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Merton Council

Cabinet Agenda

Membership

Councillors:

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

Date: Monday 7 September 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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Cabinet Agenda

7 September 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. 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

13 JULY 2020

(7.15 pm - 8.07 pm)

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

ALSO PRESENT: Councillor Daniel Holden and Peter Southgate (Leader of the Merton Park Ward Independent Residents Group)

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), James McGinlay (Assistant Director for Sustainable Communities), Paul McGarry (FutureMerton Manager), Julia Regan (Head of Democracy Services), Octavia Lamb (Policy and Research Officer (Labour Group)) and Louise Fleming (Senior Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 15 June 2020 are agreed as an accurate record.

4 REFERENCE TO CABINET FROM OVERVIEW AND SCRUTINY COMMISSION ON THE CLIMATE CHANGE STRATEGY AND ACTION PLAN (Agenda Item 4)

The Leader thanked Councillor Tobin Byers, who had stepped down from his Cabinet role and paid tribute to the work he carried out while he was a Cabinet Member. The Leader advised that Councillor Allison would be overseeing the waste contract and climate change element of the portfolio on an interim basis over the summer, and the Leader would be overseeing the adult social care and health elements of the portfolio including chairing the Health and Wellbeing Board, in order to provide direction and support for the Directors during the Covid recovery phase.

The Leader advised that items 4 and 5 would be discussed together. For the purposes of the minutes, the decisions are set out under the relevant agenda item.

At the invitation of the Chair, Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission addressed the meeting and presented the reference report. He welcomed the strategy and action plan, the response to which would define the Council's policies on climate change for the next 30 years. He outlined the four recommendations of the Commission and asked that the Sustainable Communities Scrutiny Panel play a supportive role in scrutinising the actions as they come forward. Councillor Southgate paid tribute to Councillor Byers for his work on the climate strategy.

At the invitation of the Chair, Pippa Maslin addressed the Cabinet on behalf of the Climate Emergency Working Group. She thanked Councillor Byers and the officers involved for all their hard work and thanked Cabinet for their consideration. She also thanked the community and voluntary organisations involved and welcomed the collaborative way of working. She ask the Cabinet to use the strategy and action plan to lobby the government for change to protect the future health and wellbeing of the borough.

The Deputy Leader and Cabinet Member for Finance thanked all those involved in the climate change strategy and the cross party effort, including the work undertaken by Councillors Byers. He acknowledged that climate change was the great challenges of our time and thanked those in Sustainable Merton, the voluntary sector and the Climate Emergency Working Group for their commitment. The report recognised that tackling climate change required the efforts of the whole community and that the cost of tackling climate change could not be borne by the Council alone, particular in light of the impact of the Covid-19 pandemic, and that significant investment from central government would be required.

The Director of Environment and Regeneration paid tribute to Councillor Byers for his work and for helping to create an evidence based, community based plan. The delivery of the plan was beyond the financial capacity of the council and will act as a strong lobbying platform and a basis for behaviour change in the community to deliver climate change. A delivery plan would follow this and there would be an implementation group formed over the next few weeks and months in order to have a community based group to work alongside scrutiny in the delivery of the plan.

The Cabinet Member for Children's Services and Education thanked Councillor Byers and the officers involved and paid tribute to the young people who had contributed to the formation of the plan.

The Cabinet Member for Voluntary Sector, Partnerships and Community Safety, welcomed the plan and the involvement of the voluntary sector, the proposed monitoring of the plan and the lobbying of the government for the funding required for the delivery of the plan. She also thanked Councillor Byers for his work.

The Cabinet Member for Commerce, Leisure and Culture and thanked Councillor Byers and welcomed the plan which was far reaching and would involve everyone to work together to move this forward.

The Leader thanked Councillor Southgate for his contribution and it was

RESOLVED

1. That the recommendations of the Overview and Scrutiny Commission be considered when taking a decision on the Climate Change Strategy and Action Plan.
2. That a formal response be provided 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.

5 ADOPTION OF THE 2020 CLIMATE CHANGE STRATEGY AND ACTION PLAN (Agenda Item 5)

The discussion in relation to this item is set out at item 4 above.

The Leader thanked Pippa Maslin for her contribution and reiterated that the plan would be used as a lobbying tool for pursuing the necessary government funding and it was

RESOLVED

1. That the 2020 Climate Strategy and Action Plan be recommended to Council for adoption.
2. That the significant cost to the Council and to the residents and businesses of Merton to become zero carbon be noted, as well as the need for a national Green recovery programme to shift towards a zero carbon economy and a more sustainable future.
3. 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.

6 ALLOCATION OF NEIGHBOURHOOD CIL FUNDING TO THE SUSTAINABLE MERTON COMMUNITY CHAMPIONS (Agenda Item 6)

The Cabinet Member for Regeneration, Housing and Transport presented the report which proposed the allocation of £50,000 Community Infrastructure Levy funding to the Sustainable Merton Community Champions Programme.

The Director of Environment and Regeneration addressed the link between the community champions and the work on climate change, air pollution and recycling. This grass roots activity would be essential to deliver the climate change action plan.

RESOLVED that 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 be approved.

7 HOUSEHOLD REUSE AND RECYCLING SERVICE - CONTRACT REVIEW (Agenda Item 7)

The Deputy Leader and Cabinet Member for Finance presented the report and thanked Councillor Byers and the officers involved. He paid tribute to the staff at Garth Road and thanked them for their efforts during the pandemic. The review of the contract provided an opportunity to pay London Living Wage to more of the Council's contractors. In the event of a change of contract which gave some flexibility, the Council would seek to pay London Living Wage where possible. There had been a cross party call on the government to properly fund local government and their contractors, so that the London Living Wage could be extended to all Council staff.

The Leader echoed the comments made regarding the service at Garth Road and the commitment to paying London Living Wage where possible.

The Director of Environment and Regeneration advised that the proposal in the report was testament to the purchasing power of the South London Waste Partnership in securing a good deal which represented best value for the Council in a turbulent market.

RESOLVED

1. That 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 be approved.
2. That the early extension for the next three years and delegate further contract variations to the Director of Environment and Regeneration be approved.
3. That the desire of the South London Waste Partnership boroughs to implement the payment of London Living Wage (LLW) starting on 1st April 2021 be supported.

8 OUTTURN 2019/20 (Agenda Item 8)

The Leader advised that items 8 and 9 would be discussed together. For the purposes of the minutes, the decisions are set out under the relevant agenda item.

The Deputy Leader and Cabinet Member for Finance presented the report, noting the difference between the outturn which largely represented the pre-Covid financial position and the forecast which represented the Council's financial position post-pandemic. He thanked everyone for keeping within budget in the 2019/20 financial year.

Despite an undertaking from the government to fund the pandemic response, so far the money provided had fallen far short of what was required. The estimated cost to the Council of dealing with the pandemic was approximately £40m. As the Council was already close to the legal minimum amount of reserves, then without financial help from the government the Council could be faced with difficult financial choices at a vulnerable time for the community.

The Director of Corporate Services also highlighted the difference between the outturn and the forecast and outlined the areas which would require close monitoring due to the impact of the pandemic, particularly parking and CIL contributions. Further government announcements relating to grant funding were awaited and an updated Medium Term Financial Strategy would be brought to the Cabinet for consideration in September. Slippage into the next financial year was proposed in relation to the housing company due to delays brought about by the pandemic.

The Leader thanked the Director and her team for their work.

The Cabinet Member for Voluntary Sector, Partnerships and Community Safety highlighted the need for continued investment in CCTV and its support for the Borough Command Unit and its role in keeping residents safe. It was also important to continue to fund voluntary and community sector organisations who had played a pivotal role in the pandemic response.

In response to a Member question, the Director of Corporate Services advised that initial indications showed that the gap could reduce to £20m which would be a significant gap to fill in one year and there could be difficult choices ahead.

The Leader thanked all those for their contributions and it was

RESOLVED

1. That the revenue outturn for 2019/20 be noted.
2. That it be noted that there will be an update on the five year plan for the DSG deficit prepared and reported back later in the financial year.
3. That the outturn position on Capital be considered and the Slippage into 2020/21 and other adjustments detailed in Appendix 2C, 2C1 and Section 7 of the report be approved.
4. That it be noted 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.

9 FINANCIAL MONITORING REPORT 2020/21 - MAY 2020 (Agenda Item 9)

The discussion in relation to this item is set out at item 8 above.

RESOLVED

1. That 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 be noted.

2. That the contents of Section 4 be noted and the amendments to the Capital programme Contained in Appendix 5B be approved.

That the contents of Section 4 and Appendix 5B be noted and the following amendments be approved 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

10 EXCLUSION OF THE PUBLIC (Agenda Item 10)

The Cabinet noted the contents of the exempt appendix and agreed not to refer to it as part of the consideration of the item, and therefore the meeting remained in public.

11 HOUSEHOLD REUSE AND RECYCLING SERVICE - CONTRACT REVIEW - EXEMPT APPENDIX (Agenda Item 11)

The Cabinet noted the contents of the exempt appendix and agreed not to refer to it as part of the consideration of the item. The decision is set out under item 7 above.

Cabinet

7th September 2020

Wards: Ravensbury

Procurement of the new Bishopsford Bridge

Lead officer: Director of Environment and Regeneration, Chris Lee

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

Contact officer: Deputy FutureMerton Manager, Tara Butler

Recommendations:

- A. That Cabinet delegate authority to the Director of Environment and Regeneration and the Director of Corporate Services in consultation with the Cabinet Member for Regeneration, Housing and Transport to approve the award of the construction contract for the new Bishopsford Bridge
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of the report is to recommend that Cabinet accelerate progress on the reopening of the new Bishopsford Road bridge by delegating authority to the Director of Environment and Regeneration and the Director of Corporate Services in consultation with the Cabinet Member for Regeneration, Housing and Transport to approve the award of the construction contract for the new bridge.
- 1.2. This approach is in line with Merton's Cabinet resolution in February 2020 to recognise the urgency and importance of reopening Bishopsford Road Bridge.

2 DETAILS

- 2.1. In February 2020, Merton's Cabinet resolved to select the demolition of the existing structure and the erection of a new bridge as the preferred option to reopen the bridge.
- 2.2. Merton's Cabinet also resolved to continue to recognise the urgency and importance of reopening Bishopsford Road Bridge and reaffirms its commitment to holding special meetings where necessary.
- 2.3. Since then the following progress has been made:
- 2.3.1 April – July 2020 - The damaged structure has been safely demolished
- 2.3.2 May-June 2020 – Pre-application public consultation took place on the designs for the new bridge
- 2.3.3 June - July 2020 – The selection questionnaire for the procurement of the new bridge contractor was published

- 2.3.4 August 2020: The Invitation to Tender for the procurement of the new bridge was published
- 2.3.5 August 2020: The planning application for the new bridge was submitted to the council and public consultation took place

Procurement

- 2.4. The council needs to procure a specialist construction company to build the new Bishopsford Bridge. The design of the bridge is part of a separate contract and is currently being considered by the council in its role as Local Planning Authority as part of a planning application.
- 2.5. Procurement is close to completion; the Invitation to Tender is due to conclude in late September and be evaluated with final award due from Monday 28th September 2020. As this contract is not at the level of OJEU, a procurement standstill period is not required which also helps to speed up progress towards mobilisation and starting construction on site.
- 2.6. If authority to award the construction contract is delegated to the two Directors in consultation with the Cabinet Member, then award can take place as soon as the procurement process concludes from Monday 28th September. This will speed up the timetable by about two weeks.

3 ALTERNATIVE OPTIONS

- 3.1. The alternative option is that Cabinet receives a report at their meeting on 12th October 2020 recommending the award of the construction contract for Bishopsford Bridge. This option has been rejected as it adds two weeks to the timetable for procurement, thereby extending the timescales for successfully awarding the contract mobilising the contractor and starting to rebuild the bridge. This approach is not in the spirit of Cabinet's resolution in February 2020 to recognise the importance of this project and help accelerate the timetable where possible.
- 3.2. At the time of writing (August 2020) no disruption to the procurement process is anticipated due to Covid19. However delegated authority would also allow for a more nimble and flexible date for contract award, should there be any Covid19 disruption.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. None for the purposes of this report.

5 TIMETABLE

- 5.1. Progress to date is set out in the body of the report. Should Cabinet resolve to agree to delegation of the contract award, the future timetable is considered as follows:
 - 5.1.1 By w/c Monday 28th September: evaluation of ITT and award of contract. Contractor mobilisation starts.
 - 5.1.2 22nd October 2020 – Merton's Planning Applications Committee consider case.
 - 5.1.3 By w/c 9th November 2020 – works start on site.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. In February 2020 Merton's Cabinet were updated with the indicative costs of rebuilding Bishopsford Bridge, with the preferred option chosen having an estimated total cost of £2.69million, subject to final design, successful procurement and planning permission details.
<https://democracy.merton.gov.uk/documents/s31478/2020-02-24%20Cabinet%20report%20Bishopsford%20Bridge%20FINAL.pdf>
- 6.2. The final total value of the construction contract is unknown, as the ITT procurement is still running at the time of consideration of this report. There may also be amendments to the project arising from planning permission that have a bearing on the costs. Merton's Planning Applications Committee may consider this report at their meeting on 22nd October 2020.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Notwithstanding that the Council's standing orders requires that contracts of the value of £2,000,000 and above be approved by Cabinet for approval, the Cabinet is empowered to arrange for the discharge of any of its functions by officers (under section 9E of the Local Government Act 2000). The delegation requested in this report is therefore permissible under that legislation.
- 7.2. The Decision, will remain subject to call in under the constitution. Therefore sufficient time should be built in to the programme to allow for this period.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. To mitigate procurement risks, the Assistant Director of Sustainable Communities has chaired meetings every two weeks with representatives of the council's procurement service, legal teams and the Bishopsford Bridge project team.

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

- None for the purposes of this report.

12 BACKGROUND PAPERS

- 12.1. Merton's Contract Standing Orders

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Committee: Cabinet

Date: 7 September 2020

Wards: all

Subject: Merton's Neighbourhood Fund project selection 2020

Lead officer: Chris Lee, Director of Environment and Regeneration

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

Contact officer: Tim Catley, S.106/External Funding Officer, Future Merton

Recommendations:

1. To allocate CIL Neighbourhood Fund money to individual projects received through the 2020 Neighbourhood Fund consultation in line with Merton Council's approved Neighbourhood Fund criteria. The projects recommended for Neighbourhood Fund allocation are shaded green in Appendix A
 2. That delegated authority be granted to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Housing and Transport to make any amendments to funding bid amounts received through the recent Neighbourhood Fund consultation, in line with Cabinet's agreed Neighbourhood Fund criteria
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report recommends to Cabinet to allocate Merton's Neighbourhood Fund to specific projects shaded green in Appendix A.
- 1.2. Projects were received following 7 weeks of public consultation and are recommended for allocation based on Merton's Neighbourhood Fund criteria agreed by Cabinet in 2017.
- 1.3. 33 project bids were received in total, requesting a total of £1.7 million
- 1.4. This report recommends allocating funding totalling £1,413,819 covering 18 of these projects, 2 top-ups of previously successful bids and allocation for project management of Public Space CIL and S106 projects that meet the CIL regulations and other agreed criteria. The details of all the projects received are set out in Appendix A to this report.
- 1.5. Members are also asked to grant authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Housing and Transport to make any amendments to funding bid amounts received through the recent Neighbourhood Fund consultation, in line with Cabinet's agreed Neighbourhood Fund criteria.

2 DETAILS

- 2.1. Since 2014 the Council has been collecting Community Infrastructure Levy funding and has received £4.7 million to be spent on neighbourhood projects. £2.5 million of this funding has been approved/spent.
- 2.2. Under the CIL Regulations, the Neighbourhood CIL must be spent on local projects to support the demands development places on the area. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that governance should be proportionate to the level of receipts.
- 2.3. On 18 September 2017 Cabinet agreed detailed governance arrangements and criteria through which it can assess proposals for the allocation of funding under its “Neighbourhood Fund” scheme. The approved criteria for the Neighbourhood Fund are as follows:

Assessment criteria

- a. Spending Neighbourhood CIL would need to accord with the CIL Regulations and government guidance on CIL.
 - b. The proposal must comprise an appropriate use of use of the funds; consistent with government rules and Merton’s community plan and/or business plan priorities including bridging the gap.
 - c. Scheme should not have any unacceptable revenue or capital implications on the council or any other body.
 - d. Estimated cost of scheme should be over £20,000.
 - e. Scheme should be deliverable and capable of being started within the year ahead.
 - f. Proposal should have endorsement by at least one ward member.
 - g. Proposal should clearly demonstrate how it meets neighbourhood priorities. We will be looking for projects that clearly fall within one or more of the priorities favoured by the neighbourhood where the proposal would be located (or neighbourhood that would benefit most from the proposal) as demonstrated by the results of the Neighbourhood CIL public consultation (Nov 2016-Jan 2017).
- 2.4. The first round of bidding for the Neighbourhood Fund scheme was carried out in 2018, with £1.5 million of Neighbourhood Fund allocated to schemes in accordance with the decision of Cabinet on 12th January 2018. The second round of bidding was held in Spring last year with £980k awarded.
 - 2.5. Cabinet decided at its meeting on 19th January 2019 to allocate a portion of Neighbourhood CIL receipts to a separate scheme called the “Ward Allocation Scheme”, allowing each ward £15k to spend on specific small scale public space projects. The Ward Allocation Scheme is operating separately to the Neighbourhood Fund scheme with the Neighbourhood Fund scheme being the subject of this report. Officers will be carrying out a review of the operation of both schemes early in the new year 2021 and will be looking at ways in which the outcomes from the use of Neighbourhood CIL can be optimised in terms of serving Merton’s Neighbourhoods and addressing Government objectives and the CIL Regulations.

Bids

- 2.6. Bids for the Neighbourhood Fund were sought between 12th May and 3rd July 2020.
- 2.7. 33 different project bids were submitted during this period from a wide variety of residents, community groups, business representatives, internal services and others. Each submission was assessed against the assessment criteria that were agreed by Cabinet in September 2017.
- 2.8. This report recommends allocating funding totalling £1,413,819 covering 18 of these projects, 2 top-ups of previous bids and allocation for project management of Public Space CIL and S106 projects that meet the CIL regulations and other agreed criteria.
- 2.9. **Appendix A** includes the full list of all bids received, with bids recommended for funding under the assessment criteria including new bids and amendments to previous approvals shown green (first column denotes shading). Recommended refusals are shaded red. Amber shading refers to schemes that are considered premature, potentially supportable in the future or recommended for alternative funding.

Assessment of bids

Community Plan priorities

- 2.10. A key aspect of the criteria approved by Cabinet is a requirement for bids to demonstrate how they would contribute to the Community Plan priorities including bridging the gap. Bids were assessed against Merton draft Community Plan 2020-26 with a particular focus on the overarching goal of building social capital bridging the gap in wellbeing and resilience of our communities between the east and the west of the borough.
- 2.11. In accordance with the resolution of September 2017 Cabinet, Community Plan priorities are strongly represented by the projects put forward to Neighbourhood CIL funding, with over £745k of funding recommended to projects that would directly meet this priority. This includes with respect of building social capital/bridging the gap:
- Growing Together (London Rd Fields) planting £29,619
 - Figges Marsh Parkrun £4,000
 - Colliers Wood Rec improvements £10,000
 - Community Fridge Network £50,730
 - Building for later life (Age UK – Elmoor Centre refurb) £65,000
 - Sustaining Deen City Farm £36,616
 - Windmill Museum Improvements £20,000

• Green Arts (Performance space at Cricket Green School)	£49,975
• Future Polka (further contribution to Polka development due to Covid and securing outreach)	£150,000
• Uptown Youth Services	£30,000
• School Streetscapes Mitcham (building sustainable travel practices at 5 Mitcham schools)	£50,263
• Pollards Hill Estate Lighting	£100,000
• Towards Employment (Employability support for 16-25 year olds in Merton)	£53,235
• Merton Digital Local Network (free digital mentoring for youth and local businesses with outreach)	£35,000
• BAME Hub supporting BAME organisations and public health	£24,803
• Shopping parade improvements – Bramcote Parade	£40,000
TOTAL Community Plan	£749,241

Addressing the demand of the Wimbledon Stadium development

2.12. Given the strategic importance of the Wimbledon Stadium development and that over £1.5 million of Neighbourhood CIL income received to date has been generated by that development, further investment in the Wimbledon area is supported this year in addition to the £374k approved last year.

2.13. Bids that have been recommended for approval that stand out as helping to support the demands that the Wimbledon Stadium development – including both the football stadium and residential/mixed use development sites at Plough Lane in Wimbledon would place on the borough – are as follows:

• Hartfield Walk public realm Wimbledon Town Centre	£125,000
• Haydon's Road Parade Improvements (top-up funding further to £224k approved last year due to parades procurement prescriptions)	£257,578
• Polka Theatre redevelopment (Covid top-up funding further to £95k approved last year)	£150,000
• Merton Digital Local Network (Wimbledon Library)	£35,000

• Durnsford Recreation	£32,000
• Windmill Museum	£20,000
TOTAL Wimbledon Stadium	£619,578

- 2.14. Investment into the Hartfield Walk improvements will secure a dynamic public realm space in the heart of Wimbledon Town Centre. The scheme is to be delivered by Love Wimbledon and will include creative space for arts, performance and child play, greening and improved setting for market stalls to an important artery in the town centre linking a large town centre car park to the town centre attractions and routes north to the Stadium development.
- 2.15. Additional investment in the Haydon's Road Parade improvements will ensure delivery of the enhancement of facades/shopfronts along one of the key routes to the Stadium.
- 2.16. With respect of allocation of further funding to the Polka Theatre development outreach work will be secured through the grant agreement ensuring that the theatre undertakes in supporting deprived and hard to reach families, helping to bridge the gap and building social capital in terms of the Community Plan goal.
- 2.17. Merton Digital Local Network provides a digital mentoring resource based in Wimbledon which will be available to residents of the dwellings being built helping to support small business start-ups and employment pathways.
- 2.18. Enhancements to Durnsford Recreation ground will improve the open space offer of this green space within a short cycle via the Wandle Trail from the development.
- 2.19. The enhancements to the Windmill Museum will help support the cultural offer of this facility located close to the development on Wimbledon Common.

Other Selection Criteria

- 2.20. Appendix A sets out how each of the bids that have been put forward for funding are considered to meet the assessment criteria and the reasons for not supporting bids, including with respect of other assessment criteria:
- 2.21. Supporting the demands that development places on the borough (criteria "a")
 All bids have been closely assessed under this criterion and the recommended bids all meet this priority. To meet this requirement projects must be considered to address a demand of development over the 15-year local plan period from 2011.

2.22. Deliverability/financial implications (criteria “c” and “d”)

A number of proposals have not been recommended for funding at this stage because they are not sufficiently formed or supported proposals and/or due to their ongoing financial implications. Reasons include:

- those that comprise lists of project aspirations/needs or projects that may be suitable for funding in the future but are currently insufficiently formed.
- schemes that may be a service or works that the Council may deliver directly or procure third party delivery given the type of scheme that it is and the Council’s current position with respect of the service/works or lack of clarity with respect to the same.
- those that may be more appropriate for alternative funding bids, such as for section 106 or Strategic CIL funding,
- due to their impact upon future financial resources, requiring unspecified or ongoing funding support for project preparation, design, consultation, delivery and maintenance.

2.23. Neighbourhood priorities (criteria “g”)

All bids that have been put forward for funding meet the neighbourhood priorities identified for the neighbourhoods that they would benefit. A number of bids that have been recommended – Towards Employment, BAME Voice Community Hub, Youth Action Group, Merton Digital Local Network, Building for Later Life, Figges Marsh Park Run, Windmill Museum, Future Polka, Sustaining Deen City Farm and the Community Fridge – will benefit more than one of Merton’s neighbourhoods. This would enhance social capital by bringing communities together from across the Borough and supports the improvement of community facilities, town centres, streetscapes and open spaces as more people are engaged in making our neighbourhoods better for residents, workers and visitors.

Top-ups of previous bids and project coordination in Public Space

2.24. The further funding for the Haydon’s Road and Bramcote parades is required following review of actual costs for previous parade improvements in Colliers Wood and Wimbledon Town Centre which showed the cost for works coming in significantly greater than estimated at bidding stage.

2.25. £150k investment into the Public Space section is required to coordinate the delivery of successful Neighbourhood Fund, Ward Allocation and S106 projects, given the increase in demand especially with respect of recreation ground and other public space projects as previously approved or recommended in this report. The findings of the review into the operation of the Neighbourhood CIL spending regimes referred to above will help determine the priorities for roles funded by this investment.

Delegated Authority to amend bid amounts

- 2.26. Delegated authority as set out in Recommendation B is requested to address the scenario where amendments are required to authorised amounts for bids approved by Cabinet; for example where funding might need to be adjusted where costs following completion of detailed design work and consultation have increased or where match funding amounts are confirmed. Any decision will be made in line with Cabinet's agreed Neighbourhood Fund criteria.

3 ALTERNATIVE OPTIONS

- 3.1. Decision makers may choose to not allocate Neighbourhood CIL funding or allocate funding towards other bids that have not been recommended. However, the allocation of monies to the recommended bids are for deliverable projects that would meet Merton's Community Plan priorities and help support the demands development place on the borough benefiting local communities and attracting further investment into the borough. For this reason, allocation to alternative bids or not allocating any Neighbourhood funding is not recommended. Allocations towards measures that have not been recommended because they do not support the demands development places on the area would be unlawful under the CIL Regulations 2010 (as amended).

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Bids for the Neighbourhood Fund were sought between 12th May and 3rd July 2020.
- 4.2. The opening of the bidding round was advertised on the Council's website, via a press release and social media (and subsequent social media postings were published periodically during the bidding round) and via peer-to-peer publicity. We would like to thank everybody who spread the word about the consultation and who participated by submitting a bid.
- 4.3. A dedicated email address/telephone number was promoted to and well subscribed by bidders to help them through the bidding process.

5 TIMETABLE

- 5.1. Budget allocations will be carried out following confirmation of approved bids with payments made from the autumn 2020 subject to grant agreement negotiations, conditions and payment terms.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Community Infrastructure Levy, 15% of which is used for the Neighbourhood Fund, is payable when CIL-liable developments start to be built, not when planning permission is granted.

- 6.2. As at 30 June 2020 £2.1 million of Neighbourhood CIL was available for new bids and commitments/expenditure total £2.15 million under the Neighbourhood Fund approved since 2018 including £350k put aside for the Ward Allocation Scheme.
- 6.3. The Table below summarises the 2020 bids and proposed allocations for top-ups to existing bids and project coordination support splitting them between revenue and capital schemes. The formal approval of these schemes will be progressed as part of the “Financial Report 2020/21 – Period 4, July 2020”:

NCIL Project Selection 2020

Capital Schemes	£	Revenue Schemes	£
Deen City Farm	36,616	Colliers Wood Rec Improvements	10,000
Hartfield Walk Public Realm	125,000	Emergency Active Travel Fund	100,000
Polka Theatre	150,000	Towards Employment	53,235
Elmwood Centre Hub	65,000	NCIL Public Space Project Coordination	150,000
Windmill Museum	20,000	Growing Together - Community Planting & Events London Rd	29,619
Community Arts Venue - Cricket Green School	49,975	Figges Marsh Park Run - Set Up	4,000
Durnsford Road Rec Facilities	32,000	Community Fridge Network	50,730
Pollards Hill Lighting	100,000	Uptown Youth Services	30,000
Haydons Road - Shopping Parade Facade	257,578	School Streetscapes Mitcham - Sustainable Travel Practices	50,263
Bramcote Road - Shopping Parade Facade	40,000	Merton Digital Local Network	35,000
		BAME Community Hub	24,803
Total Capital Schemes	876,169	Total Revenue Schemes	537,650

Total All Projects

1,413,819

- 6.4. The balance of Neighbourhood CIL not applied to bids approved by Cabinet will be rolled forward to support bids approved in future bidding rounds.
- 6.5. Forecasts based on planning permissions that attract Merton’s CIL mean that the council expects to receive circa £300,000 into the Neighbourhood Fund per annum, excluding strategically significant developments.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under the CIL Regulations the Neighbourhood CIL, must be spent on development by funding the provision, improvement, replacement, operation or maintenance of infrastructure (s.216(1) *Planning Act 2008* and *Regulation 59, CIL Regulations 2010*).
- 7.2. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that administration should be proportionate to the level of receipts.
- 7.3. The Cabinet is empowered to arrange for the discharge of any of its functions by officers under section 9E of the Local Government Act 2000.. The delegation requested in this report is therefore permissible under that legislation.

- 7.4. Where Council expenditure is carried out under a contract that it enters into, it must comply with the Council's Contracts Standing Orders and where above the figure of £ £189,330 for goods and services, or £ £4,733,252 for works a notice in the Official Journal of the European Union would need to have been issued and procurement undertaken in accordance with the Public Contracts 2015.
- 7.5. Care should be taken to evaluate whether state aid occurs on any of the amounts allocated under the CIL allocation delegated under this report. Relevant enquiries should be made of organisations in receipt of funding above the de minimis threshold of Euro 200,000 in any three year period. There is a temporary threshold for Covid 19 related aid of 800k euros paid before December 31 2020.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report. Projects will be selected against the criteria that Cabinet approved in September 2017 such as consideration of Merton's Community Plan, which include matters addressing equalities and community cohesion.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report. Projects will be selected against the criteria that Cabinet approved in September 2017 such as consideration of Merton's Community Plan, which include matters relating to minimising crime and disorder.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

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

- Appendix A: Neighbourhood Fund bids for 2020

12 BACKGROUND PAPERS

- Cabinet meeting 18 September 2017: Minutes and Agenda Item 4 – Neighbourhood Fund
<https://mertonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=146&MId=2773&Ver=4>

Appendix A – Neighbourhood Fund bids for 2020

Appendix A - Neighbourhood Fund bids 2020

Bid #	Name	Bidder	Council Delivery Team	Ward	Description	Bid amount	Supported Nfund	Reason and Conditions
1	Durnsford Road Rec. facilities	Wimbledon Park RA	Greenspaces	Wimbledon Park	New benches, trees & exercise equipment	£32,000	£32,000	Criteria met: Supports Development and Neighbourhood Priorities (green spaces), Community Plan (social capital), supported by delivery team
2	Growing Together (London Rd Fields)	Environment Trust	External	Cricket Green	Community Planting & Events	£29,619	£29,619	Criteria met: Supports Development and Neighbourhood Priorities (green spaces and community facilities), Community Plan (social capital and bridging the gap - open spaces and civic engagement opportunities/employment pathways), supported by delivery team subject to value for money conditions. Conditions: allocation is maximum amount supported, further savings to be subject of discussion between Green Spaces Team and bidder.
3	Morden Rec. Community Pitch	Merton Hockey Club	Leisure Support (TBC)	St Helier	New multi-sport pitch (MHC anchor tenant)	£135,000	£0	Supported for Strategic CIL bid to be submitted by the Green Spaces Team.
4	Gap Road Pocket Park	Internal	N/A	Wimbledon Park	£7.5k match funding from LBM required, MHCLG	£7,500	£0	Scheme fully funded
5	Myrna Close Nature Reserve	Individual - Lead Volunteer	Greenspaces	Colliers Wood	Restoration of pond area	£27,000	£0	Improvements to the nature reserve covered by S106 funding
6	Figges Marsh Parkrun	Cllr Kirby	External	Figges Marsh	Setting up a local parkrun	£4,000	£4,000	Criteria met: Supports Development and Neighbourhood Priorities (green spaces and active recreation), Community Plan (social capital and bridging the gap), supported by delivery team.
7	Restoring Tamworth tennis courts	Cllr Kirby	Greenspaces	Lavender Fields	Resurfacing, new lines painted & nets	£12,400	£0	Costs for courts covered by S106 funding
8	Colliers Wood Rec improvements	Colliers Wood RA	Greenspaces	Colliers Wood	Play equipment (9y+), gates, table tennis and benches	£75,000	£10,000	Criteria met: Supports Development, Neighbourhood Priorities (green spaces), Community Plan (social capital and bridging the gap), supported by delivery team and ward councillors.
9	Colliers Wood Rec Table Tennis	Individual	Greenspaces	Colliers Wood	Install a second table to meet demand	£12,000	incl. in 8	Table tennis provision is supported as part of in the above bid 8 Colliers Wood Rec Playground
10	Community Fridge Network	Sustainable Merton	External	Various	4 x Permanent hubs. 1yr funding for fridges/food preparation and deliveries using food excess reducing food waste.	£50,730	£50,730	Criteria met: Supports Development and Neighbourhood Priorities (better community facilities that would serve development), Community Plan (social capital and bridging the gap), deliverable.
11	Building for later life	Age UK Merton	External (Property Services)	Cricket Green	Refurbishment/extension of Elmwood Centre Age UK Merton community hub - for enhanced community facility accommodation for staff and visitors to support better services	£65,000	£65,000	Criteria met: Supports Development and Neighbourhood Priorities (better community facilities that would serve development), Community Plan (social capital and bridging the gap), deliverable subject to conditions. Conditions: planning permission and lease amendment, and long stop delivery date.
12	Sustaining Deen City Farm	Deen City Farm	External	Abbey	Rainwater harvesting supply & instalation, and pathway improvements	£36,616	£36,616	Criteria met: Supports Development and Neighbourhood Priorities (community facilities), Community Plan (social capital and bridging the gap), deliverable, value for money subject to conditions. Conditions: agreement required with Green Spaces Team regarding any revenue grant reduction subject to projected business plan savings/revenue arising due to project, plus long stop delivery date.

Appendix A - Neighbourhood Fund bids 2020

Bid #	Name	Bidder	Council Delivery Team	Ward	Description	Bid amount	Supported Nfund	Reason and Conditions
13	Windmill Museum Improvements	Wimbledon Windmill Museum	External	Village	Instalation of new gravel approach (better accessibility and asthetic) and installation of internal energy efficient lighting (replacing old inefficient lighting)	£20,000	£20,000	Criteria met: Supports Development and Neighbourhood Priorities (community facilities - supports viability of the attractions resulting in an improved cultural offering for the Borough), Community Plan (social capital and bridging the gap with affordable entry and outreach work including school groups provided by the museum), deliverable, value for money subject to conditions. Conditions: listed building consent secured, continuation of outreach and long stop delivery date.
14	Green Arts	Mitcham Town Community Trust	External (CSF)	Cricket Green	Developing Cricket Green School's Chapel Orchard Hall into a 150 capacity Community Arts Venue	£49,975	£49,975	Criteria met: Supports Development, Neighbourhood Priorities (community facilities), Community Plan (social capital and bridging the gap), deliverable, value for money subject to conditions. Conditions: long stop delivery date.
15	Future Polka	Polka Theatre	External	Trinity	Part funding uplift in development costs of the Polka Theatre Redevelopment Project that have arisen due to Covid delays (total uplift £330k).	£150,000	£150,000	Criteria met: Supports Development and Neighbourhood Priorities (community facilities supporting development), Community Plan (social capital and bridging the gap), deliverable, value for money subject to conditions. Conditions: state aid compliance verification and protections where appropriate, outreach to be secured, Council logo on promotion and long stop delivery date.
16	Upgrade Pollards Hill outdoor gym	Individual	External	Pollards Hill	Review, tender & outdoor gym programme			Premature bid, too early to understand whether outcomes that would secure criteria being met would be delivered, including value for money, and not supported for investment. £0
17	Uptown Youth Services	Uptown Youth Services	External	Various (esp Abbey)	Youth support activities	£30,000	£30,000	Criteria met: Supports Development (including Estates Regeneration especially High Path), Neighbourhood Priorities (community facilities), Community Plan (social capital and bridging the gap), deliverable
18	Emergency Active Travel Fund	Future Merton	FM	Various	Temporary travel works - TfL/DfT funding shortfall - Future Merton team resourcing costs	£100,000	£100,000	Criteria met: Supports Development, Neighbourhood Priorities (community facilities - transport/travel, streetscapes, town centres), Community Plan (social capital and bridging the gap), supported by delivery team/value for money subject to conditions. Conditions: supported funding amount maximum £100k with reductions subject to confirmation of resourcing cost details.
19	School Streetscapes Mitcham	Living Streets	External (Highways)	Cricket Green	Reward programmes building sustainable travel practices engaging students, parents and teachers through events, assemblies, workshops and social media at 5 schools in Mitcham, including street murals at three schools.	£50,263	£50,263	Criteria met: Supports Development, Neighbourhood Priorities (community facilities - travel/schools, streetscapes), Community Plan (social capital and bridging the gap), supported by delivery team/value for money subject to conditions. Conditions: technical approvals required from highways team for measures on public highways including murals.
20	West Barnes Lane Shopping Parade	Raynes Park Assoc.	FM	Raynes Park	Public Realm Works	£55,000	£0	This bid is premature. The investment in this location may be abortive pending delivery of Tesco development and associated demands.
21	Pollards Hill Lighting	FM - Chris Burke	FM	Pollards Hill	LED lanterns upgrade & lamp column painting around Pollards Hill housing estate	£100,000	£100,000	Criteria met: Supports Development, Neighbourhood Priorities (streetscapes), Community Plan (bridging the gap), supported by delivery team
22	Westside Common Footpath	Wimbledon Common West RA	N/A	Village	Upgraded footpath	£15,000	£0	Currently undeliverable. Landowner and their consent unknown.
23	Mitcham Street Trees	Mitcham Cricket Green C&H	Greenspaces	Cricket Green	Street trees			Locations in Cricket Green/Mitcham will be picked up where appropriate as part of the separately funded borough tree planting programme. £0

Appendix A - Neighbourhood Fund bids 2020

Bid #	Name	Bidder	Council Delivery Team	Ward	Description	Bid amount	Supported Nfund	Reason and Conditions
24	Extremely Green	Haydons Road North CG	FM	Wimbledon Park	Parklets & greening of Haydon's Road (north) parade	£30,000	£0	The greening of the parade including parklets will be incorporated where appropriate as part of public realm improvements that will be subject of a Strategic CIL funding bid in the Autumn.
25	The Pavement Parade upgrade	Love Wimbledon	FM	Hillside	Parade improvements	£95,000	£0	Other than façade/awning jet-washing which will be covered by the funding allocated for Hartfield Walk, investment in the parade is not supported at this time due to the generally good condition that it is in.
26	Fair Green Parade	Mitcham Cricket Green C&H	FM	Cricket Green	Parade improvements		£0	Premature bid. Parade resources are committed to Haydon's Road and Bramcote parades for the timebeing.
27	Towards Employment	LBM Public Health/CSF	CSF	Borough wide	Employability support for Merton residents aged 16 - 25. Together with match funding from other funding sources this is to continue and add to work funded by 2019 allocation to CSF Employability surrounding training, work placements, apprenticeships, volunteering and employability personal/wellbeing resilience support.	£53,235	£53,235	Criteria met: Supports Development, Neighbourhood Priorities (community facilities), Community Plan (social capital and bridging the gap), deliverable
28	Merton Local Resource Framework	Resolve Collective	External	Figges Marsh	Social capital digital procurement platform including a co-design workshop pop-up/meanwhile space in Mitcham to help test platform development.	£82,900	£0	Not supported as this spend would be for a service that the Council may deliver directly or would procure and third party spend without procurement may be unlawful.
29	Merton Digital Local Network	Wimbletech CIC	External (Libraries)	Hillside	Digital mentoring for youth & local business operating out of Wimbledon Library	£35,000	£35,000	Criteria met: Supports Development, Neighbourhood Priorities (community facilities/Town Centres), Community Plan (social capital and bridging the gap), deliverable, subject to conditions: Conditions: outreach promoted as part of bid to be secured in grant agreement.
30	BAME Community Hub	BAME Voice	External	Cricket Green	Office space costs (Vestry Hall) for bidder and funding for their community hub support for BAME organisations improving skills and awareness in accessing employment and quality of life pathways, together with public health awareness in those communities.	£24,803	£24,803	Criteria met: Supports Development, Neighbourhood Priorities (community facilities), Community Plan (social capital and bridging the gap), deliverable, and supported by Vestry Hall Manager subject to conditions: Conditions: lease agreement for Vestry Hall office space to be secured.
31	Hartfield Walk	Love Wimbledon	External TBC (FM)	Dundonald	Public realm works to this laneway destination with creative space, market, seating, greening to be delivered by Love Wimbledon.	£186,000	£125,000	Criteria met: Supports Development, Neighbourhood Priorities (Town Centres), Community Plan (social capital), deliverable, subject to conditions: Conditions: long stop date for delivery.
32	SwopItUp	SwopItUp	External	Borough wide	Support for eco-digital engagement by school age children in connection with Youth Eco Volunteer programme in schools centred around clothes swapping that was to be sought in Merton schools (yet to secure support of Head Teachers) but is currently paused due to Covid.	£40,000	£0	How value for money would be achieved is unclear with concern that the extent of delivery of outcomes that would meet the assessment criteria would not be commensurate to the amount sought.
33	Skew Arch Piazza	Raynes Park Assoc.	FM	Dundonald	Civic piazza market space	£100,000	£0	Location not supported for a market. Preferred market location to be identified as part of future town centre pedestrianisation/one-way system project, to be identified as a future Strategic CIL bidding priority.
34	Bramcote Parade improvements	FM Parades	FM	Cricket Green	Top up bid	£40,000	£40,000	Top up for bid approved in 2019. Increase in costs for parades following parades programme cost review.

Appendix A - Neighbourhood Fund bids 2020

Bid #	Name	Bidder	Council Delivery Team	Ward	Description	Bid amount	Supported Nfund	Reason and Conditions
35	Haydons Road Parade upgrade	FM Parades	FM	Wimbledon Park	Top up bid	£257,578	£257,578	Top up for bid approved in 2019. Increase in costs for parades following parades programme cost review.
36	CIL/S106 Public Space Resourcing	Green Spaces Team	Green Spaces	Various	Public space project management costs	£150,000	£150,000	This investment is required to coordinate the delivery of successful Nfund, Ward Allocation and S106 projects, so meets all criteria.
total						£2,151,619	£1,413,819	

Committee: Cabinet

Date: 7th September 2020

Wards: All wards, but with a focus on Cricket Green, Figges Marsh, Graveney Lavender Fields and Ravensbury wards, with the addition of Morden Town Centre.

Subject: London Borough of Merton (Alcohol Consumption in Public Places) Order 2020

Lead officer: Kiran Vagarwal (Head of Safer Merton)

Lead member: Cllr Edith Macauley

Contact officer: Kelly Marshall (Safer Merton Strategic Development Lead)

Recommendations:

For Cabinet to: -

- A. Note the Evidence Report (Appendix 1), Public Consultation Results (Appendix 2) and the Equalities Impact Assessment (Appendix 3);
 - B. Approve the making of the proposed Public Space Protection Order (PSPO) related to the consumption of alcohol in public places in the restricted areas detailed in the PSPO and shown highlighted in section 2.8, map 1 below. The form of the proposed PSPO is in Appendix 4;
 - C. Agree the amount of the fixed penalty payable where a Fixed Penalty Notice (FPN) is issued in respect of breaches of the Order, as an alternative to prosecution, be set at £100, payable within 14 days and that no discount be authorised as an incentive for early payment;
 - D. Authorise the Director of Environment and Regeneration to finalise and make the PSPO, affixing the corporate seal on execution. The PSPO shall come into force on 21 October 2020 once the remaining procedural formalities have been completed;
 - E. Consider and comment on the proposed signage (Appendix 5) to be displayed in the restricted areas advising members of the public of the PSPO and its effect and to authorise the Director of Environment and Regeneration to finalise form of the signs having regard to Cabinet's views; and
 - F. Agree the process for making, varying and/or discharging any further PSPOs or varying and/or discharging any existing PSPOs as set out in section 2.26 table 2 of this report.
 - G. Note that further analysis and consultation for the areas of Morden Town Centre, Wimbledon Town Centre and the wards of Abbey, Trinity, Pollards Hill and St. Hellier to assess either further expansion of the proposed PSPO and/or a separate PSPO, ensuring the legal test and statutory guidance is complied with at all times.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report seeks member support to introduce a more localised Public Space Protection Order (PSPO) for Merton following the expiry of the current borough wide PSPO on 20 October 2020. This report sets out the approach followed by Safer Merton to ensure compliance with the relevant statutory requirements and guidance on making a PSPO. This includes ensuring there is sufficient evidence to support the PSPO and that it is proportionate.
- 1.2. Map 1 in section 2.8 of this report highlights the areas to be covered by the proposed PSPO. Having due regard to proportionality and reviewing its continued necessity it is proposed that the PSPO runs for 2 years, from 21 October 2020 ending on 20 October 2022 but subject to an annual review.
- 1.3. This report proposes that further analysis and consultation is conducted for the areas of Morden Town Centre, Wimbledon Town Centre and the wards of Abbey, Trinity, Pollards Hill and St.Hellier to assess either further expansion of the proposed PSPO and/or a separate PSPO ensuring the legal test and statutory guidance is complied with at all times.
- 1.4. This report also proposes an authorisation process to ensure Merton has the ability to introduce PSPOs swiftly to respond to anti-social behaviour (ASB). This proposal is set out in section 2.18 of this report
- 1.5. All relevant supporting documents for the proposed PSPO are attached to this report, as follows:
 - Appendix 1 – Evidence of ASB and need for action/PSPO
 - Appendix 2 – Public Consultation Results
 - Appendix 3 – Equalities Impact Assessment
 - Appendix 4 – Draft Order
 - Appendix 5 – Draft Public Sign
- 1.6. PSPOs are one of a range of measures introduced by the Anti-social Behaviour, Crime and Policing Act 2014 (the Act) to combat ASB.
- 1.7. A PSPO identifies a public place (the Restricted Area) and prohibits specified things within that area and/or requires specified things to be done by persons carrying on specified activities within that area. PSPOs should focus on an identified problem behaviour rather than targeting specific individuals or properties. A breach of a PSPO is a criminal offence.
- 1.8. In 2013 the Council made the *Alcohol Consumption in Designated Public Places London Borough Merton Order 2013*, which created

a borough wide “Controlled Drinking Zone”. In 2017 this Order transitioned into a PSPO under the provisions of the Act. This Order will expire on 20 October 2020 unless extended before that date. This report outlines our proposal to make a new PSPO to restrict the public consumption of alcohol which gives rise to ASB but for a smaller geographical area. It is intended that the new PSPO if approved will come into force as the existing order lapses.

- 1.9. An Equalities Impact Assessment (EIA), attached as Appendix 3 to this report, was conducted in July 2020 and concluded that the PSPO will not have a detrimental effect on any person with protected characteristics living, working or visiting the area.
- 1.10. On the 29 June 2020, a six-week public consultation on the proposal was launched. In total the Council received 122 responses via the online survey and two further formal responses. In summary, 87% of respondents agreed with the prohibition and 61% agreed with the geographical area proposed. The full results of the consultation are attached as Appendix 2 of this report
- 1.11. A Multi-Agency Engagement and Enforcement approach to support the PSPO is being agreed with partners. The engagement and enforcement activity in the area will be monitored through regular quarterly meetings with partners convened by Safer Merton. The implementation of the plan will take place if the new PSPO is agreed by Cabinet.
- 1.12. The PSPO has been drafted by the SLLP and is attached as Appendix 4. If Cabinet agree the form of the proposed PSPO, in accordance with the provisions of the Act, the text Order, will be published on the Council’s Website before it is actually made and after it is made. Public notices will also be displayed in the areas covered by the PSPO. A draft of the proposed sign is attached as Appendix 4 of this report for comment by the Cabinet.
- 1.13. The Council must ensure that the PSPO, including the restrictions it seeks to impose, are proportionate to the activities identified in the Restricted Area and the statutory guidance is followed. A PSPO can be subject to a statutory challenge in accordance with the Act, or an application for Judicial Review.

2 DETAILS

Background

- 2.1. The Act introduced a set of streamlined tools to address ASB and the impact that such behaviour can have on individuals and communities. PSPOs are one of these tools. Through the provisions of the Act, local authorities are empowered to make PSPOs providing certain criteria and legal tests are met. PSPOs differ from other tools as they are council led and are designed to prohibit specified activities and/or can require that people do certain things when engaging in certain activities within a defined

public area. They should focus on an identified problem behaviour rather than targeting specific individuals or properties. A breach of a PSPO is an offence, although as an alternative a Fixed Penalty Notice (FPN) may be issued.

- 2.2. In 2013 the Council made the *Alcohol Consumption in Designated Public Places London Borough Merton Order 2013*, which created a borough wide “Controlled Drinking Zone” (CDZ). The CDZ was designed to target alcohol related ASB across Merton. In 2017 this Order transitioned into a PSPO under the transitional arrangements in the Act and the restrictions on the public consumption of alcohol came under the PSPO regime. Therefore, since 2017, Merton has had one borough wide transitioned PSPO specially designed to address ASB associated with the public consumption of alcohol. This PSPO will expire on 20 October 2020, unless extended before that date.
- 2.3. In reviewing whether to extend the existing transitioned Order, or to make a new PSPO restricted to a more geographically defined area, we have considered the statutory criteria for making a PSPO, and the appropriate scope of any order to ensure that it is proportionate to the problem and the restrictions apply to the appropriate geographical area. We have considered the impact that any PSPO may have. We have gathered this information by consulting with the police, other partners, and public consultation and through the completion of an Equalities Impact Assessment. Finally, we have considered whether the proposed restrictions will meet the legal test in consultation with our legal advisers the SLLP.
- 2.4. Under Section 59 of the Act, to make a PSPO a local authority must be satisfied that, on reasonable grounds, that two conditions are met: -
 1. That the activities carried on in a public place within the authorities are have had, or is likely to have, a detrimental effect on the quality of life of those in the locality; and
 2. That the effect, or likely effect of the activities -
 - a) is, or is likely to be, of a persistent or continuing nature,
 - b) is, or is likely to be, such as to make the activities unreasonable, and
 - c) justifies the restrictions imposed by the order.

Evidence led approach and proportionality

- 2.5. Robust evidence is essential when considering whether a PSPO is appropriate. The Council needs to be satisfied that the evidence demonstrates that the two conditions in Section 59

above have been met. A detailed review of the available alcohol related data has undertaken and the results of the public consultations have been considered. The Evidence of ASB and need for action/PSPO can be found in Appendix 1.

- 2.6. The quantitative analysis for the time period (where possible) 2018 and 2019 calendar years showed 61 complaints in 2018 and 84 in 2019. The CCTV data does show more logs in the Mitcham area in 2019 compared to the previous year (closely followed by Wimbledon). The other available data also points to more of a problem in the Mitcham area. Enforcement action for breaches of the existing transitioned PSPO has not been significant, with 19 FPN's issued in the last year.

Table 1: Summary of figures

Data Source	2018	2019
ASB Complaints	61	84
CCTV Logs	271	255
PSPO FPN's Issued	24	19
Ambulance Callouts (Sep 17 – Aug 18 and Sep18 – Aug 19) via Safe Stats	1185	847
Street Drinking Police Calls	21	29

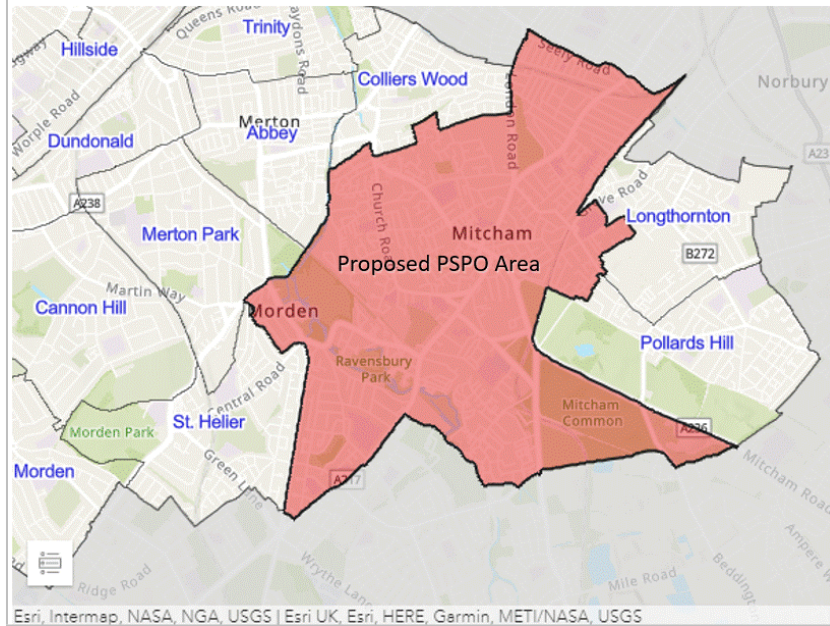
- 2.7. In addition to the quantitative data, it was also important to consider the views of the public; we therefore, considered the perception information from the surveys that have been conducted recently in the Borough. When looking at the results of the Borough's surveys:

- The Annual Resident's Survey (2019) indicated residents remain concerned about drunk and rowdy behaviour.).
- The Safer Merton Strategic Assessment Survey, showed that approximately 244 people felt that street drinking was a fairly or very big problem in the Borough. When assessing the data, particularly the public perception information, there is an indication of an impact on the quality of life of those particularly working and living in the Mitcham area.
- The Licensing Team are currently consulting on the Cumulative Impact Zones (CIZs) for the Borough. Based on their assessment of available data they are recommending that CIZ's be maintained in Mitcham Town Centre and Wimbledon Town Centre.

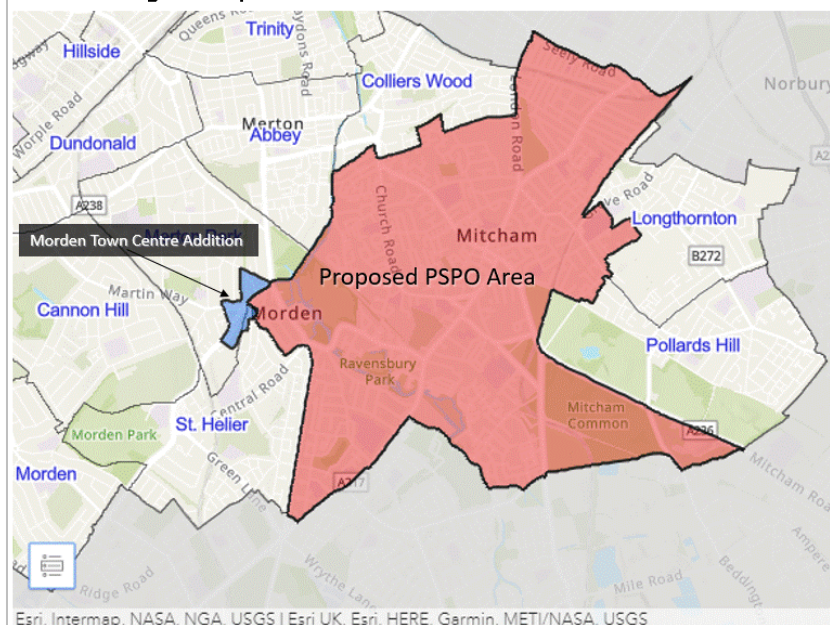
Location

- 2.8 As mentioned earlier in the report, the Council needs to ensure any new PSPO is proportionate, so based on both the quantitative and qualitative data available, the proposal is for the PSPO to target a smaller geographical area of the Wards of Cricket Green, Figges Marsh, Graveney, Lavender Fields, and Ravensbury (Map 1 below).

MAP 1 - Original Proposed PSPO Area for Consultation



MAP 2 - Original Proposed PSPO Area with Addition of Morden Town Centre

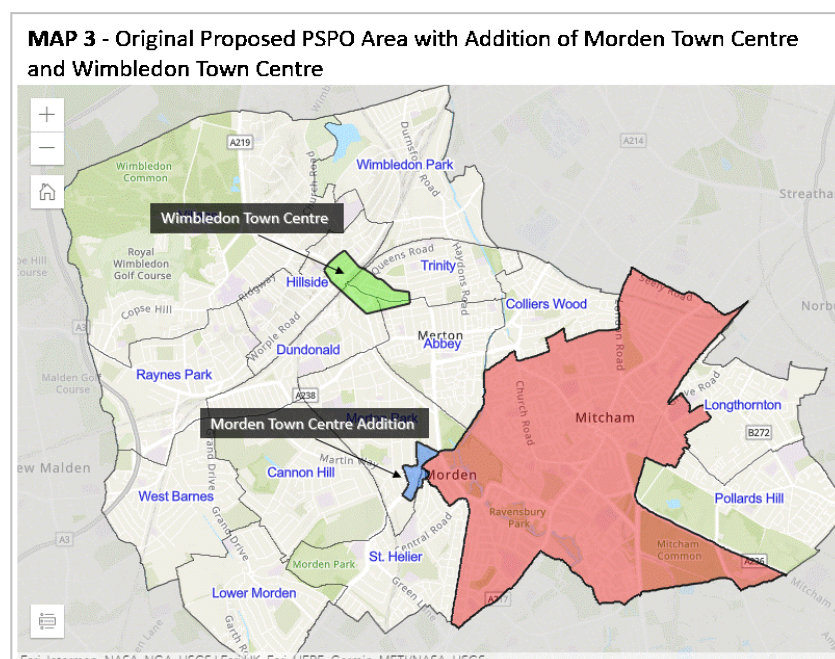


2.9

A report was also taken to the Overview and Scrutiny Commission in July 2020 for member consideration. The Commission resolved the following

- That the Commission supports action being taken to address street drinking that occurs to such an extent that it intimidates the public, makes an area undesirable and becomes an area that people wish to avoid. The Commission wishes the proposals to be expanded to include other areas where there is unacceptable street drinking, namely Morden and Wimbledon town centres. It is understood that this would not cover all of the wards, just the town centre areas.

- 2.10 The Commission further RESOLVED that this reference should be included and responded to within the officer report to the meeting of Cabinet in September at which the consultation results and proposals for the PSPO would be considered.
- 2.11 If the Council wishes to extend the Restricted Areas identified by the proposed PSPO, so as to include Morden Town Centre, Wimbledon Town Centre and or any other wards, this would require evidence to satisfy the statutory conditions in Section 59 of the Act. The revised proposals would also require further consultation and publicity to satisfy Section 72 of the Act.
- 2.12 Officers will continue to monitor ASB related to the consumption of alcohol anywhere in the Borough, including Wimbledon Town Centre, together with the Police and other partners. Should there be sufficient evidence to satisfy the statutory conditions in Section 59 of the Act, officers would consider a new PSPO or (if granted) a variation of this proposed PSPO. The authorisation of which will be covered under the new delegated powers as set out in Section 2.26 and recommendation (F) of this report.
- 2.13 In order to avoid a delay in implementing the proposed PSPO it is recommended that, following the decision of Cabinet, the Council goes out to consultation (6 weeks) for the areas of Morden Town Centre, Wimbledon Town Centre and the wards of Abbey, Trinity, Pollards Hill and St. Hellier and collates further evidence, submitting findings and the results of the consultation to the Director of Environment and Regeneration and the Lead Member for Community Safety for their consideration. In the event it is considered a further PSPO is required, by variation to the existing PSPO or otherwise, it would be made pursuant to the new delegated powers as set out in Section 2.26 and recommendation (F) of this report.



- 2.14 A risk to the proposal for a Mitcham area based PSPO is the notion of displacement. Displacement is a risk with a smaller geographically focused PSPO where the problem may move to another area within, or indeed outside, the Borough. This will be monitored and addressed should it arise. As indicated above, there is always the option of an additional PSPO in the future, providing there is sufficient evidence to justify it and the two statutory conditions in Section 59 of the Act are satisfied. Targeted intervention and enforcement with the more persistent individuals who continue their behaviour in other parts of the Borough will also be followed up using Community Protection Warnings¹ and Community Protection Notices.
- 2.15 The Mitcham area, in particular the town centre, has undergone significant re-development over the last few years. Mitcham has also been identified by the Safer Merton Partnership as a strategic priority for the last two years due to complex and multiple problems in the area. Activity in the area is regularly discussed and monitored via the Borough's Location Board (a partnership problem solving group). A number of joint patrols have been undertaken with the Police, Council Officers and Kingdom Security personnel to address the problems in the area. The CCTV Team regularly monitors activity and reports incidents directly to the Police, or other relevant partners, when needed. We are also working with the Licensing Team in the Regulatory Services Partnership around the implementation of the CIZs to ensure intelligence is shared.

Engagement and Enforcement

- 2.16 If Cabinet agrees the proposed PSPO it will come into force on 21 October 2020, public signage will be displayed a week before the "go live" date and the Order will be publicised in accordance with the Act, the accompanying Regulations and the Guidance. During the first 3 weeks of the PSPO, we will focus on engagement and raising awareness of the effect of the PSPO, following which the enforcement will begin.
- 2.17 Enforcement is a key element of the PSPO and as such, ensuring the right restrictions is vital. The following restrictions are proposed for the PSPO:

¹ A Community Protection Warning can be issued to anyone who is 16 or over, or business, or organisation if satisfied, on reasonable grounds, that a person's conduct is having a detrimental effect, of a persistent or continuing nature, on the quality of life of those in the locality, and the conduct is unreasonable. This can be followed by a Community Protection Notice where the Community Protection Warning has not been complied with.

An Authorised Person, which is defined as a constable, police community support officer or other person authorised by the Council, will be authorised to require a person consuming alcohol, or anything the authorised person reasonably believes to be alcohol in the restricted area so as to cause, or be likely to cause a nuisance or annoyance: -

- a) To stop drinking and/or
- b) To surrender anything in his/her possession which is, or which the authorised person reasonably believes to be alcohol, or a container for alcohol, and dispose of anything surrendered.

Where a person fails to comply with such a requirement the authorised person may require the person in breach to provide his or her name and address.

- 2.18 Any person who breaches the proposed Order commits a criminal offence and is liable to prosecution. There are however a number of enforcement options ranging from a Warning, or issuing a Fixed Penalty Notice (FPN), as an alternative to prosecution. For more persistent breaches of the PSPO, consideration will be given to issuing Community Protection Warnings (CPW), followed by Community Protection Notices (CPN) and seeking Criminal Behaviour Orders (CBO) where appropriate.
- 2.19 A draft of the proposed PSPO signs can be found in Appendix 5. The signage outlines the area and prohibition of the PSPO. It explains how ASB can be reported and where people can go to find more information. The Regulations accompanying the Act require the signage to advise members of the public using the restricted area that the PSPO has been made and its effect.
- 2.20 By Section 68 of the Act the Council cannot impose fixed penalty in excess of £100. The Council has not fixed the amount of the fixed penalty for breaches of PSPOs generally but, instead, has sought to fix the amount when each order is made. It is proposed that the amount be fixed at the maximum and that there be no discounted amount as an incentive for early payment.
- 2.21 The maximum fine the magistrates' court may impose for breaching the PSPO in respect of the offence for failure to stop drinking, or surrender alcohol etc. is a Level 2 fine on the Standard Scale, currently £500. The maximum fine the magistrates' court may impose for the offence of failing to provide a name and address, or giving a false, or inaccurate, name or address is a Level 3 fine on the Standard Scale, currently £1000.
- 2.22 Where a person is issued with a FPN s/he has 14 days within which to pay and, if he/her does so, it discharges any liability to conviction for the offence. If not paid within that period s/he may be prosecuted in the magistrates' court for the offence.
- 2.23 We are working with partners to deliver a co-ordinated Engagement and Enforcement Plan. The Plan will not only cover

the direct enforcement of the PSPO, but will also seek to outline avenues for support, which might be needed to help those where alcohol has become a challenge, through our partnership working with public health and Westminster Drugs Service (our commissioned substance misuse service).

2.24 As part of the Equalities Impact Assessment and through our engagement with partners, we know the proposed Restricted Area is a more diverse area of the Borough, accordingly if the proposed PSPO is agreed, we will ensure that the signage is clear, there is good engagement and publicity and where needed leaflets are made available in the relevant languages.

Authorisation of Future PSPOs

2.25 In order to ensure the PSPO tool is used effectively to respond to persistent ASB and nuisance in a public place it is important to agree a process of authorisation that enables swift decision making and implementation, subject to compliance with the statutory provisions and the Guidance. It is therefore proposed that members consider the following approach to authorise future PSPOs in Merton, including the variation or discharge of existing orders.

Table 2:

Proposed levels of authorisation to making, variation and discharge of a PSPO's in Merton

	Area to be covered	Authorisation
1	PSPO covers up to 2 wards/ 2 ward boundaries. (and where a variation is no more than two additional wards)	Delegated authority to the Director of Environment and Regeneration in consultation with the Lead member of Community Safety
2	PSPO covers anything above 2 wards (and where a variation will result in an additional 3 or more wards being added)	Cabinet

2.26 All proposals to make, vary or discharge PSPOs, regardless of the method of authorisation will be made in accordance with the statutory provisions and the Guidance. This includes:

- Ensuring proportionality, supported by an evidence base
- Community & Partnership consultation
- Equalities Impact Assessment
- Enforcement and engagement plan supporting the PSPO

3

ALTERNATIVE OPTIONS

3.1. Alternative options considered were:

- (a) Allow the existing transitioned PSPO to expire and not introduce a new more targeted PSPO. However, this would mean that the Council was not using the power to make a PSPO to prevent and reduce, or reduce the risk of, the detrimental effect of ASB related to the public consumption of the alcohol on the quality of life of those in the locality from continuing, occurring or recurring. This option is therefore not recommended.
- (b) To extend the duration of the existing borough wide transitioned PSPO, or to make a new borough wide PSPO. This option is not recommended as there is insufficient evidence to satisfy the two statutory conditions in Section 59 of the Act. Any PSPO made without satisfying those conditions would be unlawful and susceptible to legal challenge. It would also raise community expectations of the Council's ability to enforce such a large PSPO.
- (c) **To implement a targeted PSPO, based on the evidence of ASB related to the public consumption of alcohol. This is the recommended option since the Council can demonstrate that the two statutory conditions in Section 59 of the Act for making a PSPO to address the ASB within the restricted areas are satisfied and that the restrictions are proportionate to the ASB. (Recommended option)**
- (d) To not implement the proposed PSPO, allow the current borough wide PSPO to expire on 20 October 2020, but go out to consultation on the additional areas suggested in this report with a view to including them in a new PSPO if the statutory conditions are satisfied. This option is not recommended as it will leave the proposed restricted areas, which the Council is ready to protect against alcohol related ASB by means of the proposed PSPO, unregulated after the existing transitioned PSPO expires until the additional evidence gathering, consultation and publicity has been completed. The outcome of this further work is uncertain and may on analysis not justify a PSPO in these extended areas (Morden Town Centre, Wimbledon Town Centre and the wards of Abbey, Trinity, Pollards Hill and St.Hellier).

4

CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultation has taken place through the presentation of the PSPO at the Safer Neighbourhood Board, which has community representation, the Locations Board and the Safer and Stronger Executive Board. Partners in attendance at these meeting have included the Police, Probation, Public Health as well as many teams across the Council.

- 4.2. We have also taken on board resident feedback provided through other council surveys including the Annual Residents Survey and the Children and Young People's Plan Survey.
- 4.3. A report was also taken to the Overview and Scrutiny Commission in July 2020 for member consideration. The Commission resolved the following
- That the Commission supports action being taken to address street drinking that occurs to such an extent that it intimidates the public, makes an area undesirable and becomes an area that people wish to avoid. The Commission wishes the proposals to be expanded to include other areas where there is unacceptable street drinking, namely Morden and Wimbledon town centres. It is understood that this would not cover all of the wards, just the town centre areas.
 - The Commission further RESOLVED that this reference should be included and responded to within the officer report to the meeting of Cabinet in September at which the consultation results and proposals for the PSPO would be considered.
- 4.4. In accordance with Section 72 of the Act a six-week public consultation was launched on 29 June and in total we received 122 responses to our online survey and a further two formal responses, one from the Labour MP for Mitcham and Morden and another from the Conservative Group. To publicise the survey, it was circulated to members of Neighbourhood Watch, members of the Council's Equality Forums, via Merton Voluntary Sector Council, Merton Chamber of Commerce, the Borough's Drug and Alcohol Service, Catch 22, all councillors and via the Council's social media channels on Facebook and Twitter.
- 4.5. The public consultation asked respondents whether they supported the prohibition, of which 87% did. The respondents were also asked whether they were in agreement with the area identified and 61% were. The survey also asked respondents about general feelings of safety, specific locations within the boundary where street drinking was an issue as well as asking if there were other issues that were a problem in the location. The full results can be found in Appendix 2.
- 4.6. As part of the consultation process, we received a response from the Labour MP for Mitcham and Morden. In summary, the MP was in support of the PSPO but asked for the wards of Pollards Hill and St Helier to be considered. The MP also commented the issues of street drinking and anti-social behaviour have been longstanding and significant problems, particularly in and near Mitcham Town Centre and as expressed at well attended community meetings, members of the community are at times fearful to visit the town centre, which can have an economic impact also. The response also outlined that as the issues have been longstanding, people don't always report what is going on.

- 4.7. The consultation response received from the Conservative Group, The Merton Conservatives Group welcomed the proposal to use a PSPO in Mitcham to deter anti-social behaviour and street drinking. They recognise that this has been a significant problem in the past, and hope the PSPO will be an effective deterrent. They are also concerned that there is still significant anti-social behaviour in Wimbledon town centre linked to alcohol consumption. Whilst there has been some drop in this in recent years, it is still significant and a great concern for residents. If the situation in Wimbledon escalates then they would support the rapid introduction of a PSPO.

NEXT STEPS SHOULD THE PSPO BE AGREED BY CABINET

Milestone	Date to be completed
Publish text of the proposed order approved by Cabinet	20 September
Make the PSPO in the form agreed by Cabinet	1 st October 2020
Procure signage and decide where signage will be displayed	20th September 2020
Publish the PSPO as made	25th September 2020
Remove Signage for the borough wide PSPO	20th October 2020
Ensure signage is displayed	21 st October 2020
PSPO comes into force	21st October 2020
Initial launch of the PSPO – communication and engagement	21 st October 2020 – 10 th November 2020
Collate and analyses evidence for the additional areas Launch consultation of the additional areas	December 2020
Start of Enforcement of the PSPO	11th November 2020
Regular Monitoring of the PSPO	Proposed to be either through the Locations Board or the Community MARAC
12 Month review of the PSPO to assess need and geography, report to the Safer and Stronger Executive board	September 2021

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1. The preparation of the PSPO is being completed within existing officer resources. In addition, there will be legal costs to draft the final order and ensure all due statutory processes are followed, and costs associated with the production and installation of signage in the area, should the PSPO be agreed. It is expected that these costs can be funded from existing resources.

LEGAL AND STATUTORY IMPLICATIONS

The power and requirements for making a PSPO are Part 4 of Chapter 2 of the Act, and is supplemented by the Anti-Social Behaviour Crime and Policing Act 2014 (Publication of Public Spaces Protection Orders) Regulations 2014 and statutory guidance issued by the Secretary of State. The basic requirements for the making of a PSPO are set out in the body of this report, in particular, satisfying on reasonable grounds the two statutory conditions in Section 59 of the Act.

In deciding whether to make a PSPO and, if so, what restrictions should be included, by Section 72 of the Act, the Council must have particular regard to the rights of freedom of expression and freedom of assembly set out in Articles 10 and 11 of the Convention for the Protection of Human Rights and Fundamental Freedoms 1950 (“the Convention”). The restrictions imposed by the proposed PSPO are not considered to engage these Articles and are considered compatible with rights under the Convention. In the event however that the Articles are considered to be engaged, it is considered that the restrictions are permitted by paragraphs (2) of both those Articles. This is on the basis that the restrictions on those rights imposed by the PSPO are lawful, necessary and proportionate. This conclusion is reached given the nature of the restrictions, their imposition in accordance the relevant statutory provisions and Guidance and having regard to the evidence and detrimental affect alcohol related ASB is having, or is likely to have of the lives of those in the locality of the Restricted Areas.

Under Section 66 of the Act any challenge to the validity of a PSPO must be made in the High Court by an interested person within six weeks of it being made. An interested person is an individual who lives in, or regularly works in, or visits the restricted area. This means that only those who are directly affected by the restrictions have the power to challenge. The validity of a PSPO can be challenged on two grounds only:

- (a) that the Council did not have power to make the order, or to include particular prohibitions or requirements imposed, or
- (b) that the procedural requirements for making the PSPO (for instance, consultation) were not complied with.

On any application to the High Court challenging the validity of an Order the Court may suspend its operation or any of the prohibitions or requirements imposed by it until the final determination of the proceedings. If the Court is satisfied the Council did not have the power to make the PSPO, or it did but the Council failed to comply with the procedural requirements and, the applicant has been substantially prejudiced by that failure, it may quash the Order, or any of the prohibitions or requirements imposed by it.

Note that Section 66 provides that the validity of a PSPO may not be challenged in any legal proceedings except by an application under that section or, on prosecution, on the basis that the Council did not have the power to include the prohibition or requirement in the PSPO. This must however be read as being subject to the High Court’s supervisory jurisdiction by way of an application for judicial review. Such an application must be

brought promptly, and in any event not later than 3 months, after the grounds to make the claim first arose.

In considering the proposal members of the Cabinet must consider the Council's Public Sector Equality Duty (PSED) under Section 149 of the Equality Act 2010 (2010 Act). The Council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the 2010 Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the 2010 Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the 2010 Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Cabinet must consider how the decision whether to make the proposed PSPO will contribute to meeting the duty in light of other relevant circumstances.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 7.1. To ensure that we consider the rights of individuals who live, work and visit the area, we will ensure the proposed PSPO is proportionate to the needs in the area, as identified through the analysis and consultation.
- 7.2. As detailed in Section 6 above, in deciding whether to make a PSPO and, if so, what should be included the Council is required to have regard to the Convention and Articles 10 and 11 in particular.
- 7.3. In order to have proper regard to the PSED a full Equalities Impact Assessment (EQIA) (Appendix 3) has been carried out and should be considered alongside this Report. Having carefully considered the EQIA it is considered the impact of the proposed PSPO is consistent with the Council's PSED and does not disproportionately affect any part of the community. The EQIA will be monitored to ensure that future intelligence and information which better informs our understanding and impact of the PSPO is considered.

8 CRIME AND DISORDER IMPLICATIONS

The purpose of the proposed PSPO is to help tackle alcohol related ASB in the area and to help improve the quality of life for those who live, work and visit the area with the aim of having a positive impact on the levels of crime and ASB in this locality.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 9.1. Whilst the focus of the proposed PSPO is around enforcement, it is acknowledged that this may identify individuals for whom alcohol is particularly problematic. We will therefore be working closely with

support services to ensure that such individuals can be offered the support they need, should they want it.

- 9.2. Officers enforcing the PSPO will take into consideration existing organisational policies and procedures for personal safety and risk management.

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

- Appendix 1 – Evidence of ASB and need for action/PSPO
- Appendix 2 – Public Consultation Results
- Appendix 3 – Equalities Impact Assessment
- Appendix 4 – Draft Order
- Appendix 5 – Draft Public Sign

11 BACKGROUND PAPERS

- Minutes from the Overview and Scrutiny Commission 15th July 2020
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=148&MId=3702&Ver=4>

April 2020

PSPO Evidence

Safer Merton

Working Together To Keep Merton Safe & Sound

Background

Robust evidence is essential when considering the implementation of a PSPO. The council need to be satisfied that the evidence demonstrates that the conditions mentioned above, have been met.

Due to the imminent expiration of the PSPO in Merton, a scan of the available alcohol related data and results of relevant public consultations has been undertaken. The results were as follows.

Quantitative Evidence

Available intelligence has been examined to see what the potential requirement for the borough will be going forward. The evidence is not comprehensive; however, the information below seeks to provide some context as to how big the **reported** problem of alcohol related ASB is in the borough. The time periods we will look at, where possible, are calendar years 2018 and 2019.

Safer Merton Alcohol Related ASB Complaints

The Safer Merton ASB Team log all complaints that come into their service. They log the type of incident and the location. Looking at the data supplied by the team for the period identified, there were 967 ASB complaints in 2018, of these 61 had an alcohol element. In comparison in 2019 there were 1198 total complaints, of which 84 had an alcohol element. The top locations in 2018 were Figges Marsh (23%), Graveney (13%) and Longthornton (10%) and in 2019 they were Merton Park (17%), Figges Marsh (16%) and Abbey and Graveney each with 12%. It's important to flag the relatively small numbers, however as the Strategic Assessment points out, the proportion of cases where alcohol is a contributory factor are thought to be much higher than the figures indicate.

FPN's issued for Street Drinking

The Environment Enforcement Team (Kingdom) have been assisting the partnership with the enforcement of the current PSPO. In 2018 there were 24 FPN's issued, 18 of which were in Mitcham Town Centre. In 2019 there were 19 FPN's issued. The highest number was in Graveney with 7.

CCTV Alcohol Related Logs

The CCTV team log any alcohol related concerns on their system as well as a brief description of events and associated behaviours where applicable. The location, time and date of logs are also captured.

In 2018, there were 271 alcohol related logs and the top locations were Wimbledon (48%), Mitcham (24%) and Morden (8%).

In 2019 there were 255 alcohol related logs and the top location was Mitcham (38%), Wimbledon (35%) and Morden (10%).

Police calls related to street drinking

The only Police data that is specifically related to Street Drinking comes in the form of call data to the Police. There is no central collection point of data in relation to action undertaken in relation to the PSPO.

We undertook a search on the Police CAD System which registers the quantity and type of calls that come through to the Police. The search we undertook, with guidance from the Police, looked at the number of calls that came through to the Police with an opening code of Street Drinking (what the public have perceived the problem to be, this may be re-classified after investigation). In 2018 there were 21 calls to the Police with a higher proportion being from the Mitcham area (14). In 2019 there were 29 calls to the Police again with the highest proportion coming from the Mitcham area (16). Again, it is important to flag the low number of calls that were received.

London Ambulance Callouts for Alcohol

As the Strategic Assessment identified through data supplied by SafeStats, the London Ambulance Service data is normally the most reliable dataset to use in relation to alcohol related issues on the borough, however like any data capture system it is reliant upon the flag/field being completed. The most recent 12-month data set available is from September 2018 to August 2019. Figgie's Marsh and Ravensbury had the highest levels of calls. 847 alcohol related ambulance callouts were made in Merton a fall of 40% on last year's figures (338 calls). Within that total, only two were classified as directly attributed to some kind of assault and a further 11 related to a police incident.

Summary

The current information available to us around street drinking and associated behaviour is not comprehensive.

The quantitative data around reports to either the ASB Team or the Police are low. Whilst the CCTV data does show more logs in the Wimbledon area in 2018, this has moved to the Mitcham area in 2019 (closely followed by Wimbledon). The other available data does point to more of a problem in the Mitcham area, however the figures again are small.

Enforcement figures for the PSPO have not been high with only 19 FPN's issued in the last year. This would need to be considered if a borough wide PSPO was to remain.

A summary of 2018 and 2019 figures are on the following page

Summary of figures

Data Source	2018	2019
ASB Complaints	61	84
CCTV Logs	271	255
PSPO FPN's Issued	24	19
Ambulance Callouts (Sep 17 – Aug 18 and Sep18 – Aug 19)	1185	847
Street Drinking Police Calls	21	29

Public Perception

In addition to the quantitative data, we felt it was important to consider the views of the public we have therefore look at perception information from the surveys conducted recently on the borough.

London Borough of Merton Annual Residents Survey

Adults Survey

The 2019 Annual Residents Survey provides a representative sample of 1000 residents living in the borough of Merton. A number of community safety questions were included and some comparison to the 2017 survey was possible. Residents remain concerned about people being drunk or rowdy (17% in 2017 to 13% in 2019). Graveney had the highest percentage of residents who saw being drunk or rowdy (39%) as a problem. This was followed by Ravensbury (37%), Abbey (30%) and Figges Marsh (27%). Interestingly Ravensbury (45%) and Graveney (38%) wards were also in the top three wards for residents who felt Anti-Social Behaviour was a problem (alongside Lavender Fields – 41%).

Young People's Survey

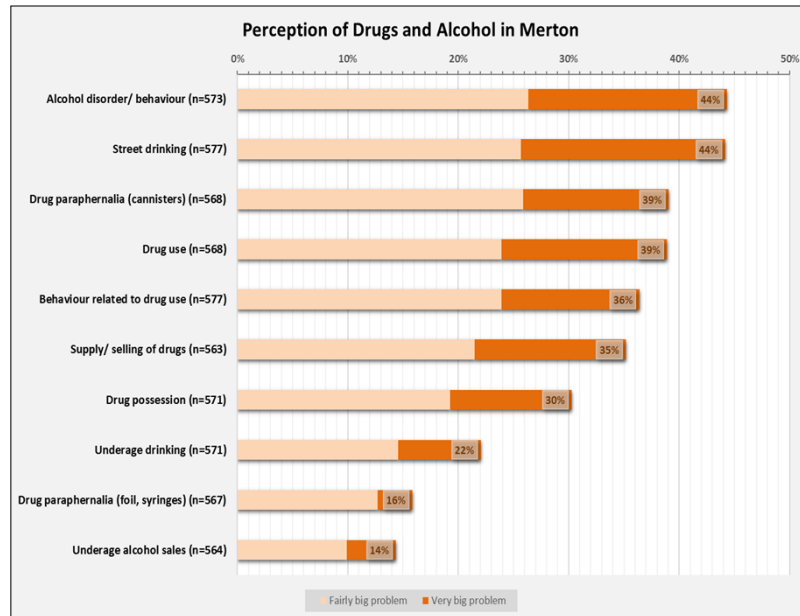
As part of the Annual Residents Survey, the council included young residents aged 11-17. The sample size was 271 young people. In the 2019 survey 10% of the young people surveyed stated that they were personally concerned about substance misuse including drugs and alcohol. This increased the older the young people were, with 23% of 16-17 years old being personally concerned. To put the figures into context, the top personal concerns for young people was bullying (28%) followed by crime (27%).

Young people were also asked to state the top three things that they were personally concerned about in their local area. 14% of young people stated that Anti-Social Behaviour and bad behaviour in public was a concern. This was an increase on the results from the 2017 survey which highlighted that 11% of young people were concerned.

Safer Merton Survey

In mid-2019, the Safer and Stronger Executive Board agreed that a Community Safety Survey should be undertaken to help inform the Strategic Assessment process. The survey opened at the beginning of August and closed in mid-October. There were 634 responses. The survey aimed to ask residents about all aspects of community safety and as such there was a section around Anti-Social Behaviour and another around drugs and alcohol.

Alcohol and Drugs



Residents thought alcohol disorder and street drinking were the biggest problem. 79% of people explained their score by saying they had experienced or seen it.

Residents were given the option to provide a qualitative response to specific ASB issues that they were concerned about. There were 311 free text responses provided. Of these, 51 (16%) were alcohol related and 34 specifically mentioned “drinking”. In relation to the 51 alcohol related responses, 17 comments made reference to a location. The top area was Mitcham with 11 comments.

Residents were then asked if there were any general comments they would like to feedback to the partnership. In total, there were 270 comments provided. Of these, 69 (26%) made reference to alcohol and of these 46 were specifically for “drinking”. In relation to the 69 alcohol related responses, 35 comments made reference to a location. The top area was Mitcham with 23 comments.

Graveney Ward Survey

A survey was undertaken by Councillors in Graveney ward during January/ February 2020 which received 140 responses. The survey was designed to find out about any local concerns or improvements residents would like to see in the area. There were 20 comments from separate households which specifically spoke about alcohol disorder and street drinking in the area.

Summary

When looking at the results of the borough’s surveys. The ward where people saw it as more of a problem was Graveney in the East of the borough. Our survey, however showed that approximately 244 people felt that street drinking was a fairly or very big problem in the borough.

When assessing the data, particularly the public perception information, there is **an indication of an impact on the quality of life of those particularly working and living in the Mitcham area.**

Proposal for Merton

Based on both the quantitative and qualitative data available, we would at this point recommend a smaller geographically focused PSPO in Cricket Green, Figges Marsh, Lavender Fields, Graveney and Ravensbury wards, with a supporting enforcement and engagement plan. We will continue to monitor the data and evidence and should the need arise amend existing and/or apply for additional PSPO's should the evidence suggest that they are required.

We do not feel that there is sufficient evidence to suggest that the current borough wide PSPO remains.

July 2020

Public Space Protection Order
Consultation Results

Page 47

Methodology

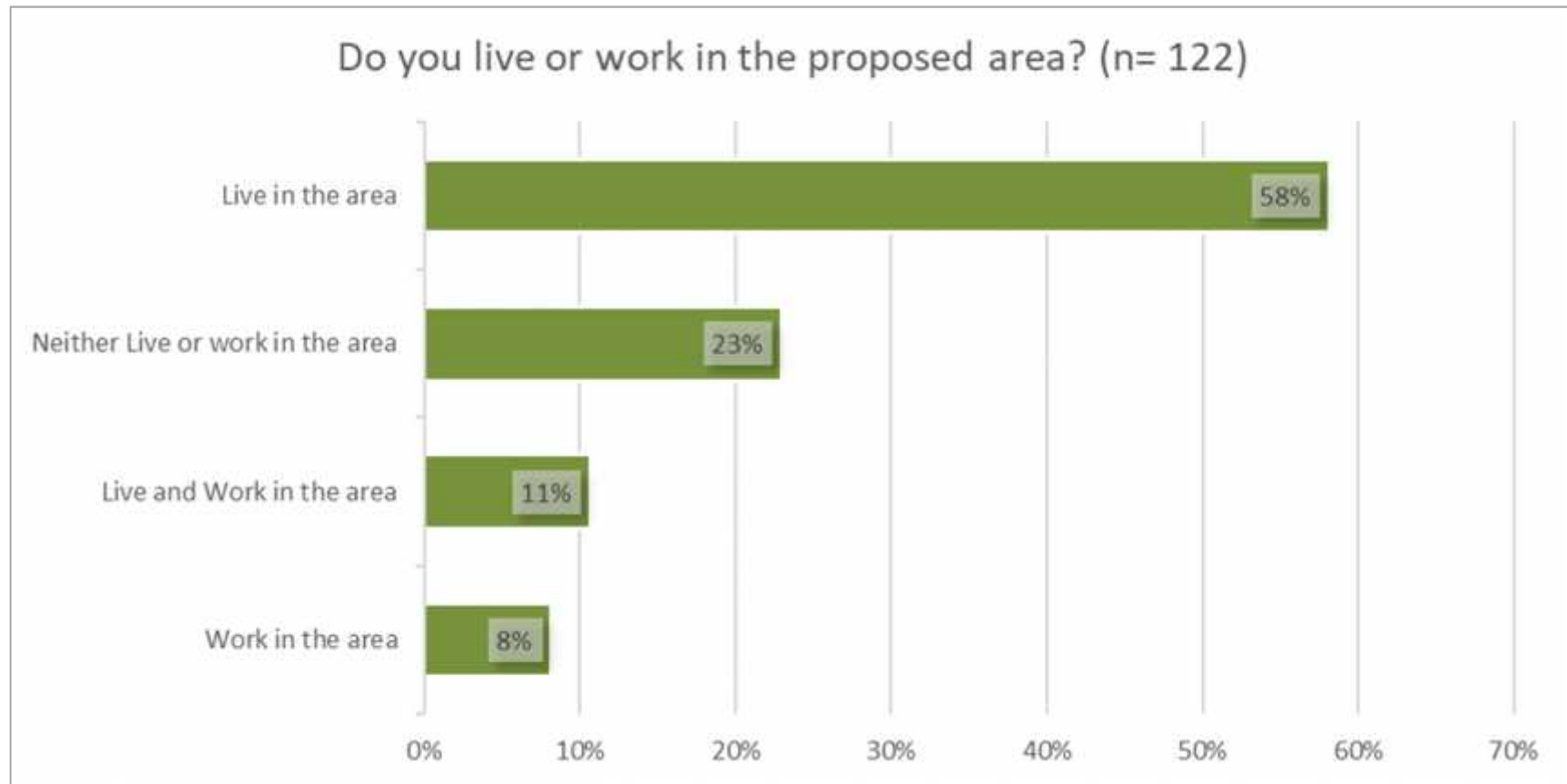
- Public Space Protection Order (PSPO) Consultation launched 29th June, closed on 9th August to support the proposal of a localised PSPO in Merton to be in place following the expiry of the current borough wide PSPO in October 2020.
- The survey was widely circulated to many partner organisations, community groups via Merton Voluntary Sector Council, Merton Chamber of Commerce, Neighbourhood Watch, Cllr distribution lists and LBM forums. It was also publicised widely via social media and newsletters. It was discussed regularly at the Safer and Stronger Executive Board, Locations Board and Safer Neighbourhood Board.
- Overall partner organisations including public health, police, Kingdom, WDP, Catch 22, Circle Housing as well as those partners represented on the boards mentioned above, were also consulted on the PSPO.
- We received 122 responses via the online survey, which was live for six weeks, and two further formal responses over the six week period.
- We would like to thank everyone who participated in the consultation and to Councillors and partners for their comments and input.

Summary of consultation results

Below is a summary of the key points highlighted in the consultation

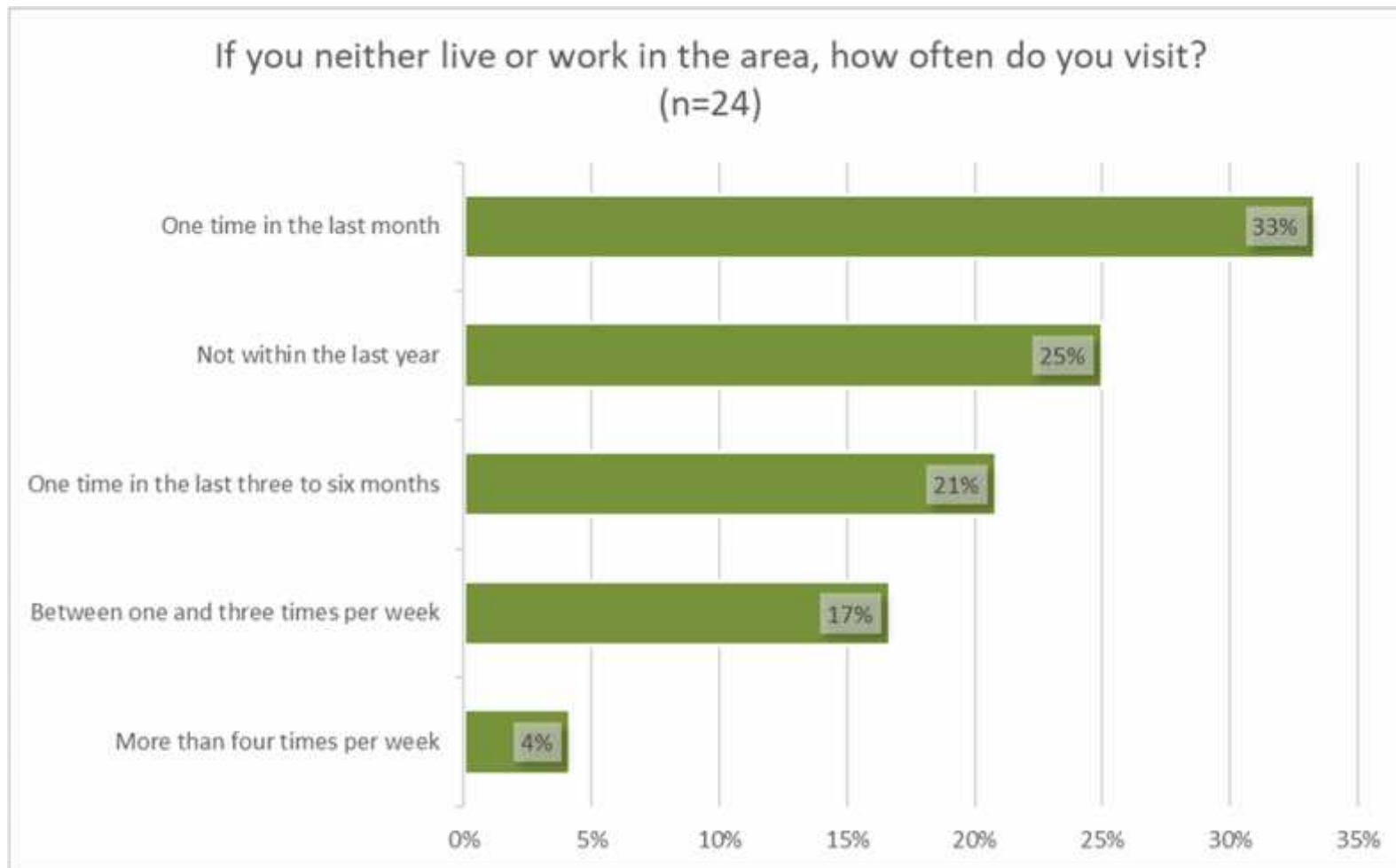
- 58% of respondents live in the PSPO area
- People feel less safe in the area at night
- 64% of respondents felt that street drinking was a fairly or very big problem. 90% felt litter was a problem.
- 62% had witnessed anti-social behaviour (ASB) in relation to street drinking in the area. 43% stated that they had witnessed ASB related to street drinking more than 10 times in the last year.
- 87% support the prohibition proposed
- 61% support the geographical area proposed

Do you live in the area?



58% of respondents live in the proposed PSPO area. **23%** of people neither live or work in the area.

If you neither live or work in the area, how often do you visit?



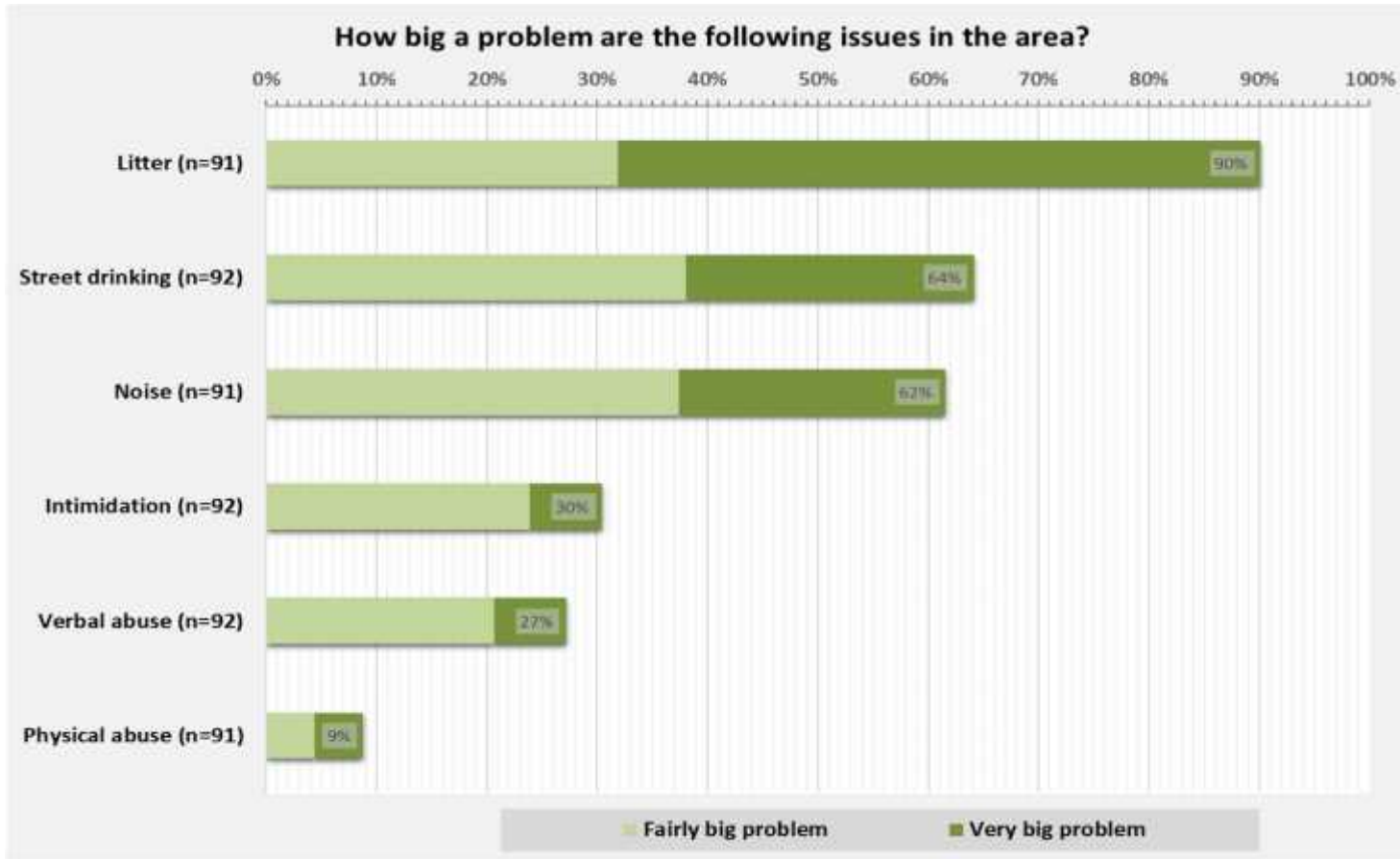
The most common frequency of those who don't live or work in the area, visiting the area, was **once in the last month (33.33%)**.

How safe do you feel in the area?



People feel less safe in the area at night. **44%** feel very or fairly unsafe during the night compared to **16%** during the day.

How big a problem are the following issues?



The top issues identified from the list provided to respondents was litter (90%) followed by street drinking (64%).

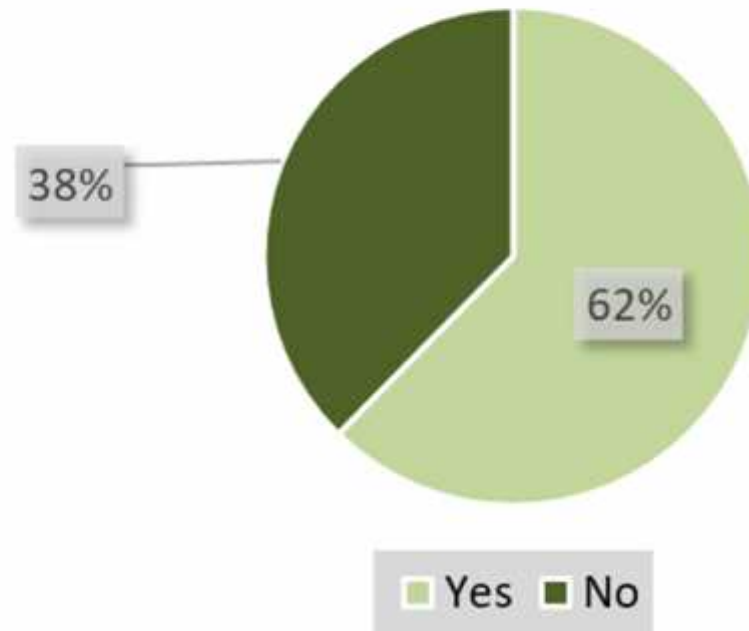
Are there any other issues in the area?

This question was answered by 56 respondents, with 48 responses that could be attributed to the area. The key issues highlighted were:

- Litter, rubbish and fly-tipping
- Speeding
- Drug dealing and use
- Noise
- Dangerous driving, including Mopeds
- Violent crime
- Public urination
- Illegal fishing

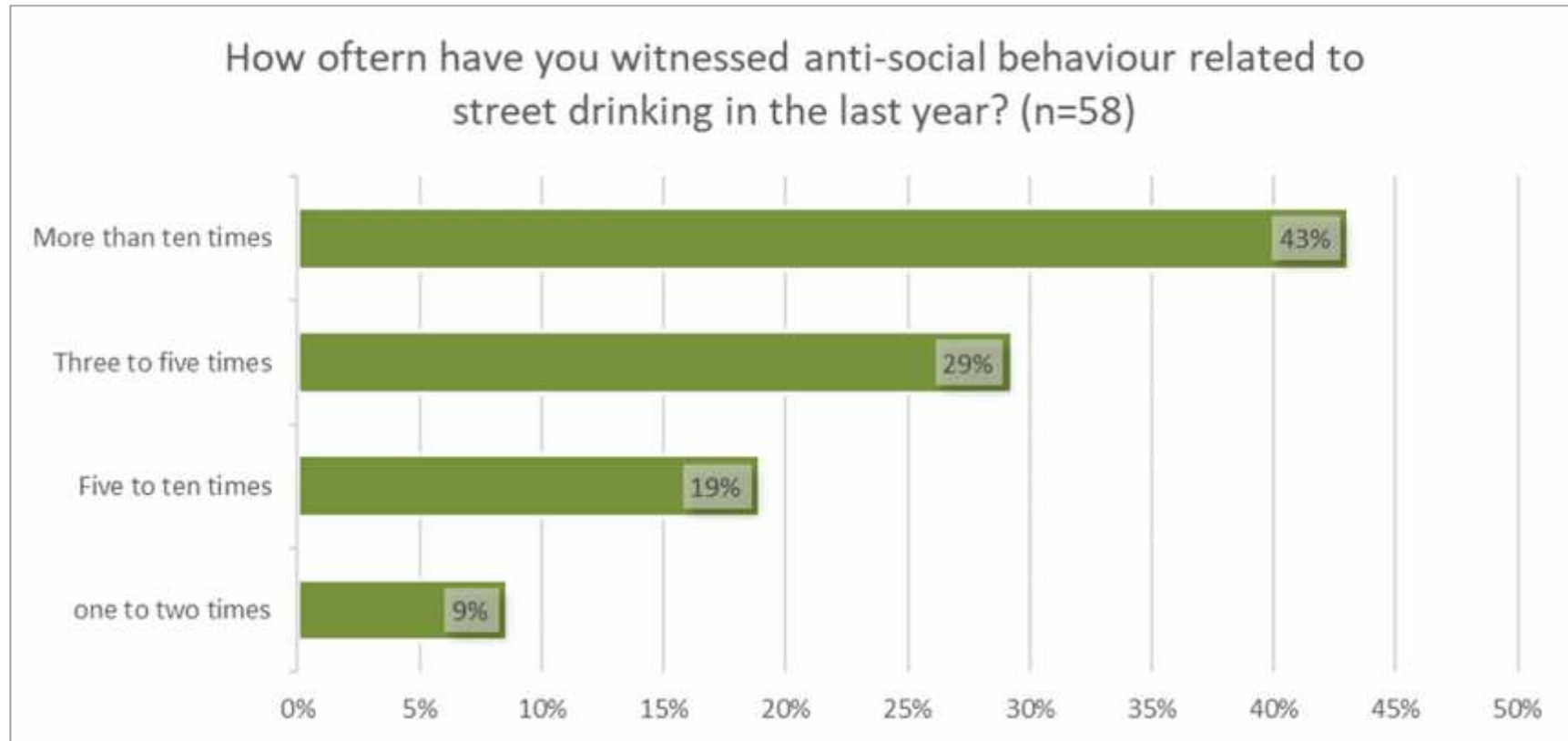
Have you witnessed ASB related to street drinking?

Have you witnessed anti-social behaviour related to street drinking in the area? (n=93)



62% of respondents had witnessed antisocial behaviour related to street drinking.

How often have you witnessed ASB related to street drinking?



43% of respondents stated that they had witnessed anti-social behaviour related to street drinking more than 10 times in the last year.

Are there specific locations where street drinking is a problem?



Below is a full list of the locations within the proposed PSPO Boundary where respondents felt that street drinking is a problem

- Amen Corner. Corner of Links Road and Mitcham Road.
- Around 3 Kings Pond,
- Around Figges Marsh and especially top of the Marsh / Streatham rd / Eveline rd / London rd.
- Brenley Park especially the kids playing area. It is also used for drug dealing
- By the old Kwik Fit site and opposite near the newsagent on London Road
- Canons Park. Mitcham town centre is still a hot spot
- Entrances and benches in parks especially Ravensbury and London fields and along the river.
- Fair Green
- Figges Marsh
- Figges Marsh / Steers Mead / Rose avenue
- Figges Marsh and surrounding streets
- Gorrington Park Avenue. On this end of Figges Marsh there is a tree that constantly has drinkers underneath it
- In public park areas
- In the local parks
- Melrose Ave, Elmhurst Ave, and Garden Avenue with Streatham Road; Mitcham Industrial Estate; Ladbrokes Streatham road
- Love Lane
- Merton abbey mills. Morden Hall Park. Collier's wood recreation.
- Mitcham Fair Green & Cricket Green Area (London Road) and Wimbledon Town centre
- Mitcham town centre
- Mitcham town centre and car park off Holborn way/London road
- Mitcham Town Centre

Are there specific locations where street drinking is a problem?



- Mitcham Town Centre Outside the betting shops in Mitcham Town Centre Corner of Garden Avenue and Streatham Road Corner of Elmhurst Avenue and Streatham Road Corner of Links Road and London Road Corner of Eastfields Road and Roper Way
- Mitcham Town Centre/Fair Green
- Park Avenue Mews Caithness Rd Garden Avenue Ridge Rd Melrose Ave
- Parking, town centre, Iceland Parking
- Moreton Green woods
- Phipps Bridge footpath from Morden Road
- Ravensbury Park
- Ravensbury Park. Figge's Marsh (park).
- Street drinkers hang around Garden Avenue and outside Ladbrokes on a daily basis.
- Street drinking on the Figge's Marsh
- The area outside the cafe in Mitcham centre. Drinkers congregate daily
- Three Kings Piece
- Wandle Road, Ravensbury Park and around the weir.
- Abbey Mills and Merton High Street on the footpath of the Wandle river.

Are there specific locations where street drinking is a problem?



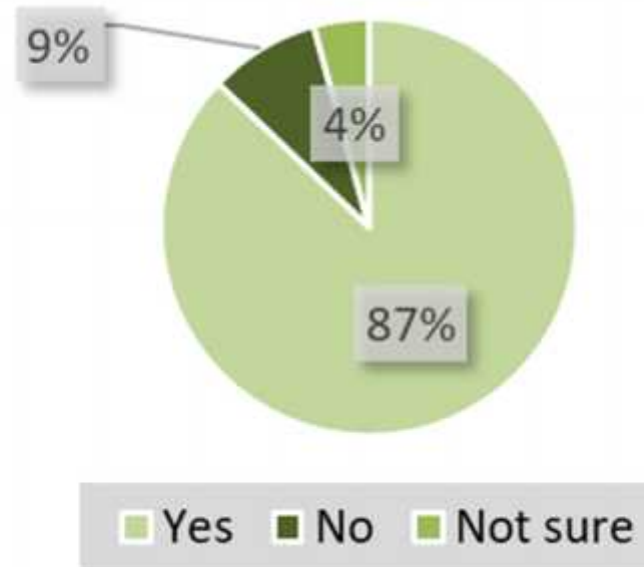
Below is a full list of the locations outside the proposed PSPO boundary where respondents felt that street drinking is a problem

- Cannon Hill Common, Joseph Hood Recreation Ground, Mostyn Gardens, the alleyway alongside Dundonald Park tram line
- Morden Park. Stonecot Hill.
- Myrna Close Nature Reserve
- The Broadway
- The Broadway Wimbledon, opposite Morrisons
- Wimbledon Town Centre

This feedback will be considered and the areas monitored for reports going forward. The Council and Police will still address an behaviour that is unacceptable and would encourage reports to provide the evidence for any further action to be possible.

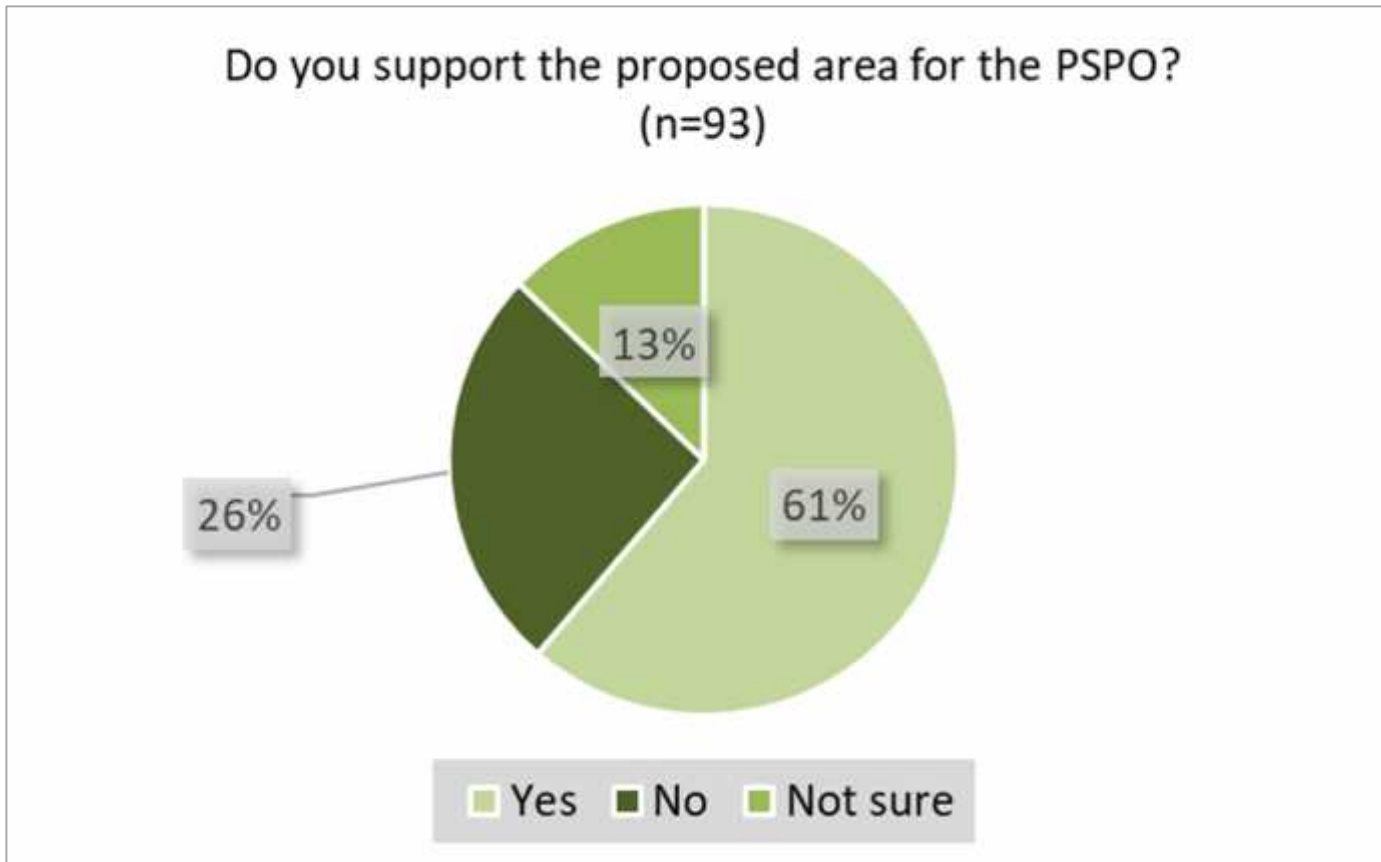
Do you support the prohibition proposed?

Do you support a PSPO that allows consumption of alcohol in the area, but allows the confiscation from those who are or are likely to cause anti-social behaviour ? (n=93)



87% of respondents support the prohibition proposed.

Do you support the location proposed?



61% of respondents support the geographical area proposed for the PSPO

Do you have any other comments?

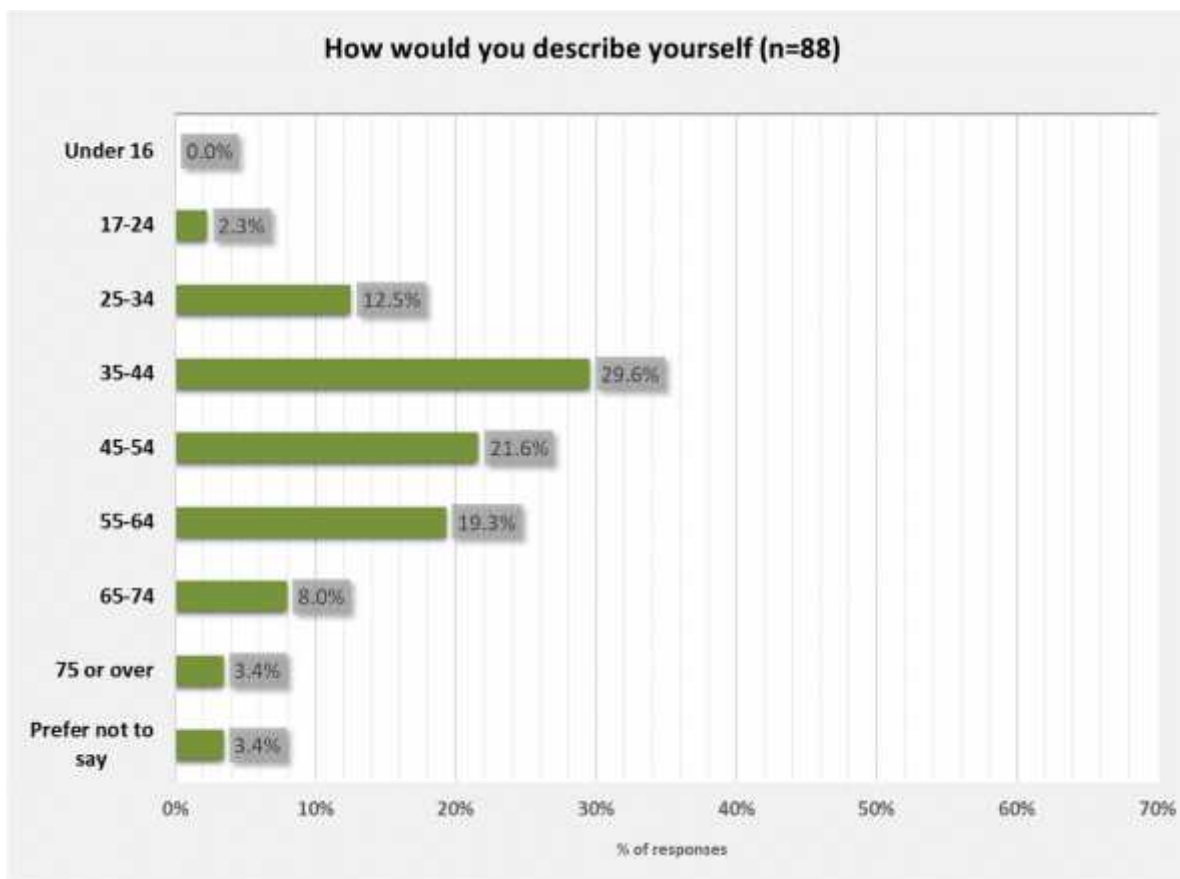
Key themes identified and what we are doing.

Further Comments	What we are doing
Consider displacement to other areas	Through ongoing monitoring of reports we will look for any signs of displacement
Consider extending to include St Helier, Longthornton, Pollards Hill and Colliers Wood wards.	Again through ongoing monitoring, should the data support a PSPO in these areas we will either look to extend the current PSPO or apply for a new PSPO.
Wimbledon Town Centre should be covered	Wimbledon Town Centre is quite distinct from the proposed PSPO, but the area will be monitored closely
Current proposal should include the whole of Morden Town Centre	We have considered this and have amended the map to include the whole of Morden Town Centre
Is the area too large?	There is the option to reduce the size of the PSPO if we feel it is too large going forward and if the data supports this. Currently we have sufficient evidence to support the area proposed
People need to know how to report ASB	We will ensure that there is clear messaging around how to report ASB
Need to be clearer about the provision for areas not covered by the order	Areas not covered by a PSPO, where there are reports of crime and ASB will continue to be responded to by the Safer Merton Partnership
More funding for community projects	Community funded projects are funded from a variety of sources, agencies and from across the council, this response has been noted
When considering alcohol, need to address the links to mental health and drugs.	We will be working closely with Public Health and the Drug and Alcohol Service to ensure individuals are sign posted into the right services to enable these issues to be addressed
More awareness of the PSPO	We are working on a Comm's plan for the PSPO, but signage will go up in the area and information will go out on our website.
More work needed with those supplying alcohol	We are working closely with Licensing regarding this, the PSPO will be supported by an engagement and enforcement plan.

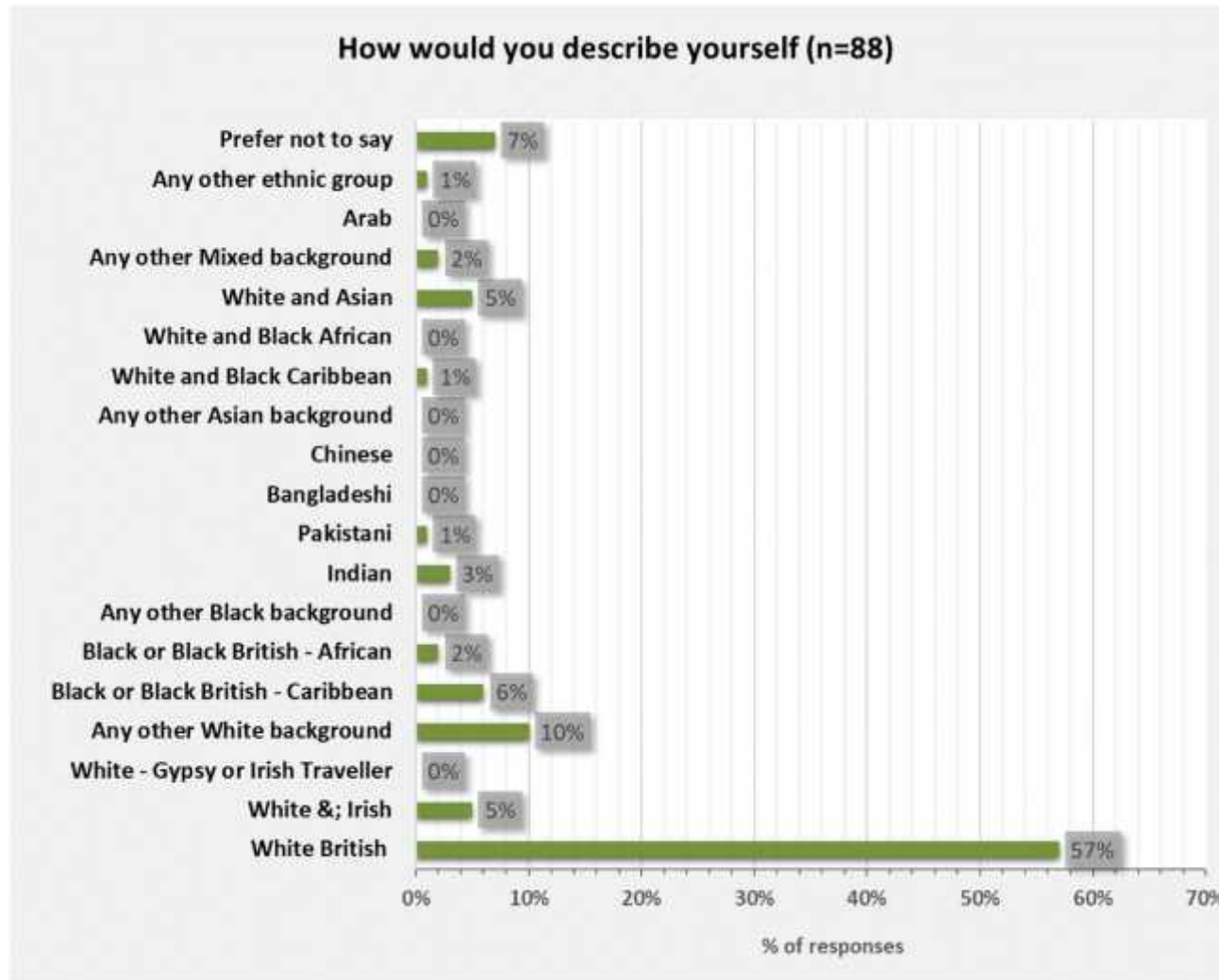
About the Respondents

How would you describe yourself?

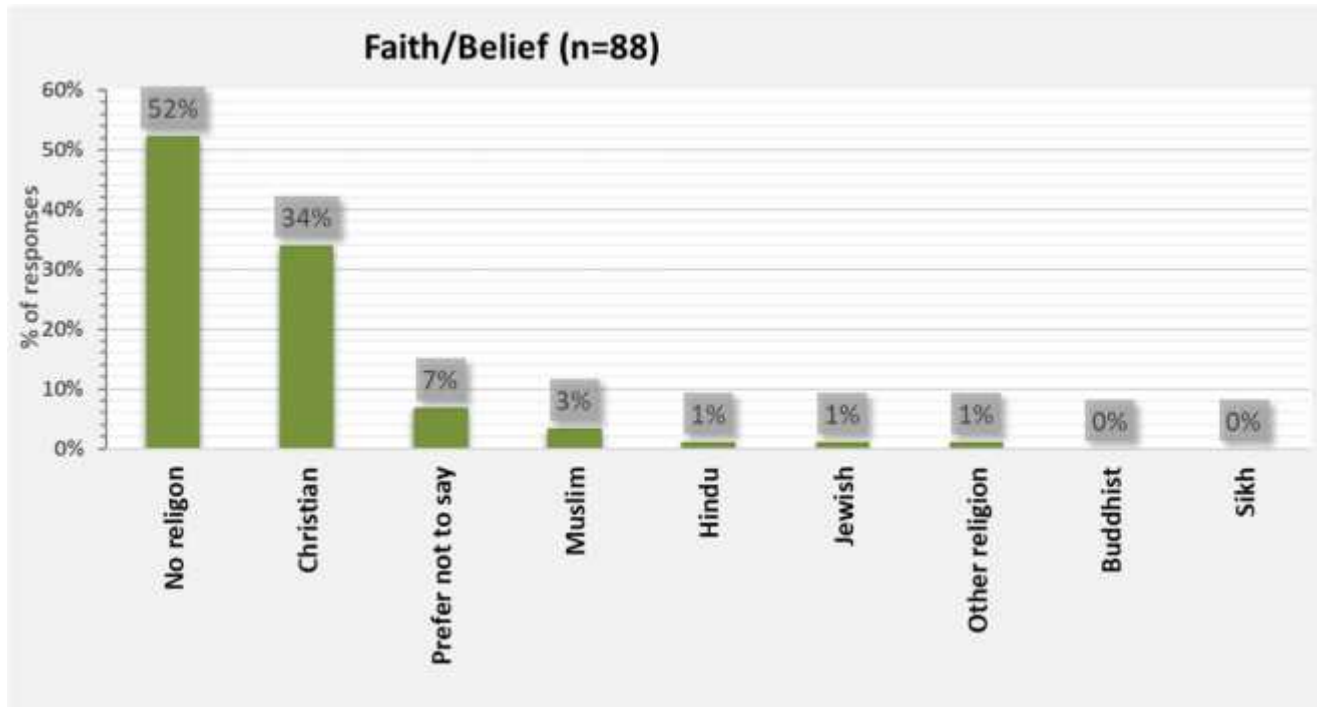
Gender Identity... The largest proportion of respondents described themselves as **Woman/Girl** at **64%**, followed by **32%** as **Man/ Boy**. The remainder either preferred not to say, described themselves as other, Transman/Transboy or Non-binary/Genderqueer/Agender/Gender Fluid. (N=88)



Age... The largest proportion of respondents were in the **35-44 age group**, followed by those in the **45-54 age group**.



Ethnicity... The sample size was very small so difficult to make comparisons to national data on the ethnic makeup of the borough. The highest proportion of responses was from those of a white background at **57%**



Faith/ Belief... Responses were the highest for no religion at 52%.

Sexuality... 73% of respondents described themselves as straight, 16% preferred not to say, 6% described themselves as Gay or Lesbian, 3% Bisexual and 1% other. (N= 86)

Disability... 6% of respondents described themselves as having a disability, 90% stated that they didn't and the remainder chose not to answer the question. (N= 89)

How the consultation results will be used

- The results will help provide some evidence of the problem, which will be presented to Cabinet.
- We will ensure tasking and engagement in the areas highlighted by the consultation
- We have noted the broader issues raised about crime and ASB and can confirm that Mitcham has been highlighted as a strategic priority and will feed in this information into the wider crime and ASB approach in Mitcham
- We will at the end of a year launch another consultation

Equality Analysis



Please refer to the guidance for carrying out Equality Analysis (available on the intranet).
Text in blue is intended to provide guidance – you can delete this from your final version.

What are the proposals being assessed?	Merton Public Space Protection Order
Which Department/ Division has the responsibility for this?	Environment and Regeneration – Public Protection (Safer Merton)

Stage 1: Overview	
Name and job title of lead officer	Kiran Vagarwal (Head of Safer Merton) and Kelly Marshall (Safer Merton Strategic Development Lead)
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>We are proposing a new Public Space Protection Order (PSPO) for the borough. PSPO's are a tool set out in the Anti-Social Behaviour (ASB), Crime and Policing Act 2014. A PSPO is a local authority tool that is designed to prohibit certain activities or can require that people do certain things when engaging in certain activities within a defined public area. PSPO's should focus on an identified problem behaviour rather than targeting specific individuals or properties. A breach of a PSPO is an offence.</p> <p>In 2017 Merton's borough wide Controlled Drinking Zone transitioned into a borough wide PSPO due to a change in legislation. This current PSPO is due to expire in October 2020. Our proposal is to establish a new PSPO, specifically to tackle street drinking and the associated ASB, but for a smaller geographical area to run concurrently from when the current PSPO expires. Street drinking and the associated ASB can have a significant impact upon the quality of life for those who experience it, we therefore need to ensure that the appropriate tools are in place to proactively address the community impact. There will be one prohibition set as part of the order, which will give authorised officers the power to take and dispose of alcohol if they feel an individual is acting or is likely to act in an anti-social manner. If the individual does not comply, an FPN can be issued.</p> <p>As mentioned, we would like the proposed PSPO to cover a smaller geographical area, as by reducing the geographical area covered by the order we aim to tackle the area in greatest need, and ensure that the order is proportionate, based on evidence collected from across the partnership. The areas of the borough not included as part of the PSPO will still be supported through other ASB tools as and when required and there is always the option to implement PSPO's in other areas, should the evidence be available. The wards that will be affected by the order are predominantly Cricket Green, Figges Marsh, Graveney, Lavender Fields and Ravensbury. Proportionality is key as the Local Authority may be challenged under Judicial Review.</p>

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<p>2. How does this contribute to the council's corporate priorities?</p>	<p>The purpose of the PSPO is to help tackle the alcohol related ASB in the Mitcham and Morden area and to help improve the quality of life for those who live, work and visit the area with the aim of having a positive impact on the levels of crime and ASB in this locality. This therefore contributes to the Council's corporate priorities of ensuring that the borough is a safe place to live, work and visit.</p> <p>Our intention is to use the tool to address street drinking and associated Anti-Social Behaviour which we have been told by residents, has a detrimental impact upon their quality of life. If the PSPO is agreed, we will work closely with our partners and monitor the impact closely.</p>
<p>3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.</p>	<p>As mentioned, the PSPO will provide the Local Authority the powers to address certain behaviours on the borough. The prohibition set out in our draft order is that those with delegated authority will be able to ask people to stop drinking within the boundary if they are or it is deemed likely to cause anti-social behaviour. If this request is not adhered to, the officer can confiscate the alcohol and a fixed penalty notice may be issued. The PSPO is designed in such a way so as to address the behaviour of those causing anti-social behaviour as a result of alcohol and not prohibit people from drinking responsibly in the area.</p> <p>The PSPO will therefore impact upon anyone who lives, works or visits the area, but we believe in a positive way. The PSPO may impact upon those who have a more problematic relationship with alcohol – but only when their behaviour begins to impact upon others. We are therefore working with WDP drug and alcohol service who are commissioned by Merton Public Health to ensure that support and access to treatment is available and offered to those who need it. People who consistently breach the order, will also be considered by the borough's Community MARAC, a multi-agency group set up to work in partnership to address persistent perpetrators of ASB.</p> <p>Internally and externally, there will be some impact in terms of capacity upon the teams who will need to enforce the order. It is envisaged at this stage that, that will be Kingdom, Safer Merton ASB Officers and the Police. We are working with partners to develop an engagement and enforcement plan to ensure that the work is co-ordinated and that there is a fair balance between enforcement, engagement and support.</p> <p>We hope that the order will have a positive impact on the area and that this will benefit the local community.</p>
<p>4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?</p>	<p>The Local Authority via Safer Merton has the overall responsibility, but the enforcement of the order will also fall to other teams such as Kingdom and other organisations such as the Police.</p>

Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

The evidence for a PSPO

The purpose of a PSPO is to address an area based issue and not to target individuals or communities based upon protected characteristics. However, we appreciate that by the very nature of not having a borough wide PSPO, the impact will be disproportionate across the borough. However, the intended aim is to ensure that the PSPO is proportionate to need and will help to ensure that the quality of life for all residents is improved particularly for those who are suffering from the detrimental effect of street drinking and the associated ASB. We have looked at available data to better understand the area as well as considering a range of datasets from ASB complaints, Police data for calls in relation Street Drinking, alcohol related ambulance callouts, CCTV evidence and survey information to help inform our decision making process as to where the PSPO should be situated. In summary our analysis showed that reports to either the ASB Team or the Police are low, however available data does point to more of a problem in the Mitcham area, however the figures again are small.

The survey based information, included the corporate Annual Residents Survey (ARS). The ARS provides a representative sample of 1000 residents, so concerns around alcohol and anti-social behavior as well as locations provided, were considered. There has been a reduction in those feeling that people being drunk or rowdy is a problem (17% in 2017 to 13% in 2019). Graveney had the highest percentage of residents who saw being drunk or rowdy (39%) as a problem. This was followed by Ravensbury (37%), Abbey (30%) and Figges Marsh (27%). Interestingly Ravensbury (45%) and Graveney (38%) wards were also in the top three wards for residents who felt Anti-Social Behaviour was a problem (alongside Lavender Fields – 41%).

As part of the Annual Residents Survey, the council included young residents aged 11-17. The sample size was 271 young people. In the 2019 survey 10% of the young people surveyed stated that they were personally concerned about substance misuse including drugs and alcohol. This increased the older the young people were, with 23% of 16-17 years old being personally concerned. To put the figures into context, the top personal concerns for young people was bullying (28%) followed by crime (27%). The young people were also asked to state the top three things that they were personally concerned about in their local area. 14% of young people stated that Anti-Social Behaviour and bad behaviour in public was a concern. This was an increase on the results from the 2017 survey which highlighted that 11% of young people were concerned.

The PSPO Locality

The PSPO that we are proposing, whilst not encompassing all wards (Cricket Green, Figges Marsh, Graveney, Lavender Fields and Ravensbury), is very much focused in the East of the borough. A lot of work has been undertaken corporately around the disparity between the wards in the west of the borough and those in the East. The Merton Story compiled by the Public Health Team provides a comprehensive analysis of a range of local and national datasets. It highlights that wards in the east of the borough are likely to suffer from a lower life expectancy, are more ethnically diverse and have a younger population. The Merton Story also highlights that the wards in the east are more deprived as identified through the Indices of Multiple Deprivation Scores and often have a higher proportion of poorer housing conditions. Crime

levels are also generally higher in the East of the borough according to data by the Met Police.

Individuals

We have considered the population that may be most affected by the order, and this is the population that are most likely to consume alcohol. According to the Merton Substance Misuse Profile 2018, the highest proportion drinking over the recommended amount of alcohol units are males in the 65-74 age group and females aged 55-64 years. Almost 1 in 6 adults in Merton binge drink, 1 in 20 adults are consuming alcohol at higher risk levels in Merton, 1 in 5 adults are consuming alcohol at increasing risk levels in Merton. Local profiles, do not provide information around ethnicity however national data suggests that Asian ethnic groups have the highest proportion of abstaining individuals - with over 70% of females compared to 55% of males. Approximately 40% of people in black ethnic groups are likely to be abstinent. The lowest proportion of abstinence was found in people in white ethnic groups - less than 10% of men and 15% of women.

We have also had discussions with the local drug and alcohol services and we have consulted with Public Health and feedback we have received is that street drinkers are a complex and vulnerable group. There is no current detailed profile of street drinker's in Merton, however it is our intention to develop the intelligence around this cohort as the work progresses and work with Public health and our local drug and alcohol services to ensure the appropriate support interventions are in place.

Impact of the evidence

The Merton Story suggests that the east of the borough is a more ethnically mixed population, so we will ensure that literature and information around the prohibition is available in other languages.

The area we are proposing also has a younger population, so we are engaging with youth services to ensure we provide them with accessible information about the order to ensure young people are informed.

We are keen to ensure that all literature and signage that will need to be displayed in the area, is clear and easy to understand, so that individuals do not feel that their rights and freedom to enjoy an alcoholic drink are not impinged. They will only be challenged when the behavior is such to impact upon others.

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Disability	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Gender Reassignment	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Marriage and Civil Partnership	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Pregnancy and Maternity	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Race	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Religion/ belief	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Sex (Gender)	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Sexual orientation	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.
Socio-economic status	√			√	The PSPO is designed to improve the quality of life for all who live, work and visit the area.

7. If you have identified a negative impact, how do you plan to mitigate it?

N/A

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

Outcome 1 – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. **No changes are required.**

Outcome 2 – The EA has identified adjustments to remove negative impact or to better promote equality. **Actions you propose to take to do this should be included in the Action Plan.**

Outcome 3 – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. **If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have ‘due regard’ and you are advised to seek Legal Advice.**

Outcome 4 – The EA shows actual or potential unlawful discrimination. **Stop and rethink your proposals.**

Stage 5: Improvement Action Pan

9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 6: Reporting outcomes

10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome [1](#) Assessment

Overall we don't feel that the PSPO will have a negative effect upon anyone with protective characteristics. The PSPO is designed to help improve the quality of life for all that work, live and visit the area. The PSPO needs to be proportionate and address the areas of most need. We have made reference to individuals who street drink, however the order will only affect individuals if they are acting in an anti-social manner, refusing to understand the impact on the local community and accessing services to address the behaviour. It is our intention to monitor the PSPO and to develop our understanding of those who street drink in the borough.

Stage 7: Sign off by Director/ Head of Service

Assessment completed by	Kiran Vagarwal – Head of Safer Merton Kelly Marshall – Strategic Development Lead	Signature:	Date: 07/08/2020
Improvement action plan signed off by Director/ Head of Service	Add name/ job title	Signature:	Date:

DRAFT (As at 19/08/20)

LONDON BOROUGH OF MERTON

ANTI-SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014

**LONDON BOROUGH OF MERTON (ALCOHOL CONSUMPTION
IN PUBLIC PLACES) ORDER 2020**

RECITALS

- A. The London Borough of Merton (“the Council”) is satisfied that the requirements set out in Chapter 2 of Part 4 of the Anti-social Behaviour, Crime and Policing Act 2014 (“the Act”) have been satisfied and that it is, in all the circumstances, appropriate to make this Order.
- B. The Council is satisfied that activities have been and will continue to be carried on in the public places within the Restricted Areas which have had and will continue to have a detrimental effect on the quality of life of those in the locality, such activities being the consumption of alcohol in public places other than premises excluded from this Order, leading to anti-social behaviour.
- C. The Council, in making this Order, is satisfied on reasonable grounds that activities have been carried out in the Restricted Areas, and have had a detrimental effect on the quality of life of those in the locality and it is likely that those activities will be carried in the Restricted Areas and will have that effect.
- D. The Council is further satisfied that the effect, or likely effect, of the activities-
- a. is, or is likely to be of a persistent or continuing nature;
 - b. is, or is likely to be such as to make the activities unreasonable; and
 - c. justifies the restrictions imposed by this Order.

- E. The Council is satisfied that the prohibitions and requirements imposed by this Order are ones that it is reasonable to impose in order to prevent the detrimental effect from continuing, occurring, or recurring or to reduce that detrimental effect or to reduce the risk of its continuance, occurrence or recurrence.
- F. The Council has had regard to the rights and freedoms set out in the Convention for the Protection of Human Rights and Fundamental Freedoms 1950 (“the Convention”). In particular, the Council has had regard to the rights and freedoms set out in Article 10 (right of freedom of expression) and Article 11 (right of freedom of assembly) of the Convention and has concluded that, in so far as this Order imposes restrictions on such rights and freedoms, those restrictions are lawful, necessary and proportionate.
-

The Council of the London Borough of Merton (the Council) in exercise of its powers under Section 59 of the Anti-social Behaviour, Crime and Policing Act 2014 hereby makes the following Order:-

Citation

1. This Order may be cited as the London Borough of Merton (Alcohol Consumption in Public Places) Order 2020.

Commencement & Duration

2. This Order shall come into force at 0001 hours on 21st October 2020 and will remain in force for 2 years thereafter, unless extended, or discharged before that date.

Interpretation

3. In this Order –

“the Act” means Anti-social Behaviour, Crime and Policing Act 2014;

“alcohol” means spirits, wine, beer, cider or any other fermented, distilled or spirituous liquor (in any state), but does not include alcohol which is of a strength not exceeding 0.5% at the time of the sale or supply;

“Authorised Person” means a constable, police community support officer, or other person authorised for the purposes of this Order by the Council;

“the Council” means the London Borough of Merton;

“public place” means any place to which the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission;

“Restricted Areas” means the public places identified to in Article 4.

Public Space effected by this Order

4. This Order applies to the land described in Schedule 1 to this Order and shown edged red on the attached Plans (“the Restricted Areas”), being public places within the Council’s area where the public consumption of alcohol has been carried on which has had a detrimental effect on the quality of life of those in the locality, or it is likely that those activities will be carried on in those public places and that they will have such effect.

Prohibition on consumption of alcohol

5. (1) Subject to paragraph (2) no person shall consume alcohol within the Restricted Areas so as to cause, or be likely to cause nuisance or annoyance to any other person.

(2) The prohibition in paragraph (1) does not apply to the premises etc. within the Restricted Areas set out in Schedule 2 to this Order.

Imposition of Requirements

6. (1) Paragraph (2) applies where an authorised person reasonably believes that a person (P) —

(a) is or has been consuming alcohol in breach of in Article 5(1), or

(b) intends to consume alcohol in circumstances in which doing so would be a breach of that Article.

(2) An authorised person may require P—

(a) not to consume, in breach of Article 5(1), alcohol or anything which the authorised person reasonably believes to be alcohol;

(b) to surrender anything in P's possession which is, or which the authorised person reasonably believes to be, alcohol or a container for alcohol.

(3) An authorised person who imposes a requirement under paragraph (2) must tell P that failing without reasonable excuse to comply with the requirement is an offence.

(4) If an authorised person reasonably believes that a person (P) has breached a requirement imposed under paragraph (2) he or she may require P to give his or her name and address to the authorised person.

(5) An authorised person who imposes a requirement under paragraph (4) must tell P that—

(a) failing to give his or her name and address when required to do so under paragraph (4), or

(b) giving a false or inaccurate name or address in response to a requirement under that paragraph is an offence.

(6) A requirement imposed under paragraphs (2) or (4), by an authorised person who is not a constable or police community support officer, is not valid if the person—

(a) is asked by P to show evidence of his or her authorisation, and

(b) fails to do so.

(7) An authorised person may dispose of anything surrendered under paragraph (2)(b) in whatever way he or she thinks appropriate.

Failure to comply with the Order

Offence of failing to comply with the Order

7. By Section 67(4) of the Act it is not an offence to consume alcohol in breach of Article 5(1) but, by Section 63(6) of the Act, a person who fails without reasonable excuse to comply with a requirement imposed on him or her under Article 6(2) of this Order commits an offence and is liable on summary conviction in the Magistrates' Court to a fine not exceeding level 2 on the standard scale.

8. By Section 67 of the Act, a person who fails without reasonable excuse to comply with a requirement imposed on him or her under Article 6(4) of this Order commits an offence and is liable on summary conviction in the Magistrates' Court to a fine not exceeding level 3 on the standard scale.

Fixed Penalty Notices

9. An authorised person may issue a fixed penalty notice (FPN) to anyone he or she has reason to believe has committed an offence under Sections 63(6) or 67 of the Act. A person issued with a FPN must pay the fixed penalty of £100 within 14 days to discharge any liability to conviction for the offence.

SCHEDULE 1

Article 4

Land identified by Description

All those areas of the London Borough of Merton, comprising the wards set out in column 1 below and shown edged red on the corresponding attached Plan number shown in column 2.

Ward	Plan No.
Cricket Green	1
Figges Marsh	2
Graveney	3
Lavender Fields	4
Ravensbury	5

SCHEDULE 2

Article 5

Premises etc. to which Article 5(1) does not apply

(1) The prohibition in Article 5(1) to this Order does not apply to—

- (a) premises (other than council-operated licensed premises) authorised by a premises licence to be used for the supply of alcohol;
- (b) premises authorised by a club premises certificate to be used by the club for the supply of alcohol;

- (c) a place within the curtilage of premises within paragraph (a) or (b);
- (d) premises which by virtue of Part 5 of the Licensing Act 2003 (Permitted temporary activities) may at the relevant time be used for the supply of alcohol or which, by virtue of that Part, could have been so used within the 30 minutes before that time;
- (e) a place where facilities or activities relating to the sale or consumption of alcohol are at the relevant time permitted by virtue of a permission granted under Section 115E of the Highways Act 1980 (highway-related uses).

(2) prohibition in Article 5(1) to this Order does not apply to licensed premises operated by the Council—

- (a) when the premises are being used for the supply of alcohol, or
- (b) within 30 minutes after the end of a period during which the premises have been used for the supply of alcohol.

(3) In this paragraph—

“club premises certificate” has the meaning given by Section 60 of the Licensing Act 2003;

“premises licence” has the meaning given by Section 11 of that Act;

“supply of alcohol” has the meaning given by Section 14 of that Act.

(4) For the purposes of this Article 5, licensed premises are operated by the Council if they are authorised by a premises licence to be used for the supply of alcohol and—

- (a) the licence is held by the Council, or
- (b) the licence is held by another person but the premises are occupied by the Council or are managed by or on behalf of the Council.

Dated day of 2020

THE COMMON SEAL of THE MAYOR AND)
 BURGESSES OF THE LONDON BOROUGH)

OF MERTON was hereunto affixed as a deed)
in the presence of :-)

Signature _____

Name _____

Authorised Signatory

.

Seal Register No. _____

Notes for Information

Challenging the validity of the Order

Any challenge to this order must be made in the High Court by an interested person within six weeks of it being made. An interested person is someone who lives in the restricted area, or who regularly works in or visits that area. This means that only those who are directly affected by the restrictions have the power to challenge it.

Interested persons can challenge the validity of this Order on two grounds: -

- (a) that the Council did not have power to make the order, or to include particular prohibitions or requirements; or
- (b) that a requirement of the Act has not been complied with.

Where such an application is made, the High Court can decide to suspend the operation of the order pending the Court's decision, in part or in totality pending the final determination of the proceedings. The High Court may uphold the order, quash it, or vary it.

ANTI-SOCIAL BEHAVIOUR CRIME AND POLICING ACT 2014

Section 59 – Power to make orders

- (1) A local authority may make a public spaces protection order if satisfied on reasonable grounds that two conditions are met.
- (2) The first condition is that—
 - (a) activities carried on in a public place within the authority's area have had a detrimental effect on the quality of life of those in the locality, or

- (b) it is likely that activities will be carried on in a public place within that area and that they will have such an effect.
- (3) The second condition is that the effect, or likely effect, of the activities—
 - (a) is, or is likely to be, of a persistent or continuing nature,
 - (b) is, or is likely to be, such as to make the activities unreasonable, and
 - (c) justifies the restrictions imposed by the notice.
- (4) A public spaces protection order is an order that identifies the public place referred to in subsection (2) (“the restricted area”) and—
 - (a) prohibits specified things being done in the restricted area,
 - (b) requires specified things to be done by persons carrying on specified activities in that area, or
 - (c) does both of those things.
- (5) The only prohibitions or requirements that may be imposed are ones that are reasonable to impose in order—
 - (a) to prevent the detrimental effect referred to in subsection (2) from continuing, occurring or recurring, or
 - (b) to reduce that detrimental effect or to reduce the risk of its continuance, occurrence or recurrence.
- (6) A prohibition or requirement may be framed—
 - (a) so as to apply to all persons, or only to persons in specified categories, or to all persons except those in specified categories;
 - (b) so as to apply at all times, or only at specified times, or at all times except those specified;
 - (c) so as to apply in all circumstances, or only in specified circumstances, or in all circumstances except those specified.
- (7) A public spaces protection order must—
 - (a) identify the activities referred to in subsection (2);
 - (b) explain the effect of section 63 (where it applies) and section 67;
 - (c) specify the period for which the order has effect.

(8) A public spaces protection order must be published in accordance with regulations made by the Secretary of State.

Section 66 - Challenging the validity of orders

(1) An interested person may apply to the High Court to question the validity of—

- (a) a public spaces protection order, or
- (b) a variation of a public spaces protection order.

“Interested person” means an individual who lives in the restricted area or who regularly works in or visits that area.

(2) The grounds on which an application under this section may be made are—

- (a) that the local authority did not have power to make the order or variation, or to include particular prohibitions or requirements imposed by the order (or by the order as varied);
- (b) that a requirement under this Chapter was not complied with in relation to the order or variation.

(3) An application under this section must be made within the period of 6 weeks beginning with the date on which the order or variation is made.

(4) On an application under this section the High Court may by order suspend the operation of the order or variation, or any of the prohibitions or requirements imposed by the order (or by the order as varied), until the final determination of the proceedings.

(5) If on an application under this section the High Court is satisfied that—

- (a) the local authority did not have power to make the order or variation, or to include particular prohibitions or requirements imposed by the order (or by the order as varied), or
- (b) the interests of the applicant have been substantially prejudiced by a failure to comply with a requirement under this Chapter,

the Court may quash the order or variation, or any of the prohibitions or requirements imposed by the order (or by the order as varied).

(6) A public spaces protection order, or any of the prohibitions or requirements imposed by the order (or by the order as varied), may be suspended under subsection (4) or quashed under subsection (5)—

- (a) generally, or
- (b) so far as necessary for the protection of the interests of the applicant.

(7) An interested person may not challenge the validity of a public spaces protection order, or of a variation of a public spaces protection order, in any legal proceedings (either before or after it is made) except—

- (a) under this section, or
- (b) under subsection (3) of section 67 (where the interested person is charged with an offence under that section).

Section 63 – Consumption of alcohol in breach of prohibition in order

- (1) This section applies where a constable or an authorised person reasonably believes that a person (P)—
- (a) is or has been consuming alcohol in breach of a prohibition in a public spaces protection order, or
 - (b) intends to consume alcohol in circumstances in which doing so would be a breach of such a prohibition.

In this section “authorised person” means a person authorised for the purposes of this section by the local authority that made the public spaces protection order (or authorised by virtue of section 69(1)).

- (2) The constable or authorised person may require P—
- (a) not to consume, in breach of the order, alcohol or anything which the constable or authorised person reasonably believes to be alcohol;
 - (b) to surrender anything in P's possession which is, or which the constable or authorised person reasonably believes to be, alcohol or a container for alcohol.
- (3) A constable or an authorised person who imposes a requirement under subsection (2) must tell P that failing without reasonable excuse to comply with the requirement is an offence.
- (4) requirement imposed by an authorised person under subsection (2) is not valid if the person—
- (a) is asked by P to show evidence of his or her authorisation, and
 - (b) fails to do so.
- (5) A constable or an authorised person may dispose of anything surrendered under subsection (2)(b) in whatever way he or she thinks appropriate.
- (6) A person who fails without reasonable excuse to comply with a requirement imposed on him or her under subsection (2) commits an offence and is liable on summary conviction to a fine not exceeding level 2 on the standard scale.

Section 67 – Offence of Failing Comply with order

- (1) It is an offence for a person without reasonable excuse-
- (a) to do anything that the person is prohibited from doing by a public spaces protection order, or
 - (b) to fail to comply with a requirement to which a person is subject under a public spaces protection order.
- (2) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (3) A person does not commit an offence under this section by failing to comply with a prohibition or requirement that the local authority did not have power to include in the public spaces protection order.

(4) Consuming alcohol in breach of a public spaces protection order is not an offence under this section (but see section 63).

DRAFT

Safer Merton
Working Together To Keep Merton Safe & Sound



Merton Logo

ANTI-SOCIAL BEHAVIOUR (ASB), CRIME AND POLICING ACT 2014 (the Act)
LONDON BOROUGH OF MERTON ALCOHOL CONSUMPTION
IN PUBLIC SPACES ORDER 2020

The Council has made the above Public Spaces Protection Order under the Act which imposes restrictions on the public consumption of alcohol in the Wards of Cricket Green, Figges Marsh, Graveney, Lavender Fields and Ravensbury (the Wards), where it causes or is likely to cause nuisance or annoyance to



Effect of Order - If you continue to drink alcohol, or anything which is reasonably believed to be alcohol in the Wards, after being asked not to do so by an Authorised Person, (a constable, police community support officer [PCSO], or other person authorised by the Council for these purposes), or if you fail to surrender any alcohol, or anything reasonably believed to be alcohol, or a container for alcohol, when required to do so by an Authorised Person in the Wards you commit a criminal offence (**maximum fine £500**).

If you commit such an offence and then refuse to give the Authorised Person your name and address when required to do so, or give a false or inaccurate name or address you commit an offence (**maximum fine £1000**).

You could be fined up to £1000

To report ASB please call the police on 101 and in an emergency please call 999

For more information please visit www.merton.gov.uk/pspo

QR Code

DRAFT

Committee: Cabinet

Date: 7 September 2020

Wards: All

Subject: Covid-19 Local Outbreak Control Plans and Process.

Lead officer: Louise Round

Lead member: Stephen Alambritis

Contact officer: Ged Curran

Recommendations:

- A. That authority to implement the local lockdown provisions set out in the **The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 SI 2020 No.750** be delegated to the Chief Executive;
 - B. To ask Council to note that Scheme of Delegation to the Chief Executive set out in Part 3E of the Constitution will be amended accordingly by the Monitoring Officer
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The Government has recently introduced new regulations contained in the **The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 SI 2020 No.750**
- 1.2. These new Regulations contain executive powers for local authorities to implement local lockdown measures for the protection of public health in respect of Covid-19 outbreaks.
- 1.3. There is no specific delegation to the Chief Executive to exercise these powers and this Report recommends that the delegation to the CEO in Part 3E of the Constitution be amended to specifically include reference to these executive powers.
- 1.4. The current provision in Part 3E of the Constitution provides as follows:
“All Executive Matters not reserved for Cabinet or the Leader or delegated to a specified officer are delegated to the Chief Executive as set out in Section C.”
- 1.5. It is recommended that the following words be added to Section B, p.54 of the Constitution after paragraph 1:
“For the avoidance of doubt, this includes all executive powers conferred by the Health Protection (Coronavirus Restrictions) (England) (No.3) Regulations 2020, including any future amended or replacement regulations relating to the protection of public health in respect of Covid-19 outbreaks and local lockdown restrictions”

2 DETAILS

2.1. On 18 July 2020, legislation to grant local authorities new powers to respond to a serious and imminent threat to public health and to prevent COVID-19 (“coronavirus”) transmission in a local authority’s area where this is necessary and proportionate to manage spread of the coronavirus in the local authority’s area will take effect. These powers are contained in **The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 SI 2020 No.750** which confer powers for local authorities to:

- restrict access to, or close, individual premises
- prohibit certain events (or types of event) from taking place
- restrict access to, or close, public outdoor places (or types of outdoor public places)

following procedural requirements set out in the Regulations and summarised below.

2.2. A copy of the Regulations is set out at **Appendix A** to this Report.

2.3. To make a direction under these Regulations a local authority needs to be satisfied that the following 3 conditions are met:

- the direction responds to a serious and imminent threat to public health in the local authority’s area
- the direction is necessary to prevent, protect against, control or provide a public health response to the incidence or spread of infection in the local authority’s area of coronavirus
- the prohibitions, requirements or restrictions imposed by the direction are a proportionate means of achieving that purpose

2.4. Before making a direction, local authorities will need to gather sufficient evidence to demonstrate that these tests have been met. This evidence may come from a range of sources, including information provided to the local authority from local experts, through the Local Resilience Forum, from NHS Test and Trace (including the Joint Biosecurity Centre (JBC)), from Public Health England (PHE) and from other sources. A local authority must consult with the director of public health, and assess whether the conditions for taking action have been met. It must have regard to any advice given to it prior to issuing a direction, or to revoke such a direction.

2.5. A local authority should also consult the police prior to issuing a direction, and any neighbouring police forces if the direction prohibits, requires or restricts access to a premises, event or public outdoor place that is situated against a Local Resilience Forum boundary. Local authorities should be clear about why they are taking directive action and communicate this clearly

to the Secretary of State, the person(s) to whom the direction applies and, where appropriate, those impacted by the direction.

- 2.6. The powers conferred by these Regulations are executive powers. Section 9E Local Government Act 2000 provides that decision as to the exercise of executive functions is to be determined by the Leader of the Council. Under the Constitution of the Council unless the Leader has expressly reserved something to himself or to the cabinet, then it is delegated to the chief executive. Although it is strongly arguable that the existing provisions of the Constitution do provide for these powers to be vested in the Chief Executive, the Monitoring Officer considers that given the importance of these powers, it is desirable for the delegation in Part 3E of the Constitution to specifically include reference to the powers.
- 2.7. Cabinet is also asked to note that the Council has published an Outbreak Control Plan providing guidance in respect of local outbreaks which is set out at **Appendix B**.

3 ALTERNATIVE OPTIONS

- 3.1. Given that these powers will, in the unfortunate event of a local outbreak of Covid-19, need to be exercised urgently, it is not considered that it would be appropriate to require a Council or Cabinet meeting to authorise the exercise of these powers.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. This Report has been the subject of informal consultation with the Leader. There is no requirement for public consultation

5 TIMETABLE

- 5.1. The recommendations will take effect immediately.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. None

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. These are set out within the body of this Report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. These form part of the regulations and the requirement for proportionality.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. The recommendations support the need to respond urgently to risks to public health.

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

A The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 SI 2020 No.750

B Merton Local Outbreak Plan

12 BACKGROUND PAPERS

12.1. None

STATUTORY INSTRUMENTS

2020 No. 750

PUBLIC HEALTH, ENGLAND

**The Health Protection (Coronavirus,
Restrictions) (England) (No. 3) Regulations 2020**

<i>Made</i>	- - - -	<i>16th July 2020</i>
<i>Laid before Parliament</i>		<i>17th July 2020 at 12.01 a.m. on</i>
<i>Coming into force</i>	- -	<i>18th July 2020</i>

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 45C(1), (3)(c), (4)(d), 45F(2) and 45P of the Public Health (Control of Disease) Act 1984 ^{F1}.

These Regulations are made in response to the serious and imminent threat to public health which is posed by the incidence and spread of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) in England.

In accordance with section 45R of that Act the Secretary of State is of the opinion that, by reason of urgency, it is necessary to make this instrument without a draft having been laid before, and approved by a resolution of, each House of Parliament.

F1 1984 c. 22. Part 2A was inserted by section 129 of the [Health and Social Care Act 2008 \(c. 14\)](#).

Citation, commencement, application and interpretation

1.—(1) These Regulations may be cited as the Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020.

(2) These Regulations come into force at 12.01 a.m. on 18th July 2020.

(3) These Regulations apply in relation to England only.

(4) In these Regulations—

“child” means a person under the age of 18;

“constable” includes a police community support officer;

“coronavirus” means severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

“Crown land” means land in which there is a Crown interest or a Duchy interest;

“Crown interest” means an interest belonging to Her Majesty in right of the Crown, or belonging to a Government department, or held in trust for Her Majesty for the purposes of a Government department;

“designate” means designate by name or description;

“Duchy interest” means an interest belonging to Her Majesty in right of the Duchy of Lancaster, or belonging to the Duchy of Cornwall;

“local authority” means—

- (a) a county council in England,
- (b) a district council in England for an area for which there is no county council,
- (c) a London borough council,
- (d) the Common Council of the City of London in its capacity as a local authority, and
- (e) the Council of the Isles of Scilly;

“parent”, in relation to a child, includes any person who has parental responsibility for, or who has care of, the child;

“parental responsibility” has the meaning given in section 3 of the Children Act 1989 ^{F2};

“person carrying on a business” includes the owner, proprietor and manager of that business;

“public outdoor place” means any outdoor place to which the public have or are permitted access, whether on payment or otherwise, and includes—

- (a) land laid out as a public garden or used for the purpose of recreation by members of the public;
- (b) land which is “open country” as defined in section 59(2) of the National Parks and Access to the Countryside Act 1949 ^{F3}, as read with section 16 of the Countryside Act 1968 ^{F4};
- (c) land which is “access land” for the purposes of Part 1 of the Countryside and Rights of Way Act 2000 ^{F5} (see section 1(1) of that Act ^{F6});
- (d) any highway to which the public has access;
- (e) Crown land outdoors to which the public has access;

“specified” means specified in a direction given under these Regulations;

“vulnerable person” includes—

- (a) any person aged 70 or older,
- (b) any person under 70 who has a medical condition which increases vulnerability to Covid-19, and
- (c) any person who is pregnant.

F2 1989 c. 41.

F3 1949 c. 97.

F4 1968 c. 41. Section 16 has been amended by section 111 of the [Transport Act 1968 \(c. 73\)](#), [Schedule 27](#) to the [Water Act 1989 \(c. 15\)](#) and [S.I. 2012/1659](#). There are other amendments to section 16 which are not relevant to this instrument.

F5 2000 c. 37.

F6 The definition of “access land” has been amended by sections 303(2) and 321 of and Part 7 of Schedule 22 to, the [Marine and Coastal Access Act 2009 \(c. 23\)](#).

Commencement Information

- II** Reg. 1 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Directions by local authorities: general

2.—(1) A local authority may give a direction under regulation 4(1), 5(1) or 6(1) only if the authority considers that the following conditions are met—

- (a) that giving such a direction responds to a serious and imminent threat to public health,
- (b) that the direction is necessary for the purpose of preventing, protecting against, controlling or providing a public health response to the incidence or spread of infection by coronavirus in the local authority's area, and
- (c) that the prohibitions, requirements or restrictions imposed by the direction are a proportionate means of achieving that purpose.

(2) Where a local authority gives a direction under regulation 4(1), 5(1) or 6(1) the local authority must—

- (a) notify the Secretary of State as soon as reasonably practicable after the direction is given, and
- (b) at least once every 7 days review whether the conditions in paragraph (1) continue to be met.

(3) If on a review of a direction under paragraph (2)(b) a local authority considers that one or more of the conditions in paragraph (1) is no longer met in relation to the direction, the local authority must by notice—

- (a) revoke the direction without replacement, or
- (b) revoke the direction and replace it with a further direction under regulation 4(1), 5(1) or 6(1) in relation to which the local authority considers that the conditions in paragraph (1) are met.

(4) In determining whether to give a direction under regulation 4(1), 5(1) or 6(1) or to revoke such a direction, a local authority must have regard to any advice given to it by its director of public health (or its interim or acting director of public health).

(5) Section 16 of the Interpretation Act 1978^{F7} applies in relation to the revocation of a direction under regulation 4(1), 5(1) or 6(1) as it applies in relation to the repeal of an enactment.

F7 1978 c. 30.

Commencement Information

I2 Reg. 2 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Powers of Secretary of State

3.—(1) The Secretary of State may give a direction to a local authority requiring the authority to give a direction under regulation 4(1), 5(1) or 6(1), if the Secretary of State considers that the conditions in regulation 2(1) would be met in relation to the local authority direction.

(2) If the Secretary of State considers that one or more of the conditions in regulation 2(1) is no longer met in relation to a direction under regulation 4(1), 5(1) or 6(1) given by a local authority, the Secretary of State must direct the local authority to—

- (a) revoke the direction without replacement, or
- (b) revoke the direction and replace it with a further direction under regulation 4(1), 5(1) or 6(1) in relation to which the Secretary of State considers that the conditions in regulation 2(1) would be met.

(3) Where the Secretary of State gives a direction to a local authority under this regulation, regulation 2(1) and (4) do not apply in relation to the giving of a direction by the local authority pursuant to the Secretary of State's direction.

(4) A direction under this regulation may be revoked by the Secretary of State.

(5) Before giving or revoking a direction under this regulation, the Secretary of State must consult the Chief Medical Officer or one of the Deputy Chief Medical Officers of the Department of Health and Social Care.

(6) The powers conferred by this regulation are without prejudice to the power of the Secretary of State under section 71 of the Public Health (Control of Disease) Act 1984.

(7) A county council for an area for which there is also a district council is to be regarded, with respect to its functions under these Regulations, as a relevant health protection authority for the purposes of the Public Health (Control of Disease) Act 1984.

Commencement Information

I3 Reg. 3 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Directions relating to individual premises

4.—(1) Subject to regulation 2, a local authority may give a direction imposing prohibitions, requirements or restrictions in relation to the entry into, departure from, or location of persons in, specified premises in the local authority's area.

(2) A direction under paragraph (1) may be given only for the purposes of—

- (a) closing the premises,
- (b) restricting entry to the premises, or
- (c) securing restrictions in relation to the location of persons in the premises.

(3) A local authority may not give a direction under paragraph (1) in relation to—

- (a) any premises which forms part of essential infrastructure,
- (b) any premises consisting of vehicles, trains, vessels or aircraft used for public transport or the carriage or haulage of goods, or
- (c) a vessel not falling within paragraph (b), where the direction would be likely to have the effect of preventing a change-over of crew.

(4) Before giving a direction under paragraph (1), a local authority must have regard to the need to ensure that members of the public have access to essential public services and goods.

(5) A direction under paragraph (1) may only have the effect of imposing a prohibition, requirement or restriction on—

- (a) the owner or any occupier of premises to which the direction relates, and
- (b) any other person involved in managing entry into, or departure from, such premises or the location of persons in them.

(6) A direction under paragraph (1) may impose a prohibition, requirement or restriction by reference to, among other things—

- (a) the number of persons in the premises,
- (b) the purpose for which a person is in the premises, and
- (c) the facilities in the premises.

(7) A direction under paragraph (1) must—

- (a) state the date and time on which the prohibition, requirement or restriction comes into effect, and the date and time on which it will end, and
 - (b) give details of the right of appeal to a magistrates' court, and the time within which such an appeal may be brought.
- (8) Where a local authority gives a direction under paragraph (1) it must take reasonable steps to give advance notice of the direction to —
- (a) a person carrying on a business from the premises to which the direction relates, and
 - (b) if different, any person who owns or occupies the premises.
- (9) A person on whom a direction under paragraph (1) imposes a prohibition, requirement or restriction may—
- (a) appeal against the direction to a magistrates' court by way of complaint for an order and the Magistrates' Courts Act 1980^{F8} applies to the proceedings, and
 - (b) make representations to the Secretary of State about the direction.
- (10) On an appeal against a direction under paragraph (1) in a case where the direction was made pursuant to a direction of the Secretary of State under regulation 3, a summons is to be issued to both the Secretary of State and the local authority.

F8 1980 c. 43.

Commencement Information

I4 Reg. 4 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Directions relating to events

- 5.—(1) Subject to regulation 2, a local authority may give a direction imposing prohibitions, requirements or restrictions in relation to the holding of an event in its area.
- (2) A direction under paragraph (1) may be given in relation to—
- (a) a specified event, or
 - (b) events of a specified description.
- (3) A direction under paragraph (1) may only have the effect of imposing prohibitions, requirements or restrictions on—
- (a) the owner or any occupier of premises for an event to which the direction relates,
 - (b) the organiser of such an event, and
 - (c) any other person involved in holding such an event.
- (4) A direction under paragraph (1) may, among other things, impose requirements about informing persons who may be planning to attend an event of any prohibitions, requirements or restrictions imposed in relation to the holding of it.
- (5) For the purposes of paragraph (2), events may be described—
- (a) by reference to a number of people attending the event,
 - (b) by reference to a requirement for medical or emergency services to attend the event, or
 - (c) in any other way.
- (6) The reference in paragraph (3)(c) to a person involved in the holding of an event does not include a person whose only involvement in the event is, or would be, by attendance at the event.
- (7) A direction under paragraph (1) imposing a prohibition, requirement or restriction must—

- (a) state the date and time on which the prohibition, requirement or restriction comes into effect, and the date and time on which it will end, and
 - (b) give details of the right of appeal to a magistrates' court, and the time within which such an appeal may be brought.
- (8) Where a local authority gives a direction under paragraph (1) it must take reasonable steps to give advance notice of the direction to —
- (a) the organiser of the event, and
 - (b) if different, any person who owns or occupies the premises for the event.
- (9) A person on whom a direction under paragraph (1) imposes a prohibition, requirement or restriction may—
- (a) appeal against the direction to a magistrates' court by way of complaint for an order and the Magistrates' Courts Act 1980 applies to the proceedings, and
 - (b) make representations to the Secretary of State about the direction.
- (10) On an appeal against a direction under paragraph (1) in a case where the direction was made pursuant to a direction of the Secretary of State under regulation 3, a summons is to be issued to both the Secretary of State and the local authority.

Commencement Information

I5 Reg. 5 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Directions relating to public outdoor places

- 6.—(1)** Subject to regulation 2, a local authority may give a direction imposing prohibitions, requirements or restrictions in relation to access to—
- (a) a specified public outdoor place in its area, or
 - (b) public outdoor places in its area of a specified description.
- (2) A direction under paragraph (1) may in particular prohibit access at specified times.
- (3) A direction under paragraph (1) must—
- (a) specify or describe the public outdoor place or places to which it relates in sufficient detail to enable the boundaries of the place or places to be determined,
 - (b) state the date and time on which any prohibition, requirement or restriction imposed by the direction comes into effect, and the date and time on which it will end, and
 - (c) give details of the right of appeal to a magistrates' court, and the time within which such an appeal may be brought.
- (4) Where a local authority gives a direction under paragraph (1) it must take reasonable steps—
- (a) to give advance notice of the direction to a person carrying on a business from premises within a public outdoor place to which the direction relates, and
 - (b) to ensure that the direction is brought to the attention of any person who owns, occupies or is responsible for any land or premises in a public outdoor place to which the direction relates.
- (5) Any person who owns, occupies or is responsible for land or premises in a public outdoor place to which a direction under paragraph (1) relates may—
- (a) appeal against the direction to a magistrates' court by way of complaint for an order and the Magistrates' Courts Act 1980 applies to the proceedings, and

(b) make representations to the Secretary of State about the direction.

(6) On an appeal against a direction under paragraph (1) in a case where the direction was made pursuant to a direction of the Secretary of State under regulation 3, a summons is to be issued to both the Secretary of State and the local authority.

Commencement Information

I6 Reg. 6 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

7.—(1) A local authority which has given a direction under regulation 6(1) must take reasonable steps to prevent or restrict public access to the public outdoor place or places to which the direction relates in accordance with the direction.

(2) Any person, other than a local authority mentioned in paragraph (1), who owns, occupies or is responsible for land in a public outdoor place to which a direction under regulation 6(1) relates must take reasonable steps to prevent or restrict public access to that land in accordance with the direction.

(3) No person may without reasonable excuse enter or remain in a public outdoor place to which a direction under regulation 6(1) relates in contravention of a prohibition, requirement or restriction imposed by the direction.

(4) For the purposes of paragraph (3), a reasonable excuse includes where—

- (a) the person owns, occupies or is responsible for any land or premises in a public outdoor place to which the direction relates,
- (b) the person needs to enter a public outdoor place to which the direction relates to obtain access to, or to leave, the place where they are living,
- (c) the person is visiting a person who falls within a description of person in sub-paragraph (a) or (b),
- (d) the person needs to enter or remain in a public outdoor place to which the direction relates—
 - (i) to avoid injury or illness or to escape a risk of harm,
 - (ii) to continue existing arrangements for access to, and contact between, parents and children where the children do not live in the same household as their parents, or one of their parents,
 - (iii) to fulfil a legal obligation or to participate in legal proceedings, or
- (e) it is reasonably necessary for a person to enter or remain in a public outdoor place to which the direction relates—
 - (i) for work purposes, or for the provision of voluntary or charitable services,
 - (ii) to facilitate a house move,
 - (iii) to provide care or assistance to a vulnerable person, including relevant personal care within the meaning of paragraph 7(3B) of Schedule 4 to the Safeguarding Vulnerable Groups Act 2006^{F9}, or
 - (iv) to provide emergency assistance.

F9 2006 c.47. Paragraph 7(3B) of Schedule 4 was inserted by section 66 of the [Protection of Freedoms Act 2012 \(c.9\)](#).

Commencement Information

17 Reg. 7 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

8.—(1) A local authority may not, without the agreement of the appropriate authority, give a direction under regulation 6(1) in relation to a public outdoor place which forms part of Crown land and includes property to which section 73 of the Public Health (Control of Disease) Act 1984 (Crown property) applies.

(2) For the purposes of this regulation “the appropriate authority”, in relation to any land which is Crown land—

- (a) in the case of land belonging to Her Majesty in right of the Crown and forming part of the Crown Estate, means the Crown Estate Commissioners, and, in relation to any other land belonging to Her Majesty in right of the Crown, means the Government department having the management of that land,
- (b) in relation to land belonging to Her Majesty in right of the Duchy of Lancaster, means the Chancellor of the Duchy,
- (c) in relation to land belonging to the Duchy of Cornwall, means such person as the Duke of Cornwall, or the possessor for the time being of the Duchy of Cornwall, appoints, and
- (d) in the case of land belonging to a Government department or held in trust for Her Majesty for the purposes of a Government department, means that department, and

if any question arises as to what authority is the appropriate authority in relation to any land, that question shall be referred to the Treasury, whose decision shall be final.

Commencement Information

18 Reg. 8 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Representations to the Secretary of State

9.—(1) Where a person makes representations to the Secretary of State under regulation 4(9)(b), 5(9)(b) or 6(5)(b), the Secretary of State must—

- (a) consider the representations as soon as is reasonably practicable, and
- (b) decide whether it would be appropriate to exercise the power in regulation 3(2).

(2) The Secretary of State must provide written reasons for the decision in paragraph (1)(b) to—

- (a) the person who made the representations, and
- (b) the local authority which gave the direction to which the representations relate.

Commencement Information

19 Reg. 9 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Public notice of directions etc

10.—(1) Where a local authority gives a direction under regulation 4(1), 5(1) or 6(1) which imposes a prohibition, requirement or restriction on a person specified by name, or revokes such a direction, the direction or notice of revocation—

- (a) must be given in writing to that person, and
 - (b) may be published in such manner as the local authority considers appropriate to bring it to the attention of other persons who may be affected by it.
- (2) In any other case, a direction given by a local authority under regulation 4(1), 5(1) or 6(1) or notice of revocation of such a direction—
- (a) must be published on the website of the local authority, and
 - (b) may be published in such other manner as the local authority considers appropriate to bring it to the attention of persons who may be affected by the direction or the revocation.
- (3) A direction given by a local authority under regulation 4(1), 5(1) or 6(1) must specify the power in these Regulations under which the direction is given.

Commencement Information

I10 Reg. 10 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Notification of directions to other local authorities

- 11.**—(1) Where a local authority (the “initiating authority”) gives a direction under regulation 4(1), 5(1) or 6(1), or revokes such a direction, the initiating authority must notify—
- (a) any local authority whose area is adjacent to the initiating authority's area,
 - (b) where the initiating authority is a London borough council, every other London borough council,
 - (c) where the initiating authority is the county council for an area for which there is also a district council, the district council, and
 - (d) where the initiating authority's area is adjacent to the area of a council in Scotland constituted under section 2 of the Local Government etc (Scotland) Act 1994 ^{F10} or a county or county borough council in Wales, that council.
- (2) Where a local authority is notified under paragraph (1)(a) or (b), the authority must—
- (a) consider, as soon as may be reasonably practicable, whether to exercise its own powers under these Regulations,
 - (b) notify the initiating authority of what it has decided to do, and
 - (c) if it is a county council for an area for which there is also a district council, notify the district council of the matter notified to it by the initiating authority and of its own decision.
- (3) Paragraph (1) does not apply in relation to the giving or revocation of a direction by a local authority which, having been notified by another local authority under paragraph (1), is acting pursuant to paragraph (2).

F10 1994 c. 39.

Commencement Information

I11 Reg. 11 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Enforcement of requirements

- 12.**—(1) A local authority designated officer or a constable may take such action as is necessary to enforce a direction under regulation 4(1), 5(1) or 6(1).

(2) A local authority designated officer may give a prohibition notice to a person if the officer reasonably believes that—

- (a) the person is contravening a direction under regulation 4(1) or 5(1), and
- (b) it is necessary and proportionate to give the prohibition notice for the purpose of preventing that person from continuing to do so.

(3) Where a constable considers that an event is being held in contravention of a direction under regulation 5(1), the constable may—

- (a) direct the event to stop,
- (b) direct a person to leave the event, and
- (c) remove a person from the event.

(4) Where a constable considers that a person is, without reasonable excuse, in a public outdoor place in contravention of regulation 7(3), the constable may—

- (a) direct that person to leave the place, and
- (b) remove that person from the place.

(5) A constable exercising the power in paragraph (3)(c) or (4)(b) to remove a person from an event or place may use reasonable force, if necessary, in exercise of the power.

(6) Where a child is at an event held in contravention of a direction under regulation 5(1), or is in a public outdoor place in contravention of regulation 7(3), and is accompanied by an individual who has responsibility for the child—

- (a) a constable may direct that individual to remove the child from the event or place, and
- (b) that individual must, so far as reasonably practicable, ensure that the child complies with any direction or instruction given by the constable to the child.

(7) A constable may exercise the power in paragraph (3), (4) or (6) only if the constable considers that it is a necessary and proportionate means of ensuring compliance with a direction under regulation 5(1) or with regulation 7(3) as the case may be.

(8) A constable exercising a power under paragraph (3), (4), or (6) may give the person concerned any reasonable instructions the constable considers to be necessary.

(9) For the purposes of this regulation—

- (a) an individual has responsibility for a child if the individual—
 - (i) has custody or charge of the child for the time being, or
 - (ii) has parental responsibility for the child;
- (b) “local authority designated officer” means a person designated by a local authority for the purposes of this regulation.

Commencement Information

I12 Reg. 12 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Offences and penalties

13.—(1) A person commits an offence if, without reasonable excuse, the person—

- (a) contravenes a direction under regulation 4(1),
- (b) contravenes a direction under regulation 5(1),
- (c) contravenes regulation 7(2),

- (d) obstructs a person carrying out a function under these Regulations, including any local authority designated officer under regulation 12 or constable, or
 - (e) contravenes a direction given under regulation 12, or fails to comply with a reasonable instruction or a prohibition notice given under that regulation.
- (2) A person commits an offence if the person contravenes regulation 7(3).
- (3) An offence under this regulation is punishable on summary conviction by a fine.
- (4) If an offence under this regulation committed by a body corporate is proved—
- (a) to have been committed with the consent or connivance of an officer of the body, or
 - (b) to be attributable to any neglect on the part of such an officer,
- the officer (as well as the body corporate) is guilty of the offence and liable to be prosecuted and proceeded against and punished accordingly.
- (5) In paragraph (4), “officer”, in relation to a body corporate, means a director, manager, secretary or other similar officer of the body corporate.
- (6) Section 24 of the Police and Criminal Evidence Act 1984 ^{F11} applies in relation to an offence under this regulation as if the reasons in subsection (5) of that section included—
- (a) to maintain public health, and
 - (b) to maintain public order.

F11 1984 c. 60. Section 24 was substituted by s. 110(1) of the [Serious Organised Crime and Police Act 2005](#) (c. 15).

Commencement Information

I13 Reg. 13 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Fixed penalty notices

- 14.**—(1) An authorised person may issue a fixed penalty notice to anyone that the authorised person reasonably believes—
- (a) has committed an offence under these Regulations, and
 - (b) is aged 18 or over.
- (2) A fixed penalty notice is a notice offering the person to whom it is issued the opportunity of discharging any liability to conviction for the offence by payment of a fixed penalty to an authority specified in the notice.
- (3) The authority specified in the notice must be—
- (a) the local authority (or as the case may be, any of the local authorities) in whose area the offence is alleged to have been committed (“the relevant local authority”), or
 - (b) an officer designated by the Secretary of State, or by the relevant local authority, for the purposes of this regulation.
- (4) Where a person is issued with a notice under this regulation in respect of an offence—
- (a) no proceedings may be taken for the offence before the end of the period of 28 days beginning with the day after the date of the notice;
 - (b) the person may not be convicted of the offence if the person pays the fixed penalty before the end of that period.
- (5) A fixed penalty notice must—
- (a) give reasonably detailed particulars of the circumstances alleged to constitute the offence,

- (b) state the period during which (because of paragraph (4)(a)) proceedings will not be taken for the offence,
 - (c) specify the amount of the fixed penalty (as to which, see paragraphs (6) and (7)),
 - (d) state the name and address of the person to whom the fixed penalty may be paid, and
 - (e) specify permissible methods of payment.
- (6) If the fixed penalty notice is the first issued to the person under a relevant enactment, the amount of the fixed penalty is—
- (a) £50, if that amount is paid before the end of the period of 14 days following the date of the notice, and
 - (b) otherwise, £100.
- (7) If the fixed penalty notice is not the first fixed penalty notice issued to the person under a relevant enactment, the amount of the fixed penalty is as follows—
- (a) if it is the second fixed penalty notice so issued, £200,
 - (b) if it is the third fixed penalty notice so issued, £400,
 - (c) if it is the fourth fixed penalty notice so issued, £800,
 - (d) if it is the fifth fixed penalty notice so issued, £1,600,
 - (e) if it is the sixth fixed penalty notice so issued and for any subsequent fixed penalty notice so issued, £3,200.
- (8) In paragraphs (6) and (7) “relevant enactment” means—
- (a) these Regulations,
 - (b) the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020^{F12},
 - (c) the Health Protection (Coronavirus, Restrictions) (Leicester) Regulations 2020^{F13}, ^{F14}...
 - (d) the Health Protection (Coronavirus, Restrictions) (No. 2) (England) Regulations 2020^{F15}, ^{F16}, ^{F17}...
 - (e) the Health Protection (Coronavirus, Restrictions) (Blackburn with Darwen and Luton) Regulations 2020^{F18}, ^{F19}...
 - (f) the Health Protection (Coronavirus, Restrictions) (Blackburn with Darwen and Bradford) Regulations 2020.]
 - ^{F20}(g) the Health Protection (Coronavirus, Restrictions) (Leicester) (No. 2) Regulations 2020.]
 - ^{F21}(h) the Health Protection (Coronavirus, Restrictions ^{F22}...) (North of England) Regulations 2020.]
- (9) Whatever other method may be specified under paragraph (5)(e), payment of a fixed penalty may be made by pre-paying and posting to the person whose name is stated under paragraph (5)(d), at the stated address, a letter containing the amount of the penalty (in cash or otherwise).
- (10) Where a letter is sent as mentioned in paragraph (9), payment is regarded as having been made at the time at which that letter would be delivered in the ordinary course of post.
- (11) In any proceedings, a certificate that—
- (a) purports to be signed by or on behalf of—
 - (i) the chief finance officer of the relevant local authority, where the authority to which payment is made is a local authority, or
 - (ii) the officer referred to in paragraph (3)(b), where that officer is the authority to which payment is made, and

(b) states that the payment of a fixed penalty was, or was not, received by the date specified in the certificate,

is evidence of the facts stated.

(12) In this regulation “authorised person” means—

(a) a person designated by the local authority, in the case of—

(i) an offence under regulation 13(1)(a), (b) or (c), or

(ii) an offence under regulation 13(1)(d) in a case where the person obstructed is a local authority designated officer, and

(b) a constable, in the case of any offence under regulation 13(1)(d), (e) or (2).

F12 S.I. 2020/350; amended by S.I. 2020/447; 2020/500; 2020/558; 2020/588.

F13 S.I. 2020/685.

F14 Word in reg. 14(8)(c) omitted (25.7.2020) by virtue of [The Health Protection \(Coronavirus, Restrictions\) \(Blackburn with Darwen and Luton\) Regulations 2020](#) (S.I. 2020/800), regs. 1(2), **9(2)(a)** (with reg. 10)

F15 S.I. 2020/684, amended by S.I. 2020/719.

F16 Reg. 14(8)(e) and word inserted (25.7.2020) by [The Health Protection \(Coronavirus, Restrictions\) \(Blackburn with Darwen and Luton\) Regulations 2020](#) (S.I. 2020/800), regs. 1(2), **9(2)(b)** (with reg. 10)

F17 Word in reg. 14(8)(d) omitted (1.8.2020) by virtue of [The Health Protection \(Coronavirus, Restrictions\) \(Blackburn with Darwen and Bradford\) Regulations 2020](#) (S.I. 2020/822), regs. 1(2), **11(2)(a)** (with reg. 12)

F18 Reg. 14(8)(f) and word inserted (1.8.2020) by [The Health Protection \(Coronavirus, Restrictions\) \(Blackburn with Darwen and Bradford\) Regulations 2020](#) (S.I. 2020/822), regs. 1(2), **11(2)(b)** (with reg. 12)

F19 Word in reg. 14(8)(e) omitted (3.8.2020) by virtue of [The Health Protection \(Coronavirus, Restrictions\) \(Leicester\) \(No. 2\) Regulations 2020](#) (S.I. 2020/824), regs. 1(2), **13(a)** (with reg. 15)

F20 Reg. 14(8)(g) inserted (3.8.2020) by [The Health Protection \(Coronavirus, Restrictions\) \(Leicester\) \(No. 2\) Regulations 2020](#) (S.I. 2020/824), regs. 1(2), **13(b)** (with reg. 15)

F21 Reg. 14(8)(h) inserted (5.8.2020) by [The Health Protection \(Coronavirus, Restrictions on Gatherings\) \(North of England\) Regulations 2020](#) (S.I. 2020/828), regs. 1(2), **16** (with reg. 19)

F22 Words in reg. 14(8)(h) omitted (15.8.2020) by virtue of [The Health Protection \(Coronavirus, Restrictions on Gatherings\) \(North of England\) \(Amendment\) \(No. 2\) Regulations 2020](#) (S.I. 2020/865), regs. 1, **4**

Commencement Information

I14 Reg. 14 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Prosecutions

15. Proceedings for an offence under these Regulations may be brought by a local authority, the Crown Prosecution Service and any person designated by the Secretary of State (but this does not affect any other power to bring proceedings for such an offence).

Commencement Information

I15 Reg. 15 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Continuity of designations

16.—(1) A person who on the coming into force of these Regulations is designated by the Secretary of State or a local authority for the purposes of regulation 9(3)(b) of the Health Protection (Coronavirus, Restrictions) (No.2) (England) Regulations 2020 is to be treated as if they were designated by the Secretary of State or local authority respectively under regulation 14(3)(b) of these Regulations.

(2) A person who on the coming into force of these Regulations is designated by the Secretary of State for the purposes of regulation 10 of the Health Protection (Coronavirus, Restrictions) (No.2) (England) Regulations 2020 is to be treated as if they were designated by the Secretary of State under regulation 15 of these Regulations.

Commencement Information

I16 Reg. 16 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Directions by county councils

17.—(1) A county council for an area for which there is also a district council may direct the district council to exercise any of the district council's functions in a specified way.

(2) But a county council may only give a direction under this regulation if it considers that it is necessary and proportionate to do so in order to prevent, protect against, delay or otherwise control the incidence or spread of infection by coronavirus in the district council's area.

(3) A direction under this regulation may be varied or revoked by the county council.

(4) In determining whether to give a direction under this regulation, or to vary or revoke such a direction, a county council must have regard to any advice given to it by its director of public health (or its interim or acting director of public health).

Commencement Information

I17 Reg. 17 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Amendment of other Regulations

18.—(1) In regulation 10(9) of the Health Protection (Coronavirus, Restrictions) (Leicester) Regulations 2020 ^{F23}—

(a) after “under” insert “ these Regulations, ”, and

(b) before “are to be taken into account” insert “ and the Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 ”.

(2) In regulation 9(9) of the Health Protection (Coronavirus, Restrictions) (No. 2) (England) Regulations 2020 ^{F24}—

(a) after the first mention of “under” insert “ these Regulations, ”, and

(b) before “are to be taken into account” insert “ and under the Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020 ”.

F23 [S.I. 2020/685](#).

F24 [S.I. 2020/684](#), amended by [S.I 2020/719](#).

Commencement Information

I18 Reg. 18 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Expiry

19.—(1) These Regulations expire at the end of 17 January 2021.

(2) This regulation does not affect the validity of anything done pursuant to these Regulations before they expire.

Commencement Information

I19 Reg. 19 in force at 18.7.2020 at 12.01 a.m., see reg. 1(2)

Department of Health and Social Care

Matt Hancock
Secretary of State,

Changes to legislation: There are currently no known outstanding effects for the The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020. (See end of Document for details)

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for a local authority to give directions relating to premises, events and public outdoor places in its area. A direction may only be given if the local authority considers that the public health, necessity and proportionality conditions set out in regulation 2 are met.

The local authority must review a direction given under these Regulations at least once every 7 days. The Regulations also give the Secretary of State power to direct the local authority to give a direction under these Regulations, or to revoke (with or without replacement) a direction given by the local authority under these Regulations.

No impact assessment has been prepared for these Regulations.

Changes to legislation:

There are currently no known outstanding effects for the The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020.

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COVID-19 Outbreak Control Plan For the London Borough of Merton



London Borough of Merton Covid-19 Outbreak Control Plan

June 2020

Foreword: Councillor Tobin Byers, Cabinet Member for Cabinet Member for Health, Social Care and Environment

In Merton, the Health and Wellbeing Board and a dedicated Community Subgroup will provide oversight of local Covid-19 outbreak management.

My overarching aim is to keep all residents safe, and support those who are vulnerable and require our help. As lockdown measures are easing, it is imperative that we can rapidly respond to any increase in local cases of Covid-19 and put effective control measures in place to prevent local outbreaks.

The successful prevention and control of local outbreaks will depend upon our ability to test everybody with symptoms, trace recent contacts when a positive test occurs, and identify, investigate and respond to outbreaks rapidly, working together as a system with local, regional and national partners.

Everyone who lives, works or visits the borough also has a critical role to play by following all the necessary measures to reduce the risk of virus transmission, including isolating when symptoms develop and getting tested, or isolating if identified as a contact of a case.

Clear communication and effective engagement with our community and partners is crucial for our collective success in containing the virus and minimizing its impact on health, wellbeing and livelihoods in our borough going forwards.

In particular, we will do all that we can to protect and support those communities and population groups that we know have been disproportionately impacted by Covid-19 during the pandemic, including our older, more vulnerable residents and people from Black, Asian and minority ethnic groups.

As chair of Merton Health and Wellbeing Board and Cabinet Member for Adult Social Care, Health and the Environment, I recommend Merton's Covid-19 Outbreak Control Plan.



Councillor Tobin Byers, Cabinet Member for Cabinet Member for Health, Social Care and Environment



Ged Curran, Chief Executive of Merton Council



Dr Dagmar Zeuner, Director of Public Health

1 Summary

1.1 The Department of Health and Social Care (DHSC) has tasked all Local Authorities (LAs) to put together Covid-19 outbreak control plans and publish a document on their website by 30 June 2020.

1.2 This document outlines Merton's current plan. It complements a number of practical working documents, including draft action plans and various technical supplements, which are being further refined.

1.3 The plan describes how the council will work with Public Health England's London Corona Virus Resilience Cell (LCRC) and local partners to complement and enhance the effectiveness of the NHS test and contact tracing service (NHST&T) to minimise virus transmission through joint up local outbreak management.

1.4 The plan is part of the national Covid-19 policy to protect from Covid-19 infections, prevent or flatten a potential second wave while coming out of lock-down and restarting economic activity.

1.5 Focussing on local outbreak control acknowledges the emerging epidemiological characteristics of the Covid-19 pandemic with a strong propensity of clustering, where some infected individuals in certain circumstances seem to be able to infect many others and can set off outbreaks quickly.

1.6 The scope of the Merton plan is limited to guide our response readiness for managing Covid-19 outbreaks; the wider work of the council and partners to prevent and mitigate further harm from Covid-19 and recovery work are not included here.

1.7 The anticipated timeline of need for enhanced local Covid-19 outbreak response readiness lasts until at least the end of March 2021 to cover ease of lockdown, including full return to schools in the autumn and higher risk of respiratory infection, including Covid-19, in the winter months. On current assumptions, beyond the spring 2021 LA response readiness will return to a new business as usual norm.

1.8 All LAs have just managed a response to the global Covid-19 pandemic and are now in transition to recovery. That means we have learned about Covid-19 and gained valuable experience of dealing successfully with a large national outbreak with sustained community transmission, which included moving from initial local management to London Gold command. We will build on this experience and keep the same escalation mechanism on stand-by for a potential big surge in local cases.

1.9 The other learning from the pandemic so far is that there are clear differential impacts of Covid-19 on different communities and groups. This is why engagement with community groups for locally effective protection a key element of the LA outbreak plan.

1.10 Although every outbreak is different, outbreak control has a number of generic key steps that are required for response readiness and underpin our local approach:

- Identification of high-risk settings and vulnerable communities in Merton, and refresh of contacts
- Pro-active communication and engagement with high-risk settings/communities for awareness raising, particularly covering NHS testing, contact tracing and infection control measures.

- Notification / response triggers – weekdays and out-of-hours arrangements to receive notifications from Public Health England (LCRC) and or other sources (cases themselves, surveillance data)
- Risk assessment with LCRC; convening an incident management team (IMT) for complex situations, escalation to the Borough Resilience Forum (BRF)/Gold for larger outbreaks and / or other high risk situations to agree appropriate management and control measures.
- Control measures in the event of confirmed cases - following standard & specific protocols agreed with LCRC including:
 - Recommendation for self-isolation of individuals (and offering support if required, for example through our Merton Community Hub)
 - Recommendation for self-isolation of staff (and providing support if required, for example to ensure continuity of essential services such as care homes)
 - Infection prevention and control (IPC) advice and support, including around cleaning, Personal Protective Equipment (PPE)
 - Recommendations, and in extreme situations enforcement of closures/lock downs
 - Enhanced testing, beyond the routine NHST&T route, including for asymptomatic individuals using Mobile Testing Unit or other additional access to testing
 - Enhanced contact tracing / case finding in the community, in addition to routine NHST&T
 - Communication (including with public, members, staff, stakeholders)

1.11 Our governance for Covid-19 outbreak control builds on existing functions and structures. It consists of a cross- council officer group for day-to-day management and coordination that reports into corporate management /Gold, the BRF for working with our main partners, including the NHS, voluntary sector and police, and is overseen by the Health and Wellbeing Board (HWBB). We are setting up a HWBB subgroup with diverse community representation to lead the work on community engagement and outbreak control.

1.12 Merton's plan covers the seven themes as requested by DHSC guidance. They include care homes and schools, other high risk places, local testing capacity, bespoke contact tracing and case finding for community clusters, data integration, vulnerable people and local boards (= governance). We have added communication as a dedicated section in the plan and are preparing a public facing accessible summary version.

1.13 There is a national assurance framework that LAs are requested to submit once a week to demonstrate progress made in Covid-19 outbreak response readiness. Currently we are achieving partial readiness. We have developed outline action plans for all above themes and are expecting to complete readiness during July and August.

1.15 The main longer-term risks identified are low uptake of the NHS testing and contact tracing service and potential for a sharp increase in cases that might overwhelm LCRC and consequently our joint outbreak control management. We will refine a more detailed risk register and mitigation plan, including surge capacity.

1.16 This is our outline plan for publication by deadline of 30 June; it is underpinned by a full working document, including action plans for all DHSC themes, and we are collating a supplement for appendices that contain specific technical information, including Standard Operating Procedures developed with LCRC.



1.17 We are collaborating closely with the London and national Good Practice Network, LCRC and national PHE, are sharing learning, including scenario planning sessions, and are engaged in development of pan London interventions and services such as the Mobile Testing Unit and a bespoke testing and contact tracing service for homeless people.

2 Background

2.1 The Department of Health and Social Care (DHSC) has tasked all Local Authorities (LAs) to put together outbreak control plans and publish a document on their website by 30 June 2020.

2.2. All Local Authorities together with Public Health England (PHE) and their partners have just managed a response to the global Covid-19 pandemic and are now moving from regional Gold arrangements into transition and recovery.

2.3 Local outbreak control plans are part of the national Covid-19 policy to protect from Covid-19 infections, prevent or flatten a potential second wave while coming out of lock-down and restarting economic activity.

2.4 Focussing on local outbreak control acknowledges the emerging epidemiological characteristics of the Covid-19 pandemic with a strong propensity of clustering, where some infected individuals in certain circumstances seem to be able to infect many others and can set off outbreaks quickly.

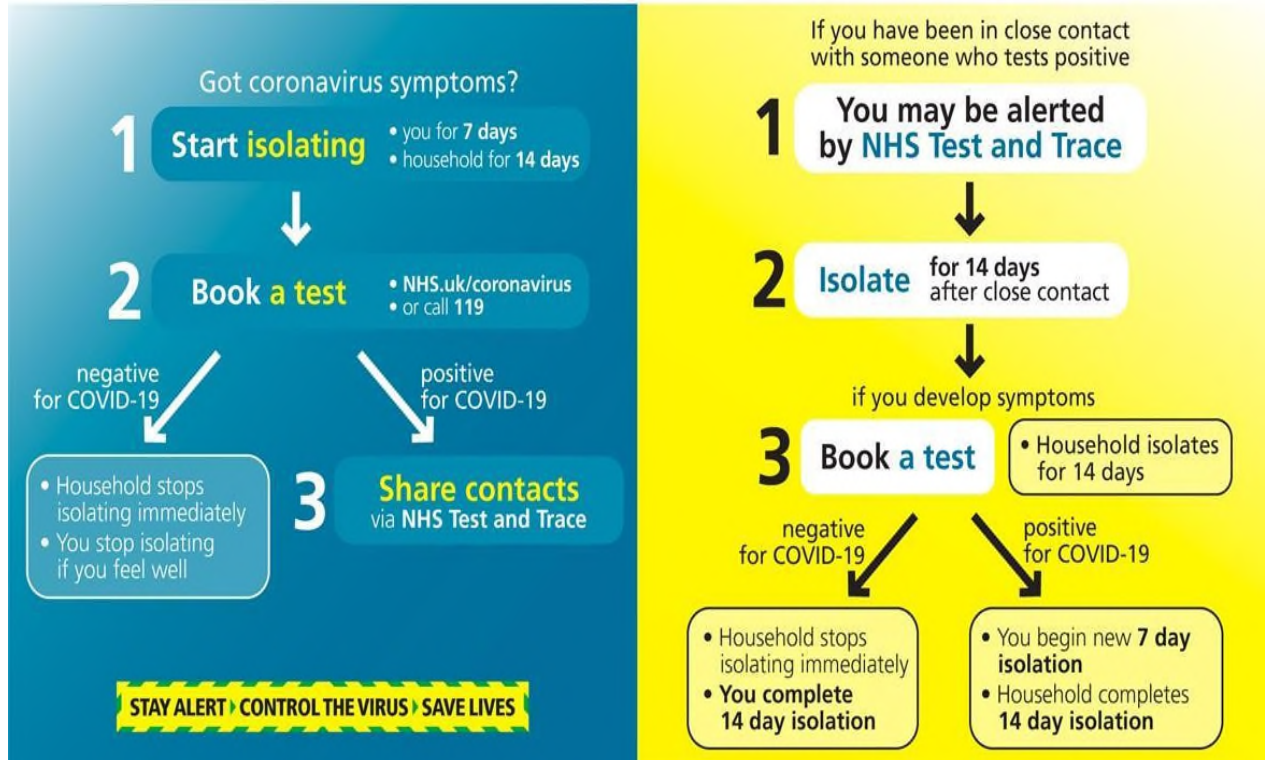
2.5 The NHS testing and contact tracing service (NHST&T) is the national cornerstone of outbreak control, led by DHSC and supported by (PHE). Its effectiveness depends on individuals with symptoms of Covid-19 to promptly get a test, using the universally available NHS testing service; and if positive engage with the national contact tracers and adhere to recommendation of self-isolation. NHS call handlers are following up all routine positive cases, whereas all complex cases and outbreaks automatically transfer to PHE who engage with LAs. The diagram below describes the basic steps of NHST&T.

NHS Test and Trace Service



HM Government

NHS Test and Trace



3 Purpose, objectives, scope and time line

3.1 The purpose of the Local Authority- led Covid-19 outbreak control plan is to complement and enhance the effectiveness of NHS test and contact tracing service (NHST&T) to minimise Covid-19 transmission through joint up local outbreak management with Public Health England's London Coronavirus Resilience Cell (LCRC) and partners.

3.2 The objective of the plan is to reduce viral spread from infective cases, especially in high-risk settings and among vulnerable communities.

3.3 The plan is part of the national Covid-19 policy to protect from Covid-19 infections, prevent or flatten a potential second wave while coming out of lock-down and restarting economic activity.

3.4 The scope of the Merton plan is limited to guide our response readiness for managing Covid-19 outbreaks; the wider work of the council and partners to prevent and mitigate further harm from Covid-19 and recovery work are not included here.

3.5 The anticipated timeline of need for enhanced local Covid-19 outbreak response readiness lasts until at least the end of March 2021 to cover ease of lockdown, including full return to schools in the autumn and higher risk of respiratory infection, including Covid-19, in the winter months. On current assumptions, beyond the spring 2021 LA response readiness will return to a new business as usual norm.

4 Principles, key steps and roles and responsibilities

4.1 The Local Authority (LA) has routine duties of outbreak management for infectious diseases, jointly shared with Public Health England (PHE), and guided by standard protocols. The main teams involved in the LA are public health and environmental health / regulatory services. Since the Covid-19 pandemic, PHE in London has set up the London Coronavirus Response Cell (LCRC) for collaboration with LA and partners.

4.2 The LA is the convener of the statutory Borough Resilience Forum that meets regularly to ensure emergency preparedness, including for infectious diseases; it will coordinate partners in the event of a larger outbreak/pandemic. The LA civil contingency team manages the BRF on a day-to-day basis, the Director of Public Health chairs when it functions as outbreak control committee. In the event of a regional or national civil emergency due to pandemic, such as the global Covid-19 pandemic, London command and control (Gold) will take over the local response.

4.3 The principles for outbreak control for Covid-19 in Merton are to build on existing functions and structures rather than to set up new bespoke ones.

4.4 Although every outbreak is different, outbreak control has a number of generic **key steps** that are required **for response readiness and underpin our local approach**:

- Identification of high-risk settings and vulnerable communities in Merton, and refresh of contacts

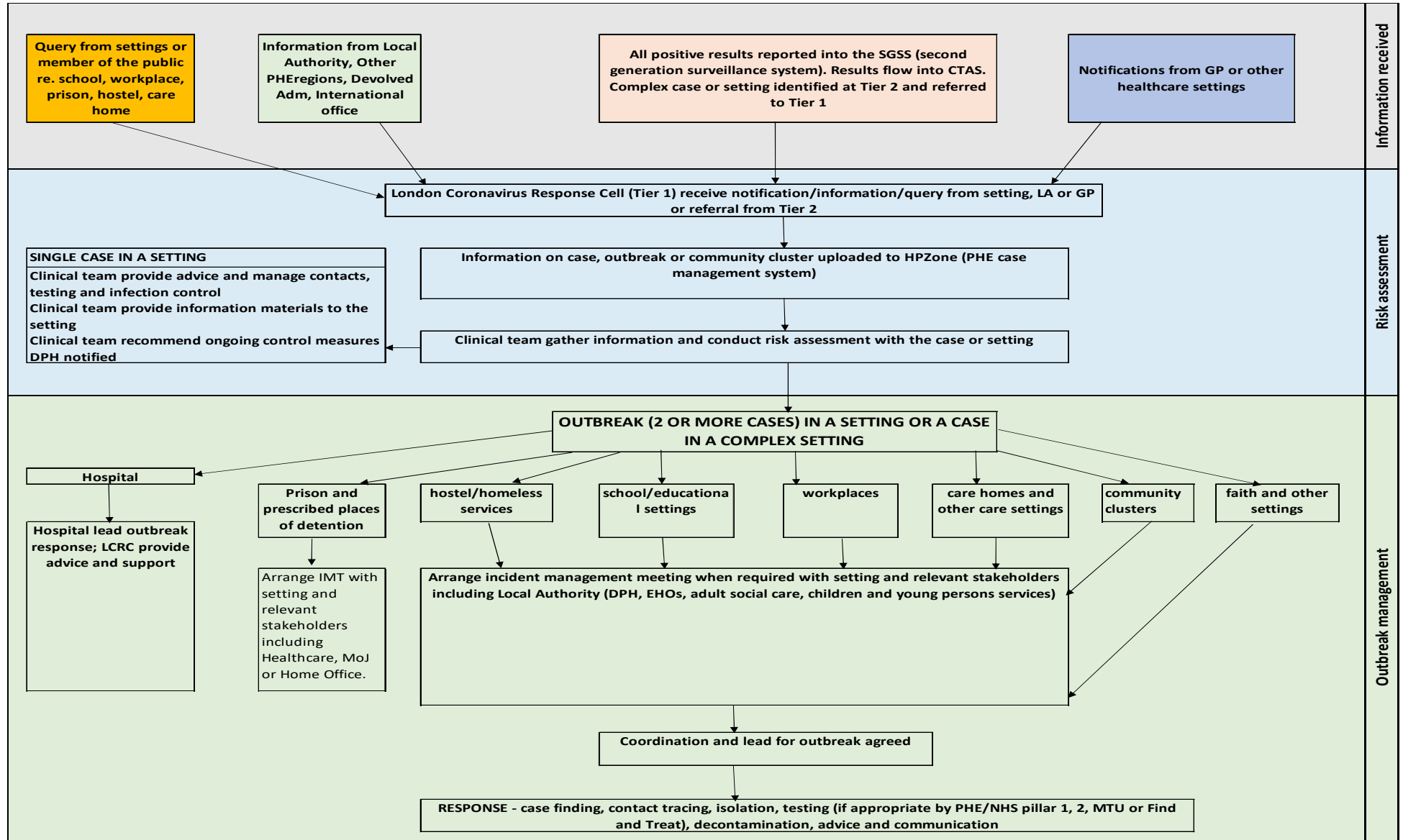
- Pro-active communication and engagement with high-risk settings/communities for awareness raising, particularly covering NHS testing, contact tracing and infection control measures.
- Notification / response triggers – weekdays and out-of-hours arrangements to receive notifications from Public Health England (LCRC) and or other sources (cases themselves, surveillance data)
- Risk assessment with LCRC; convening an incident management team (IMT) for complex situations, escalation to the BRF/Gold for larger outbreaks and / or other high risk situations to agree appropriate management and control measures.
- Control measures for confirmed cases following standard & specific protocols agreed with LCRC and including:
 - Recommendation for self-isolation of individuals (and offering support if required, for example through our Merton Community Hub)
 - Recommendation for self-isolation of staff (and providing support if required, for example to ensure continuity of essential services such as care homes)
 - Infection prevention and control (IPC) advice and support, including around cleaning, Personal Protective Equipment (PPE)
 - Recommendations, and in extreme situations enforcement of closures/lock downs
 - Enhanced testing, beyond the routine NHST&T route, including for asymptomatic individuals using Mobile Testing Unit or other additional access to testing
 - Enhanced contact tracing / case finding in the community, in addition to routine NHST&T
 - Communication (including with public, members, staff, stakeholders)

4.5 The following flowchart and table are describing the key steps of Covid-19 outbreak control and agreed roles & responsibilities between LAs and LCRC.

Roles and responsibilities between LA and LCRC in outbreak management

	PHE LCRC	Merton
Setting-specific outbreak	<ul style="list-style-type: none"> • Receive notification of outbreak from the setting and/or the Test and Trace system • Gather information and undertake a risk assessment with the setting • Provide advice and manage cases and contacts, testing and infection control • Provide information materials to the setting • Recommend ongoing control measures • Convene Incident Management Team (IMT) if required • Contact local authority for information or to request additional support 	<ul style="list-style-type: none"> • Prevention work e.g. proactively sharing guidance & supporting with its implementation • Respond to enquiries • Support vulnerable contacts who are required to self-isolate • Liaise with setting to provide ongoing advice and support for testing, communications, infection control and PPE • Participate in IMT, if convened • Local communications • Liaise with CCG, GPs and other healthcare providers to provide ongoing healthcare support to setting and affected individuals, as appropriate
Community cluster	<ul style="list-style-type: none"> • Identify community cluster through Test and Trace system or other surveillance systems • Support Local Authority in their risk assessment of and response to an identified community cluster 	<ul style="list-style-type: none"> • Receive notification of community cluster from LCRC, or identify community cluster through local data, intelligence and surveillance • Convene IMT • Provide support to community, which may include translated materials, support to self-isolate, advice and enforcement • Liaise with the local CCG, GPs and other healthcare providers, as appropriate • Local communications

Standard flowchart of outbreak management



5 Themed action plans

5.1 The Department of Health and Social Care (DHSC) guidance describes seven themes for local outbreak control plans to cover.

5.2 They include care homes and schools (theme 1), other high risk places (theme 2), local testing capacity (theme 3), bespoke contact tracing and case finding for community clusters (theme 4), data integration (theme 5), vulnerable people (theme 6) and local boards (theme 7), see graphic below.

5.3 There is a national assurance framework that LAs are requested to submit once a week to demonstrate progress made in Covid-19 outbreak response readiness.

5.4 We have developed prioritised action plans for all above themes that are following the key steps outlined in section 4 and taking account of the national assurance criteria for response readiness. They are part of our full working document, including various technical appendices. We are currently partially meeting the criteria, anticipating achieving full readiness during July / August. We have covered Governance (theme 7) as a separate section this report (see section 6).

DHSC local outbreak control themes

- 1 Care homes and schools**
Planning for local outbreaks in care homes and schools (e.g. defining monitoring arrangements, potential scenarios and planning the required response)
- 2 High risk places, locations and communities**
Identifying and planning how to manage high risk places, locations and communities of interest (e.g. defining preventative measures and outbreak management strategies)
- 3 Local testing capacity**
Identifying methods for local testing to ensure a swift response that is accessible to the entire population (e.g. defining how to prioritise and manage deployment, examples may include NHS, pop-up etc).
- 4 Contact tracing in complex settings**
Assessing local and regional contact tracing capability in complex settings (e.g. identifying specific local complex communities, developing assumptions to estimate demand and options to scale capacity)
- 5 Data integration**
Integrating national and local data and scenario planning through the Joint Biosecurity Centre Playbook (e.g., data management planning, including data security, NHS data linkages)
- 6 Vulnerable people**
Supporting vulnerable local people to get help to self-isolate (e.g. facilitating NHS and local support, identifying relevant community groups etc) and ensuring services meet the needs of diverse communities
- 7 Local Boards**
Establishing governance structures led by existing Covid-19 Health Protection Boards in conjunction with local NHS and supported by existing Gold command forums and a new member-led Board to communicate with the general public

6 Governance

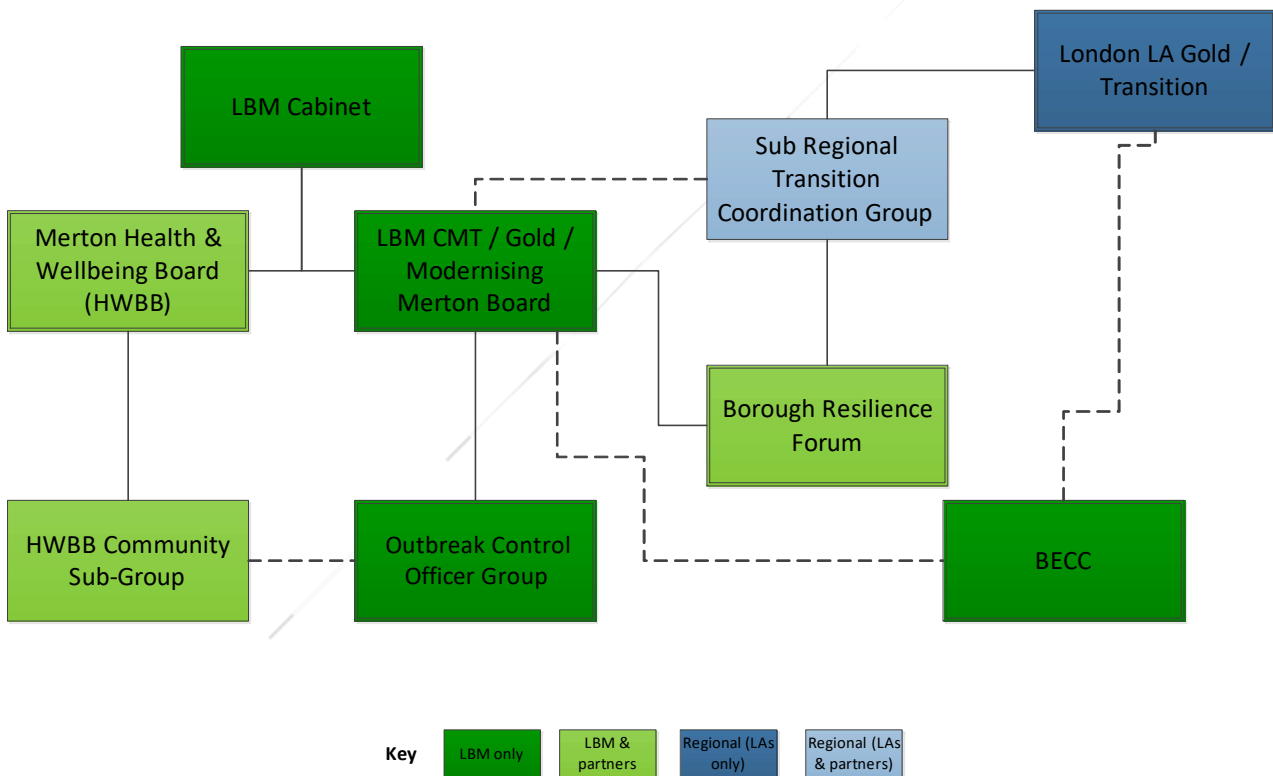
6.1 This section sets out the multi-agency oversight and accountability across Merton for the development and implementation of our Covid-19 outbreak control plan. It corresponds to theme 7 in the DHSC framework described in section 2 above.

6.2 The Government has asked local outbreak control be overseen by a local Covid-19 Health Protection Board, reporting to Gold command, and a public facing, member-led Local Board to have political oversight, provide direction and leadership for community engagement and be the public face of the local response in the event of an outbreak.

6.3 In Merton, the governance builds on existing infrastructure and there is a specific focus on supporting our vulnerable communities.

6.4 Governance structures for Merton are set out in the graphic below.

Local Outbreak Control Governance for Merton



6.5 In Merton, the member-led local board is the Community Sub-Group of Merton Health and Wellbeing Board (HWBB). The chair of the HWBB, who is currently the Cabinet Member for Adult Social Care, Health and the Environment, will chair this Sub-Group, with membership of other local councillors and representation from the local community. It will

report to the HWBB which itself works closely with Merton Health and Care Together (MHCT) Board which is our local health and care integration partnership with the NHS.

6.6 The HWBB Community Sub-group will meet more regularly than the statutory HWBB, and will particularly focus on protecting vulnerable communities in line with Merton HWBB's core principle to reduce health inequalities.

6.7 The Community Sub-group also has oversight of action research and engagement on the impact of Covid-19 on vulnerable communities, involving 'lived experience' and on-going community dialogue, which Merton is currently undertaking. This work will cover outbreak prevention and control.

6.8 LBM Corporate Management Team (CMT) / Gold is responsible for determining the Council's overall response to Covid-19, including policy and strategy, directing resource deployment and liaising with the Sub Regional Transition Co-ordination Group and London LA Gold as needed. It is chaired by LBM's Chief Executive and currently meets twice weekly. LBM Gold will support the Outbreak Control Officer Group in delivering the local outbreak control plan.

6.9 Merton Outbreak Control Officer Group has responsibility for day-to-day co-ordination and implementation of the plan. Membership includes senior representatives from across all council departments. The group has nominated leads for the DHSC themes and is developing corresponding action plans. The Group is chaired jointly by the Director of Public Health and the Assistant Director of Public Protection.

6.10 The group has good reach across the council, links with wider partners, including the BRF, and reports to LBM CMT/Gold. This group will also be responsible for completing the weekly national survey for outbreak readiness, signed off by the chairs, escalated, as required, to LBM CMT/Gold and/or the BRF for problem solving and where necessary reported in summary to Merton Health and Wellbeing Board.

6.11 The Outbreak Control Officer Group receives further support by a core group of the Borough Resilience Forum (BRF) that acts as the Covid-19 Health Protection Board in Merton. The BRF Core Group will review the outbreak control plan and has a scenario planning session in July. Merton BRF is a multi-agency group facilitating cooperation and information sharing between resilience partners. The BRF also has a reporting line to the SWL Transitional Co-ordination Group (which includes NHS and Police) in case mutual aid is required across SWL or there is need for London Gold command arrangements.

6.12 The core BRF group supports the implementation of the Local Outbreak Control Plan bringing together senior representatives of the Council, South West London CCG, Merton CCG Borough Committee, Merton GP Federation, Central London Community Healthcare, Merton Voluntary Service Council, Merton Chamber of Commerce, Head of Thames College Merton, Metropolitan Police, Fire Service, PHE/LCRC and St George's Hospital. This core BRF group stands in readiness to be broadened, as required, to include wider agencies providing specific support and assurance, and to liaise / escalate with regional structures as required.

6.13 The existing terms of reference for the various groups are being reviewed to ensure that they are fit for purpose and align to the Outbreak Control Plan, while terms of reference for the Outbreak Control Officer Group are currently being drafted.

7 Communication Plan

7.1 Merton's Communications Team will lead on the development of a communication plan to support outbreak control, including a suite of messages developed around the following themes:

- National and local test and trace proactive communications will focus on messages to ensure that residents know what NHS Test and Trace is, how to access a test, what to do if asked to self-isolate, how to access support if needed, and the importance of complying with advice given as well as how to avoid fraud.
- Key messages for specialist settings e.g. schools, care homes and high risk businesses to support the outbreak management theme leads in managing individual and bespoke outbreaks across various settings.
- Communications to reassure, and allay community concerns, provide relevant information to residents, politicians and community groups in the event of an outbreak in Merton.

7.2 The messages will build on current communication work preparing the public for a safe ease of lockdown in Merton.

7.3 The communication team is working closely with LCRC and the national and London Good Practice network communication group to align common messages, and complement any national and pan London communication campaigns.

8 Equalities Assessment

8.1 The outbreak control plan explicitly focuses on the protection of vulnerable groups and communities (see theme 6).

8.2 Merton Health and Wellbeing Board, through its Health and Wellbeing Strategy, have a clear focus on reducing health inequalities in the borough and oversee the implementation of the outbreak control plan, including a specifically formed Community Sub-group with diverse representation (see section 6 governance).

8.4 The focus of protection of vulnerable groups in the outbreak control plan is complementary to wider work of the Health and Wellbeing Board about better understanding and mitigating the differential Covid-19 impact on Merton's community.

8.5 We are committed to drafting an Equalities Assessment by the end of July 2020 and to sharing that with key stakeholders and the Merton Equalities Board to ensure that the plan promotes fairness, equality and diversity.

9 Sharing learning resources

9.1 LBM has utilised a range of shared learning resources that have been developed by the national and London Good Practice network, including Standard Operating Procedures with LCRC, to support the local outbreak control plan across the seven DHSC themes.

9.2 LBM will continue to use shared learning resources effectively to inform evidence based decision- making and practice.

9.3 Sharing of learning resources will support effective and cost-effective response readiness across various levels, including national, pan-London, sub-regional and local, as well as to reduce duplication.

9.4 To manage the large volume of available learning resources, LBM has established a local SharePoint site to collate all resources in one location, to enable easy access to reliable and up to date information for the Outbreak Control Officer Group and its partners.

9.5 The Merton local outbreak control plan has utilised learning resources from the core sources below:

Learning resources used for Merton

	Organisation	Source	Description of resources
1	Public Health England - LCRC	LCRP SharePoint site	<ul style="list-style-type: none"> • LCRC / LA outbreak SoPs and ways of working • Other LCRC guidance documents • LCRC protocols and procedures
2	The Association of Directors of Public Health	ADPH London COVID-19 Knowledge Hub Site	<ul style="list-style-type: none"> • Local Authority toolkit • Resources shared by local authorities including example LOCP plans • Outputs from best practice networks (in development)
3	The Local Government Association	LGA - Testing, Contact Tracing, and Outbreak management Knowledge Hub Site	<ul style="list-style-type: none"> • Minutes from the Local Outbreak Plan Advisory Board • Sharing of resources through the document library • Best practice examples • Information on the LGA's support offer • Webinars • Forum discussions for shared learning

10 Current and next steps

10.1 This document outlines Merton's current plan. It complements a number of technical documents, including a series of Standard Operating Procedures developed in conjunction with LCRC; as well as a dynamic working document with detailed action plans for all themes to achieve response readiness during July / August.

10.2 The Outbreak Control Officer Group will continue to work closely with the national and London Good Practice Network to learning resources and expertise. We are also collaborating across London with LAs and LCRC exploring further mutual aid and surge capacity plans in case of sudden and sharp increases of cases, as well as developing specific pan London services as briefly described in section 10 (for example a test and trace service for homeless people, the hosting/deployment service for the Mobile Testing Unit).

10.3 We have provisionally identified requirement for additional capacity to ensure resilience and enhanced response readiness until at least March 2021. This includes data management and surveillance, infection control expertise / expansion of train the trainer programme, dedicated communication support, community outreach and engagement, sustaining some community hub activity, and some increase in environmental health officer capacity. We are currently looking to source through most effective and cost-effective arrangements, including pan London arrangements were required (see above).

10.4 The main longer-term risks identified are low uptake of the NHS testing and contact tracing service and potential for a sharp increase in cases that might overwhelm LCRC and consequently our joint outbreak control management. We will refine a more detailed risk register, covering risk rating and mitigation for our themed action plans, and including increase in local capacity and mutual aid (see above).

11. Glossary

ADPH	Association of Directors of Public Health
BAME	Black, Asian and Minority Ethnic groups
BRF	Borough Resilience Forum
CCG	Clinical Commissioning Group
CMT	Corporate Management Team
COVID -19	Coronavirus – 2019
DHSC	Department of Health and Social Care
DPH	Director of Public Health
EHO	Environmental Health Officers
GLA	Greater London Authority
HWBB	Health and Wellbeing Board
IPC	Infection Prevention and Control
IMT	Incident Management Team
LA	Local Authority
LGA	Local Government Association
LOCP	Local Outbreak Control Plan
LBM	London Borough of Merton
LCRC	London Coronavirus Response Cell
MHCT	Merton Health and Care Together
MoJ	Ministry of Justice
MTU	Mobile Testing Unit
NHS	National Health Service
NHST&T	NHS Test and Trace Service
PPE	Personal Protective Equipment
PHE	Public Health England
SGSS	Second Generation Surveillance System

Committee:

Date: 7th September 2020

Wards: All

Subject: Extension of the Agency Worker Contract

Lead officer: Caroline Holland

Lead member: Cllr Mark Allison

Contact officer: Ruth Poulter ext: 3394 / Barbara Batchelor – ext: 3638

Recommendations:

- A. That authorisation is given to activate the optional 12-month extension to the agency worker contract with Comensura Limited.

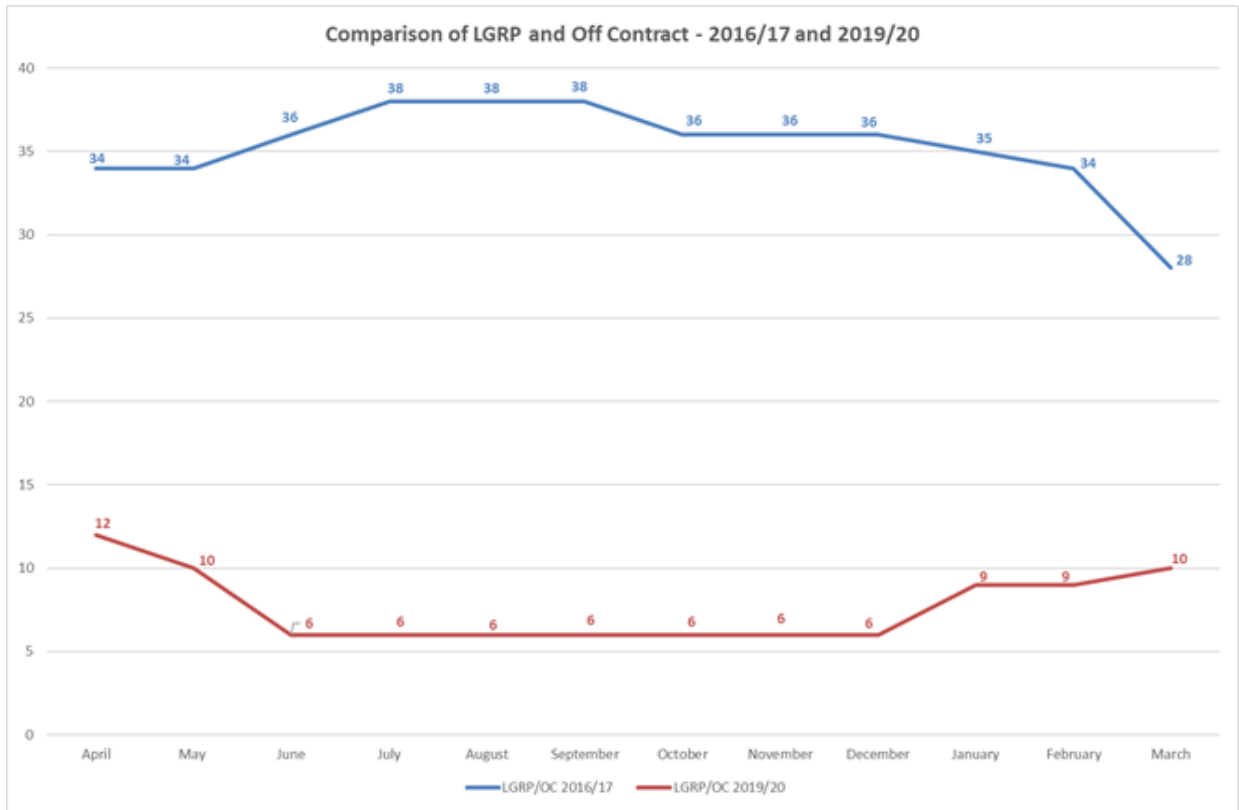
1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of the report is to provide the Committee with information about the proposal to extend the Agency Worker Contract with Comensura and to obtain approval to exercise the option.

2 DETAILS

- 2.1. The agency contract was awarded, using the ESPO Framework, for a period of 3 years plus up to an additional 1-year extension period. The initial 3-year period is due to expire in December 2020. It is timely for us to consider extending the current contract for the additional 1 year provided for in the contract, as the contract has been successful during the initial period and remains fit for purpose.
- 2.2. During the COVID-19 pandemic, it has highlighted that using a neutral vendor for our recruitment is incredibly beneficial. Merton Council have been successful with recruiting temporary workers; we have a strong relationship with colleagues at Comensura and all the agency suppliers, whereas some Councils have struggled with recruitment using master vendors. A Neutral Vendor Managed Service is an unbiased provider of temporary staff, instead of filling roles directly themselves, they manage supply chains of agencies and local SMEs giving all agencies on their supply list fair access to all roles released. A Master Vendor is where a single recruitment agency assumes full responsibility for supplying staffing and fill the roles.
- 2.3. During this contract period we have introduced an interim category, meaning that we are now able to fill and recruit a number of hard to fill roles and senior roles which had historically been sourced via the Local Government Resourcing Partnership (LGRP) framework and off-contract agencies. Since introducing the interim category we have been able to keep the costs of recruitment down by using Comensura in the first instance for all roles as their margins are lower than off-contract and LGRP.

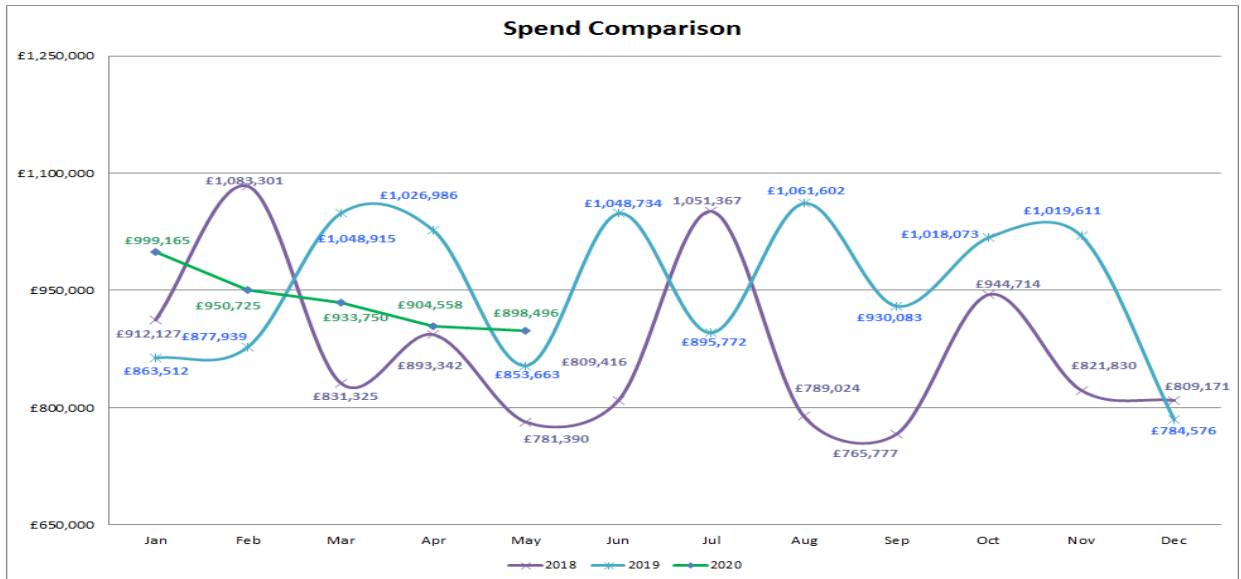
2.4. The below table outlines the decrease in the number of agency staff being engaged via off-contract agencies and the LGRP framework since the beginning of our current contract period with Comensura. This has, in turn, reduced the risk to Merton by not using agencies who are not IR35 compliant and allowing us to reduce the off-contract spend and lower our costs.



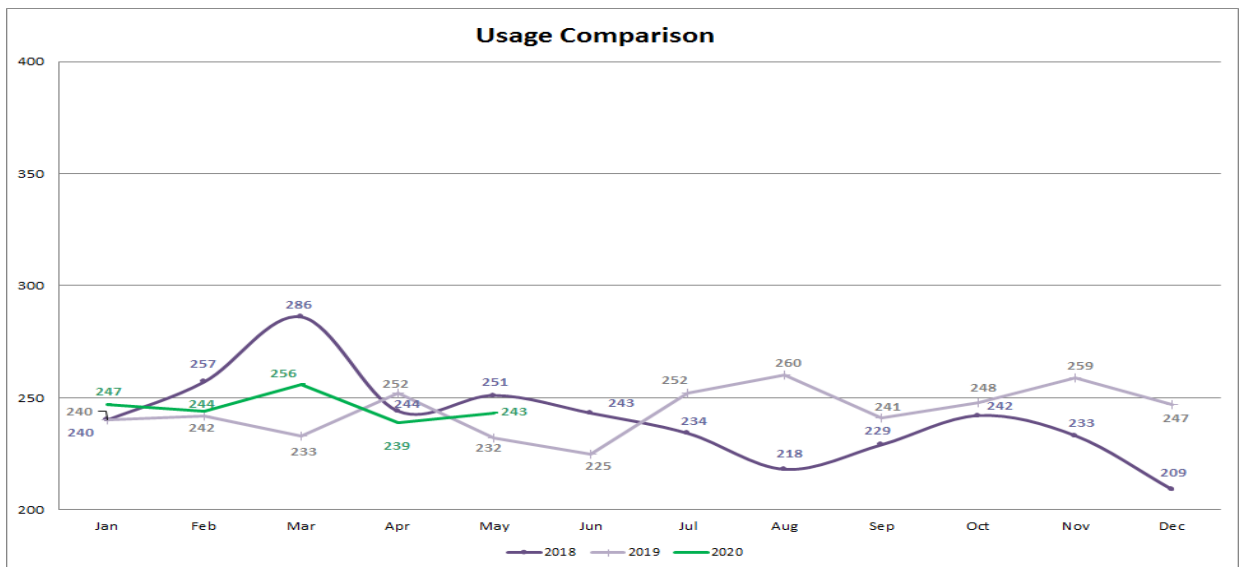
2.5. We have also introduced a “payroll only” service via Comensura, which allows us to process invoices and make payments to workers whose roles have been deemed as inside IR35, but were not signed up with an employment agency initially. This then mitigates the risk of fines from HMRC and ensures that we are working within the IR35 legislation.

2.6. The graph below shows the overall monthly spend via Comensura over the last 3 years.

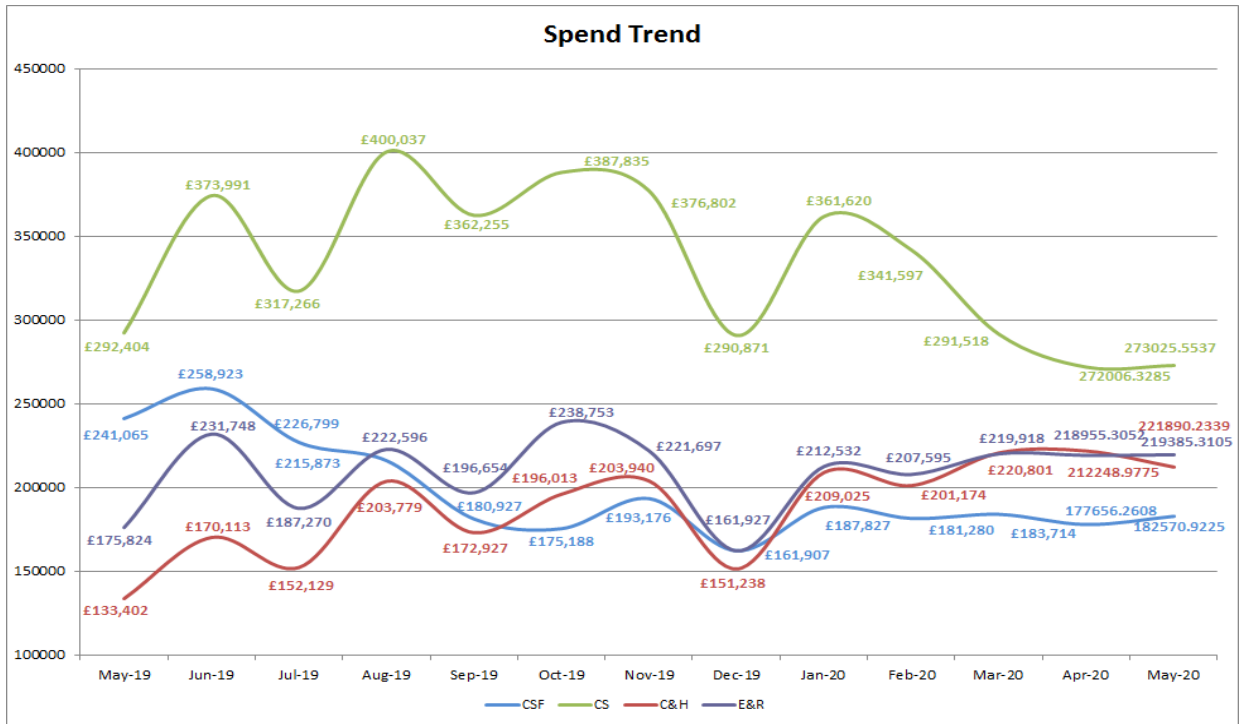
2.7. Overall monthly spend via Comensura over the last 3 years.



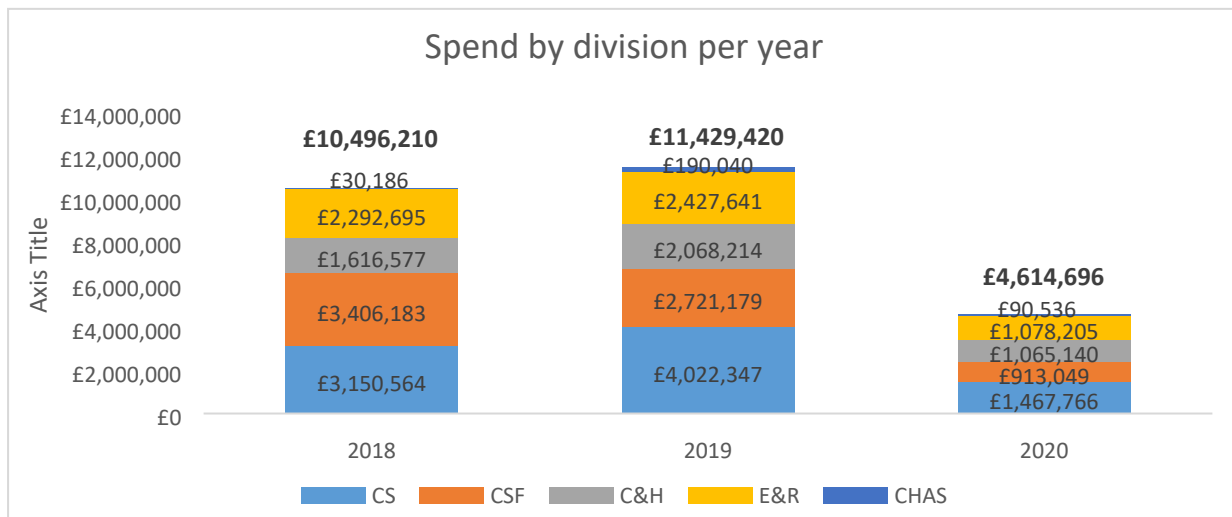
2.8. The below graph shows the overall number of temporary workerse engaged each month over the last 3 years.



2.9. The graph below shows the spend on temporary workers per division for each month of the 2019/20 financial year.



2.10. Annual spend per division.



3 ALTERNATIVE OPTIONS

Option	Advantages	Disadvantages
1. Do not extend or vary the contract	None	<p>We would have to run a full procurement exercise and subsequently implement a new contract and provider/system, which would be difficult at this current time as many agencies have furloughed staff due to COVID-19.</p> <p>Alternatively, we would be left with no current contractor to provide our temporary staff.</p>
2. Vary/extend the contract	<p>Enhance the provision to better meet the rising level of demand by implementing the use of Statements of Works to define the scope of appointments and link payments to outcomes. This will not cost the Council any extra money and will drive efficiencies.</p> <p>Continuity of service for staff using the current Comensura portal and support service with which they are familiar.</p>	<p>Limited – unlikely to achieve savings with a new contract because the charge rates (overheads) are already at a very low level and reducing them further would make the Merton account unattractive to agencies. This would increase the risk of vacancies not being filled.</p> <p>A new contract would also take into account inflationary increases since the original contract was awarded.</p>
3. Carry out a separate procurement for the goods, services or works	None – as previously mentioned there is unlikely to be any savings from a new contract and costs may actually increase.	<p>This exercise would require additional time and resources.</p> <p>It is likely to be difficult to implement a new system at this current time due to provider staff being furloughed.</p>

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. Consulted with Commercial Services, Legal, and OPG.

5 TIMETABLE

- 5.1. September 2020 – Decision from Cabinet
- 5.2. September 2020 – Extend current contract
- 5.3. January 2021 – Advertise tender
- 5.4. April 2021 – Award New Contract
- 5.5. May 2021 – Notice period to incumbent supplier (if unsuccessful)
- 5.6. June 2021 – 6mth implementation Plan
- 5.7. December 2021 – New Contract Starts

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The estimated value of the 12-month extension is c. £12 million
- 6.2. The extension will enable some cost avoidance compared to procuring a new contract as the extension will be on the same rates agreed when the contract was awarded and therefore not subject to any inflationary increase.
- 6.3. Further savings can only be achieved by either reducing the number of agency workers being hired or reducing their pay rates. The charge rates (overheads) in the current contract are at a level that some agencies are already refusing to provide services to the Council. Lowering the charge rates further for a new contract would put the Council at risk of not being able to fill vacancies. A new contract is therefore unlikely to produce a saving compared to the current contract terms.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The report recommendations set out a valid extension in accordance with the Public Contracts Regulations 2015.
- 7.2. The Public Contracts Regulations 2015 allow for contracts to be modified where the change was provided for in the initial procurement documents in clear, precise, and unambiguous terms and as long as the amendment doesn't materially alter the nature of the contract.
- 7.3. In this case the proposed extension period of 12 months was provided for in the original tender documents and contract that were sent to the successful bidder. An extension on the existing terms does not materially alter the nature of the contract
- 7.4. Given the current circumstances and the fact that the incumbent is performing well it is prudent to take up the optional extension rather than procuring a new contract
- 7.5. The proposed extension will allow the Council to plan for and procure a new contract in 2021.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None identified.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None identified.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. If we do not extend the current arrangements, Merton Council will be without a provider to supply agency staff which could impact upon service delivery

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

11.1. None

12 BACKGROUND PAPERS

12.1. Approval to Award Agency Worker contract

Committee: Cabinet

Date: 07 September 2020

Wards: All

Subject: 2019/20 Treasury Management Strategy Annual Review and update on counter party limits

Lead officer: Caroline Holland

Lead member: Cllr. Mark Allison

Contact officer: Roger Kershaw

Recommendations:

- A. To note the annual review onto the London Borough of Merton's 2019-20 Treasury Management strategy.
 - B. To recommend to Council to approve the updated and increased Money Market Funds limits.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The Council undertakes Treasury Management Activities in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which requires that the Council receives an annual strategy report by 31 March for the year ahead and an annual review report of the previous year by 30 September. This report contains a review of Treasury Management activities during 2019/20.
- 1.2 Due to the current low interest rate environment and the need for liquid cash we aim to open more Money Market Funds with increased individual fund limits. This will enable the Council to hold funds more liquid and in the meantime earn interest income when the long term and short term deposit rates are looking very low.

2 DETAILS

- 2.1 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2019/20 the reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 18/02/2019)
- a mid-year treasury update report – to the Director of Corporate Resources (November 2019)
- an annual review following the end of the year of Treasury management activity compared to the strategy (this report)

2.2 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management Strategy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by members.

2.3 The Council has engaged external advisors LINK Asset Services who provide advice and research on our deposits and debt structure to ensure we maximize returns, minimize debt interest and primarily ensure the security of our cash deposits.

2.4 THE COUNCIL’S CAPITAL EXPENDITURE AND FINANCING

2.4.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need: or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need, which can be internal or external.

2.4.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure for 2019/20.

	2019/20 Original Forecast	2019/20 Actual £'000
Capital expenditure	40,711	23,161
Financed in Year	25,004	23,161
Unfinanced Capital Expenditure	15,707	0

2.5 THE COUNCIL’S OVERALL BORROWING NEED

2.5.1 The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

2.5.2 **Gross borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2018/19), plus the estimates of any additional capital financing requirement for the current year in review (2019/20) and the next two financial years. This ensures that the council is not borrowing to support revenue expenditure.

Capital Financing Requirement £000	2019/20 Estimate	2019/20 Actual
Total CFR	185,854	173,003

2.5.3 **The authorised limit** – this is the “affordable borrowing limit” required by S3 of the Local Government Act 2003. Once this has been set, the council does not have the power to borrow above this level. During 2019/20 the Council has maintained gross borrowing at £113m, which is well within its authorised limit. £215,854k

2.5.4 **The operational boundary** – is the expected borrowing position of the council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. During 2019/20 the council stayed well within the Operational Boundary-£185,854k

2.5.5 The council’s preferred option to use excess cash balances available to delay the need to borrow thus avoiding paying interest on debt. The council last borrowed in 2007 and as at 31 March 2020 under borrowed by £29.918k (21%) There are no plans to take any long term borrowing but the council will take positions in advance if there is a need to borrow.

2.6 THE COUNCIL’S OVERALL TREASURY POSITION AS AT 31 MARCH 2020

2.6.1 The Council’s treasury Management activity during 2019/20 (excluding borrowing by PFI and finance leases) was as follows:

	Balance as at 31 March 2019	Balance as at 31 March 2020
CFR	- 180,207	- 173,003
Other Long term Liabilities (PFI)	31,306	30,075
External Borrowing	113,010	113,010
Over/(Under) Borrowing	- 35,891	- 29,918

Deposits	31-Mar-19	31-Mar-20
Average interest Rate (%)	0.86	0.82
Average period	290 days	349 days
Total interest income (£000)	1,123	1,368
Balance as at 31 March (£000)	60,000	80,000

Debt	31-Mar-19	31-Mar-20
Average interest Rate (%)	5.58	5.58
Average period	34 Yrs	34 Yrs
Total interest (£000)	6,326	6,326
Balance as at 31 March (£000)	113,010	113,010

2.6.2 The maturity structure of the debt portfolio was as follows:

Maturity structure of fixed rate borrowing during 2019/2020	2019/20 Actual £'000	2019/20 Actual %
Under 12 months	2,000	1.8
12 months and within 24 months	2,000	1.8
24 months and within 5 years	27,010	23.9
5 years and within 10 years	4,500	4.0
10 years and within 15 years	1,000	0.9
15 years and over	76,500	67.7
Total Debt	113,010	100

2.7 INVESTMENT STRATEGY AND CONTROL OF INTEREST RATE RISK

2.7.1 Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that the Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. But due to Covid 19 the interest rate was cut down to 0.1% in two attempts within a week in March. This was to help the economy and in support of the reliefs announced by the chancellor.

2.7.2 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

2.8 BORROWING STRATEGY AND CONTROL OF INTEREST RATE RISK

2.8.1 During 2019/20 the Council maintained an under-borrowed position. This meant that the capital borrowing need, the capital financing requirement (CFR), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimizing counterparty risk on placing investments also needed to be considered.

2.8.2 The Council's last long term borrowing was made in March 2007. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. The Council was under borrowed by £30m as at 31 March 2020 and the three years under borrowing average is £35m. This has

helped to make a saving of £581k per annum (based on 20yrs PWLB interest rate, Please see table below .

Saving Made on Internal Borrowing	
3 years under borrowing average	£35,000,000
20 years PWLB rate (maturity)	2.66%
Annual interest cost	£931,000
Average interest rate on deposit	1.00%
Annual interest income	£350,000
Annual saving made on internal borrowing	£581,000

2.8.3 However, the under borrowing was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

2.9 BORROWING OUTTURN FOR 2019/20

2.9.1 An analysis of movements at nominal values on loans during the year is shown below:

	Balance at 31/03/19 £000's	Loans raised £000's	Loans repaid £000	Balance at 31/03/20 £000's
PWLB	52,010	0	0	52,010
Temporary	0	0	0	0
Other loans	61,000	0	0	61,000
Total Debt	113,010			113,010

2.9.2 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Year	2015/16	2016/17	2017/18	2018/19	2019/20
Average Interest Rate on Debt	5.14	5.31	5.58	5.58	5.58

2.10 INVESTMENT OUTTURN FOR 2019/20

2.10.1 The Council's investment policy is governed by MHCLG guidance, which was been implemented in the annual investment strategy approved by the Council on 18 February 2019

2.10.2 This policy set out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

2.10.3 The Council manages its deposits in-house (with advice from Link Asset Services) with the overall objective to balance risk with return and the overriding consideration being given to the security of the available funds.

2.10.4 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

2.10.5 The table below reflects the investment strategy undertaken by the Council.

	Average Deposit	Rate of Return	Benchmark Return *
Internally Managed	5,000	1.20	0.54

* the benchmark return is the average 7-day London Interbank Bid (LIBID) rate sourced from Link Asset Services

2.10.6 Deposits at 31 March 2020 stood at £ 80m (£60m at 31 March 2019).

	Balance at 31/03/2019 £000's	Amount Invested in year £000's	Realised in year £000's	Balance at 31/03/2020 £000's
Fixed Rate Deposits	60,000	90,000	- 70,000	80,000
Money Market Funds	28,000	123,000	- 150,500	500
Total Investments	88,000	213,000	-220,500	80,500

3. MONEY MARKET FUND – INCREASE IN THE INVESTMENT LEVEL.

3.1 The Bank of England cut interest rates twice within a week in March 2020 in an emergency move as it tried to support the UK economy in the face of the coronavirus pandemic.

3.2 From a rate of 0.75% the BOE announced a 0.5% cut to 0.25% and a package of measures to help businesses and individuals cope with the economic damage caused by the virus. It is the second cut in interest rates in just over a week, bringing them down to 0.1% from 0.25%. Interest rates are now at the lowest ever level in the Bank's 325-year history.

3.3 Due to increasing uncertainty in the economic climate due to Covid-19 affecting markets the interest rates are staying low and continue to stay lower. In comparison to last year where the Council would typically see a return of 1.25% we are now seeing levels of within the range between 0.10% and 0.40%.

3.2 The Council is risk averse and in terms of deposits the priority is always security, liquidity and then yield. Therefore after careful consideration, liaising closely and taking advice from our treasury consultants (LINK asset services) the Council has taken the position not to place any deposits into fixed term instruments for the time being.

3.3 In an attempt to gain returns in a very tough climate the Council took actions in two areas. Firstly we have negotiated with our bank to pay interest on our current account at a rate of 0.05%. Although low in the current market this is comparable to Money Market Fund returns and is certainly higher than the current DMO rate of 0.01%.

- 3.4 Secondly the proposal is to increase our deposit limit and the number of Money Market funds to deposit in as set out in our current Treasury Management Strategy approved by full Council on 4 March 2020. Currently we are invested across four different MMF at an aggregated maximum limit of £35m as below.

Fund	value £m
Aberdeen Standard Liquidity Fund	10m
Deutsche Managed Sterling Fund	10m
Insight Investment FIG	5m
Invesco Sterling Liquidity Portfolio	10m
	£35m

- 3.5 The proposal is to increase our existing maximum deposit in an individual MMF from £10m to £20m per fund, and to open a fifth MMF. The new fund will be selected from the Treasury management consultant recommended list taking in to account security, Liquidity and yield of the Fund. This will provide an outlet for our excess cash that is currently held in the bank account to maximise returns while still being liquid as funds can be withdrawn, if needed, on a daily basis.
- 3.5 On our approved counter party list (table below), MMF's are classed as triple A and are considered highly secure by our advisors as well as being instantly callable. Due to the continuing uncertainty with the economy, low interest rates, lost income and the potential need for immediate cash it is not advisable to lock funds in fixed term deposits during the Covid crisis. If there is need for cash and our balances were low the temporary borrowing cost will be much higher than the interest earned on the short term deposits. Hence the reason MMF's look the most suitable vehicle until we have some certainty on future interest rates and income.

Y	PI1	PI2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
	Colour (and long term rating where applicable)	Money Limit	Time Limit					
Banks	yellow	£35m	5yrs					
Banks	purple	£25m	2 yrs					
Banks	orange	£25m	1 yr					
Banks – part nationalised	blue	£25m	1 yr					
Banks	red	£10m	6 mths					
Banks	green	£5m	100 days					
Banks	No colour	Not to be used						
Other institutions limit	-	£5m	1yrs					
Government (DMADF)		unlimited	6 months					
Local authorities	Yellow	£35m	5yrs					
	Fund rating	Money Limit	Time Limit					

Money market funds	AAA	£35m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.25	Dark pink / AAA	£25m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.5	Light pink / AAA	£10m	Instant

4. UPDATE ON 2020-21 TREASURY MANAGEMENT INVESTMENT STRATEGY AND FORECAST

- 4.1 Due to uncertainty in the economy created by the global pandemic, the interest rate forecast looks lower for longer. Based on the current projection the Council is expected to receive less investment income in the year compared to the past two years.
The investment made in the CCLA property fund (£10m) is expected to stay steady in its distribution and will be a main contributor to this year's interest income.
- 4.2 In the mid-year review due in November 2020 we should be able to provide more detail to the Director of Corporate Services as we hope we will have better understanding of the interest rate and the economy.
- 4.3 Please refer to Appendix 1 for the latest update from our Treasury investment consultant LINK on Markets and interest rate forecast.

5.0 ALTERNATIVE OPTIONS

- 5.1 As usual can place the excess cash in term deposits based on the cash flow forecast. However this will reduce our access to funds especially when we have very high uncertainty of our future cash flows/income as a result of the COVID pandemic. This may be an option in six to twelve months but not currently.

6 CONSULTATION UNDERTAKEN OR PROPOSED

- 6.1. Consulted with the Treasury management consultant on the Treasury Management Annual review and placing funds/increasing the limits in the MMF. The officers and the consultant are in constant discussions due to the uncertainties in the cash flow and the interest rates.

7 TIMETABLE

Increase the current investment level and opening of the new MMF will be immediately to get value for our money while maintain liquidity.

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. Interest income earned on the MMF will help to meet the budgeted interest income and holding fund liquid will prevent un-planned borrowing and will reduce interest expenses.

9 LEGAL AND STATUTORY IMPLICATIONS

9.1. None

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1. None

11 CRIME AND DISORDER IMPLICATIONS

11.1. None

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1. None

13 APPENDICES –

13.1 Money and interest rate forecast from Link

14 BACKGROUND PAPERS

14.1 The Council's cash flow forecast

Update on 2020-21 Treasury Management investment Strategy and forecast

LINK ASSET SERVICES' FORECASTS

Link Group Interest Rate View 6.7.20												
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-
6 Month LIBID	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
12 Month LIBID	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	-	-	-	-
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The world has changed considerably since we undertook our last interest rate forecasts and newsflash on 31 January. We are now in a completely different environment where interest rate forecasting is much more problematic and tentative than it is in normal circumstances. The scale of both Government and Central Bank intervention that we have recently seen is historic in its magnitude. What you find in this newsflash, therefore, is a set of forecasts that reflect the latest known situation with regard to coronavirus, and its likely impact on economies around the world given the unprecedented lock-downs now being put in place by many governments.

The new set of forecasts will be subject to change if materially new information/policies come to light. Pragmatically, we are also only going to give forecasts for two years ahead in view of the exceptional levels of uncertainty at the current time.

For now, we are making an assumption that the coronavirus will be “defeated” in the UK over a 6 to 12 months period, either through lock-downs and/or the invention and distribution to the general population of a vaccine. However, no one can be 100% confident that the virus will not return before a vaccine is available and widely used, and so there may be a requirement for further lock-downs despite all our best efforts. In addition,

- We can expect to see on-going market volatility, and therefore the potential for on- going Government and Central Bank intervention as required, for perhaps up to a year but also possibly longer;
- The MPC will aim for very loose monetary policy, primarily through the use of quantitative easing, in order to maintain low yields/funding costs to help support businesses and to also maintain appropriate levels of liquidity;
- We will, therefore, most likely have a very flat yield curve for at least a year before investors are sufficiently confident to push for higher yields in order to hold existing and additional debt incurred in putting measures in place to fight coronavirus.

- Bank Rate will stay at 0.1% for the next two years and any yield steepening will only arise after it is apparent that the end of the coronavirus epidemic is in sight;
- The measures recently introduced by Government to underpin the job security of both PAYE workers and the self-employed will be extended past 12 weeks if necessary;
- Inflation will stay below 2% and wage increases will be tepid in the face of economic uncertainty and a steady rise in unemployment;
- The economy is likely to take a considerable time to recover lost momentum;
- Brexit will still go ahead but the original timeframe may be impacted;
- There will be a recession in world growth in 2020; growth is unlikely to recover quickly.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e. equities, or the “safe haven” of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

Our forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU, (apart from the departure of the UK), within our forecasting time period, despite the major challenges that are looming up, and that there are no major ruptions in international relations, especially between the US and China, North Korea and Iran, which have a major impact on international trade and world GDP growth.

Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The table below is for PWLB Certainty Rates for non-HRA borrowing (currently gilts plus 180bp points)

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

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CABINET

Date: 7 September 2020

Subject: Financial Report 2020/21 – Period 3, June 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data for month 3, June 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £23.7m.

B. That Cabinet note the contents of Section 4 and approve the amendments to the Capital Programme contained in Appendix 5B of the report

That Cabinet note the outcome of a review of the Capital Programme and the contents of Section 4 and Appendix 5B and approve the amendments to the Programme contained in the Table below

	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
-	£	£	£	£	
Corporate Services					
Customer Contact Programme	(350,000)	(400,000)	0	0	Relinquished Budget
Capital Building Works	(175,420)	0	0	0	Relinquished Budget
Replacement Boilers	(267,200)	267,200	0	0	Re-profiled from 2020-21 to 2021-22
Civic Centre Lighting Upgrade		(300,000)	300,000	0	Re-profiled from 2021-22 to 2022-23
Planning & Public Protection	0	0	0	(550,000)	Relinquished Budget
School Admissions System	(125,000)	0	125,000	0	Re-profiled from 2020-21 to 2022-23
Youth Justice IT System	(100,000)	100,000	0	0	Re-profiled from 2020-21 to 2021-22
Multi Function Device	(330,000)	0	0	0	Relinquished Budget
IT Equipment	0	(100,000)	(100,000)	0	Relinquished Budget
Capital Bidding Fund	0	0	0	(186,400)	Relinquished Budget
Community and Housing					
Learnin Disability Housing	(138,000)	138,000			Re-profiled from 2020-21 to 2021-22
Environment and Regeneration					
Car Park Upgrades	(264,000)	264,000	0	0	Re-profiled from 2020-21 to 2021-22
Replacement of Fleet Vehicles	(116,800)	116,800	0	0	Re-profiled from 2020-21 to 2021-22
Highway Bridges and Structures	(150,000)	150,000	0	0	Re-profiled from 2020-21 to 2021-22
Morden Town Centre Regeneration	(50,000)	(460,000)	108,000	402,000	Re-profiled from 2020-21 onwards
Cannons Parks for the People	178,770	(178,770)			Re-profiled from 2021-22 to 2020-21
Padding Pool - Option 2	(113,000)	113,000	0	0	Re-profiled from 2020-21 to 2021-22
Total	(2,000,650)	(289,770)	433,000	(334,400)	

C. That finance officers continue to work with budget managers to identify further re-profiling and savings throughout the approved programme 2020-24.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

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

This financial monitoring report provides -

- The income and expenditure at period 3 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 3 to 30th June 2020, the year-end forecast is a net adverse variance of £23.7m 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 £3.2m 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 30th June 2020

	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Full Year Forecast June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department							
Corporate Services	10,275	10,348	15,153	4,805	4,582	3,663	(490)
Children, Schools and Families	61,997	62,060	61,511	-550	-490	460	(241)
Community and Housing	68,656	68,656	68,551	-106	-359	3,583	(319)
Public Health	-157	-157	(157)	0	0	0	0
Environment & Regeneration	14,021	15,945	25,891	9,947	10,503	10,223	783
Overheads		0	0	0	0	0	120
NET SERVICE EXPENDITURE	154,791	156,852	170,950	14,096	14,236	17,929	(147)
Corporate Items							
Impact of Capital on revenue budget	11,190	11,190	11,171	(19)	0	0	(161)
Other Central budgets	(10,397)	(10,485)	(9,808)	677	650	0	(1,405)
Levies	962	962	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,666	2,324	658	650	0	(1,567)
Covid-19			9,210	9,272	9,210	9,272	176
TOTAL GENERAL FUND	156,546	158,518	173,274	24,026	24,096	27,201	(1,714)
FUNDING							
Revenue Support Grant	-5,159	-5,159	-5,159	0	0	0	0
Business Rates *	(35,586)	(35,586)	(35,586)	3,990	3,990	3,990	(50)
Other Grants	(18,245)	(18,245)	(18,245)	0	0	0	0
Council Tax and Collection Fund *	(97,713)	(97,713)	(97,713)	7,699	7,699	7,699	50
COVID-19	0	0	(37,361)	(11,973)	(10,383)	(11,973)	0
FUNDING	(156,703)	(156,703)	(194,064)	(284)	1,306	(284)	0
NET	(157)	1,815	(20,790)	23,742	25,402	26,917	(1,714)

* These relate to deficits on the Collection Fund relating to Business Rates and Council Tax arising as a result of Covid-19. How these are reported going forward will be reviewed for future reports.

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £13.8M.

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. Emergency funding of £10.6m has been received to date from Central Government in two tranches.

On 2nd July, the Secretary of State for Local Government announced a funding package for Councils to help address the range of Covid-19 pressures we face. This package included:

- A further £500m of unringfenced funding to respond to spending pressures, adding to the £3.2billion of unringfenced funding previously provided. Merton will receive a further £1.59m taking the total to £12.2m.
- A new scheme to reimburse Councils for lost income from sales, fees and charges. This will involve a 5% deductible rate, whereby the Council will absorb up to 5% and the government

compensation will cover 75p in every pound of relevant loss thereafter. The details of this are yet to be published and not included in the financial forecasts within the report.

- Accounting changes so that local authorities can spread their local tax deficits over three years rather than the usual one in the collection fund accounts. Again we await details of this scheme.

This additional funding is still insufficient 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	June 2020/21 £000s
<u>Department</u>	
Corporate Services	3663
Children, Schools and Families	460
Community and Housing	3583
Public Health	0
Environment & Regeneration	10,223
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	17,929
<u>Corporate Items</u>	9,272
ADDITIONAL COVID EXPENDITURE	9,272
<u>FUNDING</u>	
Business Rates	3,990
Council Tax	7,699
TOTAL FUNDING LOSS	11,689
GROSS COST OF COVID-19	38,890
Covid-19 Emergency funding received	(10,383)
Covid-19 Emergency funding - July 2020	(1,590)
NET COST OF COVID-19	26,917

Cashflow

The Covid-19 outbreak that emerged in March 2020 created pressure on the council's cash flow which is likely to remain for the rest of the year. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash imbalances in the bank and primarily from liquid cash balances held in Money Market Funds (MMF's).

In light of Government relief announcements, the Council will see a reduction in income going forward. Therefore, in order to meet its commitments going forward the decision was made to keep the Council's available fund in cash/MMF's to maintain liquidity. This meant that as fixed short and medium term deposits matured they were placed in MMF's and bank deposits which are immediately callable.

Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term. However, if a cash short fall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (June) £000	2020/21 Full Year Forecast Variance (June) £000	2020/21 Full Year Forecast Variance (May) £000	2020/21 Covid-19 Forecast Impact (June) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,694	4,738	1,044	1,052	443	(169)
Infrastructure & Technology	12,156	12,533	377	370	297	(678)
Corporate Governance	2,259	2,266	7	17	73	(180)
Resources	5,545	8,003	2,458	2,291	2,267	95
Human Resources	2,083	2,203	120	123	0	187
Corporate Other	173	972	799	729	583	255
Total (Controllable)	25,910	30,715	4,805	4,582	3,663	(490)

Overview

At the end of period 3 (June) the Corporate Services (CS) department is forecasting an adverse variance of £4.805m at year end, of which £3.663m is due to the external impact of covid-19. The adverse forecast within CS has increased by £223k compared to period 2.

Customers, Policy and Improvement - £1,044k 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 £160k 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 at normal capacity. Other adverse variances within the division due to covid-19 are from Blue Badges (£13k) as the introduction of charging has not commenced and the Translations service (£23k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR

budget is also forecasting an adverse variance (£118k) 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 £30k 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 (£45k favourable), Cash Collections (£59k favourable) and Marketing and Communications (£56k favourable).

The forecast variance overall for the division has changed by only £8k compared to period 2.

Infrastructure & Technology - £377k 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 £86k on the Corporate Print Strategy, £51k on the Print and Post room and £122k 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 and are therefore not a net cost to LBM.

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 (£30k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £107k 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, though this will be kept under review as the lock-down eases.

Favourable variances within the division include £23k in Client Financial Affairs from vacant hours, £30k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income.

The forecast variance in Infrastructure and Technology has increased by £7k compared to period 2. This is due to a number of small changes which are partly offsetting one another, such as £12k increased spend on responsive maintenance works carried out at the Civic Centre offsetting against a slightly more optimistic view of print strategy recharges as some services begin to return to the Civic Centre.

Corporate Governance – £7k adverse variance

The main adverse variance within Corporate Governance is due to £115k of legal savings forecast not to be achieved in year. A £32k 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 and the receipt of IER grant, resulting in a total £50k favourable variance across both services.

The South London Legal Partnership (SLLp) is currently forecasting a £161k surplus, with £35k to be retained by LBM.

The Corporate Governance adverse variance forecast has reduced by £10k since period 2. This is mainly due to the confirmation of the £22k IER grant and improved SLLp position which are more than offsetting an increased forecast on Information Governance from increased hours in the team and a contribution from the division to CPI in relation to the restructuring which transfers the scrutiny function.

Resources - £2,458k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £110k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations and is forecasting an adverse variance of £1,365k (including the shared service element), we are currently working on the assumption that the service will not resume full operations for the rest of the calendar year. The Local Taxation Service is also showing an adverse variance of £921k mainly as a result of covid-19's impact on court cost income.

Other adverse variances within the division that are not covid-19 related include £128k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £57k adverse variance in Insurance is 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, partly offset by an overachievement anticipated on income. The Budget Management team also have an adverse variance (£55k) due to the use of agency staff covering vacancies in the team.

Favourable variances in the department include £44k and £43k 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 £22k 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 £37k and £23k respectively due to various running costs, vacancies and new burdens funding.

The forecast adverse variance in the division has increased by £167k compared to period 2. This is largely due to the inclusion of consultancy costs for the FIS team and extended agency costs within Budget Management.

Human Resources – £120k adverse variance

The adverse variance in HR is mainly across the AD (£71k) and Learning and Development (£34k) budgets as a result of agency staff covering vacant posts. There is also a £14k adverse variance forecast on Staff Side due to maternity leave cover.

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.

The forecast variance on HR has reduced by only £2k since period 2 as a result of small adjustments offsetting one another.

Corporate Items - £799k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £843k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2020/21 and is inclusive of the £500k saving built in to the budget this year for improvement of overpayment recovery and therefore reducing the bad debt provision budget 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 £86k due to budget not expected to be required in year and £51k on the added years pension budget.

Compared to period 2, the Corporate Items adverse variance has increased by £70k. This is mainly due to a reduced forecast on the subsidy receivable in relation to Housing Benefit overpayments.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2020/21 Covid-19 Forecast Impact (June)	2019/20 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(15,539)	(7,682)	7,857	8,605	6,999	1,286
Public Space	15,484	17,191	1,707	1,507	2,078	(364)
Senior Management	1,018	901	(117)	(101)	0	81
Sustainable Communities	7,766	8,267	501	493	1,146	(220)
Total (Controllable)	8,729	18,677	9,947	10,503	10,223	783

Description	2020/21 Current Budget	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2019/20 Variance at year end
	£000	£000	£000	£000
Regulatory Services	601	262	171	87
Parking Services	(17,156)	7,584	8,448	1,171
Safer Merton & CCTV	1,016	11	(14)	28
Total for Public Protection	(15,539)	7,857	8,605	1,286
Waste Services	14,280	273	242	72
Leisure & Culture	467	801	815	(334)
Greenspaces	1,441	596	477	(111)
Transport Services	(704)	37	(27)	9
Total for Public Space	15,484	1,707	1,507	(364)
Senior Management & Support	1,018	(117)	(101)	81
Total for Senior Management	1,018	(117)	(101)	81
Property Management	(2,990)	(115)	(26)	(251)
Building & Development Control	42	273	219	34
Future Merton	10,714	343	300	(3)
Total for Sustainable Communities	7,766	501	493	(220)
Total Excluding Overheads	8,729	9,947	10,503	783

Overview

The department is currently forecasting an adverse variance of £9,947k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Regulatory Services adverse variance of £262k

The section has implemented agreed income savings of £160k over the last few financial years relating to potential commercial opportunities. However, 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 yet been possible to achieve these savings targets. Once the new structure is in place and IT project has been completed, the section will be able to refocus their efforts on generating additional income, for example, through the provision of business advice.

In addition, Covid-19 has impacted on licensing income levels due to factors including street markets being closed and new Government guidelines being relaxed in areas such as pavement licences. Current forecasts estimate the financial impact to be in the region of £104k.

Parking Services adverse variance of £7,584k

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 £3,148k, £2,515k, and £1,705k 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, contributing to adverse variances of £165k and £92k 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 (£136k), 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 £144k.

Public Space

Waste Services adverse variance of £273k

An adverse variance of £109k is being forecast in relation to its waste collection and street cleansing contract, due to recharges for additional services being undertaken by the service provider.

The section is forecasting an adverse variance on disposal costs of £138k. 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 £33k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC). However, negotiations are currently underway in order to extend the current contract, via a contract variation, in order to **Page 157** minimise future costs and to align the contract period with the other SLWP boroughs. It is estimated that, if agreed, this would increase costs by

around £120k this financial year. The section is 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 considerations.

A favourable variance on employee related spend of £38k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £801k

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 £275k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £596k

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 net variance of £258k.

In addition, an adverse variance of £181k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs.

Further adverse variances are being forecast in relation to rental income (66k), and P&D within certain parks (£55k), whereby the original saving proposal to include charging on Saturdays was removed following consultation alongside a significant reduction in commuter (paid for) parking.

An adverse variance of £29k is being forecast in relation to the grounds maintenance contract. However, 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 (lot1) Annual Review process, a similar process is nearing completion regarding the Grounds Maintenance contract (lot 2), which could affect this revenue share and, therefore, the forecast.

Sustainable Communities

Building and Development Control adverse variance of £273k

Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £519k.

(£113k), and other grants & contributions by (£113k), 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 £343k

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 £262k. 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 with a loss of the guaranteed minimum income for at least 4 months.

Secondly, Vestry Hall has been closed since 26th 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 (£110k), 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 June £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,536	24,209	(328)	(92)	50	63
Social Care and Youth Inclusion	21,114	21,546	432	321	410	416
Cross Department budgets	890	874	(16)	(10)		(47)
PFI	8,730	8,240	(490)	(561)		(251)
Redundancy costs	1,927	1,780	(147)	(147)		(422)
Total (controllable)	57,197	56,648	(549)	(490)	460	(241)

Overview

At the end of June 2020, the Children Schools and Families directorate is forecasting a favourable £549k variance on local authority funded services, a favourable movement of £60k from last month.

£460k Covid-19 cost pressure has been identified, £410k relate to savings shortfall, £50k shortfall in income targets. These have been included in the forecasted position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. It is expected that the impact of the lockdown on children and families will emerge in increased safeguarding referrals as the lockdown is lifted. It is too soon to forecast the likely increase in families who will need the support of our family

wellbeing service, children in need, children on a child protection plan or children who become looked after as a result. We are monitoring the situation closely and expect the forecast to change as things become clearer in the autumn when the vast majority of children should be back in school.

The forecast favourable position is mainly due to the Schools PFI forecast of £490k favourable variance. This is due to an overachievement of Schools Contribution Income, due to higher pupil numbers, which is greater than budgeted for.

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 2,086 in June, an increase of 75.

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	June Var £000	May Var £000	2019/20 £000
Procurement & School organisation	321	(80)	(81)	(306)
SEN transport	6,198	0	19	1,289
Early Years services	4,189	12	50	(314)
Education Inclusion	1,683	(138)	(107)	(350)
Internal legal hard charge	493	0	6	(105)
LSCB	76	31	70	(65)
Other over and underspends	11,576	(153)	(49)	(86)
Subtotal Education	24,536	(328)	(92)	63
Fostering and residential placements (ART)	7,417	(266)	0	(98)
Un-accompanied asylum seeking children (UASC)	254	442	0	33
No Recourse to Public Funds (NRPF)	172	(14)	(14)	132
MASH & First Response staffing	1,643	345	345	257
CWD team staffing	557	(130)	0	(67)
CWD Placements	634	5	0	(58)
Legal costs	531	(45)	0	72
Other over and underspends	9,906	95	(10)	145
Subtotal Children's Social Care and Youth Inclusion	21,114	432	321	416

Education Division

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

The procurement and school organisation budget is showing a favourable variance of £80k 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 a nil variance, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the

information available at the end of June. 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 position at the end of the summer term is that we are starting to transport more clients – rising from only around a quarter to nearly a half of the normal client base in recent weeks - but in many cases not full time, no reduction is shown at present for this. 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 existing cost pressure in this area, £1.496m growth was 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 £12k adverse variance due to underachievement of income targets as a consequence of COVID-19 of approx. £50k and underspends in staffing.

Education Inclusion is reporting a £138k favourable variance primarily due to staffing underspends within My Futures and Children and Young People's participation services as well as increased 'buy backs' of £25k.

LSCP has reported an adverse variance of £31k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment because Covid-19 has delayed restructure activity.

Children's Social Care and Youth Inclusion Division

At the end of June, Merton had 158 looked after children. 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	June Forecast spend £000	Variance		Placements	
			June £000	May £000	June No	May No
Residential Placements	1,822	1117	(705)	0	11	11
Independent Agency Fostering	1,974	2,199	225	0	45	44
In-house Fostering	1,421	1,649	228	0	75	76
Secure accommodation	245	245	0	0	4	4
Parent and Baby	105	179	74	0	2	0
Supported lodgings/housing	1,850	1,762	(87)	0	56	59
Total	7,417	7,151	(266)	0	193	194

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 June, placement costs have been forecast based on known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. The demand-led nature of placements makes forecasting difficult but the assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

Service	Budget £000	June Forecast- spend £000	Variance		Placements	
			June £000	May £000	June No	May No
Independent Agency Fostering	383	420	37	0	10	9
In-house Fostering	378	735	357	0	31	33
Supported lodgings/housing	693	741	48	0	30	29
UASC grant	(1,200)	(1,200)	0	0		
Total	254	696	442	0	71	71

At the end of June, we have a total of 71 USAC placements, 29 under 18 and 42 over 18. Of the 29 under 18 clients, 24 were placed in foster care and 5 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to accommodate 38 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.

Merton had 42 young people aged 18+ who were formerly UASC in our care at the end of May, 17 in foster care, 25 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.

A review of the UASC growth £710k and the above adverse variance forecast of £442k will take place shortly to ensure the budgets are aligned correctly and the forecast reflects the true expected position.

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 5 new foster carers (3 of these are connected persons & 2 are mainstream carers) this year so far. The target for this financial year is to recruit 20 new mainstream foster carers. We are therefore behind in relation to this target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma-based training and support to enable them to 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 continue to review all options to secure better value independent accommodation for our care leavers and expect to be able to procure further placements in 2020/21 which will help us reduce costs in this area.

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 £490k favourable variance. This is due to an overachievement of Schools Contribution Income compared with the sums budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £12.050m variance, an increase of £2.209m over the 19/20 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 £24.8m. 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 £6.822m adverse variance on Independent Day School provision this is lower than forecast at period 2. The reason for the significant overspend is due to the high number of placements coupled with additional DSG budget of £2.6m applied as part of a realignment exercise.

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. However, we note an increase of 75 in the first quarter, and this therefore shows no slowing down, or plateauing of requirements. Requests for EHCPs go 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, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £24.8m cumulative deficit to increase further.

Other adverse variances include £1.803m on EHCP allocations to Merton primary and secondary schools, £1.715m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.651m 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 June 2020 there were 2,086 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 DSG deficit 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 yet. For 2018/19 this additional grant was £338k.

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

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which 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 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. 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. Some cost-saving measures linked to consolidation of routes or shared travel arrangements may not be possible in the light of Covid-19 restrictions

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 including the expansion of Cricket Green special school completed in early 2020, and the opening of an Additionally Resourced Provision (ARP)

at Stanford Primary School. There is further expansion of provision in the capital programme, including the expansion of Melrose School (for children with Social, Emotional and Mental Health), which is currently at the statutory consultation and planning application stage. Additional local provision should also assist with minimising increases to transport costs.

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 forecasting a favourable variance of £106k as at June 2020. This is made up of forecasted favourable variances in Adult Social Care of £667k, and unfavourable variance in Housing of £322k and Libraries of £240k.

Community and Housing is still operating an emergency response and are working with NHS and community partners to for potential future surges in demand in autumn and winter related to a further surge in Covid-19 combined with the usual winter flu season. 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 (including with PPE supplies), shielding and community response as well as current residents shielding on advice from the government.

Community and Housing Summary Position

Community and Housing	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20
	Current Budget	Full Year Forecast	Full Year Forecast	Full Year Forecast	Covid-19 Forecast Impact	Outturn
	£'000	June'20 £'000	Variance June'20 £'000	Variance May'20 £'000	June'20 £'000	Variance £'000
Adult Social Care	59,717	59,050	(667)	(698)	3,227	(728)
Libraries and Heritage	2,353	2,593	240	165	152	70
Merton Adult Learning	(5)	(5)	0	0	0	0
Housing General Fund	2,105	2,427	322	174	205	328
Public Health	(157)	(157)	0	0	0	0
Grand Total	64,013	63,907	(106)	(359)	3,583	(330)

The forecast above 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.

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 Department continues to work towards achieving the outstanding savings and maintain a balanced budget this year. 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; this has been experienced across all boroughs as a result of Covid-19. 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 and these cases will likely return to adult social care in the not too distant future. 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 £667k reflects the reduction in care packages. We sadly lost 115 service users who died of various causes between April and June 2020, compared to 63 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 Care Act easements enabled by emergency legislation and continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting borough residents and 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 7,200 of a small number will need ongoing regular support. We will need to work with these people and their families when the national shielding programme is paused (it may restart if there are further surges in the coming months) 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 to support providers. 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

This service is currently forecasting an unfavourable variance of £240k which is due to the under achievability of income as a result of COVID-19 and business rates cost at the Colliers Wood library.

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%. Three libraries have opened on a Click & Collect basis so far.

Adult Learning

Adult Learning currently forecasting a breakeven position. 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

This service is currently forecasting an unfavourable variance of £322k which is due to a reduction in expected income from Housing Benefit and client contribution, and an increase in the numbers of individuals placed in temporary accommodation since lockdown

During the pandemic the supply of housing association homes to which the council has nomination rights reduced dramatically, although work is underway with partners to obtain access to those dwellings. However the lack of housing supply has been impacted by the lack of movement from temporary accommodation and the increase in numbers. There has been fewer moves out of temporary accommodation, including evictions from temporary accommodation for reasons such as rent arrears, anti-social behaviour and refusal of accommodation.

As a result, as at the end of June 2020 there were 213 households in temporary accommodation, which is the highest number of cases accommodated in the last ten years.

This has been triggered by the need to protect individuals during the lockdown period and the requirement by government that everyone who is rough sleeping or at risk of rough sleeping is accommodated. This has included those individuals who would not normally be eligible for the provision of accommodation and therefore ineligible for housing which includes those who have no recourse to public funds and those who would not normally be vulnerable and therefore in priority need for accommodation under the Housing Act.

The housing service has continued to support all those individuals who were homeless or threatened with homelessness in accordance with the Homelessness Reduction Act 2017. This included the provision of appropriate advice to prevent homelessness and the procurement of temporary accommodation. Whilst there was a reduction in homelessness prevention activity early in the pandemic this work has since recovered.

During the pandemic the term homelessness has been used to reflect rough sleeping but it is important to mention that homelessness is a much bigger issue than rough sleeping and is far more complicated. As the service moves forward into a more business as usual phase it is important to think about other forms of homelessness and how they will impact upon the service as we move forward. Rough sleeping is one type of homelessness, but others include people who during the pandemic have ended up sofa surfing. This group has no security of tenure and as lockdown is eased and households seek to return to normality many may find themselves being asked to leave their accommodation as the host may no longer wish to accommodate them.

As lockdown eases landlords, both private and public sector will want to take their properties back. There continues to be a moratorium on evictions until the 24th August but after this time Landlords may seek to recover properties through the courts. No matter what the reason for this is, those households, if displaced, may seek advice, support and accommodation from the housing service.

Debt and financial hardship may lead to episodes of homelessness, whether it's a mortgage, rent, council tax and the recent pandemic may lead to households losing their homes. Exhausting support from family friends and the current downturn of the economy may trigger further demands upon the housing service

Households claiming welfare benefits, such as universal credit, may find it harder to manage their money and be worse off and as a consequence face episodes of debt and financial hardship and these people may fall into arrears and face eviction proceedings

Other reasons for homelessness will include those who have been in prison, or who have come back from service and have to re-join society. It might be very difficult for them to find accommodation and employment and as they struggle to get back into normality they may face homelessness and seek the housing services assistance

Domestic abuse is a cause of homelessness and is a main cause why individuals may flee their homes to escape a violent or emotionally abusive partner. These individuals may not be able to receive the correct support from family or friends and they may turn to the housing service for accommodation.

In summary homelessness can affect everyone and the recent pandemic may see more episodes in Merton than it has hitherto experienced.

During the pandemic the housing service has also managed to deal with those persons experiencing rough sleeping and at the height of the pandemic 52 individuals were being accommodated. Officers have been working hard to find suitable and sustainable solutions and as at the end of June the number of cases had reduced to 42. Work continues to find solutions for the remaining cases,

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to June 2020

Housing	Budget 2020-21 £000	Forecast (Jun'20) £'000	Forecast Variances (Jun'20) £'000	Forecast Variances (May'20) £000	Outturn Variances (March'20) £000
Temporary Accommodation- Expenditure	2,403	3,865	1,462	1,467	1,002
Temporary Accommodation-Client Contribution	(140)	(453)	(313)	(362)	(321)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,718)	(713)	(911)	(535)
Temporary Accommodation-Subsidy Shortfall	322	1,299	978	961	793
Temporary Accommodation- Grant	0	(1,132)	(1,132)	(1,132)	(766)
Subtotal Temporary Accommodation	580	861	282	23	173
Housing Other Budgets- Over/(favourable)adverse	1,525	1,565	40	151	155
Total Controllable	2,105	2,426	322	174	328

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
Jun'20	21	12	213	170

Public Health

Public is reporting a breakeven position.

The forecast is stated after accounting for £371k grant increase, which mitigate; 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

The Public Health team, together with public protection, is leading on LBM's outbreak control plan. A ring-fenced grant has been allocated to LAs to support costs for outbreak control

DHSC recently announced £71k allocation for Sexual Health (HIV Pre-Exposure Prophylaxis) to cover routine testing as part of the commissioned service. The income and projected expenditure is not included in June monitoring but will be factored in July budget return. The Commissioner is still liaising with London Programme Board to ensure allocation is adequate to cover potential costs.

Corporate Items

The details comparing actual expenditure up to 30 June 2020 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	0	(161)
Investment Income	(707)	(680)	27	0	(704)
Pension Fund	340	340	0	0	(104)
Pay and Price Inflation	4,181	4,831	650	650	(100)
Contingencies and provisions	20,978	20,978	0	0	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(9,963)	(9,963)	0	0	0
Central Items	12,866	13,543	677	650	(1,405)
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	1,666	2,324	658	650	(1,567)
COVID-19 Emergency expenditure	0	9,272	9,272	9,210	176

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.

Since May, the forecast has been updated for two small variations which increase the net forecast unfavourable variance by £8k, from £0.650m to £0.658m:-

- Capital financing costs have been updated following an update of the Capital Programme. This reflects changes arising from the outturn for 2019-20 and the impact of COVID-19 will continue to be monitored and any implications arising from further amendments will be advised in future monitoring reports throughout the year. Currently the impact of changes has resulted in a forecast favourable variance of £19k against budget in 2020/21 and there will be ongoing implications for future years.

- The first quarter's treasury forecast of investment income has resulted in a small adverse variance of £27k against the 2020/21 budget. This reflects the current very low interest rates and amounts invested.

In addition, in order to continue to make preparations 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:-

Contingencies and Provisions

The balance of Social Care Grant of £1.686m which was set aside whilst plans were made for it application will be appropriated to the COVID-19 Reserve. A large element of the COVID-19 costs are social-care related and it is an appropriate application of this funding

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the last monitoring report and summarises the initial review of the approved capital programme in response to Covid 19:

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	20,025	(1,363)	18,663	15,203	(433)	14,770	2,895	325	3,220	15,410	(736)	14,674
Community & Housing	1,709	(158)	1,551	1,680	148	1,828	1,429	0	1,429	425		425
Children Schools & Families	4,489	0	4,489	6,630	0	6,630	1,900	0	1,900	1,900		1,900
Environment and Regeneration	14,654	(610)	14,044	12,832	188	13,020	8,343	39	8,382	7,029	387	7,416
TOTAL	40,877	(2,131)	38,746	36,345	(97)	36,248	14,567	364	14,931	24,764	(349)	24,415

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at June 2020. The detail is shown in Appendix 5.

Capital Budget Monitoring - June 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	349,104	1,457,150	(1,108,046)	18,662,610	18,662,610	0
Community and Housing	65,747	150,360	(84,613)	1,551,000	1,550,166	(834)
Children Schools & Families	45,576	116,530	(70,954)	4,488,670	4,488,670	0
Environment and Regeneration	759,313	1,264,406	(505,092)	14,043,870	13,805,870	(238,000)
Total	1,219,740	2,988,446	(1,768,706)	38,746,150	38,507,316	(238,834)

a) Corporate Services – All budget managers are projecting a full spend against budget. The following adjustments have been made to the approved departmental programme this month:

Corporate Services		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Customer Contact Programme	(1)	(350,000)	(400,000)	0	0	Relinquished Budget
Capital Building Works	(1)	(175,420)	0	0	0	Relinquished Budget
Replacement Boilers	(1)	(267,200)	267,200	0	0	Re-profiled from 2020-21 to 2021-22
Civic Centre Lighting Upgrade	(1)		(300,000)	300,000	0	Re-profiled from 2021-22 to 2022-23
Environmental Asset Management		(10,600)	0	0	0	Relinquished Budget
Planning & Public Protection*	(1)	0	0	0	(550,000)	Relinquished Budget
School Admissions System	(1)	(125,000)	0	125,000	0	Re-profiled from 2020-21 to 2022-23
Parking System		(4,470)	0	0	0	Relinquished Budget
Youth Justice IT System	(1)	(100,000)	100,000	0	0	Re-profiled from 2020-21 to 2021-22
Multi Function Device	(1)	(330,000)	0	0	0	Relinquished Budget
IT Equipment	(1)	0	(100,000)	(100,000)	0	Relinquished Budget
Capital Bidding Fund	(1)	0	0	0	(186,400)	Relinquished Budget
Total		(1,362,690)	(432,800)	325,000	(736,400)	

Please note the £550k for Planning and Public Protection (*) has been reprofiled from 2023-24 into the indicative programme in 2024/25 and items with a (1) require Cabinet Approval.

b) Community and Housing – All budget managers are projecting a full year spend apart from the Library Self Service project which is projected to slightly underspend. The following adjustments have been made to the approved departmental programme this month:

Community and Housing		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Telehealth		(20,200)	10,200			£20.2k re-profiled and £10k relinquished
Learnin Disability Housing	(1)	(138,000)	138,000			Re-profiled from 2020-21 to to 2021-22
Total		(158,200)	(148,200)	0	0	

c) Children, Schools and Families – Officers are currently projecting a full spend against budget. The following adjustments have been made to the approved departmental programme this month:

Children, Schools and Families		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Wimbledon Chase - Capital Maintenance		30,000	0	0	0	Virement from the Unallocated Budget
Unallocated - Capital Maintenance		(30,000)	0	0	0	Virement to Wimbledon Chase
Total		0	0	0	0	

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 £125k. 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 £113k. The programme currently contains both options for Paddling Pools only one option will be progressed following a consultation process which is likely to commence over the Autumn of 2020.

The following adjustments have been made to the approved departmental programme this month:

Environment & Regeration		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Car Park Upgrades	(1)	(264,000)	264,000	0	0	Re-profiled from 2020-21 to to 2021-22
Replacement of Fleet Vehicles	(1)	(116,800)	116,800	0	0	Re-profiled from 2020-21 to to 2021-22
Alley Gating Scheme		(6,000)	(6,000)	(6,000)	(6,000)	Relinquished Budget
South London Waste Partnership		(9,610)	0	0	0	Relinquished Budget
Traffic Schemes		(50,000)	0	0	0	Relinquished Budget
Lamp Column Chargers		65,640	0	0	0	New TfL and Section 106 Funding
Active Travel Fund		90,480	0	0	0	New Dept. For Trans Funding
Surface Water Drainage		(9,000)	(9,000)	(9,000)	(9,000)	Relinquished Budget
Maintain Anti Skid & Coloured Surface		(15,000)	15,000	0	0	Re-profiled from 2020-21 to 2021-22
Highway Bridges and Structures	(1)	(150,000)	150,000	0	0	Re-profiled from 2020-21 to 2021-22
Morden Town Centre Regeneration	(1)	(50,000)	(460,000)	108,000	402,000	Re-profiled from 2020-21 onwards
Parks Investment		(63,000)	63,000	0	0	Re-profiled from 2020-21 to 2021-22
Cannons Parks for the People	(1)	178,770	(178,770)			Re-profiled from 2021-22 to to 2020-21
Merton Park Green Walks		21,810				New Section 106 Funding
Paddling Pool - Option 1		(45,000)	45,000	0	0	Re-profiled from 2020-21 to 2021-22
Paddling Pool - Option 2	(1)	(113,000)	113,000	0	0	Re-profiled from 2020-21 to 2021-22
Resurface Tennis Courts Wimb. Pk.		(75,000)	75,000	0	0	Re-profiled from 2020-21 to 2021-22
Mortuary Provision		0	0	(53,890)	0	Relinquished Budget
Total		(609,710)	188,030	39,110	387,000	

Please note the £6k reduction for Alley Gating and £9k reduction Surface Water Drainage will be reflected throughout the whole indicative programme.

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

Depts.	Original Budget 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	(870)			(4,567)	18,663
Community & Housing	2,004	189				(642)	1,551
Children Schools & Families	4,566	480		573		(1,130)	4,489
Environment and Regeneration	18,530	818	(1,612)	130	47	(3,870)	14,044
Total	47,199	3,487	(2,482)	703	47	(10,209)	38,746

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

Depts.	Spend To June 2017	Spend To June 2018	Spend to June 2019	Spend to June 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	195	652	275	349	154	(303)	74
C&H	98	176	146	66	(32)	(110)	(80)
CSF	367	548	1,550	46	(321)	(503)	(1,504)
E&R	1,625	2,300	300	759	(866)	(1,541)	460
Total Capital	2,285	3,677	2,270	1,220	(1,065)	(2,457)	(1,050)

Outturn £000s	32,230	31,424	26,960	
Budget £000s				38,746
Projected Spend June 2020 £000s				38,507
Percentage Spend to Budget				3.15%
% Spend to Outturn/Projection	7.09%	11.70%	8.42%	3.17%
Monthly Spend to Achieve Projected Outturn £000s				3,921

4.5 June is one quarter of the way into the financial year and departments have spent just over 3% 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 May 2020 £000s	Spend To June 2020 £000s	Increase £000s
CS	10	349	339
C&H	36	66	30
CSF	(80)	46	125
E&R	238	759	522
Total Capital	204	1,220	1,016

4.6 During June 2020 officers spent just over £1 million, to achieve year end spend officer would need to spend approximately £3.9 million each month to year end. Finance officers will continue to work with budget managers to re-profile and change the Capital Programme appropriately in the light of Covid 19 and the current financial challenges facing the Authority.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding. The Table below compares the revenue impact from the original Medium Term Financial Strategy agreed in March 2020:

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

Proposed Programme Business Plan 2020-24	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
MRP	4,855	5,644	6,597	7,343
Interest on Borrowing	6,316	6,316	6,111	5,981
Total Borrowing Costs	11,171	11,960	12,708	13,324
Interest on Investments	(357)	(365)	(322)	(130)
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(323)	(323)	(323)	(323)
Total Borrowing Costs Net of Investment interest	10,491	11,272	12,063	12,871

Movement in Projected Costs	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
MRP	(19)	9	(353)	(361)
Interest on Borrowing	1	1	1	(101)
Total Borrowing Costs	(18)	10	(352)	(462)
Interest on Investments	(73)	(227)	(316)	(130)
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(1)	(1)	(1)	(1)
Total Borrowing Costs Net of Investment interest	(92)	(218)	(670)	(593)

DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,754	964	35.5%	871	595
Children Schools and Families	2,969	2,305	664	22.4%	664	300
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	936	2,991	76.2%	2,991	0
Total	12,074	5,602	6,472	53.6%	6,379	995

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
Appendix 8 -	Debt Report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458
- Email: roger.kershaw@merton.gov.uk

APPENDIX 1

3E. Corporate Items	Council 2020/21 £000s	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	11,190	1,579	759	11,171	(19)	0	(161)
Impact of Capital on revenue budget	11,190	11,190	11,190	1,579	759	11,171	(19)	0	(161)
Investment Income	(707)	(707)	(707)	(177)	(184)	(680)	27	0	(704)
Pension Fund	340	340	340	85	0	340	0	0	(104)
Corporate Provision for Pay Award	2,231	2,231	2,231	558	0	2,881	650	0	0
Corporate Provision for National Minimum Wage	1,500	1,500	1,500	375	0	1,500	0	0	0
Provision for excess inflation	450	450	450	113	0	450	0	0	(100)
Pay and Price Inflation	4,181	4,181	4,181	1,045	0	4,831	650	0	(100)
Contingency	1,500	1,500	500	125	0	500	0	0	(500)
Single Status/Equal Pay	100	100	100	25	0	100	0	0	0
Bad Debt Provision	500	500	500	125	0	500	0	0	1,304
Loss of income arising from P3/P4	400	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	34	34	9	0	34	0	0	(34)
Apprenticeship Levy	450	450	450	113	35	450	0	0	(22)
Revenuisation and miscellaneous	3,384	3,384	3,384	846	122	3,384	0	0	(802)
Growth - Provision against DSG	16,009	16,009	16,009	4,002	0	16,009	0	0	0
Contingencies and provisions	22,378	22,378	20,978	5,245	157	20,978	0	0	(154)
Other income	0	0	0	0	(3)	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(1,963)	(491)	(60)	(1,963)	0	0	(157)
Income items	(1,963)	(1,963)	(1,963)	(491)	(63)	(1,963)	0	0	(343)
Appropriations: CS	(908)	(908)	(908)	(227)	0	(908)	0	0	0
Appropriations: E&R	(317)	(317)	(317)	(79)	0	(317)	0	0	0
Appropriations: CSF	(360)	(360)	(448)	(112)	(88)	(448)	0	0	0
Appropriations: C&H	(104)	(104)	(104)	(26)	0	(104)	0	0	0
Appropriations: Public Health	(1,200)	(1,200)	(1,200)	(300)	0	(1,200)	0	0	0
Appropriations: Corporate	(8,386)	(8,386)	(6,986)	(1,747)	(6,986)	(6,986)	0	0	0
Appropriations/Transfers	(11,275)	(11,275)	(9,963)	(2,491)	(7,074)	(9,963)	0	0	0
Depreciation and Impairment	(23,351)	(23,351)	(23,351)	0	0	(23,351)	0	0	0
Central Items	793	793	705	4,795	(6,406)	1,363	658	0	(1,566)
Levies	962	962	962	240	314	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,754	1,666	5,036	(6,091)	2,324	658	0	(1,567)
COVID-19 Emergency expenditure						9,272	9,272	9,210	176
COVID-19 Expenditure	0	0	0	0	1,691	9,272	9,272	9,210	176

Pay and Price Inflation as at June 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 0.8% and RPI at 1.5% 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 67 CPIH items that were unavailable to UK consumers in June. These account for 13.5% of the CPIH basket by weight and made a downward contribution of 0.02 percentage points to the change in the CPIH 12-month rate; the number of unavailable items is down from 74 in May and 90 in April; for June, the ONS have collected a weighted total of 84.0% (excluding unavailable items) of the number of price quotes collected for February (the most recent "normal" collection).

The Consumer Prices Index (CPI) 12-month rate was 0.6% in June 2020, up from 0.5% in May.

Rising prices for games and clothing resulted in the largest upward contributions to the change in the CPI 12-month inflation rate between May and June 2020.

Falling prices for food resulted in a partially offsetting downward contribution to the change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.8% in June 2020, up from 0.7% in May 2020.

The RPI rate for June 2020 was 1.1%, which is up from 1.0% in May 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 17 June 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously 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 Committee voted by a majority of 8-1 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 "Recent data outturns suggest that the fall in global GDP in 2020 Q2 will be less severe than expected at the time of the May Monetary Policy Report. There are signs of consumer spending and services output picking up, following the easing of Covid-related restrictions on economic activity. Recent additional announcements of easier monetary and fiscal policy will help to support the recovery. Downside risks to the global outlook remain, however, including from the spread of Covid-19 within emerging market economies and from a return to a higher rate of infection in advanced economies. UK GDP contracted by around 20% in April, following a 6% fall in March. Evidence from more timely indicators suggests that GDP started to recover thereafter. Payments data are consistent with a recovery in consumer spending in May and June, and housing activity has started to pick up recently."

In terms of the outlook for inflation the MPC minutes summarise the uncertainty caused by the pandemic and state that "current below-target rates of CPI inflation can in large part be accounted for by the effects of the pandemic. The collapse in global oil prices has had direct effects on inflation, via the prices of motor fuels, and indirect effects by reducing input costs in other sectors of the economy. The sharp drop in domestic activity is also adding to downward pressure on inflation through increased spare capacity in most sectors of the economy. The unprecedented situation means that the outlook for the UK and global economies is unusually uncertain. It will depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors."

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 (July 2020)			
	Lowest %	Highest %	Average %
2020 (Quarter 4)			
CPI	0.0	2.5	0.7
RPI	0.4	6.7	1.5
LFS Unemployment Rate	5.9	10.8	8.1
2021 (Quarter 4)			
CPI	0.5	3.2	1.7
RPI	1.1	6.7	2.8
LFS Unemployment Rate	4.0	9.4	6.4

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 17 June 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously 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 Committee voted by a majority of 8-1 to increase the target for the stock of asset purchases by an additional £100 billion at this meeting.

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) 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.”

However, in the MPC’s minutes to the meeting ending on 17 June 2020, it is stated that “the emerging evidence suggests that the fall in global and UK GDP in 2020 Q2 will be less severe than set out in the May Report. Although stronger than expected, it is difficult to make a clear inference from that about the recovery thereafter. There is a risk of higher and more persistent unemployment in the United Kingdom. Even with the relaxation of some Covid-related restrictions on economic activity, a degree of precautionary behaviour by households and businesses is likely to persist. The economy, and especially the labour market, will therefore take some time to recover towards its previous path. CPI inflation is well below the 2% target and is expected to fall further below it in coming quarters, largely reflecting the weakness of demand. At this meeting, the MPC judges that a further easing of monetary policy is warranted to meet its statutory objectives. The Committee agreed to increase the target stock of purchased UK government bonds by an additional £100 billion in order to meet the inflation target in the medium term. The Committee expects that programme to be completed, and the total stock of asset purchases to reach £745 billion, around the turn of the year. The MPC will continue to monitor the situation closely and, consistent with its remit, stands ready to take further action as necessary to support the economy and ensure a sustained return of inflation to the 2% target. The Committee will keep the asset purchase programme under review.”

Higher and more persistent unemployment is seen as a major risk and the economy will take some time to recover towards its previous path. The MPC minutes say that “more generally, there were risks to the recovery from ongoing high uncertainty, weaker balance sheets, particularly in the corporate sector, and increased risk aversion.”

Although, they are unable to indicate what their approach in the coming months will be, the MPC emphasise that they will have an important role in the coming months, “a persistent margin of spare capacity, in large part reflecting slack in the labour market, would weigh on inflation. Existing fiscal support provided to workers and to companies was likely to continue to play a key role in preventing a larger fall in spending and widespread business failures. Looser monetary policy also had a role to play by supporting cashflows, demand, and financial conditions. In an environment of heightened uncertainty, some members in this group also envisaged a role for monetary policy in seeking to mitigate the potential impact of more adverse economic scenarios, including those in which there were higher rates of Covid-19 infection going forward. Some members noted that risk management considerations favoured a prompt response to downside risks at present in order to ensure a sustained return of inflation to the target.”

Capital Budget monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	1,219,740	2,988,446	(1,768,706)	38,746,150	38,507,316	(238,834)
Corporate Services	349,104	1,457,150	(1,108,046)	18,662,610	18,662,610	0
Customer, Policy and Improvmen	103,780	0	103,780	1,000,000	1,000,000	0
Customer Contact Programme	103,780	0	103,780	1,000,000	1,000,000	0
Facilities Management Total	61,040	357,555	(296,515)	1,445,370	1,445,370	0
Works to other buildings	70,968	245,355	(174,387)	903,170	902,870	(300)
Civic Centre	(3,753)	37,200	(40,953)	67,200	67,500	300
Invest to Save schemes	(6,175)	75,000	(81,175)	475,000	475,000	0
Infrastructure & Transactions	184,284	599,595	(415,311)	2,670,490	2,670,490	0
Business Systems	13,233	151,745	(138,512)	880,700	880,700	0
Social Care IT System	0	68,220	(68,220)	272,870	272,870	0
Planned Replacement Programme	171,051	379,630	(208,579)	1,516,920	1,516,920	0
Corporate Items	0	500,000	(500,000)	13,546,750	13,546,750	0
Multi Functioning Device (MFD)	0	0	0	270,000	270,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	500,000	(500,000)	12,816,750	12,816,750	0
Community and Housing	65,747	150,360	(84,613)	1,551,000	1,550,166	(834)
Housing	66,598	150,360	(83,762)	1,177,000	1,177,000	0
Disabled Facilities Grant	66,598	150,360	(83,762)	827,000	827,000	0
Major Projects - Social Care H	0	0	0	350,000	350,000	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- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	45,576	116,530	(70,954)	4,488,670	4,488,670	0
Primary Schools	84,694	0	84,694	1,888,830	1,888,830	0
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	(901)	0	(901)	39,350	39,350	0
Hatfield	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	81,990	81,990	0
Wimbledon Park	0	0	0	40,000	40,000	0
Abbotsbury	32,930	0	32,930	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	485,500	485,500	0

Capital Budget Monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(43,243)	0	(43,243)	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	(43,243)	0	(43,243)	195,670	195,670	0
SEN	(81,913)	0	(81,913)	1,990,260	1,990,260	0
Perseid	(16,241)	0	(16,241)	285,970	285,970	0
Cricket Green	(90,267)	0	(90,267)	366,150	366,150	0
Melrose	40,644	0	40,644	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	86,037	116,530	(30,493)	349,570	349,570	0
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	87,390	116,530	(29,140)	349,570	349,570	0

Capital Budget Monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	759,313	1,264,406	(505,092)	14,043,870	13,805,870	(238,000)
Public Protection and Developm	0	71,434	(71,434)	450,340	325,340	(125,000)
On Street Parking - P&D	0	10,000	(10,000)	100,000	100,000	0
Off Street Parking - P&D	0	46,400	(46,400)	200,000	75,000	(125,000)
CCTV Investment	0	15,034	(15,034)	150,340	150,340	0
Public Protection and Developm	0	0	0	0	0	0
Street Scene & Waste	(117,973)	110,500	(228,473)	604,630	604,630	0
Fleet Vehicles	0	107,500	(107,500)	542,200	542,200	0
Alley Gating Scheme	1,200	3,000	(1,800)	24,000	24,000	0
Waste SLWP	(119,173)	0	(119,173)	38,430	38,430	0
Sustainable Communities	877,286	1,082,472	(205,185)	12,988,900	12,875,900	(113,000)
Street Trees	(4,500)	6,600	(11,100)	126,000	126,000	0
Raynes Park Area Roads	0	2,611	(2,611)	26,110	26,110	0
Highways & Footways	702,916	405,843	297,073	5,810,430	5,810,430	0
Cycle Route Improvements	99,878	13,239	86,639	132,390	132,390	0
Mitcham Transport Improvements	705	9,661	(8,956)	96,610	96,610	0
Unallocated TfI	0	0	0	0	0	0
Colliers Wood Area Regeneratio	2,050	1,500	550	15,000	15,000	0
Mitcham Area Regeneration	1,747	228,755	(227,008)	2,287,550	2,287,550	0
Wimbledon Area Regeneration	70,000	78,830	(8,830)	788,300	788,300	0
Morden Area Regeneration	0	25,000	(25,000)	200,000	200,000	0
Borough Regeneration	1,987	58,305	(56,318)	583,050	583,050	0
Morden Leisure Centre	0	14,170	(14,170)	55,000	55,000	0
Wimbledon Park Lake and Waters	1,475	19,000	(17,525)	329,500	329,500	0
Sports Facilities	22,836	30,000	(7,164)	308,840	308,840	0
Parks	(21,806)	188,958	(210,764)	2,230,120	2,117,120	(113,000)

Virement, Re-profiling and New Funding - June 2020

Appendix 5B

	2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
	£	£		£	£	£		£	
Corporate Services									
Customer Contact Programme	(1) 1,350,000		(350,000)		1,000,000	1,900,000	(400,000)	1,500,000	Relinquished Budget
Capital Building Works	(1) 877,110		(175,420)		701,690	600,000	0	600,000	Relinquished Budget
Replacement Boilers	(1) 468,680			(267,200)	201,480	0	267,200	267,200	Re-profiled to 2022-23
Civic Centre Lighting Upgrade	(1) 0				0	300,000	(300,000)	0	Re-profiled to 2022-23
Environmental Asset Management			(10,600)		7,200	0	0	0	Relinquished Budget
School Admissions System	(1) 125,000			(125,000)	0	0	0	0	Re-profiled to 2022-23
Parking System			(4,470)		17,880	0	0	0	Relinquished Budget
Youth Justice IT System	(1) 100,000			(100,000)	0	0	100,000	100,000	Re-profiled from 2020-21 to to 2021-22
Multi Function Device	(1) 600,000		(330,000)		270,000	0	0	0	Relinquished Budget
IT Equipment	(1) 120,000				120,000	100,000	(100,000)	0	Relinquished Budget
Community and Housing									
Telehealth		20,200		(20,200)	0	20,200	10,200	30,400	£20.2k re-profiled and £10k relinquished
Learnin Disability Housing	(1) 488,000			(138,000)	350,000	633,000	138,000	771,000	Re-profiled from 2020-21 to to 2021-22
Children, Schools and Families									
Wimbledon Chase - Capital Maintenance		51,990	30,000		81,990	0	0	0	Virement from the Unallocated Budget
Unallocated - Capital Maintenance		515,500	(30,000)		485,500	1,900,000	0	1,900,000	Virement to Wimbledon Chase
Environment and Regeneration									
Car Park Upgrades	(1) 464,000			(264,000)	200,000	520,000	264,000	784,000	Re-profiled from 2020-21 to to 2021-22
Replacement of Fleet Vehicles	(1) 584,000			(116,800)	467,200	300,000	116,800	416,800	Re-profiled from 2020-21 to to 2021-22
Alley Gating Scheme		30,000	(6,000)		24,000	30,000	(6,000)	24,000	Relinquished Budget
South London Waste Partnership		48,040	(9,610)		38,430	0	0	0	Relinquished Budget
Traffic Schemes		261,540	(50,000)		211,540	150,000	0	150,000	Relinquished Budget
Lamp Column Chargers		0	65,640		65,640	0		0	New TfL and Section 106 Funding
Active Travel Fund		0	90,480		90,480	0		0	New Dept. For Trans Funding
Surface Water Drainage		69,000	(9,000)		60,000	69,000	(9,000)	60,000	Relinquished Budget
Maintain Anti Skid & Coloured Surface		70,000		(15,000)	55,000	70,000	15,000	85,000	Re-profiled from 2020-21 to to 2021-22
Highway Bridges and Structures	(1) 634,670			(150,000)	484,670	260,000	150,000	410,000	Re-profiled from 2020-21 to to 2021-22
Morden Town Centre Regeneration		250,000		(50,000)	200,000	2,500,000	(460,000)	2,040,000	Re-profiled across approved programme
Parks Investment		315,670		(63,000)	252,670	300,000	63,000	363,000	Re-profiled from 2020-21 to to 2021-22
Cannons Parks for the People	(1) 1,199,680			178,770	1,378,450	178,770	(178,770)	0	Re-profiled from 2021-22 to to 2020-21
Merton Park Green Walks		38,000	21,810		59,810	0		0	New Section 106 Funding
Paddling Pool - Option 1		90,000		(45,000)	45,000	90,000	45,000	135,000	Re-profiled from 2020-21 to to 2021-22
Paddling Pool - Option 2	(1) 226,000			(113,000)	113,000	0	113,000	113,000	Re-profiled from 2020-21 to to 2021-22
Resurface Tennis Courts Wimb. Pk.		150,440		(75,000)	75,440	0	75,000	75,000	Re-profiled from 2020-21 to to 2021-22
Total		9,187,670	0	(767,170)	(1,363,430)	7,057,070	9,920,970	(96,570)	9,824,400

(1) Requires Cabinet Approval

Virement, Re-profiling and New Funding - June 2020

Appendix 5B

	2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
	£	£	£	£		£	
Corporate Services							
Civic Centre Lighting Upgrade	(1) 0	300,000	300,000	0	0	0	Re-profiled from 2021-22
School Admissions System	(1) 0	125,000	125,000	0	0	0	Re-profiled from 2020-21
IT Equipment	(1) 100,000	(100,000)	0	0	0	0	Relinquished Budget
Planning and Public Protection	(1) 0	0	0	550,000	(550,000)	0	Re-profiled to 24-25 Indicative Budget
Capital Bidding Fund	(1) 0	0	0	1,186,400	(186,400)	1,000,000	Relinquished Budget
Environment and Regeneration							
Alley Gating Scheme	30,000	(6,000)	24,000	30,000	(6,000)	24,000	
Surface Water Drainage	69,000	(9,000)	60,000	30,000	(9,000)	21,000	
Morden Town Centre Regeneration	(1) 1,500,000	108,000	1,608,000	1,750,000	402,000	2,152,000	
Mortuary Provision	53,890	(53,890)	0	0	0	0	
Total	1,752,890	364,110	2,117,000	3,546,400	(349,400)	3,197,000	

(1) Requires Cabinet Approval

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	(2,234)	(414)	(2,648)
Approved Capital Programme Outturn	37,154	7,397	44,551
<u>Corporate Services</u>			
Housing Company	(3,674)	0	(3,674)
Approved May Monitoring	33,479	7,397	40,877
<u>Corporate Services</u>			
Customer Contact Programme	(350)	0	(350)
Capital Building Works	(175)	0	(175)
Replacement Boilers	(267)	0	(267)
Civic Centre Lighting Upgrade	0	0	0
Environmental Asset Management	(11)	0	(11)
School Admissions System	(125)	0	(125)
Parking System	(4)	0	(4)
Youth Justice IT System	(100)	0	(100)
Multi Function Device	(330)	0	(330)
IT Equipment	0	0	0
<u>Community and Housing</u>			
Telehealth	(20)	0	(20)
Learnin Disability Housing	(138)	0	(138)
<u>Environment and Regeneration</u>			
Car Park Upgrades	(264)	0	(264)
Replacement of Fleet Vehicles	(117)	0	(117)
Alley Gating Scheme	(6)	0	(6)
South London Waste Partnership	(10)	0	(10)
Traffic Schemes	(50)	0	(50)
Lamp Column Chargers	26	40	66
Active Travel Fund	0	90	90
Surface Water Drainage	(9)	0	(9)
Maintain Anti Skid & Coloured Surface	(15)	0	(15)
Highway Bridges and Structures	(150)	0	(150)
Morden Town Centre Regeneration	(50)	0	(50)
Parks Investment	(63)	0	(63)
Canons Parks for the People	0	179	179
Merton Park Green Walks	22	0	22
Paddling Pool - Option 1	(45)	0	(45)
Paddling Pool - Option 2	(113)	0	(113)
Resurface Tennis Courts Wimb. Pk.	(75)	0	(75)
Proposed June Monitoring	31,040	7,707	38,746

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
<u>Corporate Services</u>			
Housing Company	3,674	0	3,674
Approved May Monitoring	31,606	4,739	36,345
<u>Corporate Services</u>			
Customer Contact Programme	(400)	0	(400)
Replacement Boilers	267	0	267
Civic Centre Lighting Upgrade	(300)	0	(300)
Youth Justice IT System	100	0	100
IT Equipment	(100)	0	(100)
<u>Community and Housing</u>			
Telehealth	10	0	10
Learnin Disability Housing	138	0	138
<u>Environment and Regeneration</u>			
Car Park Upgrades	264	0	264
Replacement of Fleet Vehicles	117	0	117
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Maintain Anti Skid & Coloured Surface	15	0	15
Highway Bridges and Structures	150	0	150
Morden Town Centre Regeneration	(460)	0	(460)
Parks Investment	63	0	63
Canons Parks for the People	0	(179)	(179)
Paddling Pool - Option 1	45	0	45
Paddling Pool - Option 2	113	0	113
Resurface Tennis Courts Wimb. Pk.	75	0	75
Proposed June Monitoring	31,689	4,560	36,249

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	10,540	3,480	14,020
Outturn Adjustments	269	278	547
Approved May Monitoring	10,809	3,758	14,567
<u>Corporate Services</u>			
Civic Centre Lighting Upgrade	300	0	300
School Admissions System	125	0	125
IT Equipment	(100)	0	(100)
<u>Environment and Regeneration</u>			
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Morden Town Centre Regeneration	108	0	108
Mortuary Provision	(54)	0	(54)
Proposed June Monitoring	11,173	3,758	14,931

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	19,534	3,200	22,734
Outturn Adjustments	2,030	0	2,030
Current Approved Budget	21,564	3,200	24,764
<u>Corporate Services</u>			
Planning and Public Protection	(550)	0	(550)
Capital Bidding Fund	(186)	0	(186)
<u>Environment and Regeneration</u>			
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Morden Town Centre Regeneration	402	0	402
Proposed June Monitoring	21,215	3,200	24,415

APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,754	964	35.5%	871	595
Children Schools and Families	2,969	2,305	664	22.4%	664	300
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	936	2,991	76.2%	2,991	0
Total	12,074	5,602	6,472	53.6%	6,379	995

Updated for June 2020										APPENDIX 6	
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	
CH89/83/90	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	

Updated for June 2020										APPENDIX 6	
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
	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	38	32	A	70	0	G	Louise Round	Post holder retiring mid-year, shortfall in year offsets with other underspends within the services	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	A	10	0	G	Karin Lane	Expected to be achieved but will be dependent upon the number of complaints	N
	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	17	83	A	100	0	G	Edwin O'Donnell	Worked carried out to buildings in light of covid-19	Y
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	1754	964		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/Underspend? 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	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	0	337	R	337	0	A	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		3,927	0				

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>			0			0				
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 focusing on Ofsted. This has been significantly impacted by Covid-19	
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	
	<u>Commissioning</u>			0							
				0							
				0							
CSF2019-11	Review of centralised commissioning budgets	90	90	0		90	0			Delivered in full	
	<u>CSF Other</u>			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				

Updated to June 2020											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING 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	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				

Appendix 8

Subject: Miscellaneous Debt Update June 2020

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 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 – 30 June 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	June 20 arrears f	March 20 arrears g	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,451,921	1,626,669	263,977	584,920	3,927,486	3,121,258	↑
Corporate Services	1,314,410	47,665	56,970	138,875	1,557,920	400,155	↑
Housing Benefits	492,892	566,882	925,224	3,155,973	5,140,971	5,089,938	↑
Children, Schools & Families	792,826	131,444	183,709	387,551	1,495,531	827,376	↑
Community & Housing	2,593,840	594,230	1,025,685	2,373,239	6,586,994	4,831,085	↑
Chief Executive's	0				-	-	-
CHAS 2013	61,936	785	-1,457	0	61,264	24,519	↑
Total	6,707,825	2,967,674	2,454,108	6,640,559	18,770,166	14,294,330	↑

1.3 Since the position was last reported on 31 March 2020, the net level of arrears, i.e. invoices over 30 days old, has increased by £4,475,836.

1.4 Since last reported at the end of March, Environmental and Regeneration has increased by £806,228. Commercial rents debt has increased by over £500,000 and Community Infrastructure debt by £250,000. Corporate Service debt has increased by £1,157,765. Legal Services debt has increased by over £1 million.

Children Schools and Families debt has increased by £668,155. Debt for the nursery education has increased by over £500,000. Community and Housing debt has increased by £1,755,909. Service Accountancy recharges debt has increased by £1.4 million and MASCOT debt increased by over £300,000.

- 1.5 Measured action to recover these debts has been on going and already the legal service, nursery education and MASCOT debts have reduced considerably. Officers in service departments have been consulted and are helping with recovery.

2 IMPACT OF COVID19

- 2.1 Towards the end of March 20, all recovery action for council tax, business rates, sundry debt, parking PCN's and enforcement work ceased.

- 2.2 The new year's council tax and business rates bills had already been distributed to residents and businesses in the borough.

2.3 Council Tax

- 2.4 From early April residents who contacted the service were offered advice on claiming welfare benefits and deferral of council tax instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 2,700 residents have had instalments deferred.

- 2.5 In May 20, Councillors agreed to a gradual re-commencement of recovery action. They agreed to council tax reminders being issued. In May, 2,000 SMS messages and just over 4,000 paper reminders issued to residents who had not paid April and May's instalments.

- 2.6 At the end of May, the forecasted shortfall in council tax income for the year was £7.2 million, Merton's share of this shortfall would be £5.06 million.

- 2.7 In June 20, 2,400 paper reminders were issued to residents who had received a reminder in May and still had not paid.

- 2.8 At the end of June, the forecasted shortfall in council tax income for the year had reduced to £3.88 million, Merton's share of this shortfall would be £3.06 million.

- 2.9 The Magistrate Courts are still closed and the council cannot progress cases to the court to obtain Liability Orders. The Courts service have stated that they will not be able to re-open whilst social distancing is in place. They have advised council's they will participate in remote hearings where the council provided a video link to the court and

enables any residents to appear before the Magistrates remotely. The service are is looking at the practicalities of this.

2.10 **Business Rates**

- 2.11 From early April businesses who contacted the service were offered advice on government support and grants and offered the deferral of business rates instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 750 businesses have had instalments deferred
- 2.12 At the end of May, the forecasted shortfall in business rates for the year was £13.3 million, Merton's share of this shortfall would be £3.99 million.
- 2.13 The government introduced new reliefs for many businesses. Over £44 million in expanded retail, hospitality and leisure relief has been granted to businesses. In addition, a further £829,000 relief has been awarded to nurseries.
- 2.14 At the beginning of the year the net debt for all business rates was £95 million. Following the award of the reliefs mentioned above the net debt now being collected is £49 million.
- 2.15 At the end of June, the forecasted shortfall in business rates for the year had reduced to £10.333 million, Merton's share of this shortfall would be £3.1 million.
- 2.16 An analysis of outstanding debt shows many businesses that should be able to pay their rates have still not paid. This includes large supermarket retailers, delivery companies and large institutions. There are also many businesses that would not be in a position to pay due to the impact of covid19. A proposal to re-commence the issuing of reminders is being considered.
- ## 2.17 **Sundry Debt**
- 2.18 Invoices have continued to be issued since April. Commercial rent clients have had their first quarter invoice deferred and payments spread across the remainder of the year.
- 2.19 Issuing of letters for non-payment was recommenced in early June although not for Commercial rent clients.
- 2.20 As detailed in the table above in 2.2, debt older than 30 days for all departments has increased since March 20.
- 2.21 Recovery action has continued on existing long term cases although the team have not been able to undertake visits and the legal service recovery has been affected with reduced court access.

2.22 Housing Benefit Overpayments

- 2.23 Invoices have continued to be issued for new debts but no other recovery action has re-commenced.
- 2.24 The external company undertaking the work on the old debt have also stopped engaging with clients and as a result the monthly payments received from them has reduced.

2.25 Parking Debts

- 2.26 Where parking enforcement has continued the service have progressed cases to Charge Certificate stage.
- 2.27 There are currently 4,500 cases waiting to be progressed to Debt Registration stage and then progressed to the enforcement team where the debts remain unpaid.

2.28 Enforcement service (bailiffs)

- 2.29 Enforcement agents ceased visits in March before the government formally announced a stop to enforcement work.
- 2.30 In May 20, Councillors agreed to re-engagement by letter and text with existing debtors with a more customer focused approach offering welfare advice and longer term arrangements.
- 2.31 In June 20, the enforcement admin team were furloughed by agreement of the Shared Enforcement Service Board.
- 2.32 Re-engagement letters were therefore not issued by the in-house team although the two external companies used did re-commence this approach.
- 2.33 Plans to issue re-engagement letters for the in-house team in August have been made. The admin team currently furloughed will return to work on a part time basis to undertake this work.
- 2.34 The government have confirmed that enforcement visits can re-commence from 24 August. A plan to re-commence enforcement visits will be drafted and presented to Councillors within the next month.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2020 is detailed in the table below.

Total debt outstanding as at 30 June 2020 and compared with previous periods over the past 15 months

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	17,532,710	16,803,235	16,459,168	12,584,544	15,997,460	18,485,599
Housing Benefit debt	7,926,508	7,893,055	7,823,641	7,653,539	7,644,804	7,758,894
Parking Services	4,508,378	4,535,378	3,848,876	4,183,930	3,489,345	3,645,037
Council Tax Note 2	8,157,533	7,215,847	6,825,605	6,496,094	8,755,512	8,182,271
Business Rates Note 3	2,979,843	2,586,876	2,474,270	1,941,014	3,661,859	3,725,128
Total	41,104,972	39,034,391	37,431,560	32,859,121	39,548,980	41,796,929

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.

- 3.1 The overall debt outstanding has increased by £2,247,949 since last reported at the end of March 2020. There are increases in all debts apart from council tax.
- 3.2 A more relevant comparison is between June 2019 and June 2020. The changes in outstanding debt are as follows

Overall £2,762,000 increase
 Sundry debt £1,682,000 increase
 Housing Benefit £135,000 decrease
 Council Tax £967,000 increase
 Parking £890,000 decrease
 Business Rates 1,139,000 increase

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

**Car Parking Aged Debtors – 30 June 2020
 (They show the impact of Covid19)**

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£704,705	7,602	£92
3-6 months	£683,857	4,207	£162
6-9 months	£658,521	3,845	£171
9-12 months	£498,988	2,907	£171
12-15 months	£403,495	2,251	£179
Older than 15 months	£695,470	3,889	£179
Total	£3,645,037	24,701	£147

Total May 2020 **£3,489,345** **22,558**

Increase/-decrease **£155,692** **2,147-**

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

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CABINET

Date: 7 September 2020

Subject: Financial Report 2020/21 – Period 4, July 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data for month 4, July 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £22.876m.
- B. That Cabinet note the outcome of a review of the Capital Programme and the contents of Section 4 and Appendix 5B and approve the amendments to the Programme contained in the Table below, with the detail of the Neighbourhood CIL projects detailed elsewhere in a report on this agenda

	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
	£	£	£	£	
Corporate Services					
Compulsory Purchase Order – Clarion*	4,079,460	3,143,570	0	0	Fully Funded by Clarion
Children, Schools and Families					
Unallocated - Capital Maintenance	446,750	0	0	0	Additional Central Government Grant net of Review Reduction
Environment and Regeneration					
Hartfield Walk Public Realm	125,000				New NCIL Scheme "Love Wimbledon"
Polka Theatre	150,000				NCIL Contribution to Construction Project
Haydons Rd Shop Front Improvement	257,580				NCIL Grant
Canons Parks for the People - Regeneration	533,020	(533,020)			Re-profiled to match projected spend
Pollards Hill Lighting	100,000				NCIL Grant
Total	5,691,810	2,610,550	0	0	

* Please note this item will require Council Approval

- C. That finance officers continue to work with budget managers to identify further re-profiling and savings throughout the approved capital programme 2020-24.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the period 4 monitoring report for 2020/21 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 4 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 4 to 31st July 2020, the year-end forecast is a net adverse variance of £22.876m 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 £3.9m 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 July 2020

	Current Budget 2020/21 £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department					
Corporate Services	10,372	4,791	4,805	3,702	(490)
Children, Schools and Families	62,414	-1,379	-550	734	(241)
Community and Housing	68,656	313	-106	3,583	(319)
Public Health	-157	0	0	0	0
Environment & Regeneration	13,999	9,519	9,947	9,829	783
Overheads	0	0	0	0	120
NET SERVICE EXPENDITURE	155,285	13,244	14,096	17,848	(147)
Corporate Items					
Impact of Capital on revenue budget	11,190	(19)	(19)	0	(161)
Other Central budgets	(10,536)	677	677	0	(1,405)
Levies	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,615	658	658	0	(1,567)
Covid-19		9,258	9,272	9,258	176
TOTAL GENERAL FUND	156,901	23,160	24,026	27,106	(1,714)
FUNDING					
Revenue Support Grant	-5,159	0	0	0	0
Business Rates*	(35,586)	3,990	3,990	3,990	(50)
Other Grants	(18,245)	0	0	0	0
Council Tax and Collection Fund*	(97,713)	7,699	7,699	7,699	50
COVID-19	0	(11,973)	(11,973)	(11,973)	0
FUNDING	(156,703)	(284)	(284)	(284)	0
NET	198	22,876	23,742	26,822	(1,714)

* These relate to deficits on the Collection Fund relating to Business rates and Council Tax arising as a result of Covid-19. How these are reported going forward will be reviewed for future reports.

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £13.8M.

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. Emergency funding of £12.2m has been received to date from Central Government in three tranches.

On 2nd July Central Government announced the following:

- A new scheme to reimburse Councils for lost income from sales, fees and charges. This will involve a 5% deductible rate, whereby the Council will absorb up to 5% and the government compensation will cover 75p in every pound of relevant loss thereafter. The details of this are to be published shortly and not included in the financial forecasts within the report.
- Accounting changes so that local authorities can spread their local tax deficits over three years rather than the usual one in the collection fund accounts. Again we await details of this scheme and are not included within this report.

The funding to date is insufficient to cover the total 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	July 2020/21 £000s
Department	-
Corporate Services	3,702
Children, Schools and Families	734
Community and Housing	3,583
Public Health	
Environment & Regeneration	9829
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	17,848
Corporate Items	9,258
ADDITIONAL COVID EXPENDITURE	9,258
FUNDING	-
Business Rates	3,990
Council Tax	7,699
TOTAL FUNDING LOSS	11,689
GROSS COST OF COVID-19	38,795
Covid-19 Emergency funding received	-10,383
Covid-19 Emergency funding - July 2020	-1,590
NET COST OF COVID-19	26,822

Cashflow

The Covid-19 outbreak that emerged in March 2020 created pressure on the council's cash flow which is likely to remain for the rest of the year. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMF's). Please see report elsewhere on the agenda for an update on our MMFs.

In light of Government relief announcements, the Council will see a reduction in income going forward. Therefore, in order to meet its commitments going forward the decision was made to keep the Council's available fund in cash/MMF's to maintain liquidity. This meant that as fixed short and medium term deposits matured they were placed in MMF's and bank deposits which are immediately callable.

Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term. However, if a cash short fall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (July) £000	2020/21 Full Year Forecast Variance (July) £000	2020/21 Full Year Forecast Variance (June) £000	2020/21 Covid-19 Forecast Impact (July) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,776	4,825	1,049	1,044	464	(169)
Infrastructure & Technology	12,183	12,518	335	377	286	(678)
Corporate Governance	2,170	2,144	(26)	7	84	(180)
Resources	5,550	7,987	2,437	2,458	2,267	95
Human Resources	2,083	2,235	152	120	15	187
Corporate Other	172	1,016	844	799	586	255
Total (Controllable)	25,934	30,725	4,791	4,805	3,702	(490)

Overview

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an adverse variance of £4.791m at year end, of which £3.702m is due to the external impact of covid-19. The adverse forecast within CS has reduced by £14k compared with period 3.

Customers, Policy and Improvement - £1,049k 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 £160k 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 at normal capacity. Other adverse variances within the division due to covid-19 are from Blue Badges (£12k) as the introduction of charging has not commenced and the Translations service (£23k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR budget is also forecasting an adverse variance (£116k) 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 £30k in Continuous Improvement due to vacancies expected for part of the year. Other forecast variances from less than budgeted running costs are in Merton Link (£46k favourable), Cash Collections (£64k favourable) and Marketing and Communications (£55k favourable).

The forecast variance overall for the division has changed by only £5k compared to period 3.

Infrastructure & Technology - £335k 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 £86k on the Corporate Print Strategy, £62k on the Print and Post room and £116k on the PDC (Chaucer Centre). 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 and are therefore not a net cost to LBM.

The FM External account is also forecasting a £114k adverse variance due to the lack of commissions being confirmed since the lock-down began. There is a variance on Corporate Contracts (£28k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £82k 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.

Favourable variances within the division include £21k in Client Financial Affairs and £33k in Safety Services both from less than budgeted staffing costs, £22k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income. IT Service delivery also has a favourable variance of £38k mainly from IT licences, whilst the Transactional Services team have a £24k favourable variance from vacancies forecast for part of the year.

The forecast variance in Infrastructure and Technology has reduced by £42k compared to period 3. This is mainly due to reduced staffing forecasts in both the Safety Services team and Business Systems team reflecting expected recruitment lag for vacancies.

Corporate Governance – £26k favourable variance

A £32k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming in to 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 and the receipt of IER grant, resulting in a total £60k favourable variance across both services.

The South London Legal Partnership (SLLp) is currently forecasting a £352k surplus, with £75k to be retained by LBM. The surplus relates mainly to additional chargeable hours being fulfilled. The Corporate Governance AD budget is also forecasting a £11k favourable variance due to various running costs.

Partly offsetting the above is £115k of legal savings not forecast to be achieved in year. The Corporate Governance forecast has moved by £33k (favourable) since period 3. This is mainly due to the increased chargeable hours forecast within SLLp resulting in a larger surplus being shared between the partner boroughs.

Resources - £2,437k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £110k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations and is forecasting an adverse variance of £1,331k (including the shared service element), we are currently working on the assumption that the service will not resume full operations for the rest of the calendar year. The Local Taxation Service is also showing an adverse variance of £913k mainly as a result of covid-19's impact on court cost income.

Other adverse variances within the division that are not covid-19 related include £128k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £57k adverse variance in Insurance is 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, partly offset by an overachievement anticipated on income. The Budget Management team also have an adverse variance (£85k) due to the use of agency staff covering vacancies in the team, due to difficulties in recruiting.

Favourable variances in the department include £44k 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 £19k 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 £47k and £23k respectively due to various running costs, vacancies and new burdens funding.

The forecast adverse variance in the division has reduced by £21k compared to period 3. This is largely due to lower forecasts on running costs within Revenues and Benefits which is, in part, offset by increased agency costs with the Budget Management team.

Human Resources – £152k adverse variance

The adverse variance in HR is mainly across the AD (£86k) and Learning and Development (£40k) budgets as a result of agency staff covering vacant posts and the cost of laptops to support the HR teams working from home. Additionally, there is an adverse variance of £29k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston.

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.

The forecast variance in HR has increased by £32k since period 3 mainly as a reflection of the estimated charges from Kingston for the iTrent team and payroll system as well as the inclusion of laptop costs to support the team working from home as a result of covid-19. Partly offsetting these is a reduced forecast on Staff Side salary costs.

Corporate Items - £844k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £843k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2020/21 and is inclusive of the £500k saving built in to the budget this year for improvement of overpayment recovery and therefore reducing the bad debt provision budget 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 £86k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19. On the Coroner's Court budget there is an adverse variance of £40k, of which £25k relates to an adjustment for 2019/20 quarter 4 costs.

Partly offsetting the above are favourable variances on the corporately funded items budget of £77k due to budget not expected to be required in year and £64k on the added years pension budget.

Compared to period 3, the Corporate Items adverse variance has increased by £45k. This is mainly due to information recently received from Westminster on Coroner's Court costs for the first 4 months of 2020/21 as well as an adjustment for 2019/20 quarter 4.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (June)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2020/21 Covid-19 Forecast Impact (July)	2019/20 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(15,539)	(8,461)	7,077	7,857	6,670	1,286
Public Space	15,484	17,455	1,971	1,707	2,162	(364)
Senior Management	1,018	896	(122)	(117)	0	81
Sustainable Communities	7,793	8,385	592	501	997	(220)
Total (Controllable)	8,756	18,275	9,518	9,948	9,829	783

Description	2020/21 Current Budget	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2019/20 Variance at year end
	£000	£000	£000	£000
Regulatory Services	601	276	262	87
Parking Services	(17,156)	6,791	7,584	1,171
Safer Merton & CCTV	1,016	10	11	28
Total for Public Protection	(15,539)	7,077	7,857	1,286
Waste Services	14,280	544	273	72
Leisure & Culture	467	801	801	(334)
Greenspaces	1,441	599	596	(111)
Transport Services	(704)	27	37	9
Total for Public Space	15,484	1,971	1,707	(364)
Senior Management & Support	1,018	(122)	(117)	81
Total for Senior Management	1,018	(122)	(117)	81
Property Management	(2,990)	(20)	(115)	(251)
Building & Development Control	42	265	273	34
Future Merton	10,741	347	343	(3)
Total for Sustainable Communities	7,793	592	501	(220)
Total Excluding Overheads	8,756	9,518	9,948	783

Overview

The department is currently forecasting an adverse variance of £9,518k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Regulatory Services adverse variance of £276k

The section has implemented agreed income savings of £160k over the last few financial years relating to potential commercial opportunities. However, 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 yet been possible to

achieve these savings targets. Once the new structure is in place and IT project has been completed, the section will be able to refocus their efforts on generating additional income, for example, through the provision of business advice.

In addition, Covid-19 has impacted on licensing income levels due to factors including street markets being closed and new Government guidelines being relaxed in areas such as pavement licences. Current forecasts estimate the financial impact to be in the region of £104k, leading to an adverse variance against budget of £140k.

Parking Services adverse variance of £6,791k

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 £2,790k, £2,242k, and £1,616k 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, contributing to adverse variances of £165k and £57k 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 (£123k), 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 £150k.

Public Space

Waste Services adverse variance of £544k

An adverse variance of £104k is being forecast in relation to its waste collection and street cleansing contract, due to recharges for additional services being undertaken by the service provider.

The section is forecasting an adverse variance on disposal costs of £172k. 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.

Covid-19 has had a significant impact on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering which was temporarily suspended and the resource redeployed to support engagement and education in our Parks and Green spaces advising residents and visitors on Government guidelines on social distancing, resulting in a net adverse variance against budget of £148k.

An adverse variance of £155k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The section is currently working with both the SLWP and our service provider to mitigate these increased costs.

A favourable variance on employee related spend of £223k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £801k

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).

During closure of the leisure centres, the Authority incurred lower utility costs at these premises, leading to a forecast favourable variance of £82k. Leisure centres reopened on Saturday 25th July.

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 £275k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £599k

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 net variance of £275k.

In addition, an adverse variance of £181k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs.

Further adverse variances are being forecast in relation to rental income (66k), and P&D within certain parks (£55k), whereby the original saving proposal to include charging on Saturdays was removed following consultation alongside a significant reduction in commuter (paid for) parking.

An adverse variance of £29k is being forecast in relation to the grounds maintenance contract, which assumes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k will be received. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is nearing completion regarding the Grounds Maintenance contract (lot 2), which could affect this revenue share and, therefore, the forecast.

Sustainable Communities

Building and Development Control adverse variance of £265k

Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £414k.

This adverse variance is being partially reduced by favourable variances on employee related spend (£115k), and other grants & contributions by (£74k), 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 £347k

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 £272k. 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 with a loss of the guaranteed minimum income for at least 4 months.

Secondly, Vestry Hall has been closed since 26th 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 (£110k), 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 July £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,630	23,867	(763)	(328)	174	63
Social Care and Youth Inclusion	21,296	21,346	49	432	560	416
Cross Department budgets	893	864	(29)	(16)		(47)
PFI	8,730	8,240	(490)	(490)		(251)
Redundancy costs	1,927	1,780	(147)	(147)		(422)
Total (controllable)	57,476	56,097	(1,379)	(549)	734	(241)

Overview

At the end of June 2020, the Children Schools and Families directorate is forecasting a favourable £1.380m variance on local authority funded services, a favourable movement of £831k from last month.

£734k Covid-19 cost pressure has been identified relating to savings shortfalls. These have been included in the forecasted position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. It is expected that the impact of the lockdown on children and families will emerge in increased safeguarding referrals as the lockdown is lifted. It is too soon to forecast the likely increase in families who will need the support of our family wellbeing service, children in need, children on a child protection plan or children who become looked after as a result. We are monitoring the situation closely and expect the forecast to change as things become clearer in the autumn when the vast majority of children should be back in school.

The forecast's favourable position is mainly due to a number of factors including:

- the Schools PFI forecast of £490k favourable variance. This is due to an overachievement of Schools Contribution Income, due to higher pupil numbers, which is greater than budgeted for;
- an ongoing review of the Unaccompanied Asylum Seekers budgets, favourable forecast of £308k compared with last month; and
- significant staffing underspends this month compared with last on the Early Years and Children's Centres Budgets of £396k.

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 2,121 in July, an increase of 110 finalised EHCPs as at the end of July 2020.

The CSF department has received £3.847m growth for 2020/21. £1.756m has been allocated across Children's 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	July Var £000	June Var £000	2019/20 £000
Procurement & School Organisation	890	(97)	(80)	(306)
SEN transport	6,198	0	0	1,289
Early Years services	4,205	(409)	12	(314)
Education Inclusion	1,700	(157)	(138)	(350)
Internal legal hard charge	493	(14)	0	(105)
LSCB	77	30	31	(65)
Other over and underspends	11,067	(116)	(153)	(86)
Subtotal Education	24,630	(763)	(328)	63
Fostering and residential placements (Access)	8,379	(290)	(242)	(98)
Un-accompanied asylum seeking children (UASC)	271	(6)	442	33
No Recourse to Public Funds (NRPF)	172	(14)	(14)	132
MASH & First Response staffing	1,667	215	345	257
CWD team staffing	562	(1)	(130)	(67)
CWD Placements	634	96	5	(58)
Legal Counsel	129	0	(0)	72
Other over and underspends	9,482	49	26	145
Subtotal Children's Social Care and Youth Inclusion	21,296	49	432	416

Education Division

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

The procurement and school organisation budget is showing a favourable variance of £97k, £80k of which relates to lower revenue spend on capital projects. Capital programmes contain some expenditure which is not eligible for capitalisation 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 a nil variance, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the information available at the end of July. 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 position at the end of the summer term is that we are starting to transport more clients – rising from only around a quarter to nearly a half of the normal client base in recent weeks - but in many cases not full time, no reduction is shown at present for this. 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 existing cost pressure in this area, £1.496m growth was allocated in 2020/21, but this does not reflect the Covid-19 impact, which was not known at the time.

The Early Years' service is reporting a positive variance of £409k which relates to staffing savings relating to the Contact teams, Lavender Nursery support staffing, EYs Family Support teams and Brightwell staffing.

Education Inclusion is reporting a £157k favourable variance primarily due to staffing underspends within the Youth Service, Education, Employment & Training and Children's Activities teams. This is consistent with period 3.

LSCP has reported an adverse variance of £30k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment because Covid-19 has delayed restructure activity.

Children's Social Care and Youth Inclusion Division

At the end of July, Merton had 153 looked after children. 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

£1.61m growth across Children's Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), and UASC placements and previous USAC that are now Care Leavers (£710k).

The table below provides an analysis of some key elements of this budget:

Service	Budget £000	July Forecast spend £000	Variance		Placements	
			July £000	June £000	July No	June No
Residential Placements	1,822	1621	(201)	(705)	10	11
Independent Agency Fostering	1,974	2085	111	225	43	45
In-house Fostering	1,421	1648	227	228	76	75
Secure accommodation	245	245	0	0	2	2
Parent and Baby	105	150	45	74	3	2
Supported lodgings/housing	1,850	1688	(162)	(88)	58	56
Total	7,417	7437	20	(266)	192	191

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 July, placement costs have been forecast based on known placements as well as an estimated cost (Average no of placements for 2019/20) for movement in placements, including new cases, expected during the year. The demand-led nature of placements makes forecasting difficult but the assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

- Residential placements reported a favourable variance of £201k at the end of July. This has been offset by pressures within agency and in-house fostering. We currently have 10 placements in total. 3 placements in Residential Homes, 4 in Respite and 3 placed by SEN in Residential Schools.
- Independent Agency Fostering reported an adverse variance of £111k. We currently have 43 placements. One placement moved to In-House Fostering and one moved to Semi-independent placement in July.
- In-house Foster carer reported a £227k adverse variance. We currently have 76 placements. We have one new placement in July. However, as our strategy is to have as many children as possible placed with in-house provision, rather than independent, the movement in the adverse variance should be seen as positive.
- Youth Justice secure accommodation expenditure reported to the budget. We currently have 2 placements. We have made adjustment in anticipation of increase in numbers and expenditure over this financial year which will be updated as part of budget monitoring throughout the year.
- Parent and Baby Fostering placement reported a £45k adverse variance. We currently have 3 Fostering placements. We have one new Parent and Baby Fostering placements in July. We currently have no placement in Residential Parent and Baby placement.
- Semi- Independent expenditure reported a favourable variance of £162k. We currently have 58 placements. This is inclusive of 10 Non- term time placements. We have 2 new placements in July.
- At the end of July, UASC placements reported 2 previous UASC that are now Care Leavers have reported a favourable variance of £6k.

The table below provides an analysis of some key elements of the budget for this service:

Service	Budget £000	July Forecast- spend £000	Variance		Placements	
			July £000	June £000	July No	June No
Independent Agency Fostering	383	679	296	37	10	10
In-house Fostering	378	729	351	357	28	31
Supported lodgings/housing	693	658	(35)	48	31	30
UASC grant	(1,200)	(1,819)	(618)	0		
Total	254	247	(6)	442	69	71

At the end of July, we have a total of 69 USAC placements, 24 under 18 and 45 over 18. Of the 24 under 18 clients, 21 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 have the capacity to accommodate 38 unaccompanied asylum-seeking children (equivalent of 0.08% of the child population), this has been achieved. We receive UASC grant towards these placements although it is not sufficient to cover the full cost of placement, subsistence and social work intervention.

Merton had 45 young people aged 18+ who were formerly UASC in our care at the end of July, 17 in foster care, 28 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.

A review of the UASC growth £710k and the above favourable variance forecast of £6k will take place shortly to ensure the budgets are aligned correctly to reflect the true expenditure for Unaccompanied minors across the service, including the increased rates, rather than just the placements budgets.

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 5 new foster carers (2 of these are connected persons & 3 are mainstream carers) this year so far, no change from last month. The target for this financial year is to recruit 20 new mainstream foster carers. We are therefore behind in relation to this target.

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

We continue to review all options to secure better value independent accommodation for our care leavers and expect to be able to procure further placements in 2020/21 which will help us reduce costs in this area.

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 £490k favourable variance. This is due to an overachievement of Schools Contribution Income compared with the sums budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £13.237m variance. 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 £26m. 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 £7.395m adverse variance on Independent Day School provision this is lower than forecast at period 2. The reason for the significant overspend is due to the high number of placements coupled with additional DSG budget of £2.6m applied as part of a realignment exercise.

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. However, we note an increase of 75 in the first quarter, and this therefore shows no slowing down, or plateauing of requirements. Requests for EHCPs go 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. - In July, we received 55 requests for new assessments for an EHCP.

We are seeking to increase the number of local maintained special school places in the borough, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £26m cumulative deficit to increase further.

Other adverse variances include £2.092m on EHCP allocations to Merton primary and secondary schools, £1.873m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.724m on one-to-one support, OT/SLT and other therapies as well as alternative education.

Since Period 1 we have seen an increase from 2032 finalised EHCPs to 2121 EHCPs in period 4 which is an increase this financial year of 89 finalised EHCPs. We currently have 223 EHC Needs assessments being undertaken at various weeks within the 20 week statutory timescale. It should be noted that since COVID we have seen a significant increase in referrals for an EHC Needs assessments.

At period 4 of the 2121 EHCP's in Merton we have 233 young people coded to the Post 16 budget (FE College/ISP), this is approximately 11%. It should be noted that this is not a static position and this is not all young people over the age of 16 in provision but those in the Post 16 budget code. We also have another 70 pupils who are leaving secondary school and are awaiting their exam results but are planning to go into FE College/ISP placement. There will be a more accurate forecast in December.

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 July 2020 there were 2,121 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 DSG deficit 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. For 2019/20 this additional grant was £260k.

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. This is currently being updated.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which 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 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. 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. Some cost-saving measures linked to the consolidation of routes or shared travel arrangements may not be possible in the light of Covid-19 restrictions

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 including the expansion of Cricket Green special school completed in early 2020, and the opening of an Additionally Resourced Provision (ARP) at Stanford Primary School. There is further expansion of provision in the capital programme, including the expansion of Melrose School (for children with Social, Emotional and Mental Health), which is currently at the statutory consultation and planning application stage. Additional local provision should also assist with minimising increases to transport costs.

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 forecasting an unfavourable variance of £313k as at July 2020. This is made up of forecasted favourable variances in Adult Social Care of £443k, and unfavourable variances in Housing of £522k and Libraries of £234k.

Community and Housing is working with partners to plan for winter and expected surges in both COVID and non-COVID demand. Non-COVID demand is likely to include the impact of the backlog of healthcare, other winter outbreaks and the consequences of high rent arrears on demand for homelessness support.

Current priorities include implementing the outbreak control plan, developing a better understanding on the impact of COVID on our communities, supporting former rough seekers into next steps accommodation, and planning for surges in demands. The department is likely to be running a hybrid of elements of business as usual and emergency response for the remainder of the year,

Community and Housing Summary Position

Community and Housing	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20
	Current Budget	Full Year Forecast	Full Year Forecast	Full Year Forecast	Covid-19 Forecast Impact	Outturn
	£'000	July'20 £'000	Variance July'20 £'000	Variance June'20 £'000	July'20 £'000	Variance £'000
Adult Social Care	59,717	59,274	(443)	(667)	3,227	(717)
Libraries and Heritage	2,353	2,587	234	240	152	70
Merton Adult Learning	(5)	(5)	0	0	0	0
Housing General Fund	2,105	2,627	522	322	205	328
Public Health	(157)	(157)	0	0	0	0
Grand Total	64,013	64,326	313	(106)	3,584	(319)

The forecast above is prepared on the basis of our current understanding of activity. Income is as at period 3. The COVID impacts in the second last column of the table below are those reflected in the budget forecast and relate to unachieved savings and lost income.

In addition, the department is estimating £5.9m of one-off costs of COVID 19. Of this £5.9m, £4m has been committed to support care providers. ASC has also received a separate £1.3m grant in two tranches to support infection control in care. The second tranche of payments to care homes is currently in progress.

At present, we have achieved £607k of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and maintain a balanced budget this year. We are reviewing outstanding savings against current activity levels to identify offsetting reductions in spend.

Adult Social Care

The cost of placements is similar to last month. The arrangements whereby health met the costs of all COVID discharges ends on the 31st August. The forecast allows for the likely transfer of costs of those currently paid for by health who will be eligible for social care funding. Work is ongoing to ensure that the packages of support are appropriate and good value.

From the 1st September, whilst health will continue to manage all COVID discharges, whether short or long term, they will only meet the first six weeks of care costs. Anyone placed in this way will need to be assessed for continuing healthcare, adult social care or identified as self-funders.

Modelling has now been received from London ADASS which we are working through to try to forecast the impact of expected surges in demand. This will help us plan the capacity we will need to respond as well as to understand the potential financial impact.

The net underspend of £443k reflects the reduction in care packages and an increase in community equipment expenditure. A review of equipment spend is underway. We sadly lost 133 (further 18 since June's report) service users who died of various causes between April and July 2020, compared to 75 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.

The service has not had to make use of the Care Act easements enabled by emergency legislation and continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting borough residents and the NHS, as well as contributing to the cross-council work on shielding, the community hub and the food hub.

The national shielding programme has been suspended, but we continue to work with the voluntary sector to support those who had been shielding who need ongoing support. We have plans in place to re-commence a shielding service if we need to do so.

Library & Heritage Service

This service is currently forecasting an unfavourable variance of £234k which is a reduction of £5.9k since June which is mainly due to the under achievability of income and the favourable forecasts on day to day budget items such as printing, IT and postage.

Whilst the physical buildings were 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%. All libraries are now open with a click & collect offer.

Adult Learning

Adult Learning currently forecasting a breakeven position. 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.

Courses will re-commence in September with a blend of on-site and online teaching, building on their experience over the last six months. Adult Learning has successfully bid for £360k funding over two years from the GLA to expand the skills offer and to respond to the changes in the job market. Part of the bid is aimed at improving access to IT skills without it so that they can both benefit from online learning and improve their IT skills.

Housing General Fund

This service is currently forecasting an unfavourable variance of £522k which is due to a reduction in expected income from HMO (Homes in Multiple Occupation) licences and increases in staff costs. However Housing Benefit and client contribution remained unchanged.

During the pandemic the supply of housing association homes to which the council has nomination rights reduced dramatically, although work is underway with partners to obtain access to those dwellings. However the lack of housing supply has been impacted by the lack of movement from temporary accommodation and the increase in numbers. There has been fewer moves out of temporary accommodation, including evictions from temporary accommodation for reasons such as rent arrears, anti-social behaviour and refusal of offers of accommodation.

As a result, as at the end of July 2020 there were 212 households in temporary accommodation which represents a decrease of 1 since June.

The moratorium on evictions ends on the 24th August which is expected to create a rise in demand for support to prevent homelessness in line with our duties under the Homelessness Reduction Act 2017. Due the delays in the courts a rise in evictions is expected to happened over several months.

The service is working with former rough sleepers to move them on from temporary to move-on accommodation. This includes input from mental health and drug & alcohol services. Only 12 of the original 52 are awaiting move-on but plans are in place for this to happen soon.

The department has submitted bids to the GLA and MHCLG for revenue and capital funds. The revenue bid, if successful, will offset the costs of the move-on accommodation that exceeds existing grant and provides for further support with mental health and substance misuse issues, to try to ensure that these former rough sleepers remain accommodated. The capital bid is to purchase and convert two adjacent properties to provide six units of accommodation for rough sleepers in line with the Next Steps Accommodation Programme.

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to July 2020

Housing	Budget 2020-21 £000	Forecast (Jul'20) £'000	Forecast Variances (Jul'20) £'000	Forecast Variances (Jun'20) £000	Outturn Variances (March'20) £000
Temporary Accommodation- Expenditure	2,403	3,865	1,462	1,462	1,002
Temporary Accommodation- Client Contribution	(140)	(453)	(313)	(313)	(321)
Temporary Accommodation- Housing Benefit Income	(2,005)	(2,718)	(713)	(713)	(535)
Temporary Accommodation- Subsidy Shortfall	322	1,299	978	978	793
Temporary Accommodation- Grant	0	(1,132)	(1,132)	(1,132)	(766)
Subtotal Temporary Accommodation	580	861	281	282	173
Housing Other Budgets- Over/(favourable)adverse	1,525	1,766	241	40	155
Total Controllable	2,105	2,627	522	322	328

The numbers in temporary accommodation has risen steadily as efforts to move people on has been hampered by moratorium on evictions which expected to end on the 23rd August.

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
June'20	21	12	213	170
July'20	13	14	212	175

Public Health

Public is reporting a breakeven position.

The above current forecast includes funding of £71k for Sexual Health (HIV Pre-Exposure Prophylaxis). The Commissioner still liaising with London Programme Board to ensure allocation is adequate to cover potential costs.

Work is continuing with health commissioners to understand the potential cost pressures and options in community health services provided by CLCH.

The division is involved in a number of COVID – 19 government initiatives to contain the pandemic.

Additionally, the team, together with public protection, is leading on LBM's outbreak control plan. An initial ring-fenced grant of £965k has been allocated to Merton to support costs for outbreak control. So far £871k has been committed encompassing different departments across the council and forecasted in this area. This includes £250k set aside for a so-called hot-site, that safe place for those that test positive for COVID-19 that are unable return or remain in their home, for example those in shared accommodation.

Corporate Items

The details comparing actual expenditure up to 31 July 2020 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	(19)	(161)
Investment Income	(707)	(680)	27	27	(704)
Pension Fund	340	340	0	0	(104)
Pay and Price Inflation	4,181	4,731	550	650	(100)
Contingencies and provisions	19,268	19,368	100	0	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(8,304)	(8,304)	0	0	0
Central Items	12,815	13,492	677	677	(1,405)
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	1,615	2,273	658	658	(1,567)
COVID-19 Emergency expenditure	0	9,258	9,258	9,272	176

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.

Since June, the forecast has been updated for two variations but there is no overall change to the net forecast which remains an unfavourable variance of £0.658m:-

- Provision for Excess Inflation Favourable Variance of £100k
Given the current low level of inflation and economic forecasts that this will continue for the remainder of this financial year, it is considered appropriate that this provision can be reduced by £100k.
- Bad Debt Provision
Given the financial pressures on local businesses and local population caused by COVID-19 it is considered that the current Bad Debt provision of £500k will be under considerable pressure and it is anticipated that an unfavourable variance of £100k will result.

Section 31 Funding – in terms of Section 31 grant to reimburse for Government's support for Business Rates, it is expected that there will be a favourable variance of £382k at year end.

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the last monitoring report and summarises the initial review of the approved capital programme in response to Covid 19:

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	18,663	4,079	22,742	14,770	3,144	17,913	3,220	0	3,220	14,674	0	14,674
Community & Housing	1,551	0	1,551	1,828	0	1,828	1,429	0	1,429	425	0	425
Children Schools & Families	4,489	447	4,935	6,630	0	6,630	1,900	0	1,900	1,900	0	1,900
Environment and Regeneration	14,044	1,409	15,453	13,020	(533)	12,487	8,382	0	8,382	7,416	0	7,416
TOTAL	38,746	5,935	44,681	36,248	2,611	38,859	14,931	0	14,931	24,415	0	24,415

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at July 2020. The detail is shown in Appendix 5.

Capital Budget Monitoring - July 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	407,059	1,485,370	(1,079,339)	22,742,070	22,742,070	0
Community and Housing	81,453	225,540	(144,087)	1,551,000	1,424,000	(127,000)
Children Schools & Families	147,731	116,530	31,201	4,935,420	4,935,420	0
Environment and Regeneration	1,561,337	2,171,376	(610,039)	15,452,570	15,200,570	(252,000)
Total	2,197,580	3,998,816	(1,802,264)	44,681,060	44,302,060	(379,000)

a) Corporate Services – All budget managers are projecting a full spend against budget. There has been one budget adjustment this month for Compulsory Purchase Orders which will be fully reimbursed by Clarion Housing to deliver their Regeneration project:

Narrative	Budget 2020-21	Budget 2021-22	Indicative Budget 2026/27	Indicative Budget 2028/29	Total
Compulsory Purchase Order*	4,079,460	3,143,570	6,119,190	3,459,770	16,801,990

* This adjustment will require Council approval

The Housing Company business case is currently under review.

b) Community and Housing – Budget managers are projecting a full year spend on all budgets apart from Disabled Facilities Grants. This scheme is showing a low spend to date attributable mainly to the impact of Covid 19 lockdown, currently officers are projecting that this will have an impact on outturn and are projecting a favourable variance of £127k.

c) Children, Schools and Families – Officers are currently projecting a full spend against budget. There have been two adjustments to one budget which are detailed in the table over the page. Firstly, the amount of the Schools Capital Maintenance Budget that was being met by Merton's resources (£443k) has been removed from the budget, this was undertaken as part of the Capital Programme Review (adjustments to other departments from the review were progressed as part of June 2020 monitoring). This will remove the need to fund the debt charges caused by this spend. Secondly, £890k of additional newly announced non-ringfenced grant has been added to the Schools Capital Maintenance Budget. Both adjustments result in a net increase in budget of £447k which is shown in appendix 5b but an overall decrease in charges:

Children, Schools and Families	Current Budget 2020-21	Capital Prog. Review	New Government Grant	Revised Budget 2020-21	Narrative
	£	£	£	£	
Unallocated - Capital Maintenance*	474,500	(442,850)	889,600	921,250	Detailed Adjustments to the Budget

* This adjustment will require Cabinet approval

d) **Environment and Regeneration** – Officers are projecting full spend on all budgets apart from favourable variances on four schemes:

- Car Park Upgrades are currently showing a favourable variance of £125k. 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 £113k. The programme currently contains both options for Paddling Pools only one option will be progressed following a consultation process which is likely to commence over the Autumn of 2020.
- Alley Gating is currently showing a favourable variance of £4k
- Christmas Lighting is currently showing a favourable variance of £10k

The following adjustments have been made to the approved departmental programme this month:

Narrative		Budget 2020-21	Budget 2021-22	Narrative
		£	£	
Hartfield Walk Public Realm*	(1)	125,000		New NCIL Scheme "Love Wimbledon"
Polka Theatre*	(1)	150,000		NCIL Contribution to Construction Project
Elmwood Centre Hub		65,000		NCIL Grant to Age UK for building works
Deen City Farm		36,620		NCIL Grant for Rainwater Harvesting & Pathway Imps.
Windmill Museum		20,000		NCIL Grant for Landscaping & Lighting Imps
Community Arts Venue - Cricket Green School		49,480		NCIL Grant to Mitch Twn Comm Trust
Haydens Rd Shop Front Impr*	(1)	257,580		NCIL Grant
Bramcote Parade Improvements		40,000		NCIL Grant
Pollards Hill Lighting*	(1)	100,000		NCIL Grant
Durnsford Road Rec Facilities		32,000		NCIL Grant
Canons Parks for the People - Regeneration*	(1)	533,020	(533,020)	Re-profiled to match projected spend
Total		1,408,700	(533,020)	

* Requires Cabinet Approval

The process undertaken to award the Neighbourhood Community Infrastructure Levy (NCIL) is contained within "Merton's Neighbourhood Fund Project Selection 2020".

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	(870)	4,079		(4,567)	22,742
Community & Housing	2,004	189				(642)	1,551
Children Schools & Families	4,566	480		1,019		(1,130)	4,935
Environment and Regeneration	18,530	818	(1,612)	1,006	47	(3,337)	15,453
Total	47,199	3,487	(2,482)	6,105	47	(9,676)	44,681

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

Depts.	Spend To July 2017	Spend To July 2018	Spend to July 2019	Spend to July 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	417	1,527	400	407	(10)	(1,120)	7
C&H	114	264	262	81	(33)	(183)	(181)
CSF	682	1,553	3,016	148	(534)	(1,406)	(2,869)
E&R	2,642	4,023	903	1,561	(1,080)	(2,462)	658
Total Capital	3,855	7,368	4,582	2,198	(1,657)	(5,170)	(2,384)

Outturn £000s	32,230	31,424	26,960	
Budget £000s				44,681
Projected Spend July 2020 £000s				44,302
Percentage Spend to Budget				4.92%
% Spend to Outturn/Projection	11.96%	23.45%	16.99%	4.96%
Monthly Spend to Achieve Projected Outturn £000s				5,013

4.5 July is over one third of the way into the financial year and departments have spent just under 5% 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 June 2020 £000s	Spend To July 2020 £000s	Increase £000s
CS	349	407	58
C&H	66	81	16
CSF	46	148	102
E&R	759	1,561	802
Total Capital	1,220	2,198	978

4.6 During July 2020 officers spent just under £1 million, to achieve year end spend officer would need to spend approximately £5 million each month to year end. Finance officers will continue to work with budget managers to re-profile and change the Capital Programme appropriately in the light of Covid 19 and the current financial challenges facing the Authority.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding.

5. DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 4 Forecast Shortfall	Period Forecast Shortfall (P4)	Period 3 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,750	968	35.6%	964	595
Children Schools and Families	2,969	2,235	734	24.7%	664	400
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	812	3,115	79.3%	2,991	0
Total	12,074	5,404	6,670	55.2%	6,472	1,095

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.

15. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458
- Email: roger.kershaw@merton.gov.uk

APPENDIX 1

3E. Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	2,105	1,680	11,171	(19)	(19)	(161)
Use for Capital Programme						0	0	0
Impact of Capital on revenue budget	11,190	11,190	2,105	1,680	11,171	(19)	(19)	(161)
Investment Income	(707)	(707)	(236)	(237)	(680)	27	27	(704)
Pension Fund	340	340	113	0	340	0	0	(104)
Corporate Provision for Pay Award	2,231	2,231	744	0	2,881	650	650	0
Corporate Provision for National Minimum Wage	1,500	1,500	500	0	1,500	0	0	0
Provision for excess inflation	450	450	150	0	350	(100)	0	(100)
Pay and Price Inflation	4,181	4,181	1,394	0	4,731	550	650	(100)
Contingency	1,500	487	162	0	487	0	0	(500)
Single Status/Equal Pay	100	100	33	0	100	0	0	0
Bad Debt Provision	500	500	167	0	600	100	0	1,304
Loss of income arising from P3/P4	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	23	8	0	23	0	0	(34)
Apprenticeship Levy	450	450	150	2	450	0	0	(22)
Revenuisation and miscellaneous	3,384	1,698	566	141	1,698			(802)
Growth - Provision against DSG	16,009	16,009	5,336	0	16,009	0	0	0
Contingencies and provisions	22,378	19,268	6,423	143	19,368	100	0	(154)
Other income	0	0	0	(3)	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(654)	(60)	(1,963)	0	0	(157)
Income items	(1,963)	(1,963)	(654)	(63)	(1,963)	0	0	(343)
Appropriations: CS Reserves	(908)	(908)	(303)	0	(908)	0	0	0
Appropriations: E&R Reserves	(317)	(344)	(115)	0	(344)	0	0	0
Appropriations: CSF Reserves	(360)	(448)	(149)	(88)	(448)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(35)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(400)	0	(1,200)	0	0	0
Appropriations: Corporate Reserves	(8,386)	(5,300)	(1,767)	(5,300)	(5,300)	0	0	0
Appropriations/Transfers	(11,275)	(8,304)	(2,768)	(5,388)	(8,304)	0	0	0
Depreciation and Impairment	(23,351)	(23,351)	0	0	(23,351)	0	0	0
Central Items	793	654	6,377	(3,866)	1,312	658	658	(1,566)
Levies	962	962	321	364	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,615	6,697	(3,501)	2,273	658	658	(1,567)
COVID-19 Emergency expenditure	0	0	0	2,994				176
Total: COVID-19 Expenditure	0	0	0	2,994	9,278	9,278	0	176

Pay and Price Inflation as at July 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 0.8% and RPI at 1.5% 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 statistics have been affected by COVID-19. As a result of the ongoing coronavirus (COVID-19) pandemic, However, as the restrictions caused by the ongoing coronavirus (COVID-19) pandemic have been eased, the number of CPIH items that were unavailable to UK consumers in July has reduced to 12; these account for 1.3% of the CPIH basket by weight and Consumer price inflation dataset made no overall contribution to the change in the CPIH 12-month rate; the number of unavailable items is down from 67 unavailable items for June, and 74 and 90 unavailable items for May and April, respectively; for July, the ONS have collected a weighted total of 82.0% of comparable coverage collected previously (excluding unavailable items).

The Consumer Prices Index (CPI) 12-month rate was 1.0% in July 2020, up from 0.6% in June.

The largest contribution to the 12-month inflation rate in July 2020 came from recreation and culture (0.33 percentage points). Clothing, rising petrol prices, and furniture and household goods made large upward contributions to the change in the 12-month inflation rate between June and July 2020. Falling food prices resulted in a partially offsetting small downward contribution to the change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.1% in July 2020, up from 0.8% in June.

The RPI rate for July 2020 was 1.6%, which is up from 1.1% in June 2020.

The increase in July was larger than anticipated and one cause is thought to be retailers pushing up prices of some goods in an attempt to recoup some of the earlier losses resulting from the pandemic.

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 4 August 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with its existing programmes of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, maintaining the target for the total stock of these purchases at £745 billion.

The MPC also published its August Monetary Policy Report which sets out projections for activity and inflation. It summarises the overall context of the situation as one in which "although recent developments suggest a less weak starting point for the Committee's latest projections, it is unclear how informative they are about how the economy will perform further out. The outlook for the UK and global economies remains unusually uncertain. It will depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors."

In the minutes to the meeting the MPC note that "Recent data outturns suggest that the fall in global GDP in 2020 Q2 will be less severe than expected at the time of the May Monetary Policy Report. There are signs of consumer spending and services output picking up, following the easing of Covid-related restrictions on economic activity. Recent additional announcements of easier monetary and fiscal policy will help to support the recovery. Downside risks to the global outlook remain, however, including from the spread of Covid-19 within emerging market economies and from a return to a higher rate of infection in advanced economies. UK GDP contracted by around 20% in April, following a 6% fall in March. Evidence from more timely indicators suggests that GDP started to recover thereafter. Payments data are consistent with a recovery in consumer spending in May and June, and housing activity has started to pick up recently."

In terms of the outlook for inflation the MPC minutes state that "twelve-month CPI inflation increased to 0.6% in June from 0.5% in May. CPI inflation is expected to fall further below the 2% target and average around ¼% in the latter part of the year, largely reflecting the direct and indirect effects of Covid-19. These include the impact of energy prices and the temporary cut in VAT for hospitality, holiday accommodation and attractions. As these effects unwind, inflation rises, supported by a gradual strengthening of domestic price pressures as spare capacity diminishes. In the MPC's central projection, conditioned on prevailing market yields, CPI inflation is expected to be around 2% in two years' time."

In the Monetary Policy Report for August 2020 the MPC conclude that "the reduction in output in recent months has reflected declines in both the demand for goods and services as well as the economy's supply capacity, and the balance between the two is difficult to gauge. Overall, the MPC judges that a material amount of additional spare capacity has emerged, and this will be predominately in the form of increased unemployment towards the end of the year. Although there may also be spare capacity within some firms, Page 247 have a reduced capacity to supply because of new working practices. Spare capacity in the economy is expected to weigh on

domestic price pressures. However, the MPC expect the impact of spare capacity on inflation to be a little smaller than usual. In the near term, inflation is expected to remain well below the 2% target, reflecting the continued drag from lower energy prices and the temporary cut in VAT for the hospitality sector. Demand is projected to recover over the forecast period, eroding the degree of spare capacity and causing domestic price pressures to strengthen. Inflation is projected to return to target during 2022.”

One of the assumptions made by the MPC in formulating its projections is Key judgement 3. This assumes that inflation is weak in the near term, but it returns to the target (2%) as the drag from temporary Covid-related factors wanes and spare capacity is eroded. The MPC state that “In the near term, there are risks around the extent to which the cut in VAT is passed through to prices. CPI inflation is projected to fall a little further over the second half of the year, in part reflecting the impact of the Government’s cut to VAT for some goods and services. The MPC’s projections assume that 50% of the cut in VAT is initially passed through to consumer prices, with that effect fading over time. But there are risks around that assumption. The outlook for CPI inflation will be influenced by the sectoral dispersion of the shock to activity. Throughout the forecast period, CPI inflation will be affected by the extent of spare capacity, and the distribution of that spare capacity across sectors. The effects of the pandemic have fallen unevenly across sectors. Those differences may interact with other differences — such as the frequency with which prices are changed, or the mix of inputs used in production — to alter how any spare capacity affects inflation. Bank staff analysis suggests that the hit to output arising from Covid-19 has been concentrated in highly consumer facing services, which tend to exhibit higher price stickiness than the average CPI basket. As a result, any spare capacity might have a smaller downward effect on CPI inflation than is usually assumed, consistent with the judgement underlying the MPC’s central projection. Cost pressures are also likely to vary across sectors. “ The table shows the MPC’s four-quarter CPI inflation rate projections:-

MPC’s CPI Inflation Rate Projections “August Monetary Policy Report”			
	Mode	Median	Mean
2021 Q.3	1.8	1.6	1.6
2022 Q.3	2.0	1.9	1.9
2023 Q.3	2.2	2.2	2.1

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 (August 2020)			
	Lowest %	Highest %	Average %
2020 (Quarter 4)			
CPI	-0.1	1.8	0.5
RPI	0.3	2.2	1.1
LFS Unemployment Rate	5.0	12.7	8.3
2021 (Quarter 4)			
CPI	0.6	3.2	2.1
RPI	1.1	4.6	2.7
LFS Unemployment Rate	5.0	8.8	6.5

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 (August 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	0.7	1.5	2.1	2.1	2.1
RPI	1.3	2.2	3.3	3.3	3.3
LFS Unemployment Rate	5.6	7.6	6.2	5.3	4.9

Treasury Management: Outlook

On 12 August 2020 the ONS published “Coronavirus and the impact on output in the UK economy: June 2020”. In this article the ONS summarise the overall position as:-

- “The economy is in a technical recession after Quarter 2 (Apr to June) 2020 saw a record fall of 20.4%, following a significant shock since the start of the coronavirus (COVID-19) pandemic; this follows a fall of 2.2% during Quarter 1 (Jan to Mar) 2020.
- Monthly gross domestic product (GDP) rose by 8.7% during June 2020 but is 17.2% below February 2020 levels.
- Analysis of our Monthly Business Survey (MBS) returns and external data, including comments from over 10,000 businesses, has shown that businesses are increasing output as demand has increased following the easing of social distancing and lockdown measures; businesses are striving to maximise output while working within official guidelines.
- Services experienced widespread growth in June 2020, where the easing of lockdown measures, most notably in England, had the most positive impact, with nearly half of growth from the wholesale and retail trade; repair of motor vehicles and motorcycles sector.
- Manufacturing and construction saw widespread growth during June 2020, primarily because of increased demand and the recommencement of work, as businesses managed to operate while adhering to social distancing measures.”

At its meeting ending on 4 August 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with its existing programmes of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, maintaining the target for the total stock of these purchases at £745 billion.

The MPC has also published its August Financial Policy and Stability Report. It summarises the economic outlook as “the outlook for the UK and global economies remains unusually uncertain. It will depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors. The MPC’s projections assume that the direct impact of Covid-19 on the economy dissipates gradually over the forecast period. Conditional on that assumption, UK GDP is projected to continue to recover over the forecast period. Activity is also supported by substantial fiscal and monetary policy actions. Nonetheless, the recovery in demand takes time as health concerns drag on activity. The risks are skewed to the downside.”

The MPC has used the following projections implied by current data trends:-

	Projections			
	2020 Q.4	2021 Q.3	2022 Q.3	2023 Q3.
GDP	-5.4	8.6	3.0	1.9
CPI Inflation	0.3	1.8	2.0	2.2
LFS Unemployment Rate	7.5	6.6	4.7	4.0
Excess Supply/Excess Demand	-2.25	-0.25	+0.5	+0.75
Bank Rate	0.0	-0.1	-0.1	-0.1

The MPC have also modelled the outlook conditioned on the alternative assumption of constant interest rates at 0.1%. It concludes that “activity is still projected to recover over the forecast period, although it is slightly weaker. As a result, excess demand builds to a somewhat lesser extent, and CPI inflation is projected to be **Page 250** lower. The assumption is that Bank Rate remains

at 0.1% throughout the three years of the forecast period, before moving towards the market path over the subsequent three years.”

So are negative interest rates likely? The MPC is “currently considering whether the ELB for Bank Rate could be below zero; that is whether a negative policy rate could provide economic stimulus. The effectiveness of a negative policy rate will depend, in part, on the structure of the financial system and how the policy transmits through banks to the interest rates facing households and companies. It will also depend on the financial and economic conditions at the time. The MPC will continue to keep under review the appropriateness of a negative policy rate alongside all of its policy tools.” However, it devotes four pages of its August 2020 Monetary Policy Report on the pros and cons associated with this measure.

“Negative policy rates

Since the financial crisis, nominal interest rates in the UK and elsewhere have reached historically low levels. As that has happened, central banks have had to make judgements about the ‘effective lower bound’ (ELB) for their respective policy rates — the point at which further cuts in the policy rate no longer provide stimulus or at which adverse effects, such as in the financial sector, can arise. Some central banks have judged their ELB to be below zero

In 2016, the Bank of England judged that the ELB had fallen to ‘close to, but a little above zero’. Those judgements were based on evidence about how any further rate cuts might be passed through to the economy at that time, and the risks they might pose to the financial sector. Cuts that result in negative policy rates would affect the economy through some of the same channels as cuts that keep rates positive... In practice, a negative policy rate means that some or all of the cash reserves held by private sector banks at the central bank are charged interest rather than earning interest. The rate of interest on those reserves influences a wide range of interest rates in the economy and borrowing costs in financial markets. Asset prices would be expected to rise in response to a reduction in rates, as companies’ future earnings are discounted at a lower interest rate. Higher asset prices would boost the economy by increasing the value of companies’ and households’ collateral, thereby enabling them to raise external funds more cheaply and encouraging borrowing. Lower financial market interest rates would also be expected to lead to a depreciation of the exchange rate, boosting demand for UK exports, and raising inflation via higher import prices. ...but some aspects of the transmission mechanism are likely to be different, which could have an impact on how effective a negative interest rate policy would be in boosting the economy. A cut to Bank Rate below zero might not affect interest rates in the wider economy in the same way as when it is cut to a level above zero, however. In particular, the transmission to household deposit rates might be attenuated. A report from the Committee on the Global Financial System at the Bank for International Settlements on unconventional monetary policy concluded that, in countries that have set negative policy rates, many aspects of the monetary policy transmission mechanism functioned roughly as normal after a cut in policy rates to below zero. But deposit rates for households typically did not fall below zero. That, in turn, can affect banks’ behaviour, increasing uncertainties about the macroeconomic effects of negative policy rates. The borrowing rates faced by most households and businesses tended to fall in other countries, but remained positive. The effectiveness of the transmission of a negative policy rate might also be affected if it is perceived to be unusual and affects households’ and businesses’ confidence.

What are the uncertainties around the effectiveness of negative policy rates on the macro economy? All policy tools come with uncertainties as to their impact on the economy and the MPC regularly reviews the effectiveness of all its policy tools. The MPC assesses the appropriate monetary policy stance at each meeting, and also keeps under review the appropriate tools for achieving its objectives. The appropriateness of each policy tool can change over time. It can depend on the shock hitting the economy — for example, tools which act to loosen credit constraints might be desirable in response to a financial shock. It can also depend on the state of the economy — for example, according to the balance sheet strength of households, businesses

and financial institutions. The following section considers the particular issues around the effectiveness of negative policy rates. Uncertainties about the impact of negative policy rates arise particularly from the tendency for household deposit rates to not fall below zero. As policy rates fall, interest rates faced by households and businesses in the economy usually follow. International experience suggests that, while some corporate deposit rates fall below zero, interest rates on households' bank deposits tend not to go below zero. In part, that might reflect the existence of cash as an alternative to holding money in deposit accounts. If deposit rates go negative, depositors may decide to withdraw their savings and hold them in cash rather than pay a fee to hold their money with a bank. While there are some costs and difficulties with holding cash, such as storage costs and the practicalities of paying bills and receiving wages, the incentive to use it as an alternative to a deposit account is likely to increase if interest rates fall below zero. Banks might also be unwilling to lower deposit rates below zero for other reasons. For example, a negative interest rate could affect depositors' confidence.

Conclusion

The effectiveness of a negative policy rate in stimulating the economy will depend importantly on its transmission through the banking sector. The appropriate policy tools for achieving the MPC's objectives can change over time depending on economic and financial conditions. At present, banks' balance sheets will be negatively affected by the period of severe economic disruption arising from Covid-19. And they have an important role to play in helping the UK economy recover by providing finance for individuals and companies. As a result, negative policy rates at this time could be less effective as a tool to stimulate the economy. That said, the wider economy and banks' balance sheets would be boosted by stimulus. The net effect of negative policy rates depends on these, among other, factors. The MPC will continue to review the appropriateness of a negative policy rate as a policy tool alongside its broader toolkit. The MPC has other instruments available — for example, asset purchases and forward guidance. The MPC will continue to assess the appropriate monetary policy stance and will keep the appropriate tools for achieving its remit — including negative policy rates — under review.”

Brexit

The MPC's central projections are conditioned on the assumption that there is an immediate but orderly move to a comprehensive free trade agreement with the EU on 1 January 2021. Consistent with government policy, and as in previous Reports, the MPC's central projections assume that there is an immediate but orderly move to a comprehensive free trade agreement between the UK and the EU on 1 January 2021. Some restrictions on trade between the UK and EU are assumed to come into place at that point as the UK leaves the EU's Single Market and Customs Union.

MPC Key Judgements

Key judgement 1: as uncertainty dissipates gradually, household spending recovers.

Key judgement 2: there is some long-lasting scarring, largely due to persistent weakness in productivity.

Key judgement 3: inflation is weak in the near term, but it returns to the target as the drag from temporary Covid-related factors wanes and spare capacity is eroded.

Capital Budget monitoring- July 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	2,197,580	3,998,816	(1,802,264)	44,681,060	44,302,060	(379,000)
Corporate Services	407,059	1,485,370	(1,079,339)	22,742,070	22,742,070	0
Customer, Policy and Improvmen	105,220	0	105,220	1,000,000	1,000,000	0
Customer Contact Programme	105,220	0	105,220	1,000,000	1,000,000	0
Facilities Management Total	69,271	268,045	(198,774)	1,445,370	1,445,370	0
Works to other buildings	71,468	155,845	(84,377)	701,690	701,690	0
Civic Centre	0	37,200	(37,200)	268,680	268,680	0
Invest to Save schemes	(2,198)	75,000	(77,198)	475,000	475,000	0
Infrastructure & Transactions	232,568	717,325	(485,785)	2,670,490	2,670,490	0
Business Systems	13,233	139,475	(127,270)	880,700	880,700	0
Social Care IT System	0	68,220	(68,220)	272,870	272,870	0
Planned Replacement Programme	219,335	509,630	(290,295)	1,516,920	1,516,920	0
Corporate Items	0	500,000	(500,000)	17,626,210	17,626,210	0
Multi Functioning Device (MFD)	0	0	0	270,000	270,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	500,000	(500,000)	12,816,750	12,816,750	0
Compulsory Purchase Order	0	0	0	4,079,460	4,079,460	0
Community and Housing	81,453	225,540	(144,087)	1,551,000	1,424,000	(127,000)
Housing	82,304	225,540	(143,236)	1,177,000	1,050,000	(127,000)
Disabled Facilities Grant	82,304	225,540	(143,236)	827,000	700,000	(127,000)
Major Projects - Social Care H	0	0	0	350,000	350,000	0
Libraries	(851)	0	(851)	374,000	374,000	0
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	0	0	350,000	350,000	0
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget monitoring- July 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	147,731	116,530	31,201	4,935,420	4,935,420	0
Primary Schools	84,694	0	84,694	2,335,580	2,335,580	0
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	(901)	0	(901)	39,350	39,350	0
Hatfield	7,258	0	7,258	54,910	54,910	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	81,990	81,990	0
Wimbledon Park	0	0	0	40,000	40,000	0
Abbotsbury	32,930	0	32,930	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
Unallocated Primary School Proj	0	0	0	921,250	921,250	0

Capital Budget monitoring- July 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(43,243)	0	(43,243)	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	(43,243)	0	(43,243)	195,670	195,670	0
SEN	(8,887)	0	(8,887)	1,990,260	1,990,260	0
Perseid	(16,158)	0	(16,158)	285,970	285,970	0
Cricket Green	(71,284)	0	(71,284)	366,150	366,150	0
Melrose	68,552	0	68,552	1,070,590	1,070,590	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unallocated SEN	(9,997)	0	(9,997)	204,210	204,210	0
Melbury College - Smart Centre	20,000	0	20,000	13,340	13,340	0
CSF Schemes	115,167	116,530	(1,363)	349,570	349,570	0
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	116,520	116,530	(10)	349,570	349,570	0

Capital Budget monitoring- July 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	1,561,337	2,171,376	(610,039)	15,452,570	15,200,570	(252,000)
Public Protection and Development	0	84,368	(84,368)	450,340	325,340	(125,000)
On Street Parking - P&D	0	20,000	(20,000)	100,000	100,000	0
Off Street Parking - P&D	0	34,300	(34,300)	200,000	75,000	(125,000)
CCTV Investment	0	30,068	(30,068)	150,340	150,340	0
Street Scene & Waste	(117,973)	53,000	(170,973)	604,630	600,630	(4,000)
Fleet Vehicles	0	48,200	(48,200)	542,200	542,200	0
Alley Gating Scheme	1,200	4,800	(3,600)	24,000	20,000	(4,000)
Waste SLWP	(119,173)	0	(119,173)	38,430	38,430	0
Sustainable Communities	1,679,310	2,034,008	(354,698)	14,397,600	14,274,600	(123,000)
Street Trees	(3,564)	13,200	(16,764)	126,000	126,000	0
Wimbledon Area Roads	0	0	0	125,000	125,000	0
Raynes Park Area Roads	0	5,222	(5,222)	26,110	26,110	0
Highways & Footways	1,421,795	770,886	650,909	5,910,430	5,910,430	0
Cycle Route Improvements	107,356	26,478	80,878	132,390	132,390	0
Mitcham Transport Improvements	705	19,322	(18,617)	96,610	96,610	0
Colliers Wood Area Regeneration	2,050	3,000	(950)	15,000	15,000	0
Mitcham Area Regeneration	1,747	457,510	(455,763)	2,935,050	2,935,050	0
Wimbledon Area Regeneration	70,000	157,660	(87,660)	844,920	844,920	0
Morden Area Regeneration	0	40,000	(40,000)	200,000	200,000	0
Borough Regeneration	1,987	116,610	(114,623)	880,630	870,630	(10,000)
Morden Leisure Centre	621	14,170	(13,549)	55,000	55,000	0
Wimbledon Park Lake and Waters	14,012	39,500	(25,489)	329,500	329,500	0
Sports Facilities	28,816	45,000	(16,184)	458,840	458,840	0
Parks	33,786	325,450	(291,664)	2,262,120	2,149,120	(113,000)

Virement, Re-profiling and New Funding - July 2020

Appendix 5B

	2020/21 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Movement	Revised 2021/22 Budget	Narrative
	£	£		£	£	£		£	
Corporate Services									
Compulsory Purchase Order - Clarion	(2)	0	4,079,460		4,079,460		3,143,570	3,143,570	Fully Funded by Clarion
Children, Schools and Families									
Unallocated - Capital Maintenance	(1)	474,500		446,750	921,250	1,900,000		1,900,000	Additional Central Govt Grant net of Review Reduction
Environment and Regeneration									
Hartfield Walk Public Realm	(1)	0	125,000		125,000			0	New NCIL Scheme "Love Wimbledon"
Polka Theatre	(1)	0	150,000		150,000			0	NCIL Contribution to Construction Project
Elmwood Centre Hub		0	65,000		65,000			0	NCIL Grant to Age UK for building works
Deen City Farm		0	36,620		36,620			0	NCIL Grant for Rainwater Harvesting & Pathway Imps.
Windmill Museum		0	20,000		20,000			0	NCIL Grant for Landscaping & Lighting Imps
Community Arts Venue - Cricket Green School		0	49,480		49,480			0	NCIL Grant to Mitch Twn Comm Trust
Haydons Rd Shop Front Impr	(1)	224,000	257,580		481,580			0	NCIL Grant
Bramcote Parade Improvements		50,000	40,000		90,000			0	NCIL Grant
Pollards Hill Lighting		0	100,000		100,000			0	NCIL Grant
Durnsford Road Rec Facilities		0	32,000		32,000			0	NCIL Grant
Canons Parks for the People - Regeneration	(1)	2,278,230		533,020	2,811,250	533,020	(533,020)	0	Re-profiled to match projected spend
Total		3,026,730	0	5,401,890	533,020	8,961,640	2,433,020	2,610,550	5,043,570
(1) Requires Cabinet approval									
(2) Requires Council Approval									

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed June Monitoring	31,040	7,707	38,746
<u>Corporate Services</u>			
Compulsory Purchase Order - Clarion	0	4,079	4,079
<u>Children, Schools and Families</u>			
Unallocated - Capital Maintenance	(443)	890	447
<u>Environment and Regeneration</u>			
Canons Parks for the People - Regeneration	0	533	533
Hartfield Walk Public Realm	125	0	125
Polka Theatre	150	0	150
Elmwood Centre Hub	65	0	65
Deen City Farm	37	0	37
Windmill Museum	20	0	20
Community Arts Venue - Cricket Green School	49	0	49
Pollards Hill Lighting	100	0	100
Durnsford Road Rec Facilities	32	0	32
Haydons Rd Shop Front Impr	258	0	258
Bramcote Parade Improvements	40	0	40
Proposed July Monitoring	31,472	13,209	44,681

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed June Monitoring	31,689	4,560	36,249
<u>Corporate Services</u>			
Compulsory Purchase Order - Clarion	0	3,144	3,144
<u>Environment and Regeneration</u>			
Canons Parks for the People - Regeneration	0	(533)	(533)
Proposed July Monitoring	31,689	7,171	38,859

APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 4 Forecast Shortfall	Period Forecast Shortfall (P4)	Period 3 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,750	968	35.6%	964	595
Children Schools and Families	2,969	2,235	734	24.7%	664	400
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	812	3,115	79.3%	2,991	0
Total	12,074	5,404	6,670	55.2%	6,472	1,095

Updated for June 2020											APPENDIX 6
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	
CH82 / 83 / 90	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	

Updated for June 2020										APPENDIX 6	
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
	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	38	32	A	70	0	G	Louise Round	Post holder retiring mid-year, shortfall in year offsets with other underspends within the services	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	A	10	0	G	Karin Lane	Expected to be achieved but will be dependent upon the number of complaints	N
	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	17	83	A	100	0	G	Edwin O'Donnell	Worked carried out to buildings in light of covid-19	Y
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	34	86	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	1750	968		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/Underspend? 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	G	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	G	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	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	0	337	R	337	0	A	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. The service continue to monitor this growth closely and is amending the financial forecast accordingly.	N
ENV1920-05	Waste: The Kingdom environment enforcement contract is due for reprocurement 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	G	50	0	G	John Bosley	Between April - July 2020 the service as 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. We are currently reviewing the deployment arrangements with our service provider with the aim of returning to a BAU approaches our town centres re open and the level of footfall increases at our transport hubs.	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	26	124	R	150	0	G	John Bosley	Between April - July 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. We are currently reviewing the deployment arrangements with our service provider with the aim of returning to a BAU approaches our town centres re open and the level of footfall increases at our transport hubs. The commisioning and procurement of a new enforcemnt contract along with the wider Public Space restructure scheduled for late 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 manged in line with the corperate 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	812	3,115		3,927	0				

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
	<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 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	This saving should be set against the placements budget. Effective MST avoids entry to care and new placement costs	
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	South London Family Drug and Alcohol Court contract has been decommissioned. Plan is to deliver savings from practice changes supported by the wider CSC & YI reorganisation. The reorganisation is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Will deliver no more than £15k if consultation can take place in 3rd quarter of financial year. Some mitigating activity through temporary recruitment to posts likely to be impacted in the reorganisation.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	300		400	300		El Mayhew	This savings work has been significantly impacted by Covid-19 and the need to re-direct aspects of the transformation resource (Graduate Management Trainee) to Ofsted preparation. The transformation resource leaves CSC & YI in September 2020. Unlikely to achieve savings in 2020/21. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22.	
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 which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. 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	Delivered in full. However, additional costs have emerged in relation to both retained functions and increased costs of service delivery passed on by ALS. Future funding for ALS will be based on demand and use. Early indications are that ALS costs are rising.	
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	

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
CSF2019-13	Review of current Adolescent and Family service	100	30	70		100	70		El Mayhew	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. 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.	
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	0		45	0		El Mayhew	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Unlikely to achieve savings in 2020/21	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0		El Mayhew	Financial payments to care leavers have increased due to the impact of Covid-19 restrictions and requirement to match DWP Covid-19 increase in benefit rates - some of this will be set against the Covid-19 cost centre. Timing not appropriate to shift funding culture where continued Covid-19 situation impacts on external resources and progression of other agencies decision-making i.e. Home Office asylum decisions	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20		20	0		El Mayhew	Covid-19 restrictions have impacted on foster carer recruitment and approval. Older age demographics of in-house carers increases risk of reduced capacity due to increased likelihood of Covid-19 health complications. This savings work would likely have resulted in short term impact on in-house fostering capacity - this risk is too high in current context. Plan to revisit this savings work when Covid-19 situation stabilises.	

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
CSF2019-19	Increased use of in-house foster carers	20	20	0		20	0		El Mayhew	DfE Covid-19 guidance requires local authorities to increase placement sufficiency. Recruitment campaign building on Covid-19 'community spirit' in motion. Business Support restructure completed in July 2019. There are no additional savings arising from this.	
CSF2019-01	Review of CSF admin structure	200	200	0		200	0		El Mayhew		
	<u>Commissioning</u>			0							
				0							
CSF2019-11	Review of centralised commissioning budgets	90	90	0		90	0			Delivered in full	
	<u>CSF Other</u>			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	734		2,969	400				

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				

Updated to June 2020											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING 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	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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