICATIONS**

13.1 All relevant implications have been addressed in the report.

14. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

14.1 Draft Equalities assessments of the savings proposals are included in Appendix 6.

15. **CRIME AND DISORDER IMPLICATIONS**

15.1 Not applicable.

16. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

16.1 Not applicable.

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

Appendix 1: Council Tax Base 2020/21

Appendix 2: Outlook for inflation

Appendix 3: Provisional Local government Finance Settlement 2020-21: Summary

Appendix 4: MTFFS Update

Appendix 5: Savings Proposals – January 2020 Cabinet (**Information Pack**)

- (a) New proposals
- (b) Replacement savings
- (c) Deferred savings

Appendix 6: Equalities Assessments - January 2020 Cabinet Savings Proposals (Information Pack)

- (a) Savings
- (b) Growth

Appendix 7: Growth proposals – January 2020 Cabinet (Information Pack)

- (a) Details of growth proposals
- (b) CSF growth

Appendix 8: Service Plans 2020-24 (**Information Pack**)

Appendix 9: Draft Capital Programme 2020-24 and Capital Strategy 2020/21

Appendix 10: Budget Summaries (**Information Pack**)

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

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Council Tax Base 2020/21**1. INTRODUCTION**

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the MHCLG of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 9 September 2019. The deadline for return was 11 October 2019 and Merton met this deadline.
- 1.6 The CTB form for 2019 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

2. ASSUMPTIONS IN THE MTFS

- 2.1 Other than changes in the actual council tax rates levied, in producing a forecast of council tax yield in future years, there are two key variables to be considered:-

APPENDIX 1

- the year on year change in Council Tax Base
- the council tax collection rate

2.2 The draft MTFS previously reported to Cabinet during the business planning process has assumed that the Council Tax Base increases 0.5% per year and that the collection rate is 98.5% in each of the years.

2.3 These assumptions have been reviewed and it is considered that, based on the Council's recent Council Tax collection experience, the collection rate can be raised by 0.25% to 98.75%. The annual increase in Council Tax Base has been maintained at 0.5%. These rates have been applied to the latest Council Tax Base information included on the CTB return completed on 11 October 2019 to produce the Council Tax Base 2020/21.

2.4 Information from the October 2019 Council Tax Base Return

2.4.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.

2.4.2 The information in the CTB returns has been used to calculate the council tax bases and these are summarised in the following table compared to 2019/20:-

Council Tax Base	2019/20	2020/21	Change
			%
Whole Area	74,951.7	75,989.9	1.4%
Wimbledon & Putney Common Conservators	11,464.4	11,604.6	1.2%

3. **IMPLICATIONS FOR COUNCIL TAX YIELD 2020/21**

3.1 On a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2020/21 compared to 2019/20 is summarised in the following table:-

Council Tax: Whole area	2019/20	2020/21
Tax Base	74,951.7	75,989.9
Band D Council Tax	£1,227.82	£1,227.82
Estimated Yield	£92.027m	£93.302m
Change: 2019/20 to 2020/21 (£m)		+ £1.275m
Change: 2019/20 to 2020/21 (%)		+ 1.4%

3.2 Analysis of changes in yield 2019/20 to latest 2020/21

3.2.1 There are a number of reasons for the change in estimated yield between 2019/20 and the latest estimate based on the CTB data.

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3.2.2 Over this period the Council Tax Base increased by 1,038.2 from 74,951.7 to 75,989.9 which multiplied by the Band D Council Tax of £1,227.82 results in additional yield of £1.275m.

3.2.3 An exact reconciliation for the change between years is not possible because of changes in distribution of Council Tax Support and discounts and benefits, and premiums between years and bands. However, broadly the changes can be analysed as follows:-

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 490 from 84,805 to 85,295 and the number of exempt dwellings increased by 104 from 794 to 898. This means that the number of chargeable dwellings increased by 386 between years. Based on a full charge, this equates to additional council tax of £0.474m.

b) Amount of Council Tax Support Reduction

Based on October 2018 there was a reduction of 8,177.1 to the Council Tax Base for local council tax support. This has reduced to 7,688.1 in based on October 2019 which is a change of 489 and equates to additional council tax of about £0.600m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 168 and those subject to premiums increased by 7 between October 2018 and October 2019.

d) Change in collection rate

There has been an increase of 0.25% in the estimated collection rate to 98.75% which increases the base by 192.3 and increases the council tax yield by c. £0.236m

Summary

The following table puts the individual elements together to show how the potential council tax yield changes between 2019/20 and 2020/21:-

	Approx. Change in Council Tax Base	Approx. Change in Council Tax yield
		£m
Increase in number of chargeable dwellings	386	0.474
Change in Council Tax Support Reductions	489	0.600
Change in discounts, exemptions, premiums and distribution	(29)	(0.035)
Change in collection rate	192	0.236
Total	1,038	1.275

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3.10 Council Tax Yield 2020/21

3.10.1 Assuming no change in Council Tax for 2020/21 the estimated Council Tax yield for 2020/21 is:-

Council Tax: Whole area	Tax Base	Band D 2019/20	Council Tax Yield 2020/21	Council Tax Yield 2019/20
Merton	75,989.9	£1,227.82	£93.302m	£92.027m
WPCC	11,604.6	£29.90	£0.347m	£0.343m
GLA	75,989.9	£320.51	£24.356m	£24.023m

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

3.10.2 The updated MTFS is based on the following assumptions:-

	2020/21	2021/22	2022/23	2023/24
Increase in CT Base	1.4%	0.5%	0.5%	0.5%
Collection Rate	98.75%	98.75%	98.75%	98.75%
Council Tax - General	1.99%	2%	2%	2%
Council Tax – Adult Social Care	2.00%	0%	0%	0%

3.10.3 Based on the new Council Tax Base but using the same assumptions as in the MTFS set out in the table in 3.10.2 above, the change in Council Tax Yield is as follows:-

MTFS Council Tax Yield (excluding WPCC)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CT Yield (Cabinet 14 October 2019)	94,337	96,686	99,084	101,533
CT Yield (New Council Tax Base)	97,025	99,432	101,889	104,398
Change in CT Yield from new Base	2,688	2,746	2,805	2,865

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 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 (December 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.4	2.3	1.7
RPI	1.8	3.2	2.3
LFS Unemployment Rate	3.8	4.1	3.9
2020 (Quarter 4)			
CPI	1.4	3.3	1.9
RPI	1.8	4.2	2.6
LFS Unemployment Rate	3.8	4.6	4.1

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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

PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21Background – Delay to the announcement

In recent years at the end of November to mid-December, the government has notified local authorities of their Provisional Local Government Finance Settlement. This has included the amounts of funding allocated to each local authority in terms of Revenue Support Grant, share of Business Rates and other major allocations of grant. The final Settlement figures are published the following January/February but are generally unchanged from the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit which is set out in the Budget. The Budget usually sets out the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility's (OBR) "Economic and Fiscal Outlook".

The Government originally announced that there would be a Budget on 6 November but due to the delay in Brexit negotiations it was then cancelled and subsequently a General Election was called for 12 December 2019. This has resulted in delays to the Government's publication of key financial information on which local authorities base their budgets and council tax assumptions.

Office for Budget Responsibility (OBR) – Publication of Restated March Forecasts

The Chairman of the OBR, wrote to the Treasury on 29 October 2019 concerning the cancellation of the Budget and in the letter indicated that "Following the cancellation of the Budget, we have decided to publish a restated version of our March public finance forecast, incorporating subsequent ONS classification and other statistical changes. Given the importance of these changes for public understanding of the baseline against which the Government will wish to judge its fiscal policy options, we believe that it would be useful to explain publicly the impact that these changes would have had on our March forecast. We have written to the Treasury informing them that we intend to publish our restated March forecast on 7 November at 9.30am."

On 7 November the OBR published the following statement on its website

"As we notified the Treasury and Treasury Select Committee on 29 October, we had planned to publish a technical restatement of our March public finance forecast this morning, bringing it into line with current ONS statistical treatment – for example, the new treatment of student loans implemented in September – but not incorporating any new forecast judgements regarding the economy, the public finances or the impact of Brexit. This will no longer go ahead as the Cabinet Secretary has concluded that this would not be consistent with the Cabinet Office's General Election Guidance."

On 5 November 2019, the Director General, Local Government and Public Services, at the Ministry of Housing, Communities and Local Government wrote to all Chief Executives and Chief Finance Officers with the following update:-

*“Dear Chief Executive/ Chief Finance Officer,
As you know, the Early Parliamentary General Election Bill recently gained Royal Assent and a General Election will be held on Thursday 12 December. Colleagues in local authorities will naturally be keen to understand how this impacts on funding for local government next year. While we cannot be definitive at this stage, I hope that this letter will give an outline of recent decision taken by this Government and a sense of the outcomes it is seeking to achieve.*

LOCAL GOVERNMENT FINANCE SETTLEMENT

As you know, the Government set out its proposals for the 2020-21 settlement in a technical consultation published on 3 October 2019. This consultation has now closed, and I am grateful for your responses. The department is now working through each response and will come back with further proposals, including proposed local authority allocations, at the provisional settlement.

Last year the independent review of local government finance and processes recommended the department issue the provisional settlement around 5 December. This is no longer possible because of the General Election. However, the department anticipates that the provisional Settlement will be a priority for Ministers to consider after the General Election. We will take all possible steps to ensure that the final settlement aligns with local authority budget setting timetables.

In the meantime, local authorities should take account of the proposals the Government has published in the technical consultation in drawing up draft budgets for next year. “

Following the result of the General Election, the Provisional Local Government Finance Settlement was released on 20 December 2019. A summary analysis on the potential financial impact of the provisional Settlement is included as Appendix 3.

The Provisional Settlement broadly reflects the details set out in the Spending Round 2019. The main details are:-

Overview of the Provisional Local Government Settlement 2020-21

Details of the provisional Local Government Settlement were published on 20 December 2019. There were no significant changes from those included in the Spending Round 2019 and detailed in the Government’s Technical Consultation which was published in October 2019.

This is a summary of the main details included in the Provisional Settlement, with particular emphasis on the implications for Merton.

1. Provisional Local Government Settlement

1.1 Settlement Funding Assessment (SFA)

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

The Settlement outlined core funding allocations (Settlement Funding Assessment (SFA) for local authorities for 2020/21.

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. There has been an increase of 1.6% in SFA nationally in 2020/21. Details of changes in SFA for England, London boroughs and in Merton are summarised in the following table:-

	2016/17 Final	2017/18 Final	2018/19 Final	2019/20 Final	2020/21 Provisional
Merton (£m)	55.5	48.5	44.7	40.5	41.1
Annual % Change	-	-12.6%	-7.8%	-9.4%	1.6%
Cumulative % change	-	-12.6%	-19.5%	-27.0%	-25.9%
England (£m)	18,601.5	16,632.4	15,574.2	14,559.6	14,796.9
Annual % Change	-	-10.6%	-6.5%	-6.5%	1.6%
Cumulative % change	-	-10.6%	-16.3%	-21.7%	-20.6%
London Boroughs (£m)	3,398.5	3,078.3	2,901.2	2,713.5	2,757.7
Annual % Change	-	-9.4%	-5.8%	-6.5 %	1.6%
Cumulative % change	-	-9.4%	-14.6%	-20.2%	-18.9%

1.2 Core Spending Power

Core Spending Power is the Government's measure of the resources available to local authorities to fund service delivery. In 2020-21 it includes "roll forward" of core components from 2019-20 and also injects significant new funding into social care

Core Spending Power in 2020-21 is therefore made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation via Section 31 grant for under-indexing the business rates multiplier
- Additional Council Tax revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund
- New Homes Bonus and New Homes Bonus Returned Funding;
- Rural Services Delivery Grant
- Adult Social Care Support grant
- Winter Pressures Grant
- Social Care Support Grant

In 2020-21, Social Care Support Grant has been renamed Social Care Grant and Winter Pressures Grant has been rolled into the Improved Better Care Fund.

At the England level since 2016/17 there will be a cumulative increase in spending power of £5.4 billion (12.4% in cash terms) from £43.7 billion to

£49.1 billion. The equivalent figures for London boroughs are an increase of £643.9 billion (9.7%) from £6.7 billion to £7.3 billion.

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

- All authorities that are eligible raise the social care precept to its maximum in 2020-21
- All authorities increase overall council tax by the maximum amount (2% in 2020-21)
- Tax base increases at the same average rate for each authority as between 2015-16 to 2019-20
- New Homes Bonus allocations are based on the share of NHB to date

In England the level of assumed spending power will increase by £2.9 billion (6.3%) in 2020-21 from £46.2 billion to £49.1 billion. In London boroughs the assumed increase is £446.1million (6.5%) in 2020/21 from £6.848 billion to £7.294 billion.

A summary of Merton's assumed Core Spending Power from 2016/17 to 2020/21 is included in the following table:-

Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Final	Provisional	Annual Change (19-20 to 20-21)	Cumulative Change (16-17 to 20-21)
	2016-17	2017-18	2018/19	2019/20	2020/21		
	£m	£m	£m	£m		%	%
Council Tax	78.920	82.563	87.009	92.370	97.847	5.9%	24.0%
Settlement Funding Assessment*	55.500	48.545	44.662	40.460	41.120	1.6%	-25.9%
Compensation for under-indexing the business rates multiplier	0.476	0.504	0.793	1.153	1.441	25.0%	202.7%
Improved Better Care Fund	0.000	2.746	3.523	4.114	4.862	18.2%	-
New Homes Bonus	4.658	4.068	2.371	2.108	1.438	-31.8%	-69.1%
New Homes Bonus – returned funding	0.076	0.080	0.000	0.000	0.000	-	-100%
Transition Grant	0.567	0.557	0.000	0.000	0.000	-	-100%
Adult Social Care Support Grant	0.000	0.751	0.467	0.000	0.000	-	-
Winter Pressures Grant	0.000	0.000	0.748	0.748	0.000	-100.0%	-
Social Care Support Grant	0.000	0.000	0.000	1.278	0.000	-100.0%	-
Social Care Grant	0.000	0.000	0.000	0.000	4.058	-	-
Core Spending Power	140.197	139.815	139.574	143.231	150.766	5.3%	7.5%

* SFA figures do not reflect the London Business Rates Pool

1.3 Council tax referendum principles for principal local authorities

In terms of controlling the level of council tax increases that local authorities can set in 2020-21, without the need for a local referendum, the Government has decided that the core principles to be applied to authorities with social care responsibilities including London boroughs such as Merton are:-

- For 2020-21, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20

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

	2020/21 %	2021/22 %	2022/23 %	2023/24 %
Council Tax increase - General	1.99	2.00	2.00	2.00
Council Tax increase - ASC	2.00	0	0	0
Total	3.99	2.00	2.00	2.00

1.4 Special and specific grants

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

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

Outside of the Provisional Settlement, allocations of a number of other grants have yet to be published including:-

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

The provisional schools funding settlement for 2020/21 has been published by the Department for Education. (See Section 2)

1.4.1 New Homes Bonus

The Spending Review 2015 set out the overall envelope for New Homes Bonus payments over the period to 2019-20 as being £1,485 million for 2016-17, reducing to £900 million by 2019-20. £18 million was made available to

maintain the NHB baseline for payments in 2019-20. The Spending Round 2019 maintained the overall funding at £900 million in 2020-21. £7 million will be made available to maintain the NHB baseline for payments in 2020-21.

The Provisional Settlement confirms the proposal set out in the October technical consultation that 2020-21 NHB payments will not attract legacy payments in following years. However, the Government has confirmed it will retain the 0.4 per cent baseline which means local authorities will need to achieve tax base growth of greater than 0.4 per cent before they receive any NHB funding.

New Homes Bonus returned funding: For 2016-17 and 2017-18 any unclaimed New Homes Bonus funding was returned to local authorities based on their share of 2013-14 adjusted Start-up Funding Allowance. In 2018-19, 2019-20 and 2020-21, New Homes Bonus allocations exceed the original funding so there is no returned funding.

1.4.2 Compensation for under-indexing the business rates multiplier: The level of compensation for under-indexing of the business rates multiplier as a result of previous decisions to cap business rates increases by past governments, will increase nationally from £400.0m in 2019/20 to £500.0m in 2020-21 (an increase from £70.9m to £88.6m across London boroughs). Merton's allocation in 2020-21 is estimated to be £1.441m.

1.4.3 Former Independent Living Fund Recipient Grant: The Former Independent Living Fund (ILF) recipient grant funds pre-existing ILF arrangements following the closure of the ILF in 2015. This was intended to come to a conclusion in 2019-20. The Government has decided to continue the grant for a further year at 2019-20 levels of £160.6m, of which London will receive £19.3m. The detail by London borough is to be announced.

1.4.4 Improved Better Care Fund
In England, this represents a total of £1,115 million in 2017-18, £1,499 million in 2018-19, £1,837 million in 2019-20 and £2,077 million in 2020-21. The £2,000 million additional funding announced at Budget 2017 is included in this total. For 2020-21, the existing improved Better Care Fund funding is maintained at 2019-20 levels, and incorporates the £240 million which was allocated as Winter Pressures Grant in 2019-20, allocated using the adult social care relative needs formula.

Merton's allocation is:-

Improved Better Care Fund	2020-21 £m
Merton	4.862

1.4.5 Social Care Grant
The Government introduced a Social Care Support Grant of £410m in 2019-20, covering Children's and Adults social care, distributed according to Adult Social

Services RNF. This has been renamed as the Social Care Grant and will be increased by £1 billion in 2020-21 to £1.41bn, of which London Boroughs will receive £223.1m.

For 2020-21, a £1,410 million Social Care Grant comprised of three elements:

1. Retaining the £410 million in Social Care Support Grant from 2019-20, distributed using the adult social care relative needs formula;
2. An additional £850 million, distributed using the adult social care relative needs formula; and
3. £150 million to equalise the impact of the distribution of the council tax adult social care council tax precept in 2020-21.

Merton's allocation is:-

Social Care Grant	2020-21 £m
Merton	4.058

1.4.6 Winter Pressures Grant

Funding at the same level as 2019/20 has been incorporated with the Improved Better Care Fund

Merton's allocation is:-

Winter Pressures	2019-20 £m	2019-20 £m
Merton	0.748	0.000

1.4.7 Public Health Grant

The Public Health Grant was transferred to Local Authorities in 2013 and has seen a 10% cut over the last four years. Whilst allocations have not yet been published, the government has announced that there would be a "real terms increase" in 2020-21, which London Councils expects to be at least 1.84%. Details will be included in a future report once they are published.

1.4.8 Other grants

Several other grants have not yet been published including the Lead Local Flood Authorities grant, Flexible Homelessness Support Grant, Homelessness Reduction Act new burdens funding. Details will be included in a future report once they are published.

1.5 Provisional Settlement Consultation Response

The Government's consultation period on the provisional settlement figures has a deadline of 17 January 2020.

2. School Funding Announcement

2.1 The School Revenue Funding Settlement: 2020 to 2021 was published on 19 December 2019. The distribution of the DSG to local authorities is set out in four blocks for each authority: a schools block, a high needs block, an early years block, and the new central school services block. The main allocations for Merton are:-

Dedicated schools grant (DSG): 2020 to 2021 allocations local authority summary	2020 to 2021 DSG allocations, before recoupment and deductions for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
	Schools block (£m)	Central school services block (£m)	High needs block (£m)	Early years block (£m)	Total DSG allocation (£m)
	[A]	[B]	[C]	[D]	[E]
					= [A] + [B] + [C] + [D]
Merton 20/21	129.966	1.016	36.429	16.375	183.787
Merton 19/20	122.978	1.041	33.319	15.571	172.909
Change %	5.7%	-2.4%	9.3%	5.2%	6.3%
2020 to 2021 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA					
	Schools block (£m)	Central school services block allocation (£m)	High needs block allocation (£m)	Early years block (£m)	Total DSG allocation (£m)
	[F]	[G]	[H]	[H]	[I]
Merton 20/21	129.966	1.016	36.299	16.375	183.657
Merton 19/20	122.978	1.041	33.033	15.571	172.623
Change %	5.7%	-2.4%	9.9%	5.2%	6.4%

DRAFT MTFS 2020-24:				
	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Departmental Base Budget 2019/20	152,567	152,567	152,567	152,567
Inflation (Pay, Prices)	3,743	7,485	11,228	14,971
Salary oncost increase (15.2% to 17.06%)	695	718	741	766
FYE – Previous Years Savings	(7,307)	(8,723)	(8,828)	(8,828)
FYE – Previous Years Growth	500	500	500	500
Amendments to previously agreed savings/growth	(239)	(229)	(304)	(500)
Change in Net Appropriations to/(from) Reserves	(279)	(306)	(369)	(399)
Taxi card/Concessionary Fares	92	542	992	1,442
Change in depreciation/Impairment (Contra Other Corporate items)	448	448	448	448
Social Care - Additional Spend offset by grant and precept	7,360	5,828	5,824	5,824
Growth	5,214	5,618	6,002	6,392
Provision - DSG Deficit	16,014	6,354	7,158	8,130
Other	(60)	33	122	211
Re-Priced Departmental Budget	178,748	170,835	176,082	181,524
Treasury/Capital financing	10,576	11,408	12,618	13,310
Other Corporate items	(20,153)	(20,600)	(20,178)	(20,527)
Levies	607	607	607	607
Sub-total: Corporate provisions	(8,970)	(8,585)	(6,953)	(6,610)
Sub-total: Repriced Departmental Budget + Corporate Provisions	169,778	162,250	169,129	174,913
Savings/Income Proposals 2020/21	(4,351)	(6,832)	(7,017)	(7,017)
Sub-total	165,427	155,418	162,112	167,896
Appropriation to/from departmental reserves	(1,873)	(1,846)	(1,783)	(1,753)
Appropriation to/from Balancing the Budget Reserve	(7,645)	(999)	0	0
BUDGET REQUIREMENT	155,909	152,573	160,329	166,143
Funded by:				
Revenue Support Grant	(5,159)	0	0	0
Business Rates (inc. Section 31 grant)	(37,402)	(39,978)	(40,837)	(41,714)
Adult Social Care Grants inc. BCF	(4,862)	0	0	0
Social Care Grant	(4,058)	(2,776)	(3,160)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,438)	(1,008)	(800)	(800)
Council Tax inc. WPC	(97,368)	(99,775)	(102,232)	(104,741)
Collection Fund – (Surplus)/Deficit	(825)	0	0	0
TOTAL FUNDING	(155,909)	(148,333)	(151,827)	(155,602)
GAP including Use of Reserves (Cumulative)	0	4,239	8,502	10,541

CAPITAL STRATEGY 2020-24

1 Introduction

- 1.1 As part of the Prudential Code for Capital Finance in Local Authorities 2017 local authorities are required to produce a capital strategy.
- 1.2 Merton's Capital Strategy for 2020-24 has been aligned and integrated with the Business Plan for the period 2020-24. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-
- Children's Trusts;
 - Health and Wellbeing Board;
 - Safer and Stronger Communities;
 - Sustainable Communities and Transport;
 - Corporate Capacity
- 1.3 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.
- 1.4 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2020-24 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:
- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
 - i) Continue to provide everything that is statutory.
 - ii) Maintain services – within limits – to the vulnerable and elderly.
 - After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
 - i) Maintain clean streets and keep council tax low.
 - ii) Keep Merton as a good place for young people to go to school and grow up.
 - iii) Be the best it can for the local environment.
 - iv) All the rest should be open for discussion.
- 1.5 Merton's scrutiny function reflects the five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

2 Planning Infrastructure

2.1 Business Plan 2020-2024

2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

2.2 Target Operating Models (TOMs)

2.2.1 TOMs, or Target Operating Models are a series of strategy documents that set out how the organisation will respond to and manage change over the coming months and years. TOMs have been produced for Service Areas or Departments throughout the council.

2.2.2 A TOM is a statement of how an organisation will deliver its services within a certain structure as a future point in time, TOMs are living documents and will change as the organisation develops. There are a number of elements to a TOM, for Merton these are – Customer Segments, Channels, Services, Organisation, Processes, Information, Technology, Physical Location and People

2.2.3 Developing a TOM is about planning and preparing for change and improvement in a given service. Taking the time to prepare/refresh a TOM allows those within a service to consider its many facets and dependencies and determine how these will change over the coming years. Having an ambitious vision for what the future looks like for the service (which is what a TOM provides), ensures that improvement activity will be more disciplined and controlled and therefore more likely to succeed.

2.3 Service Plans

2.3.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan, TOMs but also departmental service and commissioning plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

2.4 Capacity, Skills and Culture

2.4.1 Team planning and staff appraisals highlight staff developmental requirements and monitor their progression. Qualified financial staff meet the continual professional development requirements of their relevant CCAB organisation.

2.4.2 Member induction and development is led corporately by the Authority's Human Resources division, this is supplemented, where appropriate, with additional financial briefings.

2.5 Capital Strategy

2.5.1 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavors to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

2.5.2 Attached as Annex 6 is the Capital Investment Strategy for the investments/loans the Authority will hold/holds primarily to generate financial returns.

3 Accounting Definitions and Practices

3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.

3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

3.5 IFRS 9 requires that investment in risk capital will need to be valued annually at fair value with any loss or gain being written through the profit and loss account in the year it occurs.

3.6 IFRS 16 will require all but short-term de-minimis leasing rental/leasing arrangements appear on the Authority's balance sheet from the financial year 2020/21.

4 Corporate and strategic capital expenditure appraisal planning and control

4.1 Capital Programme Board

4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT). The Board comprises the Directors of Corporate and Environment and Regeneration Services with selected Level 2/3 managers from each service department.

4.1.2 The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.
- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

4.1.3 The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;
- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

4.1.4 The Board will be accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.

4.1.5 The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.

4.1.6 During the budget process the Director of Corporate Services recommends to Cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority, dependent on the size, will normally be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members in advance when it is proposed to use external borrowing.

4.1.7 The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, this is detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by Cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

4.2 Capital Programme Approval and Amendment

4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full Council approval. Rules for changes to the Capital Programme are detailed in the council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.

4.2.2 For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager and the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

4.2.3 For increases to the programme for existing schemes up to £100,000 must be approved by the Director of Corporate Services. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

4.2.4 For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

Approval thresholds are being reviewed as part of the review of processes after the implementation of the new Financial Information System.

4.3 Capital Monitoring

4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

- 4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year-end projections.
- 4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

4.4 Risk Management

- 4.4.1 The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion and onto Cabinet and Standards and General Purposes Committee annually. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, Cabinet and Council.
- 4.4.2 Risk Appetite - The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

5 Revenue budget implications of capital investment

5.1 Revenue cost or savings

- 5.1.1 The capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. Since 2015/16 it has been possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case alongside the use of capital receipts within the current planning period up to 2022/23, from 2022/23 onwards (£8.4 million 22/23 and £34.9 million 23/24) borrowing will be required. Over the period 2020-25 the Authority is scheduled to repay £30.5 million (27%) of long term debt. This will be kept under review as part of general Treasury Management.

5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFs, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

The revenue effects of the capital programme are built into the MTFs and are summarised below:

Current Programme	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	4,874	5,707	6,801	8,592
Interest on Borrowing	6,315	6,315	6,110	6,174
Total Borrowing Costs	11,189	12,022	12,911	14,766
Interest on Investments	(275)	(144)	(23)	0
CCLA Investment Two Loans @ £10m	(322)	(322)	(322)	(322)
Total Borrowing Costs Net of Investment interest	10,592	11,556	12,566	14,444

Proposed Programme Business Plan 2020-24	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	4,874	5,574	6,850	7,593
Interest on Borrowing	6,315	6,315	6,110	6,038
Total Borrowing Costs	11,189	11,889	12,960	13,632
Interest on Investments	(291)	(159)	(19)	0
CCLA Investment Two Loans @ £10m	(322)	(322)	(322)	(322)
Total Borrowing Costs Net of Investment interest	10,576	11,408	12,618	13,310

Movement in Projected Costs	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	0	133	(49)	999
Interest on Borrowing	0	0	0	135
Total Borrowing Costs	0	133	(49)	1,134
Interest on Investments	16	15	(4)	0
CCLA Investment Two Loans @ £10m	0	0	0	0
Total Borrowing Costs Net of Investment interest	16	148	(53)	1,134

6 Capital resources 2020-24

6.1 Variety of sources

6.1.1 Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property and repayment of principal
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

6.2 Annual Minimum Revenue Provision (MRP) Statement

6.2.1 Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.

6.2.2 The statement is set out in the Treasury Management Strategy.

7 Asset management review

7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

7.1.2 In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme for a further three years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. By virtue of his powers under sections 16(2)(b) and 20 of the Local Government Act 2003 (“the Act”), that the local authorities listed in Annex A (“the Authorities”) treat as capital expenditure, expenditure which:

- i. is incurred by the Authorities that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners; and
- ii. is properly incurred by the Authorities for the financial years that begin on 1 April 2016 up to and including 1 April 2021.

7.2 Property as a corporate resource

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 The Asset Management Plan is being reviewed and will include greater emphasis on the use of the council's property assets to support the council's Transformation Programme, regeneration and increased income/revenue generation.

7.2.6 The Authority is currently implementing a new IT system for asset accounting and the possibility of this system being used for more widespread asset management will be explored.

8 Summary of estimated disposals 2020-2024

8.1 Projected Capital Receipts

8.1.1 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead. The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts have been utilised to fund the capital programme:-

Anticipated Capital Receipts	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter	900	900	900	900
Repayment of One Public Estate	0	(260)	0	0
Total	900	640	900	900

8.1.2 As there is currently not a need to enter into external borrowing until 2022/23, investment balances will rise with the addition of capital receipts until utilised to fund the capital programme. Average expected interest rates on investments across the years of the capital programme are approximately 1.3%, as such an increase in receipts of £1m would be expected to generate a £13,000 increase in interest in a full year.

8.1.3 The table below shows the funding of the capital programme utilising capital receipts, capital grants and contributions, capital reserves and revenue provisions. Balances held by the authority will generate interest until utilized to fund the capital programme.

Capital Expenditure	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's
Capital Expenditure	26,875	46,799	26,676	14,020	25,704
Slippage and Underspends	(1,808)	(12,025)	3,101	2,940	815
Total Capital Expenditure *	25,067	34,773	29,777	16,960	26,520
Financed by:					
Capital Receipts * and **	10,128	900	640	900	900
Capital Grants & Contributions	13,325	13,571	9,158	5,343	4,142
Revenue Provisions	1,423	3,999	57	57	30
Net financing need for the year	191	16,303	19,922	10,659	21,447

* Finance lease expenditure is included in the table in Treasury Management Strategy but excluded from this Table

** Includes anticipated in-year capital receipts in the table above

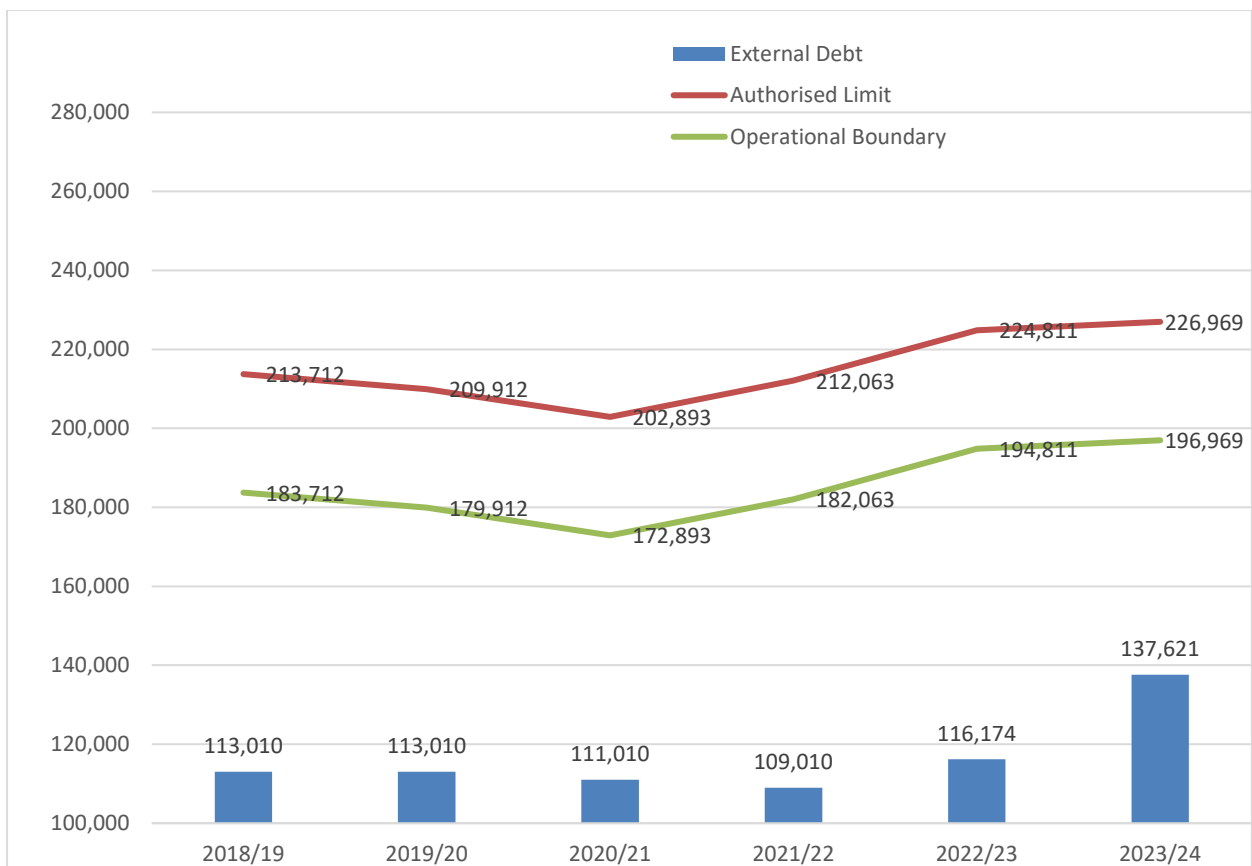
8.1.4 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the council.

8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.47%. For the period 2020-24, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

8.2.2 The chart below shows the debt related treasury activity limits discussed in detail in 4.4 of the Treasury Management Strategy and incorporates the proposed capital programme and funding strategy contained in this document.

Treasury Management Limits on Activity



8.2.3 The Table below shows the maturity structure of current external debt

	Actual November 2019	Value £'000
less than 1 year	0%	-
1 to 2 years	3.54%	4,000
2 years to 5 years	23.45%	26,510
5 years to 10 years	3.98%	4,500
10 years to 20 years	11.06%	12,500
20 years to 30 years	11.95%	13,500
30 years to 40 years	28.32%	32,000
40 years to 50 years	17.70%	20,000
Total	100.00%	113,010

8.2.4 Section 3 of the Treasury Management Strategy details the Authority's minimum revenue provision policy statement setting out how it intends to fund unsupported capital expenditure over the expected life of assets

8.2.5 Internal borrowing to fund unsupported capital expenditure will reduce the balances available to invest under the treasury management strategy. In contrast, external borrowing will provide additional balance to invest under the Treasury Management Strategy until utilised.

9 Grant and Contributions Funding Capital Resources

9.1 Grant Funding

The Table below summarises the grants being utilised to fund the proposed capital programme over the planning period:

Grants	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Heritage Lottery Fund	81	3,028	712	0	0
Transport for London LIP (earmarked) Capital *	2,825	**1,435	1,300	1,300	1,300
Total: E&R	2,906	4,463	2,012	1,300	1,300
School Condition (non-ringfenced)*	1,915	1,900	1,900	1,900	1,900
Basic Need (non-ringfenced)	446	0	0	0	0
Special Provision Grant	1,520	491	0	0	0
Healthy Schools	159	30	0	0	0
Total CSF	4,040	2,421	1,900	1,900	1,900
Devolved Formula Capital (Earmarked)	348	TBA	TBA	TBA	TBA
TOTAL: CSF*	4,388	2,421	1,900	1,900	1,900
Better Care Fund incl. Disabled Facilities Grant)**	1,280	TBA	TBA	TBA	TBA
Total Grant Funding * and **	8,574	6,884	3,912	3,200	3,200

* CSF and TfL Estimated from 2020-21

** Slipped Schemes from 2019/20 and Indicative allocation for 20-21

9.2 Summary of Contributions

9.2.1 The Table below summarises the contributions being utilised to fund the proposed capital programme over the planning period:

Contributions	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Strategic Community Infrastructure Levy	4,004	7,052	3309	840	0
Neighbourhood Community Infrastructure Levy	478	599	0	0	0
Section 106 Agreements	897	621	633	462	145
Total Used to Fund the Programme	5,379	8,272	3,942	1,302	145

10 Summary of Total Resources 2020-24:

10.1 Summary

10.1.1 The total anticipated resources over the plan period 2019-23, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Grant & Contributions *	13,571	9,158	5,343	4,142
Council Funding	21,201	20,619	11,617	22,377
Total	34,773	29,777	16,960	26,520

* This table shows the grants and contributions applied to fund the programme allowing for slippage.

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

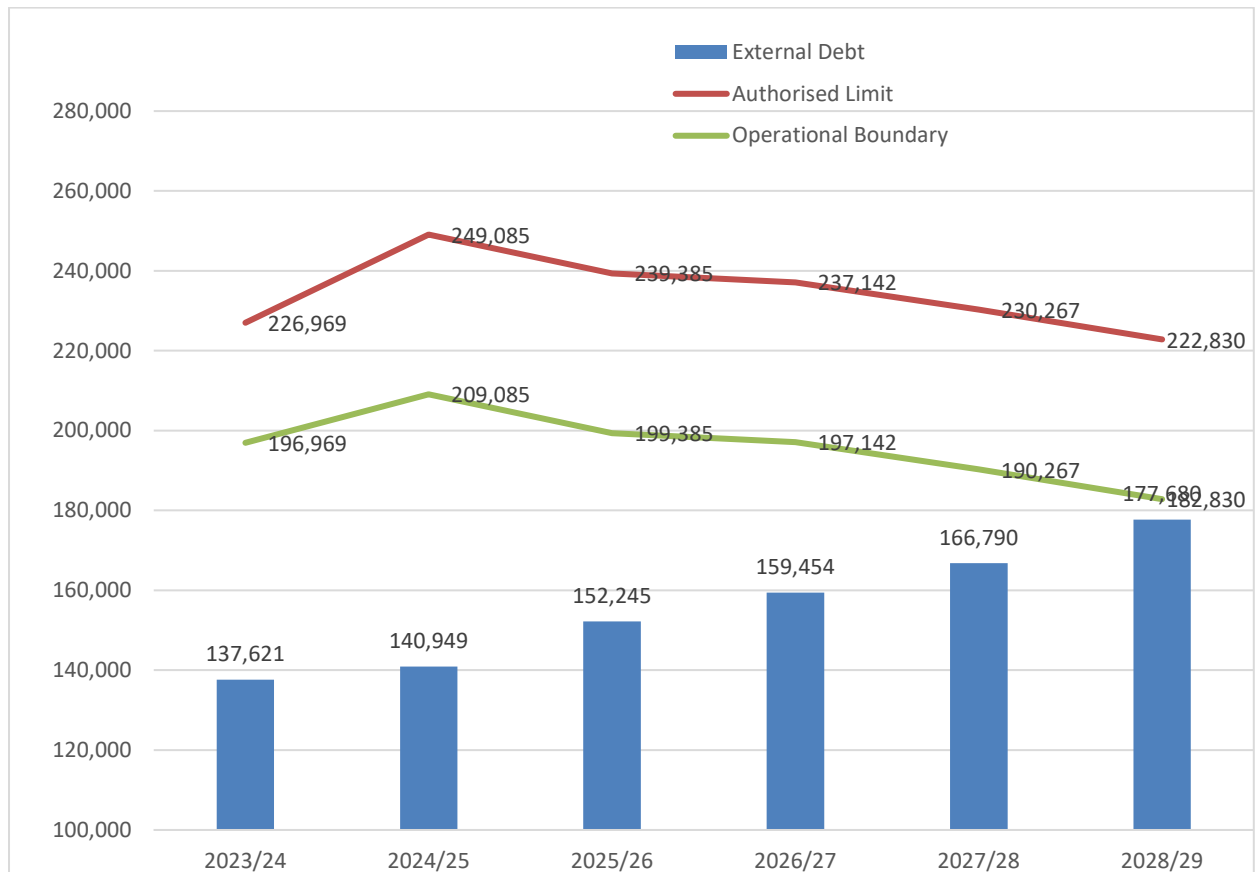
10.1.3 The Table below summarises the Indicative Capital Programme for 2024 to 2029. Additional detail is provided as Annex 5:

Department	Indicative Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29
Corporate Services	3,055	4,186	2,970	3,280	5,670
Community and Housing *	280	630	280	420	280
Children, Schools and Families	1,900	1,900	1,900	1,900	1,900
Environment and Regeneration *	4,039	7,977	4,014	3,979	3,979
Total*	9,274	14,693	9,164	9,579	11,829

* Please note these figures do not include any allowance of grant funding or expenditure for Transport for London and Disabled Facilities.

12.3.1 10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £219k for assets with a life of 5 years to £51k for an asset life of 50 years.

10.1.4 The Table below shows the impact of the indicative programme 2024-29 on the Authority’s debt:



11 Capital Bids and Prioritisation Criteria

11.1 Prioritisation of schemes 2023/24

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the revisions put forward over the period 2020-24, on the basis of these criteria by the board to Cabinet was £15 million (including indicative TfL and revised Housing Company Funding) as shown below.

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	(6,823)	6,883	(13,105)	13,579
Community and Housing	0	0	0	0
Children, Schools and Families	200	750	0	0
Environment and Regeneration	3,683	3,231	3,442	1,272
Total	(2,940)	10,864	(9,663)	14,851

12 Detailed Capital Programme 2019-23

12.1 Corporate Services

12.1.1 This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. The programme is detailed in Annex 3. Its main capital expenditure is on IT software and hardware, and on improvements to buildings (including invest to save schemes). Annual capital allocations are available to meet ongoing capital commitments within property, IT and invest to save. In addition, provision is made for one off projects, business systems and corporate level schemes and contingencies.

12.2 Children, Schools and Families

12.2.1 CSF Capital Programme 2019-23

The requirement to provide sufficient school places is a key statutory requirement and the Authority must also maintain existing school buildings for non-PFI community primary and special schools. The government provides capital grant to meet some of this need. The individual projects for this department are all listed in Annex 3.

12.2.2 Primary schools

No further primary school expansion is planned. From 2019/20 £1.9 million per annum is provided for community and voluntary controlled schools (subject to grant funding) this will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000. Work for the next few years will be prioritised using a conditions survey undertaken in late 2017.

12.2.3 Secondary school places

The demand for secondary places is monitored regularly and trends in demand are analysed. Following the delivery of the new Harris Wimbledon Academy through the government's Free School programme, no further secondary school expansion is now planned. The capital programme for 2020/24 includes £0.3 million for the final elements of committed schemes.

12.2.4 Special school places

The increase in demand for special school provision is significant and the council has a lower than average proportion of children attending in-borough state special schools. The government's Special Provision Fund only provides a proportion of the investment needed. Capital funding of £5.9 million is provided in the 2020/24 programme for the expansion of SEN provision within the borough. This includes completion of the expansion of Cricket Green School, providing primary provision for pupils with SEMH (Social, Emotional and Mental Health), expansion of ASD (Autism Spectrum Disorder), and further provision for children with medical needs.

12.4 Environment and Regeneration

12.4.1 This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods. The individual projects for this department are all listed in Annex 3.

12.4.2 Annual capital allocations are available to meet ongoing capital commitments within fleet vehicles, ally gating, street trees, highways and footways, sports facilities and parks. In addition, provision is made for one off projects and regeneration activities including Transport for London schemes.

12.5 Community and Housing

12.5.1 This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills. The departmental Capital Programme for 2020-24 is detailed in Annex 3.

12.5.2 Annual capital allocations are available to meet disabled facility grants and provision is made for one off projects.

12.5 Overall Programme

12.5.1 The approved Capital Programme for 2020/24 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	22,100	11,128	2,895	18,100
Community and Housing	2,004	913	882	425
Children, Schools and Families	6,166	3,900	1,900	1,900
Environment and Regeneration	16,530	10,735	8,343	5,279
Total	46,799	26,676	14,020	25,704

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2019/20 is approved, the 2020/21 Capital Programme will be adjusted accordingly.

12.5.4 Annex 1	Capital Investment Programme - Schemes for Approval
Annex 2	Funding the Capital Programme 2020-24
Annex 3	Detailed Capital Programme 2020-24
Annex 4	Analysis of Growth/(Reduction) from current approved programme
Annex 5	Indicative Capital Programme 2024-29
Annex 6	Capital Investment Strategy

Capital Investment Programme - Schemes for Approval**Annex 1**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services		22,100	11,128	2,895	18,100
Community and Housing		2,004	913	882	425
Children, Schools and Families		6,166	3,900	1,900	1,900
Environment and Regeneration		16,530	10,735	8,343	5,279
Total		46,799	26,676	14,020	25,704

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services					
Customer Policy and Improvement		1,350	1,900	0	0
Facilities		1,311	1,250	950	1,675
IT Infrastructure		1,892	1,095	1,245	3,420
Resources		0	0	700	0
Corporate		17,546	6,883	0	13,005
Total Corporate Services		22,100	11,128	2,895	18,100
Community and Housing					
Adult Social Care		39	0	0	0
Housing		1,415	913	742	425
Libraries		550	0	140	0
Total Community and Housing		2,004	913	882	425
Children, Schools and Families					
All Sectors		1,900	1,900	1,900	1,900
Secondary		300	0	0	0
Special		3,966	2,000	0	0
Total Children, Schools and Families		6,166	3,900	1,900	1,900
Environmental and Regeneration					
Public Protection and Development		1,104	1,254	480	0
Street Scene and Waste		737	330	670	330
Sustainable Communities		14,689	9,151	7,193	4,949
Total Environmental and Regeneration		16,530	10,735	8,343	5,279
Total Capital		46,799	26,676	14,020	25,704

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People
and SC = Sustainable Communities

FUNDING THE CAPITAL PROGRAMME 2019-24**Annex2**

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
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2019/20 Current Budget	26,875	12,686	14,189
Potential Slippage b/f	0	0	0
2019/20 Revised Budget	26,875	12,686	14,189
Potential Slippage c/f	(1,276)	(562)	(714)
Potential Underspend not slipped into next year	(532)	(384)	(150)
Total Spend 2019/20	25,067	11,742	13,325

2020/21 Current Budget	46,799	30,716	16,083
Potential Slippage b/f	1,276	562	714
2020/21 Revised Budget	48,075	31,278	16,797
Potential Slippage c/f	(11,196)	(8,383)	(2,813)
Potential Underspend not slipped into next year	(2,105)	(1,692)	(413)
Total Spend 2020/21	34,773	21,201	13,571

2021/22 Current Budget	26,676	18,543	8,134
Potential Slippage b/f	11,196	8,383	2,813
2021/22 Revised Budget	37,872	26,926	10,946
Potential Slippage c/f	(6,492)	(4,950)	(1,543)
Potential Underspend not slipped into next year	(1,603)	(1,357)	(246)
Total Spend 2021/22	29,777	20,619	9,158

2022/23 Current Budget	14,020	9,238	4,782
Potential Slippage b/f	6,492	4,950	1,543
2022/23 Revised Budget	20,512	14,189	6,325
Potential Slippage c/f	(2,217)	(1,481)	(735)
Potential Underspend not slipped into next year	(1,336)	(1,090)	(246)
Total Spend 2022/23	16,960	11,617	5,343

2023/24 Current Budget	25,704	22,079	3,625
Potential Slippage b/f	2,217	1,481	735
2023/24 Revised Budget	27,921	23,561	4,360
Potential Slippage c/f	(1,002)	(892)	(109)
Potential Underspend not slipped into next year	(399)	(290)	(109)

Total Spend 2023/24	26,520	22,377	4,142
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Detailed Capital Programme 2020-24**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services					
<u>Customer Policy and Improvement</u>					
Customer Contact Programme	OSC	1,350	1,900	0	0
<u>Facilities</u>					
Other Buildings - Capital Building Works	OSC	650	650	650	650
Civic Centre Boilers	OSC	201	0	0	0
Civic Centre Lighting Upgrade	OSC	0	300	0	0
Combined Heat and Power (CHP) System Rep.	OSC	0	0	0	450
Absorption Chiller Replacement	OSC	0	0	0	275
Civic Centre Cycle Parking	OSC	60	0	0	0
Invest to Save schemes	SC	400	300	300	300
<u>IT Infrastructure</u>					
Aligned Assets	OSC	0	75	0	0
Environmental Asset Management	OSC	0	0	240	0
Revenue and Benefits	OSC	400	0	0	0
Capita Housing	OSC	100	0	0	0
ePayments Project	OSC	157	0	0	0
School Admission System	OSC	125	0	0	0
Planning&Public Protection Sys	OSC	200	0	0	550
Kofax Scanning	OSC	0	0	0	0
Spectrum Spatial Analyst Repla	OSC	165	0	0	0
Ancillary IT Systems	OSC	0	50	0	0
Youth Justice IT Systems	OSC	85	0	0	0
Replacement SC System	OSC	0	0	0	2,100
Project General	OSC	390	870	705	770
Data Centre Support Equipment	OSC	150	0	0	0
Network Switch Upgrade	OSC	0	0	200	0
IT Equipment	OSC	120	100	100	0
<u>Resources</u>					
Financial Systems	OSC	0	0	700	0
<u>Corporate</u>					
Acquisitions Budget	OSC	0	0	0	6,985
Capital Bidding Fund	OSC	0	0	0	1,186
Multi-Functioning Device (MFC)	OSC	600	0	0	0
Westminster Coroners Court	OSC	455	0	0	0
Housing Company	OSC/SC	16,491	6,883	0	0
Corporate Capital Contingency	OSC	0	0	0	4,834
Total Corporate Services		22,100	11,128	2,895	18,100

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Community and Housing					
<u>Adult Social Care</u>					
Telehealth	HCOP	39	0	0	0
<u>Housing</u>					
Disabled Facilities Grant	SC/HCOP	927	280	280	280
Learning Dsbility Aff Housing	SC/HCOP	488	633	462	145
<u>Libraries</u>					
Library Self Service	SC	350	0	0	0
West Barnes Library Re-Fit	SC	200	0	0	0
Library Management System	SC	0	0	140	0
Total Community and Housing		2,004	913	882	425

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Children, Schools and Families					
<u>All Sectors</u>					
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900
<u>Secondary</u>					
Harris Academy Wimbledon New School	CYP	300	0	0	0
<u>Special</u>					
Perseid - Schools Capital maintenance	CYP	8	0	0	0
Cricket Green School Expansion	CYP	100	0	0	0
Melrose Primary SEMH annexe 16	CYP	1,550	0	0	0
Melrose Secondary SEMH 14 Places	CYP	200	750	0	0
Harris Morden Sec Autism Unit	CYP	1,360	0	0	0
Further SEN Provision	CYP	288	0	0	0
Primary ASD base 1-20 places	CYP	100	0	0	0
Secondary SEMH/medical PRU	CYP	80	800	0	0
New ASD Provision	CYP	250	450	0	0
Melbury College - Healthy Schools	CYP	30	0	0	0
Total Children, Schools and Families		6,166	3,900	1,900	1,900

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Environmental and Regeneration					
Public Protection and Development					
P&D machines for emission-based charging	SC	500	0	0	0
Car Park Upgrades	SC	464	520	0	0
CCTV cameras and infrastructure upgrade	SC	140	699	480	0
Public Protection and Developm	SC	0	35	0	0
Street Scene and Waste					
Replacement of Fleet Vehicles	SC	584	300	300	300
Envir. Imps - Mechanical Street Washer	SC	75	0	0	0
Alley Gating Scheme	SC	30	30	30	30
Waste SLWP IT & Premises	SC	18	0	0	0
Waste Bins	SC	30	0	0	0
Replacement of Fleet Vehicles	SC	0	0	340	0
Sustainable Communities					
Street Tree Programme	SC	60	60	60	60
New street tree planting programme	SC	50	50	0	0
Street Lighting Replacement Prog.	SC	290	290	290	290
Casualty Reduction & Schools	SC	70	0	0	0
Traffic Schemes	SC	250	150	150	150
Surface Water Drainage	SC	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	480	260	260	260
Culverts Upgrade	SC	250	250	0	0
Unallocated TfL	SC	1,300	1,300	1,300	1,300
Cycle access/parking	SC	10	0	0	0
Lost Rivers Repairs	SC	100	100	100	0
Mitcham Town Centre	SC	382	0	0	0
Figges Marsh	SC	55	0	0	0
Regeneration - Canons - Parks for People	SC	2,244	533	0	0
Wimbledon Public Realm Implementation	SC	500	500	500	0
Crowded Places-Hostile Vehicl	SC	268	0	0	0
Transportation Enhancements	SC	0	0	0	0
Morden TC Regeneration Match Funding	SC	2,000	2,500	1,500	0
Haydons Road Shop Front Improvement	SC	204	0	0	0
Christmas Lighting	SC	95	0	0	0
Vacant Premises Upgrade	SC	25	0	0	0
Wimbledon Park Lake Reservoir Safety	SC	1,318	0	0	0
Leisure Centre Plant & Machine	SC	250	250	250	250
Parks Investment	SC	300	300	300	300
Parks - Canons - Parks for People	SC	1,188	179	0	0
Merton Park Green Walks	SC	38	0	0	0
Abbey Recreation Ground	SC	40	0	0	0
New interactive water play feature at Wimbledon Park	SC	226	0	0	0
Wimbledon Park Surfacing of top entrance car park	SC	40	0	0	0
Padding Pools (borough wide) OPTION 1	SC	90	90	90	0
Padding Pools (borough wide) OPTION 2	SC	226	0	0	0
Mortuary Provision	SC	0	0	54	0
Total Environmental and Regeneration		16,530	10,735	8,343	5,279
Total Capital		46,799	26,676	14,020	25,704

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

Annex 4

Growth/(Reductions) against Approved Programme 2020-23 and Indicative Programme 2023-24

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	(6,823)	6,883	(13,105)	13,579
Community and Housing	0	0	0	0
Children, Schools and Families	200	750	0	0
Environment and Regeneration	3,683	3,231	3,442	1,272
Total	(2,940)	10,864	(9,663)	14,851

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services				
Facilities	60	0	0	725
IT Infrastructure	0	0	(100)	(151)
Corporate	(6,883)	6,883	(13,005)	13,005
Total Corporate Services	(6,823)	6,883	(13,105)	13,579
Children, Schools and Families				
Special	200	750	0	0
Total Children, Schools and Families	200	750	0	0
Environmental and Regeneration				
Public Protection and Development	1,104	1,219	480	0
Street Scene and Waste	75	0	0	0
Sustainable Communities	2,504	2,012	2,962	1,272
Total Environmental and Regeneration	3,683	3,231	3,442	1,272
Total Capital	(2,940)	10,864	(9,663)	14,851

Indicative Capital Programme 2024-29**Annex 5**

Department		Indicative Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29
Corporate Services						
Customer Contact Programme	OSC	0	1,000	1,000	1,000	0
Other Buildings - Capital Building Works	OSC	650	650	650	650	650
Invest to Save schemes	OSC	300	300	300	300	300
Aligned Assets	OSC	0	0	0	75	0
Environmental Asset Management	OSC	0	0	0	250	0
Revenue and Benefits	OSC	0	400	0	0	0
Capita Housing	OSC	0	100	0	0	0
ePayments Project	OSC	0	125	0	0	0
School Admission System	OSC	0	125	0	0	0
Planning&Public Protection Sys	OSC	0	0	0	0	550
Kofax Scanning	OSC	0	100	0	0	0
Spectrum Spatial Analyst Repla	OSC	0	200	0	0	0
Parking System	OSC	0	126	0	0	0
Ancillary IT Systems	OSC	0	0	50	0	0
Youth Justice IT Systems	OSC	100	0	0	0	0
Planned Replacement Programme	OSC	1,405	1,060	970	1,005	770
Financial Systems	OSC	0	0	0	0	700
Multi-Functioning Device (MFC)	OSC	600	0	0	0	600
Total Corporate Services		3,055	4,186	2,970	3,280	5,670
Community and Housing						
Disabled Facilities Grant	SC/HCOP	280	280	280	280	280
Library Self Service	SC	0	350	0	0	0
Library Management System	SC	0	0	0	140	0
Total Community and Housing		280	630	280	420	280
Children, Schools and Families						
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900	1,900
Total Children, Schools and Families		1,900	1,900	1,900	1,900	1,900
Environmental and Regeneration						
Pay and Display Machines	SC	60	0	0	0	0
Public Protection and Developmnt	SC	0	0	35	0	0
Replacement of Fleet Vehicles	SC	300	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30	30
Waste SLWP IT & Premises	SC	0	42	0	0	0
Replacement of Fleet Vehicles	SC	0	3,956	0	0	0
Street Tree Programme	SC	60	60	60	60	60
Street Lighting Replacement Pr	SC	290	290	290	290	290
Traffic Schemes	SC	150	150	150	150	150
Surface Water Drainage	SC	69	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	260	260	260	260	260
Leisure Centre Plant & Machine	SC	250	250	250	250	250
Parks Investment	SC	300	300	300	300	300
Total Environmental and Regeneration		4,039	7,977	4,014	3,979	3,979
Total Capital		9,274	14,693	9,164	9,579	11,829

Capital Investment Strategy

ANNEX 6

1. Overview

This annex is new to the Capital Strategy and details the approach adopted in non-core investment activity and sets out how this will help the Authority to deliver its core functions. The definition of Investment covers all financial assets of a local authority as well as non-financial assets that the organisation holds primarily to generate financial returns, such as investment property portfolios.

The annex will detail the security, liquidity and yield of investments and consider risk management and capacity, skills and culture.

2. Detail

During the 2020-21 financial year the Authority is planning the following investment activity:

- i) Section 5 of the Treasury Management Strategy sets out the Authority's short to medium term Investment Strategy. This strategy focusses on short to medium term low risk investments.
- ii) To complement the Authority's investment activity it has established a Wholly Owned Housing Company (Merantun) to provide an investment opportunity for the Authority. This longer term investment strategy is of higher risk, will contribute towards the regeneration and affordable housing activity of the Authority and provide higher returns.
- iii) The Authority has also undertaken a long term investment in CHAS 2013 via the purchase of a £1 share, which generates considerable returns via dividend payments.

From 1 April 2018 (financial year 2018/19) the International Financial Reporting Standard 9 (Financial Instruments) came into force. Its purpose was to make accounting for financial instruments more transparent. By the end of financial year 2019/20 the Council will have a financial investment in the wholly owned housing company of £1.91 million. This investment will appear in the Council's accounts but will not appear in the Group Accounts (i.e those for the Council and its two subsidiaries) as it will be eliminated through the consolidation process which will offset the investment by the Council against the share capital in the Housing Company. There will however be an explanatory note added as part of documentation and this will consider the risk involved in such an investment.

3. Security

The activity in Section 2 of this Annex have and will result in:

- i) Short to Medium Term investment of available cash resources in low risk low return investment.
- ii) Financial limits have been set on the Maximum sums currently available to the Housing Company:
 - a. Loan to the Wholly Owned Housing Company up to £13.766 million combined, with

- b. Equity estimated circa £12.41 million (£8.413 Land Equity and £4.0million Working Capital - funding currently under review)

The Authority utilised two externally developed models and a detailed business case to underpin the proposals to assess the financial viability. Legal documentation requires that all assets are returned to Merton at the cessation of the company.

Sensitivity analysis has been undertaken and vulnerability has been identified in respect of the RPI for housing rentals and house prices – these market factors will be monitored closely.

- iii) The £1 investment in CHAS 2013 provides continued secure returns to the authority from this wholly owned organisation.

4. Liquidity

- i) Short to medium term cash investments can be liquidated easily.
- ii) Investments are held in CHAS 2013 Limited and Merantun. It is not currently envisaged that these investments need to be redeemed in the short to medium term. If such a need did arise the following example demonstrates the flexibility available to the council:
- iii) Merantun – the following three approaches are possible:
 - a. Sites could be sold by the company at a profit once planning permission has been obtained
 - b. the business model proposed development of housing on four sites within the first three years, at this juncture housing can be sold at any time to generate receipts through to the Council
 - c. The Housing Company itself could be sold

The authority has a loan with MSJCB and intends to enter into a loan with Merantun, should the Authority need to liquidate these, loans could be sold.

5. Yield

5.1 Expected yield:

- i) Section 5 of the Treasury Management Strategy details the yield expected from short to medium term cash investments
- ii) Detailed financial modelling has been undertaken for Merantun as part of Capital forecasting and the use of specialised models have evaluated the impact on and return to the Authority. The following return is currently anticipated:
 - a. The Loan to Merantun will be made at a rate 6.5+% (*loan amount, timing/flexibility and interest rate are currently under review*)
 - b. The Model Assessed the Internal Rate of Return as 6.39% (*currently under review*)
- iii) Revenue returns from dividends and use of intellectual property from CHAS 213 are built into the Medium Term Financial Strategy.

In assessing whether investment assets retain sufficient value to provide security of investment officers will be mindful of the fair value model in the International Accounting Standard 40: Investment Property.

6. Borrowing in Advance of Need

- 6.1 Section 4.2 of the Treasury Management Strategy details the current and future level of under borrowing by the Authority and sets out the Authority's borrowing strategy linked to this and internal borrowing.
- 6.2 Current indications are that interest rates are likely to rise making it more expensive to borrow. Consideration will be given to the timing of required borrowing to minimise the cost to the Authority and with regard to the current debt portfolio (detailed in Section 4.5 of the Treasury Management Strategy)

7. Risk Assessment

- 7.1 The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.
- 7.2 It is also recognised that a higher level of risk may need to be accepted, for example, to generate higher returns from loans and investment. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall "informed and cautious" position on risk.
- 7.3 Within its portfolio of risk Merton has:
- i) Short to medium term low return, low risk cash investment
 - ii) Medium to long term investment in CHAS 2013 which is providing sizeable dividends and returns for use of intellectual property, and
 - iii) Medium to long term higher risk investment in a wholly owned housing company. Stress testing has identified the sensitivity around increases in rental income and house prices. The length of time investment is required for also enhances risk, flexibility is available in the timing of site and property disposal, but decisions by the company would be made on a commercial basis.

The greatest risk exposure to the Authority is when the sites are being developed after obtaining planning permission. The enhanced value of the site will not be realisable until the housing units are completed as the greatest value added will be from completed site. Once units are built there is flexibility over those sold and those retained for rental. Rental units present a longer term business model which should provide dividend income. Early marketing and sales coupled with progressing rent guarantees will be used to minimise the risk to the company and the council

8. Capacity, Skills and Culture

The Authority will where appropriate, buy in expertise to progress loan and investment activity. It is also appropriate in some cases to develop expertise internally.

Within the Business model for Merantun it is recognised that the company may set up joint ventures with trusted partners for the development of some larger sites that would require specialist land assembly skills and larger sums of cash to assist with delivering the development if this is deemed to be appropriate and support the business case. It would contract with construction specialists and construction companies for the development of sites – this should minimise the risk exposure during site development. It is not envisaged that this approach will be adopted for the four sites currently being progressed.

Committee: Sustainable Communities Overview and Scrutiny Panel

Date: 6 February 2020

Wards: All

Subject: Annual Review and other matters relating to the Veolia Street cleaning and waste contract.

Lead officer: Chris Lee, Director of E & R

Lead member(s): Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance and Councillor Tobin Byers, Cabinet Member for Adult Social Care, Health and the Environment

Contact officer: John Bosley, Assistant Director, Public Space

Recommendations:

- A. Members are asked to note the content of the report that was presented to Cabinet on the 27 January 2020.
 - B. Note changes to the contract 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 contract commencement.
 - C. Continue to support separate measures to monitor and improve service performance as outlined in this report.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report sets out the rationale for updates to the contractual agreement with Veolia reflecting the operation of the annual review process and other items relating to service delivery. These are matters that apply to and are being considered by all four (4) South London Waste Partnership (SLWP) boroughs.
- 1.2. The updates are considered appropriate and lawful and are consistent with the proper operation of the contract. The exempt attachment to this report (Appendix 1.) sets out the financial detail that is being considered. A further report will be made to the SLWP Strategic Steering Group (SSG), which shall include the contractual basis for this recommendation and the details of additional costs to the other SLWP boroughs.

2 DETAILS

- 2.1. The contract with Veolia commenced in April 2017. The contract has provision within it for an Annual Review (Clause 41) and it is this process that has been undertaken over the recent months to identify changes that are required in contract costs and service changes.
- 2.2. In addition, the Council has considered changes required to respond to the growth in fly-tipping that has affected all local authorities, including Merton, since the contract started three years ago. The Council's draft Fly-Tipping Strategy identifies the challenge this poses and Officers have worked with

the service provider to trial the appropriate resource required to manage increases in the prevalence of these occurrences. This report recommends that the capacity tested and operated by Veolia this year is fully funded and sustained for the remainder of the contract.

ANNUAL REVIEW

2.3. Core Contract price

2.4. As per the Annual Review process, a change to the core contract price is proposed to reflect changes in the number of households and the number of assisted collections due to growth since the acceptance of the original bid model.

2.5. The figures proposed within Year 3 represent the amount by which the current core contract will be adjusted and will form the baseline for future revision during the Annual Review process.

2.6. In Year 2, the outcome of the Annual Review process proposes a mutually agreeable settlement, noting that during this period, the service was being reconfigured into its current state (i.e. containerisation of waste and improved containerisation of recyclates).

2.7. Adjustments for Public Rights of Ways (PROWs) and green spaces cleansing

2.8. During the review, an update to the bid model was mutually agreed, clarifying resource requirements for undertaking the service delivery model to the agreed contractual specification.

2.9. Adjustment as a result of improvements to kerbside recycling capture rates and recycling market changes

2.10. As well as the proposed changes above, it is recognised that there has been a significant change in the boroughs' recycling rates. The success of the recycling service kerbside capture rates has resulted in a different configuration for the collections rounds than that modelled at the time of the bid. The current recycling collection fleet vehicles are designed with to accommodate a 35/65 split for collecting food waste and dry recyclables. We have benefited by a substantial increase in the amount of food waste recycled, which has borne savings in our disposal costs, however, this has added additional pressure on the efficiency of the collection vehicles by adding up to 50% more material than originally modelled. This requires additional resource to be applied to the operational model to accommodate for this growth. In addition, the collapse of the global mixed paper recyclate markets has resulted in Veolia adding the operation of a paper sorting line in its operation in order to be able to market the recyclates collected.

2.11. Container costs

2.12. As part of the Annual Review process Veolia have identified above baseline cost for the provision of additional containers in Year 2. This is a one-off payment and as such does not carry forward into any financial adjustment to the base case for Year 3.

- 2.13. **Fly-Tipping**
- 2.14. As part of the recognised increase in the rise in fly-tipping nationally and the recorded incidents across the borough, it is recommended that the required additional capacity invested by Veolia in Year 3 is fully funded and sustained for the remainder of the contract.
- 2.15. **Other contract changes and benefits**
- 2.16. In addition to the revision of the base case model, Veolia have suggested improvements and planned initiatives to address areas of concern within the borough and to aid in providing more effective service deliverables.
- 2.17. In relation to street cleansing, this will include the programmed deep cleansing of Neighbourhood Recycling Centres (NRCs) and trialling alternative footway cleansing methodologies, utilising footway mechanised sweepers in tandem with manual operatives.
- 2.18. Fly-tipping proactive visiting and removal will be established for identified hot-spot locations as informed by the data gathered over the last year. It is intended that this will both reduce the need for reporting and lower the time interval of collection.
- 2.19. The Service Performance Indicators have also been reviewed and whilst the specific content has remained consistent, the application and proportional weighting of values has been modified. This will enable the Council's contract management team the ability to focus attention of the most pressing matters with the intention of driving improvement in these areas.
- 2.20. The review of standards applied, the application of the Service Performance Indicators and improvements to the client management of the service provider will be delivered through a divisional staff review currently being undertaken. Emphasis will be placed on 'in-field' contract monitoring and management on a Ward-by Ward basis with the objective to have a greater localised presence to tackle service non-performance issues.
- 2.21. Moving forward, we have been able to reach commitment from the service provider for a fixed rate of the applied income rate that will be utilised. This provides the benefit of longer term financial security of the costs associated with the service if further extensions are exercised.
- 2.22. **Performance Deductions**
- 2.23. In the first contract year the standard of service delivery was significantly below acceptable standards outlined within the contract. The application of the service performance indicator (SPI) framework was not fully operated as it required IT integration with Council systems. Due to the monitored performance of the contract a set application of deductions was applied which had an annual accumulated value of £410K. In Year 2, the SPI framework was integrated and service improvements were made, with the annualised performance deductions being £73k.
- 2.24. The client management team is maintaining the SPI framework and the AR has considered the application of this in future years as outlined in 2.19.

3 ALTERNATIVE OPTIONS

- 3.1. The Council could have decided not to make these payments. This would have opened the SLWP and the Council to the possibility of action by Veolia under the contract. This would, in the first instance, be via the arbitration process within the provision of the contract.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. There has been no consultation on this matter which is in large part a result of an agreed contractual clause.

5 TIMETABLE

- 5.1. The payments are to be made this year and for future years. The Annual Review update will be going to the other three boroughs in the Partnership for notification of their additional payments.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The additional payments relating to Year 3 (2019/20) onwards totals £3.2M for the Partnership, of which Merton's contribution is £740k. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet as part of the Business Plan on 27th January 2020.
- 6.2. The additional lump sum payment relating to the Year 2 (2018/19) AR process, which was conducted simultaneously, totals £1.4M of which Merton's contribution is £304k.
- 6.3. The financial impact of the increase in fly-tipping detailed in Para 2.14 is £197k for 2019/20 onwards. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet as part of the Business Plan on 27th January 2020.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The changes proposed by this contract have been agreed in principle by the SLWP acting on the advice of external solicitors and represent a lawful and reasonable settlement both of the claims made by Veolia and the concerns of the partner councils. As such, they will allow the parties to concentrate on service improvement and to avoid the need for an ongoing costly dispute. A deed of variation to the existing contract will be drawn up to ensure certainty over the parties' respective obligations in the future.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

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

- Appendix 1 [Exempt]. – Annual Review price adjustments to Phase C. Lot 1 Waste Management Contract with Veolia

12 BACKGROUND PAPERS

12.1. None.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Committee: Sustainable Communities Overview and Scrutiny Panel

Date: 6 February 2020

Wards: ALL

Subject: Fly-tipping operational resource review

Lead officer: Chris Lee, Director of E & R

Lead member(s): Councillor Tobin Byers, Cabinet Member for Adult Social Care, Health and the Environment

Contact officer: John Bosley, Assistant Director, Public Space

Recommendations:

- A. Members are asked to note the content of the report and provide Officers and the lead Cabinet Member with commentary or recommendations with regards to the additional resource applied to the operational service to address the increase in fly-tipping incidents across the borough.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

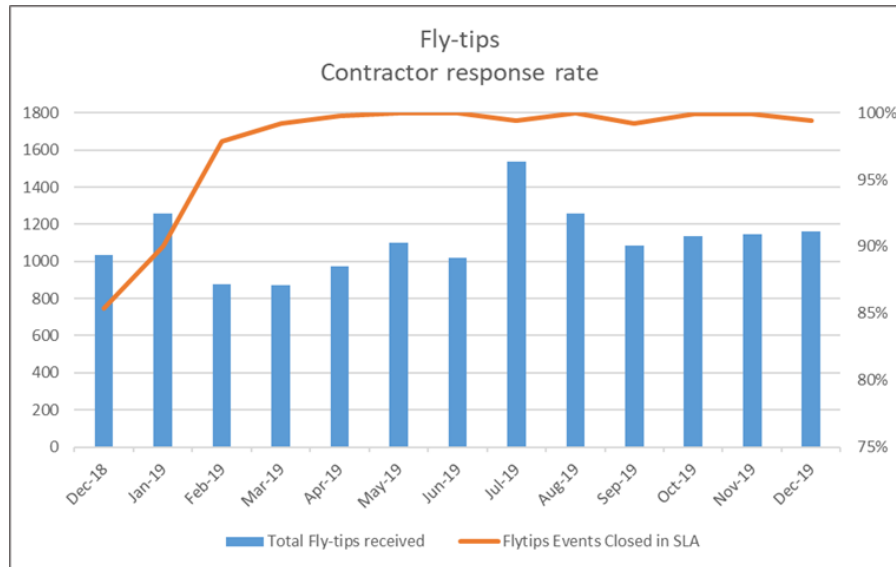
- 1.1. This report sets out the rationale for variation to the resource profile utilised by the waste service provider, Veolia, as delivered through the South London Waste Partnership, Phase C, Lot1 contract to manage the increased volume of fly-tipping incidents suffered across the borough.
- 1.2. As part of the recognised increase in the rise in fly-tipping nationally and the recorded incidents across the borough, the report identifies the required additional capacity invested by Veolia in 2019/20 (contract Year 3) and the commitment by the Council to fully fund the requirement to support the implementation of the Fly-Tipping Strategy.
- 1.3. The resource requirements outlined within the report formed an element of the Annual Review process and this was presented to Cabinet on the 27 January 2020, which recommended that the applied resource in Year 3 is funded and further supported to sustain the improvements that have been made in our reactive management to fly-tipping incidents.

2 DETAILS

- 2.1.1 In line with the National trend, we have been responding to a sustained increase in the volume of fly-tipped waste incidents across the borough. The regularity of waste deposited is becoming a common form of anti-social behaviour, which is damaging to both the environment the overall image of our Public Realm. On average we are clearing in excess of 1,000 fly-tipped incidents per month.
- 2.1.2 Chart 1 below illustrates the number of fly-tipping incidents recorded and our service provider's performance in ensuring that these are cleared in line with

the current Service Level Agreement (SLA). There is clear correlation between the improvements seen in clearing these incidents (Feb 2019) and the increase in resource deployed at this time.

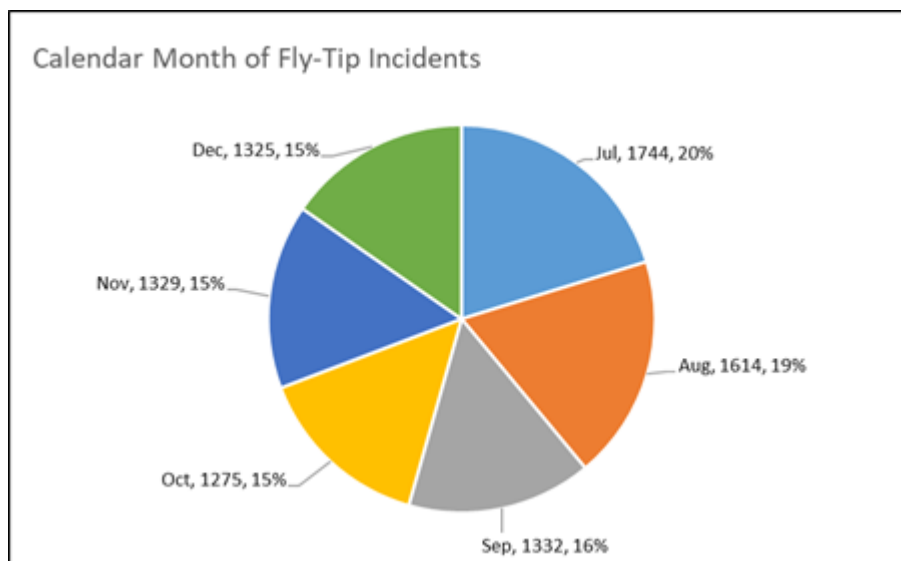
Chart 1. Contractor response rate to reported incidents



2.1.3 In partnership with our service provider, our primary aim is to ensure that we have the right resources in place to address these concerns and to align our approach in tackling fly-tipping to both improve our response to reported incidents and to use this information to inform our enforcement programme.

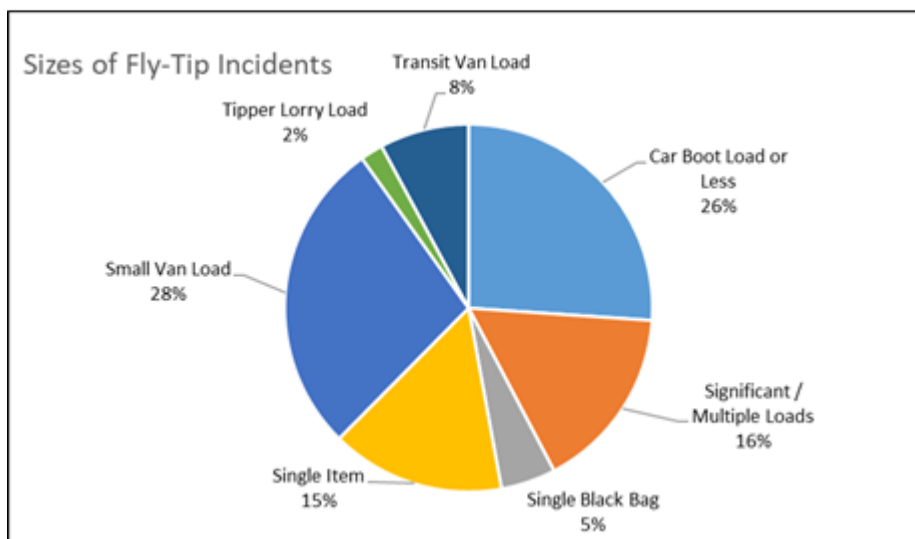
2.1.4 The following chart depicts the relatively proportionate distribution of fly-tipping incidents per calendar month which demonstrates that there is little seasonal variability with the exception of a slight increase during warmer weather.

Chart 2. Incidents per month (last 6 months)



2.1.5 Chart 3 demonstrates the variability of the size of reported fly-tipping incidents. From an enforcement perspective, the use of motor vehicles as shown by the proportion of car boot incidents (26% of reported incidents) and small van load size incidents (28%) provides focus on the importance of identifying 'hotspot' locations where enforcement techniques that focus on the transport of waste would be beneficial. For example, the recent deployment surveillance equipment at an identified 'hotspot' location has resulted in the issuing of over 60 fixed penalty notes for the illegal deposition of waste.

Chart 3. Sizes of recorded incidents (last 6 months)



2.1.6 Following recommendations from Ward Councillors, the service has been investigating areas with high levels of reported fly-tipping recorded over the last 6 months, with the aim to work with Veolia to develop a reactive approach to visiting the hotspots locations and remove fly-tipping incidents and reduce the potential for added waste to accumulate.

Table 1. 'Hotspot' locations (last 6 months)

Recorded Incidents			Recorded Incidents		
	Road Name	Recorded Incidents		Road Name	Recorded Incidents
1	Streatham Road	292	11	Commonside East	84
2	The Broadway	189	12	Kingston Road	84
3	Haydons Road	178	13	Garden Avenue	82
4	London Road	137	14	Ashbourne Road	77
5	Caithness Road	131	15	Manor Place	77
6	Grove Road	121	16	Acacia Road	76
7	Abbotsbury Road	112	17	Seely Road	73
8	St Helier Avenue	108	18	Love Lane	65
9	Links Road	100	19	Tynemouth Road	62
10	Canterbury Road	92	20	Abbotts Road	61

2.1.7 Additional techniques, such as partnering with the Police to undertake stops of vehicles potentially transporting waste, further reinforces awareness of the requirements to businesses on disposing of waste and that the Council is

present in the community, tackling this issue. The aim of the service is to deliver targeted, evidenced based enforcement supported by wider engagement with service partners, community groups and stakeholders with the goal to provide an overall reduction in the recorded incidents and an improved satisfaction with our residents regarding the cleanliness of the streets within their communities.

- 2.1.8 The main strands of focus within this work stream is to enable the delivery of improvements are;
- Early intervention – education, communication and engagement
 - Preventing reoccurrence – operational service and target hardening
 - Targeted enforcement – FPNs, prosecutions & vehicle stops

3 ALTERNATIVE OPTIONS

- 3.1. The Council could have decided not to fund the proposed resource to address the increase in fly-tipping incidents. This would have decreased the reliability of the service, the resolution of reported incidents and would have limited the service to deliver further improvements in the cleansing of our streets, resulting in public dissatisfaction with the service.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Prior to finalising the Fly-Tipping strategy the Public Space division held a number of Member engagement workshops in November and December last year.
- 4.2. The aim of the five (5) separate workshops with all Ward Councillors was to understand key themes and issues arising within specific Wards, along with ascertaining any concerns or recommendations in the implementation of the strategy.
- 4.3. It should be noted that these were not meetings to deal with specific casework, rather they provided an opportunity to discuss the broader issues that were affecting waste collection and cleanliness in their specific Wards in a spirit of partnership working
- 4.4. Each workshop focused on the geographical area divided by the day of collection and the impacted Wards were invited to attend on their relevant day of collection. As such, there was cross party representation on 4 of the 5 meetings as illustrated in the table below.

Date	Collection Day	Wards
Monday 4 th November	Monday	Raynes Park Hillside Wimbledon Park Village
Tuesday 5 th November	Tuesday	Dundonald Trinity Colliers wood Abbey
Tuesday 19 th November	Thursday	St Helier

		Ravensbury Lavender Hill Abbey Colliers Wood
Wednesday 27 th November	Friday	West Barns Lower Morden Merton park Cannon Hill
Tuesday 3 rd December	Wednesday	Cricket Green Pollards Hill Figge's Marsh Longthorton Graveney

5 TIMETABLE

5.1. The payments are to be made this year and for future years.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. The financial impact of the increase in fly-tipping detailed in this report is £197k for 2019/20 onwards. A 2020/21 growth item for this additional cost has been presented to Cabinet in January 2020

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. The proposed increase in resource requirements and subsequent variation has been agreed in principle by both Veolia and the Council. Once formal agreement has been reached, it will allow the parties to concentrate on service improvement and implement a proactive approach the fly-tipping as referenced in the services fly-tipping strategy.

7.2. A deed of variation to the existing contract will be drawn up to ensure certainty over the parties' respective obligations in the future

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. There are no human rights, equalities or community cohesion implications as a result of this report

9 CRIME AND DISORDER IMPLICATIONS

9.1. There are no crime and disorder implications as a result of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. There are no risk management and health and safety implications as a result of this report

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

12 BACKGROUND PAPERS

12.1. Cabinet report, 27 January 2020, Agenda Item 7 - Waste and street cleansing contract annual review

12.2. Fly-Tipping Strategy 2019

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Committee: Sustainable Communities Overview and Scrutiny Panel

Date: 6th February 2020

Agenda item:

Wards: Borough wide

Subject: Third Local Implementation Plan (LIP3) Update

Lead officer: James McGinlay

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

Contact officer: Chris Chowns: Transport Planner and Project Officer, Future Merton
chris.chowns@merton.gov.uk

Recommendations:

That the Sustainable Communities Overview and Scrutiny Panel:

- A. Notes the revised LIP delivery programme for 2020/2021 as approved by TfL.
- B. Notes the contents of Merton's monitoring report (Form C).
- C. Notes the Merton Vision Zero factsheet showing casualties over 2018

1 SUMMARY

- 1.1 This report updates the Sustainable Communities Overview and Scrutiny Panel on the Council's Local Implementation Plan.
- 1.2 Following an assessment of Merton's draft submission against the provisions contained in section 146 of the GLA Act 1999, TfL formally signed off Merton's LIP3 on 10th September 2019. The plan is online at www.merton.gov.uk/streets-parking-transport/lip3
- 1.3 The approved plan stresses the importance of active travel, improving health and air quality in order to tackle traffic congestion, poor health outcomes and to growth in our growing borough. It also subscribes to the London Mayor's Vision Zero objective to eliminate serious and fatal collisions and to adopt the Healthy Streets approach when designing streets.
- 1.4 For the new Local Implementation Plan, TfL have committed themselves to preparing an Annual Borough Report, setting out progress against the Mayor's key transport objectives. Development of this report is on-going and is not expected to be circulated until September 2020.
- 1.4 Each year the Council is required to update its delivery programme to reflect scheme progression, changed priorities and emerging schemes. The updated programme for 2020/2021 is attached as Appendix A and was signed off by the Cabinet Member on 1st November 2019 in accordance with TfL's delivery deadlines.
- 1.5 In addition to reviewing its deliver programme the Council is required to complete TfL form C, which sets out a number of monitoring metrics. These metrics will be updated

for 2020/21 to reflect the new Mayor's Transport Strategy. Findings will be used to inform the new annual borough report.

- 1.6 TfL have produced an individual casualty factsheet for boroughs indicating progress toward the London Mayor's vision zero objective. This is attached as appendix C

2 BACKGROUND

- 2.1 The Mayor's Transport Strategy (MTS) maps out the strategic direction for transport in the Capital. It was adopted on 13th March 2018 and sets out the following three priority areas: -

- Healthy streets and healthy people;
- A good public transport experience;
- New homes and jobs.

- 2.2 These priority areas are accompanied by 9 outcome indicators (see LIP table ST07 page 98), each aligned to the above core themes. The outcomes are to be used to monitor how well boroughs are achieving their targets.

Public Consultation

- 2.3 The LIP public consultation was carried out between 1st March 2019 and 12th April 2019. It was predominately an online consultation, which included a short online questionnaire. The consultation was also repeated on social media and internet platforms; hard copies in local libraries and email posts to all Councillors. In addition to the statutory consultees, views were sought from the following stakeholders/interest groups:-

- Historic England, Natural England and The Environment Agency;
- All council Department Directors;
- All Environment and Regeneration Heads of Service and relevant team leaders;
- All emergency services;
- South London Partnership (made up of the following Councils: Merton, Croydon, Kingston, Sutton and Richmond);
- Merton's Chamber of Commerce/Business Improvement Districts (BID)
- Merton's Sustainable Communities and Transport Partnership (SCTP).
- Public Health.
- Merton Cycling Campaign.
- Wandle Valley Forum.
- Other stakeholder groups.

- 2.4 In total 108 responses were received, 88 via the online survey and a further 20 email/written responses (see <https://www.merton.gov.uk/streets-parking-transport/lip3>). The level of response compared very favourably to previous LIP consultations, which only received approximately 10 responses each.

- 2.5 Many of the written responses provided detailed comment on a range of specific LIP issues. Others made constructive suggestions for improvements, many of which have been incorporated within the final LIP3.

2.6 The results were reported to the Cabinet Member for approval on 3rd June 2019 and Director for Environment and Regeneration on 1st August 2019 for sign-off.

Aims and Objectives

2.7 The LIP outlines a number of overarching transport aims:-

- Make Merton a safer place by reducing the number of collisions on our streets through an evidence led approach that targets implementation of measures where they will have the most effect and support the Mayor's Vision Zero objective (also see Appendix C).
- Reduce the impacts of climate change and improve air quality through a co-ordinated approach, by pulling together air quality, noise impacts, flooding, waste, open space, design and transport to create places that prioritise and enable active travel modes and reduce the dominance of motor vehicles.
- Improve connectivity and whole journey experience to the public transport network, especially for people with restricted mobility to support a more inclusive society through a high quality and attractive streets and public spaces free of clutter that support walking, cycling and public transport.
- Reducing health inequalities and childhood obesity by opening up access to green spaces and removing barriers to people adopting more active lifestyles.
- Support good growth, especially around Colliers Wood and South Wimbledon, Morden and Wimbledon, where this supports improved walking, cycling and public transport infrastructure as well as building on recent investments in Mitcham.
- Redefine the way our streets are laid out and used so as to encourage the take-up of more active and healthier lifestyles where people feel confident to walk and cycle in safety.

2.8 In addition to the broader aims above, the LIP set out to a number of local objectives to demonstrate how the Council intends to deliver each of the 9 key MTS outcome indicators.

Spending programme (financial year 2020/2021)

2.9 Each year the Council updates its spending programme (Form A) to take account of scheme progression and changed priorities. New schemes can also be included at this stage. Approval for the revised programme was received from the Cabinet Member in October and submitted to TfL on 1st November 2019. Notification of Merton's allocation of £1,586,000 for 2020/21 was received on 18th December 2019.

2.10 Due to performance issues with TfL's central management portal, this allocation includes a carryover up to £171,000 of funding from 2019/20, (see 4.1 below).

2.11 Boroughs also continue to receive £100,000 Local transport funding, which is allocated towards developing improvements for walking, cycling, bus stops and better air quality on Merantun Way.

- 2.12 TfL has previously provided discretionary Principal Road Maintenance support for boroughs based on annual surface condition surveys. However, to achieve budget savings this funding was curtailed in 2018/19. Whilst this budget has been increased in 2020/21 to £18,000,000 most of this funding is allocated to the repair of Hammersmith Bridge.

Monitoring

- 2.13 Borough progress on each of the MTS outputs (LIP table ST07 page 98) is to be reported via the Annual Borough Report produced by TfL expected September 2020.
- 2.14 Existing monitoring on MTS objectives is reported via Form C (Appendix B). This proforma will be updated next year to align with the Mayor's Transport Strategy (2018).
- 2.15 TfL also provide an annual casualty factsheet for each borough setting out progress towards the London Mayor's vision zero objective of eliminating fatal and serious accidents (KSI's) by 2041 and corresponding LIP interim targets (see Appendix C). The key point to note is that 77% of KSI's involved vulnerable road users in 2018.

3. LEGAL AND STATUTORY IMPLICATION

- 3.1 The Council is legally required to deliver Mayor Transport Strategy objectives as part of its Local Implementation Plan.

4. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 4.1 The LIP spending programme (Form A) is reviewed annually to reflect scheme progression, changed priorities and resources. TfL have confirmed the Corridors and Neighbourhood spending allocation for 2020/2021 at £1,315,000. Additional allocations and carry over from 2019/20 are set out in the table below. The level of Neighbourhood funding is confirmed for the duration of TfL's business plan up to 2024/2025, subject to the LIP formula being retained in its present form.

LIP Programme	Borough Allocation (£'000)
Corridors and Neighbourhoods	1315
Carry forward from 19/20 (up to) – this will not be allowed in the future	171
Local transport fund	100
Total	1586

- 4.2 In addition to the Neighbourhood, Corridors allocation (Form A) boroughs are also able to bid for other specific spending programmes, such as Liveable neighbourhoods, Cycle parking/training programmes and Mayor's Clean Air Fund.
- 4.3 Every 3 years boroughs are required to undertake a detailed review of their LIPs.

5. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 5.1 None for the purpose of this report.

6. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

None for the purpose of this report.

APPENDICES – THE FOLLOWING DOCUMENTS ARE FORM PART OF THE REPORT

- Appendix A – Form A Spending submission 2020/2021.
- Appendix B – Monitoring Report Form C
- Appendix C - Merton Vision Zero report showing casualties over 2018

BACKGROUND PAPERS

Third Local Implementation Plan

London Borough of Merton

Local Implementation Plan (LIP) 2020/21 Annual Spending Submission and Programme of Investment (F

Borough officer contact details

Name	Chris Chowns
Contact Number	020 8545 3830
Email	chris.chowns@merton.gov.uk

Financial Summary Information

Year		Corridors Neighbourhoods and Supporting Measures	Major Schemes / Liveable Neighbourhoods	Local Transport Fund (LTF)	Total
2020/21	Confirmed Allocation £k	1,315	2,850	100	4,265
	Submission £k	1,315	2,850	100	4,265
2021/22	Indicative Allocation £k	0	0	100	100
	Submission £k	1,315	1,850	100	3,265
2022/23	Indicative Allocation £k	0	0	100	100
	Submission £k	1,315	0	100	1,415

TfL Programme	Scheme Title	Scheme Location and Description	Scheme Type	Scheme Category	Funding £000's				
					FY 20/21	FY 21/22	FY 22/23	Sub-Total	Grand Total
Corridors Neighbourhoods and Supporting Measures	Clean Air Zones	In our Air Quality Action Plan 2018-23 the council committed to considering the use of Clean Air Zones in parts of the borough, piloting in Wimbledon town centre. The project is to consider the tackling of through traffic in our Focus Areas. The project will be delivered in phases, starting with an emissions study of through traffic using ANPR linked to the DVLC Database. This will establish the make-up and contribution of the traffic components and help shape the type of CAZ we would like to put in place. The second phase will be traffic modelling and dispersal mapping, to ensure that we are not simply moving the problem elsewhere. The third phase, if the other factors required in the CAZ criteria are fulfilled is the consultation and implementation.	Environment	Study	30	40	200	270	270
Corridors Neighbourhoods and Supporting Measures	Casualty and danger reduction	Casualty and danger reduction - Investigation and implementation of engineering interventions to address, personal injury collisions at junctions, links and along stretches of roads where collision rates are above that normally expected for a specific class of road and TfL priority sites. This programme will also look at sites that	Safety	Design and Build	200	250	250	700	700

TfL Programme	Scheme Title	Scheme Location and Description	Scheme Type	Scheme Category	Funding £000's				
					FY 20/21	FY 21/22	FY 22/23	Sub-Total	Grand Total
		priority sites. This programme will also look at sites that could benefit from danger reduction interventions, such as busy road crossings and around schools.						0	
Corridors Neighbourhoods and Supporting Measures	Morden town centre	Delivering Morden town centre regeneration, including network designs for reconfiguration of public space and road layout, relocation of bus standing/stop arrangements, supporting Merton/TfL/GLA partnership site development initiatives, masterplanning, due diligence and other supportive measures. Major scheme submission submitted Sept 2015. Measures also being co-ordinated through joint TfL/GLA/borough transport steering group	Regeneration	Study	50	40	40	130	130
							0		
							0		
Corridors Neighbourhoods and Supporting Measures	Accessibility	Accessibility programme - improvements to the physical environment, start-up support for innovative programmes, improved wellbeing, and physical access measures to aid mobility e.g. dropped kerbs, handrails, tactile paving, bus stops enhancements.	Accessibility	Design and Build	120	140	140	400	400
							0		
							0		
Corridors Neighbourhoods and Supporting Measures	Electric Vehicle Car Points, Car Clubs and mobility initiatives	Electric vehicles charging points, Car Clubs and related mobility initiatives. The council will work with Source London, TfL, GULCS and other charging infrastructure providers to install a mix of charging infrastructure. Similarly, it will work with operators to expand the car club offer and support new initiatives, such as demand related service trials. Funding will principally deliver the legal/statutory processes associated with processing TRO's and Street Licences, provide match funding and some supporting physical measures.	Environment	Other	20	20	10	50	50
							0		
							0		
Corridors Neighbourhoods and Supporting Measures	School Travel Plan Co-ordinator and supporting education programmes	Delivery of Stars programme and other education programmes for schools to meet Education and Inspectors Act duty including related initiatives, such as calendar competition, walking to school programmes and school travel plan champions.	Behaviour Change	Education / Training	40	40	40	120	120
							0		
							0		
Corridors Neighbourhoods and Supporting Measures	Cycle Parking Programme	Identification and reallocation of on-street parking spaces to cycle parking around stations, trip attractors and town centres to help facilitate a shift towards cycling, to accommodate a future cycle hire scheme and provision non-standard cycle parking facilities.	Cycling	Design and Build	20	20	10	50	50
							0		
							0		
Corridors Neighbourhoods and Supporting Measures	School part time road closure	to identify and implement part time road closures (at start and finish times) or alternative restrictive access arrangements (e.g. camera enforcement) at schools to discourage car trips by parents. Chosen sites to be accompanied by physical measures to support active walking, cycling and environment.	Traffic Reduction	Design and Build	65	80	80	225	225
							0		
							0		

TfL Programme	Scheme Title	Scheme Location and Description	Scheme Type	Scheme Category	Funding £000's				
					FY 20/21	FY 21/22	FY 22/23	Sub-Total	Grand Total
Corridors Neighbourhoods and Supporting Measures	Motorcycling support programme,	Brighter biker (pre-learner rider programme), Bike/scooter safe (aimed at post CBT and experienced P2W riders), partnership working with the police motorcycle riders.	Safety	Education / Training	25	25	0	50	50
Corridors Neighbourhoods and Supporting Measures	Developing the Tram	To support the development of Sutton Link to Transport Works Act submission stage in partnership with TfL and Sutton Council and other tram related measures including new stop at Willow Lane or improved pedestrian connection at Morden Road tram stop	Public Transport	Study	20	20	20	60	60
Corridors Neighbourhoods and Supporting Measures	Schools Super zones project	Support for a School Superzones pilot to improve the urban environment around schools to tackle obesity and poor health. The project is also intended to tackle other issues, such as community safety, transport, air quality in an innovative and collaborative way. The project is also expected to support a Livable neighbourhoods scheme submission	Walking	Design and Build	40	40	40	120	120
Corridors Neighbourhoods and Supporting Measures	Air Quality Initiatives	To highlight air quality impacts and to discourage vehicleless from idling outside schools, installation of diffusion tubes at sensitive locations and school air quality audits	Environment	Other	20	20	20	60	60
Corridors Neighbourhoods and Supporting Measures	Bikeability Training	Bikeability cycle training programme – borough wide training for adults and children training.	Cycling	Education / Training	85	85	85	255	255
Corridors Neighbourhoods and Supporting Measures	Cycle Routes	Identification, development and delivery of a mix of cycle routes and supporting infrastructure, including enhancements of existing paths across green spaces, new connecting routes and highway routes.	Cycling	Design and Build	180	240	240	660	660
Corridors Neighbourhoods and Supporting Measures	Figgs Marsh signalised roundabout re-configuration	Positioned at the junction of the A217 London Rd and A216 Streatham Rd (just north of Mitcham town centre). This extremely busy junction has a high prevalence of road collisions, suffers from significant congestion through the day, which impacts of bus service reliability. TfL's bus priority team has developed a scheme currently being designed by the council.	Public Transport	Design and Build	40	0	0	40	240
Corridors Neighbourhoods and Supporting Measures	Safer walking routes/streets	Improved walking routes based around healthy streets framework to schools, town centres, leisure routes and Public Right of Way upgrades	Walking	Design and Build	100	215	140	455	455
Corridors Neighbourhoods and Supporting Measures	Borough-wide 20mph speed limits	Introduction of 20mph speed limit across the borough including borough classified roads and TLRN in Morden town centre. Completion of programme and traffic management measures on key and other routes to ensure compliance.	Safety	Design and Build	110	0	0	110	110
Major Schemes	moreMorden	Priority town centre project - Comprehensive public realm improvements incorporating supportive measures to tackle accessibility, road safety, bus priority/bus standing arrangements, cycle facilities and modifications to one-way gyratory system, enables broader regeneration/housing zone proposals for the town centre including redevelopment of TfL sites in the vicinity of Morden Station (Major Scheme Step 1	Regeneration	Design and Build	0	0	0	0	4,200
					2,350	1,850	0	4,200	4,200

TfL Programme	Scheme Title	Scheme Location and Description	Scheme Type	Scheme Category	Funding £000's				
					FY 20/21	FY 21/22	FY 22/23	Sub-Total	Grand Total
		submission September 2015). Also See TfL email 8th July 2019						0	
Liveable Neighbourhoods	Pollards Hill Liveable Neighbourhood bid	Pulling together issues, ideas and stakehold engagement and preparing outline bid for discussion with TfL, Councillors and other stakeholders. Depending on how the School superzone project proceeds it will draw upon adopted objectives to give added value.	Urban Realm	Study	30	0	0	30	30
								0	
								0	
Corridors Neighbourhoods and Supporting Measures	Dorset Road junction with Morden Road	Junction narrowing and kerbing realignment adjacent to TLRN and Park Community School (to be delivered in partnership with TfL).	Safety	Design and Build	40	0	0	40	60
					20	0	0	20	
Corridors Neighbourhoods and Supporting Measures	St Helier Avenue Crossing Facilities	Proposed new pedestrian crossing facilities (3 locations) on St Helier Avenue (TLRN) adjacent to bus stops	Safety	Design and Build	40	40	0	80	80
Corridors Neighbourhoods and Supporting Measures	Morden Road junction with Merantun Way	Proposed pedestrian crossing phase to assist pupils attending the new High School on High Path and neighbouring regeneration scheme	Safety	Design and Build	40	0	0	40	40
Local Transport Fund (LTF)	Merantun Way boulevard	Public realm improvements to create a boulevard style scheme that supports improved walking and cycling connections. Links to High Path School and Estate regeneration as well as improved links to Wandle Path and Merton Industrial Estate	Urban Realm	Design only	100	100	40	0	0

INSERT NEW ROWS BEFORE LAST SCHEME TO KEEP FORMATTING

London Borough of Merton
Local Implementation Plan (LIP) 2018/19 Annual Report on Interventions and Outputs

Borough Officer contact details:	
Name	Chris Chowns
Contact number	020 8545 3830
Email	chris.chowns@merton.gov.uk
Submission date	6th June 2019

Guidance note: Boroughs should complete all fields identified with a red border. Only outputs from individual LIP funded schemes or packages of LIP funded schemes delivered during the course of the previous financial year should be reported using this form. Where applicable, values reported should relate to the net number of interventions (for example, if 25 cycle parking spaces were removed, but 75 added, the value reported should be 50 spaces). This also applies to interventions where values are required for distances (for example if 1km of bus lane is removed, but 3km added then the net value will be 2km).

Description:	Unit of data:	Numerical output:	Additional commentary (if required)
Example: Cycle parking facilities installed	Number of on-street spaces	50	20 stands installed at North Ham station; 15 stands outside Eastgate Shopping Centre; 15 stands outside Leisure Centre

CYCLING

Cycle parking facilities installed	Number of on-street spaces	2	1 stand outside doctors Middleton Road
	Number of off-street spaces	8	lambeth Shelter Introduced at Regent Place
Cycle training	Number of adults trained to Bikeability level 1	359	
	Number of adults trained to Bikeability level 2	144	
	Number of adults trained to Bikeability level 3	29	
	Number of children trained to Bikeability level 1	1343	The 1343 figure does not include the successful balanceability training delivered to 1268 children, which is a pre-cursor to Level 1 training
	Number of children trained to Bikeability level 2	711	
New or upgraded on-carriageway segregated	Kilometres	0.27	Bushey Road Shared-Use Path
	Kilometres	0.54	Morden Park Shared-Use Path
New Greenways and Quietways	Kilometres	0.54	Morden Park Shared-Use Path
Number of junctions treated to improve cycling	Number	0	

WALKING

Protected crossing facilities provided (e.g. refuges, zebra crossings, pelican crossings etc)	Number	5	Zebra crossing provided at Bushey Road Slip Road, Pedestrian refuges at Kingston Road (2 separate locations), Zebra crossing at Rowan Road and Tamworth Lane pedestrian refuge.
Guardrail removal	Metres	15.00	Most the pedestrian barriers in the borough have been reviewed over previous years
Legible London signs implemented	Number	0	
Street clutter removal	Number	12	Surplus signage removed from a number of locations

ROAD SAFETY AND PERSONAL SECURITY

Education and training interventions (e.g. theatre in education or pedestrian training)	Number of events	34	Road Safety presentations, workshops and training provided. This included 16 road safety programmes, scooter training to 7 schools, kerbscraft provided in 2 schools and Junior Travel Ambassador delivered in 9 schools. In all 6,039 children participated in road safety education and training interventions.
Number of children receiving pedestrian skills training	Children	288	
New roads where 20 mph zones / limits have been introduced	Kilometres	18.00	20mph speed limits implemented in all borough roads around Mitcham and Pollards Hill

BUSES			
Bus lanes	Kilometres	0.00	
SMARTER TRAVEL			
Number of smarter travel promotions (e.g. Number of events during Bike Week)	Number of schools	64	All schools contacted to produce a School Travel Plan. Currently we have 34 schools at either bronze, silver or gold level with 4 more schools recently engaged to produce one for 2019/2020. 19 schools participated to provide a Road Safety and Smarter Travel Calendar which promoted road safety, sustainable travel and healthy lifestyle options. We also worked with 2 schools on Air Quality Awareness Days, discussing how we can mitigate the level of plastic wastage and improve the air quality in our environment by using cars less and walking/cycling more. Events were provided in partnership with Env Health, Greenpeace and Blue City Cars who promoted electric car usage to parents. Another AQ day is planned for 20 June in Wimbledon Town Centre to raise awareness with the general public and promote our walking and cycling programme.
	Number of workplaces	1	We had over 4000 people attend our Walk 4Life healthy walks, which are provided on a daily basis, and many access the walk venue by cycling or using public transport.
	Number of events	14	Dr Bike sessions provided in town centres and school faires
ENVIRONMENT			
Electric vehicle charging points implemented	Number on-street	31	In addition to the source bays, the council helped to facilitate 2 rapid chargers on the TLRN
	Number off-street	5	Provided in conjunction with Morden Leisure Centre redevelopment
	Number of workplace	0	
Car club bays implemented or secured by the borough	Number on-street	0	The council is actively supporting floating car clubs - Zip Car flex membership has year on year to over 5000 at the end of 2018/2019 financial year and an average of 60 vehicles.
	Number off-street	0	The council does not have resources to monitor development led off-street bays
Street trees	Number of new trees planted	199	
	Number of replacement trees planted	190	
	Number felled for natural/safety reasons	122	
	Number felled for other reasons	6	Felled for insurance reasons
LOCAL AREA ACCESSIBILITY			
Crossing upgrades (e.g. Pedestrian crossing where facilities have been provided for disabled people)	Number	1	Pedestrian phase provided at junction of Martin Way and Bushey Road
FREIGHT AND CONTROLLED PARKING			
New zones implemented	Number	11	This includes extensions to existing zones
Waiting and loading review	Number	60	This includes reviews of individual and groups of streets

Road casualties in your borough in 2018

Merton

Vision Zero reflects the fundamental belief that no death or serious injury on London’s roads and transport network is acceptable.



People killed and seriously injured in your borough in 2018:

3

People were killed

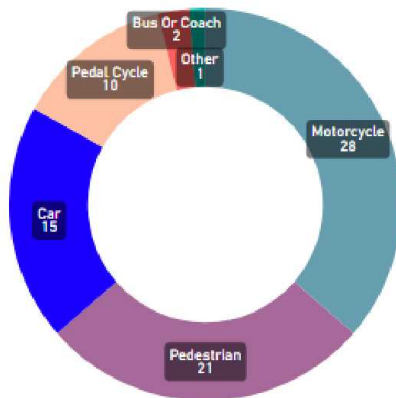
74

People were seriously injured

521

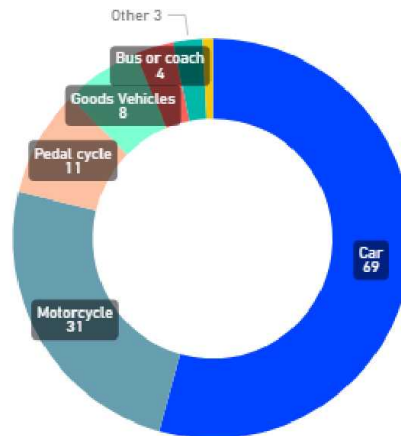
People were slightly injured

People killed or seriously injured 2018-
Casualty type



We must reduce road danger for the people who are most at risk.

Vehicles involved* in collisions where people were killed or seriously injured 2018

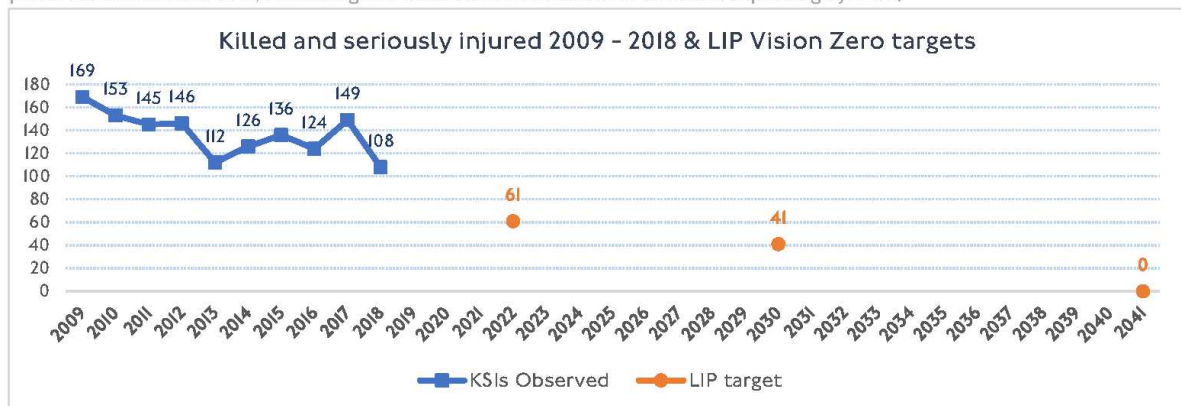


We must reduce the danger posed by vehicles that present the greatest risk

*Note that involvement does not infer fault

People killed or seriously injured in your borough 2009-2018

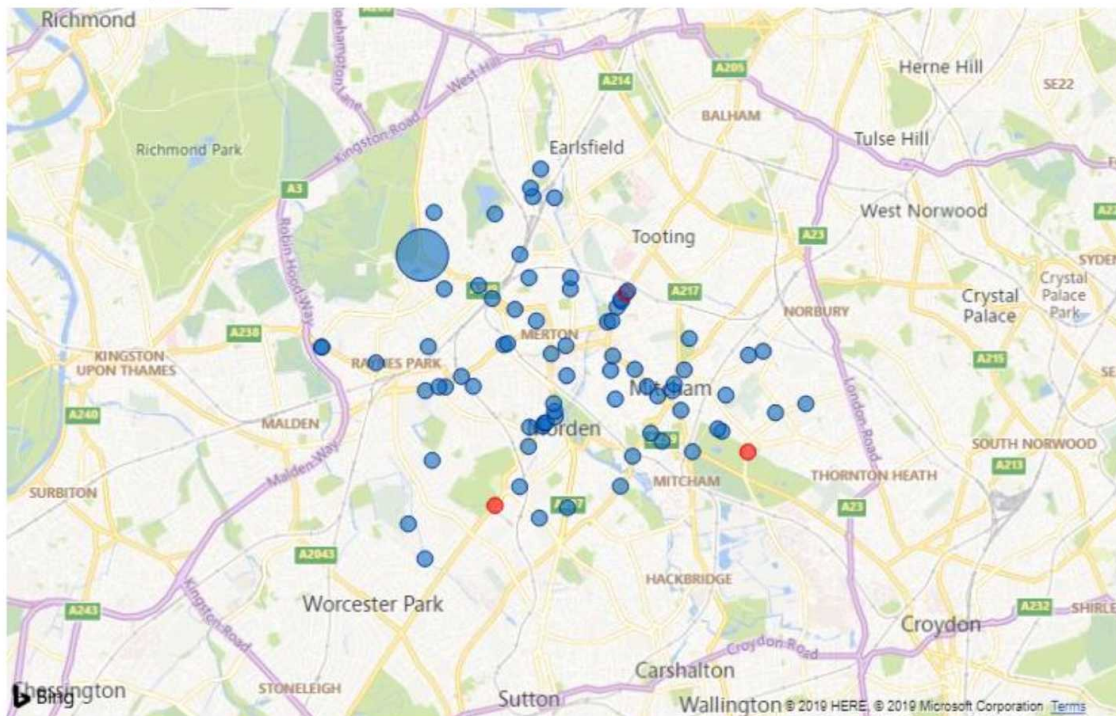
(NB This data has been subject to back-casting exercise to enable pre-November 2016 casualty data to be compared with post November 2016 data, following the introduction of the new collision reporting system)



Locations where collisions resulting in fatal or serious injuries occurred in 2018

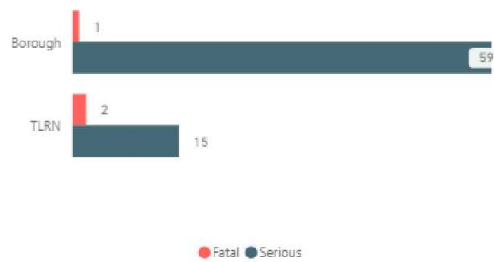
Larger bubbles represent collisions with more than one fatal or serious injury.

Casualty Severity ● Fatal ● Serious

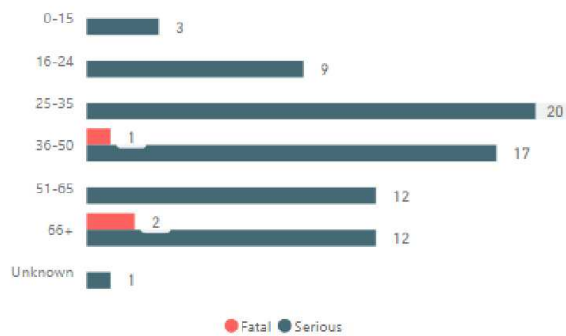


London Collision map – Visit tfl.gov.uk/collision-map to see more detailed information about where collisions happened in your borough

People killed or seriously injured split by highway authority (TLRN or Borough roads).



People killed or seriously injured split by age group and casualty severity.



Casualties in Greater London during 2018 – Visit content.tfl.gov.uk/casualties-in-greater-london-2018 to see a summary of personal injury road traffic collisions and casualties in Greater London in 2018

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Environment and Regeneration

Public Protection performance

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Parking										
CRP 044 Parking services estimated revenue (Monthly)	1,305,856	1,746,448				13,636,999	13,763,343			
SP 258 Sickness- No of days per FTE from snapshot report (parking)	2.76	0.67				14.54	5.99			
SP 509 NEW FOR 2019/20 % of Permits applied/processed online	77%	55%				74.33%	55%			
SP 510 NEW FOR 2019/20 % of PCN Appeals received online	63%	55%				60.11%	55%			
SP 511 NEW FOR 2019/20 Blue Badge Inspections (Monthly)	68	72				68	72			
SP 512 NEW FOR 2019/20 Total cashless usage against cash payments at machines (Monthly)	59%	60%				56.94%	60%			
SP 513 NEW FOR 2019/20 Percentage of cases 'heard' and won at A (Quarterly)	80%	73%				77.1%	73%			
Regulatory Services										
LER 060 Income generation by Regulatory Services (Monthly)	£48,692	£30,020				£275,143	£431,080			
SP 111 No. of underage sales test purchases (Quarterly)	2	29				68	76			
SP 255 % licensing applications determined within 28 days (Quarterly)	96%	98%				88.7%	98%			
SP 316 % Inspection category A,B & C food premises (Annual)	Annual measure						100			
SP 418 Annual average amount of Nitrogen Dioxide per m3 (Annual)	Annual measure						40			
SP 420 Annual average amount of Particulates per m3 (Annual)	Annual measure						40			
SP 494 Nitrogen Dioxide Diffusion Tube Monitoring Sites in the Borough exceeding National Levels (Quarterly)	43	0				43	0			

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
SP 519 NEW FOR 2019/20 Total % of broadly compliant food establishments rated A-E (Annual)	Annual measure					?	95%	?	?	?
SP 520 NEW FOR 2019/20 Schedule B Prescribed Premises due for inspection completed (Annual)	Annual measure					?	100%	?	?	?
SP 521 NEW FOR 2019/20 Total % compliance of non-road mobile machinery on major construction sites with GLA emissions standards (Annual)	Annual measure					?	85%	?	?	?
SP 522 NEW FOR 2019/20 % of noise and nuisance complaints received from residents receiving a frontline response (visit/advice) within one week of receipt (Quarterly)	90.07%	90%				84.26%	90%		?	?

Public Spaces performance

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Street Cleansing										
CRP 048 / SP 455 % of sites surveyed on local street inspections for litter that are below standard (Monthly)	18.65%	8%				15.34%	8%			
LER 058 % Sites surveyed on street inspections for litter (using NI195 system) that are below standard (KBT) (Quarterly)	13.46%	8%				16.57%	8%			
SP 062 % Sites surveyed below standard for graffiti (Quarterly)	4.45%	5%				5.67%	5%			
SP 063 % Sites surveyed below standard for flyposting (Quarterly)	0.84%	1%				0.95%	1%			
SP 139 % Sites surveyed below standard for weeds (Quarterly)	2.88%	11%				9.21%	11%			
SP 140 % Sites surveyed below standard for Detritus (Quarterly)	15.5%	9%				20.72%	9%			
SP 269 % Residents satisfied with street cleanliness (Annual)	Annual measure					?	57%	?	?	?

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Waste Services										
CRP 093 / SP 478 No. of refuse collections including recycling and kitchen waste missed per 100,000 (Monthly)	69.00	40.00				73.56	50.00			
CRP 094 / SP 485 No. of fly-tips in streets and parks recorded by Contractor	1,029	700				9,861	6,300			
SP 064 % Residents satisfied with refuse collection (Annual) (ARS)	Annual measure						73%			
SP 065 % Household waste recycled and composted (Monthly in arrears)	42.04%	48%				43.79%	48%			
SP 066 Residual waste kg per household (Monthly in arrears)	40.68	39.5				334.81	356			
SP 067 % Municipal solid waste sent to landfill (waste management & commercial waste) (Monthly in arrears)	13%	10%				7%	10%			
SP 262 % Residents satisfied with recycling facilities (Annual) (ARS)	Annual measure						72%			
SP 354 Total waste arising per households (KGs) (Monthly in arrears)	70.19	75				595.63	675			
SP 407 % FPN's issued that have been paid (Monthly)	70%	75%				67.89%	75%			
SP 454 % of fly-tips removed within 24 hours (Monthly)	99%	95%				80.38%	95%			
Parks										
LER OS 01 Parks Quality Management Score (PQMS)	4.99	5				4.98	5			
SP 026 % of residents who rate parks & green spaces as good or very good	Annual measure						76%			
SP 027 Young peoples % satisfaction with parks & green spaces (Annual)	Annual measure						75%			
SP 032 No. of Green Flags (Annual)	Annual measure						6			
SP 318 No. of outdoor events in parks (Monthly)	43	0				222	136			
SP 514 NEW FOR 2019/20 Income from outdoor events in parks (Annual)	Annual measure						£531,230.00			

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
SP 515 NEW FOR 2019/20 Average Performance Quality Score (Grounds Maintenance Standards) (Annual)	Annual measure					?	5	?	?	?
SP 516 NEW FOR 2019/20 Annual basal & epicormic growth programme completion by 31 Aug each year) (Annual)	Annual measure					?	100%	?	?	?
SP 517 NEW FOR 2019/20 Number of street trees planted (Annual)	Annual measure					?	235	?	?	?
Transport										
SP 136 Average % time passenger vehicles in use (transport passenger fleet)	Annual measure					?	85%	?	?	?
SP 137 % User satisfaction survey (transport passenger fleet) (Annual)	Annual measure					?	97%	?	?	?
SP 271 In-house journey that meet timescales (transport passenger fleet)	Annual measure					?	85%	?	?	?
SP 526 NEW FOR 2019/20 % of Council fleet using diesel fuel (Annual)	Annual measure					?	80%	?	?	?
SP 456 Average days lost to sickness absence - Transport (Monthly)	3.35	0.79				32.18	7.13			
Leisure										
SP 251 Income from Watersports Centre (Monthly)	£482	£0				£402,454	£361,500			
SP 325 % Residents rating Leisure & Sports facilities Good to Excellent	Annual measure					?	80%	?	?	?
SP 349 14 to 25 year old fitness centre participation at leisure centres	4,347	6,500				72,967	74,400			
SP 405 No. of Leisure Centre users (Monthly)	69,417	78,000				832,649	801,000			
SP 406 No. of Polka Theatre users (cumulative) (Quarterly)	7,532	7,500				7,532	7,500			

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Sustainable Communities

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Development and Building Control										
CRP 045 / SP 118 Income (Development and Building Control) (Monthly)	191,956	157,166	✓	↑	↑	1,539,757	1,414,494	✓	↓	↓
CRP 051 / SP 114 % Major applications processed within 13 weeks (Monthly)	25%	68%	✗	↓	↓	72.75%	68%	✓	↓	↓
CRP 052 / SP 115 % of minor planning applications determined within 8 weeks	72.41%	71%	✓	↓	↓	78.26%	71%	✓	↓	↑
CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control) (Monthly)	93.62%	82%	✓	↑	↑	85.67%	82%	✓	↓	↑
SP 040 % Market share retained by LA (Building Control) (Monthly)	30.97%	54%	✗	↓	↓	50.37%	54%	✗	↓	↓
SP 113 No. of planning enforcement cases closed (Monthly)	166	44	✓	↓	↑	750	390	✓	↑	↑
SP 117 % appeals lost (Development & Building Control) (Quarterly)	36.36%	35%	✗	↓	↓	37.43%	35%	✗	↓	↓
SP 380 No. of backlog planning enforcement cases (Monthly)	642	849	✓	↓	↑	642	849	✓	↑	↑
SP 414 Volume of planning applications (Monthly)	293	365	✗	↓	↓	3,157	3,285	✗	↓	↓
Future Merton										
SP 020 New Homes (Annual)	Annual Measure					?	1,328	?	?	?
SP 260 % Streetworks inspections completed (Quarterly)	55.82%	37%	✓	↑	↑	45.48%	37%	✓	↑	↑
SP 327 % Emergency callouts attended within 2 hours (traffic & highways) (Monthly)	100%	98%	✓	-	↑	99.24%	98%	✓	↓	↓
SP 328 % Streetworks permitting determined (Monthly)	100%	98%	✓	-	↑	99.89%	98%	✓	↓	↓
SP 389 Carriageway condition - unclassified roads defectiveness condition indicator (annual)	Annual Measure					?	75%	?	?	?
SP 391 Average number of days taken to repair an out of light street light (Quarterly)	1.07	3	✓	↑	↑	1.18	3	✓	↑	↑

PI Code & Description	Dec 2019					2019/20				
	Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
SP 475 Number of publically available Electric Vehicles Charging Points available to Merton Residents (Annual)	Annual Measure					?	49	?	?	?
SP 476 Number of business premises improved (Annual)	Annual Measure					?	10	?	?	?
SP 508 NEW FOR 2019/20 Footway condition - (% not defective, unclassified road) (Annual)	Annual Measure					?	75%	?	?	?
Property										
SP 024 % Vacancy rate of property owned by the council (Quarterly)	1%	3%				1%	3%			
SP 025 % Debt owed to LBM by tenants inc businesses (Quarterly)	3.14%	7.5%				3.14%	7.5%			
SP 386 Property asset valuations (Annual)	Annual Measure					?	150	?	?	?
SP 518 NEW FOR 2019/20 Number of completed Rent Reviews (Quarterly)	0	8				17	15		?	?

Sustainable Communities – December & Quarter Three 2019

Dept.	PI Code & Description	Polarity	Dec 2019					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Housing Needs & Enabling	CRP 061 / SP 036 No. of households in temporary accommodation (Monthly)	Low	183	230	✓	↓	↓	173.7	230	✓
Housing Needs & Enabling	CRP 062 / SP 035 No. of homelessness preventions (Monthly)	High	371	338	✓	↑	↑	371	338	✓
Housing Needs & Enabling	SP 037 Highest No. of families in Bed and Breakfast accommodation during the year (Monthly)	Low	3	10	✓	-	↓	2.9	10	✓
Housing Needs & Enabling	SP 038 Highest No. of adults in Bed and Breakfast accommodation (Monthly)	Low	10	10	✓	↓	↓	6.8	10	✓
Libraries	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months (Monthly)	High	61,264	56,500	✓	↓	↓	61,264	56,500	✓
Libraries	CRP 060 / SP 009 No. of visitors accessing the library service on line (Monthly)	High	187,375	176,247	✓	↑	↑	187,375	176,247	✓
Libraries	SP 279 % Self-service usage for stock transactions (libraries) (Monthly)	High	95%	97%	⚠	↓	↑	95%	97%	✗
Libraries	SP 280 No. of active volunteers in libraries (Rolling 12 Month) (Monthly)	High	261	230	✓	↓	↓	261	230	✓
Libraries	SP 287 Maintain Library Income (Monthly)	High	£367,533	£310,500	✓	↑	↑	£367,533	£310,500	✓
Libraries	SP 480 Visitor figures - physical visits to Libraries (Monthly)	High	873,495	900,000	⚠	↑	↑	873,495	900,000	✗

Dept.	PI Code & Description	Polarity	Q3 2019/20					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Housing Needs & Enabling	SP 277 Social Housing Lets (Quarterly)	High	200	200	✓	↑	↑	200	200	✓
Housing Needs & Enabling	SP 360 No. of enforcement / improvement notices issued (Quarterly)	High	76	54	✓	↑	↑	76	54	✓
Housing Needs & Enabling	SP 361 No. of Disabled Facilities Grants (DFG) approved (Quarterly)	High	47	42	✓	↑	↑	47	42	✓



Sustainable Communities Work Programme 2019/20

This table sets out the Sustainable Communities Panel Work Programme for 2018/19; the items listed were agreed by the Panel at its meeting on 27 June 2019. This Work Programme will be considered at every meeting of the Panel to enable it to respond to issues of concern and incorporate reviews or to comment upon pre-decision items ahead of their consideration by Cabinet/Council.

The work programme table shows items on a meeting-by-meeting basis, identifying the issue under review, the nature of the scrutiny (pre-decision, policy development, issue specific, performance monitoring, partnership related) and the intended outcomes.

Chair: Cllr Natasha Irons

Vice-chair: Cllr Daniel Holden

Scrutiny Support

For further information on the work programme of the Sustainable Communities Scrutiny Panel please contact: -

Rosie McKeever, Scrutiny Officer

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For more information about overview and scrutiny at LB Merton, please visit www.merton.gov.uk/scrutiny

Meeting date: 27 June 2019 (**Deadline for papers:** 12pm, 18 June 2019)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Parking Consultation	Written update report	Cathryn James, Interim Assistant Director, Public Protection	
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration Steve Langley, Head of Housing Needs	To highlight any items of concern and for the Panel to make any recommendations or to request additional information.
Setting the work programme	Sustainable Communities Overview and Scrutiny Panel work programme 2019/20	Written report	Rosie Mckeever, Scrutiny Officer	To agree the work programme and select a subject for task group review.

Meeting date: 3 September 2019 (~~**Deadline for papers:** 12pm, 26 August 2019~~)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Cabinet Members priorities	Verbal update	Cabinet Members for Commerce, Leisure and Culture; Regeneration, Housing and Transport; Adult Social Care, Health and the Environment	To understand current priorities in relation to Panel work programme.
Holding the executive to account	Waste, recycling and street cleaning: performance update:	Written update report	John Bosley, Assistant Director, Public Space Scott Edgell, Veolia	To monitor performance and to seek resident feedback on the service.
Scrutiny reviews	Environmental Enforcement: Fly Tipping Strategy	<ul style="list-style-type: none"> Written report Presentation	John Bosley, Assistant Director, Public Space	Opportunity to understand the team's remit in more detail and give feedback on new strategy
Performance management	Performance monitoring	<ul style="list-style-type: none"> Basket of indicators plus verbal report 	Councillor Ben Butler Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/or request additional information
Setting the work programme	Work programme 2019/20	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 30 October 2019 (**Deadline for papers:** 12pm, 22 October 2019)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Budget scrutiny	Budget/business plan scrutiny (round 1)	Written report	Caroline Holland, Director of Corporate Services	To discuss and refer any comments to the O&S Commission
External scrutiny	Clarion Housing Group: regeneration	Responses to members' questions to be printed as part of the agenda	Representatives from Clarion Housing Group will be invited to attend the session and answer member questions.	This session will be used to focus on Clarion's estates regeneration.
Holding the executive to account	Town centre regeneration	Presentation	Paul McGarry, Head of <i>futureMerton</i>	Progress update
Scrutiny review	Single use plastics – Action plan	Written report	Task Group Chair; Mark Humphries; Stella Akintan	
Performance management	Performance monitoring	Basket of indicators plus verbal report	Councillor Ben Butler Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/or request additional information
Holding the executive to account	Bishopsford Road Bridge	Update report		Added to agenda as requested
Setting the work programme	Work programme 2019/20	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 6 February 2020 (*Deadline for papers: 12pm, 29 January 2020*)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Budget scrutiny	Budget and business planning (round 2)	Written report	Caroline Holland, Director of Corporate Services	To comment on the budget and business plan proposals and make any recs to the Commission to consider and co-ordinate a response to Cabinet.
Holding the executive to account	Annual Review (and other matters relating to the Veolia Street cleaning and waste contract)	Written report	Chris Lee, Director of Environment and Regeneration	Additional item added to update the Panel on progress against the recommendations
Holding the executive to account	Fly Tipping Strategy update	Written report	John Bosley, Assistant Director Public Space	Additional item added to update the Panel on progress against the recommendations
Scrutiny review	Local Implementation Plan	Written report	James McGinlay	Update report
Performance management	Performance monitoring	Basket of indicators plus verbal report	Councillor Ben Butler Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/ or request additional information
Setting the work programme	Work programme 2019/20	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 25 February 2020 (**Deadline for papers: 12pm, 17 February 2020**)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
External scrutiny	Clarion Housing Group: repairs and maintenance	Verbal update	Representatives from Clarion Housing Group will be invited to attend the session and answer member questions.	This session will be used to focus on repairs and maintenance work
Holding the executive to account	Diesel levy implementation	Written report	Ben Stephens	Update report
Holding the executive to account	Air Quality Action Plan	Written report	Jason Andrews	Update report
Holding the executive to account	Housing Strategy	Written update report	Steve Langley, Head of Housing Needs and Strategy	
Scrutiny reviews	Support for private renters	Written update report	Steve Langley, Head of Housing Needs and Strategy	
Scrutiny review	Community Wealth Building: Task Group	Written report	Councillor Owen Pritchard – Chair of Task Group	Agree terms of reference
Performance management	Performance monitoring	Basket of indicators plus verbal report	Councillor Ben Butler Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/or request additional information
Setting the work programme	Work programme 2019/20	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 17 March 2020 (**Deadline for papers: 12pm, 9 March 2020**)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Cabinet Members priorities	Verbal update	Cabinet Members for Commerce, Leisure and Culture; Regeneration, Housing and Transport; Adult Social Care, Health and the Environment	To understand current priorities in relation to Panel work programme.
Holding the executive to account	Design Review Panel	Written report	Paul McGarry	Update on performance of the service
Holding the executive to account	Merton Adult Education	Written report	Anthony Hopkins, Head of Library, Heritage and Adult Education Service	Update on performance of the service
Holding the executive to account	Libraries and heritage annual report	Written report	Anthony Hopkins	Update on performance of the service
Holding the executive to account	London Borough of Culture	Written report	Christine Parsloe, Leisure and Culture Development Manager	Update on performance of the service
Scrutiny review	Community wealth building task group	Written report	Councillor Owen Pritchard	To agree task group's recommendation's
Performance management	Performance monitoring	Basket of indicators plus verbal report	Councillor Ben Butler	To highlight any items of concern
Setting the work programme	Topic suggestions 2020/21	Written report	Rosie McKeever, Scrutiny Officer	To seek suggestions from the Panel to inform discussions about the Panel's 2020/21 work programme

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