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Merton Council

Cabinet Agenda

Membership

Councillors:

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

Date: Monday 13 July 2020

Time: 7.15 pm

Venue: This will be a virtual meeting and therefore will not take place in a physical location, in accordance with s78 of the Coronavirus Act 2020.

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<https://www.youtube.com/user/MertonCouncil>.

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Cabinet Agenda

13 July 2020

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Note on declarations of interest

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

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.

CABINET

15 JUNE 2020

(7.15 pm - 8.15 pm)

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

ALSO PRESENT: Councillors Nick McLean and Peter Southgate

Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Rachael Wardell (Director, Children, Schools & Families Department), Louise Round (Managing Director, South London Legal Partnership and Monitoring Officer), Matt Burrows (Head of Communications and Customer Experience), Octavia Lamb (Policy and Research Officer (Labour Group)), Paul McGarry (FutureMerton Manager), Louise Fleming (Senior Democratic Services Officer) and Amy Dumitrescu (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 28 April 2020 are agreed as an accurate record.

4 THE COUNCIL'S RESPONSE TO THE COVID-19 PANDEMIC (Agenda Item 4)

The Leader of the Council introduced the report which set out the Council's response to the Covid-19 pandemic, thanking the Cabinet Members for their input into the response. He highlighted the mobilisation of staff to the frontline to support those residents vulnerable to the virus; the speedy allocation of financial support to local businesses and the creation of a volunteer hub to help out those most in need. The Council had also joined a pan-London procurement exercise with London Councils for the purchase of additional Personal Protective Equipment (PPE). Council officers have worked closely with schools to ensure the safeguarding of vulnerable children and provided accommodation to rough sleepers in the borough. Trading Standards officers had been working with businesses in the borough to assist them with plans to

safely reopen and transport plans had been put in place to assist with social distancing. He paid tribute to a number of local community organisations, including the Food Bank operation at the New Horizons Centre in Pollards Hill; Merton Mutual Aid Group in Wimbledon; the Dons Local Action Group, Old Wimbledonians; and Mitcham and Tooting FC. He also thanked the Members of Parliament, London Mayor and London Assembly Member.

At the invitation of the Chair, the Chief Executive joined the Chair in thanking all those residents, staff and voluntary sector and community groups for their efforts in tackling the pandemic.

The Cabinet Member for Adult Social Care, Health and the Environment expanded on the points made regarding shielding vulnerable residents and the procurement of PPE. He added his thanks to officers in public health and social care and welcomed the collaborative working relationship with partners in the health sector. He noted the Council's focus on its care providers since the outbreak of the pandemic, which would continue to be supported, and the Council's response to the Government's request to set out its plan was appended to the Cabinet report. The Council was in the process of distributing the additional Government funding to care homes to assist with infection control. He addressed the request of the Government for Local Authorities to set out Local Outbreak Control Plans, and the details of which were set out in the report and would be discussed at the Health and Wellbeing Board, with a further update to Cabinet in due course. Finally he advised that the NHS would be rolling out a campaign, supported by the Council and the CCG, to inform residents that the NHS is still open to them, in response to concerns that there had been a rise in fatalities due to people not presenting early enough.

The Deputy Leader and Cabinet Member for Finance thanked the officers involved in providing financial support to residents in need and to local businesses. It was noted that the Council was in the top three boroughs in London for distributing financial support to businesses. He expressed disappointment in the Government's discretionary support scheme for local businesses which was too small and therefore the Council was only able to help 1-200 businesses or charities out of the thousands in the borough. In addition to this, the Council's discretion was limited by the Government's criteria around which businesses could receive the funding. He implored the Government to expand the scheme to include other organisations impacted by the pandemic. The Deputy Leader highlighted the financial impact of the pandemic on the Council's finances and the financial assistance provided by the Government which only covered a quarter of the Council's costs to date. He also took the opportunity to thank all those working in the voluntary sector for their efforts during the pandemic.

The Chair echoed the comments made on behalf of the Council and all local authorities and advised that the Local Government Association would continue to lobby the Government to properly fund the pandemic response and recovery.

The Cabinet Member for Voluntary Sector, Partnerships and Community Safety welcomed the support of the Merton Voluntary Service Council and other voluntary sector organisations and expressed her thanks for their efforts. She paid tribute to

the Police in their engagement with the community and the consequent good levels of compliance with Covid conditions and low numbers of fines issued.

The Chair echoed the comments and expressed his thanks to the Borough Commander and the BCU.

The Cabinet Member for Commerce, Leisure and Culture advised the Cabinet that the borough's parks continued to be popular during lockdown and the Council would be working with the Police to ensure social distancing measures were adhered to; and a temporary ban on barbeques in parks was in place. Plans had been developed to reopen libraries in July, whilst maintaining the safety of staff and users. Officers were working closely with the leisure provider, GLL, on their recovery plan towards reopening in July.

The Cabinet Member for Women and Equalities thanked the Director of Children, Schools and Families for her work on assessing the impact of Covid on BAME communities.

The Chair thanked all for their contributions.

RESOLVED: That Cabinet noted the steps taken by the Council in response to the Covid-19 Pandemic.

5 MERTON'S COVID-19 TRANSPORT PLAN (Agenda Item 5)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the Council's emergency transport response to the Covid-19 pandemic and to aid social distancing, provide more space for walking and cycling and support the local economy. The measures included widening road and pavements and temporary cycle lanes. The temporary works would be followed by longer term works to improve walking and cycling routes throughout the borough to meet the Council's long term sustainability and active travel goals. It was important as lockdown eased that the borough did not return to pre-Covid levels of traffic congestion. The Cabinet Member outlined the consultation which had taken place and responses received and thanked the officers involved for their work in such a short space of time and the residents for their engagement.

The Chair thanked all those involved for their work. The Director of Environment and Regeneration advised that the strategy would be taken through the Council's scrutiny process over the coming months.

The Cabinet Member for Adult Social Care, Health and the Environment welcomed the report and the measures which would promote more sustainable and active modes of transport, contributing to the improvement of air quality and improving residents' health.

The Cabinet Member for Voluntary Services, Partnerships and Community Safety welcomed the report and thanked the Cabinet Member and officers for looking into the issues raised by residents, particularly on congestions around schools.

The Chair thanked all for their contributions.

RESOLVED:

- A. That the Merton's Active & Healthy Travel Response to Covid-19 be endorsed.
- B. That the submission of funding bids to Department for Transport and Transport for London be noted and that the extent of projects delivered will be dependent on the funding made available to the Council.

6 SOUTH LONDON WASTE PLAN - SUBMISSION TO THE SECRETARY OF STATE (Agenda Item 6)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the draft South London Waste Plan, a supplementary planning document for the identification of waste management sites, and highlighted the removal of Benedict Wharf from waste management and the change of use of the site from industrial to residential, which would be considered by the Planning Applications Committee. Following agreement by all four boroughs in the Waste Partnership, the Plan would be submitted to the Secretary of State for final approval.

The Chair thanked the Cabinet Member for his report.

RESOLVED

- A. That Cabinet notes the recommendations from the Borough Plan Advisory Committee and recommends to Council that the draft South London Waste Plan be submitted to the Secretary of State, understanding that this will be preceded by a statutory six-week pre-submission publication period.
- B. That approval of any amendments arising during or subsequent to the Examination-in-Public be delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing.

7 ADOPTION OF MERTON'S SUSTAINABLE DRAINAGE SUPPLEMENTARY PLANNING DOCUMENT (Agenda Item 7)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the draft supplementary planning document for sustainable drainage and the public realm.

RESOLVED

- A. That, following the recommendation from Borough Planning Advisory Committee on 5th March 2020, the Sustainable Drainage (SUDS) Design and Evaluation Supplementary Planning Document, known as the SUDS SPD, be adopted.

8 ADOPTION OF MERTON'S STATEMENT OF COMMUNITY INVOLVEMENT (PLANNING) (Agenda Item 8)

The Cabinet Member for Regeneration, Housing and Transport presented the report which sets out how the Council will involve local people, businesses, stakeholders and other interested parties in development planning documents and planning applications. There had been a number of changes to planning legislation since the last Statement of Community Involvement was adopted, including the advent of social media which have changed the way public consultation is carried out and therefore the document has been updated to reflect this.

The Chair welcomed the report which was important for engaging the community in the Council's work.

RESOLVED

- A. That, following recommendation from the Borough Plan Advisory Panel (BPAC) on 5th March 2020, the Statement of Community Involvement (SCI) be adopted.

9 ADDITIONS TO THE LOCAL LIST (Agenda Item 9)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the recommendations of the Borough Plan Advisory Committee in respect of additions to Merton's locally listed buildings to recognise their contribution to the heritage of the borough. The proposed additions had been through an extensive consultation process and had been assessed by the Council's conservation officers against seven criteria and proposals amended as necessary in response to the consultation responses. The Cabinet Member thanked the Borough Plan Advisory Committee for their work and addressed their recommendations. He proposed a minor addition to the third recommendation for an annual review to be carried out, subject to the availability of necessary resources and capacity as it was a very extensive piece of work.

RESOLVED

That, having considered the advice from the Borough Plan Advisory Committee, the Cabinet resolves to:

- A Recommend the proposed additions to the Merton Local List to Council for adoption.
- B Agree that 4-7 Upper Green East and 7-11 Upper Green West will not be recommended to Full Council for addition to the Merton Local List.
- C. Undertake a review of and consultation on additions to the Local List each year, subject to the availability of necessary resources, and present the report to the Borough Plan Advisory Committee.

10 LONDON BOROUGH OF MERTON INSURANCE TENDER (Agenda Item 10)

The Deputy Leader and Cabinet Member for Finance presented the report which set out the proposal to award the contract for the London Borough of Merton insurance contracts for Property, Liability, Motor and Travel. He thanked the Director of Corporate Services and the officers involved for their work during this period.

The Director of Corporate Services advised that a lot of the Council's insurance was recovered from schools and local businesses. Officers are monitoring the sustainability of those businesses and will report back if there are any changes throughout the course of the year.

The Chair thanked those involved.

RESOLVED

That the Merton Insurance Contract 2020-26 be awarded to Bidder E (Lot 1,2 and 3) and Bidder C (Lot 4) for an initial period of 3 years 7 months years with the option to extend for a further 2 years.

That authority be delegated to the Director of Corporate Services, in consultation with the Lead member for Finance to approve the extension of this contract, if required from April 2024 to March 2026.

11 EXCLUSION OF THE PUBLIC (Agenda Item 11)

The Cabinet noted the information contained in the exempt appendices at Item 12 and therefore the meeting remained in public session.

12 LONDON BOROUGH OF MERTON INSURANCE TENDER - EXEMPT APPENDICES (Agenda Item 12)

The Cabinet noted the information contained in the exempt appendices and the meeting remained in public session. The decision is set out under Item 10 above.

Committee: Cabinet

Date: 13 July 2020

Wards: All

Subject: Reference to Cabinet from Overview and Scrutiny Commission on the outcome of pre-decision scrutiny of the Climate Change Strategy and Action Plan

Lead officer: Julia Regan, Head of Democracy Services

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

Contact officer: Julia Regan, Head of Democracy Services, 0208 545 3864

Recommendations:

1. That Cabinet consider the recommendations of the Overview and Scrutiny Commission when taking a decision on the Climate Change Strategy and Action Plan.
 2. That Cabinet provides a formal response to the Sustainable Communities Overview and Scrutiny Panel at its meeting on 1 September, setting out for each recommendation whether the recommendation is accepted, partially accepted or rejected.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report provides Cabinet with information about the outcome of pre-decision scrutiny of the Climate Change Strategy and Action Plan that was carried out by the Overview and Scrutiny Commission at its meeting on 24 June 2020.
- 1.2. The Commission welcomed the Climate Change Strategy and endorsed its objectives and proposed direction of travel. The recommendations set out below were intended to assist Cabinet and Council in taking this important policy initiative forward and to ensure that progress is subject to scrutiny.
- 1.3. The Overview and Scrutiny Commission recommended that:
 - the Climate Change Strategy and Action Plan be embedded in all Merton's policies where relevant, just as the equalities policy is now
 - the Sustainable Communities Overview and Scrutiny Panel should be asked to monitor delivery of the Climate Change Strategy and Action Plan and successor plans for the next 30 years
 - delays in the adoption of the Local Plan be used to check that its policies reflect the ambitions of the Climate Change Strategy and Action Plan, including in relation to the promotion of low car and no car environments for new housing developments
 - the role of the voluntary and charity sector, including Sustainable Merton, in encouraging individual actions to mitigate climate change is recognised and supported by the Council

- 1.4. Details of the discussion are recorded and published in the minutes of the Commission's meeting.

2 ALTERNATIVE OPTIONS

- 2.1. Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.
- 2.2. Cabinet is not, however, required to agree and implement recommendations from overview and scrutiny. Cabinet could agree to implement some, or none, of the recommendations made by the Overview and Scrutiny Commission.

3 CONSULTATION UNDERTAKEN OR PROPOSED

- 3.1. Not applicable.

4 TIMETABLE

- 4.1. The recommendations were agreed by the Commission at its meeting on 24 June for presentation to Cabinet at its meeting on 13 July. Cabinet is asked to provide a formal response to the Sustainable Communities Overview and Scrutiny Panel at its meeting on 1 September 2020.

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1. None for the purposes of this report. Any specific resource implications will be identified in the Climate Change Strategy and Action Plan report elsewhere on Cabinet's agenda.

6 LEGAL AND STATUTORY IMPLICATIONS

- 6.1. None for the purposes of this report.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 7.1. None for the purposes of this report.

8 CRIME AND DISORDER IMPLICATIONS

- 8.1. None for the purposes of this report.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 9.1. None for the purposes of this report.

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

None

11 BACKGROUND PAPERS

- 11.1. None

Committee: Cabinet

Date: 13th July 2020

Wards: All Wards

Subject: Adoption of the 2020 Climate Change Strategy and Action Plan

Lead officer: Director of Environment and Regeneration Chris Lee

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

Contact officer: Katie Halter, katie.halter@merton.gov.uk, 0208 545 3821

Recommendations for Cabinet:

- A. That Cabinet recommends the 2020 Climate Strategy and Action Plan to Council for adoption.
 - B. That Cabinet notes the significant cost to the Council and to the residents and businesses of Merton to become zero carbon, as well as the need for a national Green recovery programme to shift towards a zero carbon economy and a more sustainable future.
 - C. That Cabinet recommends to Council that it lobby for further funding and policy changes at national level to support the delivery of the 2020 Climate Strategy and Action Plan.
-

Draft Recommendations for Council:

- A. That Council adopts Merton's 2020 Climate Strategy and Action Plan (see Appendix 1).
 - B. That responsibility for overseeing the delivery of the 2020 Climate Strategy and Action Plan is delegated to Cabinet.
 - C. That Council notes the significant cost to the Council and to the residents and businesses of Merton to become zero carbon as well as the need for a national Green recovery programme to shift towards a zero carbon economy and a more sustainable future.
 - D. That the Council lobby for further funding and policy changes at national level to support the delivery of the 2020 Climate Strategy and Action Plan.
 - E. That delegated authority is given to the Director of Environment and Regeneration, Chris Lee in consultation with the Cabinet Member for Adult Social Care, Health and the Environment, Councillor Tobin Byers, to make minor amendments before publication.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The Climate Strategy and Action Plan is the proposed formal response to the net-zero greenhouse gas emissions targets set by full Council in July 2019.

- 1.2. The report sets out a complete framework of actions and a strategic approach which, if met, will enable Merton to become carbon neutral by 2050, and the Council's buildings and services to become carbon neutral by 2030. The plan notes that, at present, not all of the actions have funding identified.
- 1.3. The Council has continued to work on this alongside Covid 19 work, since the climate emergency is one which will still need to be addressed with the same urgency as we recover from the pandemic.

2 DETAILS

- 2.1. Merton was responsible for producing up to 0.7 million tonnes of carbon emissions in 2017. These emissions are mainly caused by the use of gas and electricity in our buildings, and from petrol and diesel vehicles on Merton's roads. Although not possible to accurately quantify, it is thought that Merton also indirectly influences carbon emissions from products and services consumed by Merton's inhabitants that are greater than the sum of direct emissions. The Council's buildings, transport and services are responsible for around 2% of Merton's greenhouse gas emissions [1].
- 2.2. The Council's July 2019 Climate Emergency Declaration [2] was a cross party motion that received unanimous support. It recognised the irrefutable evidence of the damaging impacts of climate change across the globe if greenhouse gas emissions are not reduced. The declaration committed to:
"....work towards ensuring that the borough is carbon neutral by 2050, in line with the Mayor and the Government's targets. Achieving this will require significant investment and policy initiatives from the Government, and Council hopes it would be achieved earlier than 2050;
.....work towards ensuring that the Council is carbon neutral by 2030, recognising the leadership role it has in the borough;"
- 2.3. The declaration led to the formation of the Climate Emergency Working Group. Chaired by Cllr Tobin Byers, the group was made up of 16 volunteer residents, business and community representatives from a range of different sectors. They provided valuable input into every aspect of the plan; by bringing new expertise to the table, reflecting the views of a wide range of stakeholders, and providing oversight and challenge to the process.
- 2.4. The 2020 Climate Strategy and Action Plan sets out a vision for a low carbon Merton and an approach to achieving that vision through the combined efforts of the Council, residents, communities, businesses and those who deliver key services in Merton.
- 2.5. Action taken by Merton since the adoption of Merton's first Climate Strategy [3] in 2009 has been significant, including a reduction in the Council's own emissions by 40%. The proposed 2020 Climate Strategy and Action Plan represents an acceleration and expansion of activities to reflect new evidence on the pace and scale of change needed to avoid the risk of average global temperatures increasing by more than 1.5 degrees [4, 5].
- 2.6. The actions support the major transformations that would be needed:

- better insulated buildings supplied by low carbon energy;
 - a reduction in petrol and diesel road vehicles in favour of active and sustainable travel;
 - a change in focus towards a green and circular economy;
 - and a greater use of vegetation to adapt to the effects of rising temperatures such as prolonged spells of intense hot weather and increased local flooding.
- 2.7. If fully met, the actions would reduce all major sources of greenhouse gas emissions to near zero by the target dates. At present, not all of the actions have funding identified, and this is identified in the plan.
- 2.8. The actions are wide-ranging and not limited to Council activities, reflecting the fact that over 90% sources of carbon emissions are beyond the direct reach of the Council. The success of some actions is dependent on key changes to national government policy and increased funding. The plan recognises the key role that the Council plays in leading by example, in lobbying for wider change and funding, and in developing policies and programmes which support the delivery of the targets, within all areas of the Council's operations and the policies which impact the wider borough.
- 2.9. Analysis of global emissions suggest that the impacts of the Covid-19 pandemic will result in the largest ever annual fall in greenhouse gas emissions [6]. More locally, environmental improvements such as air quality have been tangible. Whilst recognising that activities will change as lockdown is eased, where possible we are seeking to harness some of the behaviours that have led to such as marked reduction in carbon emissions. The plan reflects the intention to lobby for and take advantage of opportunities that facilitate a "green recovery".
- 2.10. We are also seeking to perpetuate and expand upon the collaborative approach used to develop the 2020 Climate Strategy and Action Plan as we move towards accelerating action to tackle climate change within the borough. The plan commits to the formation of an implementation group to facilitate this process.
- 2.11. This report seeks delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Adult Social Care, Health and the Environment to make minor amendments (such as grammatical changes, factual updates to recognise any new government laws or council initiatives, and graphic design) to Merton's 2020 Climate Strategy and Action Plan prior to publication.

3 ALTERNATIVE OPTIONS

- 3.1. Alternative Option 1: Delay the adoption of the 2020 Climate Strategy and Action Plan until more detailed actions and costs are known: The Climate Strategy and Action Plan is intended to be used as an overarching and long-term framework from which detailed actions both within and outside of the Council can be formed. As such, a delay in publishing this framework is likely to delay the development of collective actions and potentially focus effort on actions which will not ultimately lead to a significant reduction in

greenhouse gas emissions. Due to their long-term nature, all actions will necessarily need to be updated and adjusted on a regular basis as they are developed.

- 3.2. Alternative Option 2: Limit action plan to Council-only activities: Our latest estimates suggest that greenhouse gas emissions from Merton's operational buildings, transport and procured activities account for just 2% of the total emissions produced in Merton each year. So limiting the action plan only to the Council activities means that it would not be possible to meet the 2050 Borough-wide target.
- 3.3. Alternative Option 3: Do nothing: This is not an option without the council reversing the Declaration of Climate Emergency it made in July 2019.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Extensive public and internal consultation has taken place in the development of the Climate Strategy and Action Plan.
- 4.2. To establish a robust approach based on the best available evidence, LBM commissioned consultants to develop a greenhouse gas inventory and a pathway to net-zero, and to advise on necessary actions and costs [1]. In addition, a wide-ranging evidence review was carried out including technical data on greenhouse gas impacts and "softer" evidence on the most cost effective ways to deliver a reduction in carbon emissions.
- 4.3. To ensure that the process was transparent, open to the challenge and involved the views of key stakeholders, the Climate Emergency Working Group oversaw the work undertaken by Climate Change officers, linked with community groups and inputted their own expertise which culminated in a series of discrete recommendations for the plan. Details of the members, papers and minutes of these meetings are available on Merton Council's Climate Emergency Working Group web page [7]. Merton's Sustainable Communities and Transport Partnership and a number of individual community groups, businesses, delivery partners and organisations were also consulted.
- 4.4. To enable full public participation, a climate change survey was published and widely advertised using the Council's web pages, my Merton, social media and Community Forums. The over 600 respondents were overwhelmingly in favour of strong action to reduce carbon emissions in Merton. The consultation highlighted key barriers and put forward many suggested actions [8].
- 4.5. We also consulted council officers in all Departments to assess the extent to which current Council policies and programmes are likely to be consistent with meeting the greenhouse gas emission targets and identify major gaps in potential activities and funding.
- 4.6. A stakeholder workshop was held on 26 February 2020 with council staff and representatives from a range of businesses, groups and organisations in Merton to inform the action plan.

- 4.7. From the wide range of consultation responses we can understand the scale of Merton's emissions, what needs to be done to reduce those emissions and the potential actions that are needed [9].

5 TIMETABLE

- 5.1. The Overview and Scrutiny Committee supported the adoption of the Climate Strategy and Action Plan when it was considered the on 24th June. If recommended by Cabinet on 13th July, it will be considered by Full Council on 16th September 2020 or the next available Council meeting.
- 5.2. The implementation of the action plan will take place over the next thirty years, spanning the duration of the targets. A Delivery Plan will be developed, and regularly reviewed to track progress of individual actions where the Council has a significant role to play, through agreed milestones.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Whilst we can be clear about what needs to be done we cannot be certain how. The cost of necessary investment across the borough in privately owned homes, businesses and means of transport will require many hundreds of millions of pounds. The cost to the Council of meeting its carbon challenge amounts to c£88M. In the current financial climate post Covid, it is not possible to confirm where and when this funding will be available.
- 6.2. A major part of the Council's role will be to seek external resources, lobby for policy and regulatory changes to support investment in the right infrastructure and to pursue a green recovery. It is clear given the cost estimates included in this report that this plan – even the 2030 targets that relate to the Council's emissions, cannot be delivered from existing Council resources alone.

INVESTMENT COSTS FOR THE 2030 TARGET

- 6.3. Based on high-level estimates [10], costs associated with meeting the Council's 2030 target are likely to be in the region of £88M; the majority of which is to upgrade the building stock that is owned and operated by the Council and the replacement of the Council's vehicle fleet. The investments could lead to cumulative fuel bill savings of around £5M to 2030, which may reach up to £17M by 2050. It is important to note that these estimated costs have not yet been built into the Council's MTFS yet and will require the redirecting of resources from existing spending plans. Further, given the time lag on certain Capital schemes it is important that urgent attention be given to developing affordable proposals if the target is to be met by 2030.
- 6.4. Half of the above £88M cost relates to Community Schools meeting the net zero carbon standard. Works are likely to be extensive, replacing the full gas fired heating system and major changes to the fabric of the building. It is likely the school building would need to be vacated during the building works. It is suggested a detailed feasibility study is undertaken at a small number of schools to determine the feasibility, including displacement costs,

which may increase the above cost by some 25%. There is presently not a government requirement to meet this standard so there is no government funding to do so, and so Community Schools are likely to be the only types of school within the borough to meet this standard. The council receives a government grant of some £1.9 million per annum for capital maintenance for Community Schools and only a proportion of this could be used as it would still be required for essential capital maintenance items.

SOCIATAL INVESTMENT COSTS FOR THE 2050 TARGET

- 6.5. Cost estimates undertaken by the technical consultants for the 2050 borough target are highly uncertain and likely to change as new technology is adopted, prices change and innovative financial structures are formed to help reduce the initial up-front costs. Currently, the estimated cumulative marginal additional investments that are needed within Merton to achieve all major transformations are in the region of £3bn to 2050. These are mainly focused on achieving zero-carbon buildings, a fossil fuel-free vehicle stock and an infrastructure that will support the change in energy and transport supply. Measures largely result in a reduction or switch in energy source which produces an ongoing saving once the initial investment has been made. The cumulative ongoing savings to 2050 are estimated to be in the region of £2.1bn. Costs would fall to residents, businesses, service providers and the Council.
- 6.6. The 2020 Climate Strategy and Action Plan sets out an overall approach to Council spend on reducing climate emissions which is focussed on using available resources in the most efficient way possible to support the major transformations needed to meet the targets.
- 6.7. For the 2050 target, the extent to which any costs will be borne by the Council is currently uncertain. Many actions contained in the plan are not funded and lie in areas that are beyond the reach and responsibility of the Council. For example, all of the borough's existing buildings will need to become highly energy efficient and run on carbon-free energy by 2050. Up-front investment costs, at roughly £2.8bn for Merton, are beyond what residents and businesses can afford, but as yet no National decarbonisation strategy or funding is in place.
- 6.8. Council spend will depend on future decisions taken as actions are developed in further detail, costs to the Council are estimated and budgets assessed in light of fully scrutinised business cases and policy proposals. There will be regular discussions with the finance team as the actions are developed in more detail.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There is no statutory requirement for Local Authorities to set climate targets, or produce a Climate Strategy or an Action Plan set out in the Climate Change Act 2008. Local Authorities are, however, obliged to be in keeping with the objectives of policies implemented by the Greater London Authority and National Government through obligations set out in grant funding agreements, under regulatory arrangements such as through air quality

reviews and monitoring under the Environment Act 1995 and national planning law including the Planning Act 2008 and in development of local plans under the Planning and Compulsory Purchase Act 2004, where the local planning authority must have regard to national policies.

7.2. The summary of initial actions for Merton's Delivery Plan refers to Merton's 2050 target that is intended to be consistent with the ambitions set out in the Mayor of London's 1.5 degree compatible action plan, and the Climate Change Act 2008, which presently sets a target for the UK to be net-zero by 2050.

7.3. In order to carry out the investments and actions required of this report the Council must follow, where appropriate, the Council's contract standing orders and at present include the Public Contracts Regulations 2015 in relation to entering into public contracts.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. "*Reaping the benefits for all*" forms part of the strategic approach set out in Merton's 2020 Climate Strategy and Action Plan. It highlights the Council's ambition to ensure that neither the effects of climate change, nor the costs of reducing emissions disproportionately affect the vulnerable or those less able to pay.

8.2. It also identifies that delivering the action plan will reap many co-benefits that have the potential to increase equality and community cohesion. These include improving health and wellbeing through more active travel, improving air quality with reduced vehicle use, increasing social inclusion through community activities and reducing fuel poverty by insulating homes and installing on-site renewable energy.

8.3. In practice the actions are too high-level and long term to undertake a meaningful equality assessment on Merton's Climate Strategy and Action Plan. Individual equality assessments will be undertaken as actions are developed.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. There are two main risks to the development and implementation of Merton's 2020 Climate Strategy and Action Plan, already highlighted on the corporate risk register. The first are the uncertainties associated with setting such a long-term framework. The other is the substantial costs and complexity of delivering Merton's 2020 Climate Strategy and Action Plan.

10.2. The wide scope and long-term nature of the plan, the many ways in which each high-level action could be delivered, the complex and rapidly changing evidence and unknown future economic factors mean that it is not possible

to identify in full all activities and costs that the Council will incur. The most pressing example is the consequences of the Covid-19 outbreak. The impacts of the response to Covid-19 have been severe and will have lasting, but as yet undetermined effects on the economics and behaviour of society, and on Council activities.

- 10.3. Two commitments are set out in the plan which address these uncertainties, and make sure that progress against the net-zero targets can be assessed. The first is a commitment to regularly update our greenhouse gas inventory to measure overall progress. The second is the development of a Delivery Plan which serves to track progress of individual actions where the Council has a significant role to play.

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

See separate attachment

12 **BACKGROUND PAPERS**

- 12.1. List of documents referred to in the body of the report:

[1] Aether Technical report, June 2020 – Draft available on request

[2] Merton's Climate Emergency Declaration, July 2019

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[3] Merton's Climate Change page "*what we have done*", May 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/what-merton-has-already-done-to-address-climate-change>

[4] Government's Committee on Climate Change "Net zero" report, May 2019

<https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

[5] Intergovernmental Panel on Climate Change 1.5 degree report, October 2018

<https://www.ipcc.ch/sr15/>

[6] CarbonBrief, April 2020

<https://www.carbonbrief.org/analysis-coronavirus-set-to-cause-largest-ever-annual-fall-in-co2-emissions>

[7] Membership, papers and Minutes of Merton's Climate Emergency Working Group, May 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency-working-group>

[8] Summary and Analysis of the Responses to Merton's Climate consultation February 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[9] A full list of actions that resulted from Merton's consultation, February 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[10] Cost estimates are largely based on a projected capital cost per m² to retrofit a similar building portfolio to a net zero standard. This estimate is subject to significant revision given it includes crude assumptions about building types and state of repair within the LB Merton portfolio. Surveys of buildings within Merton's portfolio are being undertaken to improve the accuracy these assumptions.

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MERTON CLIMATE STRATEGY & ACTION PLAN



FOREWORD

As scientists show us that the world is warming faster and the effects may be worse than originally predicted, there has never been a more pressing time to act on climate change. In July 2019, the Council agreed to work towards net-zero carbon emissions from the Council's operations by 2030, and the borough by 2050. Our public consultation showed that Merton is ready to act, with around 90% of respondents seeking further action by the Council and in their own lives.

The wave of public support did not come as a surprise. Since Merton's first climate strategy in 2009, the Council has already achieved a 40% reduction in carbon emissions¹ and supported numerous climate friendly policies and projects. Despite all of our past efforts, we need a major expansion and acceleration of action to avoid the worst damaging effects of climate change.

During the development of this plan, we have experienced the beginnings of the unprecedented impacts of the Covid-19 global pandemic. Many people in Merton have suffered from the effects of the virus, the necessary changes needed to slow its spread, and the immediate economic aftershock. We have yet to fully comprehend what the lasting effects will be.

Page 20 If there is to be any silver lining to the Covid cloud, it is that the impacts of the pandemic will result in the largest ever annual fall in greenhouse gas emissions² And the local effects are tangible: cleaner air, lower levels of traffic and less waste. We have also seen an uplifting community support network all working towards the same goal. It demonstrates that strong action taken as a whole community can make a tangible difference to tackling climate change. As we work together to recover from the crisis, we are seeking to harness and build upon these environmental and community benefits.

The Covid-19 outbreak also serves to remind us that circumstances are ever-changing and a long-term plan must be responsive and adapt over time. The success of this plan is dependent on three major factors, and the extent to which they can be realised is uncertain. Firstly, National Government must provide the right policy framework. Secondly, sufficient funding to support the actions is needed, which is particularly poignant as the Covid crisis has put extra strain on existing budgets and major funding gaps at national level still remain. Thirdly, everyone in Merton must form part of the solution.

I want to thank the many partners that have helped develop the plan including Merton's Climate Emergency Working Group, Aether and a wide range of individuals and groups across Merton, London and beyond. I hope this is only the beginning. As we turn the plan into action we want participation to spread and grow into every corner of Merton to reduce nearly 0.7 million tonnes of carbon emissions each year.

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

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Merton Climate Action Plan



81%
of borough emissions

Buildings & Energy

What the Council will do:

- Require new buildings to be low carbon and resilient to the impacts of climate change
- Lobby for tighter regulations and further funding for low carbon buildings

What you can do:

- Save energy by switching off appliances and turning down the heating
- Use green electricity
- Avoid gas by buying a low carbon heating system (e.g. a heat pump)
- Invest in insulation and renewable energy

19%
of borough emissions

Transport

What you can do:

- Reduce car use in favour of walking and cycling
- Switch to ultra-low emission vehicles such as electric
- Schools and businesses adopt travel plans
- Avoid flying

What the Council will do:

- Support new cycle paths and wider pavements
- Work with TfL for faster transport decarbonisation and vehicle share schemes
- Consult on emission-based parking charges

-0.1%
of borough emissions

Green spaces

What you can do:

- Grow vegetation around your home
- Remove paving from your front garden to plant trees
- Join or sponsor a community planting group

What the Council will do:

- Maintain existing green spaces and plant more trees

Major contributor of emissions

Green Economy

What the Council will do:

- Encourage waste reduction
- Help build low carbon skills
- Encourage green businesses

What you can do:

- Buy green and local products
- Eat less meat, fish and dairy
- Reuse items and buy products with less packaging

INTRODUCTION



About this document

This document sets out Merton's strategic approach to reducing carbon emissions that arise from activities occurring in the borough, and identifies a set of high level actions that are required to become a carbon neutral Council by 2030 and borough by 2050. It contains the following sections:

About the terms, targets, actions and costs: explains the main terms used throughout the report, the scope of the targets, and how actions and costs have been formed.

Merton's carbon emissions: shows our current understanding of all major sources of emissions in Merton; an important first step to understanding the scale of the challenge and how we can work towards achieving the targets.

A Vision for Merton: depicts what we want Merton to be like once the targets have been met, based on the major transformations required to the economy, buildings, energy, transport and green spaces.

A Strategy to Combat Climate Change: sets out how we will collectively focus our efforts and resources to bring about the actions that need to happen to tackle emissions and guard against the effects of climate change.

Action plan: sets out major actions in all sectors that are needed to meet the 2050 and 2030 targets.

Costs: provides a high-level estimate of the main additional investment costs and potential savings associated with delivering the actions.

Measuring Success and Next Steps: shows how, if actions across all sections are completed the net-zero targets can be achieved.

Terms used in this document

For the purposes of this document "carbon emissions" or "emissions" refer to all greenhouse gases which cause global warming, for which carbon dioxide is the most significant. Air pollution emissions such as particulates or oxides of nitrogen which cause harm to human health are subject to a separate action plan already underway.³

"Carbon neutral" or "net-zero" describe where the overall balance of carbon emissions going into the atmosphere is zero. This means that any carbon emissions produced inside Merton are offset elsewhere, for example through supporting additional renewable energy generation outside the borough.

About the targets

In July 2019, Merton Council committed to working towards two carbon reduction targets. The first is to produce net-zero emissions in the borough by 2050. Meeting this target is consistent with current national legislation⁴ and the Mayor of London's climate action plan⁵, but our aim will be to achieve the target sooner if possible. The second a more ambitious target to achieve net-zero emissions across the Council's buildings and services by 2030. Both targets are extremely challenging.



To better understand the carbon emissions in Merton, the pace of change needed to meet the targets, and how to track progress, technical support was commissioned. Merton's emissions inventory and decarbonisation pathways model⁶ provide the main evidence for the action plan.

Carbon targets are based on measurable emissions, but the actions set out in the plan have a much wider scope. Many carbon plans only estimate and seek to reduce "direct" emissions such as the use of gas, petrol and diesel, and the emissions associated with producing electricity, which can be tracked using national data. Many ignore emissions from the consumption of goods and services.⁷ The action plan seeks to address all major sources of emissions that Merton can influence and has includes actions which help Merton to reduce the impact of a change in climate.

Whilst the focus is firmly on reducing emissions as far as possible, producing no carbon emissions whatsoever would be technically unfeasible or extremely expensive. So the target is "net-zero" to allow some emissions to be offset if necessary.

About the actions

The actions are designed to deliver the major transitions needed to make Merton a carbon neutral borough by 2050. They are limited to those which are technically possible and within the control of the Council or Merton's organisations, businesses and residents.⁸ The Council has an important part to play in enabling many actions to 2050, but in most cases, the change must lie with others. The plan identifies where individuals, businesses, organisations, landlords, service providers and communities play a key role. It also sets out how the Council intends to become carbon neutral by 2030.

The action plan will be regularly reviewed to reflect the fact that climate change is a fast moving area where new legislation, technologies and initiatives are rapidly evolving. To ensure that the plan is responsive to change, a delivery plan is being developed alongside this document to track progress and measure success of each action in more detail.

About the costs

Actions which will result in decarbonising Merton's buildings, transport and energy supply require huge financial investment. These investment costs have been estimated, but are likely to change over time with the advent of new technologies and changing market forces. At this stage it is unclear who will pay. Some of these investment costs will fall to the Council, but many will require additional investment from National Government, businesses and members of the public. Without this investment, the costs of dealing with climate change impacts in a world with average temperatures 2 degrees or more above pre-industrial levels will be far higher.

All actions necessary to achieve our net-zero targets have been set out in the plan, even if we do not yet know how they will be funded. It is important to note that actions which fall to the Council can only be taken forward if they are within our financial means. This means that currently, many of the actions needed to meet the targets are aspirational. Those that require additional funding are marked on the plan with the symbol "£".

Merton Carbon Emissions

Borough Emissions

Economy: Carbon emissions are generated as products are made and transported for Merton's consumers, and also as products are disposed of. Estimates are uncertain, but those likely to have the most significant impact include construction materials, food production, vehicle manufacture, clothing, electronics, appliances and aviation.

Buildings: Emissions that are generated from Merton's building come mainly from the use of gas heating, cooking and the use of electrical lighting and appliances. The production of local renewable electricity avoids the need to use grid electricity which has a higher carbon intensity.

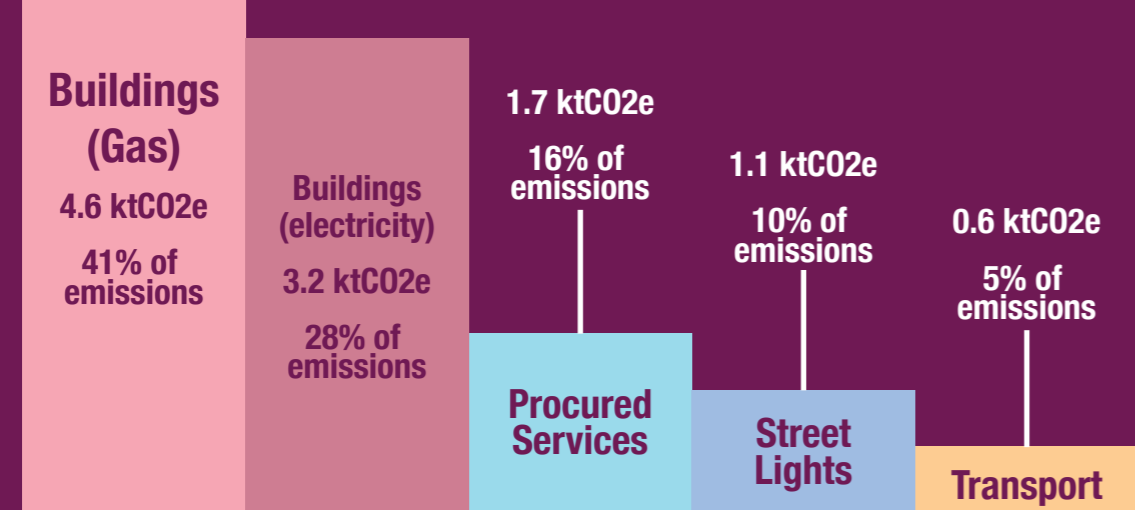
Transport: Petrol and diesel cars and other road vehicles make up the vast majority of transport emissions.

Land use: Land serves as a store of carbon as growing plants absorb carbon dioxide from the air, and can therefore offset emissions elsewhere.

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Council Emissions

11.1 ktCO₂e in total, accounting for 2% of borough emissions



Borough Emissions

708 ktCO₂e in total



Council Emissions

Energy used in the Council's buildings, street lighting and transport fleet make up the majority of emissions. Emissions from procured services are likely to be higher than estimated, as this represents a limited sub-set of procured services.

Land Use
0.1%
emissions offset

A VISION FOR MERTON



Green Economy

Merton will have a thriving green and circular economy, with businesses providing accessible low carbon services and offering sustainable, local and healthy products. Individuals and companies will consider the environmental impacts of what they buy and sell due to increased environmental awareness. People will re-use, repair and share products, avoiding unnecessary packaging and single-use plastics, so very little waste will be generated in Merton. Any remaining waste streams will be re-used or recycled where possible.



Buildings & Energy

Residents and businesses will have much lower energy bills because homes will be more energy efficient and will store and generate low carbon energy. Natural gas heating will be replaced by low carbon alternatives. All new developments will be net-zero carbon, sustainable and adapted to the effects of climate change.



Green Merton

The borough will have more trees and vegetation to enjoy. Town centres and residential areas will be cooler, less prone to flooding and have cleaner air. Communities will have more ownership of public green spaces and have an improved wellbeing.



Transport

People will be healthier as a result of more active travel and cleaner air. Walking and cycling will be accessible to all and be the default choice for most local journeys. Fewer people will own cars and all vehicles will be electric or use other low carbon fuels. Many neighbourhoods and town centres will be car free. Public transport will be clean and provide an excellent and accessible service.



Council

The Council will provide excellent quality net-zero carbon services in Merton. Council-run buildings and transport will be efficient and use carbon neutral energy. Service providers will undertake net-zero carbon activities for Merton. All Council staff will be making sustainable choices in their travel and workplace.

A STRATEGY TO COMBAT CLIMATE CHANGE



Leading by example

Merton Council intends to play a pivotal role in increasing Merton's ability to decarbonise. By setting a 2030 net-zero carbon target, the Council can demonstrate leadership and ambition where it has most control. In addition, the Council is in a unique position to partner with major providers such as Transport for London (TfL), the National Health Service (NHS), schools, social housing providers and energy network operators to develop joint climate ambitions to deliver low carbon services in the borough. Through effective communication the Council will endeavour to facilitate and empower individual and community action in areas that are beyond the normal reach of the Council, such as the consumption of goods, recycling and re-use, reducing car use, tree planting on private land or community energy.

Making a strong case for change

Merton cannot achieve our climate ambition in isolation. Actions at an international, national, regional and individual level all have a bearing on Merton's ability to combat and adapt to climate change. A lack of funding or national policy can hinder large-scale transformational change to roads, energy supply and buildings. Many actions are dependent on changes in people's attitudes and behaviours towards more sustainable lifestyles. Some actions require new technology to become more widespread and accessible. Some actions require the introduction of new skills in the local economy, such as tradespeople being trained to install low carbon appliances.

As the plan has developed, the gaps in funding, policies and actions from others have become ever clearer. On behalf of the residents and businesses in Merton we will lobby for funding and faster change that enables the major investments to be made and for low carbon activities to become the default choice.

Prioritising major transformations

The Council must ensure that our efforts to reduce emissions do not undermine the essential services that the Council provides in supporting the young and the vulnerable; to maintain safety and ensure the upkeep of public spaces. In order to make sure that limited resources are focused where they can have most impact, the action plan is focused on the major transformations which need to happen in Merton that are likely to make the most significant impact on reducing carbon emissions.

The three transformations that form key pillars of the action plan are:

A change towards a green economy; facilitating the supply and purchasing of more sustainable products and services with less waste.

A shift to low carbon buildings and energy, by improving energy efficiency, replacing gas heating with low carbon alternatives (e.g. heat pumps), and increasing local renewable electricity generation.

A transition in transport in favour of walking, cycling and public transport, and a replacement of the remaining vehicle stock to low carbon alternatives where powered vehicles are needed.



Merton's high population and suburban environment serves to limit the extent to which planting more trees can reduce greenhouse gas emissions within the borough. Despite its limited potential in locking up carbon, greening Merton has a role to play in adapting to the effects of climate change. Strategic tree cover can provide shade to guard against more prolonged and intense spells of hot weather, manage the increased risk of local flooding by providing sustainable drainage and increase the resilience of biodiversity by creating and preserving habitats.

Designing with climate in mind

Actions to reduce climate impacts are likely to be cheaper and more successful if they are taken into account from the outset. The Council is therefore seeking to embed thinking on climate change in all parts of the Council. This includes ensuring that the impacts of climate change have been taken into account in all policies, programmes and strategies; and that efficiencies in Council services have been maximised to reduce carbon emissions.

We are also considering how planning and planning policies can support a shift to low carbon activity and adapt to a change in climate. Key areas of focus include low emission regeneration, provision of appropriate infrastructure to accommodate a change in energy generation and transportation, changes in public spaces and building design to prevent overheating, minimise energy use and emissions, and reduce water use, and use of sustainable drainage solutions to help prevent flooding.

Reaping the benefits for all

Many actions have benefits which go beyond emissions reduction. Where this is the case we are seeking to maximise the co-benefits. Many actions in the plan go hand in hand with making the borough a more pleasant place to live, by reducing waste, improving air quality and providing public spaces which are more people-focused, greener and more biodiverse.

There is also a major opportunity to help support community cohesion and wellbeing, which is particularly important as we seek to recover from the worst effects of the Covid-19 pandemic. Actions have the potential to improve health and wellbeing, increase social inclusion and reduce poverty. We also want to prevent the vulnerable from being disproportionately affected by the impacts of climate change, or being exposed to the high costs of reducing emissions.

To best achieve this, we want the public to have a greater role in deciding how climate actions are prioritised and carried out, giving rise to our intention to set up an implementation group to support the delivery of this plan.

Measurable success

The climate action plan is based on our understanding of the best available evidence. Our collective understanding of this complex area is changing fast. Many innovative ideas that could offer major solutions are being trialled. So whilst the high-level actions are unlikely to change greatly, the delivery of the actions will. To ensure that the action plan continues to identify and prioritise the most cost-effective approaches, a delivery plan will serve to track detailed actions and be adapted on a regular basis to ensure the plan continues to respond to new circumstances. An agile delivery plan requires careful monitoring. As well as regularly updating the greenhouse gas inventories, we will track major actions with measurable outcomes where possible, and regularly report on progress through updates on Merton's climate change website.⁹

GREEN ECONOMY



This section considers actions which reduce emissions from the things we buy and sell by changing what we eat, how we use products and services, and how we avoid waste through prevention, recycling and re-use. Carbon emissions generated from the production and transportation of goods and services consumed by Merton's residents cannot be accurately estimated or tracked, but are likely to far exceed Merton's other sources of emissions!⁹

Vision for the Green Economy:

Merton will have a thriving green and circular economy, with businesses providing accessible low carbon services and offering sustainable, local and healthy products. Individuals and companies will consider the environmental impact of what they buy and sell due to increased climate awareness. People will re-use, repair and share products, avoiding unnecessary packaging and single-use plastics, so very little waste will be generated in Merton. Any remaining waste streams will be re-used or recycled where possible.

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ACTIONS...

...for individuals, businesses and organisations



By 2050, individuals must reduce their carbon footprint to near zero through lifestyle and product choices and by influencing others.



Emissions associated with food, clothing and textiles, construction, electronics, aviation and the manufacture of private vehicles are likely to have the greatest carbon impact. Individuals should choose products and services which are low carbon and sustainable. For example, moving from a high-meat to a reduced-meat diet¹¹ can reduce your dietary emissions by 35%¹² and is often healthier and cheaper.

Eating seasonally and locally helps reduce the emissions associated with the production and transportation of food respectively. Choosing biodegradable products and investing in ethical companies helps to support a low carbon and green economy.



Individuals, businesses and organisations should prevent waste where possible to achieve a 75% reduction in waste by 2050¹³; waste prevention saves more carbon than recycling. Food waste can cause high emissions unless it is recycled appropriately, and on average results in consumers spending 14% more on their weekly shop. Plastics have a high carbon impact so choosing reusable items and avoiding single-use plastics is better. Textiles have a high carbon impact, so reducing the number of new clothing items bought every year could achieve a 66% reduction in emissions from the clothing industry.¹⁴

ACTIONS...

...for businesses and organisations

By 2050, businesses and organisations must help to build a low carbon economy in Merton, by: working to reduce supply chain emissions and provide local, sustainable and healthy products whilst minimising waste; and avoiding investment in or procuring companies which produce high emissions.



Businesses and organisations should undertake an environmental audit,¹⁵ or sign up to a sustainability charter or certification scheme and provide information on the carbon footprint of their products and services to customers.



Businesses and organisations should encourage low carbon behaviour in their staff and clients.

Case Study

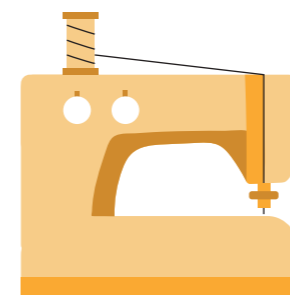


Young residents in Merton have spoken out about the need to take action in addressing climate change. In 2019, a local young resident launched the 'SwopItUp' initiative, a programme run by teenagers and for teenagers which enables clothes swaps in schools to encourage people to use second-hand clothes instead of buying new products, and to reduce waste. In response to the Covid-19 lockdown, SwopItUp have launched a Creator's programme and the #SwopItUpClub for young people aged 11 - 18 to get involved in online environmental action associated with the programme. This scheme showcases how individuals can take steps to reduce their carbon footprint, promote a circular economy and work towards Merton's ambition of becoming net zero carbon by 2050.

ACTIVITIES THAT ENABLE CHANGE TO HAPPEN



As plans are developed to manage the long-term effects of Covid-19, the Council and organisations will support actions which maximise opportunities for a green recovery.



The Council and organisations will promote a circular and low carbon economy by raising awareness on and encouraging sustainable consumption, waste reduction and recycling, and green finance to 2050.

By 2023, the Council will consider mechanisms to help address the skills gap in the low carbon economy in Merton. Priority areas will likely include skills required to deliver domestic retrofit at scale and repair skills to promote the circular economy.



The Council will support commercial and community efforts to promote a low carbon economy through local projects which encourage sustainable consumption, waste reduction and low carbon lifestyles to 2050.

By 2023, the Council will consider financial and other mechanisms to incentivise low carbon performance in local businesses.



By 2021, the Council will review on-street waste infrastructure across Merton and develop a strategy to encourage residents and businesses to recycle and reduce waste.



By 2023, the Council will promote a green and circular economy in Merton through strategic planning documents such as the Local Plan and Wimbledon Masterplan.

£ The Council will promote a green and circular economy through major regeneration projects such as the Morden town centre regeneration to 2050.



BUILDINGS & ENERGY

Energy used to heat and power buildings in the borough makes up around 81% of carbon emissions in Merton's greenhouse gas inventory. The amount of energy consumed is influenced by the efficiency of our building stock. Well under of the 88,000 homes¹⁶ are not yet efficient enough to make the necessary move away from natural gas central heating to low carbon alternatives. Electricity and gas used in non-residential buildings make up around 34% of emissions. Solar PV currently on Merton's roofs replace grid electricity with electricity which is nearly zero-carbon; reducing energy emissions by 0.2%.

Vision for buildings and energy:

Residents and businesses will have much lower energy bills because homes will be more energy efficient and will store and generate low carbon energy. Natural gas heating will be replaced with a low carbon alternative. All new developments will be net-zero carbon, sustainable and adapted to the effects of climate change.



ACTIONS...

...for organisations, businesses and landlords

Merton's businesses, organisations and landlords must, if possible, invest in measures to reduce energy use, replace fossil fuel heating with a low carbon alternative such as heat pumps, and maximise renewable energy generation.



Businesses, organisations and landlords should actively monitor energy use and, if feasible, consider installing energy management systems and support staff to reduce emissions from home working.

ACTIONS...

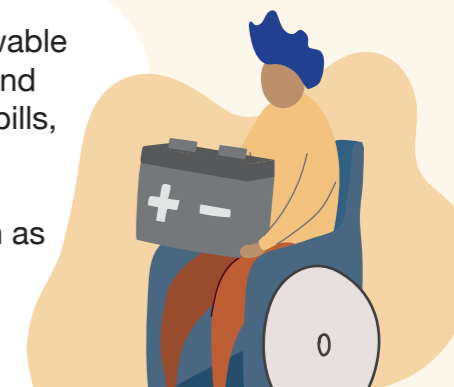
...for home owners and landlords

47% of homes in Merton are rented and 53% are owned. By 2050 all homes must be highly energy efficient to reduce the amount of energy used. In practice this means moving from an average EPC rating of D to A¹⁷, mainly by investing in loft, wall and floor insulation and replacing doors and windows. Investments should result in significant ongoing energy bill savings.



98% of all homes in Merton have gas heating and are responsible for the largest share of Merton's emissions. By 2050, all homes must replace natural gas central heating and cooking with a low carbon alternative such as heat pumps and electric cookers.¹⁸ Until March 2022, heat pumps may be eligible for 7 years of additional payment through the Renewable Heat Incentive (RHI),¹⁹ or potentially from a proposed Government grant scheme.²⁰

By 2050 all homes should maximise the amount of renewable energy generated on-site and energy storage. Solar PV and battery storage on a typical property can reduce energy bills, save several tonnes of carbon emissions and enable the production of around 94GWh per year of local, flexible electricity supply. Using group purchasing schemes such as Solar Together,²¹ and the Government's Smart Export Guarantee²² can help to minimise and pay back initial investment costs.



Energy bill payers should consider a switch to a 100% green energy tariff to ensure that their electricity supply is from a renewable source; for which there are very competitive rates on offer.²³

All occupants should take steps to reduce energy consumption within the home. For a typical home, £150 per year can be saved by reducing the heating by 1C, not overfilling the kettle and switching off appliances. Low cost additions such as draft excluders or reflective radiator panels can save a further £17 per year. For under £100, installing LEDs and a thermostat could save a further £90 a year.²⁴ Energy efficient appliances, installing smart meters and smart charging will also reduce energy consumption.



ACTIONS...

...for property developers, landlords & individuals planning renovations

By 2025 all new buildings should be capable of operating at net zero carbon emissions²⁵ if possible to avoid the cost of expensive retrofit in later years,²⁶ following the principles of the Mayor's energy hierarchy which takes a "fabric first" approach.



All new buildings, developments and renovations should be designed to reduce the effects of climate change, in particular by minimising the risks of overheating and flooding, and minimising water use.

All new buildings, developments and renovations should minimise carbon emissions from construction methods and materials used.



Case Study



A Merton resident, having purchased an Edwardian semi-detached home, found it difficult and expensive to heat and had high energy bills. He added double and triple glazed windows, floor, roof and wall insulation and installed solar PV and solar thermal renewable technology. The real-time data gathered from the PV unit gave him cause to install very efficient appliances and LEDs. These investments have resulted in significant energy bill savings from a 35% reduction in electricity and a 43% reduction in gas use. The renewable technologies provide additional income from electricity sales and a payment from the Government's Renewable Heat Incentive. With a further investment in solar PV he is expecting to become self-sufficient in electricity in the summer months.

ACTIVITIES THAT ENABLE CHANGE TO HAPPEN



Individuals, businesses, organisations and the Council will lobby for National government to bridge the massive funding gap to support the decarbonisation of buildings and provide clarity on a national strategy to decarbonise heat and buildings.



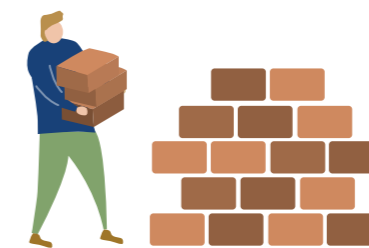
£ The Council will encourage community energy, individual and business efforts to reduce emissions from buildings, and by 2025, will explore options to overcome the high up-front cost of installing low carbon measures through a loan scheme or energy service company.



Businesses, organisations and landlords to encourage energy efficiency amongst staff and tenants.



£ By 2023, the Council will develop an energy masterplan to support a transformation in energy use.



The Council will ensure major Council redevelopments and works are in keeping with net-zero targets to 2050.



£ By 2023, the Council will consider mechanisms to ensure that landlords meet energy efficiency standards and adopt low carbon measures in their buildings to 2050.

By 2021, the Council will review the draft Local Plan policies to promote net-zero carbon development for new buildings, and to maximise energy and carbon savings, reduce embodied carbon, and increase resilience to the effects of climate change for all developments.

TRANSPORT

The use of petrol and diesel vehicles in the borough makes up 19%²⁷ of Merton's emissions as a result of the 600 million kilometres driven in Merton each year.²⁸ Cars produce more carbon emissions than all other modes of transport put together. Emissions from buses, heavy goods and light goods vehicles also generate significant emissions. Around 1000 vehicles registered in Merton are ultra-low emission²⁹ (approximately 1.2% of the total number of vehicles), and over 140 charge points have been installed in public spaces.

2050 Vision for Transport:

People will be healthier as a result of more active travel and cleaner air. Walking and cycling will be accessible and be the default choice for most local journeys. Fewer people will own cars and all road vehicles will be electric or use other low carbon fuels. Many neighbourhoods and town centres will be car free. Public transport will be clean and provide an excellent and accessible service.



ACTIONS...

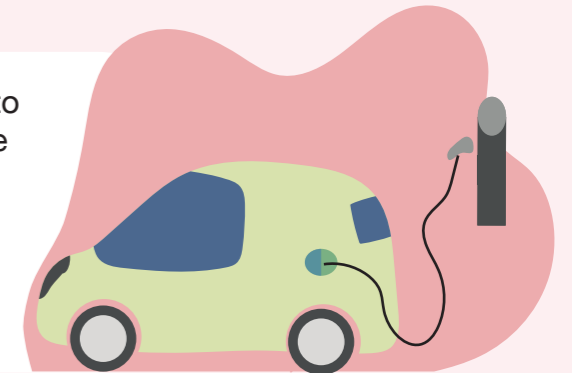
...for residents and communities

There are 77,000 vehicles registered in Merton.³⁰ By 2050, all residents must stop using petrol and diesel vehicles, which on average generate several tonnes of carbon emissions per year.



Individuals should reduce car use in favour of walking, cycling or using public transport, to increase active and sustainable travel from 58% to 73% by 2041³¹

Residents should consider whether it is necessary to own a car, as vehicle hire becomes more accessible and lower cost. Where private vehicles are necessary, by 2030, all vehicles should be replaced with ultra-low emission alternatives, which are predicted to have similar lifetime costs to fossil fuel cars by 2025.³²



Communities should work together to encourage 20 minutes of active travel a day,³³ and make neighbourhoods more cycle and pedestrian friendly, limiting through-traffic.

Communities should work together to reduce car use and air pollution around schools and densely populated areas,³⁴ as a reduction in air pollution will also reduce carbon emissions.

ACTIONS...

...for businesses and organisations

All businesses and organisations must ensure that journeys undertaken on their behalf result in net zero emissions by 2050.



Businesses, organisations and schools should implement travel plans³⁵ which support staff and clients to work remotely or choose sustainable travel alternatives; in particular ceasing the provision of petrol and diesel company cars, limiting parking to essential users and avoiding short-haul flights, which produce the most carbon per kilometre travelled.

Businesses and organisations should implement and actively encourage schemes which help staff into active and sustainable travel, such as the cycle to work scheme³⁶; and invest in supporting facilities such as cycle parking. Grants may be available to help install electric charge points.³⁷



Case Study

Merton Council has worked for many years with schools to advise on child pedestrian safety and cycle training skills. From the much loved Debra the Zebra, our road safety mascot, to the more recent implementation of School Safety Zones, air quality and safety outside schools has improved.



ACTIVITIES THAT ENABLE CHANGE TO HAPPEN

Individuals, businesses, organisations and the Council will lobby for greater funding and support a national policy framework which results in an acceleration of active travel and reduced private car use.³⁸

The Council will lobby and work with Transport for London (TfL) to improve the services in Merton, accelerate the decarbonisation of public transport to 2050,³⁹ and encourage the use of public transport (taking into account social distancing measures which may be in place as part of the Covid-19 restrictions).

£ The Council will accommodate the increase in active travel that has resulted from the travel restrictions put in place due to Covid-19, by expanding pavements and increasing the number and range of cycle paths. Where possible, these measures will be made permanent.⁴⁰

By 2022, the Council will carry out a review of the Local Implementation Plan (LIP-3) funding priorities to ensure they are in keeping with the Mayor's Transport Strategy objectives,⁴¹ and net-zero 2050 target, £ and by 2023 work towards the creation of a long-term sustainable transport plan to develop integrated walking, cycling and electric vehicle charging networks by 2050.



£ The Council will support safe, active and sustainable travel in schools, residents and businesses to 2050, and by 2022 explore options that will incentivise people to move away from cars.

By 2021, the Council and TfL will encourage more dockless and electric vehicle hire schemes, and ensure all new licenced private hire vehicles and taxis operating in Merton will be zero emission capable.⁴²



By 2021, the Council will review Local Plan policies to encourage a reduction in car use in new developments and offer sustainable transport alternatives.

By 2020/21, the Council will consult on emission-based parking charges to discourage the use of higher polluting vehicles, and by 2025 consider options to achieve a net reduction in parking spaces.

GREENING MERTON

At 28%⁴³, Merton has one of the highest proportions of tree cover of any London Borough. The growth of vegetation, particularly the approximately 220,000⁴⁴ trees, captures a small fraction (0.1%) of Merton's emissions each year. Trees can play an important role in climate adaptation, absorbing air pollution emissions and providing wildlife habitats which may maintain and increase biodiversity.

2050 Vision for a Green Merton:

The borough will have more trees and vegetation for people to enjoy. Town centres and residential areas will feel cooler, be less prone to flooding and have cleaner air. Communities will feel more ownership of public green spaces, more connected to nature and have an improved sense of wellbeing.



ACTIVITIES THAT ENABLE CHANGE TO HAPPEN



£ The Council will work with organisations to develop a tree strategy by 2022, to increase tree cover by 10% to 2050 and increase public participation.

By 2020, the Council will review planning policies to ensure that, where possible, new developments protect existing vegetation, and add new green cover to mitigate the impacts of climate change such as overheating, flooding and loss of biodiversity.



ACTIONS...

Merton will aim to increase tree cover by 10%⁴⁵ by 2050, potentially equivalent to planting around 800 trees every year to 2050. The main opportunities to plant trees are likely to be on private land such as gardens, which hold around two thirds of the trees in Merton.



The Council will plant new trees on public land and council-managed green spaces, and take opportunities to introduce sustainable drainage systems and green verges to 2050.

By 2050, individuals, organisations and business should maximise the amount of vegetation where possible: from adding a window box, to the removing paving,⁴⁶ installing a green roof or adding sustainable drainage on their land. Planting a suitable tree can save several tonnes of carbon if allowed to grow to maturity.



Individuals can support community planting by joining a volunteer group,⁴⁷ or businesses can sponsor local tree planting events, water newly planted street trees, or take up free tree offers available through organisations such as the Woodland Trust.⁴⁸



Case Study

Merton is one of the few London boroughs to have a longstanding partnership with the voluntary sector with the aim of planting and maintaining community woodlands. Operational since 1992, the volunteer Tree Warden Group Merton, with the support of Greenspaces and Friends groups across the borough, have since planted over 25,000 trees and hedge plants in 28 public open spaces throughout the borough, to create new canopy cover.

2030 COUNCIL TARGET

The Council is responsible for around 2% of the borough's emissions. Services provided on behalf of the Council, such as the management of highways and green spaces, and waste collection make up 16% of the 2030 target. Energy used in the Council's buildings makes up 69% of emissions, followed by streetlighting (10%) and transport (4%).⁴⁹

Vision for 2030:

The Council will provide excellent quality net-zero carbon services to Merton. Council-run buildings and transport will be efficient and will use carbon neutral energy. Service providers will undertake net-zero carbon activities for Merton on behalf of the Council. All Council staff will be making sustainable choices in their travel and workplace.



ACTIONS

The Council will ensure that all new Council buildings and extensions are net-zero carbon, using a 'fabric first' approach, to avoid the cost of expensive retrofit in later years.



£ The Council will convert its operational buildings to net-zero carbon by 2030, including council staff buildings, community schools and leisure centres, through appropriate retrofit measures including improvements to energy efficiency, conversion of gas heating to low carbon alternatives, increasing renewable energy generation and sourcing 100% green electricity.



£ Transport team will convert the Council vehicle fleet to an ultra-low emission alternative by 2030.

Highways team will convert 90% of street lighting to LED by 2030.

ACTIVITIES THAT ENABLE CHANGE TO HAPPEN

Transport team will introduce a staff travel plan consistent with achieving net-zero carbon.



Contract Managers, in conjunction with Commercial Services and South London Legal Partnership, will work with existing service providers on opportunities to reduce carbon emissions in Merton.



Finance team will endeavor to ensure that investments are net-zero carbon by 2030, and will consider ways to positively invest in low carbon business that can deliver carbon offsets.

£ The Council will carry out improvements to Council-operational facilities and trial innovative low carbon measures to support low carbon transport and energy by 2030.



By 2020, Future Merton and Public Health will set up an action group to accelerate change within all Council Departments.



Case Study

The Council has undertaken a 10 year programme of investment to improve the energy efficiency of Council-owned and operated buildings, and install 2MW of solar panels. The energy savings have resulted in a 45% reduction in carbon emissions and significant bill savings.⁵⁰

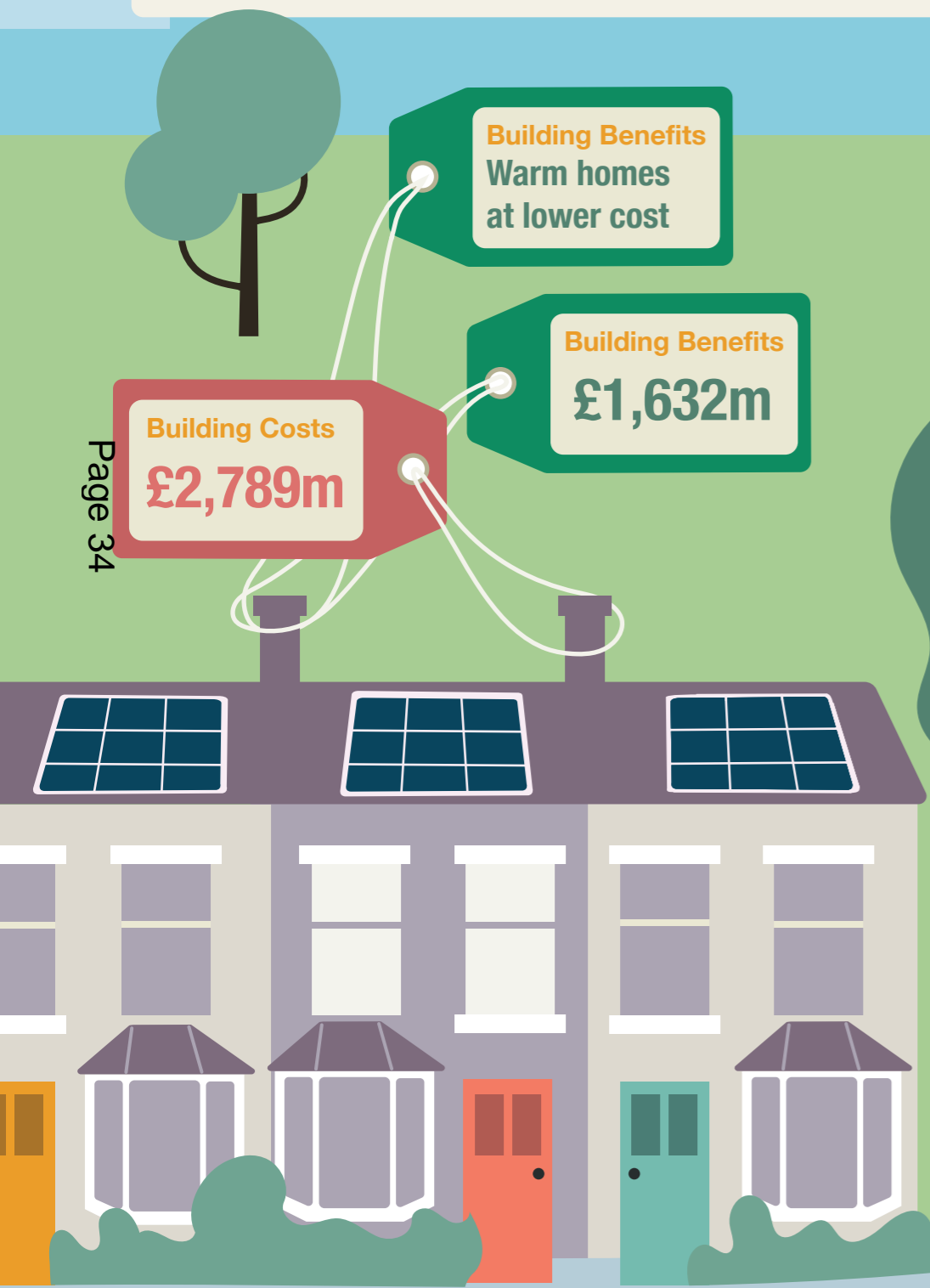
COSTS

Insulating homes, replacing boilers with low carbon heating, installing renewable energy and purchasing low emission vehicles are more costly than some high-carbon alternatives. However, after the initial investment is made, reducing fuel use or switching to electric can result in long-term fuel bill savings which will benefit many.

Total costs to 2050: £3.1bn

Total potential savings to 2050: £2.1bn

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Building Costs
£2,789m

Building Benefits
Warm homes
at lower cost

Building Benefits
£1,632m

Green space benefits
Improved health and
sense of community

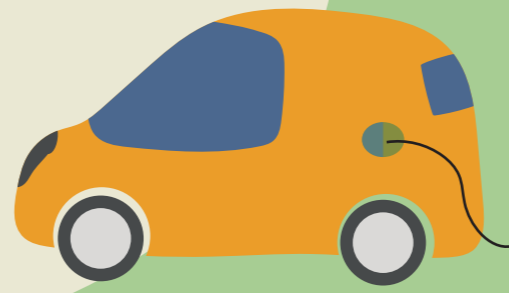
Green space costs
£2.4m



Transport costs
£292m

Transport benefits
£470m

Transport benefits
Clean air and
health benefits from
active travel



DELIVERING THE PLAN

ILLUSTRATION NEEDED

MEASURING SUCCESS

By updating Merton’s greenhouse gas inventory and developing a Delivery Plan, progress will be monitored with measurable outcomes where possible, and reported through updates on Merton’s climate change web pages⁵¹. The table below shows the main measure and other useful indicators used to track progress:

	Indicator	Baseline Measurement	Final target (2050 unless stated)	Data source
Overall	An overall reduction in carbon emissions that matches the pace and scale of change needed to meet our targets	Borough 2050 target: 708,000 tCO ₂ eq Council 2030 target: 11,149 tCO ₂ eq	Borough 2050 target: Net zero tCO ₂ eq Council 2030 target: Net zero tCO ₂ eq	Council Greenhouse Gas reporting ⁵²
Green Economy	Decrease in the overall amount of waste produced by Merton	68,009 tonnes of Local Authority collected waste	75% reduction in Local Authority collected waste	Data collected by the South London Waste Partnership ⁵³
Building & Energy	Increase in the number of buildings with good insulation	22% EPC A-C	100% EPC A-C	CROHM database ⁵⁴
	Increase in the proportion of locally produced renewable energy	0.2% of total energy use	10% of total energy use	No accurate data source identified ⁵⁵
Transport	Increase in the number of active travel journeys	58% of all travel journeys are active travel	73% by 2041	Data supporting the Local Implementation Plan ⁵⁶
	Decrease in number and ownership of petrol and diesel cars registered in Merton	76,780 cars registered in Merton 1,166 electric cars registered in Merton	0 Petrol and diesel cars All vehicles ultra-low emission	Data supporting the Local Implementation Plan ⁵⁷ / DfT Vehicle Licencing Statistics ⁵⁸
	Increase in the number of electric charge points	143 electric charge points available for public use	[Target TBC]	Statistics collected by Transport Team
Green Spaces	Increase in the percentage of canopy cover	28%	31%	Open Space Strategy technical report ⁵⁹

NEXT STEPS

We hope this plan has helped you to understand what role you may be able to play in meeting the borough’s carbon reduction target and how the Council are looking to support you. So what now?



STEP 1

Get informed: There is a wealth of information available about what changes you can make to help combat climate change. As a starting point, check out our website (<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>), articles and facebook information, which provide more information and links on what you can do.

STEP 2

Take up the challenge: Can you make changes in your home, your work, your travel, your purchases or your connection with others that will help? Small actions make a big difference when everyone is involved.



STEP 3

Join in with community action: Many local groups are working to make changes for the better in Merton and reduce carbon emissions. Find out more about voluntary services in Merton see <https://www.mvsc.co.uk/homepage>, Merton’s Climate Implementation Group [add web link] or maybe start your own group. Contact the Council at Future.Merton@Merton.gov.uk for advice and support.

STEP 4

Lobby for change: Your voice with others can make change happen faster. Join with us to seek more funding and policy changes at a national level that will help Merton to reduce carbon emissions and adapt to the effects of climate change.



STEP 5

Follow progress: Look out for updates and progress through the climate emergency website (<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>).

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Committee: Cabinet

Date: 13 July 2020

Wards: all

Subject: Allocation of Neighbourhood CIL funding to the Sustainable Merton Community Champions

Lead director: Chris Lee, Director of Environment and Regeneration

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

Forward Plan reference number: N/A

Contact officer: Tim Catley, S106/External Funding Officer

Recommendations:

1. Approve the allocation of £50,000 Neighbourhood CIL funding to Sustainable Merton Community Champions 2020-21 Programme in advance of Cabinet's consideration of bids submitted under the Neighbourhood Fund 2020 bidding round.
-

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report seeks the allocation of £50,000 Neighbourhood CIL funding to Sustainable Merton Community Champions 2020-21 Programme.
- 1.2 The recommendation comes in advance of the consideration of bids submitted under the Neighbourhood Fund 2020 bidding round – to be brought to Cabinet for a decision in September 2020 – due to the need for funding to be secured before September for the Community Champions programme to be delivered.
- 1.3 The bidding round which is held each year to allocate Neighbourhood CIL funding to projects has been delayed this year due to Covid-19. A knock-on effect of these delays is that funding would not be available until September 2020 at the earliest when Cabinet makes its decision on successful bids in accordance with governance that it approved in 2017.

2. DETAILS

- 1.4 In accordance with the Community Infrastructure Levy Regulations 2010 (as amended) 15% of the council's CIL receipts (received from

development being constructed in the borough) must be spent upon addressing the demands that development places on an area. Allocation of Community Infrastructure Levy funding. This 15% element of CIL income is commonly referred to as “Neighbourhood CIL”.

- 1.5 The carrying out of bidding rounds was introduced to provide fairness and transparency in accordance with governance for the allocation of Neighbourhood CIL approved by Cabinet in September 2017. The Neighbourhood CIL funding made available for bids is known as “Merton’s Neighbourhood Fund”. To date bidding rounds have been held once a year with two rounds held so far (one each in 2018 and 2019) and Cabinet has agreed allocations before the summer break in both occasions.
- 1.6 Cabinet decided at its meeting on 19th January 2019 to allocate a portion of Neighbourhood CIL receipts to a separate initiative called the “Ward Allocation Scheme”, allowing each ward £15k to spend on specific small scale public space projects. Cabinet agreed that the Ward Allocation Scheme would operate under separate governance arrangements to that agreed for the Neighbourhood Fund. This report is concerning the Neighbourhood Fund, not the Ward Allocation Scheme.

Community Champions and delays to the Neighbourhood Fund 2020 bidding round

- 1.7 Due to Covid-19 the commencement of this year’s bidding round for the **Neighbourhood Fund** was delayed and a decision was made to have a longer bidding round in anticipation of community groups and organisations finding it difficult to prepare their submissions as quickly as usual. As a consequence the bidding round is due to close on 3 July 2020 with September 2020 the earliest month for Cabinet to consider which bids should be allocated funding.
- 1.8 One high priority project requires funding to be guaranteed before September 2020. The amount of funding required and the reasons why it requires urgent allocation are as follows:
 - **Community Champions** - £50k is required to support the 2020-21 Financial Year programme which commenced in April. The programme is run by Sustainable Merton and includes a continuation of the work of the Community Champions that Cabinet agreed could be awarded a Neighbourhood Fund grant in 2018 and 2019. A description of their programme and how the funding will be spent is set out in the Appendix. New for this year is provision of a mobile community fridge, which has been running during lockdown providing Covid-19 support. The programme is considered a suitable recipient of Neighbourhood CIL funding given the central

role the Community Champions play in building social capital around the borough in the area of sustainability. Their work is a place marker for new residents and businesses of the borough including those attracted by new development so far as underlining the importance Merton places on sustainability and the types of behaviours and activity that should be adopted. Urgency is sought so as to provide funding certainty with respect of the current implementation of the 2020-21 programme.

- 1.9 Allocating funding to the project in advance of the conclusion of the bidding round and the Cabinet decision that follows would require the governance set up for Neighbourhood CIL (see paragraph 1.5) to be waived (for the funding of the project).

3. ALTERNATIVE OPTIONS

- 3.1 Cabinet may choose not to waive the governance in order to make a decision on whether to grant funding to the Community Champions programme alongside its decision on the 2020 Neighbourhood Fund bids in September 2020. However, officers have been informed that such a delay would lead to the withdrawal of Sustainable Merton trustee support with respect to programme funding.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.4 A competitive bidding round for the Neighbourhood Fund commenced on 12 May and was due to close on 3 July 2020. A report on bids will be brought before Cabinet in September for a decision in accordance with governance approved by Cabinet in September 2017 following public consultation on spending priorities.
- 4.5 This report seeks the waiving of the governance (namely the consideration by Cabinet of bids alongside bids submitted within a publically available competitive bidding round) required for the allocation of Neighbourhood CIL funding, with respect of the allocation of £50k Neighbourhood CIL funding to the Community Champions 2020-21 programme for the reasons set out in this report.
- 4.6 Paragraph 1.7 sets out the reasons why the waiving of the governance is considered appropriate in this instance.

5. TIMETABLE

- 5.1 Allocation of the funding to the projects as per the recommendation would allow for the release of funding to be secured in July 2020 towards the

Community Champions helping to address urgent demands brought about by Covid-19.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 £2 million Neighbourhood CIL income is available for allocation to new projects. £1 million of this funding has been promoted as being available for successful bids submitted in the 2020 Neighbourhood Fund bidding round. Funding may be required for projects in Wimbledon/Plough Lane area to facilitate the opening of the Wimbledon Stadium and this is considered a priority given the scale of CIL income received from this development and its strategic importance to the borough however this not expected to exceed £500k. Accordingly sufficient funding is available to support the allocation of the £50k Neighbourhood CIL income as set out in this report.

7. LEGAL AND STATUTORY IMPLICATIONS

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

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 N/A

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 N/A

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 N/A

11. APPENDICES – the following documents are to be published with this report and form part of the report

- Appendix – Community Champions 2020

12. BACKGROUND PAPERS

- [Agenda item 4 Cabinet Meeting 18 September 2017 – Neighbourhood Community Infrastructure Levy Governance](#)
- [Agenda item 12 Cabinet Meeting 15 July 2019 – Neighbourhood Fund project selection 2019-20](#)

APPENDIX – COMMUNITY CHAMPIONS 2020

How our proposal addresses the demands of development

This proposal recognises the opportunities associated with the urgency for people to live more sustainable lives and takes into consideration changes to lifestyles and mobility constraints as a result of COVID-19. We want Merton residents to be informed, mobilised and actively making changes to their lifestyles in order to reduce general waste, reduce their use of plastics, adopt reusable alternatives and to increase their use of the food waste collection system. This proposal also recognises the growth in housing in the borough, particularly multiple dwellings and strategies to support the health and wellbeing of residents particularly in the east of the borough.

This is a borough wide initiative involving 70 volunteer Community Champions and is a model project for building social capital and strongly supports the Community Plan that is currently being finalised, with specific reference to working to bridge the gap between the East and West of the borough, contributing to your community, leading a healthy and fulfilling life and making Merton a better place to live and work.

Proposed use of funds

We have in place a Community Champion and Volunteer Coordinator who oversees the contribution made and projects carried out by our 70 and growing number of Community Champions, all working as volunteers to make Merton cleaner, neater, tidier and more sustainable. The funding supports Sustainable Merton to take forward this work from April 2020 as a model for building social capital that can be grown and adapted, working with Council officers and partner organisations involved in Merton's Sustainable Communities and Active Transport Partnership, including social housing landlords, Business Improvement Districts, and the Chamber of Commerce.

During a 12 month period at least 2500 residents will be educated and informed on Climate Change priorities, including waste reduction and management, food waste and food miles, air quality, adopting reusable alternatives, community gardening and tree planting and cleaner neighbourhoods and streets.

Following the Covid 19 restrictions and lockdown we have reshaped our service offer to include weekly web chats with our Champions, as well as regular communications on all things environmental, in order to keep Climate Change on the agenda whilst being sensitive to the lockdown and priorities around COVID-19.

Our proposed forward plan of action while lockdown is in effect, during the gradual easing of restrictions, and when life returns to normal freedom of movement is to:

- increase the number of Community Champions to 90.
- involve our Community Champions in learning and creating presentations on reducing food waste, proper recycling/use of the waste collection system, reducing plastic, and improving air quality in the borough. We will identify three Community Champions for each of these areas to put together informative presentations that they can deliver digitally while social distancing is in effect, and in person once things go back to normal. We will incorporate ideas on how

- to take action from home, and include short videos. This work would target all ages, with relevance to family action.
- continue the weekly webchats we introduced in March 2020 - running one every 2 weeks on key topics such as plastic free lifestyles, the circular economy, air quality effects, environmental justice, and sustainable business.
 - run 4 Community Champion learning events during the year - providing them with updates on the Council's Climate Action Plan and Air Quality Plan and seeking their input to new initiatives. These would be run by video conferencing or as face to face group meetings.
 - build involvement in Community Gardening, with specific emphasis on two green spaces in Mitcham which we manage - Mitcham Community Orchard and Phipps Bridge allotment.
 - coordinate and promote borough wide litter picks and other street cleansing and management activity.
 - organise tree planting and tree maintenance activity in partnership with other organisations such as Clarion Housing and the National Trust
 - launch Merton's first Community Fridge which will be primarily run by our Community Champions and spearhead a mobile Community Fridge initiative in April 2020, coordinated with LBM Public Health and partner organisations such as Wimbledon Foodbank, and providers of adult care, to create a sustainable model to address food poverty in 2020-21.
 - continue to develop our Business Champion model, working with Merton Chamber of Commerce, which directly supports the Council's Climate Action Plan, encouraging businesses to undertake climate action audits, introduce action plans and share their stories to encourage others to follow their lead.
 - coordinate Merton Partnership sub groups - the Environment sub group, and air quality monitoring group, bringing together community representatives to inform and support the Council's aims and objectives.
 - coordinate Green Coffee, a monthly meet up over coffee on all things environmental. This will be a video conferencing approach until social distancing is lifted.
 - Expand our network of contacts in local schools and organize several school workshops throughout the year on various topics related to sustainability. These workshops will involve both learning content and identify ways through which children can get involved with local initiatives.
 - In partnership with the Council, have 20 individuals trained in air quality monitoring (including teachers and Community Champions).
 - Continue to run several social media campaigns, interspersed with on-the-ground or digital events, including our #BreathCleanerAir, #WasteWarriors, and #PlasticFreeMerton campaigns. Coordinate opportunities for Community Champions to contribute to these campaigns through content creation and sharing their stories.
 - Organize several events as coordinators of Refill Merton, a local chapter of the National award winning Refill campaign to reduce the purchase of single use

plastic bottles. We are in the process of organizing one of these events for City Hall to educate Council members about plastic reduction.

Bidding request (over 20k)

£50,000

This funding supports the full cost of our Community Champion Manager and volunteer coordinator, as well as a contribution to the work of the Chief Executive and our communications coordinator and will be used to deliver the reshaped service and to grow the role of the Community Champions and the projects they take forward.

Sustainable Merton

The Old Boiler House, Morden Hall Park, Morden Hall Rd, SM4 5JD

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Committee - Cabinet

Date: 13th July 2020

Wards: All

Subject: Household Reuse and Recycling Centre Contract Review - Variation

Lead officer: Chris Lee, Director of E & R

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

Contact officer: John Bosley, Assistant Director, Public Space

Recommendations:

- A. Approve the proposed variation of the contract with Veolia ES (UK) Limited to continue with the management of Household Reuse and Recycling Centres until the 31st March 2025 on revised terms as set out in this report.
- B. Approve the early extension for the next three years and delegate further contract variations to the Director of Environment
- C. To support the desire of our South London Waste Partnership boroughs to implement the payment of London Living Wage (LLW) starting the 1st April 2021

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report sets out options for consideration by Cabinet with regard to the future delivery of the Household Reuse and Recycling Centre (HRRC) service operated out of Garth Road Depot.
- 1.2. This report recommends a contract variation (to include a 30 month extension) of the current HRRC contract with the incumbent contractor. Of the options considered, a contract variation with extension offers the greatest operational and strategic benefit for our services as well as having the likely lowest cost to the services and our neighbouring boroughs who form part of the South London Waste Partnership (SLWP).
- 1.3. If agreed, the contract variation will be applied in this financial year (2020/21) for a period of 5 years, concluding on the 31st March 2025, with the option for further extension periods up to the current contractual Long Stop date of 15th September 2030 by mutual agreement.

2 DETAILS

- 2.1. The SLWP, with London Borough of Croydon as the contracting authority, has in place a contract with Veolia ES (UK) Limited to manage the operation

of the six Household Reuse and Recycling Centres (HRRCs) within the SLWP area. Of the six sites, Sutton, Merton and Kingston each has a single site and there are three sites located in Croydon.

- 2.2. The contract with Veolia commenced on 1st October 2015, and the initial term of the contract runs until the end of September 2022. There is an option to extend the contract annually up to a maximum of 7 years by mutual consent, subject to a Long Stop date of 15th September 2030.
- 2.3. The contracted operational model requires each borough to pay a management fee for the operation service of the six sites, including the haulage costs for transferring the garden waste, residual waste and rubble. These domestic waste streams are processed through our separate arrangements with our disposal contractor and charged as rate per tonne under the current Phase A and B suite of contracts. The contractor is responsible for the recycling or disposal of all other materials collected, placing risks and incentives on the contractor for the composition of the remaining waste and recyclate, the volume of material to be managed and the potential market processing costs with residual value of recyclate(s) that may be gained through the operation.
- 2.4. In preparation for the natural expiry of the initial term of the contract in September 2022, SLWP commenced a review of the HRRC contract in 2019 in order to plan for and recommend to boroughs how this service could be provided after 2022.
- 2.5. The current contract was procured at a time when recycling markets were performing well and has given boroughs a very competitive price for the service, as well as protection from risks around price changes for recycling material. The recycling markets have changed considerably in recent years, and the materials we collect typically have a much lower value now making the future delivery of the service less attractive to potential providers, who will likely seek to mitigate this by increasing costs. Looking ahead to the future delivery of the HRRC services there is a significant risk of a much higher cost and higher risk needing to be borne by the partnership boroughs.

3 ALTERNATIVE OPTIONS

- 3.1. Our review of the Household Reuse and Recycling Centre contract has considered the following four options:
 - Option 1 – Agree a variation of the contract, with extension, with the Incumbent
 - Option 2 – Commence Re-procurement of the Service (spring 2020)
 - Option 3 – Bring the Service in-house at the current expiry date Sept 2022
 - Option 4 – Do Nothing
- 3.2. The SLWP has considered the operational, strategic and financial implications of each of these options and commissioned independent advice on this work. This work is set out in detail in Appendix 1, within the Part B section of this report.

- 3.3. **Operational** - the operational review of the service has taken into account the current service performance, as well as wider SLWP borough assets (used to deliver other elements of the boroughs' waste services). The review considered the potential future configuration of these assets, including the HRRC sites, depots, and waste transfer sites.
- 3.4. **Strategic** - the strategic review of each option appraised considered the impact of the operational challenges and risks referred to above and some potential measures to manage these challenges and risks. The strategic review also considered the potential synergies and efficiencies that could be achieved by aligning the SLWP contract end dates. The strategic analysis highlighted that the recommended variation with extension would align a number of SLWP contracts, primarily the Phase C LOT 1 contract for waste collection and street cleansing and highlighted that harmonising the contract dates could be beneficial in allowing future flexibility in procurement options, designing optimum service packages, and a reduction in re-procurement costs.
- 3.5. **Financial** - the SLWP review considered the financial implications of each of the four options. The incumbent contractor has been approached in order to establish the appetite for an extension, and the terms under which an extension might be possible for all parties. In reviewing the four options, a 'shadow bid' was prepared as part of option 2 which also considered the current market appetite for HRRC services, as well as the flux, uncertainty and downward trend in recycling markets. The option to bring the service in-house, option 3, considered our relatively recent in-house operation of the service, the challenges and lessons learned.
- 3.6. The option to 'do nothing' - essentially to wait and see if market conditions improve - would mean that SLWP would lose some of the existing opportunities explored in this report (i.e. re-procuring with enough time to mobilise a new service effectively by September 2022, or being able to provide the incumbent with improved terms for the remaining period in return for extension provisions that are acceptable to the SLWP) thereby losing a key negotiating mechanism for the extension. The option to 'do nothing' would mean we have to return to options 1 and 3, but with less time, and so is deemed to have the highest financial and operational risk.

Benefits of Option 1 - Contract Variation with Extension

- 3.7. The benefits of Option 1 that have been identified by the review, and which support our recommendation, are summarised below.
- 3.8. Finance - Option 1 provides the best long-term financial proposal of the reviewed solutions undertaken during this review.
- 3.9. Whilst the extension initially increases the current annual cost in this financial year, it is important to consider the potential impact of a new contract commencing in 2022 and the longer-term financial impact. In order to analyse this impact a 'shadow bid' was produced to examine the cost of re-procuring the service from new. The shadow bid returned a considerably higher cost when compared to the extension option. A further financial review then analysed a 5 year period for both options, the results of which demonstrate that the option to extend is more than £500k less compared to

the nearest priced alternative option, and so Option 1 provides the best long term financial proposal.

- 3.10. Strategic fit - Option 1 provides the best strategic fit, especially when considering the benefits of contract alignment outlined in 3.4.
- 3.11. Extending the current HRRC contract until 2025 would allow the completion of the review of borough assets currently underway, providing clear direction on facilities available for future procurement. The additional extension period up to the 31st March 2025 would also mean that contracts relating to waste transfer stations and HRRCs belonging to the SLWP boroughs could be co-terminus and available for use and potential re-letting at the same time. This would enable maximum flexibility when reviewing how we deliver HRRC, green, food and recycling services and how we utilise our site, ensuring that any resultant procurement is attractive to the market, creates the best possible competitive tension, and ensures we have a robust, cost effective, and future proof solution for these essential services.
- 3.12. Operationally - Option 1 avoids a number of transitional challenges and risks identified by the appraisal and, as above, will ensure that we have a robust, cost effective, and future proof operational solution for these essential services.
- 3.13. Further consideration has been given to include the support of our partnering boroughs requirements to implement the LLW as part of any agreed variation and extension of the current contract.
- 3.14. Added benefit and social value - the Fishers Farm Reuse shop included in the extension proposal will enable customers to purchase reuse items collected from all six SLWP HRRC sites. The shop will also sell reconditioned items such as bikes and scooters.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Independent review. - An independent review of the work undertaken by SLWP was commissioned to Wood Environment and Infrastructure Solutions Ltd. in order to; check SLWP financial assumptions and risk profiles; to provide commentary on potential market interest in the re-procurement option based on their recent work in the market; and to comment on the strategic benefit from the harmonisation of contract end-dates. The independent review also included a detailed assessment of the cost differential between Option 1, a 2020 variation with extension, and Option 2 commence new procurement for a 2022 contract start date.
- 4.2. The independent review supports the SLWP recommendation.
- 4.3. The review noted that the lower cost provided by Option 1 is largely due to deferred Capital spend, and the operational efficiencies provided by the Merton waste transfer facility, operated by the contractor under a separate contract which ends in 2025. These are not savings that could be offered by the other options. It is also important to note that the shadow bid is not a guaranteed price, and the result of a procurement exercise in an uncertain market may return a higher service cost.

5 TIMETABLE

- 5.1. Subject to each partner borough executive's approval of the recommendations within this report, the contract variation will be applied from a date to be confirmed.
- 5.2. The indicative timetable leading to formalising the contract variation is as follows:

Formalisation of documentation	Feb 2020
Borough Executive Approvals for extension	April – July 2020
Contract Signing	TBC
Contract Variation in effect from	TBC

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The initial impact of the recommended option is that there will be a pressure on existing budgets for 2020/21 and boroughs will need to manage this pressure through their respective annual budget processes and medium term financial plans.
- 6.2. Over the medium term, option 1 is estimated to be more than £500k lower than option 2 for the Partnership. In addition, option 2 does not include any costs of procurement. The cost of the procurement of the HRRC contract in 2015 was approximately £532k.
- 6.3. A detailed analysis of the financial impact of the recommended option can be seen in Confidential Appendix A.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Public Contracts Regulations 2015 provide that under regulation 72(1)(a) that an extension can be made where there is an unequivocal review clause. It is noted that the contract contains clauses that allow the extension of the contract provision for further duration up to 2030.
- 7.2 Merton should ensure that Croydon as contracting authority issues the relevant notices required under the Public Contracts Regulations 2015.
- 7.3 With regards an increase to the cost of the contract resulting from this extension and the reasons for it, Regulation 72(1)(c) of the Public Contracts Regulation 2015 provides the Council a lawful means by which to change the contract without triggering a requirement to conduct a fresh tender process. Regulation 72(1)(c) relates to a modification that has been brought about by circumstances which a diligent contracting authority could not have foreseen and does not alter the overall nature of the contract. Such modifications must not exceed 50% of the value of the original contract. Regulation 51 requires a notice to be published for such modification.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. Social value - To meet the requirements of the Public Service (Social Value) Act 2012, the Partnership is obliged to measure the social impact of services commissioned by the constituent councils. Contribution to social value in the context of this contract was defined as, but not limited to, apprenticeship schemes, local employment opportunities and third sector engagement, which are being delivered through the existing and additional installation of a re-use centre and on-site store to be located on site.
- 8.2. The further extension of the service would require the implementation of the London Living Wage (LLW), starting the 1st April 2021 and will undertake a second piece of work to explore the potential measures to mitigate the increase in cost.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report

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

- Confidential Appendix A – Financial Implication (not for publication)

12 BACKGROUND PAPERS

- 12.1. None

Cabinet

Date: 13th July 2020

Subject: Financial Report 2019/20

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the revenue outturn for 2019/20
- B. That Cabinet note that there will be an update on the five year plan for the DSG deficit prepared and reported back later in the financial year.
- C. That Cabinet consider the outturn position on Capital and approve the Slippage into 2020/21 and other adjustments detailed in Appendix 2C, 2C1 and Section 7 of the report
- D. That Cabinet note that TfL have issued warnings that their funding to local authorities is likely to reduce, officers have received assurances that funding commitments already incurred will be met by them.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report outlines the outturn position for the last financial year (2019/20) and the issues that arise from it.

Section 2 – Summarises the outturn position of the Authority.

Section 3 – Reviews the detailed outturn position for service departments

Section 4 – Reviews the outturn position for corporate items

Section 5 – Provides other information

Section 6 – Provides information on Reserves

Section 7 - Provides information on the capital outturn

Section 2 – REVENUE OUTTURN 2019/20

OUTTURN	2019/20 Current Budget (Net)	2019/20 Current Budget (excl. overheads)	2019/20 Outturn (excl. overheads)	2019/20 Variance excl. overheads	Jan 2020 (P10) Forecast Variance	2018/19 variance excl overheads	Outturn to P10 forecast variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Department							
Corporate Services	10,874	25,962	25,473	(490)	(462)	(2,511)	(28)
Children, Schools and Families	60,579	55,468	55,227	(241)	690	2,271	(931)
ASC	57,434	54,269	53,553	(717)	(981)	(169)	265
Housing	2,036	1,721	2,049	328	18	(73)	310
Libraries & Merton Adult Learning	3,040	2,340	2,410	70	46	45	24
Public Health	0	(148)	(148)	0	0	0	0
Environment & Regeneration	15,821	10,656	11,439	783	66	(1,526)	717
Net recharges	0	0	120	120	0	(33)	
NET SERVICE EXPENDITURE	149,784	150,268	150,122	(147)	(623)	(1,995)	356
Corporate Provisions	2,244	1,760	191	(1,570)	(1,885)	(5,661)	315
TOTAL GENERAL FUND	152,028	152,028	150,312	(1,716)	(2,508)	(7,656)	672

NET FAVOURABLE OUTTURN BALANCE TRANSFERRED TO OCPB* RESERVE	1,716
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*** Outstanding Council Programme Board (OCPB)**

Business Rates	(44,026)	(44,026)	(46,690)	(2,664)			
Grants	(8,169)	(8,169)	(9,476)	(1,307)			
Council Tax and Collection Fund	(91,070)	(91,070)	(91,070)	0			
Covid Emergency funding **	0	0	(4,789)	(4,789)			
TOTAL FUNDING	(143,265)	(143,265)	(152,025)	(8,760)	0	0	0

FUNDING TRANSFERRED TO RESERVES:	
SOCIAL CARE GRANT AND COVID EMERGENCY FUNDING TRANSFERRED TO COVID 19 RESERVE	6,096
SURPLUS ON BUSINESS RATES RETENTION SCHEME TRANSFERRED TO BALANCING THE BUDGET RESERVE	2,664

** Covid grant received in advance in 19/20

At the end of the financial year 2019/20 the overall favourable outturn was £1,716k, 0.25% of the gross budget (£7,656k favourable outturn, 1.42% of the gross budget in 2018/19)

Net service expenditure was a £147k favourable variance.

Although there was an overall favourable variance, Housing Services and Environment & Regeneration both ended the year adverse against budget which is explained in further detail in the department summaries below.

Covid 19

The Covid 19 pandemic has not had a dramatic impact on the final outturn for 2019/20 as the pandemic only started to make a noticeable impact in the last few weeks of March. The true scale of the financial impact will be felt in 2020/21 and places additional strain on the budget for 2020/21. The pandemic will have a significant impact on the Council's resources, in terms of increased expenditure but especially lost income.

Income loss in parking services was experienced from mid February 2020 when the scale of the crisis worldwide started to escalate and the effect on income loss is detailed in the E&R section. Given the timing of the national lockdown and the progression of the pandemic, it only had a limited direct impact on the financial position for 2019/20. Clearly, the impact for 2020/21 and future years is much more significant. The Covid19 expenditure incurred in 19/20 was £176k (see Corporate items section).

Chief Officers and Finance Officers will continue to monitor budgets closely in 2020/21 with focus on the increasing challenges faced by the Council:

Impact of Covid 19

As part of Central Government's response to the COVID-19 pandemic, the Council received additional grants and payments in advance, over and above budgeted receipts, to aid with cashflow and to allow the Council to help the residents and businesses. Although some of these amounts were received right at the end of 2019/20, they primarily related to the 2020/21 financial year and, where appropriate, were transferred to an earmarked reserve.

The level of Government funding so far will not be sufficient to address the impact of increased costs of service provision and the impact of lost income from fees, charges and commercial investment. Further support is uncertain. The latest forecast financial impact of the pandemic reported in the May MHCLG return was £46m which after the £10.6 funding received results in a projected shortfall of £35.4m.

Demand led services for both adult and children's placements have been under pressure in recent years and these will be further exacerbated by the pandemic.

DSG deficit

Given the size of the deficit on the DSG, during 2019/20 the Council was required to submit a Recovery Plan to the Department of Education (DfE) to outline how the DSG would be brought back to balance over a period of five years. The plan requested by and submitted to the DfE does not project recovery of this deficit but actually results in a growing deficit. These figures will be reworked for reporting later in the financial year. The cumulative deficit at the end of 2019/20 is £12.7m.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against prior years.

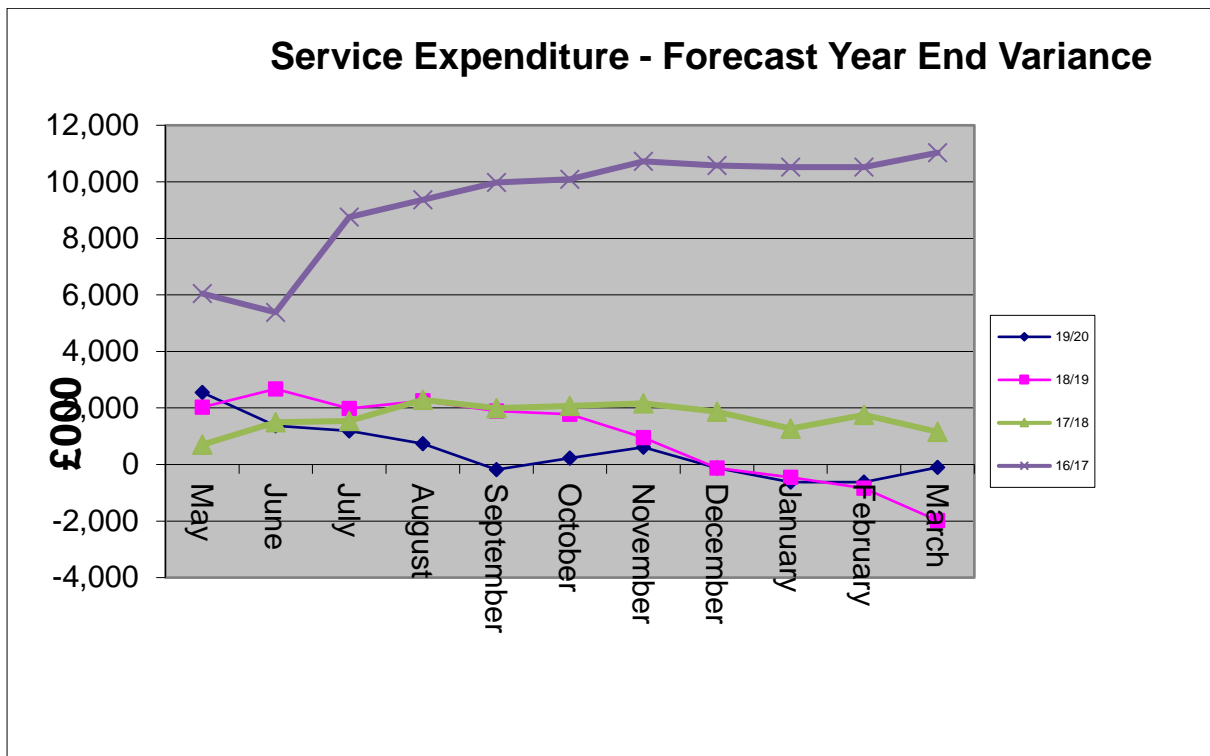
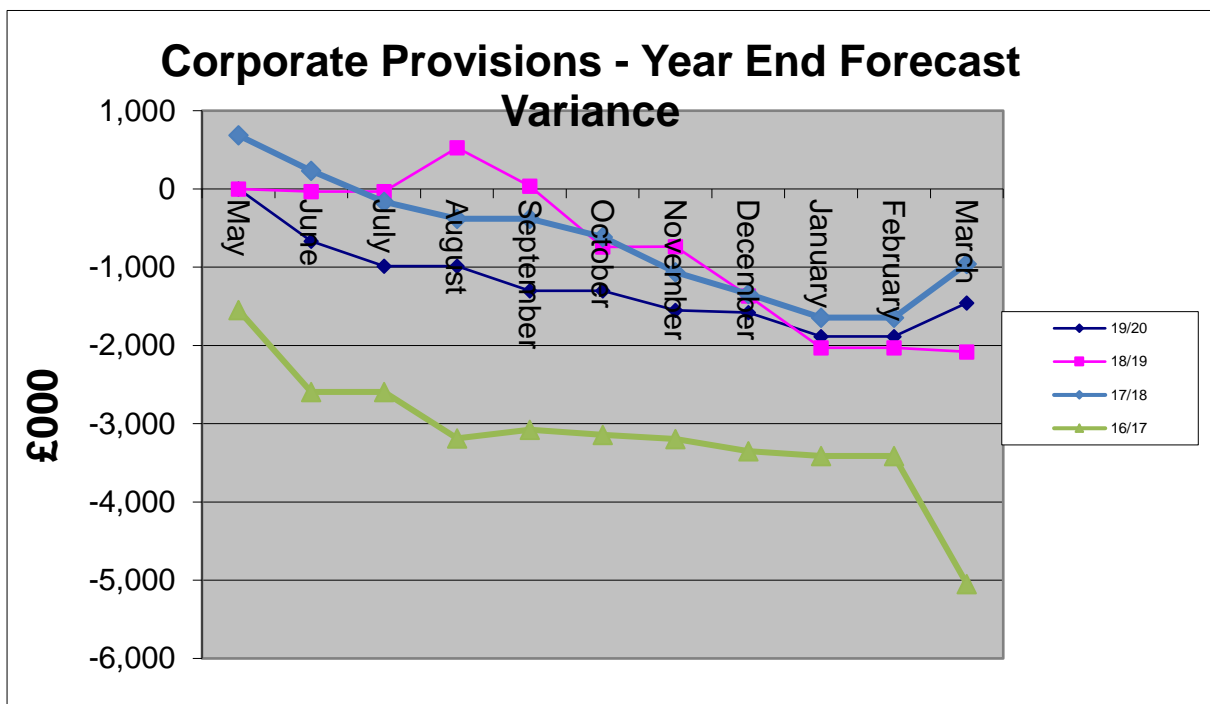


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



Section 3 Detailed Service Spending

Corporate Services

Division	2019/20 Current Budget (£000)	2019/20 Outturn (£000)	Variance (£000)	Forecast variance at year-end - January (£000)	2018/19 Outturn Variance (£000)
Customers, Policy & Improvement	3,648	3,479	(169)	(123)	(246)
Infrastructure & Technology	11,363	10,685	(678)	(666)	(64)
Corporate Governance	2,311	2,131	(180)	(161)	(294)
Resources	5,918	6,013	95	186	(707)
Human Resources	1,997	2,184	187	218	16
Corporate Other	725	980	255	84	(1,216)
Total (controllable)	25,962	25,472	(490)	(462)	(2,511)

Overview

At the end of 2019/20, the Corporate Services (CS) department has a favourable variance of £490k. The variance has increased by £28k from that reported at the end of January (period 10).

Customers, Policy and Improvement - £169k favourable

The division's AD budget has a favourable £64k variance largely due to the AD post being vacant for part of the year. There is a favourable variance of £60k on Cash Collections, capturing future year savings early in 2019/20. Marketing and Communications have a £52k favourable variance from less than budgeted spend on the council magazine and graphic design. A further £52k favourable variance is from Community Engagement, this is a result of maternity leave not covered for part of the year and other running costs. The policy team have a £15k favourable variance mainly due to grants to voluntary organisations being less than budgeted, part offset by agency spend covering sick leave during the year and other running costs. A £47k favourable variance has been achieved in the Registrars Service relating to the overachievement of income, part offset by additional spend on running costs.

The Customer Contact budget has an adverse variance of £20k due to additional IT hosting costs. Press and PR also have an adverse variance of £67k due to the underachievement of income and the use of agency staff. Merton Link has an adverse £22k variance due to agency staff covering sickness and maternity leave as well as covering additional work pressures in year.

Infrastructure & Technology - £678k favourable variance

Of the division's favourable variance, £586k relates to the budget for Microsoft Licences (Enterprise Agreement). The licence costs covering 19/20 were paid in advance during 18/19 whilst the new contract begins from April 2020 with the first year's costs to be accounted for in 2020/21.

There are various other favourable variances within the I&T division, including the Post and Print Room (£36k) with a vacancy held in the team for part of the year, the Corporate Print Strategy (£61k) due to less than budgeted multi-functional device (MFD) costs and IT Service Delivery (£93k) due to recharges to departments for various service requests and less than budgeted licence costs, partly offset by the use of agency staff. Additionally, Transactional Services have achieved a £121k favourable variance resulting from the recovery of expenses in previous years and there is a £94k favourable variance on Garth Road Archive Storage from rental income. A £120k favourable variance is on the Energy budget due to delays on works to be carried out, contracts achieving better value than had been anticipated and some works not going ahead due to upcoming savings in 20/21.

I&T also have a number of adverse variances offsetting the items above. These include variances on Telecoms of £117k due to system upgrades and delays experienced earlier in the year with the PABX telecoms implementation and £67k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. Facilities Management have an adverse £28k variance reflecting only a partial achievement of a saving in year (2018-19 CS04) following a restructure of the energy team carried out mid-year. Facilities have a further £125k adverse variance on the external fees account mainly due to the use of additional agency staff during the year but income was also impacted towards the end of 19/20 as Covid-19 delayed completion of some projects. The Business Systems Team also have an adverse variance of £121k mainly due to IT licences and the underachievement of income savings, partly offset by recharges of staff costs to various departments and capital projects.

Corporate Governance – £180k favourable variance

The favourable variance within Corporate Governance is mainly formed of £17k from various running cost budgets held by the AD, £23k from Democracy Services largely due to vacancies and £20k running costs. A further £54k favourable variance is from the Information Governance team due to vacancies and consultants budget not required in year as well as the receipt of a £13k government grant which was not budgeted. Electoral Registration Services have a £23k favourable variance as household notification letters were not required in January as the register was accurate as a result of the general election. This is mostly offset by £23k in Election Expenses for a trackway at the General Election count venue which was deemed by the Cabinet Office to not be reclaimable. Additionally, Legal Services outside of SLLP have achieved a favourable variance of £34k due to expenditure budgets not required in year.

The South London Legal Partnership (SLLP) achieved an overall surplus of £56k, of which £12k has been retained by Merton and the remainder shared between

partners. This has mainly been generated by recharges to clients for work done by Advocates in the team.

Resources - £95k adverse variance

There are various favourable variances within Senior Management, made up of the Chief Executive's budget (£36k), Director of Corporate Services (£101k) and AD Resources (£39k) due to subscription and consultancy budgets not required in year.

Corporate Accountancy has a £49k adverse variance largely due to agency spend which is part offset by less than budgeted external audit fees. A £62k adverse variance on the Financial Information System (FIS) team is mainly due to additional system support costs. The Insurance and Treasury teams have an adverse variance of £127k due to property valuation fees spent ahead of a re-tendering exercise for insurance contracts and insurance premium costs being more than budgeted. These are partly offset by a recharge of staff time to the pension fund and insurance income from commercial clients.

Benefits Administration has achieved a £305k favourable variance mainly due to additional income from DWP for various schemes as well as less than budgeted running costs. There is an adverse variance of £229k on Local Taxation Services due to various running costs, overtime and agency spend. The Bailiff Service also has an adverse variance of £119k due to falling levels of enforcement income towards the end of the financial year following the increased timeframe required for issuing summons.

Human Resources – £187k adverse variance

The majority of HR's adverse variance is within the Learning and Development budget where spend was £107k higher than budgeted. This is mainly due to the interim cover for the Head of Organisational Development and HR Strategy post and the implementation of a new recruitment system which required an additional temporary resource for part of the year.

The HR AD budget also has an adverse variance of £46k due to the interim cover of the Head of HR post and recruitment costs. Another significant budget pressure within HR is from the Transactions budget which has a £74k 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. Occupational Health also has an adverse variance (£16k) due to increased referrals, this will be closely monitored during the coming year as the service will be aiming to bring the waiting time down for appointments and monitor any impact of covid-19 and new working arrangements on the number of referrals.

Partly offsetting the above are favourable variances in the Payroll service (£41k) and HR Business Partnerships budget (£13k) both due to vacancies and a restructure in year which captured part of a 20/21 saving earlier than targeted.

Corporate Items - £255k adverse variance

The Housing Benefit Rent Allowances budget has a net adverse variance of £564k. This is due to a shortfall on income relating to overpayment recovery for 2019/20 as well as a clawback of housing benefit (HB) subsidy from DWP following the audit of the 2017/18 HB claim. The audit identified errors over the accepted level which would have allowed the Council to be eligible for subsidy income on HB overpayments. The level of clawback has since been successfully challenged and subsequently reduced by DWP but the cost included in 19/20's outturn is reflective of the higher amount which had been initially confirmed by DWP as at the end of March 2020. The reduction of £234k will therefore show as a credit in 2020/21. A separate clawback for the 18/19 HB claim may be required but is not yet known.

The adverse impact on HB is partly offset by the budget of £500k to top-up the HB bad debt provision as a top up of only £100k was required. A summary of the HB variances is shown below:

	£'000		
	Budget	Outturn	Variance
HB Surplus from overpayment recovery	-1,500	-1,015	485
HB 17/18 claim clawback*	0	479	479
HB Bad debt provision top-up	500	100	-400
Total	-1,000	-436	564

*Has since been reduced by DWP to £245k. Credit for the difference will be in 20/21.

Separately, a surplus of £62k was generated 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 of £233k due to budget not required in year.

The Coroners Court has an adverse variance of £56k which includes £66k relating to the Westminster Bridge inquest. This part offsets with £41k additional income from the Magistrates Court.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Outturn (Mar)	Outturn Variance (Mar)	Forecast Variance at year end (Jan)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(13,027)	(11,741)	1,286	317	(753)
Public Space	14,883	14,519	(364)	(35)	(1,449)
Senior Management	979	1,060	81	107	(17)
Sustainable Communities	7,821	7,601	(220)	(323)	694
Total (Controllable)	10,656	11,439	783	66	(1,525)

Description	2019/20 Current Budget	Outturn Variance (Mar)	Forecast Variance at year end (Jan)	2018/19 Variance at year end
	£000	£000	£000	£000
Regulatory Services	638	87	82	112
Parking Services	(14,516)	1,171	174	(964)
Safer Merton & CCTV	851	28	61	99
Total for Public Protection	(13,027)	1,286	317	(753)
Waste Services	13,791	72	326	(1,611)
Leisure & Culture	491	(334)	(337)	(222)
Greenspaces	1,355	(111)	(27)	145
Transport Services	(754)	9	3	239
Total for Public Space	14,883	(364)	(35)	(1,449)
Senior Management & Support	979	81	107	(17)
Total for Senior Management & Support	979	81	107	(17)
Property Management	(2,614)	(251)	(234)	368
Building & Development Control	4	34	(63)	275
Future Merton	10,431	(3)	(26)	51
Total for Sustainable Communities	7,821	(220)	(323)	694
Total Excluding Overheads	10,656	783	66	(1,525)

Overview

The department has a year-end direct adverse variance of £783k at year end. The main areas of variance are Parking Services, Leisure & Culture, Greenspaces, and Property Management.

Public Protection

Parking Services adverse variance of £1,171k

The adverse variance is mainly as a result of a £1,900k saving relating to the review of parking charges, based on an October start date. Cabinet approved a revised set of charges in September, which commenced on the 14th January 2020, and an estimated £622k was received, compared to a forecast of £792k in January. As well as being impacted by Covid-19, the new charges implemented in January 2020 were designed to influence motorists behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, but further work is underway to fully understand the short and longer term impact of this.

The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected. Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off-street charges income. Further work is underway to fully understand the short and longer term impact of this.

The outturn also includes an adverse variance on Supplies & Services (£309k), mainly in relation to the operation and maintenance of the ANPR cameras, additional server space, and the upgrade of the P&D machines to allow for the revised parking charges. The budgets will be realigned for 2020/21 for any ongoing costs in relation to the ANPR cameras.

The adverse variance was partially offset by additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£342k), and RingGo admin fee income (£196k).

Public Space

Leisure & Culture favourable variance of £334k

The 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 (£224k). 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 outturn also includes a favourable variance of £49k on utilities spend incurred at these leisure Centres, and a favourable variance of £42k relating to the Watersports Centre.

Greenspaces favourable variance of £111k

The outturn includes a favourable variance of £191k in relation to the grounds maintenance contract. This figure includes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k. However, in tandem with the Phase C Waste Services (lot 1) Annual Review process, a similar process is nearing completion regarding the Grounds Maintenance contract (lot 2), which could affect this revenue share and, therefore, cause a budget pressure within 2020/21.

The section also ended the year with a favourable variance in relation to events of £137k, which was offset by an adverse variance on rental income of £159k. To help address the rental income pressure, budgets have been realigned and an alternative saving of £40k has been agreed for 2020/21.

Sustainable Communities

Property Management favourable variance of £251k

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £696k, which included £95k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This was partially offset by an adverse variance of £352k on premises related expenditure, in particular, utility, and repairs & maintenance costs. In addition, the section ended the year with a £126k adverse variance on supplies & services, mainly

relating to the employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Outturn (Mar) £000	Outturn Variance (Mar) £000	Forecast Variance at year end (Jan) £000	2018/19 Variance at year end £000
Education	24,416	24,479	63	33	(37)
Social Care and Youth Inclusion	19,421	19,837	416	1,516	3,211
Cross Department budgets	1,029	983	(47)	(45)	(20)
PFI	8,419	8,168	(251)	(402)	(354)
Redundancy costs	2,183	1,761	(422)	(407)	(529)
Other Education				(4)	0
Total (controllable)	55,468	55,228	(240)	691	2,271

Overview

At the end of March, Children Schools and Families reported a £240k favourable variance on local authority funded services, favourable movement of £931k from January's forecast. The movement is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests.

Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below.

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:

Description	Budget £000	Mar £000	Jan £000	2019/20 £000
Procurement & School organisation	594	(306)	(306)	(411)
SEN transport	4,705	1,289	1,281	1,223
Early Years services	3,117	(314)	(302)	(349)
CWD team staffing	571	(60)	(82)	(88)
Childrens Short-Breaks Placements	280	177	89	219
Education Inclusion	1,771	(350)	(256)	(398)
Internal legal hard charge	543	(105)	(118)	(32)
Other over and underspends	12,835	(268)	(273)	(380)
Subtotal Education	24,416	63	33	(216)
Fostering and residential placements (ART)	7,111	(98)	432	1,057
Un-accompanied asylum seeking children (UASC)	75	33	274	488
Community Placement	0	300	400	500
No Recourse to Public Funds (NRPF)	21	132	147	301
MASH & First Response staffing	1,618	257	307	354
Legal costs	526	72	139	280
Other over and underspends	10,070	(280)	(183)	231
Subtotal Children's Social Care and Youth Inclusion	19,421	416	1,516	3,211

Education Division

The procurement and school organisation budget has reported a favourable variance of £306k because of lower spend on revenue budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN Transport spend is £5.928m, circa £563k more than last year. The SEN transport budget has an adverse variance of £1.289m, however, this has decreased by £8k since January. 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 had been delayed, hence the favourable variance of £314k.

The Children with Disabilities team, is holding vacant posts which is reflected in the outturn, resulting in a £60k favourable variance. Some of this is being used to offset agreed social work activities in the fostering service.

Childrens Short Breaks Placements has reported an adverse variance of £177k, an adverse movement of £88k since January. This is due to higher clawback forecast at P10, which did not materialise.

Education Inclusion has reported a favourable £350k variance, a favourable movement of £94k from January. This is primarily due to staffing underspends within My Futures Team and the Education Welfare service. In addition, there has been an overachievement in income in relation to School buy backs within Education Welfare and an increase in licences issued within Youth Services because of unprecedented demand over February and March.

The internal legal hard charging budget has reported a favourable variance of £105k.

There are various other movements in outturn across the division netting to a £268k favourable variance. These combine with the items described above to arrive at the total divisional adverse forecast of £63k, an adverse movement of £30k from January.

Children's Social Care and Youth Inclusion Division

At the end of March Merton had 154 looked after children. This is a decrease of 10 children from January. 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	2019/20
Number of children in care as at 31st March	163	152	154	160	154
Of which UASC	22	20	28	34	28
Rate per 10,000	35	33	33	34	33
London Rate	51	50	49	Tbc	Tbc
England Rate	60	62	64	Tbc	Tbc

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

Service	Budget £000	March Outturn £000	Variance		Placements	
			Mar £000	Jan £000	March No	Jan No
Residential Placements	2,305	1,551	(754)	(652)	13	13
Independent Agency Fostering	1,753	2,025	272	347	43	48
In-house Fostering	993	1,534	541	704	73	74
Secure accommodation	138	47	(91)	(59)	1	1
Parent and Baby	103	48	(55)	0	0	0
Supported lodgings/housing	1,819	1,808	(11)	92	53	57
Total	7,111	7,013	(98)	432	183	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 sometimes required. Some specific provision is mandated by the courts.

- Residential placements reported a favourable variance of £754k at the end of this financial year. This has been offset by pressures within agency and in-house fostering. We currently have 13 placements in total. 4 clients in residential homes, 4 in respite and 5 placed by SEN in residential schools.
- Independent Agency Fostering reported an adverse variance of £272k. We currently have 43 placements. 5 placements have ended since January.
- In-house Foster carer reported a £541k adverse variance. We currently have 73 placements. Favourable £163k movement from January is due to uncertainty around the movement of placement costs over the last couple of months. Forecasting methods will be reviewed in 2020/21.
- Youth Justice secure accommodation expenditure reported a favourable variance of £91k at the end of this financial year. We currently have one placement.
- Parent and Baby reported a £55k favourable variance. There is currently no placement.
- Semi- Independent expenditure reported a favourable variance of £11k. We currently have 53 placements. 4 placements have ended since January.
- At the end of March, UASC placements and previous UASC that are now Care Leavers have reported an adverse variance of £45k, favourable movement of £242k from January.

Service	Budget £000	March outturn £000	Variance		Placements	
			Mar £000	Jan £000	March No	Jan No
Independent Agency Fostering	380	474	94	131	11	14
In-house Fostering	325	798	473	351	33	30
Supported lodgings/housing	570	602	32	105	30	27
UASC grant	(1,200)	(1,754)	(554)	(300)		
Total	75	120	45	287	74	71

At the end of March, we have a total of 74 USAC placements, 28 under 18 and 46 over 18. Of the 28 under 18 clients, 25 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 to accommodate 37 unaccompanied asylum-seeking children (equivalent of 0.08% of the child population).

Merton had 46 young people aged 18+ who were formerly UASC in our care at the end of March, 19 in foster care, 27 in semi-independent accommodation. Once UASC

young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

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. Changes in the fostering recruitment budget from the corporate communications team has reduced the range of recruitment activity.

In 2019/20 we have recruited 9 new foster carers and 3 connected persons this year. The target for this financial year was to recruit 20 new foster carers (including connected persons).

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

Our ART Placement service have been 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.

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 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	Weekly cost 2019-20										
	May	June	July	August	September	October	November	December	January	February	March
ART Independent Agency Fostering	£ 879	£ 854	£ 889	£ 898	£ 922	£ 910	£ 910	£ 908	£ 906	£ 913	£ 917
ART In-house Fostering	£ 438	£ 443	£ 430	£ 428	£ 441	£ 435	£ 431	£ 432	£ 433	£ 422	£ 423
UASC Independent Agency (Grant)	£ 822	£ 822	£ 821	£ 821	£ 819	£ 818	£ 831	£ 803	£ 803	£ 801	£ 839
UASC In house Fostering (Grant)	£ 410	£ 388	£ 452	£ 419	£ 450	£ 425	£ 506	£ 495	£ 493	£ 495	£ 562
UASC Independent Agency (Non-Grant)	£ 802	£ 802	£ 802	£ 802	£ 661	£ -	£ 560	£ 560	£ 516	£ 792	£ 792
UASC In house Fostering (Non-Grant)	£ 409	£ 417	£ 405	£ 426	£ 402	£ 420	£ 397	£ 417	£ 417	£ 413	£ 434
ART Residential Placements	£ 3,919	£ 3,887	£ 3,886	£ 3,916	£ 3,925	£ 3,870	£ 3,874	£ 3,865	£ 3,865	£ 3,858	£ 3,926
ART Secure Accommodation	£ 1,890	£ 1,890	£ 1,890	£ 2,457	£ 1,984	£ 1,804	£ 1,760	£ 1,760	£ 1,766	£ 1,680	£ 1,680
ART Govt Grant											
ART Mother & Baby Unit	£ 4,204	£ 4,204	£ 3,401	£ 3,401	£ 3,306	£ 3,405	£ 3,405	£ 3,405	£ 3,405	£ 3,405	£ 3,381
Supported Housing & Lodgings (Art 16+ Accommodation)	£ 611	£ 619	£ 627	£ 652	£ 683	£ 676	£ 750	£ 733	£ 726	£ 721	£ 719
Supported Housing & Lodgings (Hsng Benefit Income)											
Supported Housing & Lodgings - UASC (Grant)	£ 788	£ 736	£ 687	£ 687	£ 771	£ 708	£ 767	£ 656	£ 663	£ 655	£ 756
Supported Housing & Lodgings - UASC (Non Grant)	£ 451	£ 410	£ 400	£ 427	£ 432	£ 428	£ 422	£ 420	£ 419	£ 414	£ 412

Schools PFI

The Schools PFI contract was signed by the council in 2002 and operates until 2029 so now has less than ten years to run. The PFI contract was initially responsible for the funding and management of a £56 million design and construction project for six secondary schools and is now responsible for the operation of four secondary school buildings including their maintenance and facilities management (FM) services such as cleaning and school meals.

Schools PFI reported a favourable variance of £251k, an adverse movement of £151k from January. This is due to a year end technical adjustment, where £151k of budget has been transferred to reserves as per the PFI model. This will again be reviewed in 2020/21.

Dedicated Schools Grant (DSG)

DSG funded services reported a £9.822m adverse variance, a favourable movement of £847k since January. The DSG had a cumulative adverse spend of £2.909m at the end of 2018/19. The adverse spend in the current financial year will be adding to this balance, cumulatively this is at £12.750m. In the budget setting process, we assumed the outturn would be £147.990m, with the accumulated deficit now of £12.750m, this means a variance of £9.822m. The impact of this on future growth requirements will be reviewed. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The DfE met with the LA on 11 February 2020 to discuss this recovery plan, and they will return to assess our progress in November 2020.

The main reason for the variance relates to a £6.799m adverse variance in relation to Independent Day School provision. However, this is a £325k increase since January 2020, following the SEN2 Audit review. The reason for the significant adverse movement is due to the high number of placements. The total number of placements at the end of March were 2011, and this is expected to increase in 2020/21.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to continue to increase in 2020/21. 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, the cumulative DSG deficit at the end of 2019/20 is £12.750m.

Other adverse variances include £1,188k on EHCP allocations to Merton primary and secondary schools, £2.012m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.489m 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 5 years since the entitlement changed following the implementation of the Children and Families Act.

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		Jan 2020 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%

Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%
Total	1075	100%	1242	100%	1518	100%	1712	100%	1928	100%
Change over previous year				16%		22%		13%		11%

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 will continue to also work with other authorities on the deficit DSG issue.

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. The estimated additional grant is £335k, for 2018/19 the 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 outturn figures highlighted above and expected to continue into 2020/21 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 9 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 has been to reduce 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 parent and child foster placements.

Children with additional needs

We have been working with colleagues in CCGs through the tripartite process in order to secure appropriate health contributions 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. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Mar Outturn £000	Jan overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	(11)	92	52
Supported lodgings/housing- UASC	570	32	105	774
UASC	705	567	481	211
No Recourse to Public Funds (NRPF)	21	132	147	301
UASC grant	(1,200)	(554)	(300)	(285)
Total	1,915	166	525	1,053

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.

Community and Housing

Overview

Community and Housing (C&H) outturn position for the financial year 2019-20 is a favourable variance of £319k. C&H continue to operate in a challenging and uncertain environment in terms of future funding, fragile provider market and an increasing number of customers presenting with very complex needs.

The department continues to strive to achieve its Target Operating Model vision to provide the services to enable its customers to live better, healthier and more independent lives which will enable improved life chances.

At the end of March 2020 the department mobilised to concentrate all its resources to the COVID-19 pandemic to provide a comprehensive joined up service as per central government directive with health. Whilst the position in London has improved, we are planning for potential surges as lockdown eases. The department is therefore likely to remain in some form of emergency planning mode for some time. It is expected that this will impact the financial position of the department long after the pandemic ceases.

Community & Housing Summary Outturn Position

Community and Housing	2019-20 Current Budget £000	2019-20 Outturn £'000	2019-20 Variance £000	Forecast Variance (Jan'20) £000	2018-19 Outturn Variance £000
Access and Assessment	43,995	42,852	(1,143)	(1,349)	(275)
Commissioning	4,188	4,105	(83)	(127)	(5)
Direct Provision	4,617	4,806	189	210	6
Directorate	1,467	1,787	320	285	90
Adult Social Care	54,267	53,550	(717)	(981)	(167)
Libraries and Heritage	2,348	2,418	70	46	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,721	2,049	328	18	(73)
Sub-total	4,061	4,459	398	64	(195)
Public Health	(148)	(148)	0	0	0
Grand Total	58,180	57,861	(319)	(917)	(195)

Adult Social Care £717k Favourable Variance

Adult Social Care was forecasting a favourable variance of £981k as of period 10 January) but the actual favourable variance is £717k as at March 2020. This includes one off items of £852k due to in year recoups, a reduction in placements and under spend on salaries. The predicted unfavourable variance in

direct provision and directorate budgets were offset by underspends elsewhere in the division.

Placement numbers decreased between period 10 (January) and March with largest decrease amongst the over 65's. There were 62 new customers, 61 deaths and 35 customers no longer requiring a service. The gradual reduction in placements is due to a combination of the effective management to facilitate faster hospital discharges, the effective use of the in-house Re-ablement service which increased the chances of customers returning home, thus better customer outcomes which is customers requiring no further input from the service.

However it should be noted that due to the COVID-19 pandemic additional pressures will be placed on this service as more customers are discharged from hospital or health needs increased due to the pandemic. There is also the added issue of provider market fragility due to increase cost, employee illness and shortage of PPE.

Direct Provision-£189k Adverse Variance

This service outturn variance is £189k which is £21k better than forecasted.

The division incurred unexpected additional holiday pay processed by payroll based on 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.

During the financial year the service experienced a high level of sickness at MASCOT, Supported Living, Glebelands and the JMC and as such salary forecast increased. While sickness across Provider Services has decreased in the past year there was a spike in these services. The absences were mostly related to long term ill health with several members of staff. Staff absence levels have since reduced despite COVID-19.

C&H-Other Services

Libraries-£70k Adverse Variance

In January 2020 this service forecasted an unfavourable variance of £46k however outturn was slightly more at £70k. This is due to loss of income from lettings and from other day to day library charges due to the closure of the library from the 23rd March on the onset of COVID-19. A majority of library staff were redeployed to assist with COVID-19 support with a small number providing library on-line support service.

Merton Adult Learning – Breakeven

Merton Adult Learning forecasted a breakeven position throughout the financial year. This service is Greater London Authority (GLA) grant funded and thus grant is expected to all contracts commissioned and management cost for the service.

During the financial year this service was inspected by Ofsted inspection and the strong performance of the service was noted and the improvements in the offer made to residents was recognised since the move to the new commissioning model in 2016.

Housing - £328k – Adverse Variance

The Housing service is was forecasting an adverse variance of £18k as at January 2020 but due to the nature of this service demand could fluctuate due unforeseen circumstances. COVID 19 and the steps the service has done to assist rough sleepers into accommodation will have longer term implications, including for rent deposits and supported housing.

During the financial year this division implemented several local initiatives following the successful applications to MHCLG for grant funding which are expected to be continued in 2020-21. 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 during 2019-20 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 for the financial year 2019-20.

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	450
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
Achieved-Jan'20	388
Achieved-Feb'20	437
Achieved-Mar'20	480

The homelessness prevention service provided by the Housing Team continues to exceed its targets.

Analysis of Housing and Temporary Accommodation Outturn

The diagram below shows analysis of the housing outturn for the financial year 2019-20

Housing	Budget 2019-20 £000	Outturn Variance (Mar'20) £'000	Forecast Variances (Jan'20) £000	Outturn Variances (Mar'19) £000
Temporary Accommodation-Expenditure	2,368	1,002	593	562
Temporary Accommodation-Client Contribution	(140)	(321)	(317)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(535)	(535)	(26)
Temporary Accommodation-Subsidy Shortfall	322	793	788	455
Temporary Accommodation- Grant	0	(766)	(450)	(531)
Subtotal Temporary Accommodation	544	173	80	(58)
Housing Other Budgets-Over/(under)spend	1,177	155	(62)	(15)
Total Controllable	1,721	328	18	(73)

Temporary Accommodation (TA) movement for financial year 2019-20

The data below shows the number of households i.e. families and single (placements) in temporary accommodation during 2019-20.

The data below shows that the service had an average occupancy rate of 178 during 2019-20 and 171 in 2018-19 which is an increase of 7. It is expected that in 2020-21 this will be higher due to the increase in rough sleepers in the borough during the COVID-19 crisis. A snap shot taken in November the service counted 11 rough sleepers' in the borough but during the COVID-10 pandemic the numbers increased to 52 in June.

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
Jan'20	11	8	186	171
Feb'20	18	11	193	170
Mar'20	12	6	199	174

The above table also shows that temporary accommodation numbers slowly increased between September and March ending the financial year at 199 households.

Public Health –Breakeven Position

Public Health achieved a breakeven position as predicted despite several cost pressures on the division's budget such as a reducing public health grant, increase in demand from providers for additional funding.

However it is expected that although the service grant will increase in 2020-21 the cost pressure will continue as increase in grant is earmarked to fund increase the NHS contract costs. It is also expected that whilst the COVID-19 pandemic continues this division will be involved in a number of the government initiatives to contain the pandemic thus will affect its financial position.

During the financial year the service also secured LGA funding to fund for a Behavioural Insights project. The objective of which was to design, implement and

evaluate behavioural insights trial which aims to change behaviours to only improvement the environment but health.

Section 4 Corporate Items

These budgets cover a wide range of significant areas including treasury management, contingency, contributions to past service deficiency on the pensions fund and contributions from government grants and use of reserves. The details comparing actual expenditure with budget are contained in Appendices 1. The summary position of corporate expenditure items is as follows:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (March) £000s	Forecast Variance at year end (March) £000s	Forecast Variance at year end (Jan) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	11,157	10,996	(161)	(149)	403
Investment Income	(664)	(1,368)	(704)	(542)	(364)
Pension Fund	3,193	3,089	(104)	(100)	(254)
Pay and Price Inflation	100	0	(100)	0	(1,122)
Contingencies and provisions	2,162	2,007	(155)	(577)	(3,366)
Income Items	(1,503)	(1,846)	(343)	(212)	(956)
Appropriations/Transfers	9,343	9,343	0	0	(6)
Central Items	12,630	11,224	(1,406)	(1,432)	(6,068)
Levies	949	948	(1)	0	0
Depreciation and Impairment	(23,666)	(23,666)	0	0	4
TOTAL CORPORATE PROVISIONS	1,070	(498)	(1,569)	(1,581)	(5,661)
COVID-19 Emergency expenditure	0	176	176	0	0

From an early stage in the financial year, it became clear that there would be severe pressures on service department budgets, particularly in demand led services such as Adult Social Care and Children's Social Care. However, the overriding concern throughout 2019/20, and it is still unresolved, is the level of DSG deficit which resulted in a negative reserve brought forward from 2018/19 and an increasing deficit for future years unless the Government committed to resolving this crucial funding issue. It was therefore necessary to monitor corporate provisions carefully throughout 2019/20 in order to offset the forecast overspend as far as possible by underspends in corporate budgets, mainly in contingencies held to provide flexibility in the event of such pressures. Throughout 2019/20 Cabinet has agreed appropriations to reserves to provide for the forecast deficit in the event that no additional Government funding is forthcoming

The main variances (greater than £100k) in corporate items are:

Capital Financing Costs (Favourable variance £0.161m)

There was an underspend mainly due to slippage in the capital programme.

Investment income (Favourable variance £0.704m)

The increase in income is due to improved interest rates and amounts invested than assumed in the budget.

Pension Fund (Favourable variance £0.100m)

This was mainly due to the non-utilisation of the budget for auto enrolment. These costs were met within service departments' employees budgets.

Provision for Excess Inflation (Favourable variance £0.100m)

This provision was closely protected during the year as provision for the DSG deficit

Contingencies and Provisions (Favourable variance £0.155m)

Favourable variances in corporate contingencies held as provision for the DSG deficit were mainly offset by an unfavourable variance of £1.3m in the Bad Debt provision which was increased significantly in light of the coronavirus pandemic and the inevitable impact it will have in future years.

Loss of income arising from P3/P4 (Favourable variance £0.100m)

The level of income from these car parks was not impacted by these developments in 2019/20 and none of the budget was therefore utilised.

Income items (Favourable variance £0.343m)

The net additional income arose from miscellaneous items of additional income and expenditure (£0.186m) and additional IP and dividend income from CHAS (£0.157m)

Funding

The level of corporate funding in 2019/20 was c. £2.798m more than budgeted and this has been transferred to reserves. This funding was attributable to the following:-

- a) Social Care Grant – Grant of £1.278m was received to be spend on both Children's and Adult's Social Care pressures. This has been transferred to reserves for future allocation on social care as part of the Covid-19 response.

- b) Business Rates – London Pilot Pool premium: During 2019/20 Merton, along with all other London boroughs participated in a pool. The 2019/20 original estimate for Business Rates was based on a "No worse off" position and because of the current advantages of pooling it is estimated that Merton will receive additional business rates income of c. £1.520m This is subject to the finalisation of all London boroughs business rates income as detailed in the NNDR3 returns and this will not be finalised until much later. Indeed the 2018/19 final position is still not settled due to the delay experienced by a number of boroughs in their final accounts sign off.

Coronavirus Pandemic: COVID-19

Since the Coronavirus Pandemic hit the UK at the end of 2019/20 the Council has received some Government Grant and incurred some initial expenditure although the vast majority of this will fall in 2020/21. The balance of the grant (£4.789m) has been paid into a COVID-19 reserve for application in 2020/21.

The details are summarised below:

COVID-19: Net Expenditure	Current Budget 2019/20 £000s	Year to Date Budget (March) £000s	Year to Date Actual (March) £000s	Full Year Forecast (March) £000s	Forecast Variance at year end (March) £000s	Forecast Variance at year end (Jan) £000s	Outturn Variance 2018/19 £000s
COVID-19 Emergency expenditure	0	0	176	176	176	0	0
COVID-19 Emergency funding	(4,789)	(4,789)	(4,965)	(4,965)	(176)	0	0
Net	(4,789)	(4,789)	(4,789)	(4,789)	0	0	0

Section 5 - Other Information

Progress on Savings 2019/20

Department	Target Savings 2019/20 £000	2019/20 Savings achieved £000	Shortfall £000	Shortfall %	Period 10 Forecast Shortfall £000	2020/21 Expected Shortfall £000
Corporate Services	1,484	1,259	225	15.2%	95	155
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	1,752	1,618	48.0%	1,351	217
Total	6,960	4,999	1,961	28.2%	1,564	372

Details are provided in Appendix 3

Progress on Savings 2018/19

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 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	206	50
Total	5,637	1,470	601	170

Details are provided in Appendix 3A

Debt Report

The report on debt at year end is provided in Appendix 4

Quality of forecasting

The forecasting by department and reasons for variances is attached as Appendix 5.

Section 6 Reserves Position

Usable Reserves	Balance at 31st Mar 2018 £000	Transfers out 2018/19 £000	Transfers in 2018/19 £000	Balance at 31st Mar 2019 £000	Transfers out 2019/20 £000	Transfers in 2019/20 £000	Balance at 31st Mar 2020 £000
General Fund:							
Balances held by schools	(8,748)	151	3,410	(5,187)	2	9,480	4,295
General Fund Balances	(12,778)	0	(1,000)	(13,778)	0	0	(13,778)
Earmarked reserves	(39,196)	18,489	(27,399)	(48,106)	17,240	(28,741)	(59,607)
Total General Fund	(60,722)	18,640	(24,989)	(67,071)	17,242	(19,261)	(69,089)
Capital:							
Capital Receipts Reserves (CRR)	(15,513)	16,360	(10,075)	(9,228)	9,597	(2,428)	(2,059)
Capital Grants Unapplied (CGU)	(10,479)	7,018	(13,545)	(17,006)	9,632	(14,526)	(21,900)
Total Capital	(25,992)	23,378	(23,620)	(26,234)	19,229	(16,954)	(23,958)
Total Usable Reserves	(86,714)	42,018	(48,609)	(93,305)	36,472	(36,216)	(93,048)

Usable Reserves	Balance at 31st Mar 2018 £000	Transfers out 2018/19 £000	Transfers in 2018/19 £000	Balance at 31st Mar 2019 £000	Transfers out 2019/20 £000	Transfers in 2019/20 £000	Balance at 31st Mar 2020 £000
Earmarked Schools balances	(8,145)	151	0	(7,994)	0	(361)	(8,355)
Schools Fund	325	0	(427)	(102)	2	0	(100)
DSG Reserve	(928)	0	3,837	2,909	0	9,841	12,750
Total balances held by Schools	(8,748)	151	3,410	(5,187)	2	9,480	4,295

Reserve	Balance at 31st Mar 2018 £000	Net Transfer (to)/from Reserve £000	Balance at 31st Mar 2019 £000	Transfers out 2019/20 £000	Transfers in 2019/20 £000	Balance at 31st Mar 2020 £000
Outstanding Council Programme Board	(4,545)	113	(4,432)	1,784	(2,523)	(5,171)
For use in future years' budgets	(11,131)	580	(10,551)	3,979	(4,630)	(11,202)
Revenue Reserve for Capital/Revenuisation	(3,498)	(1,112)	(4,610)	223	(26)	(4,413)
Renewable energy reserve	(1,523)	0	(1,523)	0	(298)	(1,821)
Repairs and renewals fund	(1,090)	(1,000)	(2,090)	0	0	(2,090)
Pension fund additional contribution	(453)	0	(453)	0	0	(453)
Local land charges	(2,038)	(220)	(2,258)	0	(127)	(2,385)
Apprenticeships	(260)	(833)	(1,093)	118	0	(975)
Community care reserve	(1,386)	0	(1,386)	1,783	(1,293)	(896)
Local welfare support reserve	(377)	0	(377)	62	0	(315)
Economic development strategy	(2)	2	0	0	0	0
Corporate services reserves	(1,771)	(478)	(2,249)	451	(204)	(2,002)
Spending Review Reserve	0	(3,100)	(3,100)	32	(4,667)	(7,735)
COVID-19 Emergency Funding	0	0	0	0	(6,173)	(6,173)
Wimbledon tennis courts renewal	(150)	0	(150)	0	0	(150)
Governor support reserve	(28)	0	(28)	0	0	(28)
New homes bonus scheme	(122)	0	(122)	0	0	(122)
Adult social care grants	(2,161)	(2,033)	(4,194)	3,519	(3,387)	(4,062)
Culture & environment contributions	(13)	(389)	(402)	312	(110)	(200)
Culture & environment grants	(517)	251	(266)	91	(419)	(594)
Children & education grants	(426)	(49)	(475)	374	(83)	(184)
Housing GF grants	(106)	(598)	(704)	4,477	(4,639)	(866)
Insurance reserves	(1,955)	0	(1,955)	0	0	(1,955)
School standard Fund	(372)	372	0	0	0	0
Schools PFI fund	(5,247)	(382)	(5,629)	0	(162)	(5,791)
CSF Reserves	(25)	(35)	(60)	35	0	(25)
Grand Total	(39,196)	(8,910)	(48,106)	17,240	(28,741)	(59,607)

Section 7 CAPITAL

Outturn and Budget Management

The table (a) below shows that Total Capital Expenditure for 2019/20 is £23.2 million compared to the total projected by budget managers in November 2019 of £26.6 million (this equates to a negative variance of 12.8%). November is used for capital variances due to the funding decisions taken at this time of the capital programme. It is envisaged that this forecast would have been much closer if the expenditure in March 2020 had not been reduced by the restrictions caused by Covid 19.

Department	November Budget Monitoring 2019-20	December 2019 & January 2020 Monitoring	Final Budget 2018-19	Final Outturn	Outturn Variance to Final 2019-20 Budget	November Forecast For Year	% Variance to November Forecast
Column	(1)	(2)	(3)	(4)	(5)	(6)	(8)
			(1)+(2)		(4)-(3)		(7)/(6)
Corporate Services	7,149,230	0	7,149,230	5,176,728	(1,972,502)	6,985,649	(25.89)
Community and Housing	1,057,490	0	1,057,490	878,778	(178,712)	957,490	(8.22)
Children, Schools & Families	9,062,400	0	9,062,400	8,584,692	(477,708)	9,049,340	(5.13)
Environment & Regeneration	9,606,240	85,120	9,691,360	8,520,718	(1,170,642)	9,570,260	(10.97)
Total	26,875,360	85,120	26,960,480	23,160,915	(3,799,565)	26,562,739	(12.81)

Appendix 2a provides additional information on the individual variances on schemes. Within Corporate services the in year favourable variance in the programme was caused by the programme having slipped from that estimated at period 8 when the budgets are set with projects such as Office 365 being suspended in response to restrictions from Covid 19.

Movement in the Funding of the 2019/20 Capital Programme

In funding the Capital Programme for budget setting finance officers reduce budget manager estimates to overcome their optimism bias. As part of the Business Planning Process for 2020-24 officers reduced the estimated outturn for 2019-20 from £26.6 million to £25.2 million. The table below summarises the impact this reduction had on the funding of the programme.

Capital Expenditure	2019/20 Estimated Outturn £000	Actual 2019/20	Variance	Narrative
Capital Expenditure Budget/ Managers Forecasts P8	26,960,480	26,562,739		Budget compared to Budget Managers Forecast for November (P8)
Projected and Actual Difference to Outturn	(1,724,177)	(3,401,824)		
Total Projected and Actual Capital Expenditure	25,236,303	23,160,915	(2,075,388)	Budgeted outturn compared to the Actual Outturn
Financed by:				
Capital Receipts	10,128,381	9,596,898	(531,483)	Balance of Funding
Capital Grants & Contributions	14,323,172	12,981,136	(1,342,036)	All Grants and Contributions
Revenue Provisions	594,193	582,882	(11,311)	Includes Revenue Reserve and OCPB Reserve
Net financing need for the year	190,557	0	(190,557)	Borrowing not utilised

The table below provides a breakdown of the movement in the use of grants and contributions to the programme:

Grants and Contributions	Budget 2019/20	Outturn 2019/20	Variance
Transport for London	(2,894,880)	(2,584,201)	(310,679)
Education Basic Need Grant	(445,958)	(445,958)	0
School Condition Grant	(1,915,195)	(1,915,195)	0
Special Provision Capital Funding	(1,520,005)	(1,520,005)	0
Healthy Schools	(158,630)	(188,629)	29,999
Devolved Formula	(347,893)	(347,893)	0
HLF Canons	(80,719)	(80,719)	0
Better Care Fund (Applied in 2019/20)	(927,160)	(764,129)	(163,031)
Strategic CIL	(4,004,143)	(3,273,661)	(730,482)
Neighbourhood CIL	(477,840)	(379,657)	(98,183)
Section 106	(912,110)	(795,196)	(116,914)
School Contributions	(280,420)	(327,674)	47,254
Network Rail	(168,068)	(168,068)	0
Other Contributions	(190,151)	(190,151)	0
Grant Applied Generally to the Capital Programme	(14,323,172)	(12,981,136)	(1,342,036)

Movement in the 2019/20 Original Approved Programme

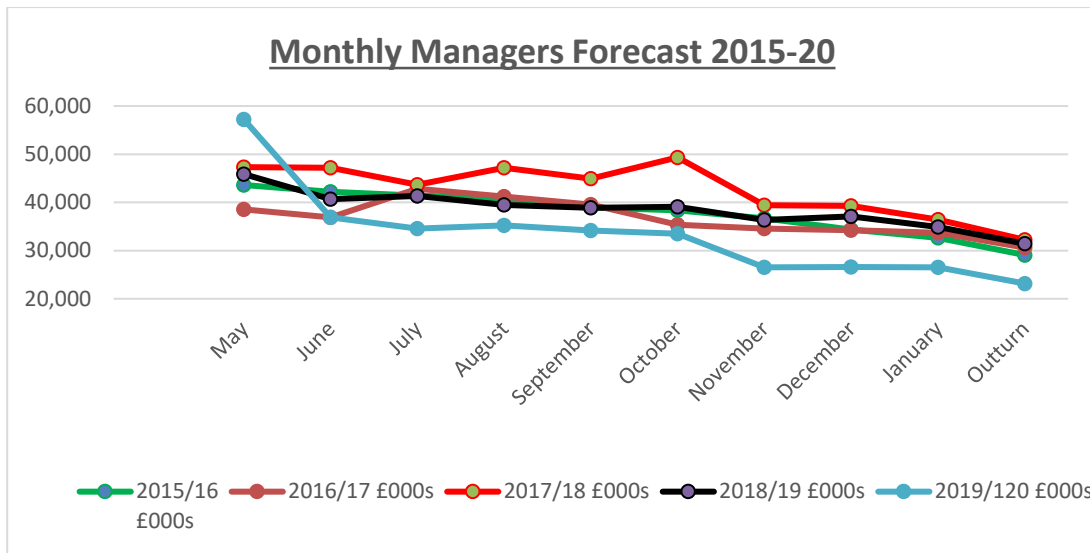
The Capital Programme for 2019/20 as approved in March 2019 was £53.5 million. Subsequently, slippage from 2018/19 of £2.9 million was added, and new funding of £1.5 million giving an effective opening programme of £57.9 million. However, during the financial year there was a net reduction in the overall programme mainly from budget being re-profiled into subsequent financial years. These movements are shown in Table (b) below. When final capital outturn is compared to the original capital programme the total slippage is 53%.

Depts.	Original Budget 2019/20	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised 2019/20 Budget
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)	535	519	(5,034)	9,690
Total	53,529	2,881	(232)	1,129	629	(30,976)	26,960

* Reprofiling includes Housing Company £21.6m

Capital - Monthly Managers Forecast Spend to Outturn

The graph below shows the monthly forecasting by managers of the outturn spend on capital over the last 5 years. The forecasting trend during 2019/20 followed the pattern of previous years and there was a continuing problem with the quality of forecasting around November when the Medium Term Financial Strategy is being prepared. The overestimate in spending feeds through into an overestimate of the budget for capital charges in the following year. It should be noted that centrally finance officers adjust the total projected capital spend from departments downwards for optimism bias when funding the programme. This year the outturn estimate for funding purposes was reduced to £25.2 million, with the impact of Covid 19 on March 2020 spend this estimate was overstated by £2 million.



Considerable time was spent with budget managers profiling their budgets in 2019-20, this work will continue in 2020-21.

The Level of Re-Profiling / Slippage from 2019/20

The table below summaries management proposals for treatment of slippage and overspends from the 2019/20 programme.

Management Proposals for under/Overspends with the 2019/20 Capital Programme

Department	Total Year End Variance 2019/20	Recommend Accept Slippage	Surrender/ Lease/Loan	Funded from Reserves etc.	Bring Forward from 2020/21
	£000's	£000's	£000's	£000's	£000's
Corporate Services	(1,973)	2,000	0	0	0
Community and Housing	(179)	189	0	0	0
Children, Schools & Families	(478)	530	0	0	(50)
Environment & Regeneration	(1,171)	1,285	69	0	(223)
Total	(3,800)	4,003	69	0	(273)

After offsetting minor under and overspends within the programme four schemes require clawback of budget from 2020-21, this clawback totals £272k. The five schemes are IT Equipment £41k, Cricket Green School Expansion £16k, Further SEN Provision £2k, Primary ASD Base £32k and Bishopsford Bridge £223k. This timing difference in spending and budget provision has been offset by drawing back the budget from 2020/21.

Appendix 2B provides details of the proposed slippage into 2020/21 split by departments.

Revised Capital Programme 2020-24: Appendices 2C and 2C1 provide details of the proposed movements in the approved Capital Programme 2020-24 for approval, this position is summarised in the two tables below:

Capital Programme Budget 2020-21

Summary	Budget 2020-21	Slippage*	Reprofiled into 2021-22	New 2020-21	TfL	Clawback	Relinquished	Revised Budget 2020-21
Corporate Services	22,099,700	2,000,070	(400,000)	0	0	0	0	23,699,770
Community and Housing	2,003,850	188,680	(483,330)	0	0	0	0	1,709,200
Children Schools & Families	4,565,740	530,120	(1,130,000)	572,660	0	(49,850)	0	4,488,670
Environment and Regeneration*	18,529,540	1,041,560	(3,157,450)	0	(1,149,010)	(223,120)	(387,940)	14,653,580
Total	47,198,830	3,760,430	(5,170,780)	572,660	(1,149,010)	(272,970)	(387,940)	44,551,220

*TfL Slippage shown in the TfL Column which encompasses all TfL Adjustments

Please note the proposed programme for 2020/21 includes £285,990 Transport for London (TfL) funding, although the TfL have issued warnings that their funding to local authorities is likely to reduce, officers have received assurances that funding commitments already incurred will be met by them, but this will be kept under review.

Capital Programme Budget 2021-24

Summary	Budget 2021-22	Adjustment*	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
Corporate Services	11,128,220	400,000	11,528,220	2,895,000	0	2,895,000	15,410,480	0	15,410,480
Community and Housing	913,000	767,200	1,680,200	882,000	547,000	1,429,000	425,000	0	425,000
Children Schools & Families	5,500,000	1,130,000	6,630,000	1,900,000	0	1,900,000	1,900,000	0	1,900,000
Environment and Regeneration	11,424,790	1,407,450	12,832,240	8,342,890	0	8,342,890	5,279,000	1,750,000	7,029,000
Total	28,966,010	3,704,650	32,670,660	14,019,890	547,000	14,566,890	23,014,480	1,750,000	24,764,480

*Adjustment for 2021-22 includes £283,870 Disabled Facilities Grant and Excludes re-profiling of Mitcham Town Centre Redevelopment match funding of £1.75m which has been added to 2023-24

Funding the Budgeted Capital Programme 2020-24: The Table below summarises the funding of the budgeted capital programme 2020-24, additional departmental detail is contained within Appendix 2D

Funding the Budgeted Capital Programme 2020-24

Description of Funding	2020-21	2021-22	2022-23	2023-24
Strategic CIL	(4,069,118)	(7,046,450)	(840,000)	0
Neighbourhood CIL	(324,610)	0	0	0
Section 106	(783,260)	(633,000)	(462,000)	(145,000)
Revenue Contributions	(4,734,344)	(45,000)	(55,000)	(30,000)
Corporate Reserves	(255,080)	(10,197)	0	0
Transport for London	(285,990)	(1,300,000)*	(1,300,000)*	(1,300,000)*
Other Ringfenced Grants	(4,204,087)	(1,538,790)	(557,590)	(280,000)
General Grants	(2,406,930)	(1,900,000)	(1,900,000)	(1,900,000)
Capital Receipts	(2,958,975)	(640,000)	(900,000)	(900,000)
Borrowing	(24,528,826)	(19,557,223)	(8,552,300)	(20,209,480)
Total	(44,551,220)	(32,670,660)	(14,566,890)	(24,764,480)

*Subject to further clarification from TfL

8 CONSULTATION UNDERTAKEN OR PROPOSED

8.1 All relevant bodies have been consulted.

9 TIMETABLE

9.1 In accordance with current financial reporting timetables.

10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. LEGAL AND STATUTORY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

12 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 Not applicable

13 CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 There is a specific key strategic risk for the Business Plan, which is monitored in line with the corporate risk monitoring timetable.

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

Appendix 1	Corporate items
Appendix 2A	Capital Programme Outturn Position 2019/20
Appendix 2B	Proposed Budget to be Slipped to 2020/21
Appendix 2C&C1	Current Capital Programme 2020-24 including Slippage
Appendix 2D	Funding the Budgeted Capital Programme 2020-24
Appendix 3	Progress on savings 19/20
Appendix 3A	Progress on savings 18/19
Appendix 4	Debt Report
Appendix 5	Quality of forecasting

16 BACKGROUND PAPERS

16.1 Budgetary Control files held in the Corporate Services department.

17. REPORT AUTHOR

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APPENDIX 1

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (March) £000s	Year to Date Actual (March) £000s	Full Year Forecast (March) £000s	Forecast Variance at year end (March) £000s	Forecast Variance at year end (Jan) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	11,157	11,157	10,996	10,996	(161)	(149)	403
Impact of Capital on revenue budget	10,481	10,481	11,157	11,157	10,996	10,996	(161)	(149)	403
Investment Income	(664)	(664)	(664)	(664)	(1,368)	(1,368)	(704)	(542)	(364)
Pension Fund	3,429	3,429	3,193	3,193	3,089	3,089	(104)	(100)	(254)
Provision for Pay Award	877	877	(0)	(0)	0	0	0	0	(744)
Excess inflation Provision	450	450	100	100	0	0	(100)	0	(378)
Pay and Price Inflation	1,327	1,327	100	100	0	0	(100)	0	(1,122)
Contingency	1,500	1,500	500	500	0	0	(500)	(250)	(1,398)
Single Status/Equal Pay	100	100	0	0	0	0	(0)	0	(84)
Bad Debt Provision	500	500	500	500	1,804	1,804	1,304	0	(33)
Loss of income - P3/P4	200	200	100	100	0	0	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34	34	0	0	(34)	(34)	(83)
Apprenticeship Levy	450	450	250	250	228	228	(22)	0	(217)
Revenuisation and miscellaneous	2,070	2,070	777	777	(25)	(25)	(802)	(193)	(1,351)
Contingencies/provisions	4,904	4,904	2,162	2,162	2,007	2,007	(155)	(577)	(3,366)
Other income	0	0	0	0	(186)	(186)	(186)	(212)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)	(1,503)	(1,660)	(1,660)	(157)	0	(3)
Income items	(1,407)	(1,407)	(1,503)	(1,503)	(1,846)	(1,846)	(343)	(212)	(956)
Appropriations: CS	(711)	(711)	(383)	(383)	(383)	(383)	0	0	0
Appropriations: E&R	(146)	(146)	77	77	77	77	0	0	0
Appropriations: CSF	9	9	(283)	(283)	(283)	(283)	0	0	0
Appropriations: C&H	(104)	(104)	84	84	84	84	0	0	0
Appropriations: Public Health	(1,200)	(1,200)	0	0	0	0	0	0	0
Appropriations: Corporate	(2,034)	(2,034)	9,849	9,849	9,849	9,849	0	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	9,343	9,343	9,343	9,343	0	0	(6)
Depreciation/Impairment	(22,903)	(22,903)	(23,666)	(23,666)	(23,667)	(23,666)	0	0	4
Central Items	(9,019)	(9,019)	121	121	(1,447)	(1,446)	(1,568)	(1,581)	(5,661)
Levies	949	949	949	949	948	948	(1)	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	1,070	1,070	(499)	(498)	(1,569)	(1,581)	(5,661)
COVID-19 Emergency expenditure	0	0	0	0	176	176	176	0	0
CORPORATE EXPENDITURE inc. COVID-19	(8,070)	(8,070)	1,070	1,070	(323)	(323)	(1,393)	(1,885)	(5,661)

Capital Outturn Position 2019-20

Summary	Budget	Outturn	Variance
Corporate Services	7,149,230	5,176,728	(1,972,502)
Community and Housing	1,057,490	878,778	(178,712)
Children Schools & Families	9,062,400	8,584,692	(477,708)
Environment and Regeneration	9,691,360	8,520,718	(1,170,642)
Total	26,960,480	23,160,915	(3,799,565)

Corporate Services	Budget	Outturn	Variance
Customer, Policy & Improvement			
Customer Contact Programme	472,660	295,848	(176,812)
Facilities Management - Works to Other Buildings			
Capital Building Works	360,034	501,371	141,337
Morden Park House Courtyard	27,120	0	(27,120)
Asbestos Safety Works	202,720	840	(201,880)
Water Safety Works	9,150	(16,076)	(25,226)
Facilities Management - Civic Centre			
Project General	242,296	242,296	0
Civic Centre Staff Entrance	111,460	8,550	(102,910)
Civic Centre Block Paving	68,720	0	(68,720)
Regulatory System	7,370	0	(7,370)
Improve and adapt cmttee rooms	85,110	21,438	(63,672)
Facilities Management - Invest to Save			
Project General	91,440	98,749	7,309
Photovoltaics & Energy Conserv	75,000	0	(75,000)
Business Systems			
Environmental Asset Management	25,790	7,989	(17,801)
Planning&Public Protection Sys	150,000	9,236	(140,764)
Kofax Scanning	28,800	30,626	1,826
Spectrum Spatial Analyst Repla	170,000	105,777	(64,223)
Regulatory System	21,270	0	(21,270)
Parking System	126,000	103,652	(22,348)
Youth Justice IT Systems	15,000	0	(15,000)
Mosaic Group Work Revenue	123,580	96,903	(26,677)
CPIS	0	1,110	1,110
EHCP Hub	35,000	22,583	(12,417)
SEN Case Management System	266,660	31,777	(234,883)
Infrastructure & Technology			
Project General	568,800	568,799	(1)
Data Centre Support Equipment	150,000	107,348	(42,653)
PABX Replacement	259,080	66,231	(192,849)
Network Switch Upgrade	200,000	0	(200,000)
IT Equipment	511,200	551,819	40,619
Office 365	815,000	393,577	(421,423)
Resources			
e5.5 Project	24,970	26,286	1,316
Corporate Items			
Westminster Ccl Coroners Court	5,000	0	(5,000)
Housing Company	1,900,000	1,900,000	0
Total Corporate Services	7,149,230	5,176,728	(1,972,502)
Community and Housing	Budget	Outturn	Variance
Adult Social Care			
Telehealth	5,000	3,349	(1,651)
Housing			
Project General	927,160	764,129	(163,031)
Libraries			
Colliers Wood Library Re-Fit	13,700	12,791	(909)
Public Toilet Mitcham Library	35,000	37,529	2,529
Library Management System	76,630	60,980	(15,650)
Total Community and Housing	1,057,490	878,778	(178,712)

Capital Outturn Position 2019-20

Children, Schools and Families	Budget	Outturn	Variance
Primary			
Hollymount - Schools Capital maintenance	15,390	15,392	2
West Wimb - Schools Capital maintenance	80,140	40,790	(39,350)
Hatfeild - Schools Capital maintenance	86,050	77,141	(8,909)
Hillcross - Schools Capital maintenance	227,740	227,447	(293)
Joseph Hood - Schools Capital maintenance	25,210	25,204	(6)
Joseph Hood - Healthy Schools	20,000	20,000	0
Dundonald School Expansion	0	2,629	2,629
Garfield - Schools Capital maintenance	140,240	97,622	(42,618)
Merton Abbey - Schools Capital maintenance	23,790	23,760	(30)
Pelham - Schools Capital maintenance	77,430	77,554	124
Poplar - Schools Capital maintenance	31,010	27,502	(3,508)
Wimbledon Chase - Schools Capital maintenance	136,660	129,665	(6,995)
Abbotsbury - Schools Capital maintenance	172,540	115,342	(57,198)
Abbotsbury - Healthy Schools	12,000	12,000	0
Bond - Schools Capital maintenance	90,600	84,568	(6,032)
Bond - Healthy Schools	30,000	30,001	1
Cranmer - Schools Capital maintenance	33,880	33,877	(3)
Gorringe Park - Schools Capital maintenance	73,000	58,352	(14,648)
Gorringe Park - Healthy Schools	10,970	10,970	0
Haslemere - Schools Capital maintenance	36,540	36,537	(3)
Liberty - Schools Capital maintenance	77,300	69,657	(7,643)
Liberty - Healthy Schools	15,000	15,000	0
Links - Schools Capital maintenance	43,980	43,660	(320)
Links - Healthy Schools	25,000	25,000	(0)
St Marks - Schools Capital maintenance	0	278	278
Lonesome - Schools Capital maintenance	61,120	24,381	(36,739)
Lonesome - Healthy Schools	20,000	20,000	0
Sherwood - Schools Capital maintenance	51,130	46,930	(4,200)
William Morris - Schools Capital maintenance	3,600	396	(3,204)
William Morris - Healthy Schools	15,000	15,000	0
Secondary			
Harris Academy Merton	35,720	1,550	(34,170)
Raynes Park - Schools Capital maintenance	37,180	31,589	(5,591)
Richards Lodge - Schools Capital maintenance	38,490	32,911	(5,579)
Rutlish - Schools Capital maintenance	251,540	236,994	(14,546)
Harris Academy Wimbledon	1,450,710	1,405,042	(45,668)
Special			
Perseid - Schools Capital maintenance	32,280	3,164	(29,116)
Perseid School Expansion	62,210	33,077	(29,133)
Cricket Green - Schools Capital maintenance	191,000	149,951	(41,049)
Cricket Green School Expansion	3,957,160	3,973,202	16,042
Melrose - Healthy Schools	7,000	7,000	0
Melrose Primary SEMH annexe 16	50,000	13,390	(36,610)
Further SEN Provision	0	2,065	2,065
Primary ASD base 1-20 places	800,000	831,743	31,743
Melbury College - Schools Capital maintenance	121,800	108,462	(13,338)
New ASD Provision	20,000	0	(20,000)
Secondary SEMH/medical PRU	20,000	0	(20,000)
Other			
Children's Safeguarding	440	0	(440)
Devolved Formula Capital	347,890	347,897	7
Unallocated Healthy Schools	3,660	0	(3,660)
Children Schools & Families	9,062,400	8,584,692	(477,708)

Capital Outturn Position 2019-20

Environment and Regeneration	Budget	Outturn	Variance
Public Protection & Development			
CCTV (match funding)	10,340	0	(10,340)
Schools ANPR Project	56,460	49,353	(7,107)
Street Scene & Waste			
Replacement of Fleet Vehicles	53,660	37,685	(15,975)
Alley Gating Scheme	30,000	7,508	(22,492)
Waste Bins	730,640	730,173	(467)
Highways			
Street Tree Programme	60,000	24,840	(35,160)
Raynes Park Station Pub Realm	26,110	0	(26,110)
Street Lighting Replacement Pr	296,960	311,130	14,170
Accessibility Programme	170,650	141,885	(28,765)
Casualty Reduction & Schools	234,000	203,433	(30,567)
Traffic Schemes	150,000	138,456	(11,544)
Surface Water Drainage	77,000	60,170	(16,830)
20mph Zone - TFL	184,000	198,995	14,995
Repairs to Footways	1,000,000	1,011,293	11,293
Maintain AntiSkid and Coloured	90,000	89,991	(9)
Borough Roads Maintenance	1,700,000	1,723,152	23,152
Highways bridges & structures	150,000	(4,668)	(154,668)
TfL Principal Road Maint	135,000	134,468	(532)
Safer Walking Routes/Streets	123,000	62,228	(60,772)
School part time road closure	158,040	97,974	(60,066)
Culverts Upgrade	150,000	27,877	(122,123)
Schools Superzones Proj	37,000	41,033	4,033
Bishopsford Bridge	0	223,122	223,122
Transport Improvements			
TfL Cycle Quietways	629,110	580,742	(48,368)
Cycle access/parking	7,000	6,321	(680)
Beddington Lane Cycle Route	210,490	143,562	(66,928)
Cycle Improve Residential Street	138,000	65,611	(72,389)
Mitcham Town Centre	69,600	59,032	(10,568)
Figges Marsh	861,990	785,382	(76,608)
Regeneration			
Colliers Wood - Wandle Waymark	15,000	0	(15,000)
Canons - Parks for People	75,000	41,062	(33,938)
Mitcham Cricket Green Improvem	50,000	40,680	(9,320)
Crowded Places-Hostile Vehicles	158,470	138,166	(20,304)
Wandle Project	26,210	10,573	(15,637)
Shop Front Improvement	146,190	122,780	(23,410)
B714 Deen City Farm	40,440	40,435	(5)
Performance space M Pr Chapter	46,430	46,430	0
Haydons Rd Shop Front Impr	20,000	0	(20,000)
Bramcote Parade Improvements	50,000	0	(50,000)
Property Management			
42 Graham Road	50,000	0	(50,000)
Vacant Premises Upgrade	25,000	36,585	11,585
Leisure and Culture			
Morden Leisure Centre	120,719	50,348	(70,371)
Morden Leisure Centre	244,281	244,281	0
Wimbledon Park Lake De-Silting	17,030	17,032	2
Wimbledon Park Lake Safety	57,970	39,185	(18,785)
Leisure Centre Plant & Machine	79,410	20,571	(58,839)
Polka Theatre	245,000	245,000	0
Canons LC - P&M	44,220	44,220	(0)
Wimbledon LC - P&M	124,780	124,777	(3)
Morden Park Pools - P&M	1,590	1,586	(4)
Parks Investment			
Parks Investment	295,000	250,014	(44,986)
Canons - Parks for People	27,000	15,621	(11,379)
Resurface Tennis Courts	150,440	0	(150,440)
Gap Road Corner Park	42,130	40,625	(1,505)
Environment and Regeneration	9,691,360	8,520,718	(1,170,642)
Capital	26,960,480	23,160,915	(3,799,565)

Proposed Budget to be slipped from 2019/20 to 2020/21 and Clawed Back from 2020/21

Summary	Slipped £	Clawback £	Total £
Corporate Services	2,000,070	0	2,000,070
Community and Housing	188,680	0	188,680
Children Schools & Families	530,120	(49,850)	480,270
Environment and Regeneration	1,284,550	(223,120)	1,061,430
Total	4,003,420	(272,970)	3,730,450

Corporate Services	Slipped £	Clawback £	Total £	Justification
Civic Centre Staff Entrance	7,200	0	7,200	Outstanding Works to be Paid for in 20-21
Regulatory System	28,640	0	28,640	For inclusion of Pest Control Work to be Carried Out in 20-21
Capital Building Works	227,110	0	227,110	Will be used to undertake Asbestos works
Replacement Boilers	267,200	0	267,200	Replacement Programme for pilers
Invest to Save - Photovoltaics & Energy Conserv	75,000	0	75,000	Spend below that forecast, scheme to be completed in 20-21
Environment Asset Management	17,800	0	17,800	Spend below that forecast, scheme to be completed in 20-21
Planning and Public Protection	140,760	0	140,760	Spend below that forecast, scheme to be completed in 20-21
Spectrum Spatial Analyst Repla	64,220	0	64,220	Spend below that forecast, scheme to be completed in 20-21
Parking System	22,350	0	22,350	Spend below that forecast, scheme to be completed in 20-21
Youth Justice IT Systems	15,000	0	15,000	Spend below that forecast, scheme to be completed in 20-21
Mosaic Group Work Revenue	26,680	0	26,680	Spend below that forecast, scheme to be completed in 20-21
EHCP Hub	11,310	0	11,310	Spend below that forecast, scheme to be completed in 20-21
SEN Case Management System	234,880	0	234,880	Spend below that forecast, scheme to be completed in 20-21
Data Centre Support Equipment	42,650	0	42,650	Spend below that forecast, scheme to be completed in 20-21
PABX Replacement	192,850	0	192,850	Spend below that forecast, scheme to be completed in 20-21
Network Switch Upgrade	200,000	0	200,000	Start of the scheme delayed to 2019-20
Office 365	421,420	0	421,420	Spend below that forecast, scheme to be completed in 20-21
Westminster Coroners Court	5,000	0	5,000	Start of the scheme delayed to 2020-21
Corporate Services	2,000,070	0	2,000,070	

Community and Housing	Slipped £	Clawback £	Total £	Justification
Telehealth	1,650	0	1,650	Spend below that forecast, scheme to be completed in 20-21
Disabled Facilities Grant	163,030	0	163,030	Spend below that forecast, Council funding for scheme continues in 20-21
Library Management System	24,000	0	24,000	Required to complete Phase 2 of a Multi-Authority Scheme
Community and Housing	188,680	0	188,680	

Children Schools & Families	Slipped £	Clawback £	Total £	Justification
West Wimbledon - Schools Capital maintenance	39,350	0	39,350	Spend below that forecast, scheme to be completed in 20-21
Hatfield - Schools Capital maintenance	8,910	0	8,910	Spend below that forecast, scheme to be completed in 20-21
Hillcross - Schools Capital maintenance	290	0	290	Spend below that forecast, scheme to be completed in 20-21
Garfield - Schools Capital maintenance	42,620	0	42,620	Spend below that forecast, scheme to be completed in 20-21
Schools Capital maintenance	3,510	0	3,510	Spend below that forecast, scheme to be completed in 20-21
Wimbledon Chase - Schools Capital maintenance	6,990	0	6,990	Spend below that forecast, scheme to be completed in 20-21
Abbotsbury - Schools Capital maintenance	57,200	0	57,200	Spend below that forecast, scheme to be completed in 20-21
Bond - Schools Capital maintenance	6,030	0	6,030	Spend below that forecast, scheme to be completed in 20-21
Gorrige Park - Schools Capital maintenance	14,650	0	14,650	Spend below that forecast, scheme to be completed in 20-21
Liberty - Schools Capital maintenance	7,640	0	7,640	Spend below that forecast, scheme to be completed in 20-21
Links - Healthy Schools	320	0	320	Spend below that forecast, scheme to be completed in 20-21
Lonesome - Schools Capital maintenance	36,740	0	36,740	Spend below that forecast, scheme to be completed in 20-21
Sherwood - Schools Capital maintenance	4,200	0	4,200	Spend below that forecast, scheme to be completed in 20-21
William Morris - Schools Capital maintenance	3,200	0	3,200	Spend below that forecast, scheme to be completed in 20-21
Harris Academy Merton	34,170	0	34,170	Spend below that forecast, scheme to be completed in 20-21
Raynes Park - Schools Capital maintenance	5,590	0	5,590	Spend below that forecast, scheme to be completed in 20-21
Richards Lodge - Schools Capital maintenance	5,580	0	5,580	Spend below that forecast, scheme to be completed in 20-21
Rutlish - Schools Capital maintenance	14,550	0	14,550	Spend below that forecast, scheme to be completed in 20-21
Harris Academy Wimbledon	45,670	0	45,670	Spend below that forecast, scheme to be completed in 20-21
Perseid - Schools Capital maintenance	29,120	0	29,120	Spend below that forecast, scheme to be completed in 20-21
Perseid School Expansion	29,130	0	29,130	Spend below that forecast, scheme to be completed in 20-21
Cricknet Green - Schools Capital maintenance	41,050	0	41,050	Spend below that forecast, scheme to be completed in 20-21
Cricknet Green School Expansion	0	(16,040)	(16,040)	Spend ahead of profile draw down from 20-21 Budgets
Melrose Primary SEMH annexe 16	36,610	0	36,610	Spend below that forecast, scheme to be completed in 20-21
Further SEN Provision	0	(2,070)	(2,070)	Spend ahead of profile draw down from 20-21 Budgets
Primary ASD base 1-20 places	0	(31,740)	(31,740)	Spend ahead of profile draw down from 20-21 Budgets
Melbury College - Schools Capital maintenance	13,340	0	13,340	Spend below that forecast, scheme to be completed in 20-21
New ASD Provision	20,000	0	20,000	Spend below that forecast, scheme to be completed in 20-21
Secondary SEMH/medical PRU	20,000	0	20,000	Spend below that forecast, scheme to be completed in 20-21
Unallocated Healthy Schools	3,660	0	3,660	Spend below that forecast, scheme to be completed in 20-21
Children Schools & Families	530,120	(49,850)	480,270	

Proposed Budget to be slipped from 2019/20 to 2020/21 and Clawed Back from 2020/21

Environment and Regeneration	Slipped £	Clawback £	Total £	Justification
CCTV (match funding)	10,340	0	10,340	Section 106 Funded Scheme to be slipped to 2020-21
Street Tree Programme	16,000	0	16,000	Idverde planting of 221 Trees in 2019/20 insufficient evidence to accrue
Raynes Park Station Pub Realm	26,110	0	26,110	Start of the scheme delayed to 2020-21 Funded by Section 106
Accessibility Programme	27,650	0	27,650	Transport for London Funded Scheme to be slipped to 2020-21
Casualty Reduction in Schools	5,570	0	5,570	Transport for London Funded Scheme to be slipped to 2020-21
Traffic Schemes	11,540	0	11,540	Transport for London Funded Scheme to be slipped to 2020-21
Highways bridges & structures	154,670	0	154,670	Activity focussed on Bishopsford Bridge
Safer Walking Routes	60,770	0	60,770	Transport for London Funded Scheme to be slipped to 2020-21
School Part Time Road Closures	67,110	0	67,110	Merton Funded Scheme to be Completed in 2020-21
Culverts	122,120	0	122,120	SCIL Funded Scheme to be slipped to 2020-21
Bishopsford Bridge	0	(223,120)	(223,120)	Spend ahead of profile draw down from 20-21 Budgets
Beddington Lane Cycle Route	60,000	0	60,000	Section 106 Funded Scheme to be slipped to 2020-21
Cycle Improvements Residential Streets	72,390	0	72,390	Transport for London Funded Scheme to be slipped to 2020-21
Mitcham Town Centre	10,570	0	10,570	NCIL £8,290 and Section 106 £15,120 slipped to 2020-21
Figges Marsh	76,610	0	76,610	Transport for London Funded Scheme to be slipped to 2020-21
Colliers Wood - Wandle Waymark	15,000	0	15,000	Section 106 Funded Scheme to be slipped to 2020-21
Canons Parks for the People	45,320	0	45,320	SCIL & HLF Funded Scheme to be slipped to 2020-21
Mitcham Cricket Green Improvements	9,320	0	9,320	NCIL Funded Scheme to be slipped to 2020-21
Crowded Places-Hostile Vehicl	20,300	0	20,300	Section 106 Funded Scheme to be slipped to 2020-21
Wandle Project	15,640	0	15,640	Section 106 Funded Scheme to be slipped to 2020-21
Shop Front Improvement	23,410	0	23,410	NCIL £8,290 and Section 106 £15,120 slipped to 2020-21
Haydons Rd Shop Front Impr	20,000	0	20,000	NCIL Funded Scheme to be slipped to 2020-21
Bramcote Parade Improvements	50,000	0	50,000	NCIL Funded Scheme to be slipped to 2020-21
42 Graham Road	50,000	0	50,000	Original scheme to convert Doctors Surgery into two flats but too expensive - project to be re-worked
Morden Leisure Centre	70,370	0	70,370	Required for Lanscaping, Treeworks and Final Demolition Costs.
Wimbledon Park Lake Safety	18,790	0	18,790	SCIL Funded Scheme to be slipped to 2020-21
Leisure Centre Plant & Machine	58,840	0	58,840	Covid delays to Roof Works £17k, Equipment Deliveries £24k and CHP Units £18k
Parks Investment	15,670	0	15,670	Essential Drainage and Footway Works delayed due to Covid 19
Resurface Tennis Courts	150,440	0	150,440	Start of the scheme delayed to 2020-21 Funded by Revenue Reserve
Environment and Regeneration	1,284,550	(223,120)	1,061,430	
Capital	4,003,420	(272,970)	3,730,450	

Capital Programme Budget 2020-21

	Summary	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TfL 2019-20	Clawback	Relinquished	Revised Budget 2020-21
71	Corporate Services	22,099,700	2,000,070	(400,000)	0	0	0	0	0	23,699,770
72	Community and Housing	2,003,850	188,680	(483,330)	0	0	0	0	0	1,709,200
73	Children Schools & Families	4,565,740	530,120	(1,130,000)	572,660	0	0	(49,850)	0	4,488,670
74	Environment and Regeneration	18,529,540	1,041,560	(3,157,450)	0	0	(1,149,010)	(223,120)	(387,940)	14,653,580
	Total	47,198,830	3,760,430	(5,170,780)	572,660	0	(1,149,010)	(272,970)	(387,940)	44,551,220

Corporate S	Corporate Services	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TfL 2019-20	Clawback	Relinquished	Revised Budget 2020-21	Description
00000006	Customer Contact Programme	1,350,000	0							1,350,000	A new c
00000627	Capital Building Works	650,000	227,110							877,110	Essentia
00001606	Replacement Boilers	0	267,200							267,200	Essentia
00000019	Civic Centre Boilers	201,480	0							201,480	Essentia
00000021	Civic Centre Staff Entrance	0	7,200							7,200	Invoic
00001575	Civic Centre Cycle Parking	60,000	0							60,000	Options
00000000	Invest to Save	400,000	0							400,000	Essentia
00000022	Photovoltaics & Energy Conserv	0	75,000							75,000	Specific
00000008	Environmental Asset Management	0	17,800							17,800	Essentia
00000009	Revenue & Benefits	400,000	0	(400,000)						0	Re-Proi
00000010	Capita Housing	100,000	0							100,000	Current
00000013	ePayments Project	157,050	0							157,050	Current
00000053	Children's Safeguarding	125,000	0							125,000	
00000698	Planning&Public Protection Sys	199,950	140,760							340,710	Current
00000763	Spectrum Spatial Analyst Repla	165,000	64,220							229,220	Current
00001376	Regulatory System	0	28,640							28,640	Current
00001377	Parking System	0	22,350							22,350	Current
00001506	Youth Justice IT Systems	85,000	15,000							100,000	Starting
00001078	Mosaic Group Work Revenue	0	26,680							26,680	Require
00001084	EHCP Hub	0	11,310							11,310	Require
00001085	SEN Case Management System	0	234,880							234,880	Require
00000000	Planned Replacement Programme	390,000	0							390,000	Essentia
00000020	Data Centre Support Equipment	150,000	42,650							192,650	Comple
00000032	PABX Replacement		192,850							192,850	Essentia
00000046	Network Switch Upgrade		200,000							200,000	Essentia
00000629	IT Equipment	120,000	0							120,000	Essentia
00001504	Office 365		421,420							421,420	Essentia
00000000	Multi Functioning Device	600,000	0							600,000	Current
00000000	Westminster Ccl Coroners Court	455,000	5,000							460,000	
00000000	Housing Company	16,491,220	0							16,491,220	
71	Corporate Services	22,099,700	2,000,070	(400,000)	0	0	0	0	0	23,699,770	

Capital Programme Budget 2020-21

Community	Community and Housing	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TfL 2019-20	Clawback	Relinquished	Revised Budget 2020-21	Description
00000031	Telehealth	38,750	1,650	(20,200)						20,200	Purchas
00000000	Disabled Facilities Grant	927,100	163,030	(263,130)						827,000	Grant F
00000000	Supported Living	488,000	0							488,000	
00000038	West Barnes Library Re-Fit	200,000	0	(200,000)						0	Scheme
00000040	Library Self Service	350,000	0							350,000	Contract
00000039	Library Management System		24,000							24,000	Second
72	Community and Housing	2,003,850	188,680	(483,330)	0	0	0	0	0	1,709,200	

Capital Programme Budget 2020-21

Children S	Children Schools & Families	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TIL 2019-20	Clawback	Relinquished	Revised Budget 2020-21	Descript
00000880	West Wimbledon - Schools Capital maintenance		39,350							39,350	Grant F
00000880	Hatfield - Schools Capital maintenance		8,910		10,000	25,000				43,910	Grant F
00000880	Hillcross - Schools Capital maintenance		290		10,000	73,000				83,290	Grant F
00000880	Dundonald - Schools Capital maintenance				10,000	69,500				79,500	Grant F
00000880	Garfield - Schools Capital maintenance		42,620							42,620	Grant F
00000880	Poplar - Schools Capital maintenance		3,510		5,000	15,500				24,010	Grant F
00000880	Wimbledon Chase - Schools Capital maintenance		6,990		10,000	35,000				51,990	Grant F
00000880	Wimbledon Park - Schools Capital maintenance				10,000	30,000				40,000	Grant F
00000880	Abbotsbury - Schools Capital maintenance		57,200		10,000	70,000				137,200	Grant F
00000880	Malmesbury - Schools Capital maintenance				10,000	25,000				35,000	Grant F
00000880	Bond - Schools Capital maintenance		6,030							6,030	Grant F
00000880	Cranmer - Schools Capital maintenance				10,000	24,000				34,000	Grant F
00000880	Gorrige Park - Schools Capital maintenance		14,650		20,000	52,000				86,650	Grant F
00000880	Liberty - Schools Capital maintenance		7,640		7,000	19,000				33,640	Grant F
00000880	Links - Schools Capital maintenance				10,000	210,000				220,000	Grant F
00000880	St Mark's - Schools Capital maintenance				10,000	155,000				165,000	Grant F
00000880	Lonesome - Schools Capital maintenance		36,740		10,000					46,740	Grant F
00000880	Sherwood - Schools Capital maintenance		4,200		10,000	187,000				201,200	Grant F
00000880	William Morris - Schools Capital maintenance		3,200							3,200	Grant F
00000880	Unallocated - Schools Capital mainte	1,900,000	0		15,500	(1,400,000)				515,500	Grant F
00000044	Harris Academy Merton		34,170							34,170	Final ph
00000880	Raynes Park Schools Capital maintenance		5,590							5,590	Grant F
00000880	Richards Lodge - Schools Capital maintenance		5,580							5,580	Grant F
00000880	Rutlish - Schools Capital maintenance		14,550		4,450					19,000	Grant F
00000048	Harris Academy Wimbledon	300,000	45,670	(150,000)						195,670	Remaini
00000880	Perseid - Schools Capital maintenance	7,720	29,120		5,000	215,000				256,840	Grant F
01800042	Perseid School Expansion		29,130							29,130	Final ph
00000880	Cricket Green - Schools Capital maintenance		41,050		46,140	195,000				282,190	Grant F
01790042	Cricket Green School Expansion	100,000	0					(16,040)		83,960	Final ph
00001371	Melrose - Healthy Schools	30,000	3,980							33,980	order pl
00001500	Melrose Primary SEMH Annex 16 Pl	1,150,000	36,610	(350,000)						836,610	Plannin
00001574	Melrose S'dary SEMH 14 Places	200,000	0							200,000	Covid-1
01530051	Harris Morden Sec Autism Unit	160,000	0	(110,000)						50,000	Covid-1
00000697	Further SEN Provision	288,020	0	(250,000)				(2,070)		35,950	Covid-1
00001501	Primary ASD base 1-20 places	100,000	0					(31,740)		68,260	Final pa
00000880	Melbury College - Schools Capital maintenance		13,340							13,340	Grant F
00001503	New ASD Provision	250,000	20,000	(220,000)						50,000	Covid-1
00001502	Secondary SEMH/medical PRU	80,000	20,000	(50,000)						50,000	Covid-1
00000631	Devolved Formula Capital		0		349,570					349,570	Budget t
73	Children Schools & Families	4,565,740	530,120	(1,130,000)	572,660	0	0	(49,850)	0	4,488,670	

Capital Programme Budget 2020-21

Environment	Environment and Regeneration	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TfL 2019-20	Clawback	Relinquished	Revised Budget 2020-21	Description
0000056	Pay and Display Machines	500,000	0	(400,000)						100,000	Consult
00001579	Car Park Upgrades	464,000	0							464,000	Some E
00000644	CCTV (match funding)		10,340							10,340	Essentia
00000997	Parking CCTV	140,000	0							140,000	Half of
00000643	Replacement of Fleet Vehicles	584,000	0							584,000	Agreed
00001580	Mechanical Street Washer	75,000	0							75,000	Part of
00000000	Alley Gating Scheme	30,000	0							30,000	Merton
00000000	SLWP	48,040	0							48,040	Phase C
00000642	Street Tree Programme	60,000	16,000							76,000	Merton
00001598	New Street Tree Planting Programme	50,000	0							50,000	SCIL
00001374	Raynes Park Station Pub Realm		26,110							26,110	SI06 Sc
00000101	Street Lighting Replacement Pr	290,000	0							290,000	Merton
00000103	Accessability Programme	110,000	0				(82,350)			27,650	TfL Sch
00000105	Casualty Reduction & Schools	254,000	0				(248,430)			5,570	TfL Sch
00000117	Traffic Schemes	350,000	11,540				(100,000)			261,540	Merton
00000144	Surface Water Drainage	69,000	0							69,000	Merton
00000149	20mph Zone - TFL	101,000	0				(58,000)			43,000	TfL Sch
00000634	Repairs to Footways	1,000,000	0							1,000,000	Merton
00000638	Maintain AntiSkid and Coloured	70,000	0							70,000	Merton
00000639	Borough Roads Maintenance	1,200,000	0							1,200,000	Merton
00000645	Highways bridges & structures	480,000	154,670							634,670	Merton
00000917	Safer Walking Routes/Streets	92,000	0				(31,230)			60,770	TfL Sch
00000918	School part time road closure	60,000	67,110				(60,000)			67,110	Merton
00001509	Culverts Upgrade	250,000	122,120							372,120	SCIL fo
00001510	Schools Superzones Proj	37,000	0				(37,000)			0	TfL Sch
00001526	Bishopsford Bridge	2,000,000	0					(223,120)		1,776,880	Merton
00000104	Cycle access/parking	28,000	0				(28,000)			0	TfL Sch
00000686	Beddington Lane Cycle Route		60,000							60,000	SI06 Sc
00000916	Cycle Improve Residential Stre	166,000	0				(93,610)			72,390	TfL Sch
00000113	Mitcham Town Centre	382,000	10,570						(372,570)	20,000	SCIL fo
01860000	Figges Marsh	92,000	0				(15,390)			76,610	TfL Sch
00000685	Unallocated TFL	395,000	0				(395,000)			0	Adjustm
00001566	Colliers Wood - Wandle Waymark		15,000							15,000	SI06 Sc
00000689	Canons - Parks for People	2,244,290	33,940							2,278,230	HLF/SC
00000999	Mitcham Cricket Green Improvem	0	9,320							9,320	NCIL fo
00001372	Crowded Places-Hostile Vehicl	268,000	20,300							288,300	SCIL/SI
00001572	Wimbledon Public Realm Imps	500,000	0							500,000	SCIL fo
00001573	Morden TC Regen Match Funding	2,000,000	0	(1,750,000)						250,000	Merton
00000093	Wandle Project		15,640							15,640	SI06 Sc
00000102	Shop Front Improvement		23,410							23,410	SI06/NC
00001335	XMAS Lighting	95,000	0							95,000	Merton
00001444	Haydons Rd Shop Front Impr	204,000	20,000							224,000	NCIL fo
00001145	Merton Lost Rivers	100,000	0							100,000	Merton
00001445	Bramcote Parade Improvements		50,000							50,000	NCIL fo

Capital Programme Budget 2020-21

Environment	Environment and Regeneration	Budget 2020-21	Slippage	Reprofiled into 2021-22	New 2020-21	Virement	TfL 2019-20	Clawback	Relinquished	Revised Budget 2020-21	Description
00001512	42 Graham Road		50,000							50,000	Merton Generat
00001513	Vacant Premises Upgrade	25,000	0							25,000	Merton
00810081	Morden Leisure Centre		70,370						(15,370)	55,000	Merton S
00000099	Wimbledon Park Lake Safety	1,318,160	18,790	(1,007,450)						329,500	SCIL fo
00000640	Leisure Centre Plant & Machine	250,000	58,840							308,840	Merton
00000635	Parks Investment	300,000	15,670							315,670	Merton
00000689	Canons - Parks for People	1,188,300	11,380							1,199,680	HLF/SC
04240000	Abbey Recreation Ground	39,750	0							39,750	S106 Sc
00001157	Merton Park Green Walks	38,000	0							38,000	S106/N
00001571	New Water Play Feature Wimb Pk	226,000	0							226,000	SCIL fo
00001576	Wimb Pk Surface Car Park Op 2	40,000	0							40,000	Revenu
00001577	Paddling Pool Option 1	90,000	0							90,000	SCIL fo
00001578	Paddling Pool Option 2	226,000	0							226,000	SCIL fo
00001567	Resurface Tennis Courts		150,440							150,440	Ringfen
74	Environment and Regeneration	18,529,540	1,041,560	(3,157,450)	0	0	(1,149,010)	(223,120)	(387,940)	14,653,580	
7	Capital	47,198,830	3,760,430	(5,170,780)	572,660	0	(1,149,010)	(272,970)	(387,940)	44,551,220	

Key	Description
	Essential Capital Works
	Review Information Outstanding
	No Budget 2020-21
NCIL	Neighbourhood Construction Industry Levy
S106	Section 106 Agreement
SCIL	Strategic Construction Industry Levy
TfL	Transport for London

Capital Programme Budget 2021-24

	Summary	Budget 2021-22	Adjustment	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
71	Corporate Services	11,128,220	400,000	11,528,220	2,895,000	0	2,895,000	15,410,480	0	15,410,480
72	Community and Housing	913,000	767,200	1,680,200	882,000	547,000	1,429,000	425,000	0	425,000
73	Children Schools & Families	5,500,000	1,130,000	6,630,000	1,900,000	0	1,900,000	1,900,000	0	1,900,000
74	Environment and Regeneration	11,424,790	1,407,450	12,832,240	8,342,890	0	8,342,890	5,279,000	1,750,000	7,029,000
	Total	28,966,010	3,704,650	32,670,660	14,019,890	547,000	14,566,890	23,014,480	1,750,000	24,764,480
	Corporate Services	Budget 2021-22	Adjustment	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
00000006	Customer Contact Programme	1,900,000	0	1,900,000	0	0	0	0	0	0
00000627	Capital Building Works	650,000	0	650,000	650,000	0	650,000	650,000	0	650,000
00000023	Civic Centre Lighting Upgrade	300,000	0	300,000	0	0	0	0	0	0
00001595	Combined Heat and Power (CHP) Sy	0	0	0	0	0	0	450,000	0	450,000
00001596	Absorption Chiller Replacement	0	0	0	0	0	0	275,000	0	275,000
00000000	Invest to Save	300,000	0	300,000	300,000	0	300,000	300,000	0	300,000
00000008	Environmental Asset Management	0	0	0	240,000	0	240,000	0	0	0
00000009	Revenue & Benefits	0	400,000	400,000	0	0	0	0	0	0
00000005	Aligned Assets	75,000	0	75,000	0	0	0	0	0	0
00001505	Ancillary IT Systems	50,000	0	50,000	0	0	0	0	0	0
00000698	Planning&Public Protection Sys	0	0	0	0	0	0	550,000	0	550,000
00000011	Replacement SC System	0	0	0	0	0	0	2,100,000	0	2,100,000
00000000	Planned Replacement Programme	870,000	0	870,000	705,000	0	705,000	770,000	0	770,000
00000046	Network Switch Upgrade	0	0	0	200,000	0	200,000	0	0	0
00000629	IT Equipment	100,000	0	100,000	100,000	0	100,000	0	0	0
00001370	e5.5 Project	0	0	0	700,000	0	700,000	0	0	0
00000000	Acquisitions Budget	0	0	0	0	0	0	6,985,180	0	6,985,180
00000000	Capital Bidding Fund	0	0	0	0	0	0	1,186,400	0	1,186,400
00000000	Corporate Capital Contingency	0	0	0	0	0	0	2,143,900	0	2,143,900
00000000	Housing Company	6,883,220	0	6,883,220	0	0	0	0	0	0
71	Corporate Services	11,128,220	400,000	11,528,220	2,895,000	0	2,895,000	15,410,480	0	15,410,480
	Community and Housing	Budget 2021-22	Adjustment	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
00000031	Telehealth	0	20,200	20,200	0	0	0	0	0	0
00000000	Disabled Facilities Grant	280,000	547,000	827,000	280,000	547,000	827,000	280,000	0	280,000
00000000	LD Housing	633,000	0	633,000	462,000	0	462,000	145,000	0	145,000
00000038	West Barnes Library Re-Fit	0	200,000	200,000	0	0	0	0	0	0
00000039	Library Management System	0	0	0	140,000	0	140,000	0	0	0
72	Community and Housing	913,000	767,200	1,680,200	882,000	547,000	1,429,000	425,000	0	425,000
	Children Schools & Families	Budget 2021-22	Adjustment	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
00000880	Schools Capital maintenance	1,900,000	0	1,900,000	1,900,000	0	1,900,000	1,900,000	0	1,900,000
00000048	Harris Academy Wimbledon	0	150,000	150,000	0	0	0	0	0	0
00001574	Melrose Sdary SEMH 14 Places	750,000	0	750,000	0	0	0	0	0	0
00001500	Melrose Primary SEMH annexe 16	400,000	350,000	750,000	0	0	0	0	0	0
01530051	Harris Morden Sec Autism Unit	1,200,000	110,000	1,310,000	0	0	0	0	0	0
00001503	New ASD Provision	0	220,000	220,000	0	0	0	0	0	0
00000697	Further SEN Provision	0	250,000	250,000	0	0	0	0	0	0
00001502	Secondary SEMH/medical PRU	1,250,000	50,000	1,300,000	0	0	0	0	0	0
73	Children Schools & Families	5,500,000	1,130,000	6,630,000	1,900,000	0	1,900,000	1,900,000	0	1,900,000

Capital Programme Budget 2021-24

	Environment and Regeneration	Budget 2021-22	Adjustment	Revised Budget 2021-22	Budget 2022-23	Adjustment	Revised Budget 2022-23	Budget 2023-24	Adjustment	Revised Budget 2023-24
00000056	Pay and Display Machines	0	400,000	400,000	0	0	0	0	0	0
00001579	Car Park Upgrades	520,000	0	520,000	0	0	0	0	0	0
00000644	CCTV (match funding)	699,000	0	699,000	480,000	0	480,000	0	0	0
00000000	Public Protection and Developm	35,000	0	35,000	0	0	0	0	0	0
00000643	Replacement of Fleet Vehicles	300,000	0	300,000	300,000	0	300,000	300,000	0	300,000
00000000	Alley Gating Scheme	30,000	0	30,000	30,000	0	30,000	30,000	0	30,000
00000643	SLWP Replacement of Fleet Vehicle	0	0	0	340,000	0	340,000	0	0	0
00000642	Street Tree Programme	60,000	0	60,000	60,000	0	60,000	60,000	0	60,000
00001598	New Street Tree Planting Programm	50,000	0	50,000	0	0	0	0	0	0
00000101	Street Lighting Replacement Pr	290,000	0	290,000	290,000	0	290,000	290,000	0	290,000
00000117	Traffic Schemes	150,000	0	150,000	150,000	0	150,000	150,000	0	150,000
00000144	Surface Water Drainage	69,000	0	69,000	69,000	0	69,000	69,000	0	69,000
00000634	Repairs to Footways	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000	0	1,000,000
00000638	Maintain AntiSkid and Coloured	70,000	0	70,000	70,000	0	70,000	70,000	0	70,000
00000639	Borough Roads Maintenance	1,200,000	0	1,200,000	1,200,000	0	1,200,000	1,200,000	0	1,200,000
00000645	Highways bridges & structures	260,000	0	260,000	260,000	0	260,000	260,000	0	260,000
00001509	Culverts Upgrade	250,000	0	250,000	0	0	0	0	0	0
00001526	Bishopsford Bridge	690,000	0	690,000	0	0	0	0	0	0
00000685	Unallocated TFL	1,300,000	0	1,300,000	1,300,000	0	1,300,000	1,300,000	0	1,300,000
00000689	Canons - Parks for People	533,020	0	533,020	0	0	0	0	0	0
00001572	Wimbledon Public Realm Imps	500,000	0	500,000	500,000	0	500,000	0	0	0
00001573	Morden TC Regen Match Funding	2,500,000	0	2,500,000	1,500,000	0	1,500,000	0	1,750,000	1,750,000
00001145	Merton Lost Rivers	100,000	0	100,000	100,000	0	100,000	0	0	0
00000099	Wimbledon Park Lake Safety	0	1,007,450	1,007,450	0	0	0	0	0	0
00000640	Leisure Centre Plant & Machine	250,000	0	250,000	250,000	0	250,000	250,000	0	250,000
00000635	Parks Investment	300,000	0	300,000	300,000	0	300,000	300,000	0	300,000
00000689	Canons - Parks for People	178,770	0	178,770	0	0	0	0	0	0
00001577	Paddling Pool Option 1	90,000	0	90,000	90,000	0	90,000	0	0	0
00000000	Mortuary Provision	0	0	0	53,890	0	53,890	0	0	0
74	Environment and Regeneration	11,424,790	1,407,450	12,832,240	8,342,890	0	8,342,890	5,279,000	1,750,000	7,029,000
7	Capital	28,966,010	3,704,650	32,670,660	14,019,890	547,000	14,566,890	23,014,480	1,750,000	24,764,480

Funding the Budgeted Capital Programme 2020-21

Appendix 2D

Department	Revised Budget 2020-21	Strategic CIL	Neighbourhood CIL	Section 106	Revenue Contributions	Corporate Reserves	TTL	Other Ringfenced Grants	General Grants	Capital Receipts	Unfunded
Corporate Services	23,699,770	0	0	0	0	(234,880)	0	0	0	0	23,464,890
Community and Housing	1,709,200	0	0	(488,000)	0	(20,200)	0	(827,000)	0	0	374,000
Children, Schools and Families	4,488,670	(1,582,605)	0	0	(147,000)	0	0	(349,570)	(2,406,930)	0	2,565
Environment and Regeneration	14,653,580	(2,486,513)	(324,610)	(295,260)	(150,440)	0	(285,990)	(3,027,517)	0	0	8,083,250
Generally Applied to Programme		0	0	0	(4,436,904)	0	0	0	0	(2,958,975)	(7,395,879)
Total	44,551,220	(4,069,118)	(324,610)	(783,260)	(4,734,344)	(255,080)	(285,990)	(4,204,087)	(2,406,930)	(2,958,975)	24,528,826

Funding the Budgeted Capital Programme 2021-22

Department	Revised Budget 2021-22	Strategic CIL	Neighbourhood CIL	Section 106	Revenue Contributions	Corporate Reserves	TTL	Other Ringfenced Grants	General Grants	Capital Receipts	Unfunded
Corporate Services	11,528,220	0	0	0	0	0	0	0	0	0	11,528,220
Community and Housing	1,680,200	0	0	(633,000)	0	(10,197)	0	(827,000)	0	0	210,003
Children, Schools and Families	6,630,000	(4,730,000)	0	0	0	0	0	0	(1,900,000)	0	0
Environment and Regeneration	12,832,240	(2,316,450)	0	0	0	0	(1,300,000)	(711,790)	0	0	8,504,000
Generally Applied to Programme		0	0	0	(45,000)	0	0	0	0	(640,000)	(685,000)
Total	32,670,660	(7,046,450)	0	(633,000)	(45,000)	(10,197)	(1,300,000)	(1,538,790)	(1,900,000)	(640,000)	19,557,223

Funding the Budgeted Capital Programme 2022-23

Department	Revised Budget 2022-23	Strategic CIL	Neighbourhood CIL	Section 106	Revenue Contributions	Corporate Reserves	TTL	Other Ringfenced Grants	General Grants	Capital Receipts	Unfunded
Corporate Services	2,895,000	0	0	0	0	0	0	0	0	0	2,895,000
Community and Housing	1,429,000	0	0	(462,000)	0	0	0	(557,590)	0	0	409,410
Children, Schools and Families	1,900,000	0	0	0	0	0	0	0	(1,900,000)	0	0
Environment and Regeneration	8,342,890	(840,000)	0	0	0	0	(1,300,000)	0	0	0	6,202,890
Generally Applied to Programme		0	0	0	(55,000)	0	0	0	0	(900,000)	(955,000)
Total	14,566,890	(840,000)	0	(462,000)	(55,000)	0	(1,300,000)	(557,590)	(1,900,000)	(900,000)	8,552,300

Funding the Budgeted Capital Programme 2023-24

Department	Indicative Budget 2023-24	Strategic CIL	Neighbourhood CIL	Section 106	Revenue Contributions	Corporate Reserves	TTL	Other Ringfenced Grants	General Grants	Capital Receipts	Unfunded
Corporate Services	15,410,480	0	0	0	0	0	0	0	0	0	15,410,480
Community and Housing	425,000	0	0	(145,000)	0	0	0	(280,000)	0	0	0
Children, Schools and Families	1,900,000	0	0	0	0	0	0	0	(1,900,000)	0	0
Environment and Regeneration	7,029,000	0	0	0	0	0	(1,300,000)	0	0	0	5,729,000
Generally Applied to Programme		0	0	0	(30,000)	0	0	0	0	(900,000)	(930,000)
Total	24,764,480	0	0	(145,000)	(30,000)	0	(1,300,000)	(280,000)	(1,900,000)	(900,000)	20,209,480

APPENDIX 3

Department	Target Savings 2019/20	2019/20 Savings achieved	Shortfall	Shortfall %	Period 10 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,259	225	15.2%	95	155
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	1,752	1,618	48.0%	1,351	217
Total	6,960	4,999	1,961	28.2%	1,564	372

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
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 came into effect mid-year, with the shortfall being met from elsewhere in the service
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, therefore only a part-year saving achieved in 19/20.
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.
Corporate Governance										
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	46	4	A	50	0	G	Louise Round	The small shortfall in 2019/20 is offset in year by underspends on LBM legal services expenditure
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	11	19	A	30	0	G	Louise Round	Underachievement offset by underspends elsewhere on legal support
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	30	-		Roger Kershaw	Saving replaced from 2020/21.
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	31	69	A	0	100	R	David Keppler	Overspend of £119k across LBM and LBS bailiff services, shortfall in saving is shown split across 2018-19 CS08 and CSREP 2019-20 (3). 20/21 will be kept under review but the service is not currently operational in light of the covid-19 circumstances so will not meet the savings target in 20/21.

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
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	0	50	R	0	50	R	David Keppler	Overspend of £119k across LBM and LBS bailiff services, shortfall in saving is shown split across 2018-19 CS08 and CSREP 2019-20 (3). 20/21 will be kept under review but the service is not currently operational in light of the covid-19 circumstances so will not meet the savings target in 20/21.
	Corporate									
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler	
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan	
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	1,259	225		1,329	155			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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	94	6	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	10	45	R	48	7	R	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	G	100	0	G	Cathryn James		Y
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, this wasn't possible this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R				Cathryn James	Alternative saving has been agreed for 2020/21.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	662	1,238	R	1900	0	A	Cathryn James	Saving was designed to influence motorists behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected. Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Further work is underway to fully understand the short and longer term impact of this.	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	0	14	R	14	0	A	Cathryn James		Y
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	165	35	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R				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		N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley	One vacant property recently let	Y
E6	Increased tenancy income in Greenspaces	40	0	40	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
ENR10	MLC opens and Five year extension of the GLL contract	300	300	0	G	90	210	R	John Bosley	Guaranteed income reduced to zero for all months centres closed as a minimum, currently estimated until the end of June. This may be extended should the close out be extended.	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	1,752	1,618		2,783	217				

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

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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
	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	EI 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	EI Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	G	45	0	G	EI Mayhew		Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	G	45	0	G	EI Mayhew		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	EI Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0		572	0				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											APPENDIX 3
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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
CH70	Home Care: -The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G	301	0	G	John Morgan	Achieved	Y
CH88	Home Care Monitoring System: -The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G	40	0	G	John Morgan	Achieved through Forum. The plan is to enrol all major home providers on to the home monitoring system and only seek variations for when there is a need to utilise specialist providers as required. 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											APPENDIX 3
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? 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	Target Savings 2018/19	2018/19 Shortfall	2019/20 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	206	50
Total	5,637	1,470	601	170

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 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 achieved in 19/20 and £355k in 20/21. In 19/20 the unachieved saving has been 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 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 has been 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 3A

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Achieved£000	2019/20 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						James McGinlay	Alternative saving has been agreed and implemented for 2019/20.	N
PUBLIC PROTECTION													
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R			Cathryn James	Alternative saving has been agreed for 2020/21.	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 and implemented for 2019/20.	N
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	0	50	R	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		N
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		N
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.	N
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	91	109	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.	N
Total Environment and Regeneration Savings 2018/19		926	403	523		605	206		50				

Updated 19/02/2020											APPENDIX 3A
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19											
Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Achieved £000	2019/20 Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
Adult Social Care											
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R	100	0	G	0	G	Richard Ellis	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R	38	0	G	0	G	Steve Langley	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R	50	0	R	0	G	Phil Howell	Deferred to 2020/21.
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R	100	0	R	0	G	Richard Ellis	£100k deferred to 2020/21. Part of the Transport review 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 Achieved £000	2019/20 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 4

Subject: Miscellaneous Debt Update March 2020

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 March 2020, 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 March 2020 – 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	March 20 arrears f	Dec 19 arrears f	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,590,897	682,164	222,409	625,788	3,121,258	2,322,975	↑
Corporate Services	154,060	57,823	49,935	138,337	400,155	560,766	↓
Housing Benefits	595,793	382,862	1,087,641	3,023,642	5,089,938	5,001,504	↑
Children, Schools & Families	160,456	95,499	167,305	404,116	827,376	932,458	↓
Community & Housing	714,526	670,387	1,172,302	2,273,870	4,831,085	5,206,939	↓
Chief Executive's					-	-	-
CHAS 2013	21,848	3,517	-846	0	24,519	32,786	↓
Total	3,237,579	1,892,254	2,698,745	6,465,752	14,294,330	14,057,428	↑

- 1.3 Since the position was last reported on 31 December 2019, the net level of arrears, i.e. invoices over 30 days old, has increased by £236,902.
- 1.4 Since last reported at the end of December Environmental and Regeneration has increased by £798,283. There was an increase of £1.1 million in CIL debt over 30 day. One invoice of over £820,000 which was raised in December 2019 is still unpaid and is with the legal team to undertake legal proceedings. Housing benefit debt has increased by £88,434 (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 £4.648 million, a reduction of £45,000 since last reported in December 2019.
- 3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to

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

- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The Financial Assessments team have been reviewing their clients to ensure that the assessments are accurate and correct. They have reviewed over 600 clients who had previously been assessed as not contributing but now, due to change of their circumstances they have started to charge 137 of these with contributions. The team have also helped these clients claim additional benefits which has resulted in these reassessments
- 3.7 The team have also reviewed clients that have been previously fully costed and in particular where the assessment was made due to the client or their representative not engaging with the process. This will include contacting family members and ensuring all benefits are being claimed by clients.
- 3.8 These projects are time consuming and have required additional resource but will ensure, where possible, clients are making the correct contribution at an earlier stage towards their care, which should reduce large bills coming through at a later stage. It will also ensure that clients are claiming correct benefits and will reduce the council's funding.
- 3.9 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.

- 3.10 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).
- 3.11 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 31 December 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 £322,000 were paid in full.
- 3.12 As at the end of March 2020 only a further £7,800 has been collected. They currently have 18 live cases and they have identified 10 (£651,000) as 70% to 100% prospect of payment, 6 (£408,000) as 50% to 69% prospect of collection, 2 (£168,000) less than 50% prospect of collection. At the end of December 2019 they indicated that of the debt outstanding they indicated that £803,000 could be paid within six months. Progress since December 2019 up to the end of May 2020 has not been very good and this will be followed up and reported in the June 2020 report.
- 3.13 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. This has obviously slowed since the covid19 crisis. Work is being undertaken on the reporting of progress and a detailed update will be reported in the June 2020 report.
- 3.14 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.
- 3.15 Housing Benefit Overpayments
- 3.16 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.644 million, which is a reduction of £9,000 since last reported at the end of December 2019.
- 3.17 The Department of Work and Pensions commenced a "Real Time" Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.18 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.

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

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

Recovery Stage	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Invoice and Reminder stage	312,186	347,861	407,687	151,889	152,121	257,883	88,857	177,014
On-going recovery	2,775,552	2,618,115	2,477,390	2,550,198	2,622,894	2,349,142	2,178,844	2,016,838
Payment Arrangements	2,826,435	3,012,437	3,249,997	3,256,461	3,044,975	3,036,016	3,046,935	3,103,550
No Arrangements secured	2,384,329	2,216,787	1,912,306	1,967,960	2,073,063	2,180,600	2,338,903	2,347,401
Total HB Debt	8,298,502	8,195,200	8,047,380	7,926,508	7,893,053	7,823,641	7,653,539	7,644,803

- 3.23 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as

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

3.24 We commenced another DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for in excess of 291 new attachment to earnings. We currently have £754,000 set to recover by this method. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

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

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Overpayments raised	4.67	4.56	3.66	3.74	3.10	2.61
Overpayments collected	2.22	2.88	2.75	2.92	3.00	2.47
Recovered from ongoing benefit	1.33	1.69	1.64	1.74	1.40	1.27

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

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

3.28 By the end of March 2020 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 £131,000 in payments.

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

- 3.30 A further update of this initiative will be provided in the June 2020 report.
- 3.31 Work on this initiative has stopped following the covid19 crisis and lockdown.
- 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
	Total	Total	Total	Total	Total	Total
Debt type						
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£572,301	£187,019
Housing benefit overpayment	£1,050,105	£510,352	£517,467	£512,379	£364,549	£220,728
Council Tax	£526,881	£951,280	£623,486	£804,987	£424,936	£359,789
Business Rates	£790,373	£659,514	£567,908	£378,155	£367,299	£500,210
Total	£2,715,085	£2,702,565	£1,838,199	£2,138,838	£1,729,085	£1,267,746

- 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 £500,000 written off in 2019/20 £445,000 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 2019/20 the council was collecting a net debt of £119.1 million in council tax (this includes the GLA portion), a net debt of £93.7 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.

PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the draft 2019/20 accounts for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £ £4.856m for Accounts Receivable (including former ASH) miscellaneous debt and £6.202m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £ 11.058m. 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.

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- 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 31/03/2019	At 31/03/2020
	£000's	£000's
Env & Regeneration	701	980
Corporate Services	119	270
Housing Benefits	5890	6202
Children, Schools & Families	426	531
Community & Housing	2196	3075
Total	9332	11058

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 March 2020 is detailed in the table below.

Total debt outstanding as at 31 March 2020 and compared with previous periods over the past 15 months

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	14,496,116	17,532,710	16,803,235	16,459,168	12,584,544	15,997,460
Housing Benefit debt	8,047,380	7,926,508	7,893,055	7,823,641	7,653,539	7,644,804
Parking Services	4,658,685	4,508,378	4,535,378	3,848,876	4,183,930	3,489,345
Council Tax Note 2	6,127,652	8,157,533	7,215,847	6,825,605	6,496,094	8,755,512
Business Rates Note 3	1,822,228	2,979,843	2,586,876	2,474,270	1,941,014	3,661,859
Total	35,152,061	41,104,972	39,034,391	37,431,560	32,859,121	39,548,980

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 2019/20 in March 20 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2019/20 in March 20 figure hence the increase.

6.1 The overall debt outstanding has increased by £6,689,859 since last reported at the end of December 2019. There are increases in council

tax and business rates debts as the figures at the end of March 2020 include unpaid debts that were billed in 2019/20.

- 6.2 The Parking debt has reduced but this is partly due to the debt figure for March 20 actually being the debt figure as at 28 May 2020. The 28 May data would incorporate reducing enforcement following the covid19 crisis.
- 6.3 A more relevant comparison is between March 2019 and March 2020. The changes in outstanding debt are as follows

Overall £1,556,000 decrease
 Sundry debt £1,535,000 decrease
 Housing Benefit £282,000 decrease
 Council Tax £598,000 increase
 Parking £1,019,000 decrease
 Business Rates £682,000 increase

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

Car Parking Aged Debtors – 28 May 2020
 (Please note that these numbers are as at 28 May 2020 and not 31 March 2020. They show the impact of Covid19)

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£725,039	6,498	£112
3-6 months	£750,043	4,549	£165
6-9 months	£590,746	3,501	£169
9-12 months	£456,604	2,590	£176
12-15 months	£395,023	2,216	£178
Older than 15 months	£571,889	3,204	£178
Total	£3,489,345	22,558	£155

Total December 2019 £4,183,930 29,305

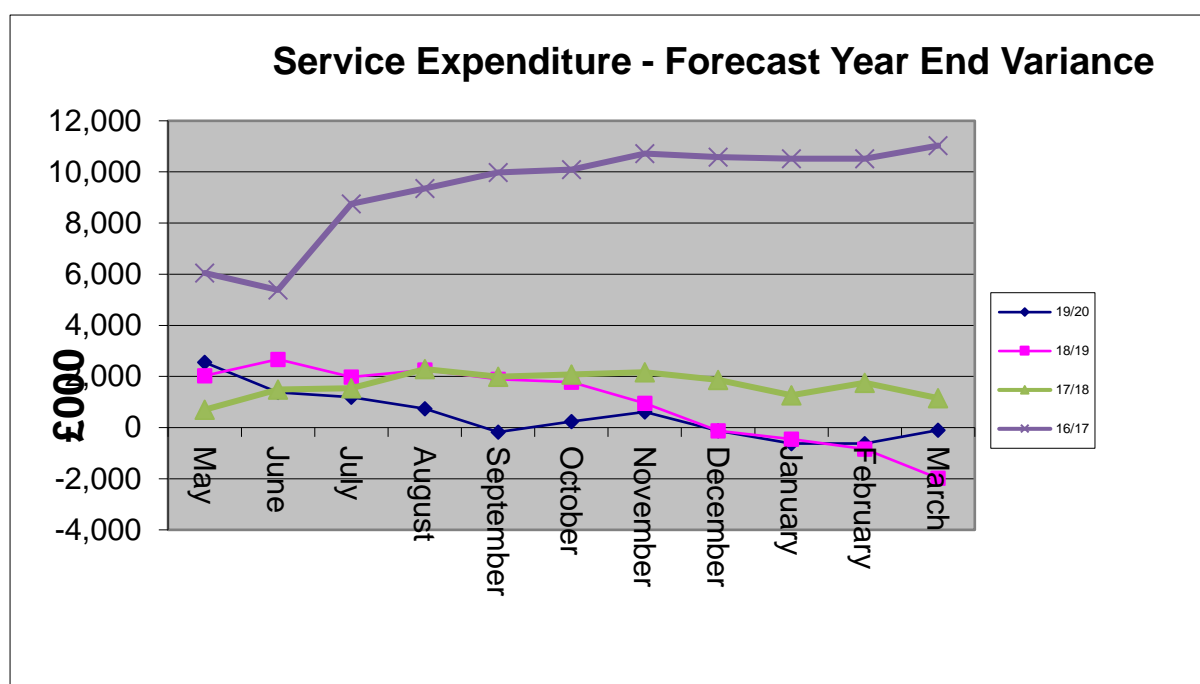
Increase/-decrease £694,585- 6,747-

Quality of Forecasting

This section explains the reasons for variances between the period 10 forecast, which was the last forecast reported to Cabinet, and the final outturn.

The quality of forecasting has generally improved in recent years. As budgets have continued to be reduced by significant savings targets delivering services within budget allocation has become more difficult. Some budget managers are being overly cautious in forecasting. This together with the difficulty in forecasting demand led budgets such as adult and children's placements has resulted in a forecast adverse variance in the early part of the financial year often reducing as the year progresses. This is demonstrated in the graph below in 2018/19 and to a lesser extent in 2019/20.

Budget monitoring and forecasting will continue to be reviewed and challenged in 2020/21 with the focus on the financial impact of Covid-19.



Corporate Services – Reasons for January-Outturn variances

Division	December Forecast £'000	January Forecast £'000	February Forecast £'000	Outturn £'000	January – Outturn Variance £'000
Customers, Policy & Improvement	(176)	(123)	(123)	(169)	(46)
Infrastructure & Technology	203	(666)	(666)	(678)	(12)
Corporate Governance	(124)	(161)	(155)	(180)	(19)
Resources	30	186	175	95	(91)
Human Resources	249	218	218	187	(31)
Corporate Other	(591)	84	27	255	171
Total	(409)	(462)	(524)	(490)	(28)

Customers, Policy & Improvement

The favourable forecast variance increased from £123k expected at period 10 to £169k at year end. There are two main areas where this movement has occurred, namely Customer Contact and the Registrars service. Customer Contact's adverse variance is £20k less than anticipated due to reduced IT support required from suppliers in the last few months of the financial year. Outturn for the Registrars service is £35k better than forecast at period 10 mainly due to income exceeding expectations, particularly for citizenship ceremonies where income is received a month in arrears from the Home Office. Income forecasting will be closely monitored on the Registrars service for 20/21 to review the overly cautious nature of forecasting historically as well as the impact of Covid-19.

Infrastructure and Technology

The outturn position of a £678k favourable variance is largely unchanged overall when compared to the period 10 forecast of a £666k favourable variance. Within this relatively small movement there are some differences offsetting each other, mainly with IT and facilities.

The IT Service Delivery outturn was £26k less than the period 10 forecast as a prepayment was identified at year end which hadn't been adjusted for in the forecast. Telecoms spend was £16k higher than forecast due to the last quarterly bill being higher than expected.

Within Facilities there was reduced spend on Leisure Buildings (£31k) as Covid-19 prevented some works from being completed in March. There was also reduced income (£52k) for the external fees account due to both Covid-19 and an agency staff member leaving which prevented some works from being completed during the year. There was £18k less income than forecast for the PDC (Chaucer Centre) building due to a year end adjustment required which hadn't been reflected during budget monitoring. The Energy budget's outturn was £36k more favourable than forecast at period 10 due to some works not going ahead by the end of 19/20. Spend on energy projects had previously been highlighted by the division as an area where the forecast was less certain.

Corporate Governance

Corporate Governance's outturn favourable variance is £180k compared to £161k forecast at period 10. The largest favourable movement since period 10 is from the shared internal audit and fraud services as the year end costs provided by Richmond were £14k less than had been expected at period 10. There was also a £21k adverse movement on Election Expenses as the Cabinet Office advised that a trackway used at the General Election count venue was not reclaimable and therefore is a net cost to the Council in 2019/20. This offsets with various other small favourable movements across the division.

Resources

The outturn in resources had a net favourable movement of £91k from the period 10 forecast position. The main favourable movements within the division are from Corporate Accountancy (£35k) due to banking charges and the external audit fee being less than forecast, Local Taxation Services (£72k) as a non-general fund cost was incorrectly forecast on the service previously and income for the cost of NDR collection was higher than expected and Benefits Administration (£26k) as the agency staff requirement was less than anticipated. The Financial Information System (FIS) team also have a favourable movement of £18k as some credits were negotiated with the system supplier and some delayed work programmes due to Covid-19.

Partly offsetting these are some adverse movements in the Bailiff Service (£44k) as income continued to fall in the last few months of the year and the Insurance team (£24k) as the income forecast wasn't based on the most up to date commercial insurance database and a late insurance premium invoice for 2018/19 was paid in late 2019/20 and had not been forecast. The Budget Management team also had a £18k adverse movement due to additional agency and recruitment fees.

Human Resources

The variance on HR moved from £218k adverse variance forecast at period 10 to £187k adverse variance at year end.

The movement on HR is mainly due to external training costs which were £30k less than forecast. A freeze on non-essential training was implemented during the year when the demand for training indicated a significant budget pressure if no changes were made. The known outstanding training required was reviewed regularly and used to estimate what would be delivered by the end of March. The forecast also allowed for a degree of additional spend should some urgent or statutory training be required that hadn't already been identified. By year end this extra amount forecast was not required.

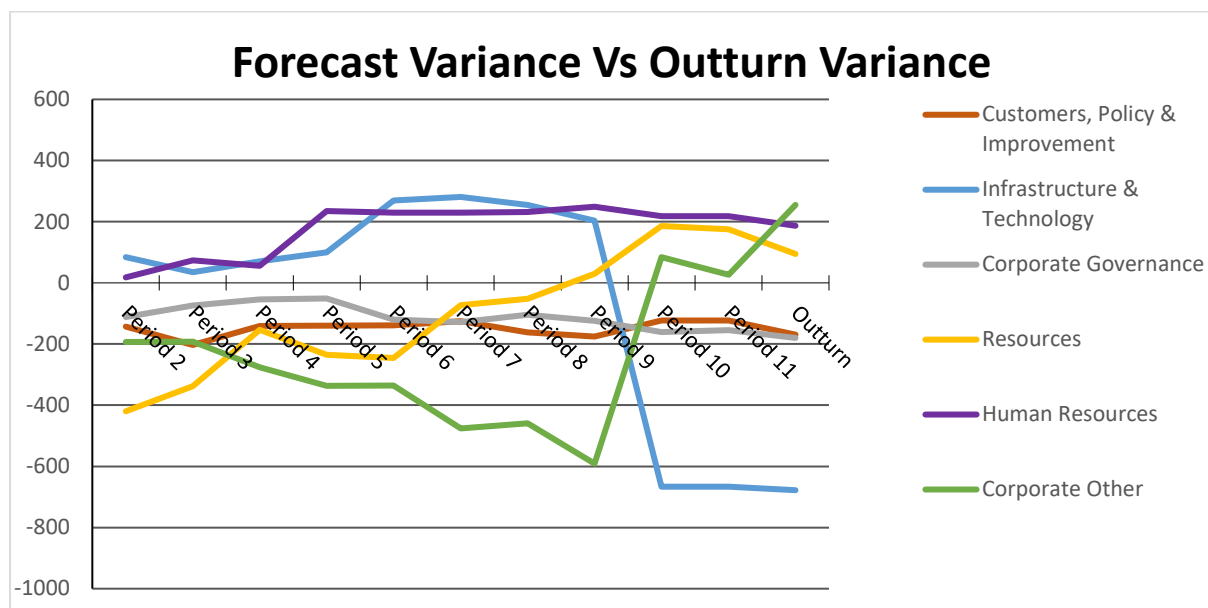
Corporate Items

Compared to period 10, the outturn variance has moved adversely by £171k. The main contributing factor is the Housing Benefits (HB) account as the surplus generated from overpayment recovery was £95k less than forecast at period 10 and a review of the HB bad debt provision at year end resulted in £100k expenditure to top up the provision. Although no top up had been forecast during the year it was considered prudent to top it up in light of the uncertainty around covid-19 and its potential impact on recovery of current HB overpayment debts.

Smaller adverse movements within Corporate Items compared to period 10 are an £18k movement from the scheme to recover old HB debts previously written off following new access to HMRC information and an additional £18k movement on redundancy costs as a further redundancy was confirmed after the period 10 forecasting.

Partly offsetting these adverse movements is a £60k reduction in cost from that forecast for the Coroners Court. This is due to updated information provided by Westminster and was identified during the period 11 review.

The following graph represents the monthly forecast variances reported by each division throughout 2019/20, compared to the final outturn position:



Environment & Regeneration – Reasons for Jan-Outturn variances

Division	Forecast Variance			Outturn Variance £'000	Jan – Outturn £'000
	December £'000	January £'000	February £'000		
Public Protection	26	317	826	1,286	969
Public Space	55	(35)	(2)	(364)	(329)
Senior Management	116	107	107	81	(26)
Sustainable Communities	(185)	(323)	(292)	(220)	103
TOTAL	12	66	639	783	717

Public Protection

The forecast variance remained relatively steady when comparing January to outturn, apart from within Parking Services whereby the adverse variance increased by £997k. However, it should be noted that the change in variance within Parking Services between February and Outturn was £488k.

There are several reasons for the change in variance, predominantly caused by a combination of Covid-19 and a change in motorists behaviours, with Covid-19 accounting for over £500k of the variance.

Taking each factor in turn, firstly, PCN income was £268k below forecast expectations, which was heavily affected by Covid-19 during February and March. For example, ANPR issue levels were c23% lower in February and c56% lower in March, whilst foot patrol issue levels were c42% lower in March, compared to the same time the previous year.

Secondly, the section was forecasting to receive £792k against the £1,900k saving relating to the review of parking charges, whereas an estimated £622k was achieved. As well as being impacted by Covid-19, the new charges implemented in January 2020 were designed to influence motorists behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, but further work is underway to fully understand the short and longer term impact of this.

Thirdly, initial analysis indicates that January's permit and P&D income was broadly in line with expectations but, by the end of March, income levels were around £350k lower. Around £119k of this appears to relate to on and off-street parking, which we know was impacted by Covid-19. The remainder relates to permits, in particular residents and visitor, which is thought to be as a consequence of both Covid-19 (visitor permits) and a shift in driver behaviour. As an example, it appears that fewer resident permits were sold coupled with the fact that more residents purchased six-month as opposed to twelve-month permits. Motorists also appear to be purchasing individual visitor permits rather than multiples, which also indicates a switch in driver behaviour. However, this also means that an element of this variance may be a deferral rather than 'lost'.

In addition, a knock-on effect from this has been a reduction in diesel levy permit income, estimated to be around £50k.

Finally, supplies & services costs were £52k higher than forecast due to unforeseen security costs to remove trespassers from two car parks (£15k), additional maintenance costs of enforcement vehicles (£13k), and other minor costs not known during Period 10.

Relatively minor variations were experienced between January and outturn within Regulatory Services and Safer Merton, with variations of £5k and (£33k) respectively.

Public Space

Again, the forecast variance remained relatively steady when comparing January to outturn, with the exception of Waste Services whereby the adverse variance reduced by £253k.

The main reason for this was lower than expected residual waste disposal costs at the ERF facility of £340k. The unit cost for disposal at the ERF facility is based on a complex set of calculations that includes many variables that, together, result in a 'blended' gate fee for the Authority. Therefore, the cost reduction came as a result of various factors, which can be summarised as follows:-

- Landfill and contractor performance costs = (£162k)
- Waste off-taker costs = (£70k)
- NNDR cost share = (£43)
- Performance deductions = (41k)

This was partially offset by higher than forecast Phase C costs of £41k, and lower than anticipated fixed penalty notices income of £37k due to reduced volume of FPNs issued in the last quarter of the financial year.

The favourable variance within Greenspaces increased by £84k between January and outturn, mainly in relation to the Phase C contract through a combination of lower than anticipated costs (£41k) and higher than forecast income (41k).

Minor variations were experienced within Leisure & Culture (+£3k), and Transport Services (+£6k).

Sustainable Communities

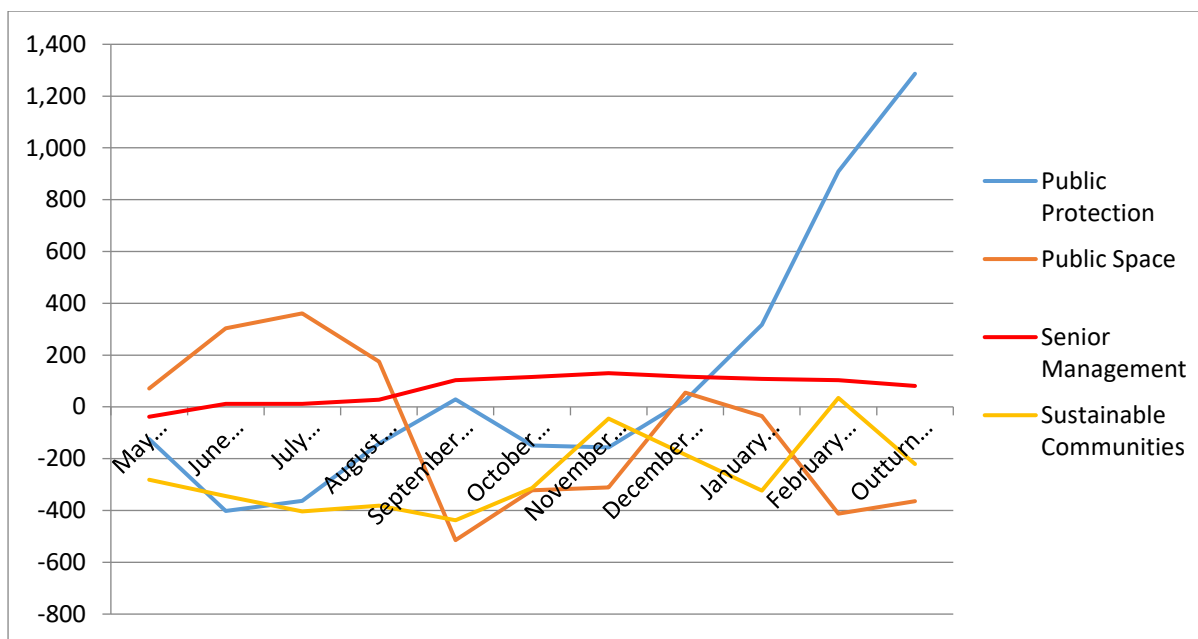
Between January and outturn the favourable variance reduced by £103k, principally within Development & Building Control (+£98k).

At outturn, income levels within D&BC were £84k lower than forecast, most notably within Development Control. Initial analysis by the section Manager estimates the impact of COVID-19 on potential D&BC income levels as being in the region of £43k.

Future Merton's overall favourable variance reduced by £23k between January and outturn, but it's worth noting that the costs associated with Bishopsford Bridge at outturn were £319k - £129k higher than forecast. This was largely due to the resolution of outstanding payments to FM Conway, for revenue matters (not capital), which were covered by a legal agreement and which had been a matter of debate between LBM and FMC. In early March 2020 FM Conway ceased work on the bridge. This was partially mitigated by lower than anticipated street lighting utility costs (-£43k), highways maintenance costs (-£27k), and improved street works income (-£41k).

A minor variation was experienced within Property Management & Review (-£18k).

The following graph represents the monthly forecast variances reported by each division throughout 2019/20, compared to the final outturn position:-



Children, Schools and Families – Reasons for Jan-Outturn variances

Division	December Forecast £'000	January Forecast £'000	February Forecast £'000	Outturn £'000	Jan – Outturn Variance £'000
Education	268	33	33	63	30
Social Care & Youth Inclusion	1,649	1,516	1,280	416	(1,100)
Cross Department budgets	(55)	(45)	(45)	(47)	(2)
PFI	(410)	(402)	(402)	(251)	151
Redundancy cost	(385)	(407)	(407)	(422)	(15)
Total	1,067	695	459	(241)	(936)

Education

The education service increased costs by £30k from the January's forecast to the year-end outturn.

Childrens Short Breaks Placement costs have increased by £88k from January due to greater clawbacks forecasted, but not materialising in March.

Education Inclusion decreased costs by £94k due to staffing underspends within My Futures Team and Education Welfare service. Additionally, there has been an overachievement in income in relation to School buy backs within Education Welfare along with an increase in licences issued within Youth Services because of unprecedented demand over February and March.

There were other smaller adverse variances including £8k increase in SEN transport, £13k increase in internal legal hard charge and £22k in CWD team staffing.

Social Care and Youth Inclusion

£1.1m favourable change from January.

Placement costs have decreased by £530k since January. This is due to the uncertainty in nature of these costs and consequently the difficulty in forecasting, this will be picked up with Budget Managers for 20/21, with a potential impact on levels of growth within the MTFS. In February, it was envisaged that the costs will be potentially significantly lower at out-turn and consequently were reduced by £236k.

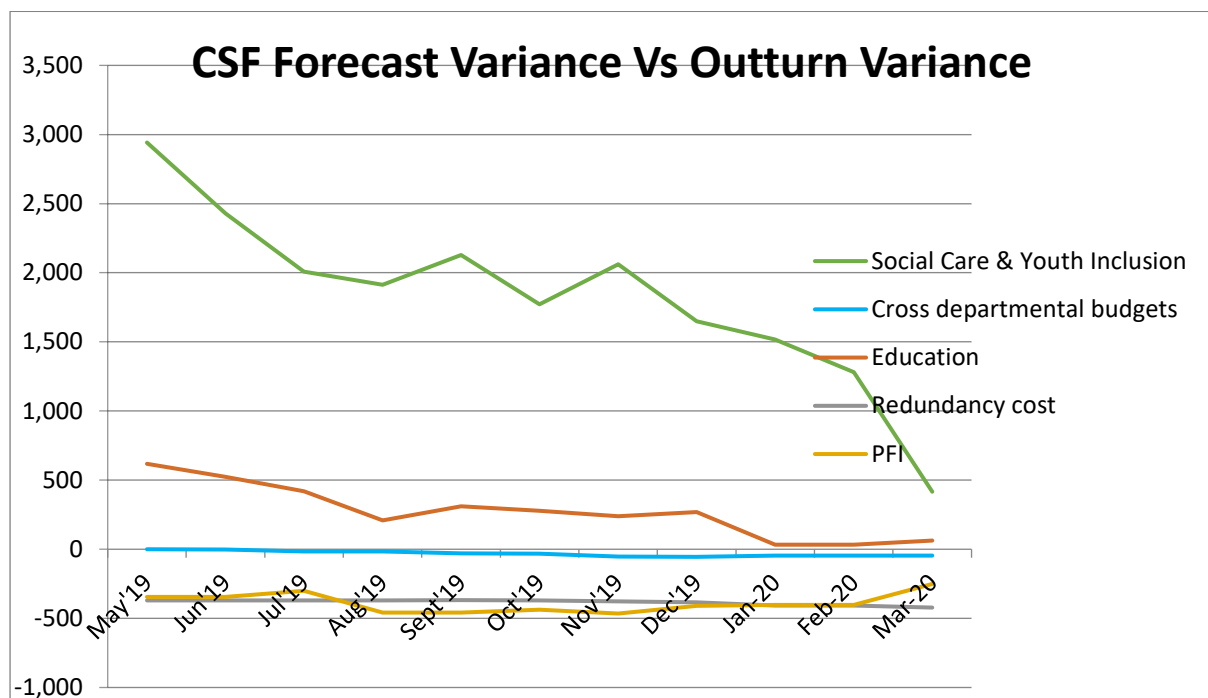
The community placement provision had a favourable reduction of £100k from January due to an over-accrual made in 2018/19. The client turns 18 in September and budget provision is available in 2020/21.

Additional £250k USAC grant has been received in March, which was not foreseen in January.

Safeguarding and care planning section 17 placement budget had a £155k reduction in costs compared to January, primarily due to staffing and legal, medical and court fees.

Cross Departmental, PFI and Redundancy cost

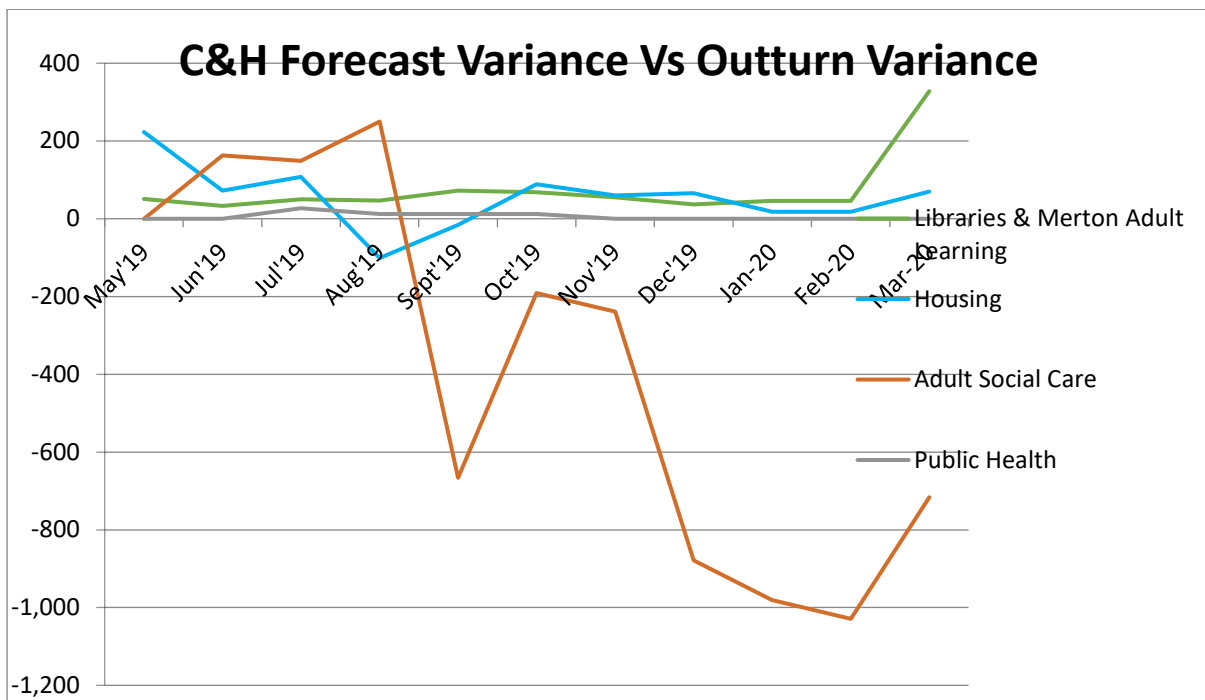
An adverse £150k movement in costs PFI from January due to year end technical adjustment. £150k budget has been transferred to reserves as per the latest model. This will be reviewed again in 2020/21.



Community & Housing – Reasons for Jan -Outturn variances

Division	December Forecast £'000	January Forecast £'000	February Forecast £'000	Outturn £'000	Jan- Outturn Variance £'000
Adult Social Care	-879	-981	-1,029	-717	265
Housing	37	46	46	328	282
Libraries & Merton Adult Learning	66	18	18	70	52
Public Health	0	0	0	0	0
TOTAL	-776	-917	-965	-319	598

The following graph represents the monthly forecast variances reported by each division in community & housing throughout 2019/20 compared to the final outturn position:-



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Cabinet

Date: 13th July 2020

Subject: Financial Report 2020/21 – Period 2, May 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data for month 2, May 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £25.4m.

B. That Cabinet note the contents of Section 4 and approve the amendments to the Capital programme Contained in Appendix 5B.

That Cabinet note the contents of Section 4 and Appendix 5B and approve the following amendments to the approved Programme:

Amendments to the Approved Capital Programme Requiring
Cabinet Approval

Scheme	Budget 2020-21	Budget 2021-22
	£	£
Housing Company	(3,674,470)	3,674,470

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the first financial monitoring report for 2020/21 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 2 and a full year forecast projection.
- An update on the financial impact of Covid-19
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2020/21;
- Progress on the delivery of the 2020/21 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process for 2020/21 will focus on the financial impact of Covid-19. The Council's services are under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue. The detrimental impact of Covid-19 exceeds the support that the Government has currently pledged to provide.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2019/20 was £12.7m and the deficit is forecast to continue to increase in 2020/21.

2.3 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; With the projected scale of the impact of the Covid-19 pandemic and the growing DSG deficit, in the absence of further funding, the call on reserves will use all of the general fund reserve and a significant proportion of earmarked reserves of the Authority, which would need to be unearmarked.

3. 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 2 to 31st May 2020, the year-end forecast is a net adverse variance of £25.4m when all incremental Covid costs are included, after applying the remaining government emergency Covid-19 grant. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a £3.8m underspend, however, there may be other impacts on services arising from Covid that are not apparent at this stage. This will be kept under review.

Summary Position as at 31st May 2020

	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Full Year Forecast May) £000s	Forecast Variance at year end (May) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department						
Corporate Services	10,275	10,366	14,948	4,582	3,593	(490)
Children, Schools and Families	61,997	61,997	61,507	-490	509	(241)
Community and Housing	64,170	64,170	63,811	-359	3,543	(319)
Public Health	(157)	(157)	(157)	0	0	0
Environment & Regeneration	14,021	13,929	24,433	10,503	11,042	783
Overheads		0	0	0	0	120
NET SERVICE EXPENDITURE	150,305	150,305	164,541	14,236	18,687	(147)
Corporate Items						
Impact of Capital on revenue budget	11,190	11,190	11,190	0	0	(161)
Other Central budgets	(10,397)	(10,397)	(9,747)	650	0	(1,405)
Levies	962	962	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,754	2,404	650	0	(1,567)
Covid-19			9,210	9,210	9,210	176
TOTAL GENERAL FUND	152,060	152,060	166,945	24,096	27,897	(1,714)
FUNDING						
Revenue Support Grant	(5,159)	(5,159)	(5,159)	0	0	0
Business Rates	(35,586)	(35,586)	(35,586)	3,990	3,990	(50)
Other Grants	(18,245)	(18,245)	(18,245)	0	0	0
Council Tax and Collection Fund	(97,713)	(97,713)	(97,713)	7,699	7,699	50
COVID-19	0	0	(34,912)	(10,383)	(10,383)	0
FUNDING	(156,703)	(156,703)	(191,615)	1,306	1,306	0

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.58M.

Covid-19 Financial Impact

The ongoing Covid 19 pandemic has had a profound impact on council finances and will continue to do so during lockdown and beyond. Funding of £10.6m has been received from Central government for Merton to deal with the pandemic. This funding is not sufficient to cover the projected financial impact of this crisis in terms of additional expenditure, income loss and the impact on delivery of savings for 2020/21.

Covid Expenditure

Covid expenditure which is incremental is reported centrally and not included in the departmental summaries below. These are the incremental costs such as PPE, food banks and the community hub.

Income shortfall

Income budgets are included within departments and so the impact of Covid-19 is reflected in department forecasts.

Impact on savings

Departmental budgets are adjusted for the agreed savings targets for 2020/21 as part of the budget setting process. The savings which are now under pressure due to Covid-19 are included in the forecast of the department.

A new column is included in departmental summaries to show the Covid effect within the departmental forecast. These, together with the central Covid-19 costs are summarised in the table below:

COVID-19 COST SUMMARY	2020/21 £000s
Department	
Corporate Services	3,593
Children, Schools and Families	509
Community and Housing	3,543
Public Health	0
Environment & Regeneration	11,042
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	18,687
Corporate Items	9,210
ADDITIONAL COVID EXPENDITURE	9,210
FUNDING	
Business Rates	3,990
Council Tax	7,699
TOTAL FUNDING LOSS	11,689
GROSS COST OF COVID-19	39,586
Covid-19 Emergency funding received	(10,383)
NET COST OF COVID-19	29,203

Cashflow

When the Covid-19 outbreak emerged in March 2020 this created stress on the council's cash flow and forecasting for the rest of the year. Through prudent treasury cash flow procedures, the Council was able to meet its additional expenditure from the credit balance in the bank and mainly from immediate liquid cash balances held in the Money Market Funds (MMF's).

Due to Government relief announcements the Council will see a reduction in income going forward. With the above and the need to meet cash flow the Council decided to keep its available fund in

cash /MMF to maintain liquidity. Also due to the uncertainty in the financial market it was prudent to have the funds in more liquid position rather than locking them on term deposits. The cash flow is monitored on a daily basis and the current forecast shows the Council have sufficient funds to meet its payment needs going forward. However, if is a cash short fall, the Council have the option to borrow short term in the market and from PWLB if it is long term.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (May) £000	2020/21 Full Year Forecast Variance (May) £000	2020/21 Covid-19 Forecast Impact (May) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,707	4,759	1,052	433	(169)
Infrastructure & Technology	12,151	12,521	370	268	(678)
Corporate Governance	2,258	2,275	17	42	(180)
Resources	5,559	7,850	2,291	2,267	95
Human Resources	2,081	2,204	123	0	187
Corporate Other	172	901	729	583	255
Total (Controllable)	25,928	30,510	4,582	3,593	(490)

Overview

At the end of period 2 (May) the Corporate Services (CS) department is forecasting an adverse variance of £4.582m at year end, of which £3.593m is due to the external impact of covid-19.

Customers, Policy and Improvement - £1,052k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £985k variance. This is made up of £172k for the cost of delays in light of the covid-19 pandemic and the remainder from the cost of contracts novated from the previous supplier which fall into the first months of 2020/21 and the estimated annual costs of the new systems.

The Registrars service is forecasting a £162k adverse variance and currently anticipating a 40% reduction in income for the year whilst it is still unclear when some services will be able to resume operating. Other adverse variances within the division due to covid-19 are from Blue Badges (£14k) as the introduction of charging has not commenced and the Translations service (£13k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR budget is also forecasting an adverse variance (£125k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division.

Partly offsetting the above are various favourable variances including £43k in the AD budget and £28k in Continuous Improvement due to vacancies expected for part of the year. A further £28k favourable variance is expected on Voluntary Sector Co-ordination mainly due to level of grants planned. Other forecast variances from less than budgeted running costs are in Merton Link (£43k favourable), Cash Collections (£49k favourable) and Marketing and Communications (£56k favourable).

Infrastructure & Technology - £370k adverse variance

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £96k on the Corporate Print Strategy, £34k on the Print and Post room and £126k on the PDC (Chaucer Centre) room hire. Where these are internal recharges they have not been included in calculating the impact of covid-19 on the Council as they will positively impact other departments.

The FM External account is also forecasting a £111k adverse variance due to no new commissions being confirmed since the lock-down began. There is a variance on Corporate Contracts (£33k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £104k adverse variance is also forecast in the Business Systems Team mainly due to budget pressure on IT licenses, support and maintenance. The pandemic has added to this as some system licences have been extended due to the delay on IT projects and forecast income from street naming and numbering is reduced.

Favourable variances within the division include £42k on the Microsoft EA budget as a discount has been obtained for 2020/21, £41k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income.

Corporate Governance – £17k adverse variance

The main adverse variance within Corporate Governance is due to £115k of legal savings forecast not to be achieved in year. A £22k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming into effect mid-year following the retirement of the Head of Democracy Services. This is, however, offset by various vacant hours and running cost budgets within both teams, resulting in a total £70k favourable variance across both sections.

Information Governance is also forecasting a favourable £24k variance from vacant hours and consultancy budget not expected to be utilised in year. The South London Legal Partnership (SLLP) is currently forecasting on budget, with nil variance.

Resources - £2,291k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £94k variance as an interim Head of Recovery has been appointed as a result of the pandemic. The Bailiff Service has ceased operations and is now forecasting an adverse variance of £1,365k (including the shared service), currently working on the estimation that the service wouldn't resume full operations for the rest of the calendar year. The Local Taxation Service is also showing an adverse variance of £923k mainly as a result of covid-19's impact on court cost income.

Other adverse variances with the division that are not covid-19 related include the Financial Information Systems (FIS) team due to a £59k salary budget pressure and £54k on Insurance due to property valuation fees incurred in preparation for the re-tendering of insurance contracts and the new contracts not commencing until mid-2020/21 resulting in a saving being unachieved in year. This is, however, part offset by an overachievement anticipated on income.

Favourable variances in the department include £64k and £50k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Corporate Accountancy are forecasting a £39k favourable variance due to reduced banking costs in year, offsetting with agency spend. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £34k and £23k respectively due to various running costs, vacancies and new burdens funding.

Human Resources – £123k adverse variance

The adverse variance in HR is mainly across the AD and Learning and Development budgets as a result of agency staff covering vacant posts. Partly offsetting this is a post within the Learning and Development team which is expected to be vacant for part of the year.

The Occupational Health service is currently forecasting nil variance but will continue to be monitored through the year to review any impacts from covid-19 and changes to working arrangements.

Corporate Items - £729k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £753k. This is due to a shortfall forecast on overpayment recovery for 2020/21 and is inclusive of the £500k saving built into the budget this year for improvement of overpayment recovery and reducing the bad debt provision which is now not expected to be achievable in light of covid-19.

There is also a one-off saving in 2020/21 for the recovery of old housing benefit debts which had previously been written off, due to new access to information from HMRC. There is a £83k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19.

Partly offsetting the above are favourable variances on the corporately funded items budget of £64k due to budget not expected to be required in year and £48k on the added years pension budget.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (May)	Forecast Variance at year end (May)	2020/21 Covid-19 Forecast Impact (May)	2019/20 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(15,539)	(6,934)	8,605	7,892	1,286
Public Space	15,484	16,991	1,507	1,983	(364)
Senior Management	1,018	917	(101)	0	81
Sustainable Communities	7,723	8,216	493	1,167	(220)
Total (Controllable)	8,686	19,190	10,504	11,042	783

Description	2020/21 Current Budget	Forecast Variance at year end (May)	2019/20 Variance at year end
	£000	£000	£000
Regulatory Services	601	171	87
Parking Services	(17,156)	8,448	1,171
Safer Merton & CCTV	1,016	(14)	28
Total for Public Protection	(15,539)	8,605	1,286
Waste Services	14,280	242	72
Leisure & Culture	467	815	(334)
Greenspaces	1,441	477	(111)
Transport Services	(704)	(27)	9
Total for Public Space	15,484	1,507	(364)
Senior Management & Support	1,018	(101)	81
Total for Senior Management & Support	1,018	(101)	81
Property Management	(3,038)	(26)	(251)
Building & Development Control	42	219	34
Future Merton	10,719	300	(3)
Total for Sustainable Communities	7,723	493	(220)
Total Excluding Overheads	8,686	10,504	783

Overview

The department is currently forecasting an adverse variance of £10,504k at year end. The main areas of variance are Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Parking Services adverse variance of £8,448k

Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Further work is underway to fully understand the short and longer term impact of this but current forecasts show an adverse variance on PCN, P&D, and permit income of £3,698k, £2,580k, and £1,940k respectively.

Contributing to the PCN adverse variance is a 2020/21 saving (ENV1920-01) of £340k relating to an application to change Merton's PCN charge band from band B to band A, which is now not expected to be implemented until April 2021.

Covid-19 has also had an impact of other areas of income, namely skip licences and parking bay suspensions, with adverse variances of £167k and £124k being forecast respectively.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14th January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, which is being compounded by the impact of Covid-19, but work has started to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£128k), mainly in relation to the necessity of re-procuring body worn cameras and radios for the Civil Enforcement Officers.

The adverse variance is being partially offset by an employee related favourable variance of £160k.

Public Space

Waste Services adverse variance of £242k

The section is forecasting an adverse variance on disposal costs of £134k. As a result of changes to our residents working arrangements we have seen a greater increase in the number of households now working from home following the current Government advice in relation to Covid-19. This has resulted in an increase in overall domestic waste across all kerbside collection services.

An adverse variance of £178k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC). We are currently working with both the SLWP and our service provider to mitigate these increased costs and an associated report will be presented in due course for Cabinet consideration.

A favourable variance on employee related spend of £66k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £815k

Due to the Covid-19 pandemic, on the 21st March 2020 the Authority's Leisure Centres closed following central Government instruction. Since this request, officers have been working with our service provider, GLL, to consider how best to support them, whilst still ensuring that they maximise the Government benefits; minimise costs whilst keeping their previous customer base supported through such measures as 'free' online exercise classes, etc.

However, it is clear from the continuous dialogue between the two parties that the GLL needs financial support from the council if they are going to survive. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until around January 2021. Therefore, the Authority has agreed to forego the guaranteed income due from the GLL contract until the end of December 2020, which equates to about £622k. (this may change depending on how the centres perform once they open).

As the leisure centres have been closed, the Authority is incurring lower utility costs at these premises, leading to a forecast favourable variance of £82k.

Covid-19 has also led to the closure of the Wimbledon Sailing base since 20th March 2020. The site re-opened on the 15th June with much smaller programmes available, but due to the closure and social distancing measures an adverse variance of £285k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £477k

The adverse variance is mainly as a result of most of this year's events in our parks and openspaces being cancelled due to Covid-19, which has led to a forecast income shortfall of £265k.

In addition, an adverse variance of £180k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. The necessity to pollard trees does not follow an even cycle, as some trees require pollarding annually, whilst others are done on a biennial, triennial etc. meaning that costs also fluctuate depending on the cycle of work required.

Sustainable Communities

Property Management favourable variance of £26k

The commercial rent income forecasts do not currently include any allowances for the impact that Covid-19 may have on the viability of businesses, which will be continually monitored. On the understanding that individual rental agreements vary significantly, based on the total 2019/20 income, a 5% reduction equates to about £259k for a full financial year.

Building and Development Control adverse variance of £219k

Covid-19 has also had a significant impact of the various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £503k.

This adverse variance is being partially reduced by favourable variances employee related spend (£181k) and other grants & contributions by (£65k), mainly as a result of allowable CIL income to cover the administration and overhead costs associated with managing the levy.

Future Merton adverse variance of £300k

The section continues to incur staff and consultancy costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £240k. Increased costs include legal fees dealing with contractual issues, fees to divert utilities and the need to pay for access to third party land for the demolition and construction of the new bridge.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £203k is being forecast in relation to the income received from the contract for the provision of bus shelters and free standing units advertising within Merton, partly due to the fact that JC Decaux have invoked the force majeure clause in the contract due to lack of demand for advertising due to C-19. This has been agreed by SLLP and we will incur a loss of the guaranteed minimum income for at least 4 months.

Secondly, Vestry Hall has been closed since 15 March 2020 resulting in a forecast variance of £151k in relation to room lettings and hall hiring's.

These adverse variances are being partially mitigated by favourable variances on temporary traffic orders income (£130k), and costs associated with CPZ consultation and implementation (£190k).

Children Schools and Families

Children, Schools and Families	2020/21 Current Budget £000	Full year Forecast May £000	Forecast Variance at year end (May) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,170	24,079	(92)	99	63
Social Care and Youth Inclusion	21,417	21,737	321	410	416
Cross Department budgets	890	880	(10)		(47)
PFI	8,730	8,168	(561)		(251)
Redundancy costs	1,927	1,780	(147)		(422)
Total (controllable)	57,134	56,644	(490)	509	(241)

Overview

At the end of May, Children Schools and Families are forecasting a favourable £490k variance on local authority funded services, a favourable movement of £250k from 2019/20 outturn.

£509k Covid-19 cost pressure has been identified, £410k relate to savings shortfall, £19k SEN Transport and £80k shortfall in income targets. These have been included in the forecasted position.

The £490k favourable position is mainly due to the uncertainty and nature of placement costs and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests.

Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. EHCP numbers have increased from 2,011 in March, to 2,051 in May, an increase of 40.

The CSF department has received £3.847m growth for 2020/21. £1.756m has been allocated across Childrens Social Care and £2,091m across Education.

Local Authority Funded Services

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

Description	Budget £000	May £000	2019/20 £000
Procurement & School organisation	321	(81)	(306)
SEN transport	6,198	19	1,289
Early Years services	3,868	50	(314)
Education Inclusion	1,613	(107)	(350)
Internal legal hard charge	844	6	(105)
LSCB	76	70	(65)
Other over and underspends	11,326	(49)	(86)
Subtotal Education	24,170	(92)	63
Fostering and residential placements (ART)	7,217	0	(98)
Un-accompanied asylum seeking children (UASC)	254	0	33
No Recourse to Public Funds (NRPF)	172	(14)	132
MASH & First Response staffing	1,643	345	257
CWD team staffing	557	0	(67)
CWD Placements	634	0	(58)
Legal costs	531	0	72
Other over and underspends	10,409	(10)	145
Subtotal Children's Social Care and Youth Inclusion	21,417	321	416

Education Division

£2.091m growth is attributed to £1.496m SEN Transport Staffing, £400k SEN Team Staffing and £195k Education Psychology.

The procurement and school organisation budget is showing a favourable variance of £81k because of lower spend on re-venue-isation 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 £19k, however, this budget has become increasingly difficult to forecast given COVID-19 and schools opening. This is our best estimate based on the information available at the end of May. The current estimated cost includes a small forecast for mileage claims where parents transport themselves and send in invoices. Buses are still being used to transport young people, but this is a moving target with no real way of predicting what will happen since we don't know what will occur in September and beyond. The current position is that we are starting to transport more clients – still only around a quarter of the normal client base - but in many cases not full time. Accordingly, although there will be some lag in billing, invoices continue to be approx. £20k per week, undoubtedly, weekly spend will rise between now and the end of July. That being said, if all pupils were to return in the autumn term (before allowing for new applications), we could expect a significant increase in cost. To support the cost pressure in this area, £1.496m growth has been allocated in 2020/21, but this does not reflect the Covid-19 impact, which was not known at the time.

Early Years service is reporting a £50k adverse variance due to underachievement of income targets as a consequence of Covid-19.

Education Inclusion is reporting a £107k favourable variance primarily due to staffing underspends within My Futures and Children and young participation services.

LSCB has reported an adverse variance of £70k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment.

The internal legal hard charging budget is projecting a favourable variance of £6k. 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 £49k favourable variance. These combine with the items described above to arrive at the total divisional favourable forecast of £92k.

Children's Social Care and Youth Inclusion Division

At the end of May, Merton had 158 looked after children. This is an increase of 4 children from March. 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	2019/20
Number of children in care as at 31st March	163	152	154	160	154
Of which UASC	22	20	28	34	28
Rate per 10,000	35	33	33	34	33
London Rate	51	50	49	tbc	tbc
England Rate	60	62	64	tbc	tbc

£1.76m growth across Childrens Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), No Recourse to Public Funds (£150k) and UASC placements and previous USAC that are now Care Leavers (£710k).

Service	Budget £000	May Forecast spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Residential Placements	1,622	1,622	0	(754)	11	13
Independent Agency Fostering	1,974	1,974	0	272	44	48
In-house Fostering	1,421	1,421	0	541	76	74
Secure accommodation	245	245	0	(91)	4	1
Parent and Baby	105	105	0	(55)	0	0
Supported lodgings/housing	1,850	1,850	0	(11)	59	57
Total	7,217	7,217	0	(98)	194	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 sometimes required. Some specific provision is mandated by the courts.

For May, placement costs have been forecasted to budget pending a robust forecast including prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. Consequently, these assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

Service	Budget £000	May Forecast- spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Independent Agency Fostering	383	383	0	94	9	12
In-house Fostering	378	378	0	473	33	34
Supported lodgings/housing	693	693	0	32	29	26
UASC grant	(1,200)	(1,200)	0	(554)		
Total	254	254	0	45	71	72

At the end of May, we have a total of 71 USAC placements, 33 under 18 and 38 over 18. Of the 33 under 18 clients, 29 were placed in foster care and 4 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to accommodate 37 unaccompanied asylum-seeking children (equivalent of 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. We will keep this under review.

Merton had 38 young people aged 18+ who were formerly UASC in our care at the end of May, 15 in foster care, 23 in semi-independent accommodation. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

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. Changes in the fostering recruitment budget from the corporate communications team has reduced the range of recruitment activity.

We have recruited 3 new foster carers (2 of these are connected persons) this year so far. The target for this financial year is to recruit 20 new foster carers (including connected persons).

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 accept and retain children with more challenging behaviours in placement and by implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house parent 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 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.

Schools PFI

Schools PFI is forecasting a £561k favourable variance. This is due to an overachievement of Schools Contribution Income than budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £13.831m variance, an increase of £3.990m over outturn. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The overspend in the current financial year will be adding to this balance, currently estimated at £26.581m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The DfE met with us on 11 February 2020 to discuss this recovery plan, and they will return to assess our progress in November.

The main reason for the variance relates to a £8,467m adverse variance on Independent Day School provision. This is an £1,668m increase since March 2020, following the SEN2 Audit review. The reason for the significant 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 in 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 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 and this extra provision has already been assumed within previous DSG forecasts. 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 £26.581m cumulative deficit to increase further.

Other adverse variances include £1,803k on EHCP allocations to Merton primary and secondary schools, £1.947m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.489m 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 May 2020 there were 2,051 EHCPs.

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		Jan 2020 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%
Total	1075	100%	1242	100%	1518	100%	1712	100%	1928	100%
Change over previous year				16%		22%		13%		11%

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.

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, 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. Officers are working on an updated plan to incorporate outturn and the latest position on EHCPs and costs, which will be reported in due course.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and continue into 2021/22 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 13 in 2019/20 to 10 in 2020/21. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to COVID-19. Total school balances, including capital balances, did slightly 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 contributions 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 and now the impact of social distancing as a result of Covid-19. 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

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.

Community and Housing

Community and Housing is still operating at level 4 emergency response. Although the government is easing lockdown and the number of infections and deaths has fallen, we need to plan alongside the NHS for potential future surges in demand in autumn and winter, in line with NHS planning assumptions.

Although we are still in the middle of the emergency response, we have commenced work on planning for the recovery and reset of our services. It is likely that recovery will run in parallel with an ongoing emergency response. We are planning on this being our operating model for the rest of this year.

The full impact of COVID 19 on our community, and therefore our services, is not yet fully understood. At present the department is focussed on supporting the NHS, housing rough sleepers and other homeless people, infection control, the local Test Track & Trace response, supporting the care sector (incl with PPE supplies), shielding and community response.

The forecast is prepared on the basis of our current understanding of activity, spend and income to date. The COVID costs in the second last column of the table below are those reflected in the budget forecast. The period 2 forecast shows a departmental underspend of £359k, which is made up of a forecast underspend in ASC of £698k, an overspend in Housing of £174k due to temporary accommodation costs and an overspend of £165k Library Service due to loss of income.

Community and Housing	2020/21	2020/21	2020/21	2020/21	2019/20
	Current Budget	Full Year Forecast	Full Year Forecast Variance	Covid-19 Forecast Impact	Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Access and Assessment	47,906	47,572	-334	3,151	-1,143
Commissioning	4,411	4,333	-77	0	-84
Direct Provision	6,249	5,731	-518	74	179
Directorate	1,151	1,382	231	0	320
Adult Social Care	59,717	59,019	-698	3,225	-728
Libraries and Heritage	2,353	2,517	165	162	70
Merton Adult Learning	-5	-5	0	0	0
Housing General Fund	2,105	2,279	174	156	328
Public Health	-157	-157	0	0	-
Grand Total	64,013	63,654	-359	3,543	-330

In addition, the department is estimating £5.8m of one-off costs of COVID 19. Of this £5.8m, £3.9m has been committed to support care providers. ASC will also receive a separate £1.3m grant in two tranches to support infection control in care. The first tranche payments to care homes is currently in progress.

At present, we have achieved £607k of the £2.46m savings target for 2020/21. The full savings are reflected in the departmental budget, and this is forecast to be in balance, which indicates achievement of the overall target. However, it is too early in an unprecedented year to be able to be confident that this position will be maintained.

Adult Social Care

The ASC underspend is partly a consequence of the sad loss of service users. The mortality rate in April was much higher than normal for the service, although in line with national and regional trends. In addition, most of the costs of discharges from hospital into care homes is currently being met by the NHS in line with national guidance. This is likely to continue for now but we have to plan to take over the care arrangements for some of those placed by health. We are tracking these cases and the ASC forecast reflects this. The forecast also reflects a fall in income of c£1.3m, due to loss of client contributions.

The net underspend of £698k reflects the reduction in care packages. We sadly lost 98 service users who died of various causes in April and May 2020, compared to 47 in the same period last year. There were a number of other changes in care, with a number of packages of care suspended as families took over care during the period of lockdown.

With no precedent to follow, it is difficult to forecast the impact of any future surges in COVID-19. We will need to maintain our surge capacity in re-ablement, the hospital team, nursing beds and home care to cope with any future surges. The forecast is prepared on the basis of current activity levels, but it is not possible to know if this will be reflected throughout the rest of the year.

The service has not had to make use of the easements enabled by emergency legislation and

continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting the NHS, as well as contributing to the cross-council work on shielding, the community hub and the food hub.

COVID 19 is having a major impact on the lives of families and communities, and this will inevitably impact on the needs and preferences for people who use social care services. As we move forward, we will need to re-evaluate our offer to ensure that they are aligned with the new patterns of demand.

The Shielding Programme is supporting over 7,000 of which around 100 need ongoing regular support. We will need to work with these people and their families when the national shielding programme ends to ensure that they recover their independence. We will also work with mental health services to support those shielding to deal with the psychological impact of their isolation. The COVID emergency is having a significant impact on the care sector, and care providers in particular. Providers are facing additional costs for PPE and staffing, and homes in particular are facing lower occupancy rates. The council is providing support in cash, in line with LGA/ADASS guidance, and in kind by supply of significant volumes of PPE. We have provided in excess of 500,000 fluid resistant face masks and 58,000 pairs of gloves, amongst a range of PPE supplied. The crisis is likely to have long term and significant consequences for the care sector, which the council will have to manage in line with its Care Act 2014 duties.

Library & Heritage Service

Whilst the physical buildings have been closed Merton's Library & Heritage Service has enhanced its online offer to provide improved resources including a much expanded e-book offer. In lockdown usage of the libraries online services has increased by 56%.

During the Covid-19 pandemic the majority of library staff have been deployed to support with newly established services including shielding, food distribution and the community response hub. These staff will return to their existing duties when libraries are ready to reopen.

The forecast overspend of £165k is mainly due to the expected loss of income for this year whilst libraries are closed and social distancing is in place. It is anticipated that income will reduce by at least 50% although this could be higher if services do not return to some form of normality during the autumn.

Adult Learning

The service is reporting a break even position. No physical courses have run since lockdown but providers have been innovative in their delivery of courses online and have amended their curriculum plans to respond to the current challenges. As all of the courses planned could not go ahead the GLA and ESFA, who fund the adult learning provision for the borough, have confirmed that they will provide the borough with the full funding allocation for the year and this will be paid proportionately across agreed spend levels to providers.

Housing General Fund

The Housing service has continued to support those in priority need with advice and temporary accommodation. There was a reduction in homelessness prevention activity early in the pandemic but this work has since recovered. The suspension of section 21 evictions reduced demand, but this suspension is expected to be lifted on the 24th August 2020, after which we expect a surge in demand for support.

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Achieved-March 20	480
Period	Homelessness Prevention Targets 2020-21
Full Year Target	450
Target YTD	75
Achieved-April 20	39
Achieved-May 20	82

The numbers in temporary accommodation has risen steadily as efforts to move people on has been hampered.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	
Mar'17	-	-	186	
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
			2020/21	2019/20
Apr'20	5	8	196	178
May'20	18	10	204	177

In addition, the service has been working with 52 rough sleepers to support them into temporary accommodation. Four of these refused support and two others have been evicted from their temporary accommodation.

Of the 52 rough sleeping cases, 14 have no recourse to public funds and are currently accommodated by the GLA. It is our judgement at present that it is not in the interest of their health or public health for them to return to the streets. However, this cannot continue indefinitely and there is a high probability that they could return to rough sleeping in the absence of long-term solution for a group that councils would not normally have a legal responsibility to accommodate. Work is underway to identify longer term solutions of each of these people. Additional support from mental health and substance misuse services is being provided where appropriate.

The £174k overspend is due to increased costs of temporary accommodation and reduced contributions from those temporarily housed. The numbers of people supported in temporary accommodation has climbed since the pandemic began.

Public Health

Public Health is forecast on budget. The division's grant allocation has increased by £371k, mitigating; PH salary and inflationary increases, additional sexual health costs due to revised tariffs, the NHS Agenda for Change pay award and pension increases for staff on commissioned contracts. In this first quarter block payments are being made to suppliers according to existing contracts, based on historical activity data in 2019/20, except those determined by the current year agreements and subject to an open book agreement. Discussions are underway with community health regarding activity, performance and funding for the year.

The division is involved in a number of COVID 19 initiatives to contain the pandemic triggering additional costs. Additional staffing has been brought in to support care home, infection control advice, and data analysis. The team will lead the local part of Test Tracking and Tracing (TTT). A grant has been made available to support these costs.

Corporate Items

The details comparing actual expenditure up to 31 May 2020 against budget are contained in Appendix 2. COVID-19 will inevitably have a major impact on corporate items and the application and adequacy of contingencies will feature throughout the monthly monitoring reports throughout 2020/21.

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,190	0	(161)
Investment Income	(707)	(707)	0	(704)
Pension Fund	340	340	0	(104)
Pay and Price Inflation	4,181	4,831	650	(100)
Contingencies and provisions	22,378	22,378	0	(154)
Income Items	(1,963)	(1,963)	0	(343)
Appropriations/Transfers	(11,275)	(11,275)	0	0
Central Items	12,954	13,604	650	(1,405)
Levies	962	962	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0
TOTAL CORPORATE PROVISIONS	1,754	2,404	650	(1,567)
COVID-19 Emergency expenditure	0	9,210	9,210	176
TOTAL CORPORATE EXPENDITURE inc. COVID-19	1,754	11,614	9,860	(1,391)

The utilisation of corporate budgets is greatly influenced by the pressures and challenges that service departments face and the extent to which they require support from corporate contingency budgets. This is particularly the case in the current financial year with the devastating effect of COVID-19 being felt by many Council services.

As indicated in Appendix 3, based on the latest pay offer of 2.75% which is yet to be agreed, there will be a shortfall of c £0.650m in the budget for salaries.

This is the only potential major variance identified as at 31 May 2020. However, in order to take initial steps to address the expected adverse variance at year end arising from COVID-19, it is proposed to transfer the following budgets to the COVID-19 Reserve to provide cover for the costs arising from addressing the pandemic:-

Contingency

Given the projected net cost to the council of the pandemic, it is proposed to transfer £1m of the £1.5m budget to the COVID-19 Reserve.

Provision for loss of Parking Income from P3/P4 developments

Given the current economic outlook and need to concentrate on current issues it is unlikely that this provision will be required in 2020/21 for the purpose for which it is intended. It is therefore proposed to transfer the budget of £0.400m to the COVID-19 Reserve.

COVID-19: Impact on Council Tax and Business Rates Income in 2020/21 and future years

It is a statutory requirement that the budgeted amount of Council Tax and Business Rates income in 2020/21 are credited to the General Fund. Any variations from the actual amount of income collected from local taxpayers are accounted for via the Collection Fund, which is a statutory fund separate from the General Fund. These variations will be dealt with by the General Fund in the following year as a surplus/deficit dependent on how accurate the initial estimate has been.

The budgeted amounts for 2020/21 will be credited to the General Fund in 2020/21 and any variations to those amounts will result in a surplus/deficit on the Collection Fund as at 31 March 2021. It is anticipated, therefore, that because of a major drop in Council Tax and business Rate income, the increased deficit will appear as an adverse balance on the Collection Fund at year end and this will need to be accounted and therefore budgeted for in the General Fund in 2021/22. The Collection Fund is not allowed to have a deficit balance, but there are some indications that this could be changed. There will need to be accounting adjustments at year end to reflect the extent to which the Government agree to reimburse Councils for lost income, usually via Section 31 grant.

Collection of both council tax and business rates income has reduced. Council tax collection is 1.18% down on the same period last year and business rates 5.29% down.

Deferral of April, May and June's instalments have been agreed with some residents and businesses.

Reminder notices and text messages for non-payment of council tax were issued in late May to residents who had failed to pay both April and May's council tax instalments

There has been an increase in council tax support claims and as a result the cost of the scheme will increase by an estimated £2.5 million for the full year.

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the outturn report elsewhere on this agenda:

Depts	Current Budget 20/21	Variance	Revised Budget 20/21	Current Budget 21/22	Variance	Revised Budget 21/22	Original Budget 2022-23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	23,700	(3,674)	20,025	11,528	3,674	15,203	2,895	0	2,895	15,410		15,410
Community & Housing	1,709	0	1,709	1,680		1,680	1,429	0	1,429	425		425
Children Schools & Families	4,489	0	4,489	6,630		6,630	1,900	0	1,900	1,900		1,900
Environment and Regeneration	14,654	0	14,654	12,832		12,832	8,343	0	8,343	7,029		7,029
TOTAL	44,551	(3,674)	40,877	32,670	3,674	36,345	14,567	0	14,567	24,764	0	24,764

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at May 2020. The detail is shown in Appendix 4.

Capital Budget Monitoring - May 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	10,221	151,420	(141,199)	20,025,300	20,025,300	0
Community and Housing	35,801	75,180	(39,379)	1,709,200	1,708,366	(834)
Children Schools & Families	(79,833)	116,530	(196,363)	4,488,670	4,488,670	0
Environment and Regeneration	237,690	84,465	153,225	14,653,580	14,038,580	(615,000)
Total	203,879	427,595	(223,716)	40,876,750	40,260,916	(615,834)

- a) Corporate Services – All budget managers are projecting a full spend against budget. The table above includes the £3.6 million re-profiling of the Housing Company Budget into 2021/22 (Appendix 4B).
- b) Community and Housing – All budget managers are projecting a full year spend, however, it is envisaged that the Learning Disability Housing Scheme may be re-profiled later in the financial year. No budget adjustments are being made this month
- c) Children, Schools and Families – Officers are currently projecting a full spend against budget, however £516k of the maintenance budget has yet to be allocated to schemes. No budget adjustments are being made this month
- d) Environment and Regeneration – Officers are projecting full spend on all budgets apart from favourable variances on two schemes:
- Car Park Upgrades are currently showing a favourable variance of £389k. This projection only includes essential Fire Safety Works at St Georges Car Park, all other works as part of this scheme are under review
 - Paddling Pools Option 2 are currently showing a favourable variance of £226k. The programme currently contains both options for Paddling Pools however, only one option will be progressed following a consultation process which is likely to commence over the summer 2020, subject to Covid. No budget adjustments are being made this month

4.3 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£000s):

Depts.	Original Budget 20/21	Net Slippage 2020/21	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 20/21
Corporate Services	22,100	2,000				(4,074)	20,025
Community & Housing	2,004	189				(483)	1,709
Children Schools & Families	4,566	480		573		(1,130)	4,489
Environment and Regeneration	18,530	818	(1,537)			(3,157)	14,654
Total	47,199	3,487	(1,537)	573	0	(8,845)	40,877

4.4 The table below compares capital expenditure (£000s) to May 2020 to that in previous years':

Depts.	Spend To May 2017	Spend To May 2018	Spend to May 2019	Spend to May 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	79	169	95	10	(69)	(159)	(85)
C&H	(26)	105	65	36	62	(69)	(29)
CSF	699	264	693	(80)	(779)	(344)	(773)
E&R	1,051	807	110	238	(813)	(569)	128
Total Capital	1,803	1,345	963	204	(1,599)	(1,141)	(759)

Outturn £000s	32,230	31,424	26,960	
Budget £000s				40,877
Projected Spend May 2020 £000s				40,261
Percentage Spend to Budget				0.50%
% Spend to Outturn/Projection	5.59%	4.28%	3.57%	0.51%
Monthly Spend to Achieve Projected Outturn £000s				4,006

4.5 May is two months into the financial year and departments have spent below 1% of the budget. Spend to date lower than all three previous financial years shown and is in part due to the impact of Covid 19

Department	Spend To April 2020 £000s	Spend To May 2020 £000s	Increase £000s
CS	(249)	10	260
C&H	13	36	23
CSF	(192)	(80)	112
E&R	(57)	238	295
Total Capital	(486)	204	690

4.6 During May 2020 officers spent £690k, to achieve year end spend officer would need to spend £4 million each month to year end. Finance officers will continue to work with budget managers to review schemes within the programme and also look to re-profile where appropriate in the light of Covid 19 and the current financial challenges facing the Authority.

4.7 Appendix 4C summarises the impact of the changes to the Capital Programme on funding.

DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2021/22 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,718	1,847	871	32.0%	595
Children Schools and Families	2,969	2,305	664	22.4%	300
Community and Housing	2,460	607	1,853	75.3%	100
Environment and Regeneration	3,927	936	2,991	76.2%	337
Total	12,074	5,695	6,379	52.8%	1,332

Appendix 6 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

Progress on savings 2019/20

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21	Projected Shortfall 2021/22
	£000	£000	£000	£000
Corporate Services	1,484	100	70	0
Children Schools and Families	572	0	0	0
Community and Housing	1,534	118	0	0
Environment and Regeneration	2,449	837	2,065	0
Total	6,039	1,055	2,135	0

Appendix 7 details the progress on unachieved savings from 2019/20 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 Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 5A –	Current Capital Programme
Appendix 5B -	Detail of Virements
Appendix 5C -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2020/21
Appendix 7 –	Progress on savings 2019/20

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E. Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	1,865	723	11,190	0	(161)
Impact of Capital on revenue budget	11,190	11,190	1,865	723	11,190	0	(161)
Investment Income	(707)	(707)	(118)	(114)	(707)	0	(704)
Pension Fund	340	340	57	0	340	0	(104)
Corporate Provision for Pay Award	2,231	2,231	372	0	2,881	650	0
Corporate Provision for National Minimum Wage	1,500	1,500	250	0	1,500	0	0
Provision for excess inflation	450	450	75	0	450	0	(100)
Pay and Price Inflation	4,181	4,181	697	0	4,831	650	(100)
Contingency	1,500	1,500	250	0	1,500	0	(500)
Single Status/Equal Pay	100	100	17	0	100	0	0
Bad Debt Provision	500	500	83	0	500	0	1,304
Loss of income arising from P3/P4	400	400	67	0	400	0	(100)
Loss of HB Admin grant	34	34	6	0	34	0	(34)
Apprenticeship Levy	450	450	75	18	450	0	(22)
Revenuisation and miscellaneous	3,384	3,384	564	24	3,384	0	(802)
Growth - Provision against DSG	16,009	16,009	2,668	0	16,009	0	0
Contingencies and provisions	22,378	22,378	3,730	41	22,378	0	(154)
Other income	0	0	0	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(327)	0	(1,963)	0	(157)
Income items	(1,963)	(1,963)	(327)	0	(1,963)	0	(343)
Appropriations: CS Reserves	(908)	(908)	(151)	0	(908)	0	0
Appropriations: E&R Reserves	(317)	(317)	(53)	0	(317)	0	0
Appropriations: CSF Reserves	(360)	(360)	(60)	0	(360)	0	0
Appropriations: C&H Reserves	(104)	(104)	(17)	0	(104)	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(200)	0	(1,200)	0	0
Appropriations: Corporate Reserves	(8,386)	(8,386)	(1,398)	0	(8,386)	0	0
Appropriations/Transfers	(11,275)	(11,275)	(1,879)	0	(11,275)	0	0
Depreciation and Impairment	(23,351)	(23,351)	(3,892)	0	(23,351)	0	0
Central Items	793	793	132	649	1,443	650	(1,566)
Levies	962	962	160	195	962	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,754	292	845	2,404	650	(1,567)
COVID-19 Emergency expenditure	0	0	0	608	9,210	9,210	176
Sub-total: COVID-19 Expenditure	0	0	0	608	9,210	9,210	176
TOTAL CORPORATE EXPENDITURE inc. COVID-19	1,754	1,754	292	1,452	11,614	9,860	(1,391)

Pay and Price Inflation as at May 2020

In 2020/21, the budget includes 2.0% 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 0.5% and RPI at 1.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

The local government pay award for 2020/21 has not yet been agreed. On 16 April 2020, the National Employers made an improved, final pay offer to the unions representing the main local government NJC workforce as follows:

- With effect from 1 April 2020, an increase of 2.75 per cent on all NJC pay points 1 and above
- With effect from 1 April 2020, an increase of one day to the minimum annual leave entitlement. This increase would apply just to those employees whose leave entitlement at 1 April 2020 is twenty one days (plus extra statutory and public holidays)
- joint work on mental health.

UNISON's national joint council (NJC) committee met on 5 June, to consider feedback from regions and decide on next steps in the NJC pay negotiation process.

The Local Government Association has made it clear that it will not approach the UK government to request any further money for local government pay. UNISON will send a full consultation pack to branches in the week of 22 June, and branches will then send key information to members and ask them to vote on whether they accept or reject the pay offer. They will have around six weeks to make up their mind and discuss the offer with fellow members.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs by c.£0.650m for which additional budget would be required. The cost of additional leave has not yet been costed.

Prices:

The latest statistic have been affected by COVID-19. As a result of the ongoing coronavirus (COVID-19) pandemic, the ONS identified 74 CPIH items (or 14.2% of the CPIH basket by weight) that were unavailable to UK consumers in May. This is down from 90 unavailable items in April; compared with the February 2020 index (the most recent "normal" collection), we have collected a weighted total of 81.6% (excluding unavailable items) of the number of price quotes for the May 2020 index, although the coverage varies across the range of items.

The Consumer Prices Index (CPI) 12-month rate was 0.5% in May 2020, down from 0.8% in April 2020.

Falling prices for motor fuels and a variety of recreational and cultural goods resulted in the largest downward contributions to the change in the 12-month inflation rate between April and May 2020. Rising prices for food and non-alcoholic drinks resulted in a partially offsetting upward contribution to change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.7% in May 2020, down from 0.9% in April 2020.

The RPI rate for May 2020 was 1.0%, which is down from 1.5% in April 2020.

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. Previously at a special meeting on 19 March 2020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 6 May 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted by a majority of 7-2 for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion. Two members preferred to increase the target for the stock of asset purchases by an additional £100 billion at this meeting.

In the minutes to the meeting the MPC note that "Economic data have continued to be consistent with a sudden and very marked drop in global activity. Oil prices have been volatile. There have, however, been tentative signs of recovery in domestic spending in China, and this is likely to be echoed in other countries that have started to relax COVID-related restrictions on economic activity. Financial markets have recovered somewhat over recent weeks and risky asset prices have picked up from their lows in mid-March. This in part reflects the actions taken by authorities in the United Kingdom and elsewhere. Global financial conditions have, nevertheless, remained tighter than prior to the outbreak of Covid-19. The timeliest indicators of UK demand have generally stabilised at very low levels in recent weeks, after unprecedented falls during late March and early April. Payments data point to a reduction in the level of household consumption of around 30%. Consumer confidence has declined markedly and housing market activity has practically ceased. According to the Bank's Decision Maker Panel, companies' sales are expected to be around 45% lower than normal in 2020 Q2 and business investment 50% lower. There has been widespread take-up of the Coronavirus Job Retention Scheme. Nevertheless, sharp increases in benefit claims are consistent with a pronounced rise in the unemployment rate."

On 7 May 2020, the Bank of England published its quarterly Monetary Policy Report alongside an interim Financial Stability Report. Together, they provide a scenario for the path of the UK economy in the light of Covid-19 and assess the financial system's resilience to that scenario. In the interim Financial Stability Report, the Financial Policy Committee (FPC) has assessed the risks to UK financial stability and the resilience of the UK financial system to the economic and market shocks associated with Covid-19. Given an illustrative scenario set out by the MPC based on the current COVID-19 pressures, the FPC concluded that "that the core banking system has capital buffers more than sufficient to absorb losses and, supported by government guarantees for new lending and Bank of England funding, the capacity to provide credit to support the UK economy. The MPC has statutory objectives to maintain price stability and, subject to that, to support the economic policy of the Government including its objectives for growth and employment. In the current circumstances, and consistent with the MPC's remit, monetary policy is aimed at supporting businesses and households through the crisis, and limiting any lasting damage to the economy."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (May 2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.2	2.5	0.9
RPI	0.6	3.2	1.3
LFS Unemployment Rate	4.0	10.5	7.7
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.4	2.6	1.6
RPI	2.1	4.0	2.6
LFS Unemployment Rate	4.0	9.1	6.3

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve.

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 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	1.0	1.4	1.7	1.8	1.8
RPI	1.6	2.0	2.5	2.8	2.8
LFS Unemployment Rate	7.0	6.8	6.1	5.5	5.0

Treasury Management: Outlook

At its meeting ending on 6 May 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted by a majority of 7-2 for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion.

The MPC has published the May 2020 Monetary Policy Report in the context that “the unprecedented situation due to COVID-19 means that the outlook for the UK and global economies is unusually uncertain. It will depend critically on the evolution of the pandemic, and how governments, households and businesses respond to it. “ To illustrate the potential future implications has constructed a plausible illustrative economic scenario based on a set of stylised assumptions about the pandemic and the responses of governments, households and businesses, and, as usual, on the prevailing levels of asset prices and the market path for interest rates.

In an accompanying interim Financial Stability Report, the Financial Policy Committee (FPC) has assessed the risks to UK financial stability and the resilience of the UK financial system to the economic and market shocks associated with Covid-19. The MPC has statutory objectives to maintain price stability and, subject to that, to support the economic policy of the Government including its objectives for growth and employment. In the current circumstances, and consistent with the MPC’s remit, monetary policy is aimed at supporting businesses and households through the crisis, and limiting any lasting damage to the economy.

The MPC note that “the illustrative scenario incorporates a very sharp fall in UK GDP in 2020 H1 and a substantial increase in unemployment. The fall in activity should be temporary, and GDP should pick up relatively rapidly as social distancing measures are relaxed. Nonetheless, because a degree of precautionary behaviour by households and businesses is assumed to persist beyond that point, the economy takes some time to recover towards its previous path, with risks skewed to the downside. In the near term, CPI inflation is likely to fall significantly below the MPC’s 2% target, given falling energy prices and the weakness of demand. It rises to around the 2% target further out.”

There are four areas of sensitivity that the MPC highlight as important in their scenario planning:-

Key sensitivity 1: the global economic outlook. Policy actions around the world will affect the outlook for the UK

Key sensitivity 2: the persistence of the fall in UK activity. The timing of the recovery will depend in large part on how long social distancing and support measures are in place. The speed of the recovery will also be affected by how households and businesses respond once measures are lifted.

Key sensitivity 3: the degree of long-lasting scarring in the economy. The eventual recovery in GDP will be affected by developments in the economy’s supply capacity.

Key sensitivity 4: the impact of changes in economic activity on prices. CPI inflation will be affected by how companies respond to changes in demand.

The Financial Stability Report sets out the MPC’s summary of the role of monetary policy in addressing the economic issues presented by the pandemic. It states that “Monetary policy can help support companies and households through economic disruption. Monetary policy loosening can help support households and companies through the economic disruption caused by the pandemic. It bolsters households’ and businesses’ cash flows, helps maintain the flow of credit, and supports asset prices. It can therefore mitigate the tightening in financial conditions that can

amplify the initial contraction in activity, and help ensure that financial conditions are appropriate to support the recovery as the social distancing measures are eased.

Since the onset of the Covid-19 shock, the MPC has taken a number of actions to fulfil its mandate, including reducing Bank Rate to 0.1%, introducing a Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) and announcing a £200 billion increase in the stock of UK government bond and sterling non-financial investment-grade corporate bond purchases.

Activity should recover as the pandemic is brought under control and measures to contain its spread can be reduced. However, given the severity of the economic disruption, there is a risk of substantial longer-term damage to the economy from business failures and an increase in unemployment. As well as being costly in their own right, business failures and high unemployment can give rise to 'hysteresis' effects. Evidence from past periods of hysteresis indicate that these losses can be significant.

Monetary policy is only one part of the necessary policy response. The Bank of England's response also complements the actions taken by the UK Government. Fiscal support measures are the main tool for dealing with the sharp fall in economic activity and the loss of income for households and companies. The UK Government has announced a series of substantial measures to alleviate some of the severe cash-flow problems facing businesses and households and support people's incomes while maintaining focus on its primary objective of price stability. The primary objective of monetary policy is price stability, a pre-condition for long-term economic prosperity. The MPC has clear operational independence for how the inflation target is achieved and is accountable to Parliament for its actions in meeting that target. Alongside that institutional framework, the UK Government has provided explicit indemnities for monetary policy operations such as quantitative easing that could otherwise create risks to the Bank's balance sheet. These arrangements ensure that the MPC can take the actions it needs to meet its objective of price stability. The MPC will continue to monitor the economic situation closely. However events unfold, the MPC stands ready to respond as necessary to support the economy and ensure a sustained return of inflation to the 2% target."

Capital Budget monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	203,879	427,595	(223,716)	40,876,750	40,260,916	(615,834)
Corporate Services	10,221	151,420	(141,199)	20,025,300	20,025,300	0
Customer, Policy and Improvmen	92,077	0	92,077	1,350,000	1,350,000	0
Customer Contact Programme	92,077	0	92,077	1,350,000	1,350,000	0
Facilities Management Total	38,972	0	38,972	1,887,990	1,887,990	0
Works to other buildings	48,899	0	48,899	1,144,310	1,144,310	0
Civic Centre	(3,753)	0	(3,753)	268,680	268,680	0
Invest to Save schemes	(6,175)	0	(6,175)	475,000	475,000	0
Infrastructure & Transactions	(120,827)	151,420	(272,247)	2,910,560	2,910,560	0
Business Systems	(3,474)	0	(3,474)	1,120,770	1,120,770	0
Social Care IT System	0	0	0	272,870	272,870	0
Planned Replacement Programme	(117,353)	151,420	(268,773)	1,516,920	1,516,920	0
Resources	0	0	0	0	0	0
Financial System	0	0	0	0	0	0
Invoice Scanning SCIS/FIS	0	0	0	0	0	0
Corporate Items	0	0	0	13,876,750	13,876,750	0
Acquisitions Budget	0	0	0	0	0	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	600,000	600,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Corporate Capital Contingency	0	0	0	0	0	0
Housing Company	0	0	0	12,816,750	12,816,750	0
Community and Housing	35,801	75,180	(39,379)	1,709,200	1,708,366	(834)
Adult Social Care	0	0	0	20,200	20,200	0
Telehealth	0	0	0	20,200	20,200	0
Housing	36,652	75,180	(38,528)	1,315,000	1,315,000	0
Disabled Facilities Grant	36,652	75,180	(38,528)	827,000	827,000	0
Major Projects - Social Care H	0	0	0	488,000	488,000	0
Libraries	(851)	0	(851)	374,000	373,166	(834)
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	0	0	350,000	349,166	(834)
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget Monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	(79,833)	116,530	(196,363)	4,488,670	4,488,670	0
Primary Schools	46,285	0	46,285	1,888,830	1,888,830	0
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	(901)	0	(901)	39,350	39,350	0
Hatfeild	7,258	0	7,258	43,910	43,910	0
Hillcross	(5,227)	0	(5,227)	83,290	83,290	0
Dundonald	0	0	0	79,500	79,500	0
Garfield	29,680	0	29,680	42,620	42,620	0
Merton Abbey	(530)	0	(530)	0	0	0
Poplar	(4,824)	0	(4,824)	24,010	24,010	0
Wimbledon Chase	0	0	0	51,990	51,990	0
Wimbledon Park	0	0	0	40,000	40,000	0
Abbotsbury	(5,479)	0	(5,479)	137,200	137,200	0
Malmesbury	0	0	0	35,000	35,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	0	0	0	6,030	6,030	0
Cranmer	0	0	0	34,000	34,000	0
Gorringe Park	0	0	0	86,650	86,650	0
Haslemere	(795)	0	(795)	0	0	0
Liberty	(487)	0	(487)	33,640	33,640	0
Links	(690)	0	(690)	220,000	220,000	0
St Marks	0	0	0	165,000	165,000	0
Lonesome	33,680	0	33,680	46,740	46,740	0
Sherwood	(1,059)	0	(1,059)	201,200	201,200	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	0	0	3,200	3,200	0
Unlocated Primary School Proj	0	0	0	515,500	515,500	0

Capital Budget Monitoring-May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(46,551)	0	(46,551)	260,010	260,010	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	5,590	5,590	0
Ricards Lodge	0	0	0	5,580	5,580	0
Rutlish	0	0	0	19,000	19,000	0
Harris Academy Wimbledon	(46,551)	0	(46,551)	195,670	195,670	0
SEN	(136,474)	0	(136,474)	1,990,260	1,990,260	0
Perseid	(28,642)	0	(28,642)	285,970	285,970	0
Cricket Green	(107,023)	0	(107,023)	366,150	366,150	0
Melrose	15,239	0	15,239	1,070,590	1,070,590	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	(16,048)	0	(16,048)	204,210	204,210	0
Melbury College - Smart Centre	0	0	0	13,340	13,340	0
CSF Schemes	56,907	116,530	(59,623)	349,570	349,570	0
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	58,260	116,530	(58,270)	349,570	349,570	0

Capital Budget Monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	237,690	84,465	153,225	14,653,580	14,038,580	(615,000)
Public Protection and Developm	0	0	0	714,340	325,340	(389,000)
On Street Parking - P&D	0	0	0	100,000	100,000	0
Off Street Parking - P&D	0	0	0	464,000	75,000	(389,000)
CCTV Investment	0	0	0	150,340	150,340	0
Street Scene & Waste	(117,973)	50,000	(167,973)	737,040	737,040	0
Fleet Vehicles	0	50,000	(50,000)	659,000	659,000	0
Alley Gating Scheme	1,200	0	1,200	30,000	30,000	0
Waste SLWP	(119,173)	0	(119,173)	48,040	48,040	0
Sustainable Communities	355,663	34,465	321,198	13,202,200	12,976,200	(226,000)
Street Trees	(4,500)	0	(4,500)	126,000	126,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	230,374	0	230,374	5,878,310	5,878,310	0
Cycle Route Improvements	63,369	0	63,369	132,390	132,390	0
Mitcham Transport Improvements	705	0	705	96,610	96,610	0
Colliers Wood Area Regeneratio	0	0	0	15,000	15,000	0
Mitcham Area Regeneration	1,747	0	1,747	2,287,550	2,287,550	0
Wimbledon Area Regeneration	70,000	0	70,000	788,300	788,300	0
Morden Area Regeneration	0	0	0	250,000	250,000	0
Borough Regeneration	(2,753)	0	(2,753)	583,050	583,050	0
Morden Leisure Centre	0	1,600	(1,600)	55,000	55,000	0
Wimbledon Park Lake and Waters	0	8,000	(8,000)	329,500	329,500	0
Sports Facilities	22,836	0	22,836	308,840	308,840	0
Parks	(26,114)	24,865	(50,979)	2,325,540	2,099,540	(226,000)

Virement, Re-profiling and New Funding - May 2020

	2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
-	£	£		£	£	£		£	
<u>Corporate Services</u>									
Housing Company	16,491,220	0	0	(3,674,470)	12,816,750	6,883,220	3,674,470	10,557,690	Re-Profiled to expected spend

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	39,388	7,811	47,199
Outturn Adjustments	(1,881)	(767)	(2,648)
Approved Capital Programme Outturn	37,507	7,044	44,551
Corporate Services			
Housing Company	(3,674)	0	(3,674)
Proposed June Monitoring	33,833	7,044	40,877

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	24,774	4,192	28,966
Outturn Adjustments	3,158	547	3,705
Current Approved Programme	27,932	4,739	32,671
Corporate Services			
Housing Company	3,674	0	3,674
Proposed June Monitoring	31,606	4,739	36,345

APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2021/22 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,718	1,847	871	32.0%	595
Children Schools and Families	2,969	2,305	664	22.4%	300
Community and Housing	2,460	607	1,853	75.3%	100
Environment and Regeneration	3,927	936	2,991	76.2%	337
Total	12,074	5,695	6,379	52.8%	1,332

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21											
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH72	Deferred Savings - Transport	100	100	0	G	100	0	G	John Morgan	Although the implementation of the review has been delayed, there has been a drop in transport activity, particularly taxis, due to C19. There is also a projected underspend on concessionary fares	
CH76	OPMH Staffing	100	0	100	R	0	100	R	John Morgan	We need to review the demand for MH services with the trust due to C19. We are expecting demand to rise making this saving no longer achievable	
CH87	Mascot Income	100	0	100	R	100	0	A	Andy Ottaway-Searle	Income from MASCOT is currently down by £25k due to a net loss of 57 customers. LGA Peer Challenge delayed. Other options to make savings are being explored.	
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.	78	0	78	A	78	0	G	Phil Howell	The project has been delayed by actions necessary due to C19. We are currently paying on commissioned hours. The system provider has delayed roll out to	
CH89/90/93	Out of Area Placements	1,100	0	1,100	A	1,100	0	A	John Morgan	The project has been delayed by actions necessary due to C19. A desktop review linked to London wide research is underway to re-start the work. We also need to	
CH91	Supported Living / Residential review	400	0	400	R	400	0	A	John Morgan	The project has been delayed by actions necessary due to C19. The work will be linked to London wide research that is being commissioned by ADASS. We	
CH92	Mobile Working	50	7	43	A	50	0	G	John Morgan	C19 has prompted a major move towards mobile working. Public transport costs are down £7k, other recharges awaited	
CH96	Home Care Monitoring	32	0	32	R	32	0	G	John Morgan	The project has been delayed by actions necessary due to C19	
CH99	Placements	500	500	0	G	500	0	G	John Morgan	There has been a reduction in gross costs of care forecast as at period 2..Placements are subject to continued senior management scrutiny	

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21										APPENDIX 6	
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	Subtotal Adult Social Care	2,460	607	1,853		0	2,360	100			
	Total C & H Savings for 2020/21	2,460	607	1,853			2,360	100			

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Customers, Policy & Improvement											
CS2016 -06	Merton Link - efficiency savings	30	30	0	G	30	0	G	Sean Cunniffe		
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2019-20 CS28	cash collection reduction	12	12	0	G	12	0	G	Sean Cunniffe		
2020-21 CS5	Reduction in various running costs across the division	20	20	0	G	20	0	G	CPI AD		
2020-21 CS6	Community engagement - reduction in running costs	8	8	0	G	8	0	G	Kris Witherington		
Resources											
2018-19 CS06	Miscellaneous budgets within Resources	17	17	0	G	17	0	G	Resources Senior Management		
2018-19 CS07	Retender of insurance contract	50	0	50	R	13	37	A	Nemashe Sivayogan	New contract comes into place mid 2020/21. Insurance premiums cost will be reduced but variance remains adverse due to historic budget pressure. This will be offset in part during 2020/21 and fully during 2021/22 by an overachievement on income	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	0	A	David Keppler	Not achievable in light of covid-19 circumstances. Bailiff service is currently not operational.	Y
2019-20 CS06	Revs and Bens reduction in staffing	146	146	0	G	146	0	G	David Keppler		
2019-20 CS07	Treasury - increase in investment income	20	20	0	G	20	0	G	Nemashe Sivayogan		
2019-20 CS08	Insurance reduction in staffing	15	15	0	G	15	0	G	Nemashe Sivayogan		
2020-21 CS1	Right sizing charge to Pension Fund for Pension Manager time	24	24	0	G	24	0	G	Nemashe Sivayogan		
2020-21 CS2	Savings in Insurance Fund top up budget	70	70	0	G	70	0	G	Nemashe Sivayogan		
2020-21 CS3	Increase in Investment income	100	100	0	G	100	0	G	Nemashe Sivayogan		
2020-21 CS15	Miscellaneous savings (eg. Subscriptions)	39	39	0	G	10	0	G	Resources Senior Management	Part of this is a one-off saving - there is only £10k saving built in for 2021/22	
2020-21 CS16	Saving in Consultancy costs	20	20	0	G	20	0	G	Resources Senior Management		
CSREP 2020-21 (1)	Savings in Insurance Fund top up budget	30	30	0	G	30	0	G	Nemashe Sivayogan		
Corporate Governance											
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	A	50	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	A	20	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	A	45	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS27	merge democracy services and electoral services	70	48	22	A	70	0	G	Louise Round	Post holder retiring mid-year. Will be fully achieved from 2021/22	Y
2020-21 CS13	Corp Gov AD - Running Costs	24	24	0	G	24	0	G	Louise Round		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2020-21 CS14	Information governance - reduction in consultancy spend	10	10	0	G	10	0	G	Karin Lane		
	Human Resources										
2019-20 CS24	Realignment/redesign of HR services to provide services to the organisation and mitigate associated risks	50	47	3	A	47	3	A	Liz Hammond	Restructure of HR staffing completed to reduce staffing structure cost by £47k	Y
2019-20 CS25	Charge for voluntary sector payroll	7	7	0	G	7	0	G	Liz Hammond		
	Infrastructure & Technology										
2019-20 CS19	Reduction in the Repairs and Maintenance budgets for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS20	Reduction in the energy 'Invest to Save' budget for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
CSD7	Restructure Post & Print section and delete 2 FTE posts	47	47	0	G	47	0	G	Keith Bartlett		
CS2015-03	Review of Transactional Services team	100	100	0	G	100	0	G	Pamela Lamb		
2018-19 CS03	Adjust current Local Authority Liaison Officer (LALO) arrangements to require Assistant Directors to undertake the duties as part of their job description.	33	33	0	G	33	0	G	Adam Viccari	Nil shortfall as this has effectively been replaced by growth added to the safety services budget from 2020/21	
2020-21 CS8	A further £100k reduction of the repairs and maintenance budget for corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS12	Cancel lease on two Council vans	5	0	5	R	5	0	A	Edwin O'Donnell/ Richard Warren	To be reviewed but may not be achievable in light of covid-19 circumstances	Y
	Corporate										
2019-20 CS09	CHAS dividend	460	460	0	G	460	0	G	Ian McKinnon	CHAS revenue is being maintained at a good level so far during the covid-19 pandemic which would allow for this dividend payment	
2019-20 CS10	Recharges to Merantun Developments	75	71	4	A	75	0	G		Overheads set at £71k for 2020/21	Y
2019-20 CS11	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	36	36	0	G	36	0	G	David Keppler		
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R	0	500	A	David Keppler	Not achievable due to covid-19	Y
2020-21 CS4	Housing benefit written off debt recovery (one off)	120	38	82	A			N/A	David Keppler	Reduced recovery due to covid-19. One-off saving not built in for 2021/22	Y
	Total CS Savings for 2020/21	2718	1847	871		1974	595	0			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
ENV1920-03	Property Management: Realign rental income budgets to better reflect current levels of income being achieved from conducting rent reviews in line with tenancy agreements	300	300	0	A	300	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
ALT1920-01	Property Management: Increased income already being achieved from conducting rent reviews in line with tenancy agreements	70	70	0	A	70	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
PUBLIC PROTECTION											
ENV1819 - 02	Parking: Operational efficiencies. Parking services manage a high level of transactional applications, for PCN, Permit and general enquiries. Through improved use of technology and a review of practices, including the development of self service transactions by customers opposed to back office staff processing, efficiency savings can be made.	57	57	0	G	57	0	G	Cathryn James		N
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	0	1,900	R	1900	0	A	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible. □	Y
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	13	0	A	13	0	G	Cathryn James		N
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R	340	0	A	Cathryn James	This saving will not be achieved in 2020/21. The consultation process has been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. It is expected that, if the finding is to approve the policy, the application will be put before London Council in the summer. However, due to Covid 19 it is unknown when this application will be heard. Awaiting confirmation from London Councils. If approved at London councils, and by Secretary of State thereafter, an April/May 2021 may be possible. Any delay in statutory body approval will result in a delayed implementation. Or if the application is rejected this saving will not be met.	Y
ENV1920-02	Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers are starting to increase, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, whilst the longer term impact is being analysed.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337		337	R		337	R	Cathryn James		
PUBLIC SPACE											
E3	Leisure: Polka Theatre Grant Reduction	30	30	0	G	30	0	G	John Bosley	Polka are aware of this revenue saving, however are delayed in opening their theatre which in turn increases financial pressures on their business.	N
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	250	0	A	250	0	G	John Bosley	The service has maintained a high recycling rate in 2019/20 and recycled 43% of all domestic waste and delivered significant (above target) savings in the disposal cost . This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home.	N
ENV1920-05	Waste: The Kingdom environment enforcement contract is due for procurement and renewal in Spring 2020. This provides an opportunity for it to be broadened and also to ensure that its operation is as effective as possible for the Council .	50	50	0	A	50	0	G	John Bosley	In quarter 1 of 2020 the service has been redeployed to support enforcement activities in our Parks and Green spaces along with weekly support to the Mobile Testing Unit (MTU) in Morden for Covid 19. As such the level of FPNs issued has reduced impacting on the level of income received.	N
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	150	0	A	150	0	G	John Bosley	This is subject to the commissioning and procurement of a new enforcement contract along with the wider Public Space restructure scheduled for 20/21	N
ALT1920-05	Waste Services: Reduction in external training budget.	6	6	0	G	6	0	G	John Bosley	Completed - all new training and development requirement will be assessed and managed in line with the corporate L&D team.	N
ALT1920-06	Greenspaces: Reduction in grant to Deen City farm as part of agreement involving capital investment	10	10	0	G	10	0	G	John Bosley		N
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	John Bosley	Many events due for 2020/21 have been cancelled due to Covid-19.	Y
Total Environment and Regeneration Savings 2018/19		3,927	936	2,991		3,590	337				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<u>Education</u>										
CSF2017-07	Review schools trade offer, raise charges or consider ceasing services from 2020.	60	60	0		60	0		Jane McSherry	Delivered in Full	
CSF2018-08	Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer.	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-08	Review of school premises and contracts staffing structure	45	45	0		45	0		Jane McSherry	Delivered in Full	
CSF2019-09	Repurposing of some posts in education inclusion service	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-10	Reduced contribution towards the MSCB	44	10	34		44	0		Jane McSherry	Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		200	0		Jane McSherry	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity against the Covid Budget).	
CSF2019-22	SEND Travel	50	0	50		50	0		Jane McSherry	Likely to have to spend more against this budget because of Covid-related distancing requirements in our transport options. Will also need to delay the start of this review because of the consultation requirements.	
CSF2019-20	Revenue costs of capital projects	200	200	0		200	0		Jane McSherry	Delivered in Full	
CSF2019-03	Early help re-design	100	100	0		100	0		Jane McSherry	Delivered in Full	
CSF2019-21	Legal Hard Charging	75	75	0		75	0		Jane McSherry	Delivered in Full	
	<u>Children Social Care & Youth Inclusion</u>										
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	45	0		45	0		El Mayhew		
CSF2017-05											

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30		45	30		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	200		400	200		El Mayhew	Work currently being undertaken by David Michael with support from Jacob (graduate trainee). This has been significantly impacted by Covid-19 (and also by grad trainee focusing on Ofsted. Will need to be discussion with colleagues in C&H and Tom. Conversations afoot to consider extending Jacob's placement. Could be an opportunity if that's extended and Jacob agreed to stay. Do we think the whole £400k is written off? Delay be likely to be half a year. Not likely to be able to deliver more than e.g. £200k	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40		60	0		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £20k, if consultation can take place in 3rd quarter of financial year.	
CSF2019-05	Full year effect of transfer of adoption service to Adopt London South	30	30	0		30	0		El Mayhew	More costs emerging, than anticipated in relation to both retained function, and costs of service delivery passed on by ALS. (But currently our financial contribution is greater than our demand and use).	
CSF2019-06	Review of safeguarding and social work training budgets	60	60	0		60	0		El Mayhew	Delivered in full	
CSF2019-07	Reduction of Central recruitment cost budget	30	30	0		30	0		El Mayhew	Delivered in full	
CSF2019-13	Review of current Adolescent and Family service	100	30	70		100	70		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £30k, if consultation can take place in 3rd quarter of financial year. Some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30		45	0		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0		El Mayhew	Have had to increase financial payments to care leavers - some of this will be set against the Covid-19, and it's currently not possible to have the required discussion re: funding care leavers differently in the current situation.	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20		20	0		El Mayhew	Not started this piece of work yet (other than initial scoping). This could challenge our retention of carers and we can't risk reducing capacity at this time. Might well shunt everything back by a year. Will depend on how long the Covid arrangements run.	
CSF2019-19	Increased use of in-house foster carers	20	20	0		20	0		El Mayhew	Making use of a special focus fostering recruitment campaign. Making use of Covid-funding to progress this. Scope to use relaxed regs if we need to in order to increase approvals.	
CSF2019-01	Review of CSF admin structure	200	200	0		200	0		El Mayhew	Broadly this has been achieved in CSC&YI because of the restructure. Restructure was not fully clear about which posts would be lost. The HoS has been retained	
				0							
				0							
				0							
CSF2019-11	Review of centralised commissioning budgets	90	90	0		90	0			Delivered in full	
				0		0	0				
				0		0	0				
				0		0	0				
CSF2019-22	PFI Unitary charges	400	400	0		400	0				
CSF2019-23	Pension and Redundancies charges	300	300	0		300	0				
	Total Children, Schools and Families Department Savings for 2020/21	2,969	2,305	664		2,969	300				

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21
	£000	£000	£000
Corporate Services	1,484	100	70
Children Schools and Families	572	0	0
Community and Housing	1,534	118	0
Environment and Regeneration	2,449	837	2,065
Total	6,039	1,055	2,135

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Expected Shortfall £000	20/21 RAG	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments
	Infrastructure & Technology										
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	R	20	A	0	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.
	Resources										
2018-19 CS05	Reduction in permanent staffing	30	0	30	R					Roger Kershaw	Saving replaced from 2020/21.
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	0	50	R	50	R	0	A	David Keppler	The service is not currently operational in light of the covid-19 circumstances.
	Total Corporate Services Department Savings for 2019/20	100	0	100		70		0			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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
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	10	45	R	0	55	R	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
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	0	60	R	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. The focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not been possible to achieve the savings targets set for this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R				Cathryn James	Alternative saving has been agreed for 2020/21.	N
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	662	1,238	R	0	1900	R	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible. □	Y
ALT3	Reduction in the number of pay & display machines required.	14	0	14	R	14	0	A	Cathryn James		N
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	165	35	R				John Bosley	Alternative saving has been agreed for 2020/21.	N
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R				John Bosley	This saving was replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	0	50	R	John Bosley	One vacant property recently let, but saving impacted by C-19.	Y
E6	Increased tenancy income in Greenspaces	40	0	40	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
Total Environment and Regeneration Savings 2018/19		2,449	837	1,612		14	2,065				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											APPENDIX 7
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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											
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		236	118	118		236	0				

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

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