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Merton Council

Healthier Communities and Older People Overview and Scrutiny Panel



Date: 11 February 2020

Time: 7.15 pm

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

AGENDA

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1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 6
4	Substance Misuse Service - Short film on service users experiences - EXEMPT ITEM	
	Exempt item	
	The following paragraph of Part 4b Section 10 of the constitution applies in respect of this item and it is therefore exempt from publication: Information which is likely to reveal the identity of any individual Panel Members and officers are advised not to disclose the contents of this session.	
5	Tackling and preventing substance misuse	7 - 24
6	Business Plan Update 2020-24	25 - 94
7	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.	
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Healthier Communities and Older People Overview and Scrutiny Panel membership

Councillors:

Peter McCabe (Chair)
Thomas Barlow (Vice-Chair)
Rebecca Lanning
Dave Ward
Carl Quilliam
Nigel Benbow
Pauline Cowper
Mary Curtin

Substitute Members:

Andrew Howard
Joan Henry
Hina Bokhari
David Chung
Oonagh Moulton

Co-opted Representatives

Diane Griffin (Co-opted member, non-voting)
Saleem Sheikh (Co-opted member, non-voting)

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- ⇒ **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.

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Agenda Item 3

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HEALTHIER COMMUNITIES AND OLDER PEOPLE OVERVIEW AND SCRUTINY PANEL

9 JANUARY 2020

(7.15 pm - 9.10 pm)

PRESENT: Councillors Peter McCabe (in the Chair), Thomas Barlow, Rebecca Lanning, Dave Ward, Carl Quilliam, Nigel Benbow, Pauline Cowper and Mary Curtin

Co-opted Members Diane Griffin and Saleem Sheikh

ALSO PRESENT: Councillor Tobin Byers (Cabinet Member for Adult Social Care Health and the Environment)

Stella Akintan (Scrutiny Officer), Phil Howell (Assistant Director for Strategy and Improvement) John Morgan (Assistant Director, Adult Social Care) and Hannah Doody (Director of Community and Housing).

Sarah Blow, Accountable Officer for the SW London Alliance, Dr Jeffrey Croucher, Clinical Chair Sutton CCG, Dr Ruth Charlton, Medical Director for Epsom and St Helier University Hospitals, Andrew Demetriades, Director, Improving Healthcare Together 2020-2030, Daniel Elkeles, Chief Executive, Epsom and St Helier Hospital, Charlotte Keeble, Senior Programme Manager, Improving Healthcare Together 2020-2030.

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interests

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the previous meeting were agreed as a true and accurate record

4 IMPROVING HEALTHCARE TOGETHER 2020 TO 2030 CONSULTATION PLANNING UPDATE (Agenda Item 4)

The Chief Accountable Officer for the South West London Alliance said the Committees in Common had agreed to proceed to public consultation on the re-configuration of acute services in South West London set out in the Improving Healthcare Together 2020-2030 (IHT).

The Improving Healthcare Together 2020-2030 (IHT) Programme Director gave an overview of the consultation plan for Merton stating that it will run for twelve weeks. It will remain under constant review and will include a wide range of activities, including listening events, focus groups and telephone surveys. The Clinical Commissioning Groups (CCGs) will do outreach activities. There will also be a mid-point review of the consultation.

Panel Members asked; what the budget will be for the consultation, further details on the mid-point review and if there will be an extension to the consultation should it be required. The IHT Programme Director said there is no fixed budget for the consultation as it is dependent upon the number of responses. The CCG's are aiming to manage fixed costs within existing budgets.

The Chief Accountable Officer said the outcomes from the mid-point review depends on information received. The consultation falls well within good practice guidelines and will not be extended. The cost of the consultation will be available when it is completed.

Panel Members expressed concern about the location of consultation events and asked if there will be events in Wimbledon and why there is an event in Dundonald Ward which is an area where residents are less likely to be affected.

The IHT Programme Director said events will be held across a broad range of areas to represent the population. There will some events in Wimbledon and will consider if more need to be held as the consultation goes forward.

A Panel Member said she works closely with a local charity who are concerned about the proposals as residents will need to get two buses to get to the Sutton site . The Medical Director for Epsom and St Helier University Hospitals said if Sutton is chosen, people will only go there when acutely ill and need critical care. The majority of people will receive care at nearest hospital. The aim is to get care closer to home and minimise the time people need to spend in specialist community care hospital. The IHT Senior Programme Manager said they will run focus groups with older people in Merton.

A panel member asked what weighting is given to each of the components on decision making. The IHT Programme Director said no weighting will be given, they will go through a process to look at responses as well as evidence from finance and the integrated impact assessment.

Panel members expressed concern about travel times. The Chief Executive of Epsom and St Helier Hospital said most people who are unwell travel by ambulance, the average change in journey times is the same to all the proposed sites. The big variation is in public transport and we need to determine what improvements should be made.

A Panel member said the dedicated monies for this project was withdrawn in the past what is the guarantee that the finances will remain this time. The Chief Accountable

Officer said she has received assurance from the Government that the funding is available.

A panel member sought clarification about how the interviews will be conducted and how the weighting will be assessed for different characteristics. The IHT Senior Programme Manager reported that YOUNGOV will engage with those who do not traditionally attend focus groups.

A Panel member highlighted that the website should state that the Equality Impact Assessment is still in draft as work is on-going between Merton council and the CGG to ratify the data. The Chief Accountable Officer agreed to update the website to reflect this.

A Panel member expressed concern that in 'meeting the health needs of local people' in the consultation plan they merge older people and people from deprived communities when their health needs are very different.

The Chief Executive, Epsom and St Helier Hospital said CCG engagements had found service had a higher use by older people and those from deprived backgrounds. The big impact identified was travel time.

A Panel member asked if they measured the extent the quality of care would improve. It was reported that cancer care will improve as it is co-located at the Sutton site but everyone will benefit in all the models.

RESOLVED

The chair wished NHS colleagues well with the consultation and asked panel members to encourage local residents to participate. He highlighted that Merton Council has been very clear that it wishes for all services to remain at the St Helier Hospital.

5 MERTON SAFEGUARDING ADULTS ANNUAL REPORT (Agenda Item 5)

The Assistant Director for Adult Social Care gave an overview of the report stating that Care Act 2014 made safeguarding a statutory function of the council. The Assistant Director also highlighted the importance of protecting vulnerable adults in the community from harm. The key highlights from the annual report was that safeguarding concerns raised by the council in 2017/18 were slightly lower in comparison to the previous years. The conversion rate from safeguarding concerns to section 42 enquiries had increased from the previous year but were still low when benchmarked with London. It was discussed that a new client database had been implemented in 2015/16 and this with the implementation of the Care Act in 2015 had caused issues with the recording of safeguarding on the customer database. It was found that there had been errors with how the data could be entered to the database which had resulted in the figures. It was reported that safeguarding processes were safe, which had been confirmed with audits on safeguarding cases.

Panel members expressed concern that as the data was recorded incorrectly, it could have an impact on overall safeguarding figures. The Assistant Director of Adult Social Care reported that the most important thing was that vulnerable adults were safeguarded and the issue with the data related to a recording error only and that this has been resolved and will show in the 2019/20 returns to the Department of Health and Social Care.

The Director of Community and Housing clarified that Safeguarding is complex as we are working with individuals who are going through crisis in their lives and working across different teams and agencies in Merton. The issue of the data relates to the client database and that the team are working with a system administrator and this issue has been rectified. The audit and deep dive into safeguarding cases helped to provide reassurance that residents are being safeguarded in Merton.

A panel member asked about the trends in safeguarding. The Assistant Director of Adult Social Care reported that it is neglect along with financial and physical abuse.

The Panel would like to see trends over a number of years in future safeguarding adult's reports.

A panel member asked if there is a safeguarding issue if wider issues within the home are taken into consideration. The Director of Community and Housing said this is a complex process. Staff look at concerns raised elsewhere, working in the statutory framework, if there is criminality the team work with police and Safer Merton. People also want to also be in control of what is happening. If there is risk of serious harm the council will intervene immediately.

RESOLVED

Officers were thanked for their report.

6 WORK PROGRAMME (Agenda Item 6)

The work programme was noted.

7 OLDER PEOPLE'S DAY OPPORTUNITIES - EXEMPT REPORT (Agenda Item 7)

This is an open minute of an exempt agenda item.

The report advised members of a contract termination notice received from a third party provider. Panel members asked a number of questions and were satisfied that officers were taking the necessary steps to support those affected by the provider giving notice on the contract, and ensuring continuity of care and support.

RESOLVED

Officers were thanked for their report.

8 EXEMPT REPORT: OLDER PEOPLE'S DAY OPPORTUNITIES (Agenda

Item 8)

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Healthier Communities and Older People Overview and Scrutiny Panel

Date: 11 February 2020

Subject: Preventing and tackling Substance Misuse

Lead officer: Dr Dagmar Zeuner, Director of Public Health

Lead member: Cllr Tobin Byers, Cabinet Member for Adult Social Care, Health and the Environment.

Contact officer: Barry Causer, Head of Strategic Commissioning (Public Health); Linda Somerville, Interim Substance Misuse Commissioner; Mike Robinson, Interim Consultant in Public Health.

Recommendations:

- 1. To note the commissioning, governance and leadership arrangements for adult substance misuse services.**
 - 2. To discuss the approach to delivering a healthy place and good holistic services that supports Merton residents with substance misuse problems.**
 - 3. To discuss the priorities for preventing and tackling substance misuse over the next 12 months.**
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The agenda item for Preventing and Tackling Substance Misuse has two parts; the first is the showing of a short video (for panel members only, to protect the anonymity of service users), which shows five real-life examples of current service users and the second part is the presentation and discussion around this report.
- 1.2. This report explains the governance and leadership arrangement for substance misuse, provides an overview of the services that make up the adults substance misuse system and sets out the priorities for future action to prevent and tackle substance misuse in Merton. It provides some high level performance data of the adult's commissioned service but is not intended to be a detailed performance report and does not cover children and young people services.
- 1.3. In Merton there are good quality substance misuse services that are performing well, non-judgemental and are welcomed and valued by service users. Service user engagement, including 'you said, we did' reports and case study videos (shown to the panel prior to the meeting to protect the anonymity of service users) show that current service users are engaged, feel supported and report that they 'wouldn't have known where to turn', if substance misuse services had not been available.

- 1.4. There is no internationally agreed definition of a drug related death¹ (See Glossary for definitions). In this report both the Office of National statistics definitions of Drug Poisoning Deaths and Drug Related Deaths, and the Public Health England's review definition are used. It is clearly indicated which definition we are referring to in each section. There has been an increase in the number of drug poisoning and drug related deaths in recent years which resulted in a review by a PHE expert working group during 2016. The PHE review concluded that the causes of the deaths are multi-factorial and has in part been attributed to an increase in availability of heroin and an ageing group of substance misuse users who experienced chronic ill-health, as a complication of their long-term use of substances and late presentation. The approach in Merton to preventing drug related deaths is guided by the recommendations of Public Health England's (PHE) Expert Working Group (see 14.2).
- 1.5. Priorities for preventing and tackling substance misuse over the next 12 months include improving holistic care e.g. better pathways between mental health and substance misuse services and developing a healthy place e.g. delivering healthy workplaces across Merton.

2 DETAILS

Introduction

- 2.1. Substance Misuse (drugs and alcohol) affects many people and communities across Merton. It can negatively impact on individuals and communities from across Merton and all walks of life; it is not limited to areas of deprivation, those involved in criminal behaviour or vulnerable groups such as the homeless. It can lead to a range of harms for the user including poor physical and mental health, unemployment, homelessness, family breakdown and criminal activity. There is also a significant level of stigma attached to substance misuse, with society labelling individuals with substance misuse issues negatively which in turn makes individuals less likely to acknowledge that they need support and seek help.
- 2.2. Our strategic approach to preventing and tackling substance misuse problems is through a combination of delivering good holistic (person-centred) services, which is led by Merton Health and Care Together (MHCT) through the Health and Care Plan, and by creating the physical and social conditions for people to live a healthy life, which is led by the HWB and the Merton Health and Wellbeing Strategy; a Healthy Place for Healthy Lives.
- 2.3. Nationally the number of adults entering substance misuse treatment has increased by 4% from the previous year (127,307 to 132,210)². This is the first increase in the number of people accessing treatment since 2013 to 2014 and PHE suggests that this possibly reflects recent increases in the prevalence of illicit drug use.

¹

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/methodologies/deathsrelatedtodrugpoisoninginenglandandwalesqmi#concepts-and-definitions>

² <https://www.gov.uk/government/publications/substance-misuse-treatment-for-adults-statistics-2018-to-2019/adult-substance-misuse-treatment-statistics-2018-to-2019-report#people-in-treatment-substance-sex-age>

- 2.4. The total number of people in currently being treated for opiates nationally remains stable compared to 2017/18, falling by 1% (141,189 to 139,845) with this group still making up the largest proportion in treatment (52%). Those in treatment for alcohol alone also remained stable (75,787 to 75,555), following large year-on-year declines from a peak of 91,651 in 2013 to 2014. There were increases in the other 2 substance groups recorded by PHE, (a 2% increase in the non-opiate group and 3% in the non-opiate and alcohol group).
- 2.5. The Merton Substance Misuse profile (Jan 2018) (see 14.1) reports that:
- Using national prevalence estimates, Merton has around 38,000 people who are likely to drink at increasing or higher risk levels.
 - The highest proportion drinking over the recommended amount of alcohol units are males in the 65-74 age group and females aged 55-64 years.
 - Males have much higher rates of admissions to hospital for alcohol specific conditions than females in Merton, however both male and female rates are lower than London and England.
 - Males have much higher rates of admissions to hospital for alcohol related conditions (broad definition) than females in Merton however both male and female rates are lower than London and England.
 - Males have a higher rate of mortality due to alcohol specific conditions compared to London and England. The overall rate for Merton is also higher than London but lower than England.
 - An estimated 3,871 adults aged 16 and over in Merton have taken class A drugs in the last year.
 - An estimated 4,258 adults aged 16 and over in Merton have taken stimulant drugs in the last year and altogether 10,839 adults aged 16 and over have taken any drug in the last year.
- 2.6. When looking at differences across Merton, alcohol misuse has considerable health harms and admission episodes for alcohol related conditions (narrow definition) shows higher admissions from the most deprived decile (741 admissions per 100,000 population), compared to wards in the least deprived decile (505 admissions per 100,000 population) and hospital stays for alcohol-related harm (broad definition) shows greater levels of harm in the wards in the most deprived decile (129.9), compared to wards in the least deprived decile (79.9). This has directly influenced the location of Substance Misuse Services, which are located in Mitcham Town Centre
- 2.7. Service provision
- 2.8. Substance Misuse services are funded by the ring-fenced public health grant and a number of component services are commissioned by the Merton Public Health Team. These services take an approach to work with those residents that want support and outreach to engage individuals, and include the following-
- 2.8.1 A fully integrated substance misuse service for adults, provided by a Voluntary and Community Sector (VSC) provider, Westminster Drug Project (WDP). This recovery focused service offers free and confidential treatment

and support for individuals and their families who are affected by drug and alcohol problems. WDP have a specialist workforce including substance misuse case workers, doctors, nurses, volunteers and peer mentors who are based at the main WDP Merton premises in Mitcham.

- 2.8.2 Inpatient detoxification, is provided by Equinox Care from their Brook Drive clinic. This is a Care Quality Commission (CQC) registered, residential community drug and alcohol detoxification unit and provides medically supervised alcohol and drug detoxification programmes for people aged 18 and over. There is a multidisciplinary staff team of 20, including nurses, recovery substance misuse/mental health workers, complimentary therapy workers and group workers. Completion rates are high with a benchmark of over 85% achieving their goals³.
- 2.8.3 A number of support services delivered by Community Pharmacies across Merton including Needle Exchange, where service users are provided with clean injecting equipment, and Supervised Consumption services, where service users attend a pharmacy to consume their prescription medication e.g. Methadone. In addition to the primary service, these services also provide an opportunity for community pharmacists to ensure that service users are well, provide harm reduction information and actively encourage service users to continue to access services as part of their recovery.
- 2.9. In addition to the Public Health commissioned services, there are a number of complementary services and activities that support residents with substance misuse problems, including:
- 2.9.1 A variety of VCS programmes that form part of the local recovery system e.g. Alcoholics Anonymous and Narcotics Anonymous.
- 2.9.2 Residential rehabilitation, which is a stay-in rehabilitation unit where in addition to managing detoxification with medication, service users participate in group work programmes and one to one key work sessions to assist them to recover and re-integrate into the community. Service users will be assessed by WDP Merton to ensure that they are suitable candidates and a separate funding assessment is completed by an adult social care social worker.

Leadership and Governance

- 2.10. Substance misuse is a complex problem that requires a wider focus than purely the provision and performance management of treatment services. Leadership for the system, across the life-course, is provided by the Substance Misuse Partnership Board (SMPB), which reports jointly to the Safer Stronger Executive (SSE) and the Merton Health and Wellbeing Board (HWB). Membership of the SMPB includes colleagues from across LBM (Children, Schools and Families, Public Health, Adult Social Care, Community Safety and Safeguarding), Merton Clinical Commissioning Group (MCCG), key providers (WDP, Catch 22 and South West London St Georges Mental Health Trust (SWLSG)), partners from Criminal Justice (the Police and Probation) and service user representatives.

³ <http://www.equinoxcare.org.uk/eqservices/brook-drive/>

- 2.11. Approved by the HWB in June 2017, the SMPB has developed a Substance Misuse Strategic Framework (SMSF) that identifies areas of priority and to guide the work of the Board. The SMSF has actions around the key themes of: Leadership commitment through strategic governance; Increased focus on prevention and early intervention; Redesign and delivery of a recovery orientated drug and alcohol treatment service; Reducing the harm to families, children and young people and Tackling crime and anti-social behaviour related to substance misuse. The SMSF will be reviewed over the next 12 months and is due to be refreshed in early 2021.
- 2.12. Leadership on substance misuse is also being provided at a regional level, with a pan-London alcohol related Sector Level Improvement (SLI) programme. A recent alcohol-focussed SLI programme identified a number of commitments at regional level that can support borough level delivery including opportunities that's arise from the NHS Long term Plan e.g. the establishment of Alcohol Care Teams in a selection of hospitals, commitments within the London Health Inequalities Strategy and the active promotion of London wide evidence-based tools e.g. the www.good-thinking.uk website, that already provides support around mental health and has plans to include information and support around alcohol.

Criminal Justice

- 2.13. Public Health, and its commissioned services, work closely with the Community Safety Partnership focusing on the priorities identified by the Safer Stronger Executive. Current work relates to tackling the open drug markets in Mitcham Town Centre and enforcement work to combat street drinking in the east of the borough.
- 2.14. At a delivery level, WDP Merton work in partnership with criminal justice services such as police custody suites, local prisons and probation services (National Probation Services and Community Rehabilitation Companies) to ensure that service users within the criminal justice system have access to substance misuse treatment and opportunities to reduce offending relating to substance misuse.

Homelessness and Rough Sleeping

- 2.15. People who are homeless or rough sleep often have a range of complex needs including mental health and substance misuse issues. A review by Homeless Link⁴ in 2016 found that 70% of rough sleepers or ex-rough sleepers had experienced substance misuse issues. Substance misuse may be a contributing factor to a person's homelessness but can also be part of a person's response to homelessness, using substances as a mechanism to cope with life on the street. One study found 80% of rough sleepers had tried at least one new drug since becoming homeless⁵. The main substances used by homeless people include alcohol, cannabis, heroin, crack cocaine and psychoactive substances including synthetic cannabis e.g. 'spice'.

⁴ Support for single homeless people in England". Annual Review 2016. Homeless Link, 2016. Included surveys with 394 accommodation projects and 53 day centres; analysis of Homeless UK secondary data sources.

⁵ "Homelessness : a silent killer", (2011), Crisis Publication available at https://www.crisis.org.uk/media/237321/crisis_homelessness_a_silent_killer_2011.pdf

- 2.16. The average age of death for a homeless person is 47 for men and 43 for women. Drug and alcohol misuse are a particularly common cause of death with national research finding they are responsible for a third of rough sleeper deaths (drugs 21.7% and alcohol 14.4%)⁶. Drug and alcohol use may also be linked to suicide risk, with rough sleepers 3.5 times more likely to die by suicide compared to the general population⁷.
- 2.17. WDP Merton are working with Merton's Rough Sleeping team to increase referrals into the substance misuse service, attend individual rough sleeper case conferences and offer 'drop in' services at Faith in Action, a service for rough sleepers in the Borough.

Dual diagnosis

- 2.18. Dual Diagnosis is a 'co-existing mental illness and substance misuse difficulty' and individuals with dual diagnosis often have complex needs and are a group at high risk of self-harm, harm to others, harm from others and neglect. In 2018-19, 55% of Merton service users (122) who started substance misuse treatment (drugs) had a co-occurring mental health condition and 75% (91 service users) received mental health treatment.
- 2.19. A Dual Diagnosis Policy has been developed by South West London and St Georges Mental Health Trust, which aims to improve pathways and partnership working between substance misuse and mental health services. WDP Merton work closely with SWLSG and the MCCG commissioned Merton Uplift service which is accessible for service users who require assistance with common mental health disorders e.g. anxiety, low mood and depression.
- 2.20. Supporting residents with dual diagnosis has been identified as an area to priority for the next 12 months.

WDP – Service details

- 2.21. Following a competitive procurement exercise WDP were awarded a contract, valued at around £1.275m per annum, to deliver the adult substance misuse service in Merton for up to five years from 1st April 2018.
- 2.22. As mentioned in 2.8.1, WDP provide an integrated, recovery focused service that offers free and confidential treatment. Clinically led, the service is available to all Merton residents aged 18 and over (support for young people with substance misuse concerns is provided by the LBM Children's, Schools and Families commissioned Risk and Resilience Service (provided by 'Catch 22')) as well as their families and friends and includes:
- a) Information, advice, assessments and drop-in
 - b) One-to-one key working and counselling
 - c) Group work and a day programme
 - d) Needle exchange and harm reduction services
 - e) Substitute prescribing

⁶ Ibid

⁷ Homelessness Kills, an analysis of the mortality of homeless people in early twenty first century England (2012) available at https://www.crisis.org.uk/media/236799/crisis_homelessness_kills_es2012.pdf

- f) Specialist service for alcohol users
- g) Assessment for a in-patient detox and rehabilitation placements
- h) Health assessments and blood-borne virus screening and vaccination
- i) Self-help and mutual aid groups
- j) A health and wellbeing service for people who use substances at lower levels (including alcohol, club drugs, cannabis and cocaine)
- k) Reintegration and Aftercare, including education, training and employment support
- l) Family and friends support and advice
- m) Support for individuals in the criminal justice system.

2.23. In November 2019, the Care Quality Commission (CQC) conducted an inspection of the WDP Merton service. This expert-led inspection checks that services are likely to be safe, effective, caring, responsive and well-led and provides an overall rating for the service as well as a rating for each of the five domains. Post-inspection feedback was positive, but at the time of writing the formal feedback of the inspection has not yet been received.

2.24. WDP, like all local substance misuse services, are required to participate in the National Drug Treatment Monitoring System (NDTMS) which provides anonymised reports to commissioners to support the monitoring and benchmarking of local services, as well as providing a level of insight into local patterns of substance misuse.

2.25. As reported by NDTMS the number of adults in substance misuse services in 2018-19 in Merton was as follows:

<i>Primary Substance Used</i>	<i>Number of service users</i>
Opiate only	217
Non-Opiate only	52
Alcohol only	213
Non-Opiate and alcohol	121

2.26. Successful completion of treatment⁸ figures, are outlined below. **Substance misuse services in Merton slightly out performed national average figures:**

<i>Primary substance used</i>	<i>Merton %</i>	<i>National %</i>
Opiates	6.5%	6.1%
Non-Opiates	40%	34.4%
Alcohol	40%	38%

⁸ defined in the Public Health Outcomes Framework as successfully completed treatment and did not re-present within 6 months (PHOF 2.15i/ii)

- 2.27. Service users can access substance misuse treatment quickly in Merton, **with almost all service users waiting under three weeks to start treatment in 2018-19.**
- 2.28. **60% of service users in treatment for opiates in 2018-19 were issued with Naloxone** (a medication to reverse the effects of opiates) **and provided with overdose training; significantly higher than the national rate of 19%.**
- 2.29. Treatment services in Merton **perform better than national figures on Blood-borne virus testing (Hepatitis B & C).**
- 2.30. NDTMS also estimates the number of people who are outside of the treatment system, yet to enter treatment services, sometimes referred to as 'treatment naïve' or the hidden harm population. NDTMS lists service users according to their primary substance(s) of misuse. In Merton, NDTMS returns estimate⁹ there are:

Primary substance/s	Number of individuals not in treatment ¹⁰	%clients not in treatment ¹¹	Unmet need % nationally
Opiate and/or Crack	746	68%	54%
Opiate	591	65%	47%
Crack	561	72%	60%
Alcohol only and alcohol & non-opiates	1,695	80%	82%

For Opiate users and Crack users the estimated % of unmet need in Merton is higher than the national average, which could indicate that this is an area that requires further attention to encourage individuals into treatment but as this group are hidden, it can be difficult to identify and engage them. As part of the on-going management of services, we are also exploring the methodology of these estimates in more detail to ensure that it is accurate and how it can be improved.

- 2.31. In relation to ethnicity, nearly two thirds of service users (alcohol and drugs) identified as White British. In the JSNA (2018) in West Merton 1 in 4 residents identified as BAME and in East Merton 1 in 2 residents identified ethnically as BAME. WDP Merton are pro-active and responsive to local needs and seek to develop their programme to ensure that it is representative e.g. they have recently established a Tamil group which is progressing well to support residents from this community. Further work on

⁹ Adults-Drug commissioning support pack 2020-2021: key data, planning for drug prevention, treatment and recovery in adults.

¹⁰ These figures are mid-range estimates and have wide confidence intervals surrounding them when the lower and upper Confidence intervals are included.

¹¹ the proportion of the estimated substance misuse clients who are not in treatment

engagement of BAME groups into treatment services is underway and a priority for the next 12 months (see 3.1.1 d).

- 2.32. As mentioned previously (see 2.6), there is greater alcohol related harm seen in east Merton, which has directly influenced the location of Substance Misuse Services to be located in Mitcham Town Centre.
- 2.33. Nationally in substance misuse treatment services, 69% of service users were male and 31% were female during 2018-19. In Merton, **69% of service users were male (408 people) and 31% were female (185 people).**

Substance Misuse related deaths.

- 2.34. The Office National Statistics (ONS) report that there were 4,359 deaths related to drug poisoning registered in England and Wales in 2018, the highest number and the highest annual increase (16%) since the time series began in 1993 (See Glossary for definitions). Deaths involving opioids (such as heroin) account for the majority of these, with heroin related deaths in England and Wales more than doubling since 2012 to the highest number since records began 20 years ago. There are also a small but rising number of deaths involving new psychoactive substances and prescription and over-the-counter medicines e.g. tramadol.
- 2.35. Public Health England, with the Local Government Association, convened a national review in 2016 to better understand the causes of the rise in drug related deaths and two important factors were identified; the increase in availability and purity of heroin and the ageing of heroin users who were now experiencing cumulative physical and mental health conditions, with older heroin users seeming to be more susceptible to overdose.
- 2.36. During the 12 months from October 2018 to September 2019, there were 10 drug related deaths (using the PHE definition, see Glossary) of Merton residents who had been, or were currently, in contact with WDP¹². A case review by WDP is undertaken on each drug misuse death, which looks at extent of engagement in services, initial cause of death, lessons learnt and actions to be take by the service and system as a whole. Identified causes for the 10 deaths in Merton included long-term liver disease, cardiac arrest, cancers, one suspected overdose and one death by suicide. Strictly applying the ONS definition of a drug poisoning and/or a drug related death would have meant that only 2 of the above deaths would have been classed as drug related (See Glossary). In Merton a wider approach was adopted to review deaths using the PHEs definition of drug related deaths which includes deaths caused by the long-term consequences of drug misuse and related ill-health.
- 2.37. A brief review of these deaths was completed by a Merton Drug and Alcohol Related Death (DARD) panel in November 2019, which found that they were related to system failures and not ineffective commissioned services. This review identified the following key themes for further consideration:

¹² Any client who died during this period who was a current or a previous service user of the WDP Merton service were included in this review.

- a) Deaths were characterised by a high level of need including physical and mental comorbidities which are further compounded by social isolation and temporary accommodation.
 - b) The deceased were likely to have high rates of unplanned hospital admission.
 - c) There are difficulties assessing the capacity to understand or effectively engage in risk interventions.
 - d) Despite high levels of poor mental health there was limited engagement with mental health services.
 - e) End of life care for this service user group are not well developed.
 - f) Post bereavement support should be made available to all families.
- 2.38. The approach in Merton to preventing drug related deaths is guided by the recommendations of Public Health England's Expert Working Group on drug-related deaths in England (see 14.2), and includes better access to supportive physical and mental services; commissioning recovery focused substance misuse services that provide wider support e.g. housing and employment; offering effective interventions for all people who use drugs, including those not currently being reached.
- 2.39. These findings are being reported to the Safeguarding Adults Board, the MCCG Quality Sub-committee and are being actioned as priorities by Commissioners.
- 2.40. Due to potential overlaps in procedures between the DARD panel and the Safeguarding Adult Reviews completed by Adult Social Care, a task and finish group has been established to review processes and decide if a separate DARD panel is necessary.
- Service user experience
- 2.41. Merton Public Health uses a Quality Assurance Framework to systematically monitor different aspects of commissioned services to detect and ensure that quality standards are being met. This framework has six domains; Safety; Clinical effectiveness; Service user experience/engagement; Resource effectiveness; Access and equity and Leadership, learning and quality improvement. All domains are of equal importance and Service user experience/engagement is critical to the success of substance misuse services, where a visible recovery capital can help other service users access and stay in treatment.
- 2.42. WDP Merton regularly engage with their service users and have service user representatives that attend the Substance Misuse Partnership Board (see 2.10). Feedback on areas for service improvement is acted upon; an example of a WDP 'You said, we did' report can be found in appendix one.
- 2.43. The panel have also been shown a short video, prior to the meeting to protect the anonymity of service users, which shows five real-life examples of current service users.

3 PRIORITIES

- 3.1. There are a number of priorities, led by the SMPB, to prevent and tackle substance misuse over the next 12 months, as follows

- 3.1.1 Delivery of holistic (person-centred) services
- a) Review of dual diagnosis pathways
 - b) A task and finish group to identify ways to better support complex cases, including those receiving care from Adult Social Care, and those that are unwilling to engage with treatment services.
 - c) Exploring an approach to shared care, including working with local GPs and Community Pharmacists.
 - d) Developing a communications plan to increase the number of residents entering treatment and potentially reducing unmet need.
- 3.1.2 Development of a healthy place
- a) Supporting the Health and Wellbeing Board's priority to deliver healthy workplaces across Merton. For substance misuse, this will include the promotion of mental health tools e.g. www.good-thinking.uk and the Merton Drinkchecker which helps individuals understand how much they are drinking and how to get help to cut down <https://oneyoumerton.drinkchecker.org.uk/>
 - b) Working in partnership with the Merton Licensing team, who are completing a review of the Cumulative Impact Zone's (CIZ) and the Statement of Licensing Policy (SLP) during 2020 and with Merton Regulatory Services to work on wider place based initiatives e.g. Healthier High streets

4 SECURING IMPROVEMENTS ACROSS THE SYSTEM

- 4.1. We would welcome a discussion on preventing and tackling Substance Misuse led by the panel, and would like this to consider
- (i) How can the system best support the promotion of tools that support good mental health and wellbeing e.g. good thinking and the drinkchecker?
 - (ii) How can the system tackle the stigma associated with substance misuse?
 - (iii) How can the system contribute to the development of a healthy place e.g. delivery of healthy workplaces?

5 ALTERNATIVE OPTIONS

- 5.1. NA

6 CONSULTATION UNDERTAKEN OR PROPOSED

- 6.1. Service users are engaged by the commissioned WDP Merton service through regular feedback sessions and through service user representatives.

7 TIMETABLE

- 7.1. NA

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. NA

9 LEGAL AND STATUTORY IMPLICATIONS

9.1. NA

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1. Substance Misuse has an impact of community cohesion and a priority for the next 12 months is the development of a communication plan to help tackle the stigma associated with substance misuse.

11 CRIME AND DISORDER IMPLICATIONS

11.1. Substance Misuse has an impact of crime and disorder. The Substance Misuse Partnership Board reports jointly to the Health and Wellbeing Board and the Safer Stronger Executive, where it takes regular update reports.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1. NA

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

13.1. Appendix One – WDP Service ‘You said, we did’ report.

14 BACKGROUND PAPERS

14.1. Merton Substance Misuse profile (Jan 2018), available at <https://www.merton.gov.uk/assets/Documents/www2/MertonSubstanceMisuseProfile.pdf>

14.2. Public Health England (2016). Understanding and preventing drug-related deaths
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669308/Understanding_and_preventing_drug_related_deaths_report.pdf

14.3. Merton Health and Wellbeing Strategy; a Healthy Place for Healthy Lives
<https://www.merton.gov.uk/healthy-living/publichealth/strategies>

14.4. Merton Health and Care Plan.
<https://www.mertonccg.nhs.uk/about-us/Our-Plans/Pages/Merton-Health-and-Care-Plan.aspx>

14.5. The Adult Substance Misuse Needs Assessment:
https://www.merton.gov.uk/assets/Documents/www2/merton_substance_misuse_health_needs_assessment.pdf

14.6. The Merton Story?: <https://www.merton.gov.uk/healthy-living/publichealth/jsna/the-merton-story>

14.7. Public Health Outcomes Framework:
<https://fingertips.phe.org.uk/profile/public-health-outcomes-framework>

15. GLOSSARY

Drug-related death (PHE definition) – definition used in the PHE national inquiry was to cover both *drug misuse deaths* and broader deaths arising as a

consequence of current or past drug misuse (Compared with *Office of National Statistics*, which uses drug-related death interchangeably with *drug poisoning death*).

Drug misuse death (ONS definition) – a death where the underlying cause is drug abuse or drug dependence, or is drug poisoning involving one or more substances controlled under the Misuse of Drugs Act 1971

Drug poisoning death (ONS definition) – an accidental death or suicide involving poisoning by one or more legal or illegal drugs, also called a drug related death by ONS

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You said...We did

Merton Service User Suggestions & Feedback

Service User Suggestion ("You Said")	WDP Merton Response ("We Did")
The group room was too hot and had no air.	Air conditioning units have been provided.
There are no evening appointments	Evening sessions run on Tuesdays and Thursdays for keyworker, there are two evening groups, and the doctor and NMP added evening medical review appointments.
Waiting times for an assessment was too long	Waiting times to first assessment have been reduced.
The group room is dark and has poor light	The group room was re-painted white to make it brighter.
<i>Come up with a new name for the forum</i>	<i>This is ongoing – suggestions are invited.</i>
To generate ideas of how to improve the waiting room	The waiting room has been improved with more areas to display leaflets and information, thank you cards.
To have a resources pack of what services are available in Merton	Each keyworking room contains a pack of information about local services.
To provide information on the better points scheme	The Capital Card scheme has been launched in the service with information shared with all service users. All service users have been asked if they would like to join the scheme, providing consent if they do.
To provide dates for SMART, NOVA, GSB and peer mentoring	Dates were confirmed for these activities during 2019. SMART Recovery runs every Tuesday evening from the service.
To chase up facilities around the toilets	The toilets were upgraded and there have been no issues since.
To find out how long service users can attend the recovery college	Information has been provided about this – the courses vary in length.
To get the wall sticker approved and put up in the group room, look at art and quotes to put up	The 'moving forward' tree wall sticker was approved and is being used to leave messages as service users graduate from the group.
To report concerns around the assessment	Concerns were reported to the local management team and discussed centrally and Merton now use a shorter assessment form with a registration pack, which together capture all relevant sections of a comprehensive assessment.
To Provide information on discounted theatre and cinemas for outings	The Capital Card scheme includes access to the Taste Card which offers discounts on entertainment, and also last-minute theatre tickets, including West End shows.
To speak with the team around explaining the expectations of detox, and the difference between detox and rehab. More simplified discussions for those who are still drinking and struggle to retain the information.	The preparation for detox groups contain a regular curriculum, and literature, which explain the process of detox. Each service user who is working towards a detox is given a 'detox checklist' to follow with their keyworker. The induction group that all new SUs are invited to, includes basic information about detox process.

You said...We did

Merton Service User Suggestions & Feedback

Service User Suggestion (“You Said”)	WDP Merton Response (“We Did”)
To speak to Domestic Violence charities	WDP Merton have a weekly complex needs IDVA satellite within the service, every Wednesday afternoon.
To speak with the families and carers services around information leaflets.	Leaflets for the carers’ service are available.
More information about aftercare.	Aftercare literature has been developed, and can be used in 1-2-1 sessions, and forms part of the curriculum of the preparation for detox groups. Literature includes what aftercare is, why it is important, and what the choices are. Includes information about free and housing benefit funded rehabs, and the CCA process for funded rehabs. Rehab handbook available.
Mutual aid / 12-step fellowship meetings – more information, more at the service.	Reception contains timetables of local AA/NA/CA meetings, LGBT specific meetings, Polish AA meetings, has a CD of a spoken-word Tamil translation of the AA Big Book, and the resources packs contain information about Dual Recovery Anonymous, and the nearest Gamblers Anonymous meeting. SMART Recovery runs at WDP on Tuesday evenings. How to self-refer to the SUN Project (mutual self-help support for those with personality disorders) is also discussed with relevant SUs.
Improvements with communication to service users: - We would like a call as well as a letter informing us about possible discharge for non-engagement. - More information about the group criteria (e.g. for the prep for detox groups)	WDP’s reengagement SOP requires phone, SMS, email, and letter to be used where consented to re-engage and contact SUs about appointments and possible risk of discharge. WDP weekly discharge clinic reviews that these steps are being taken prior to discharge. All groups now have a leaflet that clearly explains who the group is suitable for, and what the group boundaries are.
<i>To have more information around disclosure and barring service for those with criminal records relating to ETE.</i>	<i>To be developed</i>
To have access to online support, and more information on online services.	Information is provided about online SMART meetings, and telephone/online Polish AA meetings. Crisis cards are available in every room and given out at assessment which include several 24/7 helpline numbers.
<i>A music group.</i>	<i>To be developed.</i>
Provide more skills-based groups	The NOVA and Giving Something Back courses have been launched and delivered, which provide skills-based learning. The Capital Card points can be used towards short and longer courses at City Lit.

You said...We did

Merton Service User Suggestions & Feedback

Service User Suggestion (“You Said”)	WDP Merton Response (“We Did”)
Would be nice to have more items for children in the capital card shop.	Colouring books and toys have been added to the shop inventory, including our Christmas shops.
Could the service user forum be a more social event like a lunch?	The 2020 SU forums will be coffee-mornings at the service, for a more informal relaxed feel. Monthly there is a Capital Card trip to Nandos that any SU can attend using their points to book a place.
To see more peer support elements.	The Thursday group is now run by a peer mentor/recovery volunteer. 4-5 peer mentors from WDP Kingston have been trained, to start contributing to elements of the service such as the capital card shop, SMART Recovery and other sessions.
The timing of the aftercare groups make them difficult to attend for those with children of school age/in childcare.	The Tuesday and Thursday sessions have been moved to 1-2pm to account for school-runs.
Would like to see the pathways between WDP and other services such as the Job Centre be more effective.	WDP Merton has a monthly Job Centre Plus satellite at the service, that keyworkers can book their service users into.

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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**

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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

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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	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:-

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- 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

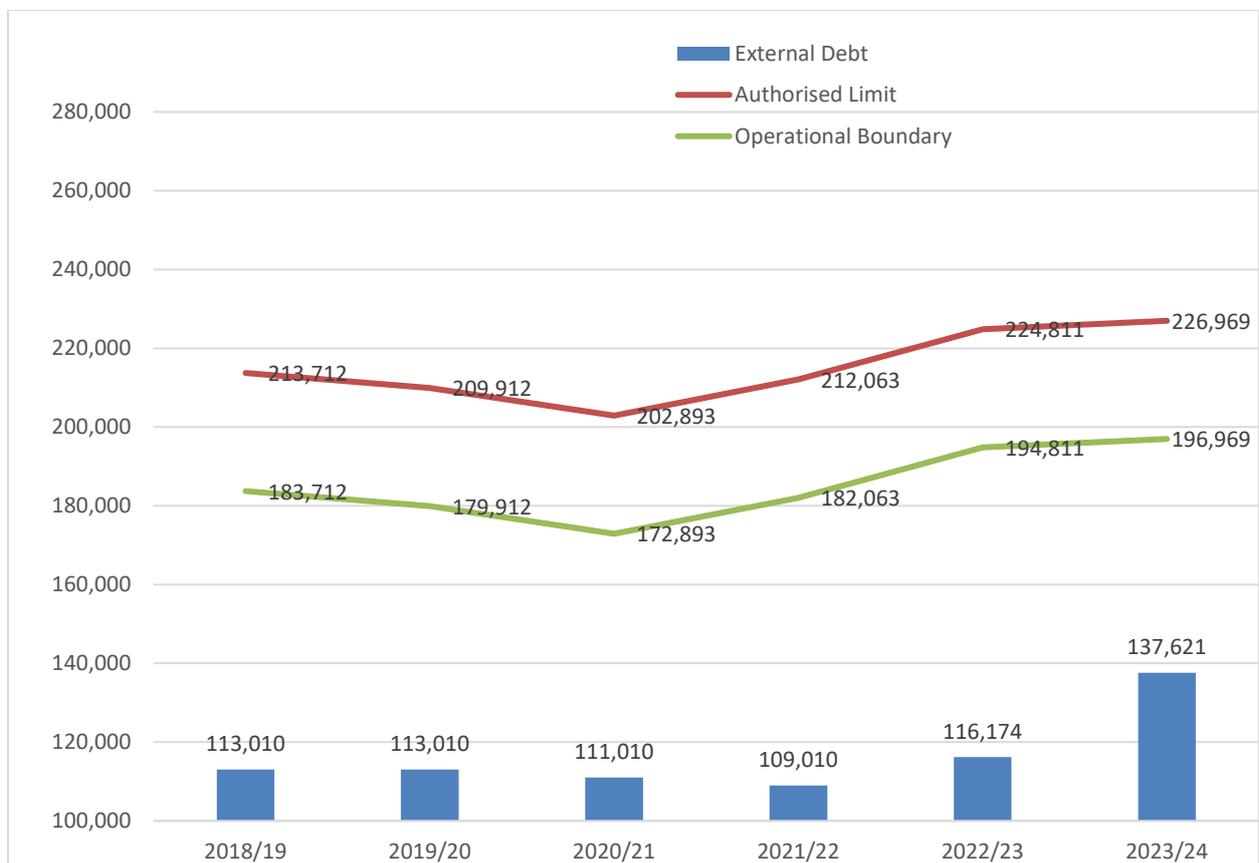
8.1.4 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner 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.

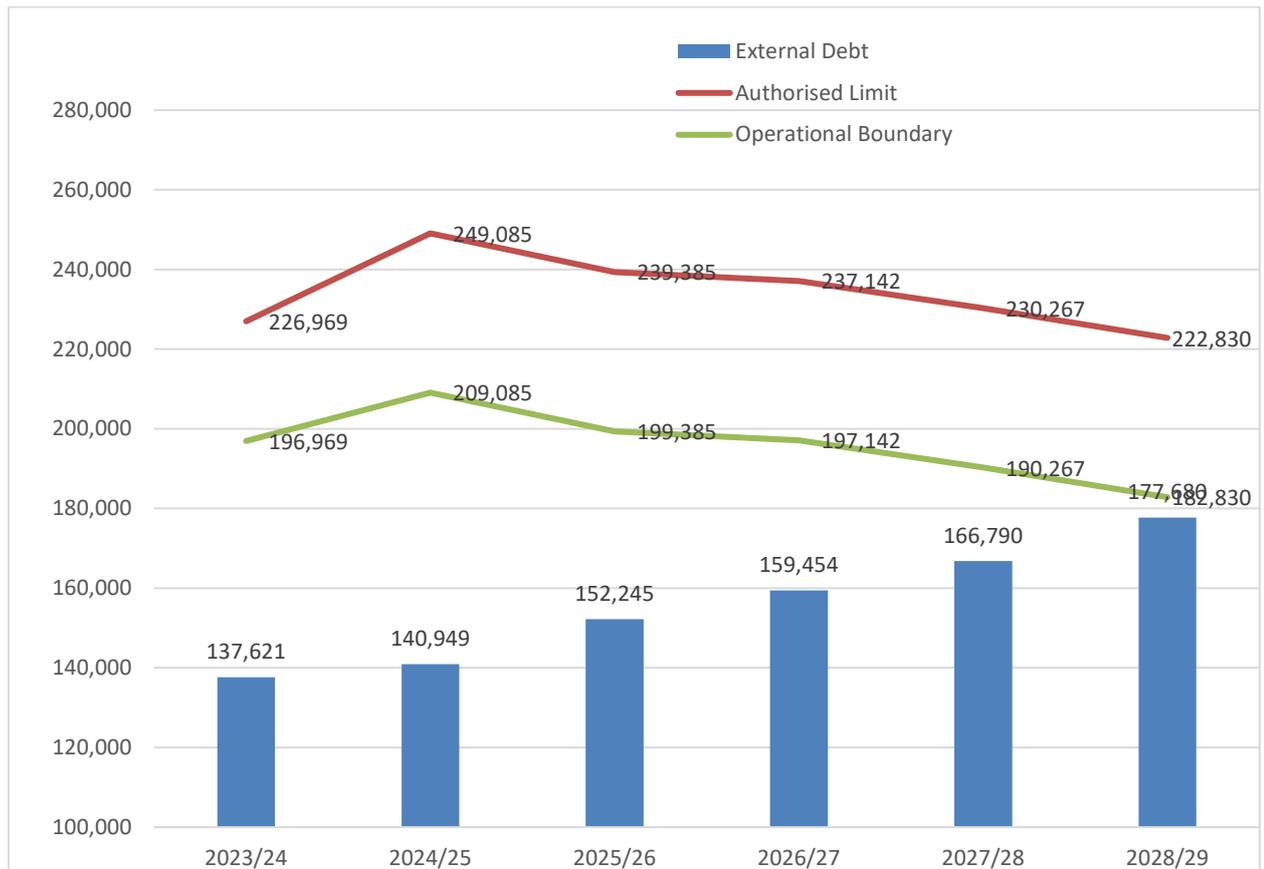
10.1.3 The Table below summarises the Indicative Capital Programme for 2024 to 2029. Additional detail is provided as Annex 5:

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 = Healthier 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: Healthier Communities and Older People Overview and Scrutiny Panel

Date: 11th February 2020

Wards: All

Subject: Learning from Safeguarding Adult Reviews (SAR)

Lead officer: John Morgan, Assistant Director Adult Social Care, Community & Housing

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

Contact officer: Tricia Pereira, Head of Operations, Adult Social Care, Community & Housing

Recommendations:

To note the London Borough of Merton Safeguarding Adult Review (SAR) Process.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report provides Scrutiny Panel Members with an overview of the Merton Safeguarding Adults Review process (SAR) and summarises SAR activity to date from January 2018.

2 NATIONAL CONTEXT & LEGAL FRAMEWORK

- 2.1 A Safeguarding Adults Review (SAR) is a Multi-Agency review process which seeks to determine what relevant agencies and individuals involved could have done differently that could have prevented harm or a death from taking place.
- 2.2 The Care Act 2014 requires that the local authority conduct an adult safeguarding enquiry (section 42) where it appears that a person has care and support needs, (whether or not the local authority has been meeting any of those needs) has experienced abuse and/or neglect and, as a result of those care and support needs, they are unable to protect themselves against that abuse and/or neglect.
- 2.3 The Care Act, (s14.162) states that the Safeguarding Adults Board (SAB) *must* arrange a SAR when an adult in its locality, who has Care and Support needs, dies as a result of abuse or neglect, whether known or suspected, and there is concern that partner agencies could have worked more effectively to protect the adult.
- 2.4 The Act goes on to explain that SABs *must* also arrange a SAR if an adult in its area has not died, *but* the SAB knows or suspects that the adult has experienced serious abuse or neglect *and* there is concern that partner agencies could have worked more effectively either individually or together to better protect the adult (s14.133).

- 2.5 In addition, SABs are able to arrange for a SAR in any other situations involving an adult in its area with needs for care and support and where it is believed that we can learn from the situation or incident to improve the delivery of services.
- 2.6 The London Safeguarding Professionals Steering Group (Subgroup of ADASS) is made up of multi professionals across both, Health and Social care and the Police. The overarching purpose of the London safeguarding professionals steering group, is to contribute to raising the professional standards of safeguarding practice in order to improve outcomes for people who use safeguarding services as well as their families and carers.
- 2.7 The steering group has developed SAR guidance including principles and checklist to support all London boroughs to standardise the process of effectively conducting a SAR. This document has been designed to ensure that despite each SAR case being unique, London Boroughs and Local Safeguarding Adult Board (SAB) discharge its statutory duty using best practice.
- 2.8 The document supports multi-agency professionals in requesting and completing a SAR and is used in conjunction with the London multi-agency safeguarding adult's policy and procedures of which Merton has implemented and embedded in their own local system.
- 2.9 The guidance been designed with the aim of standardising how SARs are conducted. The aim of the checklist is to provide a reference point for Local Authorities who have a SAR protocol in place and a checklist for those that do not. Merton has implemented the Pan London guidance.

3. THE PURPOSE OF A SAR

- 3.1 A SAR is a statutory responsibility and the purpose is described very clearly in the statutory guidance (Care Act 2014) as to *'promote effective learning and improvement action to prevent future deaths or serious harm occurring again'*. The aim is to promote learning and to improve practice from the case and for those lessons to be applied to future cases to prevent similar harm re-occurring. It is not to apportion blame, hold any individual or organisation to account or to re-investigate as this can be progressed under other policies and systems, that exist for such accountability for example; criminal proceedings, disciplinary procedures, employment law and systems of service and professional regulatory bodies.
- 3.2 The objectives of a SAR, include establishing:
- Lessons that can be learnt from how professionals and agencies work together
 - The effectiveness the local safeguarding procedures.
 - Identifying learning and good practice issues
 - How to improve local multi-agency practice
 - Service improvement or development needs for one or more service or agency.

4. EVALUATING AND COMMISSIONING A SAR

- 4.1 Merton SAB is required to agree terms of reference for any commissioned review. The SAB has established a Sub Group to evaluate and monitor SARs; the SAR Evaluation Group. The SAR Evaluation group sits quarterly and is multi-professional; it is chaired by the Assistant Director ASC and co-chaired by the Police SAB representative. Members of the group include the Local Authority, Police and Merton CCG who are the statutory safeguarding partners.
- 4.2 Referrals are made to the group by any interested parties but mainly by professionals and voluntary agencies involved in care of the customer. The group evaluates the SAR referral, to establish if it meets the SAR threshold which is;

1. Actions or omissions in a **number of agencies** involved in the provision of care, support or safeguarding of an adult, or group of adults, at risk of abuse or neglect **have caused or are implicated** in the death or serious harm of that individual or group of individuals.

2. An adult or group of adults at risk die or experience serious harm and there are concerns about how agencies have **worked together** to **prevent, identify, minimise or address** that harm and there are concerns about how this may **place other adults at risk of serious harm**;

And

There are clearly identified areas of learning and practice improvement or service development that have the potential to significantly improve the way in which adults at risk of abuse and neglect are safeguarded in the future.

- 4.3 The group also makes a recommendation to the independent chair if the case meets the SAR threshold and determines the methodology that will be used. All recommendations to undertake SAR are presented to the independent chair who will decide and or challenge the process and decision making
- 4.4 Once the Evaluation Group decides to proceed with a SAR, the most appropriate methodology will be then agreed upon. This is crucial in order to encourage the best method to enable the involvement of key agencies and staff as well as those who are connected to the person (e.g. family etc.) and to ascertain the most effective way in which to learn from the situation or incident.
- 4.5 Different methodologies will suit different types of situations. These can range from traditional SAR approach based on a serious case review,
- There are 4 methodology options under which to carry out a SAR.

Option 1- A Full SAR panel process: An Independent reviewer is commissioned to undertake a comprehensive review of all documentation including interview's with interested parties. Each agency completes individual high level reports and full chronology of involvement. This approach would may include a combination of two of the other methodologies to ensure that a full holistic review is undertaken, which meets the statutory requirements.

Option 2 - Desk Top Review, Significant Event Analysis: A lighter touch proportionate approach. It doesn't always involve family members. Factual information is gathered from a range of sources. The organisation reviews their internal process, systems and documentation to reflect on; what happened? why? missed opportunities and learning of what could have happened if we had worked differently.

Option 3-Systems Analysis: Systems analysis is a problem-solving method that involves looking at the wider system, exploring each part such as individual organisational, referral methods, information sharing, documents, records, including interviews etc. and looks at what happened and why, and reflects on gaps in the system to identify themes or areas for change and improve working better together to safeguard and support customers.

Option 4: Significant Incident Learning Process, Learning Together: a facilitated multi-agency group learning event which again looks at what happened and why, identifies what is working well and reflects on gaps in areas for change and improvement. Includes a Learning Day and two recall day's with frontline staff, the customer, family and discusses the situation based on shared information, then to share emerging findings and then to evaluate how effectively the learning has been implemented.

4.6 Whatever methodology is used it must be proportionate to the specific circumstances of the individual case. The choice of methodology is therefore significant and must be appropriate and proportionate to the case under review. Each methodology is valid in its own right and no approach should be perceived as more significant or holding more importance or value than another.

5. LINKS WITH OTHER REVIEWS

5.1 Partner agencies will have their own internal and/or statutory review procedures to investigate serious incidents. Such as;

- Child Safeguarding Practice Reviews,
- Domestic Homicide Review,
- Mental Health Homicide Review,
- Mental Health Serious Incident,
- Health Root Cause Analysis
- LeDeR (learning Disabilities Mortality) Review,
- Criminal investigation or coroner inquest.

5.3 The SAR protocol and process is not intended to duplicate or replace these other investigative processes. And as such the SAR Evaluation group and SAB will consider how the SAR process can dovetail with any other relevant investigations that are running parallel. The SAR is a statutory requirement in its own right, it must be undertaken and should be complemented by other relevant investigation.

6. **MSAB SUB GROUPS AND GOVERNANCE (how the system learns)**

- 6.1 As mentioned previously, the purpose of a SAR is to learn lessons as a system. The purpose is not to apportion blame or to hold agencies accountable, for which there are other mechanisms but for the system to learn. Social Care works with Individual customers, their families and carers who have rich, often complex lives and life histories. Working with this in comes with a certain amount of complexity and the system we work with is also complex.
- 6.2 The real value of a SAR is to ensure that the relevant lessons, specific or wider learning are understood. Particularly that the impact across all organisations is addressed and consolidated into improved safeguarding partnership working arrangements within and across all services supporting adults at risk, in order to do everything possible to prevent the issues happening again
- 6.3 To enable learning as a system and to promote the work of the board the MSAB has four subgroups who are accountable to the SAB. The groups feed into the SAB strategic plan and the SAR Process as a means of commissioning SARS. Recommendations and Learning from SARS is presented within each of the three remaining subgroups, the workforce, partners and the community, ensuring that improvements are made. All of the groups are made up of members from the key agencies within Merton and feedback to each of their respective areas.

Subgroups

- 1. SAR Evaluation Group** - Made up of partners from the key statutory services and evaluates and monitors SAR activity in Merton.
- 2. Communication & Engagement** –The purpose is to improve communication to and from the board to establish a consistent approach across Merton. Also to improve the engagement of the wider range of stakeholders, service users and carers on behalf of the board. A clear communication strategy and process is in place with regard to responding to high risk cases and actual/ or potential media issues and public interest. Learning from SARs is disseminated via this group to the public arena.
- 3. Performance and Quality** - analyses data to evaluate the impact and importance of specific initiatives. The subgroup collects, collates and creates activity performance and information in line with national data collection requirements. It also informs the strategic development and operational practices of Safeguarding adults services in Merton. The group captures themes identified as part of the SAR process and initiates
- 4. Learning and Development** – Ensures that Merton training is in line with pan London multi-agency safeguarding adult’s policy. Also that pan London procedures are used within the training and delivery of safeguarding activities. There is a focus on workforce development and training delivered is reflective of any themes or recommendations from SARS. This ensures good practice is disseminated and embedded within the Local Authority and partner agencies. Each partner agency involved in the SAR process should provide and action plan of how they will in turn disseminate and embed any learning.

7. SAR ACTIVITY FOR LONDON BOROUGH OF MERTON

- 7.1 The SAR evaluation group was established in January 2018 as such a number of referrals have been received. Ten referrals have been made to the SAR Evaluation Sub group; 3 referrals were determined not to have met the SAR threshold (January 2018- January 2020).

Merton SAR Activity	
Number of referrals from Jan 18/ March 31 st 2019	Merton had eight referrals for SAR's
Number of Referrals April 1 st 2019/ Jan 2020	Merton has had two referrals for SARs
Number of full independent SARs from Jan 2018 to Jan 2020	There have been two full SAR's undertaken by an independent reviewer. These will be published in the next few months. 2 are currently in progress. (system learning events will take place once published)
Number of multi-agency learning events etc.	There has been 1 learning event, 1 desk top review and 1 internal management review undertaken in total over the period April 2018 to January 2020.

- 7.2 The individual and their family are of paramount importance during the SAR process. The SAB must seek to involve the person if able, and or the individual's family in the Safeguarding Adult Review process. The SAB has discretion when determining whether the SAR should be published in full or in summary form or not at all. However, The Care Act 2014 requires that the findings, recommendations and lessons learnt are published in the SAB Annual Report following the conclusion of the review.

8. National Learning from SAR's

- 8.1 The SAR Evaluation Subgroup has an embedded process for the review of SARs from outside of Merton as part of their annual work plan to ensure lessons are identified, disseminated and embedded:
- 8.2 Until recently there was no national library or repository for SARs. Therefore national dissemination of findings and associated learning, proved difficult. However, a national repository has now been established. The findings from SAR's will also be disseminated amongst London Region SAB Independent Chairs and at relevant national workshops for example, commissioning, contract management and care provision.

- 8.3 The Merton SAB is committed to the regular analysis of the themes and learning from nationally high-profile SARs and relevant other SARs as selected by the Board Manager and SAR Evaluation Subgroup.
- 8.4 The SAB Business Manager identifies key themes and learning and present summary details to the Subgroup. The outcomes and themes are reviewed to and identify any areas for improvement for Merton.

This is also shared with partners via their Subgroup member for identification and implementation of any single agency learning.

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

Number and list any attached appendices

None

BACKGROUND PAPERS

None

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Healthier Communities and Older People Work Programme 2019/20



This table sets out the draft Healthier Communities and Older People Panel Work Programme for 2019/20. 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. The last page provides information on items on the Council's Forward Plan that relate to the portfolio of the Healthier Communities and Older People Panel so that these can be added to the work programme should the Commission wish to.

The Panel is asked to identify any work programme items that would be suitable for the use of an informal preparatory session (or other format) to develop lines of questioning (as recommended by the 2009 review of the scrutiny function).

Scrutiny Support

For further information on the work programme of the Healthier Communities and Older People please contact: -
Stella Akintan (Scrutiny Officer)
Tel: 020 8545 3390; Email: stella.akintan@merton.gov.uk

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

Meeting Date 17 June 2019 – Report Deadlines

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Scrutiny of Health Partners	Primary Care Networks	Report to the Panel	Katie Denton Director for Transforming Primary Care – Merton and Wandsworth CCGs	To gain an overview of the new system and scrutinise progress with development in Merton.
Scrutiny of adult social care	Provider Market Failure	Report to the Panel	John Morgan, Assistant Director, Adult Social Care.	To consider the department's approach to this issue.
Scrutiny review	Loneliness Task Group update.	Report to the Panel	Daniel Butler, Senior Public Health Principal	To consider the progress with implementing the recommendations from the review
Scrutiny Task Group Review	Transitions Task Group – Final report	Report to the Panel	Cllr Rebecca Lanning, Task Group Chair	To review the final report and recommendations and agree to send the report to cabinet.

Meeting date – 04 September 2019

Report Deadlines 23 August at noon

Scrutiny category	Item/Issue	How	Lead Member/ Lead Officer	Intended Outcomes
Scrutiny of Health Partners	Public Health Annual Report	Report to the Panel	Mike Robinson, Public Health Consultant	To review progress over the last twelve months and make suggestions for the future
Scrutiny Review	Homeshare Task Group Update	Report to the Panel	John Morgan, Assistant Director, Adult Social Care.	Review progress with implementing recommendations
Scrutiny of Health Partners	St George's NHS Trust – performance update	Report to the Panel	Senior NHS Staff	Review progress with improvements since last CQC inspection

Meeting Date – 05 November 2019

Report Deadlines 24 October at noon.

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Budget scrutiny	Draft Business Plan	Report to the Panel	Caroline Holland, Director of Corporate Services	To provide comments to the Overview and Scrutiny Commission on the current budget.
Scrutiny of Health Partners	Sexual health services for Merton residents	Report to the Panel and visit to services	Kate Milsted/ Julia Groom -Public Health Team	Review the service and ensure it meets the needs of Merton residents
Scrutiny Review	Transitions action plan	Report to the Panel	John Morgan, Assistant Director, Adult Social Care.	Department plan for implementing the recommendations

Scrutiny of health partners	South West London Clinical Commissioning Group Five year strategy	Report to the Panel	James Blythe, Managing Director, Merton and Wandsworth CCGs.	Update on the progress with developing the Strategy
Scrutiny of health partners	South West London Clinical Commissioning Group - CCG Merger	Report to the Panel	James Blythe, Managing Director, Merton and Wandsworth CCGs.	Update on the progress with the Merger.

Meeting date – 09 January 2020 Report Deadline 30 December 12 Noon.

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Scrutiny of Health Partners	Improving Healthcare Together (IHT)	Report to the Panel	Andrew Demetriades, Joint Programme Director for IHT	To receive an update and review the Merton consultation plan for the IHT Programme
Scrutiny of Adult Social Care	Safeguarding Adults Annual Report	Report to the Panel	John Morgan, Assistant Director, Adult Social Care.	To review progress over the last twelve months and make suggestions for the future
Scrutiny of Adult Social Care	Scrutiny of Older People's Day Opportunities	Report to the Panel	Phil Howell, Interim Interim Head of Older Adults and Disabilities	To receive an update on future plans for older people's day opportunities. This item will be discussed in a private session as it contains commercially sensitive information.

Meeting date – 11 February 2020 Budget

Report Deadline 31st January at 12 noon.

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Budget Scrutiny	Draft Business Plan	Report to the Panel	Caroline Holland, Director of Corporate Services	To provide comments to the Overview and Scrutiny Commission on the current budget.
Scrutiny of Health Partners	Substance Misuse Services	Report to panel	Barry Causer – Public Health Commissioning Manager	Review the service and ensure it meets the needs of Merton residents
Scrutiny of Adult Social Care	Learning from safeguarding adult reviews.	Report to the Panel	John Morgan, Assistant Director, Adult Social Care.	To consider how the council utilises the learning from safeguarding adult reviews

Meeting Date – 10 March 2020

Report Deadline 28th February at 12 noon

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Scrutiny of Health Partners	Primary Care Strategy	Report to the Panel	Merton CCG	Update on progress with implementing strategy with a focus on access to GP appointments and succession planning for retiring GPs.
Scrutiny of Health Partners	Improving Access to psychological therapies – update on services for Merton residents	Report to the Panel	Merton CCG	To review service provision for Merton residents.
Scrutiny of Health Partners	Cancer screening update	Report to the Panel	Merton CCG	To review the uptake of cancer screening for Merton residents.
Scrutiny of Health Partners	Adults immunisations schedule	Report to the Panel	NHS England	To review the uptake of adult immunisations for Merton residents.

June 2020

Scrutiny category	Item/Issue	How	Lead Member/Lead Officer	Intended Outcomes
Scrutiny of Health Partners	Health and Wellbeing Strategy Update	Report to the Panel	Dagmar Zeuner, Director of Public Health	Update on progress with implementing strategy.
Scrutiny review	Task Group report and recommendations	Report to the Panel	Task group chair	To agree the report and recommendations and send to Cabinet for agreement.

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