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Merton Council

Overview and Scrutiny Commission - financial monitoring task group

Task group members

Councillors:

Stephen Crowe (Chair)
Nigel Benbow
Edward Gretton
Natasha Irons
Paul Kohler
Owen Pritchard
Peter Southgate

Thursday 5 March 2020 at 7.15 pm
Committee rooms D & E - Merton Civic Centre, London Road,
Morden SM4 5DX

Agenda

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Contact for further information about the task group meeting:

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Agenda Item 3

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

OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

14 JANUARY 2020

(7.15 pm - 9.00 pm)

PRESENT Councillors Stephen Crowe (in the Chair), Nigel Benbow, Natasha Irons, Paul Kohler, Owen Pritchard and Peter Southgate

Caroline Holland (Director of Corporate Services), Roger Kershaw (Assistant Director of Resources), Bindi Lakhani (Head of Accountancy), Zoe Church (Head of Business Planning), David Keppler (Head of Revenues and Benefits), John Dimmer (Head of Policy, Strategy and Partnerships) and Julia Regan (Head of Democracy Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Ed Gretton.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF LAST MEETING - 29 AUGUST 2019 (Agenda Item 3)

The minutes were agreed as an accurate record of the meeting subject to one correction to amend the figure on the last line of the first paragraph of item 5 – this should read £1.5m rather than £1.5

ACTION: Head of Democracy Services to make the change and re-publish the minutes.

Matters arising:

- the task group noted that the additional information requested on the removal of side waste and the unbudgeted surplus in the Housing Benefit budget had not been provided.
ACTION: Director of Corporate Services and Head of Revenues and Benefits
- Bishopford Road Bridge – in response to a question, the Director of Corporate Services said that there was no update in relation to the insurance provision as the council is awaiting the results of the structural engineers' report.

4 ALLOCATION OF GRANTS THROUGH THE VOLUNTARY SECTOR STRATEGIC PARTNERS PROGRAMME (Agenda Item 4)

The Head of Policy, Strategy and Partnerships, John Dimmer, introduced the report drawing the task group's attention to the key features of the new approach to strategic partner funding; in particular the clarity of objectives, transparency of the process and consolidation of five pre-existing funding streams into one. He said that

the involvement of the voluntary and community sector at all stages had resulted in improved working relationships.

In response to questions about whether the process disadvantaged smaller organisations, John Dimmer said that although the larger organisations had been better placed to demonstrate value for money and to present strong proposals, a number of smaller organisations had also been successful in securing funding. The bidding process had been reviewed with the voluntary sector – they said that it would be helpful to have a longer time to prepare applications and to have had more support from MVSC, particularly for smaller organisations. John Dimmer said that he was considering whether to propose that in future larger organisations should be expected to work jointly with smaller ones, including them in the application where they could provide real value locally.

John Dimmer provided additional information in response to further questions:

- the council and MVSC were aware that services for young people were under-represented in the process and that this would be addressed.
- the allocation of funding was broadly similar in terms of proportions, with an increase in investment in infrastructure. The council's website contains a database showing the amount allocated to each organisation each year.
- Applicants were asked to provide their accounts and information on other funding sources so that there was no duplication
- Funded organisations are required to complete six monthly performance monitoring returns so that funding could be adjusted if required.

Task group members commended the new approach and asked whether sufficient had been done to communicate the outcome to the community so that they would know what services would be provided. John Dimmer said that service users had been involved in the specification but that there had not been targeted publicity regarding outcomes. He said that the services had been advertised and that a new "hub of hubs" was being created so that service users would know where to go to, to request a package of support regardless of where they initially made contact. He agreed that more thought could be given to the best way to communicate with the wider public in addition to service users – task group members said that this would be helpful.

5 SHARED SERVICES (Agenda Item 5)

Councillor Peter Southgate introduced the report of the shared and outsourced services task group review that was carried out in 2015/6 and the subsequent Cabinet response setting out how the recommendations would be implemented. He said that some of the recommendations had lapsed and reminded members that there had been a lot of learning nationally and locally since the report was published that would inform how these matters would be approached now.

In response to a question about whether the council had implemented the recommendations and when the outline business case had last been updated, the

Director of Corporate Services, Caroline Holland, said that this had been superceded by the Make or Buy review approach within the target operating model (TOM) process and offered to share this template with the task group.

Members discussed whether further work on scrutinising the council's approach to shared and outsourced services should be a priority for the Overview and Scrutiny Commission's 2020/21 work programme. The Head of Democracy Services, Julia Regan, reminded members that, following a saving that had been agreed during the budget process last year, there would be a reduction in scrutiny officer support from 2.5FTE to 2FTE during 2020/21. The Overview and Scrutiny Commission would therefore need to consider its priorities carefully in order to use its resources to the greatest effect.

The task group AGREED to receive an update report to provide information on the latest position in regard to implementation of the shared and outsourced services task group's recommendations, details of the Make or Buy review approach and the extent to which this supercedes the task group's recommendations. If the financial monitoring task group is re-constituted by the Overview and Scrutiny Commission, it would expect to receive this report at its July meeting.

6 FINANCIAL MONITORING REPORT - QUARTER 2, 2019/20 (Agenda Item 6)

The Director of Corporate Services, Caroline Holland, introduced the report and outlined the overall financial position at the end of the second quarter, with a forecast net positive variance at the end of year of £1,478k. She said that Cabinet would receive a report on the deficit on the Dedicated Schools Grant and the proposed recovery plan at its meeting on 27 January.

Caroline Holland provided additional detail in response to questions:

- Cabinet will receive a report on the annual review of the Veolia contract in January and this will be reported subsequently to the Sustainable Communities Overview and Scrutiny Panel
- savings are monitored continually and replacements are required for any that cannot be met
- Cabinet will consider a growth bid for the Children Schools and Families budget at its January meeting and the subsequent budget will be monitored closely to ensure that the budget is set at the right level and that outcomes are delivered
- The staffing establishment (page 138 onwards) shown in the iTrent column is higher than that shown in the budget FTE column because it includes all staff in posts including those for projects and maternity leave cover.
- Spend on agency staff is monitored and challenged in order to reduce this wherever possible. The total number of agency staff has reduced but costs have increased due to the specialist nature of the roles being covered. Standards and General Purposes Committee receive quarterly updates.

- IT capacity is one of the issues being examined as part of the internal review. The council is currently working with BT to rollout SharePoint and Office 365.
- The Director of Corporate Services has delegated authority to sign up to the Londonwide council grants scheme this year – timing issues this year mean that the decision will not be taken by Cabinet

Miscellaneous debt update (page 122 onwards)

The Head of Revenues and Benefits, David Keppler, introduced the update and drew members' attention to the increase in the net level of arrears during the second quarter, which had reduced slightly in subsequent months. He said that there had been some progress on recouping adult social care debt, that the use of a specialist debt collection agency had continued to be productive and that the South London Legal partnership had agreed to undertake this work for an initial trial period of six months. He said that the level of housing benefit debt that was recovered continued to increase, largely due to the Department of Work and Pensions' real time data matching initiative.

David Keppler provided additional information in response to questions:

- Adult social care debts include unpaid charges for services plus agreed charges against clients' property
- PCN debt is for parking and moving traffic offences, one third of which relate to vehicles registered outside the borough.
- CCTV photos have been helpful in encouraging people to pay fines promptly. CCTV and ANPR has been helpful in finding vehicles against which an unpaid PCN is due
- The South London Fraud Service investigates misuse of Blue badges

Committee: Overview and Scrutiny Financial Task Group

Date:

Wards: All

Subject: Social Care Charging

Lead officer: Caroline Holland – Director of Corporate Services

Lead member: Councillor Mark Allison

Contact officer: David Keppler – Head of Revenues and Benefits

Recommendations:

- A. The Financial Task Group to note the report
 - B. The Financial Task Group to identify any additional work or information required
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. At the Financial Task Group of the 4 April 2019 a report was presented on the specialist debt collection agency and debt factoring.
- 1.2. The Task Group requested an update report to provide detail on further work and engagement on social care charging to include the development of stronger protocols and protections for disabled people being pursued by debt recovery for social care debts.

2 DETAILS

- 2.1. The responsibility for financial assessments of individuals accessing adult social care sits with the Community and Housing Department. The Council's Adult Social Care Charging Policy, the current version of which dates from April 2018 and which is available on the Council's website, provides the policy framework within which financial assessments are undertaken. The Charging Policy is required to be compliant with the Care Act 2014 and associated regulations, including the requirements arising from the Minimum Income Guarantee (or, in residential care, the Personal Expenses Allowance). The Care Act stipulates a small number of conditions and services that cannot be charged for. These exemptions are detailed in the Charging Policy – see appendix 1
- 2.2. Charging for residential care home provision is a statutory requirement and the council therefore has no option other than to charge for these services. Charging for community based services is discretionary, but as far as officers are aware there is currently only one local authority in England that does not charge for these services. Merton Council's Charging Policy covers both residential and community based services.
- 2.3. The Financial Assessment team within Adult Social Care are responsible for undertaking financial assessments for individuals who are being assessed for social care services in the community or in residential care.

- 2.4. The Financial Assessment team have set procedures and protocols that staff follow to facilitate engagement with individuals or their representatives to ensure that accurate and timely financial assessments are completed and the correct charges applied.
- 2.5. The Financial Assessment team aim to complete the financial assessment within five working days of receiving all of the required information relating to the individual's financial circumstances. The standard procedure the team follows in requesting the necessary information is as follows:
 - 2.5.1 The individual is first contacted by telephone and a home visit to complete the necessary documentation is offered. Where the individual agrees to a home visit this is followed up as quickly as possible. All of the Financial Assessment Officers in the team have welfare benefits advice training and will as a matter of routine offer the individual advice on benefits maximisation as part of the home visit process;
 - 2.5.2 If the individual does not agree to a home visit they are given the option of completing the necessary documentation online, or the documentation is posted to them.
 - 2.5.3 If an online or hard copy form is not returned within 14 days, or is returned incomplete, the individual is contacted and reminded of the importance of completing and returning the form.
 - 2.5.4 If a completed online or hard copy form is not received within 28 days the Financial Assessment team follow the full cost procedure as detailed in the Council's Charging Policy. This means that the individual is written to explain that the Council has assessed them as being liable for the full cost of the services they are receiving. This letter makes clear that the individual is still able to request a full financial assessment (including a home visit) if they wish and this will then be progressed in as timely a manner as possible.
 - 2.5.5 Both during and after the 28 day period outlined in 2.5.3 and 2.5.4 above, the responsible Financial Assessment Officer will liaise with the Social Worker or Occupational Therapist undertaking the care assessment to establish whether there are any extenuating factors that impact on the individual's ability to complete and return the form. This helps to ensure that the full cost procedure is only followed as a last resort.
- 2.6. It is also worth noting that for individuals who are placed in residential care and who own their own home the Council offers a Deferred Payment scheme that, subject to various qualifying criteria, means that individuals do not have to sell their property during their lifetime. There are currently 2 individuals on this scheme.
- 2.7. Once the financial assessment is completed invoices are issued and clients or their representatives are expected to make payments as billed. All clients are encouraged to pay by direct debit and staff will at every opportunity promote payment by this method. In December 2019 767 invoices were issued and of these 347 (45.2%) paid by direct debit. Campaigns to encourage direct debit take up are undertaken periodically.
- 2.8. As at 31 December 2019 adult social care debt was £4.693 million. As at the beginning of the financial year (1 April 2019) the level of debt was £4.463 million.

- 2.9. For the period 1 October 2019 to 31 December 2019 the council raised invoices for £2,029,000 for Adult Social care clients. As at 18 January 2020 there is still £645,000 or 32% unpaid.
- 2.10. The debt recovery team take a sensitive approach to collecting adult social care debt. The standard letters are tailored to address more vulnerable clients and the team will look to engage with clients or representatives at the earliest opportunity to discuss cases and agree payment arrangements.
- 2.11. Where the team fail to make contact we will often liaise with the client's social worker or we will look to undertake visits to clients, but recognising where some clients may not have capacity. The Financial Assessment team also continue to liaise closely with the debt recovery team to ensure that the debt is recorded correctly and continue to attempt to engage with the individual to encourage compliance.
- 2.12. As a last resort the team will initiate legal proceedings to recover or secure debts. As previously reported the team commenced a year pilot with a specialist adult social care collection agency in February 2018.
- 2.13. As at the 30 December 2019 we had passed 34 cases totalling £1.8 million, the majority of which were for residential debt and there were some deceased estates. Of these cases 8 totalling £238,000 were returned as uncollectable after investigations. Another 7 cases totalling £322,000 were paid in full
- 2.14. They currently have 18 live cases and they have identified 8 (£416,000) as 70% to 100% prospect of payment, 9 (£741,000) as 50% to 69% prospect of collection, 1 (£73,000) less than 50% prospect of collection. Of the debt outstanding they have indicated that £803,000 could be paid within six months
- 2.15. Agreement was reached for the Shared Legal Service to undertake legal work for an initial trial period of six months for all debts and this commenced in July 2019. Currently they have 10 cases with a total value of £172,000. Progress has been made on all cases and action commenced, including some legal proceedings. One case where £14,500 of a £16,400 has been paid and another one where the full debt of £8,116 has been paid in full.
- 2.16. Before the collection agency or the Shared Legal Service progress with the collection of adult social care debts they will require evidence that all of the appropriate pre-action stages of recovery have been concluded and that legal action has become the last resort remedy. The evidence required at this stage will be: Financial Assessment, Capacity Assessment, Equality Act/Care Act Assessment, Deferred payments agreements and that any complaints and/or queries have been fully addressed and resolved.
- 2.17. Quarterly monitoring reports are received from both the specialist collection agency and the Shared Legal Service and a quarterly meeting is held with the Shared Legal Service.
- 2.18. The Director of Community and Housing and the Director of Corporate Services chair a Debt Recovery Task Group where all aspects of the assessment, billing and collection are discussed and monitored.

3 ALTERNATIVE OPTIONS

3.1. None for the purpose of this report

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None for the purpose of this report

5 TIMETABLE

5.1. None for the purpose of this report

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. The income from clients and the associated debt is reported as part of the Quarterly Monitoring report to Cabinet and the Financial Monitoring Task Group. The provisions for bad debts are calculated at year end and included within the outturn reports and Final Accounts reported to Cabinet, Financial Monitoring Task Group and the Standards & General Purposes Committee.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. None for the purpose of this report

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purpose of this report

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purpose of this report

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

- Appendix 1 - Adult Social Care Charging Policy

12 BACKGROUND PAPERS

12.1.

London Borough of Merton Charging Policy for Adult Social Care April 2018

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| Section | Title and Contents |
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| 2. | Principles of the Policy |
| 3. | Chargeable services |
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| 5. | Financial Assessments for Residential Care 5.1 Calculating charges 5.2 Income 5.3 Capital 5.4 Property 5.5 Personal Expense Allowance 5.6 Deferred Payment Scheme 5.7 Independent Financial Advice |
| 6. | Deprivation of income or assets |
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| 8. | Complaints, Reviews and Appeals |
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| | |

| Annex | Title |
|-------|------------------------------------|
| A | Income Disregards |
| B | Reviews and Appeals |
| C | Disability Related Expenses policy |
| D | NAFAO DRE policy |

1. Introduction

Local Authorities have discretionary powers to charge adults receiving care services under section 14 of the Care Act 2014.

Section 14 of the Care Act 2014 gives councils the power to charge adults for care and support. This applies where adults are being provided with care and support to meet needs identified under Section 18, Section 19 or Section 20 of the Care Act 2014. These needs are sometimes referred to as 'identified needs' or 'eligible needs'.

Councils are required to carry out a financial assessment to work out what an individual can afford. This policy will be used when calculating an individual's contribution to their social care package, including their personal budget allocation or traditional social services.

The legislation, regulations and guidance that apply within this policy are;

- Care Act 2014
- The Care and Support (Charging and Assessment of Resources) Regulations 2014.
- The Care and Support and After-care (Choice of Accommodation) Regulations 2014
- Care and Support Statutory Guidance Chapter 8 and Annex A-F

2. Principles of the Policy

A key principle applied in this policy is that charges will be based on the full cost of the services being received and a person will pay 100% of this charge where they have been assessed as being able to do so.

The following aims and principles are adopted to ensure a person pays the correct charges:

- Individual financial assessments will ensure that a person contributes in line with their ability to pay. This will be calculated using national guidelines and this policy.
- The full financial assessment will ensure that a person will retain some income. This level is set by the Department of Health and is known as the Personal Expense Allowance (PEA) when in residential care and the Minimum Income Guarantee (MIG) when receiving non-residential care.

- Merton Council will carry out a welfare benefit check on every customer at the time of assessment to ensure income maximisation.
- A person has the right to decline a full financial assessment. If they do, they will be required to pay the full cost of their care.
- Where a person does not provide the Council with sufficient information to determine how much they can pay towards their care, they will be required to pay the full cost of their care.

3. Chargeable services

In summary residential care and most non-residential services funded by the Council to meet assessed social care and support needs.

The following list of services provides examples of services that are chargeable, subject to a completed financial assessment, and is not intended to be a comprehensive list of all chargeable services.

Please double check this list and remove duplications

- Permanent residential and nursing care accommodation
- Respite stays
- 24 Hour live in care
- Short term breaks
- Home care services
For example: Personal assistants to enable the person to maintain their independence in their own home.
- Day Centre attendance
- Day Centre Transport
- Supported Living and Extra Care Housing
- Assistive Technology/MASCOT
- Adaptations to the home costing £1,000 or more
- Deep Clean services
- Sitting services
- Shared Lives
- Deferred Payment Agreements (Set-up fee, Administration costs)

3.1 Exemptions from the Charging Policy

In accordance with the Care Act, care and support provided to meet eligible needs that are normally subject to means tested charging will be provided free of charge if one of the following circumstances applies;

- The person is suffering from a variant of Creutzfeldt-Jakob disease (CJD);
- The services are aftercare services and support provided under section 117 of the Mental Health Act 1983;
- The person's income is equivalent to or less than basic income support or the Guarantee Credit of Pension Credit levels, plus a 25% buffer.

The local authority must not charge for the following types of care and support which must be arranged free;

- The provision of community equipment (aids and minor adaptations) with a value or cost of less than £1,000;
- Intermediate and reablement care is free for a maximum of 6 weeks but in certain circumstances may be for a longer period
- Any service or part funded service which the NHS is under a duty to provide. This includes Continuing Healthcare and the NHS contribution to Registered Nursing Care;
- After-care services provided under section 117 of the Mental Health Act 1983
- Any costs associated with carrying out social care assessment of needs including the provision of advocacy services, care planning and review.

4. Financial Assessments for Home Care services

A financial assessment is a way of looking at the person's financial situation to decide how much you can afford to pay towards your care and support. We won't ask you to pay more than this amount. The financial assessment will follow the requirements of the Care and Support (Charging and Assessment of Resources) Regulations 2014 and Care and Support Statutory Guidance and requires a person to supply appropriate information. This information is used to calculate what, if anything a person may have to pay towards a service.

The financial assessment will be undertaken in accordance with Sections 14 and 17 of the Care Act 2014 and will comply with the detailed guidance set out in Annex B and C of the Care Act statutory guidance.

If a customer does not wish to have a financial assessment, they will be expected to contribute the full amount of their personal budget.

4.1 Providing information to the Council

Customers will be asked to complete a financial assessment form (fc2a) detailing their income, savings and expenditure. Customers will need to provide related documents including six months' bank statements. Customers will be offered support to complete the form and assist with welfare benefit checks.

The collection of information for the financial assessment may be undertaken in different ways including:

| | |
|--------------------------------|---|
| On-line | Sent a link to an on-line form to give information |
| Post | Sent a form to give information and return by post |
| Telephone | Information may be given over the telephone |
| Face to face - Council Offices | Appointments are available daily at the Civic Centre offices to assist with completion of the form |
| Face to face – Home Visit | Where there are complex circumstances or customers would have difficulty in using other forms of assessment, customers may be given an appointment and an officer will visit to collect information |

Customers have the right not to provide details about their financial circumstances, in such cases they will be deemed as able to pay for their care costs in full.

4.2 Failure to provide information

The onus is on the person or their representative to provide all information required for a financial assessment.

Following the National Care and Support Statutory Guidance Section 8 Paragraph 18; *At the time of the assessment of care and support needs, the local authority must establish whether the person has the capacity to take part in the assessment. If the person lacks capacity, the local authority must find out if the person has any of the following as the appropriate person will need to be involved:*

- *enduring power of attorney (EPA)*
- *lasting power of attorney (LPA) for property and affairs/health and welfare*
- *property and affairs deputyship under the Court of Protection*
- *any other person dealing with that person's affairs (for example, someone who has been given appointeeship by the Department for Work and Pensions).*

The Financial Assessment Team will liaise with social services to ensure we are working with the correct person or representative.

A person who has mental capacity to manage their finances or their authorised representative who is responsible for their finances is considered to have refused to co-operate with a financial assessment if he or she without good cause, fail to participate in the assessment process within a stated time scale. This includes where a person;

- Does not agree an appointment to allow the Council to obtain necessary information for an assessment or review despite there being two requests to do so.
- Fails to keep a pre-arranged appointment for the purpose of obtaining information for an assessment or review.
- Fails to provide satisfactory proof of income, capital, expenditure or other information following a written request from the Council.
- Fails to complete and return a financial form either by post or on-line where requested to obtain necessary information for an assessment or review.

In these cases, the 28-day full cost procedure will be applied.

4.3 Full costing due to non-compliance/Light Touch Assessments

In line with the Care and Support (Charging and Assessment of Resources) Regulations 2014 - *Circumstances in which an authority is to be treated as having carried out a financial assessment (including light touch assessments)*

10.—(1) A local authority is to be treated as having carried out a financial assessment in an adult's case and being satisfied on that basis that the adult's financial resources exceed the financial limit(17) where—

(a) the adult has refused a financial assessment; or

(b) the authority has been unable to carry out a full financial assessment because of the adult's refusal to co-operate with the assessment and the local authority nevertheless decides to meet some or all of the adult's needs for care and support, or for support.

The timeline is as follows;

1. FC2A Financial Assessment form sent to customer for completion.
2. Customer will be given a phone call reminder after 7 days.
3. A chase letter will be posted after a further 7 days.
4. During this time, The Financial Assessment Team will contact the allocated Social Worker/Team to enquire about mental capacity or any circumstances that may be delaying the return of the form.
5. Assess at Full Cost - If there is still no response to our requests after 28 days, we will write to inform the customer that a light-touch assessment has taken place due to the refusal to co-operate with the assessment, and they have been deemed able to pay the full amount for their services. The letter will make clear that they have the right to request a full financial assessment should they so wish.

4.4 Calculating Charges

The financial assessment will consider the person's income, capital and in some cases appropriate expenses.

Where capital included is above the upper limit the person will pay the full cost of the care.

Where capital is below the upper capital limit the basic principles of the financial assessment calculation are:

Income minus Expenditure minus Allowances equals Client contribution

We use this information to calculate the person's 'Assessed Maximum Weekly Contribution'. This is the most the person would be asked to pay towards their care and support. If their care and support costs less than their 'Assessed Maximum Weekly Contribution', the person would pay the lower amount.

4.4 Income

The treatment of capital and income will be undertaken in accordance with Sections 14 and 17 of the Care Act 2014 and will comply with the Care Act Regulations and the detailed guidance set out in Annex B and C of the Care Act statutory guidance

We will need to have details of the person's income from all sources such as;

- Personal Independence Payment (PIP)
- Income Support
- Pension Credit
- Job-seeker's Allowance
- Retirement pension
- Occupational pension
- Attendance Allowance
- Disability Living Allowance (care component)
- Employment Support Allowance (ESA)
- Incapacity Benefit
- Income from current employment (earnings)
- Child Tax Credit
- Working Tax Credit
- Universal Credit
- Rental Income
- Severe Disablement Allowance.

Everyone will have a certain level of income protected so the person can continue to meet basic living expenses. This is called the Minimum Income Guarantee (MIG).

The level of Minimum Income Guarantee varies depending on a person's circumstances and these amounts are determined within the Care and Support (Charging and Assessment of Resources) Regulations and published by the Department of Health.

This means we can treat people consistently in the financial assessment and make sure that the person has a reasonable amount of money to meet their necessary expenses before the council works out how much the person can contribute towards the care and support services received.

Further information on income, including how different benefits are treated and what is disregarded, are included in Annex A.

4.5 Capital

Capital resources are assets such as money in a bank or building society account, investments, stocks and shares, buildings, land, and so on.

The levels of capital considered with a financial assessment are:

- Capital **below £14,250** will be disregarded (not included) for financial assessment purposes.

- Capital **between £14,250 and £23,250** will be taken into account and a person will be required to pay £1 per week for every £250 of capital owned between £14,250 and £23,250.
- Capital **over £23,250** will be taken into account and a person will be required to pay the full cost of the care package.

A customer's main home or property will be disregarded in accordance with the Care and Support (Charging and Assessment of Resources) Regulations 2014 and Statutory Guidance. The value of any other property owned or part owned by the customer will be regarded as capital and any rental income will be considered as income for the purpose of the assessment.

If a person is in temporary or respite care the property they normally live in will be disregarded (not included as a capital asset) where they intend to return to it.

4.6 Disability Related Expenditure

Disability related expenditure is considered as a necessary additional expense to meet needs that are not being met by the Council that a person incurs due to a disability or condition.

An allowance of £10 will be made for Disability Related Expenditure for customers in receipt of disability benefits such as Attendance Allowance and Disability Living Allowance (care component) and submits on the financial assessment form that they incur disability related expenses.

Customers who feel they have DRE's over £10 per week will be able to submit evidence for each cost and these will be considered on a case by case basis.

Expenditure must be reasonable and verified with receipts. Where expenditure cannot be verified or where reasonable alternatives are available at a lower cost or for free, the expense may not be taken into account or may be restricted to a lower cost determined by the Council.

Information on outgoings and Disability Related Expenses are included in Annexes A and C.

4.7 Joint Accounts

Financial assessments will still be undertaken on an individual basis regardless of whether one half of a couple is receiving a personal budget, or both parties are.

Only the income of the customer will be taken into account in the financial assessment. However, the customer is required to identify any income or capital (such as a welfare benefit) that both members of a couple are entitled to jointly.

When assessing one member of a couple:

- 100% of solely owned and 50% of all jointly owned capital and savings will be taken into account (excluding the value of the main home)
- All assessable income appropriate to the cared-for person will be considered
- An allowance will be made for 50% of the couple's total joint basic household expenditure;

5. Financial Assessments for Residential placements

As with Home Care services, the financial assessment for residential care considers a person's income, capital and in some cases appropriate expenses.

The financial assessment will be undertaken in accordance with Sections 14 and 17 of the Care Act 2014 and will comply with the detailed guidance set out in Annex B and C of the Care Act statutory guidance.

5.1 Calculating Charges

Where capital included is above the upper limit the person will pay the full cost of the care.

Where capital is below the upper capital limit the basic principles of the financial assessment calculation are:

Income LESS Personal Expense Allowance = **Charge**

If a customer does not wish to have a financial assessment, they will be expected to contribute the full amount of their personal budget.

5.2 Income

We will need to have details of the person's income from all sources such as;

- Personal Independence Payment (PIP)
- Income Support
- Pension Credit
- Job-seeker's Allowance

- Retirement pension
- Occupational pension
- Attendance Allowance
- Disability Living Allowance (care component)
- Employment Support Allowance (ESA)
- Incapacity Benefit
- Income from current employment (earnings)
- Child Tax Credit
- Working Tax Credit
- Universal Credit
- Rental Income
- Severe Disablement Allowance.

5.3 Capital

Capital resources are assets such as money in a bank or building society account, investments, stocks and shares, buildings, land, and so on.

The levels of capital considered with a financial assessment are:

- Capital **below £14,250** will be disregarded (not included) for financial assessment purposes.
- Capital **between £14,250 and £23,250** will be taken into account and a person will be required to pay £1 per week for every £250 of capital owned between £14,250 and £23,250.
- Capital **over £23,250** will be taken into account and a person will be required to pay the full cost of the care package.

5.4 Property

Property is a capital asset and may either be included or disregarded within a financial assessment in accordance with Annex B of the Care and Support Statutory Guidance.

The property a person lives in as their main or only home will be disregarded (not included as a capital asset).

However, a property that is not the main or only home that a person lives in, for example, a second property will be included in the financial assessment.

5.5 Personal Expense Allowance

The Personal Expense Allowance (PEA) included in the financial assessment is an amount a person may retain for personal expenditure. The amount is set by the Department of Health each year.

For temporary residents an additional Personal Expense Allowance may in some circumstances be considered if the person is unable to meet a particular expense from their capital or income.

Some examples that may be considered include:

- Rent (less Housing Benefit)
- Mortgage costs (less any benefits or assistance payments)
- Water rates and charges
- Council Tax (less Council Tax Support)
- Building insurance (not including contents insurance)

Where expenditure is joint expenditure then it will be divided equally between the liable individuals when considering any additional Personal Expense Allowance.

Permanent residents are not normally considered to have property related outgoings when living in the care home. However, it may be that a person still has outgoings e.g. while a property is for sale, subject to 12-week property disregard or during the notice period for a rented property. In these cases, an additional Personal Expense Allowance may be considered at the discretion of the Council if evidence of actual expenditure is supplied and where a person has no other means to meet the costs for example from their capital.

An allowance for other expense commitments and debts may be made in the financial assessment, if a person incurs unavoidable payments under a court order e.g. child maintenance. All other debts will be looked at on a case by case basis.

5.6 Deferred Payment Scheme

Where a property is included within the assessment a person may be eligible for the Council's Deferred Payments Scheme. The Deferred Payments Scheme is to help those who have been assessed as having to pay the full cost of residential care but cannot pay the full amount because their capital is tied up in a property.

The Council may accept a property as security and the person pays a weekly contribution towards care based on their income and savings only. The part that the person cannot pay will be paid by the Council and a debt builds up called a deferred payment. This debt will then have to be paid at a later date. For many

people this will be done by selling the property or payment may be made from other sources.

The Council has a separate policy for deferred payments that gives more information on eligibility and the scheme itself. This can be requested from the Financial Assessments Team.

5.7 Independent Financial Advice

Local authorities have a duty to signpost customers to independent financial advice and support (advice that is independent of the council). This is because paying for care is a long-term commitment and customers need to be sure that they can afford the arrangements that are put in place.

Independent financial advisers are impartial and unbiased. Their role is to give the best advice possible about using savings or assets to pay for long term care.

Some services are free and provided by not-for-profit organisations, such as:

- **Money Advice Service** –0300 500 5000
- **Morden Citizen’s Advice Bureau** – 0344 243 8430 or at www.mlcab.org.uk
- **The Society of Later Life Advisers** – www.societyoflaterlifeadvisers.co.uk or call 0845 303 2909.

There are also more formal ‘independent financial advisers’ (IFA), who charge for advice on financial matters and can recommend suitable financial products.

6. Deprivation of income or assets

Deprivation is the attempt to avoid or reduce charges by removing income or assets from a person’s ownership in order to avoid them being included in the financial assessment.

Questions of deprivation of capital or income will be considered in accordance with Annex E of the Care and Support Statutory Guidance. For example, if:

- A person ceases to possess capital assets or income which would otherwise have been taken into account for the purpose of assessing charges for care;
- A person deprives themselves of capital assets or income which would otherwise have been available to them, i.e. ownership of a property other than their main residence is transferred to another person or the beneficiary of an insurance policy is changed so that the monies are not

available to the person.

Where deprivation is established the person will be treated as still possessing the capital asset or income and this will be known as notional capital or notional income within the financial assessment. This means that the person will be assessed as if they still have the income or capital.

If the asset has been transferred to someone else, that person may become liable to pay the difference between what has to be paid and what the person can pay from their remaining income and capital.

7. Operation of the Council's Fairer Contributions Policy

Any charge will start from the day that service commences.

Customers spending their personal budget on services directly provided by the council or arranged by the council will usually receive a four weekly invoice for their contribution, which can be paid by Direct Debit.

Customers assessed as able to contribute to their services will be required to make a financial contribution up to the whole amount of their personal budget subject to their financial assessment.

Where a customer spends their personal budget on two paid carers at the same time, they will be expected to pay the full charge of both carers up to their maximum contribution as calculated in the financial assessment. This is called a double up service.

There will be no maximum charge: customers will pay up to the value of the personal budget subject to their financial assessment.

Where a customer does not pay the invoices for assessed contributions the Council will follow the principles outlined in the Care Act 2014 in seeking recovery of the debt, including initiating court proceedings where appropriate.

If the financial assessment works out the customer contribution to be less than £3 per week, the customer will not have to contribute towards their personal budget.

The charging rules also apply equally to people in prison. Whilst prisoners have restricted access to paid employment and benefits (and earnings in prison are to be disregarded for the purposes of the financial assessments), any capital assets, savings and pensions will need specific consideration as set out in Chapter 8 of the Care and Support Statutory Guidance.

The Council will consider the treatment of debts on a case by case basis and will exercise discretion in certain or exceptional circumstances. For example, payments that have to be made pursuant to an order of the court.

8. Complaints, Reviews and Appeals

8.1 Complaints

If a customer wishes to complain about the level of service received from the Financial Assessment Team, we ask that where possible, the person send a written complaint. We will then investigate what went wrong and why. If the person is not able to put their complaint in writing, he/she can contact us by phone or email. We aim to provide the person with a written response within ten working days and ensure that the complaint is dealt with fairly and efficiently.

If the complaint is relating to the person's financial assessment but is not about the level of service received from the Financial Assessment Team, please see the next page for the reviews and appeals process

8.2 Reassessments and Reviews

Reassessments will be carried out annually every April in line with the Department for Work and Pensions. Most customers will not be required to submit information to the Financial Assessment Team every year, but will be informed of their new contribution amount in writing. If no response is received, then the customer will be deemed to be in agreement with the new assessed contribution.

A customer may request a review of a financial assessment, for example due to revised information or a change in their financial circumstances, at any time by notifying the Financial Assessments Team and providing the appropriate information.

8.3 Appeals

If a customer disagrees with their assessed contribution calculation, or feels that they have insufficient funds to contribute to their personal budget, they have the right to appeal. This should be done in writing to the Financial Assessments Team.

9. Contact Details

If someone requires this policy in easy read format, braille, large print or any other language, please contact us either by writing or by phone using our contact details below.

Financial Assessments Team
Merton Civic Centre
Morden
SM4 5DX

Tel: 020 8545 3632

Email: financial.assessment@merton.gov.uk

Committee: Financial Monitoring Task

Group Date: 5 March 2020

Wards: All

Subject: Deep Dive Review of the Capital Programme

Lead officer: Roger Kershaw (Assistant Director Resources)

Lead member: Cllr Mark Allison

Contact officer: Zoe Church (Head of Financial Strategy and Capital)

Recommendations:

1. To review the capital programme for 2020-24 and report the task group's findings to the Overview and Scrutiny Commission
-

1. PURPOSE OF REPORT

- 1.1 This report provides the Financial Monitoring Task Group with a copy of the proposed Capital Strategy to undertake a deep dive review of the Capital Programme 2020-24.

2. DETAILS

- 2.1 The deep dive review of the capital programme was referred to the task group by the Overview and Scrutiny Commission at its meeting on 23 January 2019. The referral arose following the Commission's discussion of the overall cost of the capital programme and its implications for the revenue budget. They asked questions about slippage and whether there was scope to further reduce the capital programme.
- 2.2 Members discussed the potential for impacting on the capital programme beyond 2020 and then agreed to ask the Financial Monitoring Task Group to carry out a deep dive review of the future capital programme.
- 2.3 A short presentation will be made on the night to accompany this report.

3. ALTERNATIVE OPTIONS

- 3.1 Not applicable.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 Not applicable.

5. TIMETABLE

- 5.1 Not applicable.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 Contained within the appended report.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 Not applicable.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 Not applicable.

9. CRIME AND DISORDER IMPLICATIONS

9.1 Not applicable.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 Contained in the attached report.

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

11.1 Appendix 1 - Capital Strategy 2020-24

12. BACKGROUND PAPERS

12.1 Background papers held within the Resources Division

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 The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services. Our corporate ambitions are to:
- Support our most vulnerable residents of all ages;
 - Bridge the gap and reduce inequalities;
 - Create a great place to grow up and live in;
 - Maintain a clean and safe environment;
 - Build resilient communities;
 - Continuously improve.

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 to generate financial returns and aid delivery of strategic objectives.

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 key 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 kept under review.

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. November monitoring provides the final opportunity for budget managers to re-profile budgets into future financial years and January monitoring provides the final opportunity for budget managers to vire their budgets within 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 (£10.1 million 22/23 and £32.6 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:

| MTFS March 2019 | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s |
|---|------------------|------------------|------------------|------------------|
| MRP | 5,049 | 5,911 | 7,131 | 7,962 |
| Interest on Borrowing | 6,315 | 6,315 | 6,364 | 6,413 |
| Total Borrowing Costs | 11,364 | 12,226 | 13,495 | 14,375 |
| Interest on Investments | (269) | (123) | (17) | (9) |
| Interest on HC Loan | 0 | 0 | 0 | (983) |
| CCLA Investment Two Loans @ £10m | (395) | (395) | (395) | (395) |
| Total Borrowing Costs Net of Investment interest | 10,700 | 11,708 | 13,083 | 12,988 |

| Proposed Programme Business Plan 2020-24 | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s |
|---|------------------|------------------|------------------|------------------|
| MRP | 4,875 | 5,635 | 6,950 | 7,704 |
| Interest on Borrowing | 6,315 | 6,315 | 6,110 | 6,082 |
| Total Borrowing Costs | 11,190 | 11,950 | 13,060 | 13,786 |
| Interest on Investments | (285) | (137) | (6) | 0 |
| Interest on HC Loan | 0 | 0 | 0 | 0 |
| CCLA Investment Two Loans @ £10m | (322) | (322) | (322) | (322) |
| Total Borrowing Costs Net of Investment interest | 10,583 | 11,491 | 12,733 | 13,464 |

| Movement in Projected Costs | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s |
|---|------------------|------------------|------------------|------------------|
| MRP | (175) | (276) | (181) | (259) |
| Interest on Borrowing | 0 | 0 | (254) | (331) |
| Total Borrowing Costs | (175) | (276) | (434) | (589) |
| Interest on Investments | (16) | (14) | 11 | 9 |
| Interest on HC Loan | 0 | 0 | 0 | 983 |
| CCLA Investment Two Loans @ £10m | 73 | 73 | 73 | 73 |
| Total Borrowing Costs Net of Investment Interest | (117) | (217) | (350) | 476 |

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 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.
- 7.2.5 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 | 26,945 | 47,199 | 28,966 | 14,020 | 23,014 |
| Slippage and Underspends | (1,709) | (12,415) | 2,992 | 3,287 | 1,015 |
| Total Capital Expenditure * | 25,236 | 34,784 | 31,958 | 17,307 | 24,030 |
| Financed by: | | | | | |
| Capital Receipts * and ** | 10,128 | 900 | 640 | 900 | 900 |
| Capital Grants & Contributions | 13,527 | 12,046 | 10,411 | 5,469 | 4,155 |
| Revenue Provisions | 1,390 | 4,032 | 51 | 56 | 30 |
| Net financing need for the year | 191 | 17,806 | 20,857 | 10,883 | 18,944 |

* 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

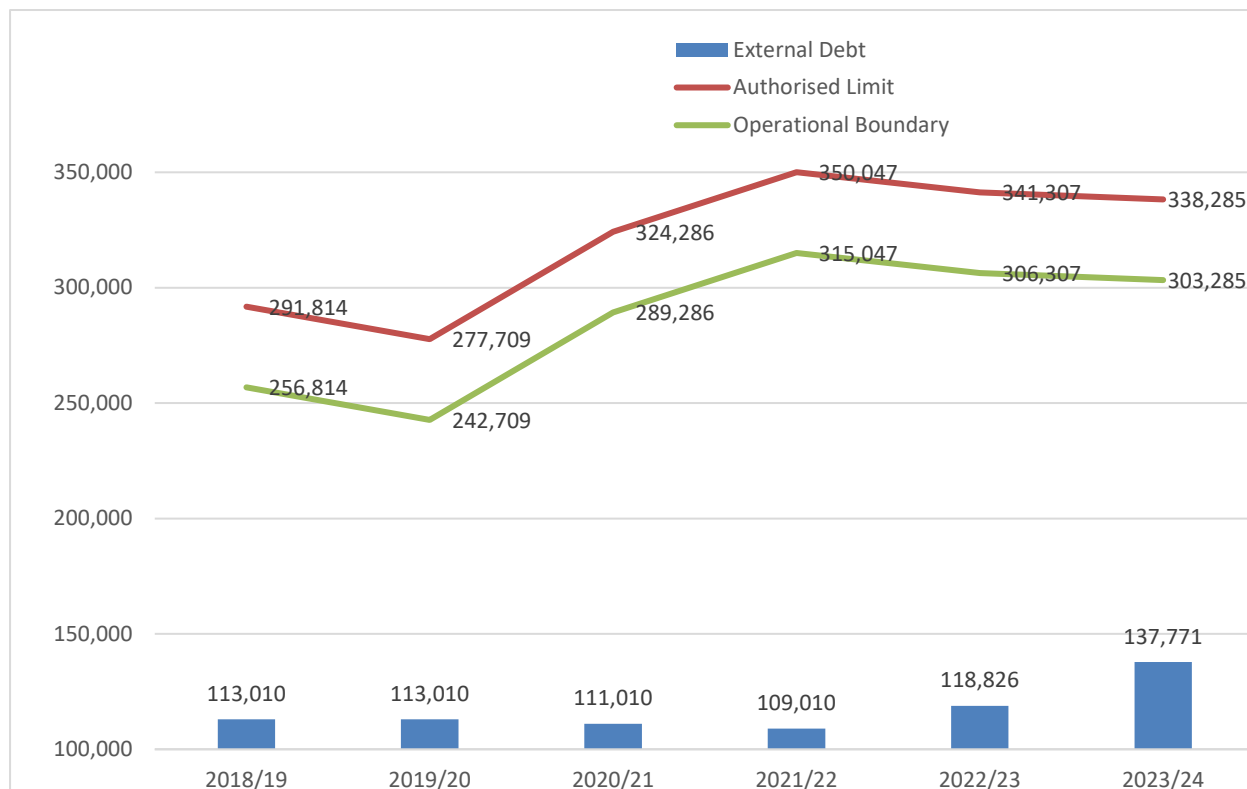
8.1.4 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner 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 5.57%. 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 20-24

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 | 5,452 | 4909 | 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 | 6,672 | 5,542 | 1,302 | 145 |

10 Summary of Total Resources 2020-24:

10.1 Summary

10.1.1 The total anticipated resourcing of the capital programme after allowing for slippage is summarised in the following table:-

| | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s |
|-------------------------|------------------|------------------|------------------|------------------|
| Grant & Contributions * | 12,046 | 10,411 | 5,469 | 4,155 |
| Council Funding | 22,737 | 21,546 | 11,839 | 19,875 |
| Total | 34,784 | 31,958 | 17,307 | 24,030 |

* The tables in Section 9 show the budget this table summarises the funding position after 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.

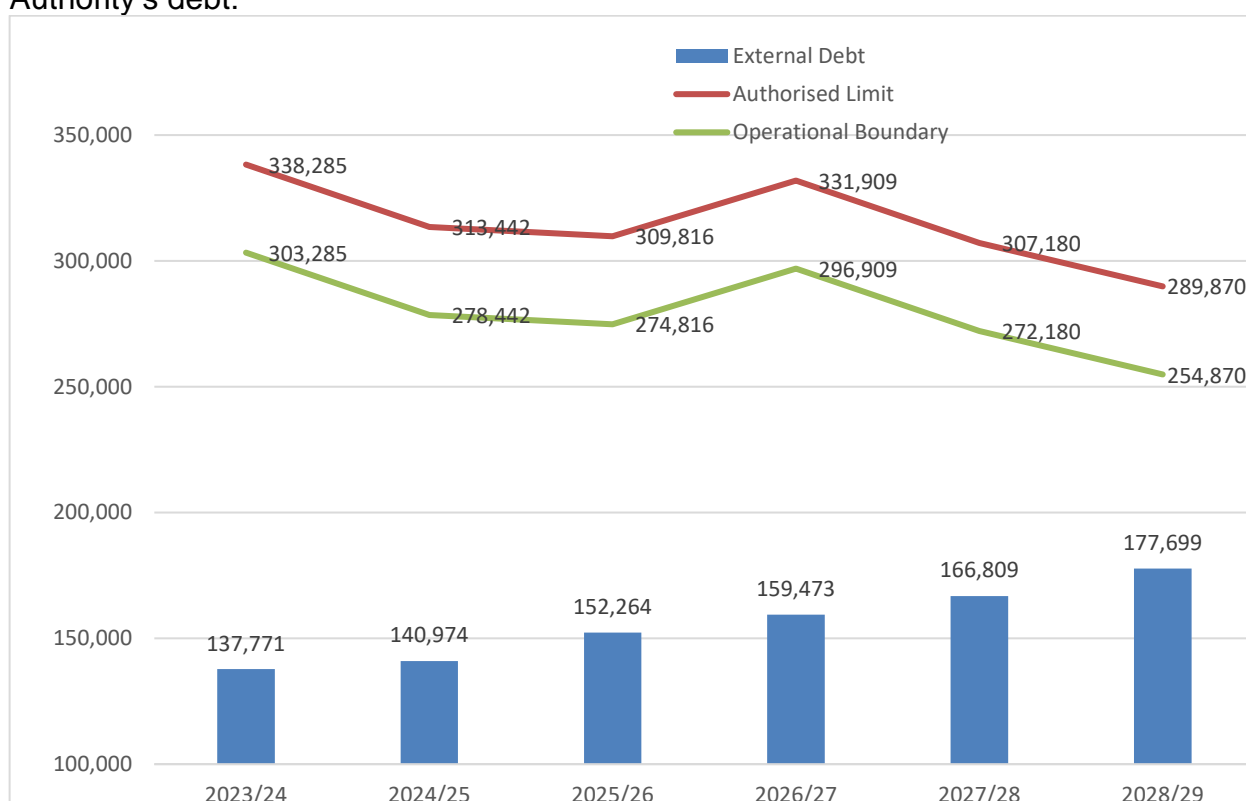
10.1.3 The Table below summarises the Indicative Capital Programme for 2024 to 2029. Additional detail is provided as Annex 5:

| 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.

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.

10.1.5 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 £13 million (including indicative TfL and 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) | 10,889 |
| Community and Housing | 0 | 0 | 0 | 0 |
| Children, Schools and Families | (1,400) | 2,350 | 0 | 0 |
| Environment and Regeneration | 5,683 | 3,921 | 3,442 | 1,272 |
| Total | (2,540) | 13,154 | (9,663) | 12,161 |

12 Detailed Capital Programme 2020-24

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 such as the Housing Company.

12.2 Children, Schools and Families

12.2.1 CSF Capital Programme 2020-24

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 just under £5 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.

12.3 Environment and Regeneration

12.3.1 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.

12.3.2 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.

12.4 Community and Housing

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.

12.4.1 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 | 15,410 |
| Community and Housing | 2,004 | 913 | 882 | 425 |
| Children, Schools and Families | 4,566 | 5,500 | 1,900 | 1,900 |
| Environment and Regeneration | 18,530 | 11,425 | 8,343 | 5,279 |
| Total | 47,199 | 28,966 | 14,020 | 23,014 |

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 | Proposed Budget 2020-21 | Proposed Budget 2021-22 | Proposed Budget 2022-23 | Proposed Budget 2023-24 |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Corporate Services | 22,100 | 11,128 | 2,895 | 15,410 |
| Community and Housing | 2,004 | 913 | 882 | 425 |
| Children, Schools and Families | 4,566 | 5,500 | 1,900 | 1,900 |
| Environment and Regeneration | 18,530 | 11,425 | 8,343 | 5,279 |
| Total | 47,199 | 28,966 | 14,020 | 23,014 |

| Department | 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 | 10,315 |
| Total Corporate Services | 22,100 | 11,128 | 2,895 | 15,410 |
| 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 | 2,366 | 3,600 | 0 | 0 |
| Total Children, Schools and Families | 4,566 | 5,500 | 1,900 | 1,900 |
| Environment and Regeneration | | | | |
| Public Protection and Development | 1,104 | 1,254 | 480 | 0 |
| Street Scene and Waste | 737 | 330 | 670 | 330 |
| Sustainable Communities | 16,689 | 9,841 | 7,193 | 4,949 |
| Total Environment and Regeneration | 18,530 | 11,425 | 8,343 | 5,279 |
| | | | | |
| Total Capital | 47,199 | 28,966 | 14,020 | 23,014 |

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

| Merton | Capital Programme £000s | Funded by Merton £000s | Funded by grant and capital contributions £000s |
|---|------------------------------------|---------------------------------------|--|
| 2019/20 Current Budget | 26,945 | 12,686 | 14,259 |
| Potential Slippage b/f | 0 | 0 | 0 |
| 2019/20 Revised Budget | 26,945 | 12,686 | 14,259 |
| Potential Slippage c/f | (1,194) | (612) | (582) |
| Potential Underspend not slipped into next year | (515) | (366) | (150) |
| Total Spend 2019/20 | 25,236 | 11,709 | 13,527 |

| | | | |
|---|---------------|---------------|---------------|
| 2020/21 Current Budget | 47,199 | 32,716 | 14,483 |
| Potential Slippage b/f | 1,194 | 612 | 582 |
| 2020/21 Revised Budget | 48,393 | 33,328 | 15,065 |
| Potential Slippage c/f | (11,504) | (8,898) | (2,605) |
| Potential Underspend not slipped into next year | (2,105) | (1,692) | (413) |
| Total Spend 2020/21 | 34,784 | 22,737 | 12,046 |

| | | | |
|---|---------------|---------------|---------------|
| 2021/22 Current Budget | 28,966 | 19,233 | 9,734 |
| Potential Slippage b/f | 11,504 | 8,898 | 2,605 |
| 2021/22 Revised Budget | 40,470 | 28,131 | 12,339 |
| Potential Slippage c/f | (6,909) | (5,227) | (1,682) |
| Potential Underspend not slipped into next year | (1,603) | (1,357) | (246) |
| Total Spend 2021/22 | 31,958 | 21,546 | 10,411 |

| | | | |
|---|---------------|---------------|--------------|
| 2022/23 Current Budget | 14,020 | 9,238 | 4,782 |
| Potential Slippage b/f | 6,909 | 5,227 | 1,682 |
| 2022/23 Revised Budget | 20,929 | 14,466 | 6,464 |
| Potential Slippage c/f | (2,286) | (1,537) | (749) |
| Potential Underspend not slipped into next year | (1,336) | (1,090) | (246) |
| Total Spend 2022/23 | 17,307 | 11,839 | 5,469 |

| | | | |
|---|---------------|---------------|--------------|
| 2023/24 Current Budget | 23,014 | 19,389 | 3,625 |
| Potential Slippage b/f | 2,286 | 1,537 | 749 |
| 2023/24 Revised Budget | 25,300 | 20,926 | 4,374 |
| Potential Slippage c/f | (871) | (760) | (110) |
| Potential Underspend not slipped into next year | (399) | (290) | (109) |
| Total Spend 2023/24 | 24,030 | 19,875 | 4,155 |

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 | | | | | |
| Customer Policy and Improvement | | | | | |
| 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 Lightning 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 |
| 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 | 2,144 |
| Total Corporate Services | | 22,100 | 11,128 | 2,895 | 15,410 |

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 Disability 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 | 1,150 | 400 | 0 | 0 |
| Melrose Secondary SEMH 14 Places | CYP | 200 | 750 | 0 | 0 |
| Harris Morden Sec Autism Unit | CYP | 160 | 1,200 | 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 | | 4,566 | 5,500 | 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 |
|--|----------|-------------------------|-------------------------|-------------------------|-------------------------|
| Environment and Regeneration | | | | | |
| <u>Public Protection and Development</u> | | | | | |
| 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 |
| <u>Street Scene and Waste</u> | | | | | |
| 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 |
| <u>Sustainable Communities</u> | | | | | |
| 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 |
| Bishopsford Bridge | SC | 2,000 | 690 | 0 | 0 |
| 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 |
| 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 |
| Paddling Pools (borough wide) OPTION 1 | SC | 90 | 90 | 90 | 0 |
| Paddling Pools (borough wide) OPTION 2 | SC | 226 | 0 | 0 | 0 |
| Mortuary Provision | SC | 0 | 0 | 54 | 0 |
| Total Environment and Regeneration | | 18,530 | 11,425 | 8,343 | 5,279 |
| Total Capital | | 47,199 | 28,966 | 14,020 | 23,014 |

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) | 10,889 |
| Community and Housing | 0 | 0 | 0 | 0 |
| Children, Schools and Families | (1,400) | 2,350 | 0 | 0 |
| Environment and Regeneration | 5,683 | 3,921 | 3,442 | 1,272 |
| Total | (2,540) | 13,154 | (9,663) | 12,161 |

| 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) | 10,315 |
| Total Corporate Services | (6,823) | 6,883 | (13,105) | 10,889 |
| Children, Schools and Families | | | | |
| Special | (1,400) | 2,350 | 0 | 0 |
| Total Children, Schools and Families | (1,400) | 2,350 | 0 | 0 |
| Environment and Regeneration | | | | |
| Public Protection and Development | 1,104 | 1,219 | 480 | 0 |
| Street Scene and Waste | 75 | 0 | 0 | 0 |
| Sustainable Communities | 4,504 | 2,702 | 2,962 | 1,272 |
| Total Environment and Regeneration | 5,683 | 3,921 | 3,442 | 1,272 |
| | | | | |
| Total Capital | (2,540) | 13,154 | (9,663) | 12,161 |

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 |
| Environment 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 Environment and Regeneration | | 4,039 | 7,977 | 4,014 | 3,979 | 3,979 |
| Total Capital | | 9,274 | 14,693 | 9,164 | 9,579 | 11,829 |

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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. Investment in the wholly owned housing company should not only provide a financial return but will increase the Authority's housing provision and investment currently in the east of the borough.
- 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)

19. 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

20. 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.

FMTG

Date: 5 March 2020

Subject: Financial Report 2019/20 – December 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data for month 9, December 2019, relating to revenue budgetary control, showing a forecast net favourable variance at year-end of £1,710k, -0.3% of gross budget.
 - B. That Cabinet note the contents of Section 4 and the amendments to the Capital Programme contained in Appendix 5b.
-

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 9, 31st December 2019 presented in line with the financial reporting timetable.
This financial monitoring report provides -
 - The income and expenditure at period 9 and a full year forecast projection.
 - An update on the capital programme and detailed monitoring information;
 - An update on Corporate Items in the budget 2019/20;
 - Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 9 to 31st December 2019, the year-end forecast is a net favourable variance of £1,512k compared to the current budget. This excludes any monies due from the last year of the Business Rates London Pilot Pool.

Summary Position as at 31st December 2019

| | Current Budget 2019/20 | Full Year Forecast (Dec) | Forecast Variance at year end (Dec) | Forecast Variance at year end (Nov) | Outturn variance 2018/19 |
|-------------------------------------|---------------------------|-----------------------------|---|---|-----------------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Department | | | | | |
| 3A. Corporate Services | 11,445 | 11,036 | (409) | (290) | (2,511) |
| 3B. Children, Schools and Families | 61,154 | 62,197 | 1,044 | 1,406 | 2,271 |
| 3C. Community and Housing | 63,768 | 62,992 | (776) | (124) | (197) |
| 3D. Public Health | 0 | 0 | 0 | 0 | 0 |
| 3E. Environment & Regeneration | 15,370 | 15,382 | 12 | 180 | (1,526) |
| Overheads | 0 | 0 | 0 | 0 | (33) |
| NET SERVICE EXPENDITURE | 151,737 | 151,608 | (129) | 1,172 | (1,996) |
| 3E. Corporate Items | | | | | |
| Impact of Capital on revenue budget | 11,364 | 11,215 | (149) | (149) | 403 |
| Other Central budgets | (20,784) | (22,215) | (1,432) | (1,401) | (6,064) |
| Levies | 949 | 949 | 0 | 0 | 0 |
| TOTAL CORPORATE PROVISIONS | (8,471) | (10,051) | (1,581) | (1,550) | (5,661) |
| | | | | | |
| TOTAL GENERAL FUND | 143,266 | 141,556 | (1,710) | (378) | (7,657) |
| FUNDING | | | | | |
| Revenue Support Grant | 0 | 0 | 0 | 0 | 0 |
| Business Rates | (44,026) | (44,026) | 0 | 0 | 0 |
| Other Grants | (8,169) | (8,169) | 0 | 0 | 0 |
| Council Tax and Collection Fund | (91,070) | (91,070) | 0 | 0 | 0 |
| FUNDING | (143,265) | (143,265) | 0 | 0 | 0 |
| | | | | | |
| NET | 1 | (1,709) | (1,710) | (378) | (7,657) |

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

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

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

Overview

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

Customers. Policy and Improvement - £176k favourable variance

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

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

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

Infrastructure & Technology - £203k adverse variance

I&T are forecasting adverse variances on Telecoms of £110k due to system upgrades and delays in the PABX telecoms implementation. A £59k adverse variance is forecast on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. There is also a £200k adverse variance forecast for Microsoft Licences which is a best estimate of the cost at this stage, pending the outcome of a procurement exercise. Facilities Management are forecasting a £26k adverse variance reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the energy team. Facilities are forecasting a further £52k adverse variance on the external fees account due to the use of additional agency staff during the year. The Business Systems Team is also forecasting an adverse variance of £94k due to recruitment costs, hardware purchases, IT licences and the underachievement of income.

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

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

Corporate Governance – £124k favourable variance

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

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

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

Resources - £30k adverse variance

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

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

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

Benefits Administration is forecasting a £279k favourable variance mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast adverse variance of £212k on Local Taxation Services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast in the Resources division has had an adverse movement of £82k since period 8. This is due to reduced income from the Bailiffs Service in recent months which will continue to be closely monitored. This is part offset by smaller favourable movements, such as reduced agency spend in the Benefits Administration and Budget Management teams.

Human Resources – £249k adverse variance

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

The HR AD budget is also forecasting an adverse variance of £37k due to the interim cover of the Head of HR post and recruitment costs. A significant budget pressure within HR is from the Transactions budget which is currently forecasting a £75k adverse variance. This is due to a £15k budget pressure on DBS recharges to clients, which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buyback income is also contributing to the HR adverse variance.

Payroll has a favourable variance forecast of £32k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team.

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

Corporate Items - £592k favourable variance

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

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

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

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

Environment & Regeneration

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

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

Overview

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

Public Protection

Parking Services favourable variance of £147k

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

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

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

Public Space

Waste Services adverse variance of £459k

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

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

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

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

The section is forecasting an adverse variance on its current waste collection and street cleansing contract by £286k. This is largely due to the internal debt charge of £676k for capital spend, along with recharges for additional services being undertaken by the service provider.

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

The above adverse variances are being partially mitigated by a forecast favourable variance on disposal costs of £516k. Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our energy waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

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

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

Leisure & Culture favourable variance of £337k

The forecast favourable variance is mainly as a result of the final year, under the previous contractual agreement, of the profit share arrangement with our service provider for the Leisure Centres Contract (£214k). Changes to this contract came into effect from 1st December 2018, which has resulted in future guaranteed annual income, now being built into the Medium Term budget. Due to this guaranteed income the likelihood of future profit shares is now unlikely.

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

Greenspaces favourable variance of £64k

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

Senior Management & Support

Senior Management & Support adverse variance of £110k

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

Sustainable Communities

Property Management favourable variance of £131k

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

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

Children Schools and Families

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

Overview

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

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

Due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests forecasts are vulnerable to change. Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise from 1,973 in November to 1,999 in December, an increase of 26.

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

Local Authority Funded Services

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

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

Education Division

The procurement and school organisation budget is showing a favourable variance of £288k because of lower spend on re-venue budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting an adverse variance of £1.359m (increase of £163k from November). The forecast for maintained school taxis is £3.567m, circa £284k more than last year. This is our best estimate based on the information available at the end of December. The current estimated cost includes a small forecast for new placements that may be required towards the end of the year. There is a risk that this cost could increase more than currently allowed for as we have seen a major increase in the number of EHCPs, although not all plans will necessarily be eligible for support under Merton's transport policy. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of December this is estimated to deliver a favourable variance of £318k.

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

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

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

Children's Social Care and Youth Inclusion Division

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

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

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

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

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

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

- The Residential placement expenditure is forecasting a favourable £652k variance at the end of the financial year. We currently have 14 residential (including 10 respite) placements with one placement ended in December.
- The Independent Agency Fostering expenditure is forecasting an adverse variance of £347k. We currently have 49 placements, unchanged from November.
- The In-house Foster carer expenditure is forecasting an adverse £704k variance. We currently have 70 placements. There has been 2 new placements and 5 Placements ended in December. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projecting a favourable £59k variance in December.

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

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

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

Merton had 35 young people aged 18+ who were formerly UASC in our care at the end of December, 12 in foster care, 23 in semi-independent accommodation. In addition, we have 8 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

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

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. Removal of the £14k fostering recruitment budget from the corporate Communications team budget has reduced the range of recruitment activity.

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

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and

retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

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

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

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. However, the increased use of Staying-Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UASC young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

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

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

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £10.552m, a decrease of £4k over last month. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £13.460m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020.

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

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

We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present

the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £13.460m cumulative deficit to increase further.

Other overspends include £1,088k on EHCP allocations to Merton primary and secondary schools, £1.878m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.235m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of December 2019 there were 1,999 EHCPs, a 17% increase year to date.

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

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

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. We are therefore not in a position to estimate this adjustment until year-end. For 2018/19 this additional grant was £338k.

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

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and continue into 2019/20 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets. Total school balances, including capital balances, did however increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby

Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post. Children's Social Care and Youth Inclusion are currently reviewing the distribution of social work staffing to ensure workloads in the MASH and First Response Service are at a level that supports recruitment and retention of permanent staff.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

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

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to funding for children with complex needs, particularly through continuing healthcare (CHC) funding. This is an area we need to improve with closer working with the CCG a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both request-for-assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs to the DSG High Needs block of the increased number of children with EHCPs we have expanded existing specialist provision and have approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £432k, however that figure masks substantial one off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

| Description | Budget £000 | Dec overspend forecast £000 | Nov overspend forecast £000 | 2018/19 over £000 |
|--|----------------|--------------------------------------|--------------------------------------|-------------------------|
| Supported lodgings/housing- care leavers | 1,819 | 92 | 92 | 52 |
| Supported lodgings/housing- UASC | 570 | 105 | 105 | 774 |
| UASC | 705 | 476 | 476 | 211 |
| No Recourse to Public Funds (NRPF) | 21 | 147 | 141 | 301 |
| UASC grant | (1,200) | (300) | (300) | |
| Total | 1,915 | 520 | 514 | 1,338 |

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

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- The increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- New statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children's care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

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

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £776k as at December 2019. The department continues to have under and over spends in a number of its services except in Merton Adult Learning and Public Health which are forecasting a breakeven position.

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

Community and Housing Summary Outturn Position

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

Adult Social Care

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

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

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

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

Direct Provision-£175k Adverse Variance

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

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

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

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

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

C&H-Other Services

Libraries-£37k Adverse Variance

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

Merton Adult Learning

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

Housing - £66k – Adverse Variance

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

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

The temporary accommodation budget continues to fluctuate to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit.

Housing benefit Income and subsidy costs are affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act. There was an increase of 9 cases since October.

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

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

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

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

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

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

The table below shows the number of homelessness prevented to December 2019.

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

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

Analysis of Housing and Temporary Accommodation Expenditure

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

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

Temporary Accommodation (TA) movement to December 2019

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

| Temporary Accommodation | Numbers IN | Numbers OUT | Total for the Month | 2018/19 |
|-------------------------|------------|-------------|---------------------|---------|
| Mar'17 | - | - | 186 | |
| Mar'18 | 16 | 16 | 165 | |
| Mar'19 | 15 | 11 | 174 | |
| | | | | |
| April'19 | 15 | 11 | 178 | 170 |
| May'19 | 15 | 16 | 177 | 175 |
| June'19 | 11 | 18 | 170 | 172 |
| July'19 | 16 | 20 | 166 | 175 |
| Aug'19 | 16 | 14 | 168 | 176 |
| Sept'19 | 14 | 13 | 169 | 174 |
| Oct'19 | 17 | 12 | 174 | 168 |
| Nov'19 | 19 | 15 | 178 | 169 |
| Dec'19 | 17 | 12 | 183 | 167 |

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

Public Health –Breakeven Position

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

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

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

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

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

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

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

Corporate Items

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

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

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

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

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

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

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

4 Capital Programme 2019-23

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

| Depts | Current Budget 19/20 | Variance | Revised Budget 19/20 | Current Budget 20/21 | Variance | Revised Budget 20/21 | Revised Budget 21/22 | Variance | Revised Budget 21/22 | Revised Budget 22/23 | Variance | Revised Budget 22/23 |
|--------------|----------------------|-----------|----------------------|----------------------|----------|----------------------|----------------------|----------|----------------------|----------------------|----------|----------------------|
| CS | 7,150 | 0 | 7,150 | 28,923 | | 28,923 | 4,245 | 0 | 4,245 | 16,075 | | 16,075 |
| C&H | 1,057 | 0 | 1,057 | 2,004 | | 2,004 | 913 | 0 | 913 | 882 | | 882 |
| CSF | 9,063 | 0 | 9,063 | 5,966 | | 5,966 | 3,150 | 0 | 3,150 | 1,900 | | 1,900 |
| E&R | 9,606 | 70 | 9,676 | 12,847 | | 12,847 | 7,504 | 0 | 7,504 | 4,826 | | 4,826 |
| TOTAL | 26,876 | 70 | 26,946 | 49,739 | 0 | 49,739 | 15,812 | 0 | 15,812 | 23,683 | 0 | 23,683 |

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at D e c e m b e r 2019. The detail is shown in Appendix 5.

| | Actuals | Budgeted Spend to Date | Variance to Date | Final Budget | Final Forecast 2019/20 | Full Year Variance |
|------------------------------|-------------------|------------------------|--------------------|-------------------|------------------------|--------------------|
| Corporate Services | 1,982,327 | 2,742,210 | (759,883) | 7,149,230 | 6,944,091 | (205,139) |
| Community and Housing | 645,478 | 672,700 | (27,222) | 1,057,490 | 957,490 | (100,000) |
| Children Schools & Families | 6,842,945 | 7,045,858 | (202,914) | 9,062,400 | 9,051,670 | (10,730) |
| Environment and Regeneration | 5,856,118 | 6,496,501 | (640,383) | 9,676,240 | 9,620,259 | (55,981) |
| Total | 15,326,867 | 16,957,269 | (1,630,403) | 26,945,360 | 26,573,510 | (371,850) |

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

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

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

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

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

| Depts. | Original Budget 19/20 | Net Slippage 2018/19 | Adjustments | New External Funding | New Internal Funding | Re-profiling | Revised Budget 19/20 |
|------------------------------|-----------------------|----------------------|--------------|----------------------|----------------------|-----------------|----------------------|
| Corporate Services | 28,857 | 1,686 | | | 60 | (23,453) | 7,150 |
| Community & Housing | 971 | 225 | | | | (139) | 1,057 |
| Children Schools & Families | 10,203 | 566 | | 594 | 50 | (2,350) | 9,063 |
| Environment and Regeneration | 13,498 | 404 | (232) | 520 | 519 | (5,034) | 9,676 |
| Total | 53,529 | 2,881 | (232) | 1,114 | 629 | (30,976) | 26,946 |

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

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

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

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

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

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

DELIVERY OF SAVINGS FOR 2019/20

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

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

Progress on savings 2018/19

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

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

Progress on savings 2017/18

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

Appendix 8 details the progress on unachieved savings from 2017/18 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2019/20; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

| | |
|---------------|--------------------------------------|
| Appendix 1- | Detailed position table |
| Appendix 2 – | Detailed Corporate Items table |
| Appendix 3 – | Pay and Price Inflation |
| Appendix 4 – | Treasury Management: Outlook |
| Appendix 5a - | Current Capital Programme 2019/20 |
| Appendix 5b - | Detail of Virements |
| Appendix 5c - | Summary of Capital Programme Funding |
| Appendix 6 – | Progress on savings 2019/20 |
| Appendix 7 – | Progress on savings 2018/19 |
| Appendix 8 - | Progress on savings 2017/18 |
| Appendix 9 – | Debt report |
| Appendix 10 - | Establishment |
| Appendix 11 - | Analysis of Staffing Spend |

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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Summary Position as at 31st December 2019

| | Original Budget 2019/20 | Current Budget 2019/20 | Year to Date Budget (Dec) | Year to Date Actual (Dec) | Full Year Forecast (Dec) | Forecast Variance at year end (Dec) | Forecast Variance at year end (Nov) | Outturn variance 2018/19 |
|---|----------------------------|---------------------------|---------------------------------|---------------------------------|--------------------------------|--|--|--------------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000 |
| Department | - | - | - | - | - | - | - | - |
| 3A. Corporate Services | 10,930 | 11,445 | 18,760 | 18,761 | 11,036 | (409) | (290) | (2,511) |
| 3B. Children, Schools and Families | 60,819 | 61,154 | 34,756 | 32,707 | 62,197 | 1,044 | 1,406 | 2,271 |
| 3C. Community and Housing | - | - | - | - | - | - | - | - |
| Adult Social Care | 58,657 | 58,650 | 41,521 | 46,587 | 57,770 | (880) | (240) | (169) |
| Libraries & Adult Education | 2,878 | 2,878 | 2,198 | 3,106 | 2,915 | 37 | 55 | 45 |
| Housing General Fund | 2,219 | 2,241 | 1,001 | 682 | 2,307 | 66 | 60 | (73) |
| 3D. Public Health | 0 | 0 | 17 | (1,001) | 0 | 0 | 0 | 0 |
| 3E. Environment & Regeneration | 15,832 | 15,370 | 3,171 | (11,852) | 15,382 | 12 | 180 | (1,526) |
| Overheads | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (33) |
| NET SERVICE EXPENDITURE | 151,335 | 151,737 | 101,424 | 88,991 | 151,608 | -129 | 1,172 | (1,996) |
| 3E. Corporate Items | | | | | | | | |
| Impact of Capital on revenue budget | 10,481 | 11,364 | 4,210 | 4,347 | 11,215 | (149) | (149) | 403 |
| Other Central items | (19,500) | (20,784) | 853 | 4,796 | (22,215) | (1,432) | (1,401) | (6,064) |
| Levies | 949 | 949 | 433 | 433 | 949 | 0 | 0 | 0 |
| TOTAL CORPORATE PROVISIONS | (8,070) | (8,471) | 5,496 | 9,576 | (10,051) | (1,581) | (1,550) | (5,661) |
| TOTAL GENERAL FUND | 143,264 | 143,266 | 106,920 | 98,568 | 141,556 | (1,710) | (378) | (7,657) |
| Funding | | | | | | | | |
| - Business Rates | (44,026) | (44,026) | 0 | 0 | (44,026) | 0 | 0 | 0 |
| - RSG | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Section 31 Grant | 0 | 0 | (3,080) | (3,080) | 0 | 0 | 0 | 0 |
| - New Homes Bonus | (2,108) | (2,108) | (1,581) | (1,581) | (2,108) | 0 | 0 | 0 |
| - PFI Grant | (4,797) | (4,797) | (3,598) | (3,598) | (4,797) | 0 | 0 | 0 |
| - Brexit Grant | (210) | (210) | (210) | (210) | (210) | 0 | 0 | 0 |
| - Adult Social Care Grant | (1,054) | (1,054) | (4,605) | (4,605) | (1,054) | 0 | 0 | 0 |
| Grants | (52,195) | (52,195) | (13,074) | (13,074) | (52,195) | 0 | 0 | - |
| Collection Fund - Council Tax Surplus(-)/Deficit | (1,949) | (1,949) | 0 | 0 | (1,949) | 0 | 0 | 0 |
| Collection Fund - Business Rates Surplus(-)/Deficit | 3,250 | 3,250 | 0 | 0 | 3,250 | 0 | 0 | 0 |
| Council Tax | | | | | | | | |
| - General | (92,028) | (92,028) | 0 | 0 | (92,028) | 0 | 0 | 0 |
| - WPC | (343) | (343) | 0 | 0 | (343) | 0 | 0 | 0 |
| Council Tax and Collection Fund | (91,070) | (91,070) | 0 | 0 | (91,070) | 0 | 0 | - |
| FUNDING | (143,265) | (143,265) | (13,074) | (13,074) | (143,265) | 0 | 0 | - |
| NET | (0) | 1 | 93,846 | 85,494 | (1,709) | (1,710) | (378) | (7,657) |

Appendix 2

| 3E. Corporate Items | Council 2019/20 £000s | Original Budget 2019/20 £000s | Current Budget 2019/20 £000s | Year to Date Budget (Dec.) £000s | Year to Date Actual (Dec.) £000s | Full Year Forecast (Dec.) £000s | Forecast Variance at year end (Dec.) £000s | Forecast Variance at year end (Nov.) £000s | Outturn Variance 2018/19 £000s |
|--|-----------------------------|--|---------------------------------------|---|---|---|---|---|---|
| Cost of Borrowing | 10,481 | 10,481 | 11,364 | 4,210 | 4,347 | 11,215 | (149) | (149) | 403 |
| Impact of Capital on revenue budget | 10,481 | 10,481 | 11,364 | 4,210 | 4,347 | 11,215 | (149) | (149) | 403 |
| Investment Income | (664) | (664) | (664) | (443) | (747) | (1,206) | (542) | (479) | (364) |
| Pension Fund | 3,429 | 3,429 | 3,279 | 3,552 | 3,552 | 3,179 | (100) | (100) | (254) |
| Corporate Provision for Pay Award | 877 | 877 | (0) | | 0 | (0) | 0 | 0 | (744) |
| Provision for excess inflation | 450 | 450 | 100 | | 0 | 100 | 0 | 0 | (378) |
| Pay and Price Inflation | 1,327 | 1,327 | 100 | 0 | 0 | 100 | 0 | 0 | (1,122) |
| Contingency | 1,500 | 1,500 | 750 | | 0 | 500 | (250) | (250) | (1,398) |
| Single Status/Equal Pay | 100 | 100 | 0 | | 0 | 0 | 0 | 0 | (84) |
| Bad Debt Provision | 500 | 500 | 500 | | 0 | 500 | 0 | 0 | (33) |
| Loss of income arising from P3/P4 | 200 | 200 | 100 | | 0 | 0 | (100) | (100) | (200) |
| Loss of HB Admin grant | 83 | 83 | 34 | | 0 | 0 | (34) | (34) | (83) |
| Apprenticeship Levy | 450 | 450 | 250 | 167 | 209 | 250 | 0 | 0 | (217) |
| Revenuisation and miscellaneous | 2,070 | 2,070 | 875 | | 277 | 682 | (193) | (193) | (1,351) |
| Contingencies and provisions | 4,904 | 4,904 | 2,510 | 167 | 486 | 1,932 | (577) | (577) | (3,366) |
| Other income | 0 | 0 | 0 | 0 | (212) | (212) | (212) | (246) | (953) |
| CHAS IP/Dividend | (1,407) | (1,407) | (1,503) | (821) | (830) | (1,503) | 0 | 0 | (3) |
| Income items | (1,407) | (1,407) | (1,503) | (821) | (1,042) | (1,716) | (212) | (246) | (956) |
| Appropriations: CS Reserves | (711) | (711) | (1,027) | (1,027) | (371) | (1,027) | 0 | 0 | 0 |
| Appropriations: E&R Reserves | (146) | (146) | (446) | (446) | 0 | (446) | 0 | 0 | 0 |
| Appropriations: CSF Reserves | 9 | 9 | (586) | (586) | (976) | (586) | 0 | 0 | 0 |
| Appropriations: C&H Reserves | (104) | (104) | (104) | (104) | 0 | (104) | 0 | 0 | 0 |
| Appropriations: Public Health Reserves | (1,200) | (1,200) | (1,200) | (1,200) | 0 | (1,200) | 0 | 0 | 0 |
| Appropriations: Corporate Reserves | (2,034) | (2,034) | 1,761 | 1,761 | 3,895 | 1,761 | 0 | 0 | (6) |
| Appropriations/Transfers | (4,186) | (4,186) | (1,602) | (1,602) | 2,548 | (1,602) | 0 | 0 | (6) |
| Depreciation and Impairment | (22,903) | (22,903) | (22,903) | 0 | 0 | (22,903) | 0 | 0 | 4 |
| Other Central Items | (19,500) | (19,500) | (20,784) | 853 | 4,796 | (22,215) | (1,432) | (1,401) | (6,064) |
| Levies | 949 | 949 | 949 | 433 | 433 | 949 | 0 | 0 | 0 |
| TOTAL CORPORATE PROVISIONS | (8,070) | (8,070) | (8,471) | 5,496 | 9,576 | (10,051) | (1,581) | (1,550) | (5,661) |

Pay and Price Inflation as at December 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 1.5% and RPI at 2.2% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2019/20 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 1.3% in December 2019, down from 1.5% in November 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.4% in December 2019, down from 1.5% in November 2019. The largest downward contributions to change in the 12-month inflation rate between November and December 2019 came from accommodation services and clothing. The largest offsetting upward contributions came from housing, water, electricity, gas and other fuels. The RPI rate for December 2019 was 2.2%, which is unchanged from the figure for November 2019.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 18 December 2019, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

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

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

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

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

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

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

Independent medium-term projections for the calendar years 2019 to 2023 are summarised in the following table:-

| Source: HM Treasury - Forecasts for the UK Economy (December 2019) | | | | | |
|--|------|------|------|------|------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |
| CPI | 1.8 | 1.8 | 1.9 | 2.1 | 2.1 |
| RPI | 2.6 | 2.4 | 2.7 | 3.3 | 3.4 |
| LFS Unemployment Rate | 3.9 | 4.0 | 4.0 | 4.1 | 4.0 |

Treasury Management: Outlook

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

At its meeting ending on 18 December 2019, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

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

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

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

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

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

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

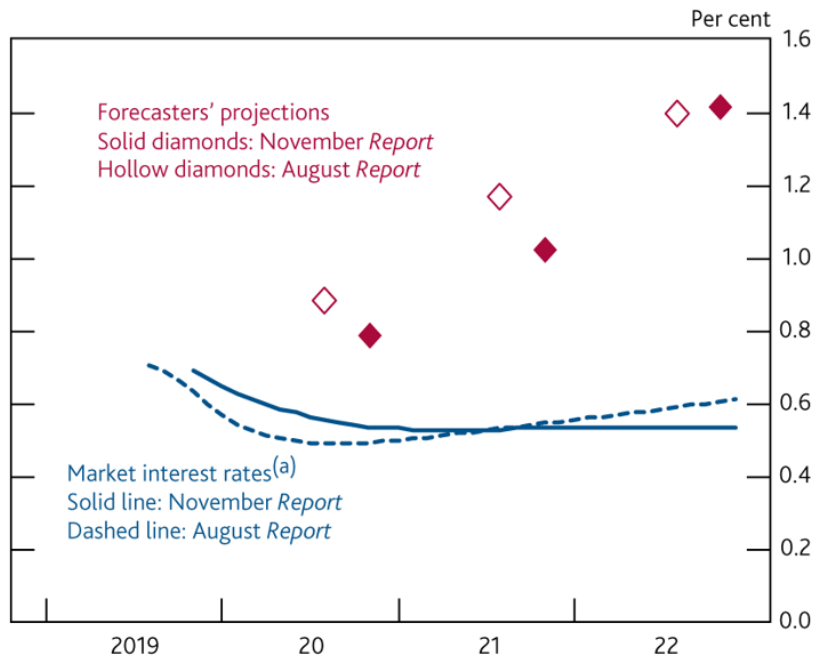
These changes are part of the Bank’s ongoing efforts to improve its communications and ensure that those outside the institution have the information they need in order to understand our policy decisions and to hold the Bank to account.

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

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

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

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



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

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

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

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

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

Key Judgement 1:

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

Key Judgement 2:

Supply growth is subdued.

Key Judgement 3:

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

Key Judgement 4:

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

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

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

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

Capital Budget Monitoring- December 2019

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

Capital Budget Monitoring- December 2019

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

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

Capital Budget Monitoring- December 2019

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

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

Capital Budget Monitoring- December 2019

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

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

Virement, Re-profiling and New Funding - December 2019

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

Capital Programme Funding Summary 2019/20

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

APPENDIX 6

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

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

| Ref | Description of Saving | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Period 9 Shortfall forecast | 19/20 RAG | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/underspend? Y/N |
|--|--|-------------------------------|-------------------------------|-----------------------------|-----------|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| Customers, Policy & Improvement | | | | | | | | | | | |
| CS2016 -05 | Increase income through translations | 15 | 15 | 0 | G | 15 | 0 | A | Sean Cunniffe | 20/21 will see the outsourcing of Translation Services so income streams will be removed as a result. Efficiencies will be made organisationally as a result of reduced administrative costs associated with maintaining the in-house service. | |
| CS2016 -07 | Cash Collection Reduction | 30 | 30 | 0 | G | 30 | 0 | G | Sean Cunniffe | | |
| 2018-19 CS09 | Reduction/rationalisation in running costs budgets across multiple budgets | 35 | 35 | 0 | G | 35 | 0 | G | Sean Cunniffe | | |
| CS2016 -06 | Merton Link - efficiency savings | | | | | | | | Sean Cunniffe | Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 has been brought forward to 2019/20 (see below). | |
| 2019-20 CS05 | Registrars Reduction in staff | 30 | 15 | 15 | A | 30 | 0 | G | Sean Cunniffe | Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division. | Y |
| Infrastructure & Technology | | | | | | | | | | | |
| CS2016-08 | Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations. | 190 | 190 | 0 | G | 190 | 0 | G | Edwin O'Donnell | | |
| 2018-19 CS01 | Revenue saving associated with current MFD contract | 150 | 150 | 0 | G | 150 | 0 | G | Richard Warren | | |
| 2018-19 CS02 | Reduction in the level of building repairs and maintenance undertaken on the corporate buildings | 100 | 100 | 0 | G | 100 | 0 | G | Edwin O'Donnell | | |
| 2018-19 CS04 | Delete or full cost recovery of one post within FM | 36 | 18 | 18 | A | 31 | 5 | A | Edwin O'Donnell | Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20. | Y |
| 2018-19 CS14 | M3 support to Richmond/Wandsworth | 20 | 0 | 20 | R | 20 | 0 | A | Clive Cooke | This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system. | Y |
| Corporate Governance | | | | | | | | | | | |
| CSREP 2019-20 (1) | Increase in income from Legal Services relating to S106, property and court fees | 50 | 45 | 5 | A | 50 | 0 | G | Fiona Thomsen | Reduced forecast on property related income, this is offset in year by underspends on LBM legal services expenditure | Y |
| CSREP 2019-20 (6) | Legal services - reduce employment and HR support by 50% | 30 | 22 | 8 | A | 30 | 0 | G | Fiona Thomsen | Underachievement offset by underspends elsewhere on legal support | Y |
| Resources | | | | | | | | | | | |
| CS2016-02 | Restructure of HB section to roll out universal credit | 66 | 66 | 0 | G | 66 | 0 | G | David Keppler | | |
| 2018-19 CS05 | Reduction in permanent staffing | 30 | 0 | 30 | R | 0 | 30 | R | Roger Kershaw | Saving to be replaced from 2020/21. For 19/20 the saving will be met by underspends elsewhere within the division. | Y |
| 2018-19 CS10 | Reduction in staffing | 60 | 60 | 0 | G | 60 | 0 | G | David Keppler | | |
| 2018-19 CS08 | Increase in income from Enforcement Service | 100 | 100 | 0 | G | 100 | 0 | G | David Keppler | | |
| 2019-20 CS01 | Amend discretionary rate relief policy | 75 | 75 | 0 | G | 75 | 0 | G | David Keppler | | |
| CSREP 2019-20 (2) | Reduction in internal insurance fund contribution | 250 | 250 | 0 | G | 250 | 0 | G | Nemashe Sivayogan | | |
| CSREP 2019-20 (3) | Increase in income from Enforcement service | 50 | 50 | 0 | G | 50 | 0 | G | David Keppler | | |

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

| Ref | Description of Saving | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Period 9 Shortfall forecast | 19/20 RAG | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/underspend? Y/N |
|-------------------|--|-------------------------------|-------------------------------|-----------------------------|-----------|-------------------------------|---------------------------------|-----------|---------------------|----------|--|
| | <u>Corporate</u> | | | | | | | | | | |
| 2019-20 CS12 | Increase in Empty Homes Premium for long term empty properties | 97 | 97 | 0 | G | 97 | 0 | G | David Keppler | | |
| CSREP 2019-20 (4) | Increase in investment income | 30 | 30 | 0 | G | 30 | 0 | G | Nemashe Sivayogan | | |
| CSREP 2019-20 (5) | CHAS dividend | 40 | 40 | 0 | G | 40 | 0 | G | Ian McKinnon | | |
| | | | | | | | | | | | |
| | Total Corporate Services Department Savings for 2019/20 | 1,484 | 1,388 | 96 | | 1,449 | 35 | | | | |

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

| Ref | Description of Saving | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Shortfall | 2019/20 RAG | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 2020/21 RAG | Responsible Officer | Comments | R/A Included in Forecast Over/Underspend? Y/N |
|---|---|-------------------------------|-------------------------------|--------------|-------------|-------------------------------|---------------------------------|-------------|---------------------|--|---|
| SUSTAINABLE COMMUNITIES | | | | | | | | | | | |
| E4 | Income from Merantun Development Limited for services provided to the company by LBM | 100 | 95 | 5 | A | 100 | 0 | G | James McGinlay | | Y |
| ENV1819-05 | Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20. | 55 | 28 | 27 | R | 55 | 0 | G | James McGinlay | New contract expected to commence in the final quarter of 2019/20, so full saving won't be achieved this financial year. | Y |
| PUBLIC PROTECTION | | | | | | | | | | | |
| ENR1 | Further expansion of the shared service. | 100 | 100 | 0 | A | 100 | 0 | A | Cathryn James | | N |
| E1 | Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience. | 60 | 0 | 60 | R | 60 | 0 | A | Cathryn James | This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year. | Y |
| ENR4 | Charge local business' for monitoring of their CCTV | 100 | 0 | 100 | R | 0 | 100 | R | Cathryn James | Alternative Saving presented Cabinet on 27th Jan 2020. | Y |
| ENV1819-03 | The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incident effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019. | 1,900 | 950 | 950 | R | 1900 | 0 | A | Cathryn James | The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets. | Y |
| ALT2 | Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system | 57 | 57 | 0 | G | 57 | 0 | G | Cathryn James | | Y |
| ALT3 | Reduction in the number of pay & display machines required. | 14 | 3 | 11 | R | 14 | 0 | G | Cathryn James | | Y |
| PUBLIC SPACE | | | | | | | | | | | |
| ENR9 | Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral | 200 | 200 | 0 | A | 200 | 0 | A | John Bosley | This saving is currently being mitigated by the additional revenue delivered by the external enforcement contractor. (£140k) additional / alternative saving of c£60k needs to be agreed. | Y |
| E2 | Thermal Treatment of wood waste from HRRC | 30 | 0 | 30 | R | 30 | 0 | G | John Bosley | Saving rejected by members due to impact on recycling rate and reputational damage. Thermal treatment of wood is no longer an option due to impact on carbon and the Council's commitment to be Carbon neutral. This saving will be replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change. | Y |
| EV08 | Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programme due to commence in March 2014. | 250 | 250 | 0 | G | 250 | 0 | G | John Bosley | | N |
| ALT4 | Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued. | 54 | 54 | 0 | G | 54 | 0 | G | John Bosley | | Y |
| E5 | Letting of remaining vacant facilities in Greenspaces | 50 | 0 | 50 | R | 50 | 0 | A | John Bosley | | Y |
| E6 | Increased tenancy income in Greenspaces | 40 | 0 | 40 | R | 40 | 0 | R | John Bosley | Alternative saving required | Y |
| ENR10 | Two year extension of the GLL contract | 300 | 300 | 0 | G | 300 | 0 | G | John Bosley | | N |
| ENV1819-01 | Five year extension of the GLL contract | 60 | 60 | 0 | G | 60 | 0 | G | John Bosley | | N |
| Total Environment and Regeneration Savings 2018/19 | | 3,370 | 2,097 | 1,273 | | 3,270 | 100 | | | | |

| DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20 | | | | | | | | | | 22/01/2020 | APPENDIX 6 |
|--|---|-----------------------------|--------------------------------|----------------|-----|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| Ref | Description of Saving | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | Shortfall £000 | RAG | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R / A Included in Forecast Over/Unders pend? Y/N |
| Adult Social Care | | | | | | | | | | | |
| CH35/36/52 | Housing Related Support:- The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services. | 309 | 309 | 0 | G | 309 | 0 | G | Steve Langley | Achieved | Y |
| CH39 | Extra Care Contracts:- This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review. | 57 | 57 | 0 | G | 57 | 0 | G | John Morgan | Achieved | Y |
| CH55 | Promoting Independence:- The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities. | 553 | 553 | 0 | G | 553 | 0 | G | John Morgan | Achieved | Y |
| CH56 | Home Care:- The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care. | 301 | 301 | 0 | G | 301 | 0 | G | John Morgan | Achieved | Y |
| CH88 | Home Care Monitoring System:- The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits. | 40 | 40 | 0 | G | 40 | 0 | G | John Morgan | Achieved through Forum. The plan is to enrol all major home providers on to the home monitoring system and only seek variations for when there is a need to utilise specialist providers as required. This is due to the low volume of hours taken on by the specialist providers, they may only support one customer thus not economically viable to be enrolled on to home monitoring system. | Y |
| CH89 | Older People Day Care Activities:- As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal. | 236 | 118 | 118 | R | 236 | 0 | G | Richard Ellis | Engagement with the new owner has established an agreed timeline that means that the majority of savings will not be achieved until the new year. The work is underway to ensure that delivery | Y |
| Subtotal Adult Social Care | | 1,496 | 1,378 | 118 | | 1,496 | 0 | | | | |
| Library & Heritage Service | | | | | | | | | | | |

| DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20 | | | | | | | | | | 22/01/2020 | APPENDIX 6 |
|--|--------------------------|-----------------------------|--------------------------------|----------------|-----|-------------------------------|---------------------------------|-----------|---------------------|---|--|
| Ref | Description of Saving | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | Shortfall £000 | RAG | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R / A Included in Forecast Over/Unders pend? Y/N |
| CH67 | Merton Arts Space income | 38 | 38 | 0 | G | 38 | 0 | G | Anthony Hopkins | On track, rental income has increased above budget by £9.4k | Y |
| Total C & H Savings for 2019/20 | | 1,534 | 1,416 | 118 | | 1,534 | 0 | | | | |

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

| Ref | Description of Saving | 2019/20 Savings Required £000 | 2019/20 Savings Expected £000 | Period 8 Forecast Shortfall | Period Forecast Shortfall (P8) | 2020/21 Savings Expected £000 | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/Undersp end? Y/N |
|------------|--|-------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|---------------------------------|-----------|---------------------|---|---|
| | Education | | | | | | | | | | |
| CSF2018-03 | Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer. | 49 | 49 | 0 | G | 49 | 0 | G | Jane McSherry | | |
| CSF2018-04 | Review schools trade offer, raise charges or consider ceasing services from 2020. | 30 | 30 | 0 | G | 30 | 0 | G | Jane McSherry | | |
| CSF2018-07 | Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership) | 100 | 100 | 0 | G | 100 | 0 | G | Jane McSherry | | |
| CSF2018-11 | Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub | 72 | 72 | 0 | G | 72 | 0 | G | Jane McSherry | | |
| | Children Social Care & Youth Inclusion | | | | | | | | | | |
| CSF2018-01 | Reduced costs/offer through the national centralised adoption initiative | 30 | 30 | 0 | G | 30 | 0 | G | El Mayhew | | |
| CSF2018-02 | Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service. | 130 | 130 | 0 | G | 130 | 0 | G | El Mayhew | | |
| CSF2018-05 | Delivery of preventative services through the Social Impact Bond | 45 | 45 | 0 | R | 45 | 0 | R | El Mayhew | We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT. | Y |
| CSF2018-06 | South London Family Drug and Alcohol Court commissioning | 45 | 45 | 0 | R | 45 | 0 | R | El Mayhew | We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT. | Y |
| CSF2018-12 | Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker. | 71 | 71 | 0 | G | 71 | 0 | G | El Mayhew | | |
| | Total Children, Schools and Families Department Savings for 2019/20 | 572 | 572 | 0 | | 572 | 0 | | | | |

APPENDIX 7

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

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

| Ref | Description of Saving | 2018/19 Savings Required £000 | 2018/19 Shortfall | 18/19 RAG | 2019/20 Expected Shortfall £000 | 19/20 RAG | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments |
|--------------------|---|-------------------------------|-------------------|-----------|---------------------------------|-----------|---------------------------------|-----------|---------------------|---|
| | Infrastructure & transactions | | | | | | | | | |
| CS2015-10 | FM - Energy invest to save | 465 | 465 | R | 365 | A | 110 | A | Richard Neal | The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve. |
| CSREP 2018-19 (13) | Business Improvement - Business Systems maintenance and support reduction | 10 | 10 | R | 10 | R | 10 | R | Clive Cooke | Saving to be reviewed during 19/20 to identify if this can be met or if a replacement saving is required. |
| CSREP 2018-19 (14) | M3 support to Richmond/Wandsworth | 20 | 20 | R | 20 | R | 0 | A | Clive Cooke | This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system. |
| | Corporate Governance | | | | | | | | | |
| CSD43 | Share FOI and information governance policy with another Council | 10 | 10 | R | | | | | Karin Lane | Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget |
| | Total Corporate Services Department Savings for 2018/19 | 505 | 505 | | 395 | | 120 | | | |

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

| Ref | Description of Saving | 2018/19 Savings Required £000 | 2018/19 Savings Expected £000 | Shortfall | 18/19 RAG | 2019/20 Savings Expected £000 | 2019/20 Expected Shortfall £000 | 19/20 RAG | 2020/21 Expected Shortfall £000 | 20/21 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/Underspend? Y/N |
|---|--|-------------------------------|-------------------------------|------------|-----------|-------------------------------|---------------------------------|-----------|---------------------------------|-----------|---------------------|--|--|
| SUSTAINABLE COMMUNITIES | | | | | | | | | | | | | |
| ENV20 | D&BC: Increased income from building control services. | 35 | 0 | 35 | R | 35 | 0 | G | 0 | G | James McGinlay | Based on the P5 forecast, the income targets are now being achieved. | N |
| PUBLIC PROTECTION | | | | | | | | | | | | | |
| ENV07 | Parking: Reduction in supplies & services/third party payment budgets. | 60 | 13 | 47 | R | 13 | 47 | R | 47 | R | Cathryn James | Alternative saving being presented to Cabinet | Y |
| ENV08 | Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP. | 40 | 0 | 40 | R | | | | | | Cathryn James | Alternative saving has been agreed for 2019/20. | Y |
| ENV09 | Regulatory Services: Investigate potential commercial opportunities to generate income | 50 | 0 | 50 | R | 50 | 0 | A | 0 | A | Cathryn James | This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. | Y |
| ENR2 | Parking & CCTV: Pay & Display Bays (On and off street) | 44 | 0 | 44 | R | 44 | 0 | G | 0 | G | Cathryn James | | Y |
| ENR3 | Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon. | 17 | 0 | 17 | R | 17 | 0 | G | 0 | G | Cathryn James | Saving is being delayed as it will now form part of the wider discussion on parking charges. | Y |
| ALT1 | Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough. | 440 | 390 | 50 | R | 440 | 0 | G | 0 | G | Cathryn James | | N |
| PUBLIC SPACE | | | | | | | | | | | | | |
| ENV32 | Transport: Review of Business Support requirements | 30 | 0 | 30 | R | | | | | | John Bosley | Alternative saving has been agreed and implemented for 2019/20. | Y |
| ENR6 | Waste: Wider Department restructure in Waste Services | 200 | 0 | 200 | R | 75 | 125 | R | 50 | A | John Bosley | This was not delivered in 2018. Review of the current wider Public Space structure is being assessed and business needs along with resource gap being identified. Scheduled. The restructure is now scheduled for the first quarter 2020/21 | Y |
| ENR7 | Transport Services: Shared Fleet services function with LB Sutton | 10 | 0 | 10 | R | | | | | | John Bosley | Alternative saving has been agreed and implemented for 2019/20. | Y |
| Total Environment and Regeneration Savings 2018/19 | | 926 | 403 | 523 | | 674 | 172 | | 97 | | | | |

| Updated 22/01/2020 | | | | | | | | | | | APPENDIX 7 |
|--|--|-------------------------------|----------------|-----|-------------------------------|---------------------------------|-----------|---------------------------------|-----------|---------------------|---|
| DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19 | | | | | | | | | | | |
| Ref | Description of Saving | 2018/19 Savings Required £000 | Shortfall £000 | RAG | 2019/20 Savings Expected £000 | 2019/20 Expected Shortfall £000 | 19/20 RAG | 2020/21 Expected Shortfall £000 | 19/20 RAG | Responsible Officer | Comments |
| | Adult Social Care | | | | | | | | | | |
| CH73 | A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC. | 100 | 23 | R | 100 | 0 | G | 0 | G | Richard Ellis | Balance deferred to 2019/20 |
| CH36 | Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36) | 38 | 38 | R | 38 | 0 | G | 0 | G | Steve Langley | £38k deferred to 2019/20 |
| CH71 | Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council. | 50 | 50 | R | 50 | 0 | R | 0 | G | Phil Howell | Deferred to 2020/21. |
| CH73 | Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool. | 100 | 100 | R | 100 | 0 | R | 0 | G | Richard Ellis | £100k deferred to 2020/21. Part of the Transport review which is about to commence |
| CH74 | The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing | 231 | 231 | R | 231 | 0 | G | 0 | G | Richard Ellis | Team resources have increased and this has enabled to team to catch up on reviews and nil payers, which has netted more then £200k in additional income |
| | Total C & H Savings for 2018/19 | 519 | 442 | | 519 | 0 | | 0 | | | |

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

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

There were no red savings for CSF

APPENDIX 8

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

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

| Ref | Description of Saving | 2017/18 Savings Required £000 | 2017/18 Expected Shortfall £000 | 17/18 RAG | 2018/19 Shortfall £000 | 18/19 RAG | 2019/20 Expected Shortfall £000 | 19/20 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/Underspend? Y/N |
|-------------------|---|-------------------------------|---------------------------------|-----------|------------------------|-----------|---------------------------------|-----------|---------------------|---|--|
| CSF2012-07 | Children Social Care Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post. | 100 | 7 | R | 0 | G | 0 | G | Paul Angeli | The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services. | N |
| | Total Children, Schools and Families Department Savings for 2017/18 | | 7 | | 0 | | 0 | | | | |

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

| Ref | Description of Saving | 2017/18 Savings Required £000 | 2017/18 Shortfall | 17/18 RAG | 2018/19 Shortfall £000 | 18/19 RAG | 2019/20 Expected Shortfall £000 | 19/20 RAG | Responsible Officer | Comments |
|--------|---|-------------------------------|-------------------|-----------|------------------------|-----------|---------------------------------|-----------|---------------------|---|
| | Business improvement | | | | | | | | | |
| CSD42 | Restructure functions, delete 1 AD and other elements of management | 170 | 70 | R | | | | | Sophie Ellis | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
| CS2015 | Staffing support savings | 13 | 13 | R | | | | | Sophie Ellis | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
| | Infrastructure & transactions | | | | | | | | | |
| CS70 | Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team | 35 | 35 | R | | | | | Pam Lamb | Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16) |
| | Resources | | | | | | | | | |
| CSD26 | Delete 1 Business Partner | 78 | 78 | R | 0 | G | | G | Caroline Holland | Due to delays in projects this saving was not achieved until 18/19 |
| | Total Corporate Services Department Savings for 2017/18 | | 196 | | 0 | | 0 | | | |

Updated 22/01/20

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

| Ref | Description of Saving | 2017/18 Savings Required £000 | 2017/18 Shortfall £000 | 17/18 RAG | 2018/19 Shortfall £000 | 18/19 RAG | 2019/20 Expected Shortfall £000 | 19/20 RAG | Responsible Officer | Comments | R /A Included in Forecast Over/Underspend ? Y/N |
|-----|--|-------------------------------|------------------------|-----------|------------------------|-----------|---------------------------------|-----------|---------------------|----------------|---|
| | <u>Adult Social Care</u> | | | | | | | | | | |
| | Total C & H Savings for 2017/18 | | | | | | | | | No Reds | |

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

| Ref | Description of Saving | 2017/18 Savings Required £000 | 2017/18 Savings Achieved £000 | Shortfall | 17/18 RAG | 2018/19 Savings Expected £000 | 2018/19 Shortfall £000 | 18/19 RAG | 2019/20 Savings Expected £000 | 2019/20 Expected Shortfall £000 | 19/20 RAG | Comments | R /A Included in Forecast Over/Underpend? Y/N |
|---|--|-------------------------------|-------------------------------|--------------|-----------|-------------------------------|------------------------|-----------|-------------------------------|---------------------------------|-----------|---|---|
| SUSTAINABLE COMMUNITIES | | | | | | | | | | | | | |
| ER23b | Restructure of team to provide more focus on property management and resilience within the team. | 18 | 0 | 18 | R | 0 | 18 | R | 18 | 0 | A | Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return). | Y |
| D&BC1 | Fast track of householder planning applications | 55 | 0 | 55 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| D&BC2 | Growth in PPA and Pre-app income | 50 | 0 | 50 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| D&BC3 | Commercialisation of building control | 50 | 0 | 50 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| D&BC4 | Deletion of 1 FTE (manager or deputy) within D&BC | 45 | 0 | 45 | R | 45 | 0 | G | 45 | 0 | G | | N |
| D&BC5 | Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC | 35 | 0 | 35 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| D&BC6 | Stop sending consultation letters on applications and erect site notices only | 10 | 0 | 10 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| ENV15 | Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings | 148 | 100 | 48 | R | 148 | 0 | G | 148 | 0 | G | | N |
| ENV20 | Increased income from building control services. | 35 | 0 | 35 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| PUBLIC PROTECTION | | | | | | | | | | | | | |
| E&R14 | Further expansion of the Regulatory shared service. | 100 | 0 | 100 | R | 100 | 0 | G | 100 | 0 | G | | Y |
| ENV02 | Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off. | 190 | 0 | 190 | R | 0 | 190 | R | 0 | 190 | R | Alternative saving required | Y |
| ENV03 | Reduction number of CEO team leader posts from 4 to 3 | 45 | 0 | 45 | R | 0 | 45 | R | 0 | 45 | R | Alternative saving required | Y |
| ENV06 | Reduction in transport related budgets | 46 | 0 | 46 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| ENV09 | Investigate potential commercial opportunities to generate income | 50 | 7 | 43 | R | 0 | 50 | R | 50 | 0 | A | | Y |
| PUBLIC SPACE | | | | | | | | | | | | | |
| E&R16 | Joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C) | 1,500 | 795 | 705 | R | 1,257 | 243 | R | 1500 | 0 | A | Actual savings delivered are being monitored closely | N |
| E&R25 | Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton | 160 | 44 | 116 | R | 160 | 0 | G | 160 | 0 | G | | N |
| ENV12 | Loss of head of section/amalgamated with head of Greenspaces | 70 | 0 | 70 | R | 0 | 70 | R | 0 | 70 | R | Saving has been delayed but in the process of being reviewed but not expected to be achieved until 2020/21. | N |
| ENV13 | Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact. | 70 | 0 | 70 | R | 70 | 0 | G | 70 | 0 | G | | N |
| ENV18 | Increased income from events in parks | 100 | 0 | 100 | R | | | | | | | A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017. | N |
| ENV21 | Reduction in the grant to Wandle Valley Parks Trust | 6 | 0 | 6 | R | 6 | 0 | G | 6 | 0 | G | | N |
| ENV23 | Further savings from the phase C procurement of Lot 2. | 160 | 0 | 160 | R | 82 | 78 | R | 160 | 0 | G | | N |
| ENV25 | Department restructure of the waste section | 191 | 0 | 191 | R | 191 | 0 | G | 191 | 0 | G | | Y |
| Total Environment and Regeneration Savings | | 3,134 | 946 | 2,188 | | 2,059 | 694 | | 2,448 | 305 | | | |

Appendix 9

Subject: Miscellaneous Debt Update December 2019

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 2019, is shown in column F of the table below.

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

Sundry Debtors aged balance – 31 December 2019 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

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

1.3 Since the position was last reported on 30 September 2019, the net level of arrears, i.e. invoices over 30 days old, has decreased by £918,292.

1.4 Since last reported at the end of September Community and Housing debt has increased by £197,651 the majority relates to increase in Adult Social Care debt over 30 day (detailed below in this report). Housing benefit debt has increased by £55,000 (detailed below in this report).

- 1.5 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

The process for collecting debt

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

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

3.1 Adult Social Care Debt

- 3.2 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of this debt is £4.693 million, an increase of £325,000 since last reported in September 2019.
- 3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order;

as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.

- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The Financial Assessments team have been reviewing their clients to ensure that the assessments are accurate and correct. They have reviewed over 600 clients who had previously been assessed as not contributing but now, due to change of their circumstances they have started to charge 137 of these with contributions. The team have also helped these clients claim additional benefits which has resulted in these reassessments
- 3.7 The team have also reviewed clients that have been previously fully costed and in particular where the assessment was made due to the client or their representative not engaging with the process. This will include contacting family members and ensuring all benefits are being claimed by clients.
- 3.8 These projects are time consuming and have required additional resource but will ensure, where possible, clients are making the correct contribution at an earlier stage towards their care, which should reduce large bills coming through at a later stage. It will also ensure that clients are claiming correct benefits and will reduce the council's funding.
- 3.9 For the period 1 October 2019 to 31 December 2019 the council raised invoices for £2,029,000 for Adult Social care clients. As at 18 January 2020 there is still £645,000 or 32% unpaid.
- 3.10 An initiative was commenced in April 2019 to issue communication with all non direct debit payer invoices encourage the take up of direct debit payment method. In April we issued 471 non direct debit emails and managed to increase take up by 62 accounts signing up for direct debit. This exercise was repeated in October.

- 3.11 A further 42 clients signed up for payment by direct debit in October/November 2019. The overall percentage of clients now paying by direct debit is 45.2% (347 out of 767).
- 3.12 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. As at the 30 September 2019 we had passed 34 cases totalling £1.8 million. Of these cases 8 totalling £238,000 were returned as uncollectable after investigations. Another 6 cases totalling £291,000 were paid in full.
- 3.13 As at the end of December 2019 a further £32,000 has been collected. They currently have 18 live cases and they have identified 8 (£416,000) as 70% to 100% prospect of payment, 9 (£741,000) as 50% to 69% prospect of collection, 1 (£73,000) less than 50% prospect of collection. Of the debt outstanding they have indicated that £803,000 could be paid within six months. The team will monitor progress against these time estimates.
- 3.14 Agreement was reached for the Shared Legal Service to undertake legal work for an initial trial period of six months for all debts and this commenced in July 2019. Currently they have 10 cases with a total value of £172,000. Progress has been made on all cases and action commenced, including some legal proceedings. One case where £14,500 of a £16,400 has been paid and another one where £8,000 is due by the end of January 2020.
- 3.15 Cases for all debts types are still being passed to the Shared Legal Service and quarterly progress meetings take place to review processes and collection.
- 3.16 Housing Benefit Overpayments
- 3.17 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.653 million, which is a reduction of £170,000 since last reported at the end of September 2019.
- 3.18 The Department of Work and Pensions commenced a "Real Time" Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.19 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.

- 3.20 The Real Time information initiative continued throughout 2018/19 and will again run in 2019/20 under Verification of Earnings and Pension (VEP) initiative. The council receives notifications every week for cases where the DWP suggests we check earnings details using the real time information.
- 3.21 Since the start of the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month.
- 3.22 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.6 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit
- 3.23 The table below shows breakdown of all housing benefit overpayments by recovery action.

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

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

- 3.24 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process

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

3.25 We commenced another DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for in excess of 291 new attachment to earnings. We currently have £721,000 set to recover by this method. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

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

| Year | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Overpayments raised | 4.67 | 4.56 | 3.66 | 3.74 | 3.10 | 2.14 |
| Overpayments collected | 2.22 | 2.88 | 2.75 | 2.92 | 3.00 | 1.95 |
| Recovered from ongoing benefit | 1.33 | 1.69 | 1.64 | 1.74 | 1.40 | 1.02 |

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

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

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

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

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

3.32 Debt Written Off

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

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

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | | | 2019/20 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | Total | Total | Total | Total | Total | Quarter 1 | Quarter 2 | Quarter 3 | Total |
| Debt type | | | | | | | | | |
| Sundry Debt | £347,726 | £581,419 | £129,338 | £443,317 | £572,301 | £0 | £99,584 | £0 | £99,584 |
| Housing benefit overpayment | £1,050,105 | £510,352 | £517,467 | £512,379 | £364,549 | £28,901 | £94,136 | £97,691 | £220,728 |
| Council Tax | £526,881 | £951,280 | £623,486 | £804,987 | £424,936 | £101,495 | £73,290 | £0 | £174,785 |
| Business Rates | £790,373 | £659,514 | £567,908 | £378,155 | £367,299 | £0 | £0 | £315,523 | £315,523 |
| Total | £2,715,085 | £2,702,565 | £1,838,199 | £2,138,838 | £1,729,085 | £130,396 | £267,010 | £413,214 | £810,620 |

3.34 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2018/19 £2.761 million of business rates debt was written off and £1.5 million (54%) related to businesses that went into liquidation. Of the £315,000 written off in 2019/20 £261,000 relates to businesses that went into liquidation.

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

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

4. **SUNDRY DEBT COLLECTED**

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

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

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

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the 2018/19 accounts for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.442m for Accounts Receivable (including former ASH) miscellaneous debt and £5,890m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9,332m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.
- 5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

| Department | Total Provision | |
|------------------------------|-----------------|---------------|
| | At 31/03/2018 | At 31/03/2019 |
| | £000's | £000's |
| Env & Regeneration | 608 | 701 |
| Corporate Services | 171 | 119 |
| Housing Benefits | 6504 | 5890 |
| Children, Schools & Families | 413 | 426 |
| Community & Housing | 2249 | 2196 |
| Total | 9945 | 9332 |

6. TOTAL DEBT DUE TO MERTON

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

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

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

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

Note 2 Council tax debt now includes unpaid council tax for 2018/19 in March 19 figures hence the increase.

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

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

Car Parking Aged Debtors – 31 December 2019

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

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

Increase/-decrease £335,015+ 2,737+

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

| | | |
|---|---|--------------------|
| Date of meeting: 5 March 2020 | | Appendix 10 |
| Title of report: | Establishment Control and Vacancy reporting – 3rd Quarter 2019/20 | |
| Lead Director: | Caroline Holland | |
| Lead Officer: | Liz Hammond | |
| To which strategic theme(s) does this item relate? | Sustainable communities | |
| | Safer & Stronger communities | |
| | Healthier Communities | |
| | Older People | |
| | Children & Young People | |
| | Corporate Capacity | Yes |
| Is this item for: | Information only? | |
| | Discussion? | Yes |
| | Decision? | |
| If this report is for decision, please list the recommendations that you are making to CMT | 1. | |
| | 2. | |
| | 3. | |
| | 4. | |
| | 5. | |
| Is this report intended to... | Come back to CMT? | No |
| | Go to Leader's Policy Group? | No |

Committee: Financial monitoring scrutiny task group

Date: 5 March 2020

Agenda item:

Wards:

Subject: Establishment Control and Vacancy reporting – 3rd Quarter 2019/20

Lead officer: Liz Hammond – interim HR lead

Lead member: Councillor Mark Allison

Contact officer: Liz Hammond ext 3152

Recommendations:

A. To note the contents of this report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The last report to this committee reported data as at Q2 2019/20 – data as at 30 September 2019.
- 1.2. This report provides data as at 3rd quarter 2019/20 (data as at 31 December 2019). Subject to timing of committee dates updates are provided quarterly, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 1.3. The data reflects further work to align iTrent agency workers and interims with the established posts they are covering.
- 1.4. A mechanism is in place to convert agency workers to Employees, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency on an interim basis and then offered direct employment with no competitive selection.

2 DETAILS

- 2.1. Appendix 10A shows the position as at 31 December 2019. The appendices show vacancies not filled by direct employees, and vacancies not filled by either a direct employee or an agency worker/consultant. The size of establishment is measured in terms of authorised Full Time Equivalents, rather than numbers of posts, and therefore the appendix totals FTEs for budgeted posts, employees, agency workers and vacancies.
- 2.2. The budgeted FTEs at time of revenue budget setting are shown alongside the actual FTE establishment, based on iTrent data and managed through the Establishment Control process. The two figures will vary due, for example, to in-year changes and reorganisations, and due to external funding of posts (as in the case of Regulatory Services, where some

posts are funded by Wandsworth) and posts funded from capital or grants.

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

3 ALTERNATIVE OPTIONS

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

4 CONSULTATION UNDERTAKEN OR PROPOSED

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

5 TIMETABLE

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

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

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

7 LEGAL AND STATUTORY IMPLICATIONS

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

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

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

9 CRIME AND DISORDER IMPLICATIONS

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

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

- Appendix 10A – establishment analysis including FTE agency workers and vacancies as at 31 December 2019

12 BACKGROUND PAPERS

12.1 Previous quarterly reports to Financial Management Task Group

| Column | Explanatory Notes |
|---|--|
| | <p>The tables have been simplified to focus on FTE establishment, FTE employees and agency workers and FTE vacancies - with the aim of making them easier to read and understand.</p> <p>The data excludes Schools and Apprentices</p> |
| Budgeted FTE Establishment | The total budget FTE |
| FTE Employees | Total FTE employees |
| Vacancies: Budgeted FTE less FTE Employees | Budgeted FTE less FTE employees, i.e. the vacancies before accounting for agency workers |
| FTE vacancies covered by agency workers | Total FTE agency workers |
| Unfilled vacancies | Total FTE vacancies not filled by an employee or covered by an agency worker |

OVERALL SUMMARY

APPENDIX A VACANCY DATA FOR MERTON - as at 31st December 2019

As at 31 December 2019

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 489.82 | 31.41 | 521.23 | 432.56 | 88.67 | 62.99 | 25.68 |
| Children Schools and Families | 514.78 | 46.92 | 565.70 | 438.34 | 127.36 | 47.50 | 79.86 |
| Community and Housing | 436.67 | 8.13 | 444.80 | 353.93 | 90.87 | 41.00 | 49.87 |
| Environment and Regeneration | 373.21 | 84.68 | 457.89 | 327.00 | 130.89 | 67.00 | 63.89 |
| Total | 1814.48 | 171.14 | 1989.62 | 1551.83 | 437.79 | 218.49 | 219.30 |

As at 30 September 2019

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 489.82 | 30.21 | 520.03 | 428.58 | 91.45 | 57.99 | 33.46 |
| Children Schools and Families | 514.78 | 44.69 | 563.47 | 437.57 | 125.90 | 48.30 | 77.60 |
| Community and Housing | 436.67 | 3.14 | 439.81 | 356.48 | 83.33 | 41.00 | 42.33 |
| Environment and Regeneration | 373.21 | 80.30 | 453.51 | 334.19 | 119.32 | 60.89 | 58.43 |
| Total | 1814.48 | 158.34 | 1976.82 | 1556.82 | 420.00 | 208.18 | 211.82 |

As at 30 June 2019

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 489.82 | 25.22 | 515.04 | 422.65 | 92.39 | 50.99 | 41.40 |
| Children Schools and Families | 514.78 | 49.78 | 565.56 | 445.19 | 120.37 | 51.93 | 68.44 |
| Community and Housing | 436.67 | -4.26 | 432.41 | 351.34 | 81.07 | 32.00 | 49.07 |
| Environment and Regeneration | 373.21 | 77.36 | 450.57 | 328.72 | 121.85 | 59.00 | 62.85 |
| Total | 1814.48 | 148.10 | 1963.58 | 1547.90 | 415.68 | 193.92 | 221.76 |

As at 31st March 2019

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 503.41 | 19.53 | 522.94 | 437.49 | 85.45 | 58.59 | 26.86 |
| Children Schools and Families | 526.03 | 42.91 | 568.94 | 451.57 | 117.37 | 64.93 | 52.44 |
| Community and Housing | 421.38 | 8.53 | 429.91 | 348.34 | 81.57 | 36.60 | 44.97 |
| Environment and Regeneration | 306.31 | 134.76 | 441.07 | 329.71 | 111.36 | 56.19 | 55.17 |
| Total | 1757.13 | 205.73 | 1962.86 | 1567.11 | 395.75 | 216.31 | 179.44 |

As at 31st December 2018

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 503.41 | 16.53 | 519.94 | 437.23 | 82.71 | 54.29 | 28.42 |
| Children Schools and Families | 526.03 | 41.42 | 567.45 | 461.28 | 106.17 | 60.60 | 45.57 |
| Community and Housing | 421.38 | 8.57 | 429.95 | 342.38 | 87.57 | 36.60 | 50.97 |
| Environment and Regeneration | 306.31 | 134.34 | 440.65 | 330.95 | 109.70 | 53.79 | 55.91 |
| Total | 1757.13 | 200.86 | 1957.99 | 1571.84 | 386.15 | 205.28 | 180.87 |

As at 30th September 2018

| Department | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|-------------------------------|---------------------|---------------------|--------------------------|----------------|--|---|--------------------|
| Corporate Services | 503.41 | 19.35 | 522.76 | 433.98 | 88.78 | 56.69 | 32.09 |
| Children Schools and Families | 526.03 | 41.62 | 567.65 | 459.43 | 108.22 | 65.20 | 43.02 |
| Community and Housing | 421.38 | 4.71 | 426.09 | 340.64 | 85.45 | 28.60 | 56.85 |
| Environment and Regeneration | 306.31 | 139.24 | 445.55 | 329.88 | 115.67 | 54.60 | 61.07 |
| Total | 1757.13 | 204.92 | 1962.05 | 1563.93 | 398.12 | 205.09 | 193.03 |

As at 30th June 2018

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

| Department / Team | Sub Team (if any) | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|--|--|---------------------|---------------------|--------------------------|---------------|--|---|--------------------|
| Chief Exec - Management | | 2 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Chief Exec - Management Total | | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Corporate Governance | | | | | | | | |
| Democracy Services | | 13.70 | 0.00 | 13.70 | 13.64 | 0.06 | 0.00 | 0.06 |
| Electoral Services | | 4.50 | 0.08 | 4.58 | 4.00 | 0.58 | 1.00 | -0.42 |
| Information | | 10.73 | 0.00 | 10.73 | 9.87 | 0.86 | 0.00 | 0.86 |
| South London Legal Partnership | | 110.50 | 4.14 | 114.64 | 83.65 | 30.99 | 31.99 | -1.00 |
| Management | | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Corporate Governance Total | | 140.43 | 4.22 | 144.65 | 112.16 | 32.49 | 32.99 | -0.50 |
| Customers, Policy and Improvement | | | | | | | | |
| Continuous Improvement | | 4.00 | 1.00 | 5.00 | 4.00 | 1.00 | 0.00 | 1.00 |
| Customer Contact & Communication | Communications | 6.50 | 0.80 | 7.30 | 6.30 | 1.00 | 0.00 | 1.00 |
| | Customer Contact | 28.48 | 5.85 | 34.33 | 24.99 | 9.34 | 7.00 | 2.34 |
| | | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 |
| Customer Contact Programme | | 0.00 | 3.00 | 3.00 | 1.00 | 2.00 | 2.00 | 0.00 |
| Policy Strategy & Partnerships | | 5.60 | 0.00 | 5.60 | 5.60 | 0.00 | 1.00 | -1.00 |
| Management | | 3.00 | 0.00 | 3.00 | 2.00 | 1.00 | 0.00 | 1.00 |
| Customers, Policy and Improvement Total | | 48.58 | 10.65 | 59.23 | 43.89 | 15.34 | 10.00 | 5.34 |
| Executive | | | | | | | | |
| Executive Assistant | | 1 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Executive Total | | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Human Resources | | | | | | | | |
| Human Resources | Advice and Consultancy | 7.00 | 1.50 | 8.50 | 7.11 | 1.39 | 0.00 | 1.39 |
| | HR Processing and Report | 7.00 | -1.00 | 6.00 | 5.80 | 0.20 | 0.00 | 0.20 |
| | Organisational Development & HR Strategy | 12.00 | -1.22 | 10.78 | 8.78 | 2.00 | 1.00 | 1.00 |
| | Recruitment | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 | 1.00 | -1.00 |
| | Staff Side - Merton | 2.54 | 1.00 | 3.54 | 3.54 | 0.00 | 0.00 | 0.00 |
| | Management | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 |
| HR Total | | 32.54 | 0.28 | 32.82 | 28.23 | 4.59 | 2.00 | 2.59 |
| Infrastructure & Technology | | | | | | | | |
| Business Systems Team | | 25.20 | 3.00 | 28.20 | 25.20 | 3.00 | 3.00 | 0.00 |
| Client Financial Affairs Team | | 6.00 | -0.29 | 5.71 | 5.51 | 0.20 | 0.00 | 0.20 |
| Commercial Services | | 9.00 | 0.00 | 9.00 | 7.00 | 2.00 | 0.00 | 2.00 |
| Facilities Management | Compliance and Maintenance | 9.20 | -0.10 | 9.10 | 8.56 | 0.54 | 0.00 | 0.54 |
| | Energy and Sustainability | 3.00 | -1.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Facilities | 5.60 | 0.00 | 5.60 | 5.60 | 0.00 | 0.00 | 0.00 |
| | Major Projects | 3.00 | 0.00 | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 |
| | Post & Print | 12.43 | 0.00 | 12.43 | 10.57 | 1.86 | 1.00 | 0.86 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| IT Service Delivery | Business Development and Projects | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 | 0.00 | 0.00 |
| | IT Customer Support & Services | 12.00 | 0.00 | 12.00 | 11.00 | 1.00 | 1.00 | 0.00 |
| | IT Operations | 11.00 | 3.00 | 14.00 | 10.00 | 4.00 | 1.00 | 3.00 |
| Management | 2.00 | 3.00 | 5.00 | 2.00 | 3.00 | 2.00 | 1.00 | |
| Safety Services | | 4.00 | 1.00 | 5.00 | 4.00 | 1.00 | 0.00 | 1.00 |
| Transactional Services | Trans Services (Accounts) | 8.00 | 0.00 | 8.00 | 8.00 | 0.00 | 0.00 | 0.00 |
| | Trans Services (Care First) | 2.60 | 0.00 | 2.60 | 2.60 | 0.00 | 0.00 | 0.00 |
| | Vendor Maintenance Officer | 1.71 | 0.00 | 1.71 | 1.00 | 0.71 | 0.00 | 0.71 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Management | | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Infrastructure & Technology Total | | 121.74 | 8.61 | 130.35 | 110.04 | 20.31 | 11.00 | 9.31 |
| Resources | | | | | | | | |
| Accountancy | Budget Team | 14.60 | 1.00 | 15.60 | 9.86 | 5.74 | 4.00 | 1.74 |
| | Corporate Accountancy | 5.60 | 3.40 | 9.00 | 7.71 | 1.29 | 1.00 | 0.29 |
| | Service Financial Adviser CSF | 4.53 | 2.00 | 6.53 | 5.33 | 1.20 | 1.00 | 0.20 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Financial Strategy and Capital | | 9.00 | -0.20 | 8.80 | 8.60 | 0.20 | 0.00 | 0.20 |
| Revenues and Benefits | Bailiffs | 18.60 | 0.00 | 18.60 | 18.39 | 0.21 | 0.00 | 0.21 |
| | Council Tax Incl R&B | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| | Council Tax Incl R&B Team 2 | 22.39 | 0.03 | 22.42 | 20.79 | 1.63 | 0.00 | 1.63 |
| | HB Support | 10.00 | 0.00 | 10.00 | 9.80 | 0.20 | 0.00 | 0.20 |
| | Housing Benefits Incl Appeals | 35.36 | 1.00 | 36.36 | 31.96 | 4.40 | 0.00 | 4.40 |
| | Income Collection C Tax Recovery | 11.80 | 0.17 | 11.97 | 11.80 | 0.17 | 0.00 | 0.17 |
| | Management & Support | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Treasury & Insurance | | 4.65 | 0.25 | 4.90 | 4.00 | 0.90 | 1.00 | -0.10 |
| Management | | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Resources Total | | 142.53 | 7.65 | 150.18 | 134.24 | 15.94 | 7.00 | 8.94 |
| Management | | | | | | | | |
| Management | | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Management Total | | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Grand Total | | 489.82 | 31.41 | 521.23 | 432.56 | 88.67 | 62.99 | 25.68 |

| Department / Team | Sub Team (if any) | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|---|---|---------------------|---------------------|--------------------------|---------------|--|---|--------------------|
| Children's Social Care & Youth Inclusion | | | | | | | | |
| Adolescent and Family Services | Restorative Justice and Partnerships | | | 1.20 | 1.20 | 0.00 | 0.00 | 0.00 |
| | Risk and Desistance | | | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| | Tackling Exploitation Team | 3.00 | 0.00 | 3.00 | 2.00 | 1.00 | 0.00 | 1.00 |
| | Transforming Families Team | 12.00 | 1.00 | 13.00 | 7.77 | 5.23 | 0.00 | 5.23 |
| | Youth Justice Team (Risk and Court) | 5.46 | -0.60 | 4.86 | 4.00 | 0.86 | 0.00 | 0.86 |
| | Youth Justice Team (Safeguarding and Partnerships) | 5.20 | -0.60 | 4.60 | 3.00 | 1.60 | 0.00 | 1.60 |
| | Management | 2.00 | 0.50 | 2.50 | 2.50 | 0.00 | 0.00 | 0.00 |
| Children's Social Care Business | Business Support (AFS) | 4.80 | 1.20 | 6.00 | 3.60 | 2.40 | 0.00 | 2.40 |
| | Business Support (MASH/FR/Bond Road) | 6.40 | -0.40 | 6.00 | 2.20 | 3.80 | 1.00 | 2.80 |
| | Business Support (PLACCL) | 7.40 | -0.40 | 7.00 | 6.00 | 1.00 | 0.00 | 1.00 |
| | Business Support (QAPD) | 6.60 | 1.60 | 8.20 | 5.60 | 2.60 | 0.00 | 2.60 |
| | Business Support (Safeguarding/VCT/CWD) | 6.00 | 1.50 | 7.50 | 7.20 | 0.30 | 0.00 | 0.30 |
| | Finance Team - Children's Social Care | 4.50 | 1.00 | 5.50 | 3.50 | 2.00 | 0.00 | 2.00 |
| | Management | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 |
| MASH & Child Protection Services | First Response Team 1 | 5.00 | 0.00 | 5.00 | 3.00 | 2.00 | 2.00 | 0.00 |
| | First Response Team 2 | 5.00 | 1.00 | 6.00 | 3.00 | 3.00 | 3.00 | 0.00 |
| | First Response Team 3 | 5.00 | 0.00 | 5.00 | 4.00 | 1.00 | 1.00 | 0.00 |
| | First Response Team 4 | 4.00 | -2.00 | 2.00 | 4.00 | -2.00 | 0.00 | -2.00 |
| | MASH | 7.60 | 0.00 | 7.60 | 6.00 | 1.60 | 3.00 | -1.40 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Permanency, Looked after Children | 14+ Looked After & Leaving Care | 16.69 | 1.60 | 18.29 | 17.11 | 1.18 | 0.00 | 1.18 |
| | Adoption Team | 8.90 | -0.40 | 8.50 | 3.60 | 4.90 | 2.00 | 2.90 |
| | Fostering Team | 5.60 | 0.00 | 5.60 | 5.00 | 0.60 | 0.00 | 0.60 |
| | Permanency | 7.10 | -0.10 | 7.00 | 7.30 | -0.30 | 0.00 | -0.30 |
| | Quality Assurance & Panel | 1.00 | -1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Management | 9.60 | 3.00 | 12.60 | 7.60 | 5.00 | 2.00 | 3.00 |
| | Quality Assurance and Practice Development | 13.60 | 1.50 | 15.10 | 10.20 | 4.90 | 1.00 | 3.90 |
| Safeguarding and Planning | Safeguarding and Care Planning Team 1 | 5.00 | 1.00 | 6.00 | 5.00 | 1.00 | 0.00 | 1.00 |
| | Safeguarding and Care Planning Team 2 | 5.00 | 1.00 | 6.00 | 6.00 | 0.00 | 0.00 | 0.00 |
| | Safeguarding and Care Planning Team 3 | 5.00 | 0.00 | 5.00 | 4.00 | 1.00 | 0.00 | 1.00 |
| | Safeguarding and Care Planning Team 4 | 6.00 | 0.00 | 6.00 | 5.00 | 1.00 | 1.00 | 0.00 |
| | Safeguarding and Care Planning Team 5 | 5.00 | 1.00 | 6.00 | 4.00 | 2.00 | 2.00 | 0.00 |
| | Safeguarding and Care Planning Team 6 | 7.60 | -1.60 | 6.00 | 4.00 | 2.00 | 1.00 | 1.00 |
| | Management | 2.00 | 3.00 | 5.00 | 3.00 | 2.00 | 0.00 | 2.00 |
| Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | |
| Children's Social Care & Youth Inclusion Total | | 191.05 | 12.80 | 206.05 | 153.38 | 52.67 | 19.00 | 33.67 |
| Education Division | | | | | | | | |
| Contracts and School Organisation | Contracts Management | 6.00 | 0.00 | 6.00 | 6.00 | 0.00 | 1.00 | -1.00 |
| | Schools Admissions | 5.00 | 0.00 | 5.00 | 4.91 | 0.09 | 0.00 | 0.09 |
| Early Years Childcare and Child Development | Brightwell Team | 3.00 | 0.00 | 3.00 | 2.00 | 1.00 | 0.00 | 1.00 |
| | Children's Centres | 12.50 | 2.26 | 14.76 | 12.17 | 2.59 | 0.50 | 2.09 |
| | Continuous Improvement, Inclusion, Portage and Outreach | 32.40 | -1.40 | 31.00 | 27.40 | 3.60 | 2.00 | 1.60 |
| | Early Years 0-5s Supporting Families | 46.03 | 11.89 | 57.92 | 40.58 | 17.34 | 0.00 | 17.34 |
| | Family Support Centre Bond Road | 15.20 | -0.20 | 15.00 | 12.00 | 3.00 | 2.00 | 1.00 |
| | Funded Places, Sufficiency and Information | 16.60 | 2.80 | 19.40 | 13.30 | 6.10 | 1.00 | 5.10 |
| | Resources, Systems and Service Development | 4.92 | 0.58 | 5.50 | 3.50 | 2.00 | 0.00 | 2.00 |
| | Management | 8.11 | -1.00 | 7.11 | 5.71 | 1.40 | 2.00 | -0.60 |
| | Management | 1.69 | 0.00 | 1.69 | 2.00 | -0.31 | 0.00 | -0.31 |
| Education Inclusion | Education Welfare Service | 9.84 | 2.11 | 11.95 | 9.67 | 2.28 | 2.00 | 0.28 |
| | Learning Behaviour & Language Team | 16.65 | 2.08 | 18.73 | 15.33 | 3.40 | 6.00 | -2.60 |
| | Merton Advice and Support | 0.00 | 1.00 | 1.00 | 2.00 | -1.00 | 0.00 | -1.00 |
| | MIASS | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| | My Futures Team | 8.60 | 2.40 | 11.00 | 7.51 | 3.49 | 2.00 | 1.49 |
| | Participation | 2.00 | 4.09 | 6.09 | 5.34 | 0.75 | 0.00 | 0.75 |
| | Virtual Behaviour Service (Youth Inclusion) | 11.07 | 0.63 | 11.70 | 9.80 | 1.90 | 0.00 | 1.90 |
| | Youth Service | 12.46 | 0.65 | 13.11 | 9.67 | 3.44 | 0.00 | 3.44 |
| | Management | 3.00 | -2.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Merton School Improvement | Education Support Team | 1.50 | -1.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Equality & Diversity | 3.83 | -0.33 | 3.50 | 3.00 | 0.50 | 0.00 | 0.50 |
| | Governance Team | 2.83 | 0.17 | 3.00 | 3.00 | 0.00 | 0.00 | 0.00 |
| | MSI Business Support Team | | | 1.80 | 1.80 | 0.00 | 0.00 | 0.00 |
| | Schools ICT Support | 6.86 | -0.26 | 6.60 | 5.60 | 1.00 | 0.00 | 1.00 |
| | Strategic School Improvement | 6.80 | -0.60 | 6.20 | 6.20 | 0.00 | 1.00 | -1.00 |
| | Virtual Team | 5.83 | 0.24 | 6.07 | 4.93 | 1.14 | 1.00 | 0.14 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Policy, Planning & Performance | Business Support Team (CSPD) | 3.00 | -1.00 | 2.00 | 1.66 | 0.34 | 0.00 | 0.34 |
| | MCSB | 3.40 | -0.80 | 2.60 | 2.60 | 0.00 | 0.00 | 0.00 |
| | Performance Analysis | 0.00 | 3.66 | 3.66 | 2.00 | 1.66 | 3.00 | -1.34 |
| | Research & Information | 4.66 | -1.00 | 3.66 | 0.00 | 3.66 | 1.00 | 2.66 |
| | Management | 3.36 | 1.00 | 4.36 | 2.36 | 2.00 | 2.00 | 0.00 |
| SEN & Inclusion Service | 0-25 SEND Intervention Team | 3.33 | 0.67 | 4.00 | 1.00 | 3.00 | 0.00 | 3.00 |
| | Assessment, Planning and Resource Team | 11.51 | 1.02 | 12.53 | 10.60 | 1.93 | 2.00 | -0.07 |
| | Children with Disability Social Work Team | 8.00 | 1.00 | 9.00 | 8.60 | 0.40 | 0.00 | 0.40 |
| | Educational Psychology Service | 14.85 | 1.13 | 15.98 | 15.66 | 0.32 | 0.00 | 0.32 |
| | SEN Team | 11.46 | 3.40 | 14.86 | 10.06 | 4.80 | 0.00 | 4.80 |
| | Sensory Impairment Service | 5.00 | 0.06 | 5.06 | 4.20 | 0.86 | 0.00 | 0.86 |
| | Short Breaks Team | 3.00 | 0.00 | 3.00 | 2.00 | 1.00 | 0.00 | 1.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Education Division Total | | 318.29 | 32.75 | 352.84 | 279.16 | 73.68 | 28.50 | 45.18 |
| Joint Commissioning & Partnerships | | | | | | | | |
| Joint Commissioning & Partnerships | | 3.44 | 1.37 | 4.81 | 3.80 | 1.01 | 0.00 | 1.01 |
| Commissioning, Strategy And Performance Division Total | | 3.44 | 1.37 | 4.81 | 3.80 | 1.01 | 0.00 | 1.01 |
| Management & Exec Assistant | | | | | | | | |
| Management & Exec Assistant | | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Management & Exec Assistant total | | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Grand Total | | 514.78 | 46.92 | 565.70 | 438.34 | 127.36 | 47.50 | 79.86 |

| Department / Team | Sub Team (if any) | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE Employees | FTE vacancies covered by agency workers | Unfilled vacancies |
|--|---------------------------------------|---------------------|---------------------|--------------------------|---------------|--|---|--------------------|
| Adult Social Care | | | | | | | | |
| Adult Social Care | Commissioning & Market Development | | 9.00 | 9.00 | 7.00 | 2.00 | 0.00 | 2.00 |
| | Long Term Services | 47.82 | -5.97 | 41.85 | 35.30 | 6.55 | 11.00 | -4.45 |
| | Mental Health Team | 34.25 | -7.22 | 27.03 | 18.31 | 8.72 | 6.00 | 2.72 |
| | Operations | 80.36 | 12.55 | 92.91 | 74.11 | 18.80 | 8.00 | 10.80 |
| | Operations and Commissioning | 27.00 | -4.19 | 22.81 | 18.31 | 4.50 | 3.00 | 1.50 |
| | Management | 8.00 | -1.00 | 7.00 | 4.00 | 3.00 | 0.00 | 3.00 |
| Adult Social Care Total | | 197.43 | 3.17 | 200.60 | 157.03 | 43.57 | 28.00 | 15.57 |
| C&H Strategy & Improvement | | | | | | | | |
| | | 0.00 | 10.40 | 10.40 | 3.00 | 7.40 | 2.00 | 5.40 |
| C&H Strategy & Improvement | | 0.00 | 10.40 | 10.40 | 3.00 | 7.40 | 2.00 | 5.40 |
| Housing Services | | | | | | | | |
| Housing Needs | Advice & Options | 12.50 | -1.00 | 11.50 | 11.00 | 0.50 | 1.00 | -0.50 |
| | Development | 5.00 | 0.00 | 5.00 | 4.00 | 1.00 | 0.00 | 1.00 |
| | Environmental Health (Housing) Team | 8.03 | -3.00 | 5.03 | 2.80 | 2.23 | 2.00 | 0.23 |
| | Housing Strategy | 0.00 | 4.00 | 4.00 | 1.00 | 3.00 | 3.00 | 0.00 |
| | Management | 3.00 | 2.00 | 5.00 | 4.00 | 1.00 | 0.00 | 1.00 |
| Housing Services Total | | 28.53 | 2.00 | 30.53 | 22.80 | 7.73 | 6.00 | 1.73 |
| Libraries, Heritage and Adult Education Service | | | | | | | | |
| Library Service | Heritage Centre | 1.00 | 1.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Mitcham Library | 3.80 | 0.00 | 3.80 | 3.80 | 0.00 | 0.00 | 0.00 |
| | Morden Library | 5.46 | 0.00 | 5.46 | 5.46 | 0.00 | 0.00 | 0.00 |
| | Pollards Hill & Colliers Wood Library | 3.17 | 0.40 | 3.57 | 3.57 | 0.00 | 0.00 | 0.00 |
| | Raynes Park & West Barnes Library | 3.27 | 0.01 | 3.28 | 3.27 | 0.01 | 0.00 | 0.01 |
| | Resources Team | 2.00 | -0.50 | 1.50 | 1.50 | 0.00 | 0.00 | 0.00 |
| | Service Development | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Wimbledon Library | 7.45 | -0.02 | 7.43 | 6.44 | 0.99 | 0.00 | 0.99 |
| | | 1.50 | 0.50 | 2.00 | 2.50 | -0.50 | 0.00 | -0.50 |
| Adult Learning | | 3.75 | -0.15 | 3.60 | 3.80 | -0.20 | 0.00 | -0.20 |
| Management | | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Libraries, Heritage and Adult Education Service Total | | 33.40 | 2.24 | 35.64 | 35.34 | 0.30 | 0.00 | 0.30 |
| Provider Services | | | | | | | | |
| All Saints/High Path Day Centre | All Saints | 9.52 | -0.52 | 9.00 | 8.23 | 0.77 | 0.00 | 0.77 |
| | High Path | 8.81 | -1.10 | 7.71 | 6.51 | 1.20 | 0.00 | 1.20 |
| | | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Jan Malinowski/Eastways Centre | Eastways Day Centre | 8.02 | -0.52 | 7.50 | 7.50 | 0.00 | 0.00 | 0.00 |
| | Jan Malinowski Centre | 29.75 | -0.54 | 29.21 | 28.16 | 1.05 | 0.00 | 1.05 |
| | | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Supported Living/Mascot/Glebelands | Glebelands | 10.17 | 0.80 | 10.97 | 9.60 | 1.37 | 0.00 | 1.37 |
| | Mascot | 18.97 | 3.91 | 22.88 | 16.57 | 6.31 | 0.00 | 6.31 |
| | Support Living Services | 27.15 | 0.45 | 27.60 | 12.89 | 14.71 | 0.00 | 14.71 |
| | | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Meadowsweet/Riverside | Meadowsweet | 11.17 | -3.25 | 7.92 | 8.00 | -0.08 | 0.00 | -0.08 |
| | Riverside Drive | 15.16 | -0.95 | 14.21 | 13.21 | 1.00 | 0.00 | 1.00 |
| | | 0.00 | 1.57 | 1.57 | 1.57 | 0.00 | 0.00 | 0.00 |
| Merton Employment Team | | 2.93 | -0.33 | 2.60 | 2.46 | 0.14 | 0.00 | 0.14 |
| Service Provision Business Support | | 3.60 | -0.60 | 3.00 | 1.60 | 1.40 | 1.00 | 0.40 |
| Provider Services | Management | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Provider Services Total | | 145.25 | 2.92 | 148.17 | 120.30 | 27.87 | 1.00 | 26.87 |
| Public Health Team | | | | | | | | |
| Public Health Team | | 18.06 | -2.60 | 15.46 | 12.46 | 3.00 | 3.00 | 0.00 |
| Public Health Team Total | | 18.06 | -2.60 | 15.46 | 12.46 | 3.00 | 3.00 | 0.00 |
| Management | | | | | | | | |
| Management | | 14.00 | -10.00 | 4.00 | 3.00 | 1.00 | 1.00 | 0.00 |
| Management Total | | 14.00 | -10.00 | 4.00 | 3.00 | 1.00 | 1.00 | 0.00 |
| Grand Total Community & Housing | | 436.67 | 8.13 | 444.80 | 353.93 | 90.87 | 41.00 | 49.87 |

| Department / Team | Sub Team (if any) | Original Budget FTE | Budget FTE Variance | iTrent FTE Establishment | FTE Employees | Vacancies: iTrent Estab FTE less FTE | FTE vacancies covered by agency workers | Unfilled vacancies |
|---|---------------------------------------|---------------------|---------------------|--------------------------|---------------|--------------------------------------|---|--------------------|
| Public Protection | | | | | | | | |
| Parking & CCTV Services | Parking Services | 73.50 | 11.00 | 84.50 | 66.01 | 18.49 | 12.00 | 6.49 |
| Regulatory Services Partne | Administration and Finance | 17.50 | -14.50 | 3.00 | 2.00 | 1.00 | 1.00 | 0.00 |
| | Business Development | 1.00 | 0.00 | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 |
| | Commercial Services | 3.00 | 2.00 | 5.00 | 2.00 | 3.00 | 0.00 | 3.00 |
| | Environmental Health (Commercial) | 17.48 | -7.00 | 10.48 | 5.00 | 5.48 | 2.00 | 3.48 |
| | Environmental Health (Pollution) | 6.34 | 6.66 | 13.00 | 10.44 | 2.56 | 4.00 | -1.44 |
| | Licensing | 10.00 | 1.00 | 11.00 | 3.90 | 7.10 | 5.00 | 2.10 |
| | Residential & Pollution Services | 18.31 | -8.31 | 10.00 | 5.40 | 4.60 | 1.00 | 3.60 |
| | Trading Standards | 13.29 | -2.09 | 11.20 | 9.39 | 1.81 | 0.00 | 1.81 |
| | Wandsworth Regulatory Services Team | 23.50 | 36.47 | 59.97 | 44.66 | 15.31 | 5.00 | 10.31 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Safer Merton | CCTV | 9.00 | 0.00 | 9.00 | 8.00 | 1.00 | 0.00 | 1.00 |
| Management | Management | 8.49 | 0.37 | 8.86 | 6.80 | 2.06 | 0.00 | 2.06 |
| Management | Management | 1.40 | 0.00 | 1.40 | 0.40 | 1.00 | 1.00 | 0.00 |
| Public Protection total | | 203.81 | 25.60 | 229.41 | 165.00 | 64.41 | 32.00 | 32.41 |
| Public Realm Contracting and Commissioning | | | | | | | | |
| Leisure & Culture Develop | Leisure Support Services | 2.80 | 1.00 | 3.80 | 3.80 | 0.00 | 0.00 | 0.00 |
| | Wimbledon Park Watersports Centre | 5.00 | 2.00 | 7.00 | 3.00 | 4.00 | 0.00 | 4.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 1.00 | -1.00 |
| Leisure & Culture Greensp | Arboricultural | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Events | 1.00 | 0.40 | 1.40 | 0.00 | 1.40 | 0.00 | 1.40 |
| | Greenspaces Development | 5.90 | 0.40 | 6.30 | 6.10 | 0.20 | 0.00 | 0.20 |
| | Mitcham Common | 0.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Management | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Strategic Partnership Team | | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Waste Engagement & Enfo | Community Waste Partnerships | 2.00 | 0.00 | 2.00 | 1.00 | 1.00 | 0.00 | 1.00 |
| | Enforcement and Inspection | 1.50 | 4.50 | 6.00 | 4.40 | 1.60 | 0.00 | 1.60 |
| | Management | 0.00 | 1.00 | 1.00 | 0.60 | 0.40 | 0.00 | 0.40 |
| Waste Services | Finance & Administration Support | 2.00 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| | Finance and Performance | 3.00 | 0.00 | 3.00 | 1.16 | 1.84 | 1.00 | 0.84 |
| | Service Development & Strategy | 2.69 | 2.00 | 4.69 | 2.29 | 2.40 | 0.00 | 2.40 |
| | Training and Road Safety | 1.00 | 0.00 | 1.00 | 0.50 | 0.50 | 0.00 | 0.50 |
| | Transport and Operations | 39.36 | 6.57 | 45.93 | 42.27 | 3.66 | 0.00 | 3.66 |
| | Management | 1.00 | 1.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Management | Management | 5.40 | 2.63 | 8.03 | 4.71 | 3.32 | 1.00 | 2.32 |
| Public Realm Contracting and Commissioning | | 76.65 | 24.5 | 101.15 | 80.83 | 20.32 | 3.00 | 17.32 |
| Sustainable Communities | | | | | | | | |
| Business Performance (Sustainable Communities) | Business Performance | 1.00 | 0.57 | 1.57 | 1.00 | 0.57 | 0.00 | 0.57 |
| Development Control | Admin & Finance | 5.00 | 1.00 | 6.00 | 5.00 | 1.00 | 2.00 | -1.00 |
| | Building Control | 9.30 | 2.31 | 11.61 | 4.00 | 7.61 | 1.00 | 6.61 |
| | Enforcement | 5.45 | 0.05 | 5.50 | 3.50 | 2.00 | 2.00 | 0.00 |
| | Planning Mitcham & Morden | 6.00 | 5.00 | 11.00 | 10.00 | 1.00 | 2.00 | -1.00 |
| | Planning Wimbledon | 5.50 | 0.50 | 6.00 | 4.00 | 2.00 | 2.00 | 0.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| futureMerton | Commissioning | 8.44 | 8.31 | 16.75 | 7.43 | 9.32 | 6.00 | 3.32 |
| | Economy | 4.46 | 1.54 | 6.00 | 4.34 | 1.66 | 0.00 | 1.66 |
| | Infrastructure | 24.00 | 7.30 | 31.30 | 22.30 | 9.00 | 9.00 | 0.00 |
| | Programming | 13.00 | 7.00 | 20.00 | 10.00 | 10.00 | 8.00 | 2.00 |
| | Management | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Property Management | Estates (Property Management) | 3.00 | 0.00 | 3.00 | 2.00 | 1.00 | 0.00 | 1.00 |
| | Finance & Admin (Property Management) | 1.60 | 0.00 | 1.60 | 1.00 | 0.60 | 0.00 | 0.60 |
| | Management - | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 |
| Management | Management | 2.00 | 0.00 | 2.00 | 1.60 | 0.40 | 0.00 | 0.40 |
| Sustainable Communities Total | | 90.75 | 34.58 | 125.33 | 79.17 | 46.16 | 32.00 | 14.16 |
| Management | | | | | | | | |
| Management | | 2 | 0.00 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Management Total | | 2 | 0 | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| Grand Total | | 373.21 | 84.68 | 457.89 | 327.00 | 130.89 | 67.00 | 63.89 |

Analysis of staffing variances

Appendix 11

This appendix is provided to FMTG in response to a request for spend analysis for staffing in addition to the headcount numbers provided in the establishment report. Staffing budgets and forecast spend for 19/20 is provided by department to the same division of service level provided in the report.

Corporate Services

| Division | 2019/20 Salary Budget £000 | 2019/20 Agency Budget £000 | 2019/20 Salary forecast £000 | 2019/20 Agency forecast £000 | 2019/20 Salary variance £000 | 2019/20 Agency variance £000 | 2019/20 Total variance £000 |
|---------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Customers, Policy & Improvement | 2,257 | 22 | 2,066 | 209 | -191 | 187 | -4 |
| Infrastructure & Technology | 5,735 | 149 | 5,289 | 712 | -445 | 563 | 117 |
| Corporate Governance | 7,646 | 0 | 6,409 | 1,687 | -1,237 | 1,687 | 450 |
| Resources | 6,724 | 2 | 6,905 | 599 | 181 | 597 | 778 |
| Human Resources | 1,826 | 0 | 1,572 | 318 | -254 | 318 | 64 |
| Corporate Items | 0 | 0 | -4 | 0 | -4 | 0 | -4 |
| Total | 24,187 | 173 | 22,238 | 3,524 | -1,949 | 3,351 | 1,402 |

Customers, Policy & Improvement

The agency budget is mainly for the transformation reserve funded project. The agency forecast includes cover for maternity and sick leave in Merton Link as well as for vacancies in the Communications team and Policy and Strategy team pending permanent recruitment.

Infrastructure & Technology

Overall the adverse variance is mainly due to the Facilities Management external fees account where spend is recovered by charges to clients. Other areas covering permanent vacancies with agency include the Business Systems Team and IT Service Delivery due to short-term project work as well as difficulty experienced in recruiting permanently to some posts. The post room also has a vacancy covered by agency staff as the post is due for deletion in 20/21 as part of planned savings. Agency budget held is for reserve funded projects in the Business Systems Team.

Corporate Governance

The total variance above includes £288k for Advocates salaries in the shared legal service, however, these are recharged to clients (both other boroughs and Merton) quarterly in line with their usage. Agency staff are heavily used in SLLp due to difficulty in recruiting permanently to many of the Lawyer posts. In Electoral Services agency spend has been used to cover a vacancy at short notice in the lead up to elections.

Resources

£519k overspend from the Bailiffs service due to fixed term posts and commission which is funded by the additional enforcement income they generate. Agency staff are covering vacancies in Corporate Accountancy and Budget Management due to the level of staffing required at key points in the year and difficulty encountered in recruiting to some posts permanently. Agency staff have also been used to cover posts in Insurance and Financial Strategy and Capital as well as Financial Information Systems team until a temporary worker became permanent earlier in the year. Revenues and Benefits Business Admin and the Local Taxation Services use Civica on Demand services to cover vacancies and work pressures as well as having regular overtime spend.

Human Resources

Agency cover is being used for the Head of HR and Head of Organisational Development posts. Agency spend has also been on an extra resource to assist with implementing the new recruitment system. Part of the salary underspend is due to implementing new HR staffing structure early, ahead of savings for 20/21.

Environment & Regeneration

| Division | 2019/20 Salaries Budget £'000 | 2019/20 Agency Budget £'000 | 2019/20 Salaries Forecast £'000 | 2019/20 Agency Forecast £'000 | 2019/20 Salaries Variance £'000 | 2019/20 Agency Variance £'000 | 2019/20 Total Variance £'000 |
|-------------------------|-------------------------------|-----------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|------------------------------|
| Public Protection | 9,368 | 135 | 8,158 | 871 | (1,210) | 736 | (474) |
| Public Space | 3,329 | 1 | 3,387 | 91 | 58 | 90 | 148 |
| Sustainable Communities | 4,327 | 647 | 3,916 | 1,169 | (411) | 521 | 111 |
| Senior Management | 753 | 0 | 581 | 335 | (172) | 335 | 163 |
| TOTAL | 17,777 | 783 | 16,043 | 2,465 | (1,734) | 1,682 | (52) |

Public Protection

The agency budget for Public protection is for one Richmond pollution post within the Regulatory Services Partnership (RSP) that is Local Implementation Plan (LIP) TfL funded, one temporary post within RSP, and one MiB (Merton Improvement Board) funded post within Parking Services.

The total variance is made up of (£488k) within the RSP due to a few vacancies, (which is partially offset by an underachievement of recharge income of £395k), (£58k) within Safer Merton due to vacancies, and +£73k within Parking Services due to a saving not being achieved (a replacement saving has been agreed for 2020/21).

Public Space

The total variance mainly relates to Greenspaces (£54k) due to the implementation of a saving being delayed until 2020/21, and Waste Services (£70k) which is mainly due to the implementation of a saving being delayed until 2020/21, and the temporary employment of a Public Space Inspector to provide greater resilience in the monitoring of our service provider performance. This role is scheduled to come to an end in March.

Sustainable Communities

Sustainable Communities total variance is mainly within Development & Building Control (£104k), as a result of additional resources being provided for the planning enforcement team to enable it to clear the backlog of cases.

Senior Management

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

Children, Schools and Families

| Division | 2019/20 Salary Budget £'000 | 2019/20 Agency Budget £'000 | 2019/20 Salary forecast £'000 | 2019/20 Agency forecast £'000 | 2019/20 Salary variance £'000 | 2019/20 Agency variance £'000 | 2019/20 Total variance £'000 |
|---------------------------------|--------------------------------------|--------------------------------------|--|--|--|--|---------------------------------------|
| Education | 9,309 | 383 | 7,799 | 933 | (1,510) | 549 | (960) |
| Social Care and Youth Inclusion | 7,499 | 510 | 6,052 | 1,851 | (1,447) | 1,341 | (105) |
| Cross Department budgets | 278 | | 266 | | (12) | 0 | (12) |
| Total (controllable) | 17,086 | 893 | 14,117 | 2,784 | (2,969) | 1,890 | (1,079) |

Education

Total staffing under-spend of £960k is primarily as a result of current vacancies within the establishment, hence increased agency staff usage. Primary service areas attributed to the £548k agency adverse variance include Education Inclusion £48k, Policy/Planning/Performance £225k and Early Years £227k.

As part of management action to reduce the overall in-year departmental overspend, recruitment to vacancies within the Early Years' service has been delayed, resulting in a £720k salary under-spend. There are earmarked savings of £150k in 2020/21.

The Policy, Planning and Performance team have recently restructured. There are currently five vacancies in the establishment. The service are looking to recruit in the coming months. Currently vacancies have been covered by agency staff in the interim.

SEN are currently under-established. Service is undergoing a cleansing exercise in relation to client costs and operations therefore will be looking to recruit to vacancies in the new financial year.

Other areas covering permanent vacancies with agency include Education Inclusion, Contracts and Procurement/School Organisation teams.

Social Care and Youth Inclusion

The MASH and Child Protection service is struggling to recruit qualified social workers and have had several unsuccessful campaigns. Consequently, the service is heavily reliant on agency staff to undertake front door operations. As a result, there is an £745k over-spend in agency staff costs (included within the £1.341m). In addition, the safeguarding teams are also struggling to recruit appropriate social workers, resulting in a £332k over-spend in agency costs (included within the £1.341m).

Other areas where agency are covering permanent vacancies include Access to Resources team, senior management team and permanency and placements teams.

Community & Housing

| Divisions | 2019/20 Salary Budget £000 | 2019/20 Agency Budget £000 | 2019/20 Salary forecast £000 | 2019/20 Agency forecast £000 | 2019/20 Salary variance £000 | 2019/20 Agency variance £000 | 2019/20 Total variance £000 |
|---------------------------|---|---|---|---|---|---|--|
| Access & Assessment - ASC | 7,699 | 416 | 6,553 | 1,402 | -1,146 | 986 | -160 |
| Commissioning - ASC | 1,304 | 9 | 1,314 | 141 | 10 | 100 | 110 |
| Direct Provision - ASC | 4,910 | 10 | 4,970 | 28 | 61 | 18 | 79 |
| Directorate - ASC | 1,640 | 0 | 1,414 | 333 | -226 | 333 | 107 |
| Libraries | 1,078 | 0 | 1,052 | 35 | -26 | 35 | 9 |
| Merton Adult Learning | 193 | 0 | 167 | 0 | -26 | 0 | -26 |
| Public Health | 1,161 | 0 | 875 | 264 | -287 | 264 | -22 |
| Housing | 1,210 | 20 | 920 | 263 | -290 | 243 | -47 |
| Total | 19,195 | 455 | 17,265 | 2,467 | -1,930 | 1,980 | 50 |

Access & Assessment and Commissioning

During 2019-20 there was a restructure in Access & Assessment and Commissioning and as a result there were several social worker vacancies. A decision was taken to fill these posts with agency staff to enable the continuity of service. Additionally, it should be noted that there are several posts included in these services which are funded either by a grant or the Better Care Fund.

Direct Provision (In-house Residential, Supported Living & Day Care)

There are several vacancies and sickness in this service and in order to comply with the Care Quality Commission (CQC) regulation regarding the required number of staff on duty in a 24 hours' services the division is utilising agency and bank staff.

Directorate

This area includes the cost to date of additional staff involved in the Community & Housing strategic improvement development programme.

Libraries

Underspend in this area is due to one vacant post, and agency was utilised to cover maternity leave in the service.

Merton Adult Learning

This team had one post vacant for 6 months and the new starter commenced on a lower scale point than budgeted. Merton Adult Learning is funded by a grant and any amount not spent on staff cost is allocated to other adult Learning expenditure.

Public Health

Public Health is currently using agency staff to cover a vacant post and for maternity cover. An attempt was made to recruit into the vacant post, but this was unsuccessful due to the grade offered. Another recruitment drive is expected to commence in June 2020.

Housing

There are several posts in this area which are supported by one off grant allocations for specific projects. There is also an additional issue regarding the recruitment of environmental health officers due to the high demand for such professionals in London thus to assist with current workload, and to undertake work on HMO's licencing (Homes in Multiple Occupation) they are utilising agency staff.

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Committee: Overview and Scrutiny Commission – Financial Monitoring Task Group

Date: 5 March 2020

Subject: Proposed work programme for 2020/21

Lead officer: Julia Regan, Head of Democracy Services

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

Recommendations:

- A. That, in order to assist the Overview and Scrutiny Commission to make a decision on task group activity for 2020/21, the task group discuss and identify potential work that it would undertake if re-established by the Commission.
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1 TERMS OF REFERENCE

- 1.1. To date, the terms of reference of the financial monitoring task group have been:
- I. To carry out scrutiny of the council's financial monitoring information on behalf of the Overview and Scrutiny Commission;
 - II. To advise on other agenda items as requested by the Overview and Scrutiny Commission;
 - III. To report minutes of its meetings back to the Overview and Scrutiny Commission;
 - IV. To send via the Commission any recommendations or references to Cabinet, Council or other decision making bodies.
- 1.2. The meetings of the task group have been held in public and the agenda and minutes are published on the Council's website.

2 TASK GROUP WORK PROGRAMME 2019/20

- 2.1. The task group's work programme for 2019/20 is set out overleaf.

| Date | Financial monitoring reports | Other work |
|--|-------------------------------------|--|
| 17 July 2019 | Outturn report 2018/19 | Work programme |
| 29 August 2019 | Quarter 1 2019/20 | Customer contact programme – lessons learned |
| 14 January 2020 (moved from 12 Nov) | Quarter 2 2019/20 | Allocation of grants – voluntary sector strategic programme Shared services |
| 5 March 2020 (moved from 24 Feb) | Quarter 3 2019/20 | Future capital programme– deep dive review Social care charging |

3 CONSIDERATION OF 2020/21 WORK PROGRAMME ITEMS

- 3.1. Task group members are requested to reflect on what was achieved in 2019/20 and, should the task group be re-constituted, what it would like to achieve in 2020/21.
- 3.2. In respect of the financial monitoring items, members are asked to advise on whether the task group would wish to continue to scrutinise the outturn report prior to receipt by Standards and General Purposes Committee. An alternative would be to receive the 2019/20 outturn report at the same meeting as the quarter 1 monitoring report for 2020/21.
- 3.3. Members are asked to make suggestions for deep dive items that the task group could consider. This list will be added to through suggestions from the Commission, departmental management teams, residents and councillors as part of the topic suggestion process. The long list will be discussed at the topic workshops as usual and decisions on work programme items will be made at the Commission's meeting in July. If the task group is re-constituted it will be able to discuss and shape its work programme at its first meeting in the new municipal year.