

## Financial Task Group

Date: 4<sup>th</sup> September

Subject: Financial Report 2013/14 – June 2013

Lead officer: Paul Dale

Lead member: Mark Allison

### Recommendations:

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- A. That the Task Group note the financial reporting data relating to revenue budgetary control, showing a forecast underspend at year end of £1.2million after allowing for a £222k transfer to the Capital Programme and consider any relevant action CMT may wish to take in respect of variations
- B. The Task Group notes the current position on capital and approve the two Transport for London Biking Borough Schemes totalling £45,000
- C. The Task Group note current progress to date on savings
- D. The Task Group note the latest position with regard to the collection of miscellaneous debt (Appendix 8), as at the end of June 2013.

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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the first quarter financial monitoring report for 2013/14 presented to the Task Group in line with the financial reporting timetable. It is based on expenditure and income as at 30th June 2013 and represents the first quarter of the financial year.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £1.2m (£1.4m underspend reported last month);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2013/14;
- Progress on the delivery of the 2013/14 revenue savings

## 2. 2013/14 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

- 2.1 **Executive summary** - As at June, the forecast is expected to be a net £1.2m underspend compared to the current budget.

|                                     | Current Budget 2013/14<br>£000s | Full Year Forecast (June)<br>£000s | Forecast Variance at year end (June)<br>£000s | Forecast Variance at year end (May)<br>£000s |
|-------------------------------------|---------------------------------|------------------------------------|---|--|
| <b>Department</b>                   |                                 |                                    |   |  |
| 3A. Corporate Services              | 11,860                          | 11,508                             | (352)   | (296)  |
| 3B. Children, Schools and Families  | 50,712                          | 50,841                             | 129   | 63   |
| 3C. Community and Housing           | 63,418                          | 63,050                             | (368)   | (383)  |
| 3D. Public Health                   | 0                               | (11)                               | (11)  | 0  |
| 3E. Environment & Regeneration      | 25,886                          | 26,086                             | 200   | 0  |
| <b>NET SERVICE EXPENDITURE</b>      | <b>151,877</b>                  | <b>151,474</b>                     | <b>(403)</b>                                  | <b>(616)</b>                                 |
| <b>3E. Corporate Items</b>          |                                 |                                    |   |  |
| Impact of Capital on revenue budget | 13,878                          | 13,878                             | 0   | 0  |
| Central budgets                     | (2,408)                         | (3,222)                            | (814)   | (814)  |
| Levies                              | 914                             | 914                                | 0   | 0  |
| <b>TOTAL CORPORATE PROVISIONS</b>   | <b>12,384</b>                   | <b>11,570</b>                      | <b>(814)</b>                                  | <b>(814)</b>                                 |
| <b>TOTAL GENERAL FUND</b>           | <b>164,261</b>                  | <b>163,044</b>                     | <b>(1,217)</b>                                | <b>(1,430)</b>                               |
| <b>FUNDING</b>                      |                                 |                                    |   |  |
| Revenue Support Grant               | (47,221)                        | (47,221)                           | 0   | 0  |
| Business Rates                      | (32,020)                        | (32,020)                           | 0   | 0  |
| Other Grants                        | (8,356)                         | (8,356)                            | 0   | 0  |
| Council Tax and Collection Fund     | (76,664)                        | (76,664)                           |   |  |
| <b>FUNDING</b>                      | <b>(164,261)</b>                | <b>(164,261)</b>                   | <b>0</b>                                      | <b>0</b>                                     |

A detailed table is provided as Appendix 1.

The following table shows the summary position for June, in subjective format

|   | Current Budget 2013/14<br>£000 | Full Year Forecast (June)<br>£000 | Forecast Variance at year end (June)<br>£000 |
|---|--------------------------------|-----------------------------------|--|
| <b>Expenditure</b>                        |                                |                                   |  |
| Employees                                 | 89,398                         | 89,790                            | 392  |
| Premises Related Expenditure              | 9,213                          | 8,958                             | (256)  |
| Transport Related Expenditure             | 13,137                         | 12,047                            | (1,089)                                      |
| Supplies and Services                     | 165,641                        | 165,959                           | 318  |
| Third Party Payments                      | 86,051                         | 86,507                            | 456  |
| Transfer Payments                         | 95,966                         | 95,350                            | (616)  |
| Support Services                          | 32,417                         | 32,417                            | (0)  |
| Depreciation and Impairment Losses        | 13,783                         | 13,783                            | 0  |
| Corporate Provisions                      | 12,384                         | 11,570                            | (814)  |
| <b>GROSS EXPENDITURE</b>                  | <b>517,990</b>                 | <b>516,380</b>                    | <b>(1,610)</b>                               |
| <b>Income</b>                             |                                |                                   |  |
| Government Grants                         | (245,910)                      | (245,686)                         | 225  |
| Other Grants, Reimbursements and Contribs | (17,553)                       | (17,893)                          | (341)  |
| Customer and Client Receipts              | (53,361)                       | (52,827)                          | 535  |
| Interest                                  | (44)                           | (24)                              | 20   |
| Recharges                                 | (34,296)                       | (34,295)                          | 1  |
| Balances                                  | (2,565)                        | (2,611)                           | (46)   |
| <b>GROSS INCOME</b>                       | <b>(353,729)</b>               | <b>(353,336)</b>                  | <b>393</b>                                   |
| <b>NET EXPENDITURE</b>                    | <b>164,261</b>                 | <b>163,044</b>                    | <b>(1,217)</b>                               |

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

i) Corporate Services Department

|  | 2013/14<br>Current<br>Budget | Full year<br>Forecast<br>June | Forecast<br>variance<br>at year<br>end<br>(June)<br>£000 | Forecast<br>variance at<br>year end<br>(May)<br>£000 | 2012/13<br>Variance<br>at year<br>end<br>£000 |
|--|------------------------------|-------------------------------|--|--|---|
|  | £000                         | £000                          | £000   | £000   | £000  |
| Business Improvement                             | 2,071                        | 2,068                         | (4)  | (39)   | 4   |
| Infrastructure &<br>Transactions                 | 8,943                        | 8,839                         | (104)  | (76)   | 20  |
| Resources  | 7,499                        | 7,483                         | (17)   | (11)   | (141)   |
| Human Resources                                  | 2,175                        | 2,259                         | 84   | 143  | 253   |
| Corporate Governance                             | 4,489                        | 4,487                         | (2)  | (76)   | (195)   |
| Customer Services                                | 841                          | 530                           | (311)  | (238)  | 460   |
| Corporate Items<br>including redundancy<br>costs | 1,326                        | 1,327                         | 1  | 0  | (9)   |
| <b>Total (controllable)</b>                      | <b>27,344</b>                | <b>26,992</b>                 | <b>(352)</b>   | <b>(296)</b>   | <b>(393)</b>                                  |

**Overview**

At period 3 (June) the Corporate Services department is forecasting an underspend of £352k. The main variances are summarised in the table below.

| <u>13/14</u>                    | <u>Budget</u><br>£000 | <u>June<br/>forecast<br/>variance</u><br>£000 | <u>13/14<br/>Savings</u><br>£000 |
|---------------------------------|-----------------------|---|----------------------------------|
| <u>Human Resources</u>          |                       |   |                                  |
| School's SLA                    | (376)                 | 70  |                                  |
| iTrent client team              | 349                   | 50  |                                  |
| Other costs                     | 2202                  | (36)  |                                  |
| <b>Total Human Resources</b>    | <b>2,175</b>          | <b>84</b>                                     |                                  |
| <u>Resources</u>                |                       |   |                                  |
| Audit Fee                       | 422                   | (172)   |                                  |
| Other costs                     | 7,077                 | 155   |                                  |
| <b>Total Resources</b>          | <b>7,499</b>          | <b>(17)</b>                                   |                                  |
| <u>Customer Services</u>        |                       |   |                                  |
| Corporate Communications Income | (203)                 | 153   |                                  |

|   |            |              |                                    |
|---|------------|--------------|------------------------------------|
| Shared Bailiff's service with LB Sutton | (150)      | 93           | <b>£150k<br/>income<br/>target</b> |
| Local welfare support programme funding | (367)      | (250)        |                                    |
| Other costs                             | 1,561      | (307)        |                                    |
| <b>Total Customer Services</b>          | <b>841</b> | <b>(311)</b> |                                    |

### **Human Resources (HR) – forecast overspend £84k**

The Schools SLA shortfall was partly addressed in 13/14 by charging schools a flat fee for the work carried out by the Central Operations Team which was excluded in the 12/13 SLA. However there is a forecast underachievement of SLA income of £70k. There are also budget pressures in the iTrent client side costs forecasting an overspend of £50k.

### **Customer Services – forecast underspend £311k**

In 13/14 a new 'Local Welfare Support' discretionary scheme was set up in response to localise the Department of Works and Pensions, Social Fund. The authority has been allocated £367k of programme funding in the current year. At the moment we are not experiencing the number of claims we anticipated and this is similar across London. Based on year to date claims this budget is expected to underspend by £250k but we will be keeping this under review.

There is a forecast underspend of £115k due to vacant posts within the division.

The above underspends are partly offset by a forecast underachievement of income of £153k in Corporate Communications sponsorship, advertising and filming income. This remains an on-going issue and budget pressure which needs to be addressed following the recent public value review.

The Merton and Sutton shared bailiff service is forecasting an underachievement of income of £93k. The service commenced in September 2012 and generated a surplus of £19k in 12/13 to be shared between the two boroughs. The initial business case for the shared bailiffs' service estimated that for a full year the service would provide a surplus income of approximately £279k. Based on this the income target for Merton was set at £150k for 13/14. However, before the shared service actually commenced the level of enforcement costs (non-statutory) that the Merton bailiff team charged had to reduce following a complaint made to the Local Government Ombudsman and the recommendations received from that investigation. These changes have impacted on the level of costs charged by the Merton bailiff team and subsequently the shared service. The forecast surplus for the shared bailiffs service is £114k (Merton's share £57k), resulting in an underachievement of income forecast of £93k for Merton.

### **Resources – forecast underspend £17k**

The audit fee saving for future years has been captured early in the current year. However, this is partially offset by systems improvement and development work required to the financial systems, as some monies may be required for additional testing and grant certification.

### **Infrastructure and Transactions – forecast underspend £104k**

This underspend is mainly due to the renegotiation of contracts.

### **Management Action**

Finance staff will work closely with budget managers this year to continue to make forecasting more robust and accurate.

### **3B. Children Schools and Families**

| <b>Children, Schools and Families</b>   | <b>2013/14<br/>Current<br/>Budget<br/>£000</b> | <b>Full year<br/>Forecast<br/>(June)<br/>£000</b> | <b>Forecast<br/>Variance<br/>at year<br/>end (June)<br/>£000</b> | <b>Forecast<br/>Variance<br/>at year<br/>end (May)<br/>£000</b> | <b>2012/13<br/>Variance<br/>at year<br/>end<br/>£000</b> |
|---|--|---|--|---|--|
| Commissioning, Strategy and Performance | 9,184  | 9,197   | 13   | (2)   | 548  |
| Education                               | 16,269   | 16,313  | 44   | 20  | 144  |
| Social Care and Youth Inclusion         | 11,490   | 11,507  | 17   | 45  | (521)  |
| PFI                                     | 7,070  | 7,125   | 55   | 0   | 68   |
| Redundancy costs                        | 2,042  | 2,042   | 0  | 0   | (51)   |
| <b>Total (controllable)</b>             | <b>46,055</b>                                  | <b>46,184</b>                                     | <b>129</b>   | <b>63</b>   | <b>188</b>   |

### **Overview**

At the end of period 3 (June) Children Schools and Families is forecasting a net overspend of £129k on local authority funded services

### **Local Authority Funded Services**

Significant cost pressures and underspends identified to date are detailed below:

#### **Commissioning, Strategy and Performance Division**

- Pressure on fostering and residential placement costs continues due to a combination of increased number of children looked after and complex placement needs. The net position includes pressures in independent agency fostering and in-house fostering budgets, offset by underspend on mother and baby and other placement budgets. It is estimated that placement budgets overall will overspend at year end but the scale of this will need to be reviewed.
- There may be cost pressures on the legal budget due to a coroner's inquest and a Land Tribunal.

- Despite these pressures the division is reporting spending as virtually on budget.
- PFI is showing a shortfall because of an inflation shortfall with charges to schools. This will be resolved in 2014/15. A top-up may be required to the PFI reserves ensure there proper cash flow over the whole of the program. Any surplus top-up will be released back to general reserves at the end of the PFI payment schedule in 2030. This is not reflected in the data.

### Education Division

- There have been additional costs due to using agency cover ensure social worker management capacity in the Children with Disability section, whilst permanent recruitment was carried out was recruited which will result in spend over budget

### Children's Social Care and Youth Inclusion

- The cost relating to Special Guardianship Orders has significantly increased mainly as a result of a judicial review and increased targets set by Central Government for all adoption services. These pressures along with support package and placement cost pressures are being funded by grant money that is not ring-fenced. Permanent funding will need to be identified in future years.
- In common with other London LAs, the council is having to respond to recent case law regarding families with no recourse to public funds (Zambrano & Clue cases). Officers are in the process of quantifying the additional costs of the legal requirements and will report these in the future.
- Despite these pressures the division is reporting spending as virtually on budget.

### **Dedicated Schools Grant**

DSG funded services are expected to underspend but these budgets are not within the council's general fund and such underspends cannot be offset against overspends on local authority funded budgets. Any underspend at year-end will be added to the DSG reserve and applied as agreed by the Schools Forum.

Based on current client costs, the independent residential SEN placements are expected to underspend. The current client costs do however not build in any contingencies for new assessments during the year or new starters from September. As in previous years, more work will be done to forecast this demand and quantify the resulting cost in readiness for the October monitoring.

As part of the schools budget setting process, two schools have requested setting deficit budgets for 2013/14. Officers have met with the schools and the schools have submitted recovery plans to show that they will balance their budgets over the next three years. Balances will be reviewed to ensure adherence to the recovery plans.

(C) **Community and Housing**

As at the end of period 3 (June), C&H is forecast to under-spend by £368k

| <b>Community and Housing</b> | <b>2013/14 Current Budget</b> | <b>Full Year Forecast (Jun)</b> | <b>Forecast Variance (Jun)</b> | <b>Forecast Variance (May)</b> | <b>2012/13 Variance at year end</b> |
|------------------------------|-------------------------------|---------------------------------|--------------------------------|--------------------------------|-------------------------------------|
|                              | <b>£000</b>                   | <b>£000</b>                     | <b>£000</b>                    | <b>£000</b>                    | <b>£000</b>                         |
| Access and Assessment        | 43,698                        | 43,382                          | (316)                          | (352)                          | (1,380)                             |
| Commissioning                | 4,631                         | 4,509                           | (122)                          | 13                             | (324)                               |
| Direct Provision             | 4,917                         | 5,022                           | 105                            | 156                            | 48                                  |
| Directorate                  | 888                           | 888                             | 0                              | 0                              | 81                                  |
| <b>Adult Social Care</b>     | <b>54,134</b>                 | <b>53,801</b>                   | <b>(333)</b>                   | <b>(183)</b>                   | <b>(1,575)</b>                      |
| Libraries and Heritage       | 2,489                         | 2,486                           | (3)                            | 0                              | 4                                   |
| Merton Adult Education       | (113)                         | (113)                           | 0                              | 0                              | (3)                                 |
| Housing General Fund         | 1,728                         | 1,696                           | (32)                           | (200)                          | (230)                               |
| <b>Total (controllable)</b>  | <b>58,238</b>                 | <b>57,870</b>                   | <b>(368)</b>                   | <b>(383)</b>                   | <b>(1,804)</b>                      |

**Access and Assessment - £316k under-spend**

| <b>Access and Assessment</b>                | <b>Forecast Variance</b> |
|---|--------------------------|
|   | <b>£000</b>              |
| Miles Re-ablement                           | (414)                    |
| Other A&A underspend                        | (360)                    |
| Gross Placements overspend                  | 1,782                    |
| <b>Sub-total Net over-spend</b>             | <b>1,008</b>             |
| <u>Over-achievement of Income</u>           |                          |
| Client Contribution                         | (232)                    |
| CCG Contribution                            | (415)                    |
| NHS Social Care Transfer Income             | (677)                    |
| <b>Sub-Total over-achievement of Income</b> | <b>(1,324)</b>           |
| <b>Total A&amp;A Forecast under-spend</b>   | <b>(316)</b>             |

**Commissioning - £122k under-spend**

Employee under-spend in Contracts and Performance team £120k

Supporting People Grant £36k overspend and Voluntary Organisations grants and contract £31k underspend

### **Direct Provision £105k overspend**

Mainly arises due to increase in staff levels recruited above budget. Funding needs to be identified as a matter of urgency and there are discussions with Access and Assessment .

### **Libraries – £3k underspend.**

Where libraries provide office lets to organisations a couple of these organisations are withdrawing from the space they use due to cuts in their own funding. This could potentially leave an income gap of £20k per annum but the service is seeking to bring in new occupants as a replacement.

### **Housing**

Housing is currently projecting that it will not underspend at the same level as in recent years. This is being kept under review and more evidence is requested.

### **Placements**

The total gross placement budget for 2013-14 is £37.5m; this includes £1m growth allocated in setting the budget and savings of £2.24m.

The Gross placements budget is forecast to over-spend by £1.782m.

The impact of the savings on the budget position for 2013-14 and future years are being monitored closely. There is a potential risk that £825k savings proposals relating to placements may not be achieved . Alternative proposals may be required.

The table below identifies the movement in care package numbers:

|   | No of Care Packages as at October 2012 (budget setting) | No of Care Packages as at June 2013 | Increase/decrease since Budget Setting | Total Yearly Commitment @ June 13 £000 |
|---|---|-------------------------------------|--|--|
| <b>Activity Data – Care Package Numbers</b> |   |                                     |  |  |
| Service Area                                |   |                                     |  |  |
| Mental Health                               | 175   | 163                                 | (12)                                   | £1,634                                 |
| Physical and Sensory                        | 275   | 288                                 | 13                                     | £3,862                                 |
| Learning Disabilities                       | 375   | 368                                 | (7)                                    | £12,155                                |
| Older People                                | 1,634   | 1,643                               | 9                                      | £20,567                                |
| Substance Misuse                            | 10  | 12                                  | (2)                                    | £298                                   |
| No recourse to public funds                 | 21  | 15                                  | (6)                                    | £201                                   |
| Other Placement Expenditure                 |   |                                     |  | £588                                   |
| <b>TOTAL Gross placement expenditure</b>    | <b>2,490</b>  | <b>2,489</b>                        | <b>(1)</b>                             | <b>£39,305</b>                         |

### **Income**

The income budget has been increased by £800k to balance the 2013/14 budget.

The current estimated over-achievement of Income is Client Contribution - £232k and Additional CCG contributions £415k and £677k NHS Social care allocation.

The monitoring of income is a key budget area where enhancement of the monitoring is being further developed

### **Public Health**

The allocation of the Public Health budget are detailed below



| <b>Cost Centre Description</b>                             | <b>2013/14<br/>Current<br/>Budget<br/>£000</b> | <b>Full Year<br/>Forecast<br/>(Jun)<br/>£000</b> | <b>Forecast<br/>Variance<br/>(Jun)<br/>£000</b> |
|--|--|--|---|
| PH - Directorate   | 626  | 547  | (79)  |
| PH - Contraception   | 582  | 731  | 149   |
| PH - STI Testing and treatment - GUM                       | 2,006  | 1998   | (8)   |
| PH - Sexual Health advice , prevention and promotion       | 352  | 153  | (199)   |
| PH - NHS Health check                                      | 955  | 838  | (117)   |
| PH - Health Promotion Resources                            | 16   | 16   | 0   |
| PH - Obesity   | 339  | 339  | 0   |
| PH - Livewell programme                                    | 6  | 6  | 0   |
| PH – Substance Misuse                                      | 2,142  | 2,142  | 0   |
| PH - Smoking and Tobacco                                   | 282  | 346  | 64  |
| PH -Miscellaneous Budget                                   | 652  | 831  | 179   |
| Public Health -Directorate ( Contingency/<br>Unallocated ) | 930  | 930  | 0   |
| <b>Total Controllable</b>                                  | <b>8,888</b>                                   | <b>8,887</b>                                     | <b>(11)</b>                                     |

The Finance team are working with the PH budget managers to review and re-profile the budget as required. There are disputes with the CCG in respect of some of the recharges for the contracts hosted by Royal Marsden and possibly other costs related to NHS England. A meeting is to be arranged with the CCG to clarify the position.

#### **D) Environment & Regeneration**

| <b>Environment &amp; Regeneration</b> | <b>2013/14<br/>Current<br/>Budget<br/>£000</b> | <b>Full year<br/>Forecast<br/>(June)<br/>£000</b> | <b>Forecast<br/>Variance at<br/>year end<br/>(June)<br/>£000</b> | <b>Forecast<br/>Variance at<br/>year end<br/>(May)<br/>£000</b> | <b>2012/13<br/>Variance<br/>at year end<br/>£000</b> |
|---------------------------------------|--|---|--|---|--|
| Public Protection & Development       | (6,617)  | (6,423)   | 194  | 220   | 229  |
| Sustainable Communities               | 2,021  | 2,038   | 17   | (93)  | (190)  |
| Traffic & Highways                    | 8,146  | 8,764   | 618  | 564   | 728  |
| Waste Services                        | 16,597   | 15,815  | (781)  | (630)   | (651)  |
| Safer Merton                          | 970  | 959   | (11)   | (3)   | (77)   |
| Other                                 | (513)  | (349)   | 163  | (58)  | (76)   |
| <b>Total (controllable)</b>           | <b>20,604</b>                                  | <b>20,804</b>                                     | <b>200</b>   | <b>0</b>  | <b>(37)</b>  |

| Description  | 2013/14 Current Budget £000 | Forecast Variance at year end (June) £000 | Forecast Variance at year end (May) £000 |
|--|-----------------------------|---|--|
| Shortfall in Building & Development Control (B&DC) income            | (1,816)                     | 218                                       | 266                                      |
| General Supplies & Services underspend within B&DC                   | 232                         | (64)                                      | (29)                                     |
| Employee underspend within Parking Services                          | 2,383                       | (62)                                      | (62)                                     |
| Underachievement of Customer & Client Receipts in Parking Services   | (11,605)                    | 79  | 30                                       |
| Employee overspend within EHTS&L                                     | 1,504                       | 40  | 25                                       |
| Other  | 2,685                       | (17)                                      | (10)                                     |
| <b>Total for Public Protection &amp; Development</b>                 | <b>(6,617)</b>              | <b>194</b>                                | <b>220</b>                               |
| Employee overspend within Greenspaces                                | 2,177                       | 45  | 0  |
| General Supplies & Services underspend within Property Management    | 128                         | (30)                                      | (25)                                     |
| Employee overspend within FutureMerton                               | 1,112                       | 73  | 68                                       |
| Employee underspend within Senior Mgmt & Support                     | 774                         | (43)                                      | (47)                                     |
| Other  | (2,170)                     | (28)                                      | (89)                                     |
| <b>Total for Sustainable Communities</b>                             | <b>2,021</b>                | <b>17</b>                                 | <b>(93)</b>                              |
| Employee overspend within Waste Services                             | 7,265                       | 295                                       | 617                                      |
| Reduced SLWP related costs   | 8,547                       | (1,490)                                   | (1,657)                                  |
| Shortfall in Waste Services income – principally Commercial Waste    | (2,527)                     | 353                                       | 318                                      |
| Reduction in ability to Capitalise expenditure                       | (691)                       | 449                                       | 464                                      |
| Overspend on highways maintenance contract reactive works            | 640                         | 160                                       | 160                                      |
| Underachievement of Customer & Client Receipts in Traffic & Highways | (1,444)                     | 94  | 73                                       |
| Transport Services   | (542)                       | 164                                       | (57)                                     |
| Other  | 12,982                      | (25)                                      | (42)                                     |
| <b>Total for Street Scene &amp; Waste</b>                            | <b>24,230</b>               | <b>0</b>                                  | <b>(124)</b>                             |
| Employee related underspend  | 988                         | (11)                                      | 5  |
| Other  | (18)                        | 0   | (8)                                      |
| <b>Total for Safer Merton</b>  | <b>970</b>                  | <b>(11)</b>                               | <b>(3)</b>                               |
| <b>Total controllable</b>  | <b>20,604</b>               | <b>200</b>                                | <b>0</b>                                 |

## Overview

The department is currently forecasting an overspend of £200k mainly as a result of the following budget pressures, which are being addressed and managed in order to mitigate wherever feasible.

## Public Protection & Development

### **Building & Development Control**

The section is currently forecasting an overspend of £168k due to the recent and further anticipated changes in permitted development rights. This will impact on the section's fee income, as well as potentially the New Homes Bonus and S106 contributions for affordable housing received by the Council. Work is currently being undertaken to assess the extent of the impact on income arising from the permitted development changes and to explore ways to counter this shortfall. However, it is important to note that a 'bedding-in' period of 3-4 months is necessary before we can properly assess trends and impact on income. Similarly the section's building control market share is subject to further analysis involving the development of a commercialisation strategy designed to increase market share and, by association, income levels.

## **Street Scene & Waste**

### **Traffic & Highways**

The section is forecasting an overspend of £618k, which compares to a 2012/13 overspend of £728k and, at this stage, the main reasons for this remain as budget pressures for 2013/14. Firstly, due to a clearer understanding of guidelines and actual patterns of expenditure the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs.

Secondly, the section is experiencing higher than expected costs relating to reactive works on the new highways maintenance contract. This pressure is being closely monitored and discussions have been held with the contractor to identify ways of reducing these costs.

### **Waste Services**

The section is currently forecasting an underspend of £781k, which is mainly due to renegotiating the SLWP contract costs, and a reduction in the levels of residual waste being taken to landfill.

However, there are a few notable pressures. Commercial Waste, is forecasting an income shortfall of around £364k. This compares to a shortfall of £245k in 2012/13. However, an agreed saving of £150k has been implemented for 2013/14. A review of the commercial waste business has been carried out and an action plan is being delivered to address issues around future growth of the business together with improved efficiencies and cost control.

In addition, the section is currently projecting an employee related over spend of about £295k. This is as a result of a combination of issues, including contractual and non-contractual overtime, and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

Contractual issues at the re-use and recycling centre may affect this forecast, but work to remedy this is continuing with the other boroughs in the SLWP.

### **Management Action**

Work is currently underway regarding the 2012/13 outturn variances in order to ascertain the extent to which they will continue into this financial year.

All managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

(E) Corporate Items

| Corporate Items                            | Current Budget 2013/14<br>£000s | Full Year Forecast (June)<br>£000s | Forecast Variance at year end (June)<br>£000s |
|--|---------------------------------|------------------------------------|---|
| Cost of borrowing                          | 14,261                          | 14,216                             | -45   |
| Investment Income                          | -383                            | -560                               | -177  |
| Use for Capital Programme                  | 0                               | 222                                | 222   |
| <b>Impact of Capital on revenue budget</b> | <b>13,878</b>                   | <b>13,878</b>                      | <b>0</b>                                      |
| <b>Pension Fund</b>                        | <b>5,087</b>                    | <b>5,087</b>                       | <b>0</b>                                      |
| <b>Pay and Price Inflation</b>             | <b>2,104</b>                    | <b>1,790</b>                       | <b>-314</b>                                   |
| <b>Contingencies and provisions</b>        | <b>4,093</b>                    | <b>3,593</b>                       | <b>-500</b>                                   |
| <b>Depreciation and Impairment</b>         | <b>-13,692</b>                  | <b>-13,692</b>                     | <b>0</b>                                      |
| <b>Income Items</b>                        | <b>0</b>                        | <b>0</b>                           | <b>0</b>                                      |
| <b>Central Items</b>                       | <b>11,470</b>                   | <b>10,656</b>                      | <b>-814</b>                                   |
| <b>Levies</b>                              | <b>914</b>                      | <b>914</b>                         | <b>0</b>                                      |
| <b>Appropriation to Reserves</b>           | <b>0</b>                        | <b>0</b>                           | <b>0</b>                                      |
| <b>TOTAL CORPORATE PROVISIONS</b>          | <b>12,384</b>                   | <b>11,570</b>                      | <b>-814</b>                                   |

There have been no significant changes in June from the position reported in May. There has been a small revision to the forecast cost of borrowing.

There have been two presentational changes between corporate items and corporate services budgets. The adjustment to the CHAS budget as a result of it becoming a trading company has been consolidated with no overall change to the net budget, and the budget for CRM (£159,110) which relates to the Customer Contact Strategy

#### 4. CAPITAL PROGRAMME 2012-16

4.1 The Table below shows the movement in the Capital Programme since the May 2013 Monitoring Report:

| Department                    | June Cabinet      | Increase/ (Decrease) | Total Budget      |
|-------------------------------|-------------------|----------------------|-------------------|
| Community and Housing         | 3,357,780         | 497,000              | 3,854,780         |
| Corporate Services            | 7,866,450         | 0                    | 7,866,450         |
| Children Schools and Families | 20,860,210        | 0                    | 20,860,210        |
| Environment and Regeneration  | 15,052,320        | 195,000              | 15,247,320        |
| <b>Total Capital</b>          | <b>47,136,760</b> | <b>692,000</b>       | <b>47,828,760</b> |

- (a) Community and Housing - This adjustment is for the Merton Dementia Hub – confidentially reported as part of the June Cabinet Monitoring Report.
- (b) Environment and Regeneration – £150,000 is for Wimbledon Park Community Space reported as part of the July Cabinet Monitoring Report and £45,000 for two Transport for London Biking Borough Schemes totalling £45,000

4.2 The Table below shows the movement in the 2013/14 corporate capital programme since it's approval at March 2013 Council:

| Dept.        | Approved Cabinet March 2013 | Slippage from 2012/13 | Re-profiling | Revenues | Clawed Back for Overspend 2012/13 | Additional External Funding | New Internally Funded | Schools Contributions | June 2013 Cabinet Report | Increase / (Decrease) | June Monitoring Report |
|--------------|-----------------------------|-----------------------|--------------|----------|-----------------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|-----------------------|------------------------|
| C&H          | 1,535                       | 303                   |              |          | 0                                 | 2,017                       | 0                     |                       | 3,855                    | 0                     | 3,855                  |
| CS           | 7,252                       | 186                   |              |          | 0                                 |                             | 428                   |                       | 7,866                    | 0                     | 7,866                  |
| CSF          | 28,428                      | 2,836                 | (10,096)     | (718)    | (175)                             | 362                         | 0                     | 224                   | 20,861                   | 0                     | 20,861                 |
| E&R          | 12,860                      | 1,685                 |              |          | (361)                             | 508                         | 510                   |                       | 15,202                   | 45                    | 15,247                 |
| <b>Total</b> | <b>50,075</b>               | <b>5,010</b>          |              |          | <b>(536)</b>                      | <b>2,887</b>                | <b>938</b>            | <b>224</b>            | <b>47,784</b>            | <b>45</b>             | <b>47,829</b>          |

4.3 The table below summarises the position in respect of the Capital Programme as at June 2013 the detail is shown in Appendix 5a:

#### Merton - June 2013 - Summary Departmental Capital Monitoring Information

| Scheme Description            | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|-------------------------------|-------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Community and Housing         | 3,854,780         | 758,701          | 251,825          | 506,876            | 2,877,020         | (977,760)          |
| Corporate Services            | 7,866,450         | 353,498          | 1,401,761        | (1,048,263)        | 5,812,450         | (2,054,000)        |
| Children Schools and Families | 20,860,210        | 1,357,769        | 2,433,914        | (1,076,145)        | 20,328,200        | (532,010)          |
| Environment and Regeneration  | 15,247,320        | 1,908,730        | 1,808,724        | (49,994)           | 12,851,970        | (2,395,350)        |
| <b>Total Capital</b>          | <b>47,828,760</b> | <b>4,378,698</b> | <b>5,896,224</b> | <b>(1,667,526)</b> | <b>41,869,640</b> | <b>(5,959,120)</b> |

- a) Community and Housing's projected variance is mainly due to the Replacement of Social Care System budget, which is expected to be mostly in 2014/15 due to procurement timescales
- b) Corporate Services – there are two major variances in this department: the Acquisitions Budget £965k projected underspend and IT Transformation £750k underspend. Business Improvement anticipate procurement of Replacement of Document Management System and the Customer Contact Programme, totalling £297,000 to take until next year and therefore forecast nil spend this year.
- c) Children, Schools and Families – a full return has been made on this area which shows the forecast underspend. This is mainly caused by a projected underspend on the Autism unit of £661,700. All primary expansion schemes are anticipated to spend to budget, however some over and underspends are currently showing in this year, budgets will be re-profiled to or from 2014/15 where necessary to reflect expected spend in 2013/14
- d) Environment and Regeneration's projected underspend is due to a number of schemes, the two most significant items are a forecast underspend of £386,000 on the Replacement of Fleet Vehicles and an anticipated re-profiling of £1,363,000 into 2014/15 on the Colliers Wood Regeneration project which will be confirmed next month. Section 106 funded schemes are currently being reviewed and a number of these contributed smaller amounts to the forecast underspend.. Two schemes are showing a forecast overspend, these will be reviewed and a virement proposed where necessary.

4.4 Attached as Appendix 5b is the adjustment to the funding of the capital programme since its approval in March 2013.

## 5. DELIVERY OF SAVINGS FOR 2013/14

5.1 The savings proposed for 2013/14 of £9.3m are shown below:

| <b>SAVINGS</b>                 | <b>2013/14<br/>£000</b> |
|--------------------------------|-------------------------|
| Corporate Services             | 524                     |
| Children, Schools and Families | 822                     |
| Environment and Regeneration   | 6,317                   |
| Community and Housing          | 1,652                   |
| <b>TOTAL</b>                   | <b>9,315</b>            |

The savings expected to year end are reported in Appendix 6.

## 6. MISCELLANEOUS DEBT

6.1 Attached as Appendix 8 is the bi-monthly miscellaneous debt report as at the end June 2013.

## **7. FORECAST MOVEMENT IN RESERVES**

7.1 Appendix 9 shows the updated position in relation to the use of reserves for 2013/14, updated for the draft 2012/13 outturn and month 3 monitoring.

## **8. CUSTOMER AND CLIENT RECEIPTS**

8.1 Appendix 10 shows the latest position by department in relation to customer and client receipts.

## **9. CONSULTATION UNDERTAKEN OR PROPOSED**

9.1 All relevant bodies have been consulted.

## **10. TIMETABLE**

10.1 In accordance with current financial reporting timetables.

## **11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

11.1 All relevant implications have been addressed in the report.

## **12. LEGAL AND STATUTORY IMPLICATIONS**

12.1 All relevant implications have been addressed in the report.

## **13. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

13.1 Not applicable

## **14. CRIME AND DISORDER IMPLICATIONS**

14.1 Not applicable

## **15. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

15.1 The key strategic risk register is reported quarterly for review and approval and will be included in the July monitoring report.

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

- Appendix 1 – Detailed monthly position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation as at June 2013
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2013/14
- Appendix 5b – Capital Programme Funding summary
- Appendix 6 – Progress on savings
- Appendix 7 - Forecast year end variance by department
- Appendix 8 – Miscellaneous debt report at June 2013.
- Appendix 9 – Movement on reserves
- Appendix 10 – Customer/ Client receipts

**15. BACKGROUND PAPERS**

- 15.1 Budgetary Control files held in the Corporate Services department.

**16. REPORT AUTHOR**

- Name: Paul Dale
- Tel: 020 8545 3458
- email: [paul.dale@merton.gov.uk](mailto:paul.dale@merton.gov.uk)



**Monthly Position as at 30 June  
2013**

|  | Current<br>Budget<br>2013/14<br>£000s | Year to<br>Date<br>Budget<br>(June)<br>£000s | Year to<br>Date<br>Actual<br>(June)<br>£000s | Full Year<br>Forecast<br>(June)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(June)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(May)<br>£000s |
|--|---------------------------------------|--|--|--|---|--|
| <b>Department</b>                        |                                       |  |  |  |   |  |
| 3A. Corporate Services                   | 11,860                                | 7,957  | 5,039  | 11,508                                   | (352)   | (296)  |
| 3B. Children, Schools and Families       | 50,712                                | 47,972                                       | 37,048                                       | 50,841                                   | 129   | 63   |
| <b>3C. Community and Housing</b>         |                                       |  |  |  |   |  |
| Adult Social Care                        | 57,984                                | 14,808                                       | 13,531                                       | 57,651                                   | (333)   | (183)  |
| Libraries & Adult Education              | 3,476                                 | 1,221  | 1,124  | 3,473                                    | (3)   | 0  |
| Housing General Fund                     | 1,958                                 | 652  | 194  | 1,926                                    | (32)  | (200)  |
| 3D. Public Health                        | 0                                     | (41)   | (2,027)                                      | (11)                                     | (11)  | 0  |
| 3E. Environment & Regeneration           | 25,886                                | 2,774  | 22   | 26,086                                   | 200   | 0  |
| <b>NET SERVICE EXPENDITURE</b>           | <b>151,877</b>                        | <b>75,342</b>                                | <b>54,931</b>                                | <b>151,474</b>                           | <b>(403)</b>  | <b>(616)</b>   |
| <b>3E. Corporate Items</b>               |                                       |  |  |  |   |  |
| Impact of Capital on revenue budget      | 13,878                                | 1,587  | 1,361  | 13,878                                   | 0   |  |
| Other Central items                      | -2,408                                | 120  | -518   | -3,222                                   | (814)   | -814   |
| Levies                                   | 914                                   | 295  | 295  | 914                                      | 0   |  |
| <b>TOTAL CORPORATE PROVISIONS</b>        | <b>12,384</b>                         | <b>2,002</b>                                 | <b>1,138</b>                                 | <b>11,570</b>                            | <b>-814</b>   | <b>-814</b>  |
|  |                                       |  |  |  |   |  |
| <b>TOTAL GENERAL FUND</b>                | <b>164,261</b>                        | <b>77,344</b>                                | <b>56,069</b>                                | <b>163,044</b>                           | <b>-1,217</b>   | <b>-1,430</b>  |
|  |                                       |  |  |  |   |  |
|  | Current<br>Budget<br>2013/14<br>£000  | Year to<br>Date<br>Budget<br>(June)<br>£000  | Year to<br>Date<br>Actual<br>(June)<br>£000  | Full Year<br>Forecast<br>(June)<br>£000  | Forecast<br>Variance<br>at year<br>end<br>(June)<br>£000  |  |
| <b>Expenditure</b>                       |                                       |  |  |  |   |  |
| Employees                                | 89,398                                | 22,101                                       | 21,154                                       | 89,790                                   | 392   |  |
| Premises Related Expenditure             | 9,213                                 | 3,286  | 1,598  | 8,958                                    | (256)   |  |
| Transport Related Expenditure            | 13,137                                | 3,124  | 1,989  | 12,047                                   | (1,089)   |  |
| Supplies and Services                    | 165,641                               | 42,360                                       | 32,134                                       | 165,959                                  | 318   |  |
| Third Party Payments                     | 86,051                                | 19,111                                       | 12,119                                       | 86,507                                   | 456   |  |
| Transfer Payments                        | 95,966                                | 2,445  | 1,920  | 95,350                                   | (616)   |  |
| Support Services                         | 32,417                                | 20   | 2  | 32,417                                   | (0)   |  |
| Depreciation and Impairment Losses       | 13,783                                | (52)   | 0  | 13,783                                   | 0   |  |
| Corporate Provisions                     | 12,384                                | 2,002  | 1,138  | 11,570                                   | (814)   |  |
| <b>GROSS EXPENDITURE</b>                 | <b>517,990</b>                        | <b>94,397</b>                                | <b>72,054</b>                                | <b>516,380</b>                           | <b>(1,610)</b>  |  |
| <b>Income</b>                            |                                       |  |  |  |   |  |
| Government Grants                        | (245,910)                             | (2,283)                                      | (3,135)                                      | (245,686)                                | 225   |  |
| Other Grants, Reimbursements and Contris | (17,553)                              | (2,953)                                      | 612  | (17,893)                                 | (341)   |  |
| Customer and Client Receipts             | (53,361)                              | (10,623)                                     | (12,138)                                     | (52,827)                                 | 535   |  |
| Interest                                 | (44)                                  | (11)   | 0  | (24)                                     | 20  |  |
| Recharges                                | (34,296)                              | 0  | (221)  | (34,295)                                 | 1   |  |
| Balances                                 | (2,565)                               | (1,082)                                      | (1,103)                                      | (2,611)                                  | (46)  |  |
| <b>GROSS INCOME</b>                      | <b>(353,729)</b>                      | <b>(16,952)</b>                              | <b>(15,985)</b>                              | <b>(353,336)</b>                         | <b>393</b>  |  |
|  |                                       |  |  |  |   |  |
| <b>NET EXPENDITURE</b>                   | <b>164,261</b>                        | <b>77,445</b>                                | <b>56,069</b>                                | <b>163,044</b>                           | <b>(1,217)</b>  |  |

| 3E. Corporate Items  | Council<br>2013/14<br>£000s | Original<br>Budget<br>2013/14<br>£000s | Current<br>Budget<br>2013/14<br>£000s | Year<br>to<br>Date<br>Budget<br>(June)<br>£000s | Year<br>to<br>Date<br>Actual<br>(June)<br>£000s | Full<br>Year<br>Forecast<br>(June)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(June)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(May)<br>£000s |
|--|-----------------------------|--|---------------------------------------|---|---|---|---|--|
| Cost of Borrowing  | 14,221                      | 14,221                                 | 14,261                                | 1,673   | 1,457   | 14,216                                      | -45   | -125   |
| Investment Inc.  | -343                        | -343                                   | -383                                  | -86   | -96   | -560  | -177  | -177   |
| Use for Capital Programme  | 0                           | 0                                      | 0                                     | 0   | 0   | 222   | 222   | 302  |
| <b>Impact of Capital on revenue budget</b>   | <b>13,878</b>               | <b>13,878</b>                          | <b>13,878</b>                         | <b>1,587</b>                                    | <b>1,361</b>                                    | <b>13,878</b>                               | <b>0</b>  | <b>0</b>   |
| <b>Pension Fund</b>  | <b>5,087</b>                | <b>5,087</b>                           | <b>5,087</b>                          | <b>0</b>  | <b>0</b>  | <b>5,087</b>                                | <b>0</b>  | <b>0</b>   |
| Corporate Provision for Pay Award  | 790                         | 790                                    | 790                                   | 0   | 0   | 790   | 0   | 0  |
| Provision for inflation in excess of 1.5%  | 314                         | 314                                    | 314                                   | 0   | 0   | 0   | -314  | -314   |
| Utilities Inflation Provision  | 1,000                       | 1,000                                  | 1,000                                 | 0   | 0   | 1,000                                       | 0   | 0  |
| <b>Pay and Price Inflation</b>   | <b>2,104</b>                | <b>2,104</b>                           | <b>2,104</b>                          | <b>0</b>  | <b>0</b>  | <b>1,790</b>                                | <b>-314</b>   | <b>-314</b>  |
| Contingency  | 1,500                       | 1,500                                  | 1,494                                 | 0   | 0   | 994   | -500  | -500   |
| Single Status  | 474                         | 474                                    | 474                                   | 120   | 333   | 474   | 0   | 0  |
| Bad Debt Provision   | 500                         | 500                                    | 500                                   | 0   | 0   | 500   | 0   | 0  |
| CHAS - change in basis   | 1,226                       | 1,226                                  | 0                                     | 0   | 0   | 0   | 0   | 0  |
| Cost of disposals - 4%   | 0                           | 0                                      | -19                                   | 0   | 0   | -19   | 0   | 0  |
| Revenuisation and miscellaneous  | 1,618                       | 1,618                                  | 1,644                                 | 0   | 0   | 1,644                                       | 0   | 0  |
| <b>Contingencies and provisions</b>  | <b>5,318</b>                | <b>5,318</b>                           | <b>4,093</b>                          | <b>120</b>                                      | <b>333</b>                                      | <b>3,593</b>                                | <b>-500</b>   | <b>-500</b>  |
| Local Services Support Grant   | 0                           | 0                                      | 0                                     | 0   | -15   | 0   | 0   | 0  |
| Education Services Grant   | 0                           | 0                                      | 0                                     | 0   | -836  | -3,344                                      | -3,344  | -3,344   |
| Use for capital purposes(net of appropriate adjustment for new school becoming an academy) | 0                           | 0                                      | 0                                     | 0   | 0   | 3,344                                       | 3,344   | 3,344  |
| VAT Savings  | 0                           | 0                                      | 0                                     | 0   | 0   | 0   | 0   | 0  |
| <b>Income Items</b>  | <b>0</b>                    | <b>0</b>                               | <b>0</b>                              | <b>0</b>  | <b>-851</b>                                     | <b>0</b>                                    | <b>0</b>  | <b>0</b>   |
| <b>Depreciation and Impairment</b>   | <b>-13,691</b>              | <b>-13,691</b>                         | <b>-13,692</b>                        | <b>0</b>  | <b>0</b>  | <b>-13,692</b>                              | <b>0</b>  | <b>0</b>   |
| <b>Central Items</b>   | <b>12,696</b>               | <b>12,696</b>                          | <b>11,470</b>                         | <b>1,707</b>                                    | <b>843</b>                                      | <b>10,656</b>                               | <b>-814</b>   | <b>-814</b>  |
| <b>Levies</b>  | <b>914</b>                  | <b>914</b>                             | <b>914</b>                            | <b>295</b>                                      | <b>295</b>                                      | <b>914</b>                                  | <b>0</b>  | <b>0</b>   |
| Transfer to Closing the Gap Reserve  | 0                           | 0                                      | 0                                     | 0   | 0   | 0   | 0   | 0  |
| Transfer re Education Services Grant   | 0                           | 0                                      | 0                                     | 0   | 0   | 0   | 0   | 0  |
| Transfer to Capital financing reserve  | 0                           | 0                                      | 0                                     | 0   | 0   | 0   | 0   | 0  |
| <b>Appropriation to/from(-) Reserves *</b>   | <b>0</b>                    | <b>0</b>                               | <b>0</b>                              | <b>0</b>  | <b>0</b>  | <b>0</b>                                    | <b>0</b>  | <b>0</b>   |
| <b>TOTAL CORPORATE PROVISIONS</b>  | <b>13,610</b>               | <b>13,610</b>                          | <b>12,384</b>                         | <b>2,002</b>                                    | <b>1,138</b>                                    | <b>11,570</b>                               | <b>-814</b>   | <b>-814</b>  |

Pay and Price Inflation as at June 2013

In 2013/14, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.314m which is held to assist services that may experience price increases greatly in excess of the 1.5%

Inflation allowance provided when setting the budget. At present it is not anticipated that there will be a call on this budget but this will not be released until there is greater clarity.

Pay:

2013/14 – The MTFs approved by Council on the 7th March 2012 includes 1% for increases in pay. This equates to £0.790m and is held as a corporate provision.

Local government employers have offered a 1% pay increase for the current year, The offer also includes deletion of pay scale point 4, the lowest on the salary spine, from October 2013. This will increase the minimum salary from £12,145 to £12,435, including the pay rise.

Following consultation by unions, union members have agreed to accept the offer.

The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

Prices:

CPI annual inflation stands at 2.9% in June 2013, up from 2.7% in May 2013.

The main upward pressures came from motor fuels, and clothing and footwear costs. Downward pressures in air transport costs were the main cost reductions.

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 2.7% in the year to June 2013, up from 2.5% in May. Owner occupiers' housing costs increased by 0.1% between May and June 2013.

RPI annual inflation stands at 3.3% in June 2013, up from 3.1% in May 2013.

Outlook for inflation:

On 4 July 2013, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

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

Source: HM Treasury - Forecasts for the UK Economy (July 2013)

| Source: HM Treasury - Forecasts for the UK Economy (July 2013) |          |           |           |
|--|----------|-----------|-----------|
|  | Lowest % | Highest % | Average % |
| 2013 (Quarter 4)   |          |           |           |
| CPI  | 1.9      | 3.1       | 2.5       |
| RPI  | 2.3      | 3.3       | 3.0       |
| 2014 (Quarter 4)   |          |           |           |
| CPI  | 1.6      | 3.7       | 2.4       |
| RPI  | 2.2      | 4.0       | 3.1       |

In reaching its decision to keep the bank base rate at 0.5%, the MPC noted that “volatility had picked up sharply in financial markets and there had been falls in the prices of many risky assets and marked rises in short and longer-term interest rates .....overnight index swaps (OIS) rates were consistent with the first rise in policy rates in the United States and United Kingdom occurring in the middle of 2015, compared, in the case of the United Kingdom, with a date towards the end of 2016 derived from OIS rates as recently as April. Measures of implied interest rate volatility had picked up, albeit from historically low levels. “

In keeping the Bank Base Rate at 0.5%, the MPC decided that “there had been further signs during the month that a recovery was in train, but it remained weak by historical standards and a degree of slack was likely to persist for some time. Twelve-month CPI inflation had increased to 2.7% in May and was set to rise further in the near term. Thereafter, inflation was likely to fall back towards the 2% target as external price pressures faded and a revival in productivity growth curbed domestic cost pressures.”

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.

## Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. Forecasts for interest rates are that they will remain low for some time, until at least the end of 2014. The Bank of England's Monetary Policy Committee (MPC) on 4 July 2013 voted to maintain the official Bank Base Rate at 0.5%. The MPC also voted to maintain the level of Quantitative Easing (QE) at £375 billion financed by the issuance of central bank reserves.

In making its decision, the MPC noted that "since the May Inflation Report, market interest rates have risen sharply internationally and asset prices have been volatile. In the United Kingdom, there have been further signs that a recovery is in train, although it remains weak by historical standards and a degree of slack is expected to persist for some time ..... Further out, inflation should fall back towards the 2% target as external price pressures fade and a revival in productivity growth curbs domestic cost pressures.....the Committee noted that the incoming data over the past couple of months had been broadly consistent with the central outlook for output growth and inflation contained in the May Report. The significant upward movement in market interest rates would, however, weigh on that outlook; in the Committee's view, the implied rise in the expected future path of Bank Rate was not warranted by the recent developments in the domestic economy."

Forecasts for Bank Base Rates, based on June 2013 are summarised in the following table:-

|                      | End<br>Q.3<br>2013 | End<br>Q.4<br>2013 | End<br>Q.1<br>2014 | End<br>Q.2<br>2014 | End<br>Q.3<br>2014 | End<br>Q.4<br>2014 | End<br>Q.1<br>2015 | End<br>Q.2<br>2015 | End<br>Q.3<br>2015 |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Sector               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.75%              | 1.0%               | 1.25%              |
| Capital<br>Economics | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               |                    |                    |                    |
| UBS                  | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               |                    |                    |                    |

In respect of its decision to maintain the level of QE at £375 billion, the MPC decided that "domestic activity was recovering as quickly as envisaged in the *May Inflation Report*, but the pace remained too slow to begin to close the economy's margin of spare capacity. Moreover, there remained significant headwinds to growth in the United Kingdom, including the effects of the fiscal consolidation, risks from the euro area and an impaired banking sector.... Commodity prices were lower and the downside risks to them had increased with the slowing in emerging economies. An expansion of the asset purchase programme remained one means of injecting stimulus, but the Committee would be investigating other options during the month, and it was therefore sensible not to initiate an expansion at this meeting. Given the already large size of the asset purchase programme, there was merit in pursuing a mixed strategy with regards to the different policy instruments at the Committee's disposal. The Committee's August response to the requirement in its remit to assess the merits of forward guidance and intermediate thresholds would shed light on both the quantum of additional stimulus required and the form it should take."

### Community and Housing Capital Monitoring - June 2013

| Scheme Description                 | Total Budget     | YTD Actual     | YTD Budget     | Variance To Date | Forecast For Year | Forecast Variance |
|------------------------------------|------------------|----------------|----------------|------------------|-------------------|-------------------|
| Adult Social Care                  | 1,772,140        | 690            | 43,561         | (42,871)         | 794,380           | (977,760)         |
| Libraries                          | 0                | 0              | 0              | 0                | 0                 | 0                 |
| Adult Education and Community      | 0                | (1,989)        | 0              | (1,989)          | 0                 | 0                 |
| Housing                            | 2,082,640        | 760,000        | 208,264        | 551,736          | 2,082,640         | 0                 |
|                                    |                  |                |                |                  |                   |                   |
| <b>Total Community and Housing</b> | <b>3,854,780</b> | <b>758,701</b> | <b>251,825</b> | <b>506,876</b>   | <b>2,877,020</b>  | <b>(977,760)</b>  |

### Corporate Services Capital Monitoring - June 2013

| Scheme Description              | Total Budget     | YTD Actual     | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|---------------------------------|------------------|----------------|------------------|--------------------|-------------------|--------------------|
| Business Improvement            | 297,000          | 3,192          | 0                | 3,192              | 0                 | (297,000)          |
| Corporate Items                 | 1,000,000        | 0              | 0                | 0                  | 35,000            | (965,000)          |
| Facilities Management           | 3,955,110        | 155,291        | 846,010          | (690,719)          | 3,915,110         | (40,000)           |
| IT                              | 1,362,640        | 195,015        | 490,330          | (295,315)          | 1,360,640         | (2,000)            |
| Resources                       | 261,700          | 0              | 65,421           | (65,421)           | 261,700           | 0                  |
| IT Transformation               | 990,000          | 0              | 0                | 0                  | 240,000           | (750,000)          |
|                                 |                  |                |                  |                    |                   |                    |
| <b>Corporate Services Total</b> | <b>7,866,450</b> | <b>353,498</b> | <b>1,401,761</b> | <b>(1,048,263)</b> | <b>5,812,450</b>  | <b>(2,054,000)</b> |

### Children, Schools & Families Capital Monitoring - June 2013

| Scheme Description             | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date | Forecast For Year | Forecast Variance |
|--------------------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| Aragon Expansion               | 129,140           | 80,898           | 36,740           | 44,158           | 129,140           | 0                 |
| BENEDICT PRIMARY SCHOOL EXP    | 36,670            | (39,333)         | 5,778            | (45,111)         | 36,670            | 0                 |
| Cranmer Expansion              | 2,955,540         | 97,081           | 24,605           | 72,476           | 2,955,540         | 0                 |
| Temp classrooms for 5 schools  | 0                 | (543)            | 0                | (543)            | 0                 | 0                 |
| Hollymount Primary School Exp  | 72,340            | (5,075)          | 9,125            | (14,200)         | 72,340            | 0                 |
| Joseph Hood Primary School Exp | 321,400           | (112,458)        | 90,480           | (202,938)        | 321,400           | 0                 |
| William Morris PCP             | 32,740            | (7,714)          | 8,185            | (15,899)         | 32,740            | 0                 |
| Holy Trinity Expansion         | 242,490           | 48,833           | 114,530          | (65,697)         | 242,490           | 0                 |
| St Mary's expansion            | 1,453,370         | 60,425           | 152,482          | (92,057)         | 1,700,000         | 246,630           |
| Pupil Growth - Unallocated     | 0                 | 27,764           | 0                | 27,764           | 0                 | 0                 |
| All Saints/ South Wim YCC exp  | 169,940           | 68,072           | 31,488           | 36,584           | 169,940           | 0                 |
| Gorrington Park expansion      | 967,410           | 232,000          | 451,435          | (219,435)        | 967,410           | 0                 |
| Hillcross School Expansion     | 2,542,030         | 50,424           | 81,500           | (31,076)         | 2,542,030         | 0                 |
| Merton Abbey Temp Accomodation | 1,501,130         | 67,280           | 105,992          | (38,712)         | 1,501,130         | 0                 |
| Pelham School Expansion        | 1,184,850         | 28,868           | 90,727           | (61,859)         | 1,184,850         | 0                 |
| Cricket Grn Exp-Chapel Orchard | 31,960            | (2,827)          | 15,980           | (18,807)         | 39,648            | 7,688             |
| Dundonald expansion            | 200,130           | 50,000           | 53,797           | (3,797)          | 200,130           | 0                 |
| Poplar Permanent Expansion     | 1,063,190         | 32,885           | 189,230          | (156,345)        | 1,953,190         | 890,000           |
| Liberty expansion              | 52,540            | (33,363)         | 6,868            | (40,231)         | 52,540            | 0                 |
| Singlegate expansion           | 1,595,760         | 35,563           | 50,000           | (14,437)         | 595,760           | (1,000,000)       |
| Wimbledon Park expansion       | 2,538,490         | 611,513          | 426,230          | 185,283          | 2,538,490         | 0                 |
| Beecholme Expansion            | 45,000            | 0                | 0                | 0                | 45,000            | 0                 |
| St Ann's Primary Phase         | 339,430           | 9,070            | 33,943           | (24,873)         | 339,430           | 0                 |
| Future School Expansion        | 50,000            | 0                | 0                | 0                | 50,000            | 0                 |
| Wimbledon Chase Expansion      | 78,220            | 0                | 19,162           | (19,162)         | 78,220            | 0                 |
|                                |                   |                  |                  |                  |                   |                   |
| <b>Total Primary Expansion</b> | <b>17,603,770</b> | <b>1,299,363</b> | <b>1,998,277</b> | <b>(698,914)</b> | <b>17,748,088</b> | <b>144,318</b>    |

### Children, Schools & Families Capital Monitoring - June 2013

| Scheme Description                          | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance |
|---|-------------------|------------------|------------------|--------------------|-------------------|-------------------|
| Devolved Formula Capital                    | 466,310           | 116,917          | 46,631           | 70,286             | 466,310           | 0                 |
| SEN Centre of Excellence                    | 0                 | (18,109)         | 0                | (18,109)           | 0                 | 0                 |
| Early Years                                 | 0                 | (59,158)         | 0                | (59,158)           | 0                 | 0                 |
| Garden PCP                                  | 309,320           | 61,559           | 150,000          | (88,441)           | 309,320           | 0                 |
| Schools Access Initiative Inc               | 34,750            | (8,000)          | 3,475            | (11,475)           | 34,750            | 0                 |
| Bishop Gilpin New Classroom                 | 0                 | (6,250)          | 0                | (6,250)            | 0                 | 0                 |
| School kitchens/dining areas                | 0                 | (1,901)          | 0                | (1,901)            | 0                 | 0                 |
| Behaviour Unit                              | 3,910             | 0                | 3,910            | (3,910)            | 3,910             | 0                 |
| Primary school autism unit                  | 711,700           | 0                | 20,000           | (20,000)           | 50,000            | (661,700)         |
| Short Breaks Disabled Children              | 89,540            | (6,050)          | 8,954            | (15,004)           | 89,540            | 0                 |
| Primary Capital Improvements                | 425,680           | 300              | 48,417           | (48,117)           | 411,052           | (14,628)          |
| Play Spaces                                 | 0                 | 0                | 0                | 0                  | 0                 | 0                 |
| Former Royal Sun Alliance SG                | 103,420           | (33,068)         | 44,250           | (77,318)           | 103,420           | 0                 |
| Secondary Expansion                         | 0                 | 14,550           | 0                | 14,550             | 0                 | 0                 |
| Schools Loans                               | 372,800           | 0                | 90,000           | (90,000)           | 372,800           | 0                 |
| Ursuline School Loan                        | 139,010           | (2,384)          | 20,000           | (22,384)           | 139,010           | 0                 |
| Youth Centres                               | 0                 | 0                | 0                | 0                  | 0                 | 0                 |
|   |                   |                  |                  |                    |                   |                   |
| <b>Total Other</b>                          | <b>3,256,440</b>  | <b>58,406</b>    | <b>435,637</b>   | <b>(377,231)</b>   | <b>2,580,112</b>  | <b>(676,328)</b>  |
|   |                   |                  |                  |                    |                   |                   |
| <b>Total Children, Schools and Families</b> | <b>20,860,210</b> | <b>1,357,769</b> | <b>2,433,914</b> | <b>(1,076,145)</b> | <b>20,328,200</b> | <b>(532,010)</b>  |



### Environment and Regeneration Capital Monitoring - May 2013

| Scheme Description                  | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date | Forecast For Year | Forecast Variance  |
|-------------------------------------|-------------------|------------------|------------------|------------------|-------------------|--------------------|
| Footways Planned Works              | 1,048,520         | 120,754          | 119,022          | 1,732            | 1,046,020         | (2,500)            |
| Greenspaces                         | 892,880           | 29,594           | 99,179           | (69,585)         | 892,880           | 0                  |
| Highways General Planned Works      | 604,820           | 13,995           | 29,700           | (15,705)         | 568,840           | (35,980)           |
| Highways Planned Road Works         | 1,500,000         | 48,687           | 15,000           | 33,687           | 1,500,000         | 0                  |
| Leisure Centres                     | 300,000           | 6,719            | 0                | 6,719            | 300,000           | 0                  |
| Other E&R                           | 1,614,360         | 992,299          | 281,597          | 560,702          | 1,449,690         | (164,670)          |
| On and Off Street Parking           | 132,920           | 17,653           | 100,000          | (82,347)         | 132,920           | 0                  |
| Plans and Projects                  | 144,090           | 2,980            | 31,022           | (28,042)         | 71,530            | (72,560)           |
| Regeneration Partnerships           | 3,168,940         | 27,995           | 103,750          | (75,755)         | 1,480,890         | (1,688,050)        |
| Street Lighting                     | 424,580           | 30,245           | 38,645           | (8,400)          | 424,580           | 0                  |
| Street Scene                        | 469,450           | 63,460           | 55,730           | 7,730            | 449,640           | (19,810)           |
| Transport for London                | 2,730,370         | 195,937          | 619,335          | (423,398)        | 2,740,370         | 10,000             |
| Traffic and Parking Management      | 322,640           | 2,367            | 36,000           | (33,633)         | 253,840           | (68,800)           |
| Transport and Plant                 | 663,330           | 27,840           | 100,452          | (72,612)         | 222,160           | (441,170)          |
| Safer Merton - CCTV & ASB           | 165,280           | 2,308            | 0                | 2,308            | 165,280           | 0                  |
| Environmental Health                | 776,810           | 329,239          | 130,960          | 198,279          | 880,000           | 103,190            |
| Waste Operations                    | 288,330           | (3,342)          | 48,332           | (51,674)         | 273,330           | (15,000)           |
|                                     |                   |                  |                  |                  |                   |                    |
| <b>Environment and Regeneration</b> | <b>15,247,320</b> | <b>1,908,730</b> | <b>1,808,724</b> | <b>(49,994)</b>  | <b>12,851,970</b> | <b>(2,395,350)</b> |

**CAPITAL PROGRAMME FUNDING SUMMARY 2013/14**

|   | Funded from Merton's Resources | Funded by Grant & Capital Contributions | Total         |
|---|--------------------------------|---|---------------|
|   | £000s                          | £000s                                   | £000s         |
| <b>Approved Capital Programme 2013/14</b> | <b>34,408</b>                  | <b>15,670</b>                           | <b>50,078</b> |
| Slippage 2012/13 to 2013/14 - CSF         | 2,626                          | 210                                     | 2,836         |
| Slippage 2012/13 to 2013/14 - CS          | 186                            | 0                                       | 186           |
| Slippage 2012/13 to 2013/14 - C&H         | 0                              | 303                                     | 303           |
| Slippage 2012/13 to 2013/14 - E&R         | 1,409                          | 276                                     | 1,685         |
| Rounding                                  |                                |   | (3)           |
| Clawback                                  | (536)                          | 0                                       | (536)         |
| Ext Funding                               | 0                              | 2,390                                   | 2,390         |
| Int Funding                               | 0                              | 35                                      | 35            |
| Schools Contributions                     | 0                              | 224                                     | 224           |
| <b>Approved Cabinet June 2013</b>         | <b>38,093</b>                  | <b>19,108</b>                           | <b>57,198</b> |
| Corporate Services                        |                                |   |               |
| Gifford House DDA Work                    | 47                             | 0                                       | 47            |
| Case Mgmt Reconfiguration & Migration     | 96                             | 130                                     | 226           |
| Minor Refurbishment of Gifford House      | 21                             | 134                                     | 155           |
| Children Schools and Families             |                                |   |               |
| Re-Profiling                              | (10,096)                       | 0                                       | (10,096)      |
| Revenuisation                             | (718)                          | 0                                       | (718)         |
| Environment and Regeneration              |                                |   |               |
| Parks Development Projects                | 325                            | 0                                       | 325           |
| <b>Approved Cabinet July 2013</b>         | <b>27,768</b>                  | <b>19,372</b>                           | <b>47,137</b> |
| Community and Housing                     |                                |   |               |
| Merton Dementia Hub - Specific            | 0                              | 357                                     | 357           |
| Merton Dementia Hub - DofH                | 0                              | 140                                     | 140           |
| Environment and Regeneration              |                                |   |               |
| Wimbledon Park                            | 150                            | 0                                       | 150           |
| Biking Borough                            | 0                              | 45                                      | 45            |
| <b>Revised - CMT July</b>                 | <b>27,918</b>                  | <b>19,914</b>                           | <b>47,829</b> |

## Corporate Services Savings 2013-14

## Appendix 6

| <b>Department</b>            | <b>2013-14<br/>Proposed<br/>£000s</b> |
|------------------------------|---------------------------------------|
| Corporate Services           | 524                                   |
| Children, Schools & Families | 822                                   |
| Community & Housing          | 6,317                                 |
| Environment & Regeneration   | 1,652                                 |
| <b>Total</b>                 | <b>9,315</b>                          |

| Panel  | Ref  | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  | R/A Included in Forecast Over/Under spend? Y/N |
|--|------|---|--------------------------|-------------------------------|-------------------------------|-----|---|--|
|  |      | <u>Customer Services - Bailiffs</u>   |                          |                               |                               |     |   | Y  |
| O&SC   | CS7  | Service<br>Joint service with Sutton for the end of 12/13 & 13/14.  | SI2                      | 150                           | 57                            | R   | Charges have been reviewed following a complaint made to the Local Government Ombudsman, resulting in a reduced level of fees |  |
| O&SC   | CS22 | <u>Infrastructure &amp; Transactions - IT Service Delivery</u><br>Reduction of 2 FTE's  | SS2                      | 72                            | 72                            | G   |   |  |
|  |      | <u>Infrastructure &amp; Transactions - Facilities Management</u>  |                          |                               |                               |     | Saving will be found elsewhere within the department  | Y  |
| O&SC   | CS37 | Service<br>Introduce a charge for the Archive Service Facility  | SI2                      | 15                            | 0                             | R   |   |  |
| O&SC   | CS39 | Service<br><u>Infrastructure &amp; Transactions - Facilities Management</u><br>Close Worsfold House and relocate service to Civic Centre.   | SPROP                    | 13                            | 13                            | G   |   |  |
| O&SC   | CS43 | Service<br><u>Infrastructure &amp; Transactions - Transactional Services</u><br>Recovery of overpayments and other VAT recovery.  | SP1                      | (50)                          | (50)                          | G   |   |  |
| O&SC   | CS44 | Service<br><u>Human Resources - L&amp;D</u><br>Centralisation of L&D spend  | SP1                      | 230                           | 230                           | G   |   |  |
| O&SC   | CS51 | Service<br><u>Human Resources - Employee Relations</u><br>Staff side  | SS2                      | 20                            | 9                             | R   |   | N  |
|  |      | <u>Human Resources - Employee Relations</u>   |                          |                               |                               |     | Different delivery model to be implemented in December, full year saving unlikely to be achieved in current year              | N  |
| O&SC   | CS52 | Service<br>Review Employee Relations team   | SS2                      | 35                            | 25                            | A   |   |  |
| O&SC   | CS54 | Service<br><u>Corporate Governance - Democracy Services</u><br>Delete Deputy Head of Service or a Democratic Services Officer post  | SS2                      | 24                            | 24                            | G   |   |  |
| O&SC   | CS56 | Service<br><u>Corporate Governance - Democracy Services</u><br>Reduction in overtime payments to staff in Mayor's Office.   | SS2                      | 1                             | 1                             | G   |   |  |
| O&SC   | CS59 | Service<br><u>Corporate Governance - Contingencies budget</u><br>Within the public duties budget is the contingency sums for additional payments to staff who are used during an emergency situation such as the Riots and gas supply loss situations. This contingency covers payments not covered under departmental budgets as well as payments for external third party organisations initiated by the borough. |                          | 14                            | 14                            | G   |   |  |
| <b>Total Corporate Services Department Savings for 2011-2015</b> |      |   |                          | <b>524</b>                    | <b>395</b>                    |     |   |  |

Appendix 6

CONFIDENTIAL DRAFT  
DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES OPTIONS: 2013-14

| Ref   | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  | R/A Included in Forecast Over/Under spend? Y/N |
|-------|---|--------------------------|-------------------------------|-------------------------------|-----|---|--|
| CSF01 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Commissioning saving from re-designing the service previously provided by Action for Children.                                 |                          | 15                            | 15                            | G   |   | N  |
| CSF02 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in Youth Offending Team budgets  |                          | 17                            | 17                            | G   |   | N  |
| CSF03 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in premises budget as we no longer need the contingency for repairs and maintenance for south Wimbledon and Wyyvern. |                          | 20                            | 20                            | G   |   | N  |
| CSF04 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in connexions commissioning  |                          | 50                            | 50                            | G   |   | N  |
| CSF05 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>The Youth Service Manager post currently operationally manages all of Merton's direct youth work provision.                    |                          | 45                            | 45                            | G   |   | N  |
| CSF07 | <b>CSF School Standards and Quality</b><br>Increased income generation and management efficiencies  |                          | 60                            | 60                            | G   |   | N  |
| CSF08 | <b>CSF Early Years</b><br>Service restructuring and realignment to deliver efficiencies   |                          | 80                            | 80                            | G   |   | N  |
| CSF09 | <b>CSF SEND Integrated Service</b><br>Management efficiencies and improvement in commissioning  |                          | 30                            | 30                            | A   | Base budgets were reduced. Additional management capacity required.   | N  |
| CSF10 | <b>CSF Contracts, Procurement and School Organisation</b><br>Efficiency savings in contracts function   |                          | 13                            | 13                            | G   |   | N  |
| CSF11 | <b>CSF Contracts, Procurement and School Organisation</b><br>Efficiencies achieved through shared service with LB Sutton  |                          | 27                            | 27                            | G   |   | N  |
| CSF12 | <b>CSF Commissioning Function and Commissioning Budgets</b><br>Reduction in commissioning budgets for Early Intervention and Prevention service   |                          | 90                            | 90                            | G   |   | N  |
| CSF13 | <b>CSF Commissioning Function and Commissioning Budgets</b><br>Reduce expenditure on LAC and SEN placements   |                          | 200                           | 200                           | A   | Base budgets were reduced. Increased cost due to increased caseload is causing a cost pressure which is covered by grant funding. If grant funding does not continue, this could lead to a cost pressure in future years. | N  |

Appendix 6

CONFIDENTIAL DRAFT  
DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES OPTIONS: 2013-14

| Ref   | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments   | R/A Included in Forecast Over/Underspend? Y/N |
|-------|---|--------------------------|-------------------------------|-------------------------------|-----|--|---|
| CSF15 | <b>CSF SEN Transport</b><br>Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport                                  |                          | 50                            | 50                            | A   | Base budgets were reduced. The annual SLA charge for 2013/14 increased by £316k which would cause a budget pressure for CSF. This increase is currently under investigation. | N   |
| CSF17 | <b>CSF Children Social Care &amp; Youth Inclusion Division</b><br>Saving from restructuring / administrative efficiencies in Children's Social Care Division.               |                          | 75                            | 75                            | G   |  | N   |
| CSF18 | <b>Education Division</b><br>Savings through restructuring / administrative efficiencies in Education Division.   |                          | 25                            | 25                            | G   |  | N   |
| CSF19 | <b>Commissioning, Strategy and Performance Division</b><br>Savings through restructuring / administrative efficiencies in Commissioning, Strategy and Performance Division. |                          | 25                            | 25                            | G   |  | N   |
|       | <b>Total Children, Schools &amp; Families Department Savings for 2013-14</b>  |                          | 822                           | 822                           |     |  |   |

DEPARTMENT: COMMUNITY & HOUSING OPTIONS: 2013-2014

| Ref           | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments   |
|---------------|---|--------------------------|-------------------------------|-------------------------------|-----|--|
| ASC17         | <b>Service Description</b><br>Adult Social Care<br>Optimise use of shared lives                   |                          | 200                           | 50                            | R   | Eligible clients have not been identified as yet, High risk that any savings will be achieved this financial year                              |
| ASC7          | <b>Service Description</b><br>Adult Social Care<br>0% inflation uplift to third party suppliers   |                          | 600                           | 600                           | G   |  |
| ASC8 / ASC38  | <b>Service Description</b><br>Adult Social Care<br>Optimising the use of block and spot contracts |                          | 600                           | 300                           | A   | Awaiting more details from the contracts team  |
| ASC18         | <b>Service Description</b><br>Adult Social Care<br>Fanon & Imagine Contract                       |                          | 154                           | 154                           | G   |  |
| ASC36         | <b>Service Description</b><br>Adult Social Care<br>CADL's (complex equipment)                     |                          | 100                           | 100                           | G   |  |
| ASC13 & ASC34 | <b>Service Description</b><br>Adult Social Care<br>CFC + high cost (Brokerage)                    |                          | 200                           | 200                           | G   |  |
| ASC14         | <b>Service Description</b><br>Adult Social Care<br>Supported Living (Incl de-registration)        |                          | 233                           | 75                            | R   | The delay around de-registration will potentially reduce the projected savings   |
| ASC35         | <b>Service Description</b><br>Adult Social Care<br>Supporting People                              |                          | 350                           | 314                           | A   | There is a risk that the full saving will not be met as the current forecast is £36k overspend. Monitored as part of monthly budgetary control |
| ASC43         | <b>Service Description</b><br>Adult Social Care<br>Procurement opportunities                      |                          | 42                            | 42                            | G   |  |
| ASC39         | <b>Service Description</b><br>Adult Social Care<br>Reviewed Service packages                      |                          | 110                           | 110                           | G   |  |
| ASC37         | <b>Service Description</b><br>Adult Social Care<br>Care-tech contract                             |                          | 50                            | 50                            | G   |  |
| ASC16         | <b>Service Description</b><br>Adult Social Care<br>Transitions                                    |                          | 25                            | 25                            | G   |  |
| ASC19 & ASC40 | <b>Service Description</b><br>Adult Social Care<br>Monitoring of high value/high cost placements  |                          | 75                            | 75                            | G   |  |
| ASC6          | <b>Service Description</b><br>Adult Social Care<br>Transport                                      |                          | 112                           | 96                            | A   | Budget manager is in discussion with transport services for Core routes for Day centres  |
| ASC10         | <b>Service Description</b><br>Adult Social Care<br>Optimise telecare usage                        |                          | 165                           | 0                             | R   | It is unlikely this project will achieve the targeted level of savings for 2013-14   |
| ASC41         | <b>Service Description</b><br>Adult Social Care<br>Staffing savings in Direct Provision           |                          | 114                           | 114                           | G   |  |
| ASC42         | <b>Service Description</b><br>Adult Social Care<br>Reduction in Mental Health Placement           |                          | 32                            | 32                            | G   |  |

| Ref   | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments   |
|-------|---|--------------------------|-------------------------------|-------------------------------|-----|--|
| ASC23 | <b>Service Description</b><br>Adult Social Care Partnerships :The health and social care system . Reablement  |                          | 3,000                         | 3,000                         | G   |  |
|       | <b>Service Description</b><br>Merton Adult Education<br>Increase income from commercial courses and cafe  |                          | 50                            | 50                            | A   | Budgets reduced. Monitored as part of monthly budgetary control. |
|       | <b>Service Description</b><br>Merton Adult Education<br>Reduce administrative and marketing costs   |                          | 18                            | 18                            | A   | Budgets reduced. Monitored as part of monthly budgetary control. |
|       | <b>Service Description</b><br>Merton Adult Education<br>Close Canons House site and seek alternative venues without incurring costs                       |                          | 32                            | 32                            | A   | Budgets reduced. Monitored as part of monthly budgetary control. |
|       | <b>Service Description</b><br>Libraries<br>Completion of changes to opening hours, rationalisation of a number of small contracts and increase in income. |                          | 13                            | 13                            | G   |  |
|       | <b>Service Description</b><br>Housing<br>Deletion of 1x Strategy Officer post.  |                          | 42                            | 42                            | G   |  |
|       | <b>Total Community &amp; Housing Department Savings for 2011-2015</b>   |                          | 6,317                         | 5,492                         |     |  |



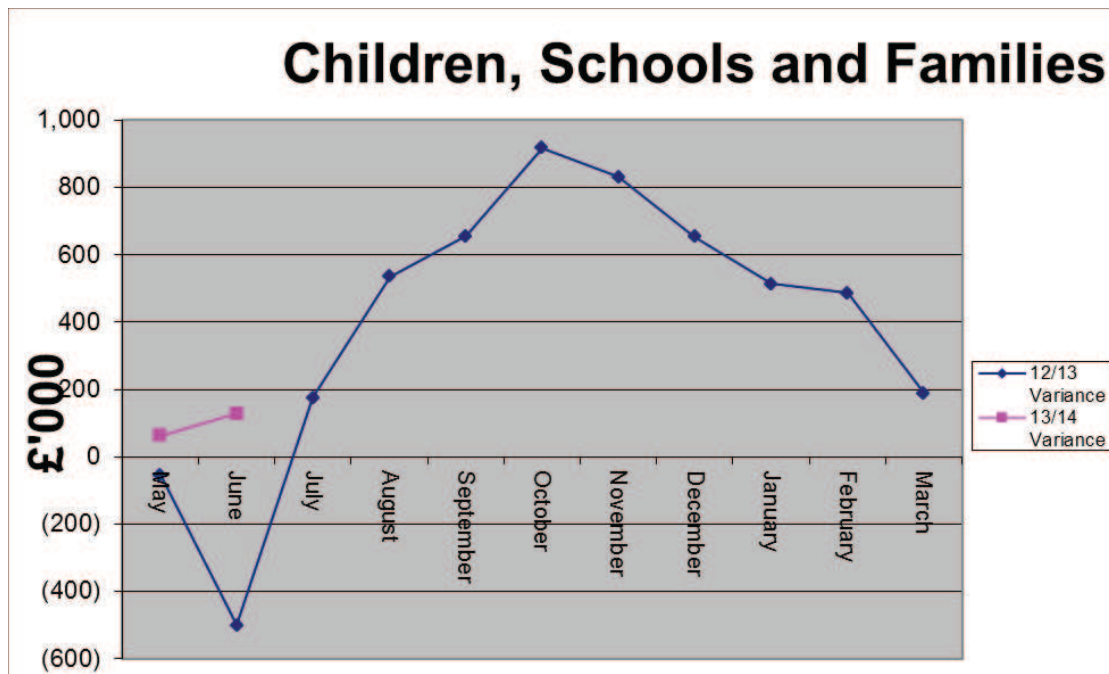
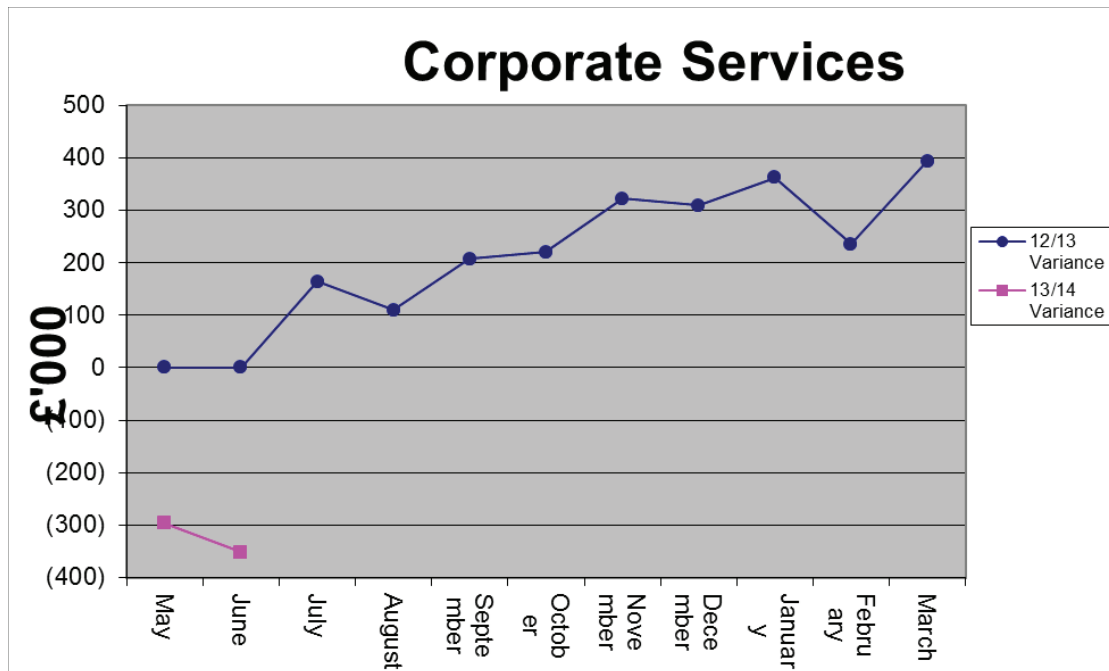
DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

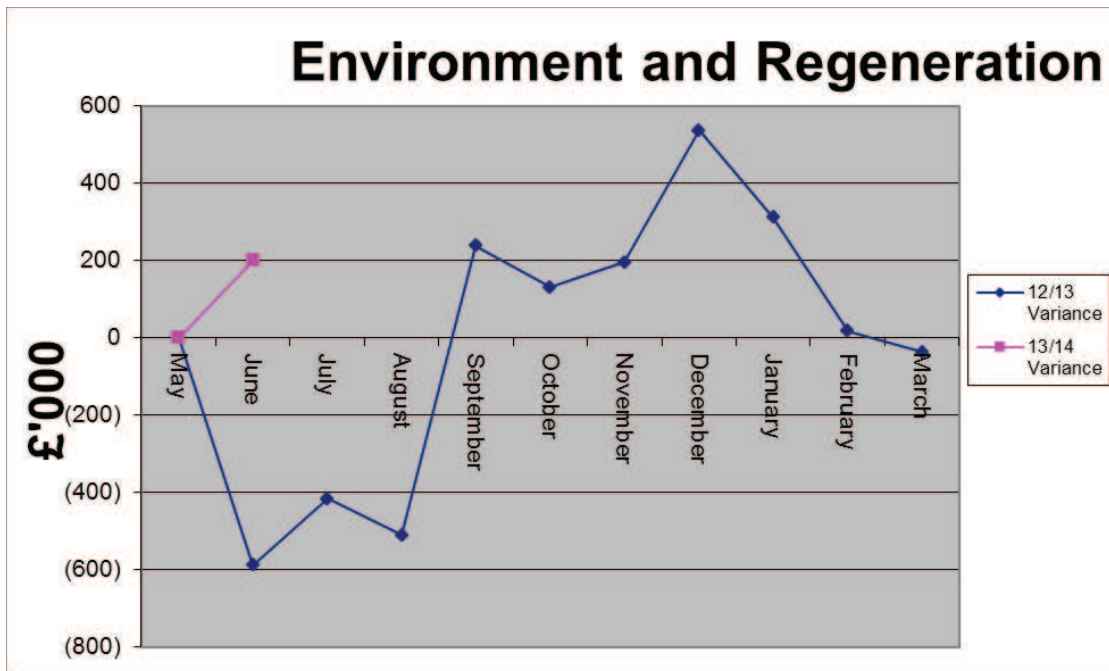
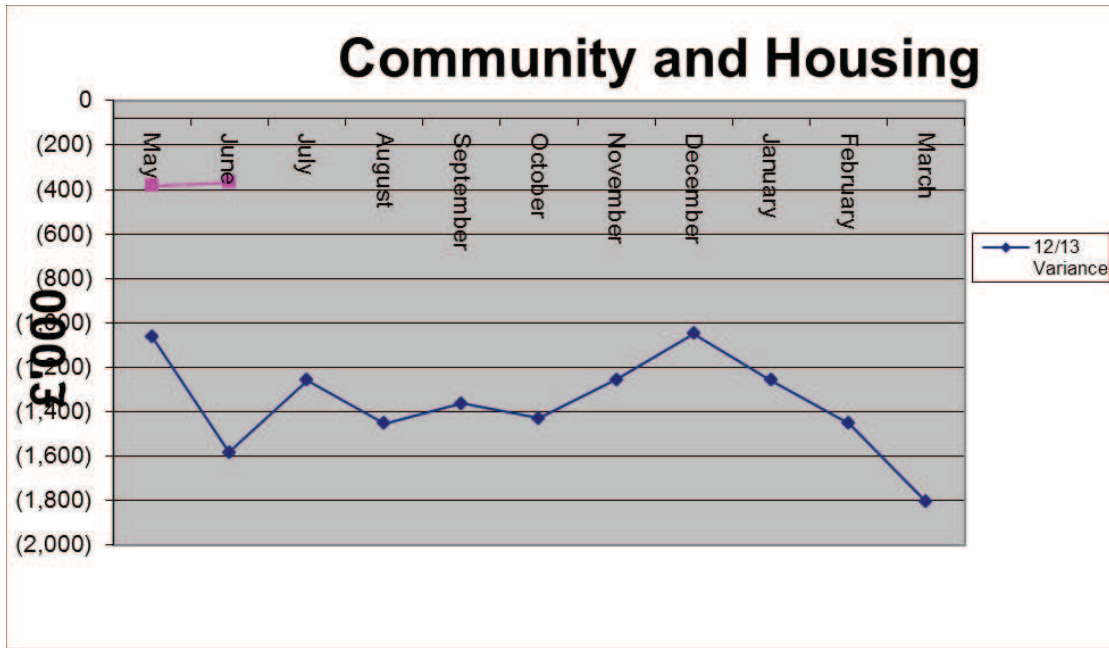
| Panel | Ref  | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  |
|-------|------|---|--------------------------|-------------------------------|-------------------------------|-----|---|
|       | ER01 | <b>Service Description</b><br><b>Parks, Greenspaces &amp; Cemeteries</b><br>Reduction x 1 cemetery supervisor, fee/income increases, 10k reduction in grant to Michtham Common Conservators   |                          | 89                            | 89                            | G   |   |
|       | ER04 | <b>Service Description</b><br><b>Leisure &amp; Culture</b><br>Reductions in supplies & services budgets, reduction of a total of 0.7 fte, reduction of theatres grant & removal of olympics budget.   |                          | 55                            | 55                            | G   |   |
|       | ER05 | <b>Service Description</b><br><b>Leisure &amp; Culture</b><br>Delete 3 fte Leisure & Arts Development Officers leaving, cease London Youth Games funding, delete post of Leisure & Business Projects Officer (0.7 fte) & increase income through multi use games room at Cannons Leisure. |                          | 103                           | 103                           | G   |   |
|       | ER06 | <b>Service Description</b><br><b>Greenspaces</b><br>A phased reduction in the grant to Deen City Farm of fifteen thousand per year for the next three years.  |                          | 15                            | 15                            | G   |   |
|       | ER07 | <b>Service Description</b><br><b>Development &amp; Building Control</b><br>Changes in fee regulation  |                          | (200)                         | (200)                         | G   |   |
|       | ER14 | <b>Service Description</b><br><b>Parking Services</b><br>Enforcement of moving traffic offences, channel Migration, reduce phone calls, reduce CEO sickness and gain CEO efficiencies.  |                          | 380                           | 380                           | A   | There is a risk that the full saving will be met, especially regarding channel migration. This needs to be confirmed by the Parking Services manager. However, it is expected that any shortfall will be met from elsewhere within Parking. |
|       | ER17 | <b>Service Description</b><br><b>Waste Management</b><br>Reductions in landfill tonnage and anticipated Slwp contract cost, staff saving and legislative change to close Landfill Allowance Trading Scheme in March 2013  |                          | 191                           | 191                           | G   |   |
|       | ER18 | <b>Service Description</b><br><b>Waste Management</b><br>Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012   |                          | 271                           | 271                           | G   |   |
|       | ER20 | <b>Service</b><br><b>Traffic &amp; Highways</b>   |                          |                               |                               |     |   |

| Panel | Ref  | Description of Saving  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  |
|-------|------|--|--------------------------|-------------------------------|-------------------------------|-----|---|
|       |      | <b>Description</b><br>Introduce Streetworks Permitting Scheme, income from fixed penalty notices(FPN's), savings on energy and service changes associated with the existing Street Lighting Contract.                          |                          | 245                           | 203                           | R   | £42k relating to renegotiation of Highways contract not likely to be met.         |
|       | ER21 | <b>Service Description</b><br><b>Traffic &amp; Highways</b><br>15% reduction in staffing and reductions in Footway Maintenance/Street Furniture/Ditchingwatercourses/Street Lighting & Walksheet budgets.                      |                          | 79                            | 79                            | G   |   |
|       | ER22 | <b>Service Description</b><br><b>Traffic &amp; Highways</b><br>A further 15% reduction in staffing   |                          | 60                            | 60                            | G   |   |
|       | ER25 | <b>Service Description</b><br><b>Commercial Services</b><br>Potential to income generate In Commercial Waste and Recycling due to withdrawal of the LATS requirement.  |                          | 150                           | 0                             | R   | Saving unlikely to be met. Work continuing in order to maximise income potential. |
|       | EN01 | <b>Service Description</b><br><b>Legal Budget/PP&amp;D</b><br>Reduction in spend on legal cases by way of a combination of proactive resolution of issues at first point and/or drawing on section budgets to cover shortfall. |                          | 14                            | 14                            | G   |   |
|       | EN08 | <b>Service Description</b><br><b>Building and Development Control</b><br>10% increase in pre application planning fees and additional charge for tree pre-application advice   |                          | 10                            | 10                            | G   |   |
|       | EN15 | <b>Service Description</b><br><b>Waste and Street Cleansing Operations</b><br>Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.          |                          | 25                            | 25                            | G   |   |
|       | EN22 | <b>Service Description</b><br><b>Traffic and Highways</b><br>Reduction in Street Lighting Budget   |                          | 50                            | 50                            | G   |   |
|       | EN30 | <b>Service Description</b><br><b>Traffic and Highways</b><br>Reduction in supplies and Services Costs  |                          | 6                             | 6                             | G   |   |
|       | EN34 | <b>Service Description</b><br><b>Leisure &amp; Culture Development Team</b><br>Various Budgets - Reduction in supplies & services  |                          | 6                             | 6                             | G   |   |
|       | EN38 | <b>Service Description</b><br><b>Leisure &amp; Culture Development Team</b>  |                          |                               |                               |     |   |

| Panel | Ref  | Description of Saving   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments |
|-------|------|---|--------------------------|-------------------------------|-------------------------------|-----|----------|
|       |      | <b>Description</b><br>Reduction of Core Arts Grants to Polka & Attic Theatres - Proposal to further reduce Polka theatre's grant by £4k per annum and Attic by £1k per annum in each of 2015/16 & 2016/17 financial years |                          | 4                             | 4                             | G   |          |
|       | EN39 | <b>Service Description</b><br><b>Senior Management &amp; Support</b><br>Removal of vacant Policy & Projects Officer post.   |                          | 44                            | 44                            | G   |          |
|       | EN40 | <b>Service Description</b><br><b>Senior Management &amp; Support</b><br>Reduction in various supplies and services budgets within the section, including stationery and subscriptions.                                    |                          | 55                            | 55                            | G   |          |
|       |      | <b>Total Environment &amp; Regeneration Department Savings for 2011-2015</b>  |                          | 1,652                         | 1,460                         |     |          |

The following charts show the forecast year end variance by department with a comparison for 2012/13:





**Subject: Miscellaneous Debt Update June 2013**

Lead officer: David Keppler

Lead member: Councillor Mark Allison

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

This report updates CMT on the latest position with regard to the collection of miscellaneous debt; focusing on debt that is over one year old and the action being taken (or required) to reduce the outstanding arrears.

**2. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT**

2.1 A breakdown of departmental net miscellaneous debt arrears, as at 30<sup>th</sup> June, is shown in column F of Table 1 below.

**Table 1 – Debtors aged balance – June 2013 – not including debt that is less than 39 days old**

| Department<br>a                            | 39 days to 6<br>months b<br>£ | 6 months<br>to 1 year c<br>£ | 1 to 2<br>years<br>d<br>£ | Over 2 years<br>e<br>£ | June 2013<br>arrears<br>f<br>£ | February<br>2013<br>arrears<br>£ | Direction of<br>travel |
|--|-------------------------------|------------------------------|---------------------------|------------------------|--------------------------------|----------------------------------|------------------------|
| Env &<br>Regeneration                      | 384,803                       | 308,954                      | 46,879                    | 70,710                 | 811,346                        | 892,536                          | ↓                      |
| Corporate<br>Services                      | 343,218                       | 95,658                       | 116,810                   | 68,297                 | 623,983                        | 545,879                          | ↑                      |
| Housing<br>Benefits                        | 500,982                       | 464,250                      | 871,891                   | 1,007,569              | 3,173,011                      | 3,090,263                        | ↓                      |
| Children,<br>Schools &<br>Families         | 52,841                        | 46,695                       | 25,268                    | 8,908                  | 133,712                        | 727,121                          | ↓                      |
| Community &<br>Housing                     | 1,463,187                     | 854,548                      | 986,093                   | 879,403                | 4,183,231                      | 3,627,502                        | ↓                      |
| Chief<br>Executive's                       | 3,000                         | 0                            | 0                         | 0                      | 3,000                          | 0                                | ↑                      |
| <b>Total</b>                               | <b>2,748,031</b>              | <b>1,770,105</b>             | <b>2,046,941</b>          | <b>2,034,887</b>       | <b>8,928,283</b>               | <b>8,883,301</b>                 | ↑                      |
| <b>June 2012</b>                           | <b>3,032,915</b>              | <b>1,254,973</b>             | <b>1,852,373</b>          | <b>1,559,415</b>       | <b>7,699,676</b>               |                                  |                        |
| <b>Variance<br/>June 12 to<br/>June 13</b> | <b>-284,884</b>               | <b>515,132</b>               | <b>194,568</b>            | <b>475,472</b>         | <b>1,228,607</b>               |                                  | ↑                      |

- 2.2 Since the position was last reported in February 2013, the net current level of arrears, i.e. invoices over 39 days old, has increased by £44,982.
- 2.3 Table 2 below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old.

**Table 2 – net miscellaneous debt June 2009 to June 2013 – not including debt that is less than 39 days old**

| Department                   | June 2009        | June 2010        | June 2011        | June 2012        | June 2013        |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
|                              | £                | £                | £                | £                | £                |
| Env & Regeneration           | 470,420          | 345,964          | 367,217          | 315,756          | 811,346          |
| Corporate Services           | 177,124          | 161,574          | 268,063          | 527,423          | 623,983          |
| Housing Benefits             | 1,781,160        | 2,023,895        | 2,312,383        | 2,993,179        | 3,173,011        |
| Children, Schools & Families | 112,505          | 330,674          | 180,184          | 536,458          | 133,712          |
| Community & Housing          | 2,757,717        | 1,905,884        | 3,178,216        | 3,326,862        | 4,183,231        |
| Chief Executive's            | 27,187           | 13,904           | 3,900            | 0                | 3,000            |
| <b>Total</b>                 | <b>5,326,113</b> | <b>4,781,895</b> | <b>6,309,963</b> | <b>7,699,678</b> | <b>8,928,283</b> |

- 2.5 The figures in table 2 (above) show that the major area of increase in debt over the five year period is housing benefit overpayments. Housing benefit overpayments have increased by £1.4 million over the 5 year period. It should be noted that the amount of housing benefit paid out has also increased over this period. In 2008/09 £61.3 million was paid out and in 2012/13 £90 million paid out.
- 2.6 The action being taken to recover the largest debts is outlined below.

### 3 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

**Table 3** – the process for collecting debt

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

#### 4 DEBT OVER ONE YEAR OLD

- 4.1 Debt over 1 year old has increased by £1.127,115 since the end of April 2012.

**Table 4** – Debt over 1 year old compared to April 2012

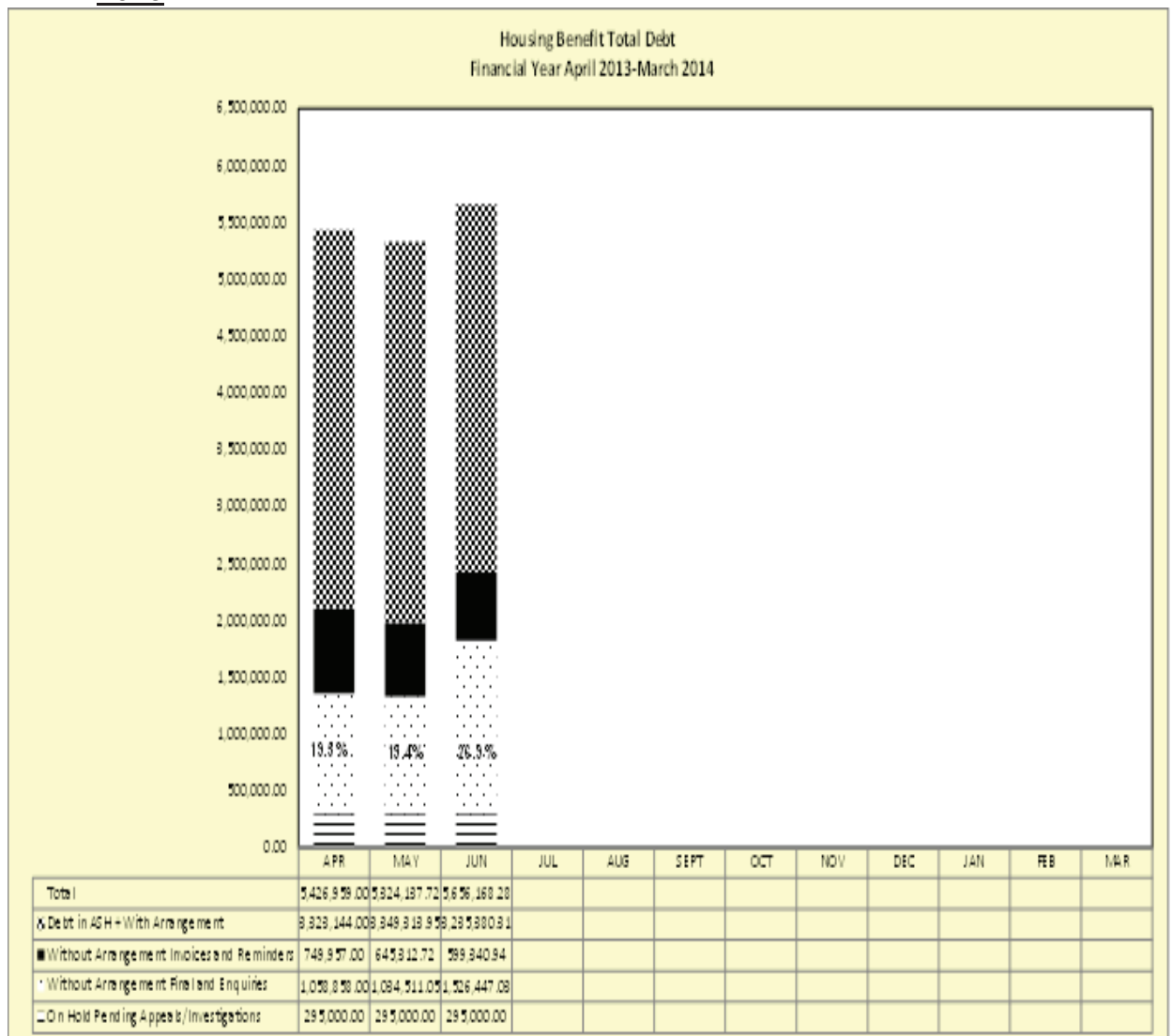
| Department                    | April 2012       | June 2013        | Variance         | % Variance    |
|-------------------------------|------------------|------------------|------------------|---------------|
| Env & Regeneration            | 65,104           | 117,590          | -52,486          | <b>44.63</b>  |
| Corporate Services Note 1     | 45,461           | 185,108          | -139,647         | <b>75.44</b>  |
| Housing Benefits              | 1,695,646        | 2,207,779        | -512,133         | <b>23.20</b>  |
| Childrens, Schools & Families | 54,992           | 34,176           | 20,816           | <b>-60.91</b> |
| Community & Housing           | 1,421,831        | 1,865,496        | -443,665         | <b>23.78</b>  |
| Chief Executives              | 0                | 0                | 0                | <b>0.00</b>   |
| <b>Total</b>                  | <b>3,283,034</b> | <b>4,410,149</b> | <b>1,127,115</b> | <b>25.56</b>  |

- 4.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.
- 4.3 The debt for Community and Housing over a year old has increased by £443,665 since April 2012.
- 4.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £4.5 million. Of this debt £1.8 million is over a year old and a further £2.3 million is between 39 days and a year old. Approximately £2.1 million is on arrangements, undertaking legal action or secured with Charging Orders.



- 4.5 Housing benefit overpayment debt over a year old has increased by £512,133 since April 2012. The total amount of housing benefit debt is £5.6 million. This figure is the same as when last reported at the end of February 2013. Of this debt £1.6 million is being recovered from ongoing benefit by reducing current housing benefit payments, this equates to approximately £90,000 per month being reduced from payments to off-set these overpayments. Over £3.5 million is on a payment arrangement or recovery from ongoing benefit. .
- 4.6 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In 2012/13 £3.4 million of overpayments were identified and over £1.85 million either recovered or off set against housing benefit.
- 4.7 The graph on the next page shows breakdown of all housing benefit overpayments by recovery action.

**Graph 1 – Total Housing Benefit Debt by recovery action from April 2013**



4.8 Of the total debt outstanding shown in the graph 26.9% requires further recovery action. This figure has increased from 16.6% when last reported in February 2013. This is the debt where effective recovery action can be taken.

**6. PROVISION FOR BAD AND DOUBTFUL DEBTS**

6.1 A provision has been made available for writing off bad and doubtful debts. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is highlighted below.

- 6.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide for on the basis of the collection rates for individual departmental debt, and the age of the debt. A further review is undertaken to factor in any general economic conditions.
- 6.3 Merton's provision fully complies with CIPFA guidance and is considered prudent.

### **Provision for Bad and Doubtful Debts**

| <b>Department</b>            | <b>Less than 1 year<br/>£</b> | <b>Over 1 year<br/>£</b> | <b>Total provision<br/>£</b> |
|------------------------------|-------------------------------|--------------------------|------------------------------|
| Env & Regeneration           | 94,990                        | 164,680                  | 259,670                      |
| Corporate Services           | 56,028                        | 173,913                  | 229,941                      |
| Housing Benefits             | 0                             | 308,590                  | 308,580                      |
| Children, Schools & Families | 42,685                        | 63,841                   | 106,526                      |
| Community & Housing          | 964,064                       | 584,125                  | 1,512,189                    |
| Fixed penalties              | 3,212                         | 33,646                   | 36,858                       |
| Former Tenants Rentals       |                               | 102,636                  | 102,636                      |
| <b>Total</b>                 | <b>1,160,979</b>              | <b>1,395,431</b>         | <b>2,556,410</b>             |

## **7. EXECUTIVE SUMMARY / CONCLUSION**

- 7.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, at 30<sup>th</sup> June 2013 is £8,928,283. The net level of arrears, when the matter was last reported in February 2013 was £8,883,301.

## **8. TOTAL DEBT DUE TO MERTON**

The total amount due to Merton as at 30<sup>th</sup> June 2013 is detailed in table 6 over the page.

**Table 6** – Total debt outstanding as at 30<sup>th</sup> June 2013 and compared with previous periods over the past 12 months

|                                  | <b>Jun-12</b>     | <b>Aug-12</b>     | <b>Oct-12</b>     | <b>Dec-12</b>     | <b>Feb-13</b>     | <b>Jun-13</b>     |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| Miscellaneous sundry debt Note 1 | 10,794,471        | 10,465,794        | 11,531,061        | 11,649,664        | 18,154,293        | 11,565,929        |
| HB debt in Benefit system Note 2 | 2,281,419         | 2,368,287         | 2,451,628         | 2,314,607         | 2,427,121         | 2,282,190         |
| Housing Rent Note 3              | 231,364           | 231,364           | 231,236           | 230,060           | 110,936,          | 108,058           |
| Parking Services                 | 1,674,128         | 1,797,029         | 1,913,322         | 2,127,613         | 2,342,502         | 2,208,764         |
| Council Tax Note 4               | 5,263,539         | 4,816,141         | 4,166,454         | 3,817,752         | 3,402,427         | 5,056,682         |
| Business Rates Note 5            | 2,311,224         | 1,760,715         | 1,656,657         | 1,281,928         | 1,114,885         | 3,032,636         |
| <b>Total</b>                     | <b>22,556,145</b> | <b>21,439,330</b> | <b>21,950,358</b> | <b>21,421,624</b> | <b>27,441,228</b> | <b>24,254,259</b> |

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 39 days old.

Note 2 This is the housing benefit debt within the benefits system

Note 3 This is former tenants rent arrears – leaseholder debts are included in miscellaneous sundry debt

Note 4 Council tax debt does not include the current year council tax collection.

Note 5 Business rates debt does not include the current year business rates collection

## Reserves

## APPENDIX 9

| Forecast Movement in Reserves 2013/14       | Actual Bal<br>at 31/3/13 | Net Movt.<br>in year | Bal. at<br>31/3/14 |
|---|--------------------------|----------------------|--------------------|
|   | £'000                    | £'000                | £'000              |
| General Fund Reserve (including HRA)        | 19,181                   | 0                    | 19,183             |
| Earmarked Reserves                          | 33,749                   | (9,405)              | 24,344             |
| Grants & Contributions                      | 5,392                    | (998)                | 4,394              |
| <b>Total Available Gen. Fund Rev. Reser</b> | <b>58,322</b>            | <b>(10,403)</b>      | <b>47,921</b>      |
|   |                          |                      |                    |
| <b>Fixed to Contracts</b>                   | <b>2,322</b>             | <b>0</b>             | <b>2,322</b>       |
|   |                          |                      |                    |
| <b>Total General Fund revenue reserves</b>  | <b>60,644</b>            | <b>(10,403)</b>      | <b>50,243</b>      |

| <b>Analysis</b>                       |               |                 |               |
|---------------------------------------|---------------|-----------------|---------------|
| <b>Earmarked Reserves</b>             |               |                 |               |
| Outstanding Council Programme Board   | 9,789         | (872)           | 8,917         |
| For use in future years for budget    | 9,752         | (3,000)         | 6,752         |
| Revenue Reserves for Capital / Revn.  | 4,269         | (3,760)         | 509           |
| Energy renewable reserve              | 1,441         | 0               | 1,441         |
| Repairs & Renewal Fund                | 1,424         | 0               | 1,424         |
| Transforming families reserve         | 1,318         | (524)           | 794           |
| Pension Fund additional contribution  | 1,078         | 0               | 1,078         |
| Local Land Charges Reserve            | 1,075         | 0               | 1,075         |
| Apprenticeships                       | 1,000         | (150)           | 850           |
| Community Care Reserve                | 996           | 0               | 996           |
| Performance Reward Grant              | 651           | (385)           | 266           |
| Economic Development Strategy         | 623           | (623)           | 0             |
| Other                                 | 333           | (92)            | 241           |
| <b>Earmarked Reserves</b>             | <b>33,749</b> | <b>(9,405)</b>  | <b>24,344</b> |
| Adult Social care contributions       | 2,277         | 0               | 2,277         |
| Culture and Environment contributions | 931           | (354)           | 577           |
| Culture and Environment grant         | 852           | (359)           | 493           |
| Childrens & Education grant           | 780           | (142)           | 638           |
| Adult Social care grants              | 101           | 0               | 101           |
| Housing Planning Development grant    | 345           | (143)           | 202           |
| Housing GF grants                     | 106           | 0               | 106           |
| <b>Grants &amp; Contributions</b>     | <b>5,392</b>  | <b>(998)</b>    | <b>4,394</b>  |
|                                       |               |                 |               |
| <b>Total</b>                          | <b>39,141</b> | <b>(10,403)</b> | <b>28,738</b> |

|                           |              |          |              |
|---------------------------|--------------|----------|--------------|
| Insurance Reserve         | 2,322        | 0        | 2,322        |
| <b>Fixed to Contracts</b> | <b>2,322</b> | <b>0</b> | <b>2,322</b> |

|                          |               |              |               |
|--------------------------|---------------|--------------|---------------|
| DSG Reserve              | 2,378         | (423)        | 1,955         |
| Schools Reserve          | 1,060         | (118)        | 942           |
| Schools PFI Fund         | 5,521         | 337          | 5,858         |
| Add Schools own reserves | 11,674        | 0            | 11,674        |
| <b>Schools Reserves</b>  | <b>20,633</b> | <b>(204)</b> | <b>20,429</b> |

|                         |               |              |               |
|-------------------------|---------------|--------------|---------------|
| Capital Grants          | 3,826         | 0            | 3,826         |
| Capital Contributions   | 567           | 0            | 567           |
| Capital Receipts        | 22,753        | 6,136        | 28,889        |
| <b>Capital Reserves</b> | <b>27,146</b> | <b>6,136</b> | <b>33,282</b> |

Appendix 10

| Customer & Client Receipts - £000's |  |                      |                          |                          |                    |                 |                   |                            |                            |
|-------------------------------------|--|----------------------|--------------------------|--------------------------|--------------------|-----------------|-------------------|----------------------------|----------------------------|
| 2013/14                             |  |                      |                          |                          |                    |                 |                   |                            |                            |
| Department                          | Division/Service                                     | Total Budget         | Year to Date Actual (P3) | Year to Date Budget (P3) | Year to Date Spend | Latest Forecast | Forecast Variance | Internal Receipts Forecast | External Receipts Forecast |
| Childrens Schools & Families        | Schools Buy Back                                     | -2,653               | -141                     | 0                        | -141               | -2,884          | -231              | -100                       | -2,884                     |
|                                     | PDC  | -247                 | -36                      | -62                      | 26                 | -255            | -8                | 0                          | -176                       |
|                                     | Early Years & Childrens Centres                      | -1,192               | -265                     | -295                     | 30                 | -1,192          | 0                 | -10                        | -1,192                     |
|                                     | Other  | -168                 | -100                     | -42                      | 58                 | -178            | -10               | -79                        | -178                       |
|                                     | <b>CSF Total</b>                                     | <b>-4,260</b>        | <b>-542</b>              | <b>-399</b>              | <b>-143</b>        | <b>-4,509</b>   | <b>-249</b>       | <b>-79</b>                 | <b>-4,430</b>              |
| Corporate Services                  | Customer Services                                    | -2,138               | -1,229                   | -534                     | -695               | -1,819          | 319               | -100                       | -1,719                     |
|                                     | Corporate Governance                                 | -197                 | -88                      | -49                      | -39                | -166            | 31                | 0                          | -166                       |
|                                     | Human Resources                                      | -533                 | -43                      | -27                      | -16                | -463            | 71                | -128                       | -335                       |
|                                     | Infrastructure & Transactions                        | -1,990               | -355                     | -419                     | 64                 | -2,074          | -85               | -1,860                     | -214                       |
|                                     | Resources  | -739                 | 213                      | -185                     | 398                | -789            | -50               | -1                         | -788                       |
|                                     | Business Improvement                                 | -79                  | -23                      | 0                        | -23                | -79             | 0                 | -79                        | 0                          |
|                                     | <b>CS Total</b>                                      | <b>-5,675</b>        | <b>-1,524</b>            | <b>-1,214</b>            | <b>-310</b>        | <b>-5,389</b>   | <b>285</b>        | <b>-2,168</b>              | <b>-3,222</b>              |
| Environment & Regeneration          | Street Scene & Waste                                 | -11,580              | -2,160                   | -2,664                   | 504                | -11,275         | 305               | -7,254                     | -4,021                     |
|                                     | Public Protection & Development                      | -13,767              | -3,377                   | -3,401                   | 24                 | -13,475         | 292               | -95                        | -13,380                    |
|                                     | Sustainable Communities                              | -7,105               | -2,397                   | -1,747                   | -650               | -7,047          | 58                | -1,096                     | -5,951                     |
|                                     | Safer Merton   | -6                   | 0                        | -1                       | 1                  | -6              | 0                 | 0                          | -6                         |
|                                     |  | <b>E&amp;R Total</b> | <b>-32,458</b>           | <b>-7,934</b>            | <b>-7,813</b>      | <b>-121</b>     | <b>-31,803</b>    | <b>655</b>                 | <b>-8,445</b>              |
| Community & Housing                 | Adult Social Care - Client Contribution & Other Cont | -9,981               | -1,981                   | -1,607                   | -374               | -10,078         | -97               | -30                        | -10,048                    |
|                                     | MAE & Libraries                                      | -956                 | -116                     | -154                     | 38                 | -959            | -3                | -10                        | -949                       |
|                                     | Housing  | -34                  | -36                      | -8                       | -28                | -90             | -56               | 0                          | -90                        |
|                                     |  | <b>C&amp;H Total</b> | <b>-10,971</b>           | <b>-2,133</b>            | <b>-1,769</b>      | <b>-364</b>     | <b>-11,127</b>    | <b>-156</b>                | <b>-40</b>                 |
| <b>Grand Total</b>                  |  | <b>-53,364</b>       | <b>-12,133</b>           | <b>-11,195</b>           | <b>-938</b>        | <b>-52,828</b>  | <b>535</b>        | <b>-10,732</b>             | <b>-42,097</b>             |