

Cabinet

Date: 11 December November 2017

Subject: Financial Report 2017/18 – October 2017

Lead officer: Roger Kershaw

Lead member: Mark Allison

Reason for urgency: The Chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2017/18. This requires consideration as it has implications for current and future years' budget monitoring and management.

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.4million, 0.3% of the gross budget.
- B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b

That Cabinet approve the following adjustments to the Capital Programme

Scheme	2017/18 Budget	2018/19 Budget	Funding/Re-profiling
<u>Community & Housing</u>	£	£	
Libraries I.T	(100,000)	100,000	Re-profiled in accordance with tender progress
<u>Environment & Regeneration</u>			
Morden TFL	(200,000)	0	It is envisaged that this allocation will form part of later years funding still to be approved by TFL
Total	(300,000)	100,000	

Please note: Colliers Wood Finance Lease was presented to Council for approval on 22/11/17 so will only require to be noted by Cabinet.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 7, 31st October 2017 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 7 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2017/18;
- Progress on the delivery of the 2017/18 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2017/18 will continue to focus on adult social care and children's social care as these areas overspent in 2016/17 and continue to have budget pressures.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

2.3 2017/18 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 7 to 31st October 2017, the year end forecast is a net £1.4m overspend compared to the current budget or 0.3% of the gross budget.

Summary Position as at 31st October 2017

	Current Budget 2017/18	Full Year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sept)	Outturn variance 2016/17
	£000s	£000s	£000s	£000s	£000s
Department					
3A. Corporate Services	11,582	11,199	(383)	(217)	(1,287)
3B. Children, Schools and Families	53,915	55,473	1,558	1,138	1,154
3C. Community and Housing	64,424	65,847	1,423	1,372	10,124
3D. Public Health	0	(20)	(20)	(25)	16
3E. Environment & Regeneration	23,380	22,860	(520)	(299)	1,011
Overheads	0	0	0	0	12
NET SERVICE EXPENDITURE	153,301	155,360	2,058	1,969	11,030
3E. Corporate Items					
Impact of Capital on revenue budget	13,415	13,265	(150)	(150)	193
Other Central budgets	(21,571)	(22,035)	(464)	(231)	(8,329)
Levies	933	933	0	0	0
TOTAL CORPORATE PROVISIONS	(7,223)	(7,837)	(614)	(381)	(8,136)
TOTAL GENERAL FUND	146,078	147,522	1,444	1,588	2,894
FUNDING					
Revenue Support Grant	(15,520)	(15,520)	0	0	0
Business Rates	(35,483)	(35,483)	0	0	0
Other Grants	(10,733)	(10,733)	0	0	(537)
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	0
FUNDING	(146,065)	(146,065)	0	0	(537)
					0
NET	13	1,457	1,444	1,588	2,357

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.27m. This means that another reserve or further savings will need to be found to offset the remaining £0.9m overspend.

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

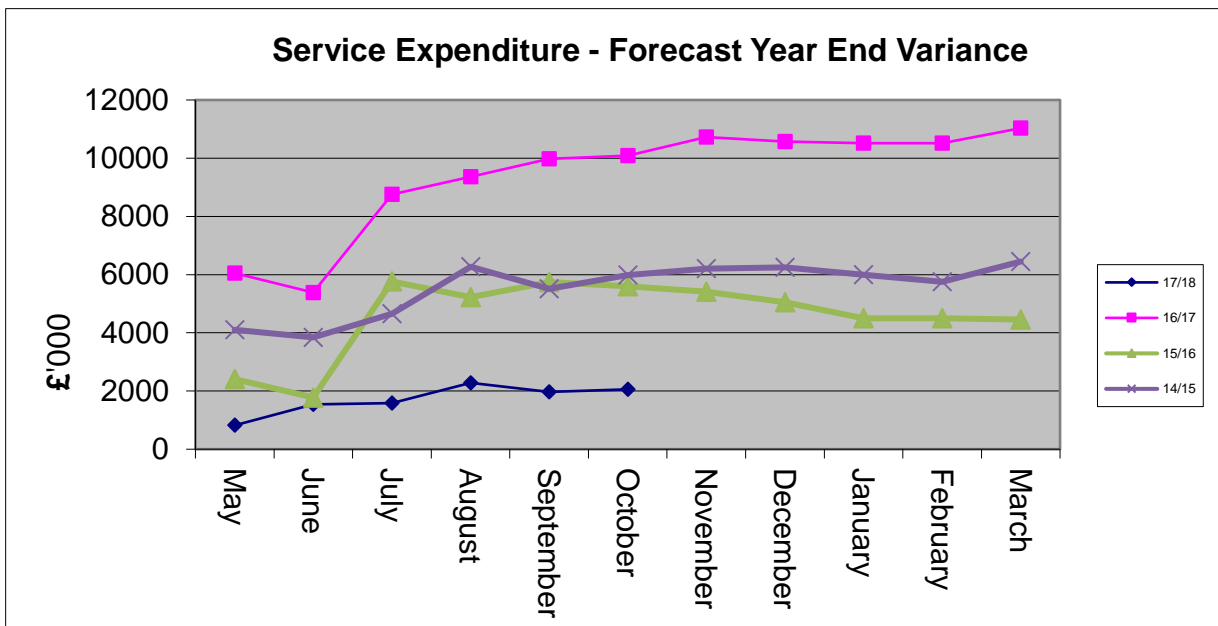
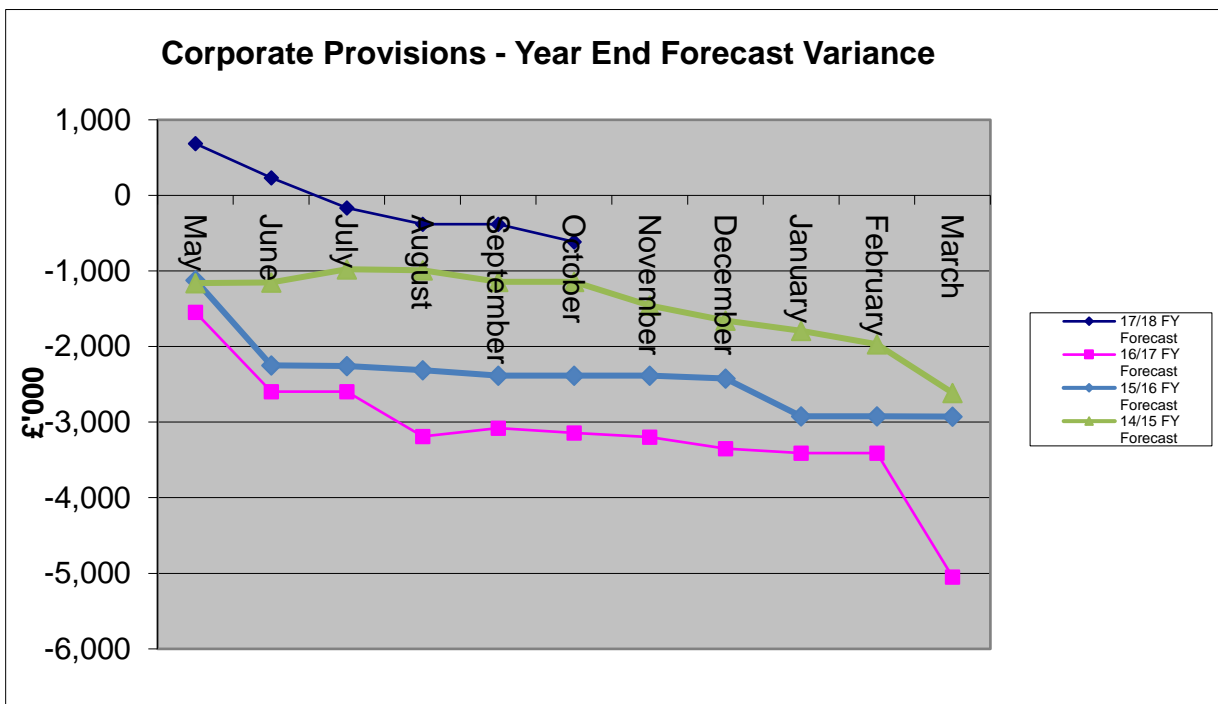


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2017/18 Current Budget	Full year Forecast October	Forecast variance at year end	Forecast variance at year end	2016/17 Outturn Variance
	£000	£000	October £000	September £000	£000
Business Improvement	3,129	3,074	-55	13	-54
Infrastructure & Transactions	9,544	9,601	57	67	-431
Resources	6,496	6,718	221	129	-314
Human Resources	1,948	1,945	-3	-118	-34
Corporate Governance	2,491	2,398	-94	-92	-330
Customer Services	2,328	2,108	-221	-196	-164
Corporate Items including redundancy costs	1,002	712	-290	-20	40
Total (controllable)	26,939	26,556	-383	-217	-1,287

Overview

At the end period 7 (October) the Corporate Services (CS) department is forecasting an underspend of £383k at year end

Business Improvement - £55k under

The systems and projects team is forecasting an underspend of £103k. This is due to vacant posts and recharges to CHAS. There are some increased costs on Mosaic which will be recharged to the CSF and C&H department but the split is yet to be agreed. This underspend is offset by a projected shortfall on saving CSD42 which is not expected to be fully achieved in 17/18.

Infrastructure & Transactions - £57k over

There are budget pressures in several teams.

The professional development centre (Chaucer Centre) is expected to under-achieve on income by £110k. Bookings year to date are lower than previous years. As budgets are reduced, customers are choosing the Civic Centre non-chargeable rooms over the Chaucer Centre's chargeable rooms. Rental income is also lower and there is a delay with agreed office renters now not taking residence at the centre until November.

The transactional services team are forecasting an overspend of £90k mainly because saving CS70 which is to charge for paper copies of invoices is unachievable due to delays in the implementation of e5, SharePoint and EDRMS.

The Garth Road income target is forecast to under-achieve by approximately £60k and there is a projected overspend in the Commercial Services team on staffing costs of £90k. This team is currently being restructured and therefore agency staff are in post until the

vacant posts are recruited into. This team essential in driving and delivering procurement savings across the Council.

These forecast overspends are partly offset by over-achievement of income on printing and the new rental agreement with CHAS 2013 Limited for occupancy of half of the 14th floor in the Civic Centre.

Resources - £221k over

The division is forecasting to overspend due to staffing, including one case of long term sickness. There are ongoing additional staffing costs of e5 being funded within the division as system changes are identified and implemented. Some additional support days were necessary from the provider for system changes. The bank reconciliation function has also had additional consultancy days from the provider to increase automation.

There were some additional costs for the external audit which were due to the implementation of the new financial system, as discussed at the Standards & General Purposes Committee in September.

The closing of accounts process for 2016/17 and the external audit have highlighted a few areas of concern in meeting the early closure deadlines for next year. Some additional resources are required to address these issues and a project plan is being developed.

Human Resources – £3k under

The forecast cost of the payroll service with Agilisys has increased by 30% (approx. £90k) since Richmond left the shared service. This is being offset by a number of vacant posts within the division. There is an expected shortfall on schools buy back income of £78k.

Corporate Governance - £94k under

The forecast underspend is partly due to a £27k underspend in Internal Audit and £23k in Benefits Investigation where a 18/19 saving has been captured early.

There are other forecast underspends on non salary budgets across the division.

The South London legal partnership (SLLp) has budget pressures on staffing costs but this is being recovered by hard charging to the five boroughs in the partnership. There are numerous agency staff as recruitment is becoming increasingly difficult in certain teams. This will be closely monitored and is reported to all partnership boroughs.

Customer Services - £221k under

The Merton Bailiff Service is forecasting over-achieving income by £345k but this is offset by a forecast £70k under-achievement of income in the Shared Bailiff Service.

The Communications Service is under-achieving on advertising the income target which is partially offset by underspends elsewhere in the service. The team are working to address the likely failure to achieve income targets through a review of the strategy. A task and finish group has been established to take this forward with the aim of a refreshed strategy and agreed targets being drafted by the year end.

Corporate Items - £290k under

Redundancy costs are forecast to be approximately £400k over budget based on year to date actuals.

This is being offset by a reduction in the housing benefit provision.

£60k forecast spend is projected to address cyber security issues following recent security threats. Credit card charges which are currently passed on to customers will also cease in

January 2018 and the forecast part year costs are approx. £25k. The additional cost of Microsoft Enterprise licenses of £140k is also being met from this budget.

The budget monitoring process will focus on pressures to ensure remedial action is taken and underspends can be held to offset any overspends.

Environment & Regeneration

Environment & Regeneration	2017/18 Current Budget	Full year Forecast (October)	Forecast Variance at year end (October)	Forecast Variance at year end (Sept)	2016/17 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(10,514)	(11,955)	(1,441)	(1,279)	1,290
Public Space	15,232	15,897	665	591	510
Senior Management	1,015	1,003	(12)	(7)	(44)
Sustainable Communities	12,221	12,489	268	396	(745)
Total (Controllable)	17,954	17,434	(520)	(299)	1,011

Description	2017/18 Current Budget	Forecast Variance at year end (October)	Forecast Variance at year end (Sept)	2016/17 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	627	210	205	(34)
Underspend within Parking & CCTV Services	(11,617)	(1,616)	(1,447)	1,442
Underspend within Safer Merton	476	(35)	(37)	(118)
Total for Public Protection	(10,514)	(1,441)	(1,279)	1,290
Overspend within Waste Services	13,979	365	331	168
Underspend within Leisure & Culture	898	(89)	(89)	(72)
Overspend within Greenspaces	1,307	214	154	206
Overspend within Transport Services	(952)	175	195	342
Total for Public Space	15,232	665	591	510
Underspend within Senior Management & Support	1,015	(12)	(7)	(44)
Total for Senior Management	1,015	(12)	(7)	(44)
Underspend within Property Management	(2,604)	(149)	(58)	(564)
Overspend within Building & Development Control	(332)	452	447	(157)
Underspend within Future Merton	15,157	(35)	7	(158)
Total for Sustainable Communities	12,221	268	396	(789)
Total Excluding Overheads	17,954	(520)	(299)	1,011

Overview

The department is currently forecasting an underspend of £520k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Greenspaces, Transport Services, Property Management, and Building & Development Control.

Public Protection

Regulatory Services overspend of £210k

The forecast overspend is as a result of a few factors. Firstly, a 2017/18 saving (E&R14) of £100k relating to further expansion of the Regulatory Services Partnership to include the London Borough of Wandsworth, will not be achieved this year, as it is expected that the expansion will not commence until April 2018. Secondly, it was necessary for the Partnership to engage the services of a project manager to develop the expanded Shared service business model. The funding of this is split between the participating authorities and Merton's share of this is expected to be around £33k. Thirdly, an underachievement of Licensing income of £79k is forecast, which is associated with a 2016/17 saving (E&R13) of £50k. Finally, the section is liable for any Mortuary costs, which is not within their control. An overspend of £27k related to this service is being forecast.

Parking & CCTV Services underspend of £1,616k

The underspend is mainly as a result of the protracted timeframe for the implementation of the ANPR system across the borough. The section did not have a fully functional system until February 2017, but the necessary upgrades and camera performance reviews conducted by the contractor and officers from the team have now been completed. The positive effects of this fully functional system e.g. improved traffic flow are expected to be realised during the year. The later start of the ANPR enforcement has resulted in a delay in motorist compliance with traffic regulations and the revenue generated reflecting this. It is difficult to predict when compliance will begin to set in and how this will affect revenue but this will be closely monitored and future forecasts amended accordingly.

Included within this forecast is an employee related overspend of c£328k due to a combination of savings not yet implemented and increased demand. Due to the implementation of the diesel surcharge and the delay in fully implementing ANPR the section has been forced to delay implementing certain savings, whilst needing to recruit additional agency staff to manage PCN and permit demands. This pressure is being offset by an over-recovery in permit revenue (£355k).

Public Space

Waste Services overspend of £365k

The forecast overspend relates mainly to the Phase C contract (£594k), which has been rolled out successfully delivering in excess of £1.3m savings. However, as part of the approved MTFS savings, the budget has been reduced by in excess of £1.9m. This budget pressure is mitigated next year when the new wheelie bin service is rolled out along with reduced frequency of collection, which will deliver additional savings in the contract cost for the service.

An update report was provided to Sustainable Communities O&S Panel on 4th July with a further update in November. Robust contract management is in place ensuring full contractual compliance.

This overspend is being partially mitigated from in-year underspends on disposal costs (£237k).

Greenspaces overspend of £214k

Although significant savings have already been realised, the section is forecasting to overspend on its Phase C contract by around £95k. This overspend is not expected to repeat next year.

In addition, arboriculture is forecast to overspend by £169k as a result of work required on the borough's trees in order to avoid accidents or damage. The team is undertaking a review of work to ensure only essential work is completed for the remainder of the year. From April next year, this

work is expected to be carried out by IDVerde and will benefit from the lower rates available through the Phase C arrangements.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£79k), whereby related savings of £170k have been implemented in the last two years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, due to a delay in the implementation of 2016/17 saving E&R26 (£60k) i.e. P&D within certain parks. This is due to be partially implemented this autumn leading to an expectation that only £5k of the associated saving will be achieved this year. The revised income figure is, in part, a consequence of the outcome of the formal consultation on the parking scheme that occurred during summer 2017. The consequence of this consultation was that the parking charge proposals at one location, and at all other locations on Saturdays, were dropped by the Council, meaning that the initial income expectations of £60k thereby became unrealistic.

These forecast overspends are being partially mitigated from other grants and contributions.

Transport services overspend of 175k

The overspend relates to the Operations and Workshop side of the section. Within Transport Operations, an employee overspend of £55k is forecast mainly as a result of additional agency and overtime requirements due to covering sick leave and vacancies. This also causes a knock on effect for covering core routes, whereby, the only option on occasions is to utilise third party transport providers to cover the routes, which results in further unrecoverable costs (£54k).

Within the Workshop section, the overspend (£70k) relates to invoices for payment relating to good/services received prior to 1st April, at which point the workshop was transferred to Veolia.

Sustainable Communities

Property Management underspend of £149k

The main reason for the forecast underspend is as a result of exceeding their commercial rental income expectations by £284k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. £192k relates to ongoing rental income but £92k is back rent due this year only.

This overachievement of income is being partially offset by an overspend within Employees (£31k), buildings R&M (£36k), and supplies & services (£67k).

Building & Development Control overspend of £452k

The section is forecasting to underachieve on income by £529k, in particular within building Control. This reflects the continued reduction in the Authority's market share. This downward trend has also impacted on the section's ability to meet some of its associated 2017/18 savings, notably ENV20, D&BC1, D&BC2, D&BC3, D&BC5, and D&BC6 i.e. Increased income from building control services, fast tracking of householder applications, commercialisation of the service, and removal of the Planning Duty service. Replacement savings have been agreed by Cabinet that will help mitigate this pressure from 2018/19.

The section is also forecasting a reduction, when compared to 2016/17, in development control income of around £452k due to a downturn of around 10% in planning applications and fewer planning performance agreements being secured so far this year. This results in only an underachievement against budget of £66k, but is a considerable decrease in expected income levels.

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Oct) £000	Forecast Variance at year end (Oct) £000	Forecast Variance at year end (Sep) £000	2016/17 Variance at year end £000
Education	16,431	15,795	(636)	(596)	(874)
Social Care and Youth Inclusion	20,752	23,293	2,541	1,978	3,259
Cross Department budgets	1,668	1,632	(36)	(64)	(271)
PFI	7,916	7,760	(156)	(180)	(549)
Redundancy costs	2,083	1,928	(155)	0	(411)
Total (controllable)	48,850	50,408	1,558	1,138	1,154

Overview

At the end of October Children Schools and Families had a forecast overspend of £1.659m on local authority funded services. Although the department received £1m growth which was allocated against placement budgets, there were pressures over and above the growth allocated to the department some of which were offset by planned underspends and management action in year. Whilst some planned underspends continued, the majority of the underspend used to offset cost pressures last year were either non-recurrent management action or one-off windfalls which are not guaranteed or expected in the current financial year.

The forecast overspend also includes the cost for agency staff (£480k) which was funded from the Corporate Contingency for the last three years to enable the department to maintain safe caseloads as part of our agreed approach and service model.

Due to the volatile nature of placement and SEN transport budgets and the current volume of CSC activity and EHCP requests we are exercising appropriate demand management balancing our education and social care statutory duties with careful and considered oversight of spend.

Local Authority Funded Services

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

Description	Budget £000	Oct £000	Sep £000	2016/17 £000
Procurement & School organisation	592	(366)	(419)	(448)
SEN transport	4,131	396	396	394
Early achievement of savings	200	(200)	(200)	0
SEN statement support team	394	(80)	(80)	(7)
My futures team	517	(101)	(99)	(35)
Staffing underspends across Early Years services	1,477	(102)	(49)	(333)
Other small over and underspends	9,120	(183)	(145)	(445)
Subtotal Education	16,431	(636)	(596)	(874)
Fostering and residential placements (ART)	5,226	288	93	611
Supported lodgings/housing	1,645	154	(5)	1,110
Un-accompanied asylum seeking children (UASC)	534	831	682	579
No Recourse to Public Funds (NRPF)	21	347	385	484
Social Work staffing	4,714	672	662	282
Family and Adolescent Services	43	17	17	0
MOSAIC implementation support	0	63	63	0
Other small over and underspends	8,569	169	81	288
Subtotal Children's Social Care and Youth Inclusion	20,752	2,541	1,978	3,259

Education Division

Procurement and school organisation budgets are forecast to underspend by £366k as a result of lower spend on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £396k at the end of the financial year. Despite initiatives such as travel training, personal budgets and ensuring the buses are used as efficiently as possible, the number of SEN children requiring transport by taxi continues to rise. We have seen a 15% increase with 216 children using taxis in September 2016 and 249 in November 2017. Half the routes have been re-tendered since the dynamic purchasing system commenced, most of which were this summer. This has produced average savings of 15-19% per route. Further re-tendering is more problematic due to the specific needs of the children, but we are continuing to consider these opportunities. A detailed report looking at the cost of increased numbers compared to reduced costs realised through re-tendering is expected in December/January.

Education savings was brought forward by a year which will result in a one-off in-year underspend of £200k.

The SEN support team is forecasting a £80k underspend on staffing due to difficulties in recruiting appropriate staff to vacancies. The underspend has reduced since last month because our recruitment drive moved staff from within the department enabling us not to have a big lag in time waiting for them to take up the posts. Recruitment continues to ensure we can meet our statutory duties in relation to EHCP timeliness.

The My Futures team is estimated to underspend by £101k due to vacancies held during the year while team was restructured.

As part of management action, where possible, recruitment to vacancies in some areas was delayed with the aim to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £102k.

There are various other small over and underspends forecast across the division netting to a £183k underspend. These combine with the items described above to arrive at the total reported divisional underspend of £636k.

Children's Social Care and Youth Inclusion Division

While the numbers of Looked after Children (LAC) remain relatively stable, and indeed Merton maintains relatively low levels of children in care, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis and assumptions reviewed quarterly to ensure that projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Oct £000	Sep £000	Oct Nr	Sep Nr
Residential Placements	2,239	2,116	(123)	(237)	16	16
Independent Agency Fostering	1,789	1,902	113	60	48	46
In-house Fostering	964	1,171	207	245	57	55
Secure accommodation	134	0	(134)	(134)	0	0
Mother and baby	100	325	225	159	2	0
Total	5,226	5,514	288	93	124	117

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

- The residential placement expenditure is forecast to underspend by £123k. This change from last month is due to an additional young person moving into a children’s home. One young person moved on but this reduction in cost was predicted in last month’s budget return.
- The agency fostering placement expenditure is expected to overspend by £113k. This is due to net of 5 new placements (two placements ended and one moved to different budget (UASC)). This is a very volatile budget and therefore subject to fluctuation during the year.
- The in-house foster carer expenditure is forecast to overspend by £207k. We had 11 new placements. Six placements have ended and three have moved to a different budget.
- There has been a short term remand into secure accommodation. Information about costs was received too late for this budget return and will be included in the November forecast.
- There are two new Mother and Baby placement for October.

The budget for semi-independent and supported lodgings/housing placements are estimated to overspend by £154k. The change is due to 6 new placements including three mother and baby placements of which one mother has three children. This budget is used to finance placements for young people aged 16/17 and above. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 64 semi-independent placements for young people at the end of September 2017.

The UASC placements are expected to overspend by £831k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Oct £000	Sep £000	Oct Nr	Sep Nr
Independent Agency Fostering	369	205	(164)	(223)	6	4
In-house Fostering	0	365	365	302	14	12
Supported lodgings/housing	165	795	630	603	29	28
Total	534	1,365	831	682	49	44

At the end of October we had 49 UASC placements with a number of young people aged 18+ with no recourse to public funds in semi-independent accommodation. This is an increase of 5 young people costed to this budget code.

The NRPF budget is expected to overspend by £347k in the current financial year. The NRPF worker is working closely with housing colleagues to manage cases as they arise and is also reviewing historic cases to identify ones where claimant circumstances has changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council.

The Central Social Work, MASH, First Response, CASA, Bond Road and CWD team’s staffing costs are expected to overspend by £672k. The majority of this is due to additional social work capacity required to manage safe caseloads, previously funded by the council’s contingency, and are kept under regular review as they are covered by agency. On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff.

The Family and Adolescent Services staffing budget is expected to overspend by £17k. This is due to the head of service post which has been deleted as part of the 2017/18 savings is being covered by an agency member of staff due to short term service requirements. These arrangements will cease in the autumn.

Following the implementation of MOSAIC, some changes and service support is still required which is now funded from the departmental budgets rather than from the project. The support is expected to be required until the end of December and the estimated cost of £63k is expected to increase towards year-end.

There are various other small over and underspends forecast across the division netting to a £169k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £2,541k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £2.092m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any overspend will be funded from the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £1.216m on Independent Day School provision, £369k on EHCP allocations to maintained primary and secondary schools and £521k on additional school business rate adjustments primarily due to the revaluation of properties in the beginning of 2017.

There are various other smaller over and underspends forecast across the DSG netting to a £14k underspend which, combined with the items above, equates to the net overspend of £2.092m.

Management Action

New burdens

There are a number of duties placed on the Local Authority which have not been fully funded or not funded at all through additional burdens funding from Central Government. £1m growth was added by the council in 2017/18 to the supported housing/lodgings budget. Excluding the cost of these duties would leave a net departmental overspend of £327k, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Oct overspend forecast £000	Sep overspend forecast £000
Supported lodgings/housing	1,645	154	(5)
Un-accompanied asylum seeking children (UASC)	534	831	682
No Recourse to Public Funds (NRPF)	21	347	385
Total	2,200	1,332	1,062

Following changes introduced through the Children & Social Work Act, local authorities will take on new responsibilities in relation to children in care and care leavers. Local authorities will be required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding will be provided to support implementation of this change.

Staffing

Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging. We are operating, however at our lowest level of agency staff in 3 years. The continued recruitment drive including recruitment of NQSWs, temporary to permanent initiatives and retention payments will all have a positive impact on the current financial

year and we will continue to take action to bring down anticipated overspends on agency/staffing costs.

Placements

Our strong management oversight enables us to ensure that an appropriate entry to care threshold is well-maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to enable a reduction in more expensive agency foster placements, but there is a time lag.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is now an established agreed cost framework for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we will use grant and income flexibly to bring our anticipated spend in line with available budgets.

Community and Housing Current Summary Position

Overview

Community and Housing is now forecasting an over spend of £1.4m as at October 2017. This is an increase of £57k since period 6 (September).

The position has remained stable although the service continues to encounter many challenges.

The main variance is in the Adult Social Care division of Access & Assessment. Community and Housing and is therefore supported by other under spends in other Adult Social Care divisions and Merton Adult Learning.

Adult Social Care received £9.3m in growth to support the identifiable pressures and challenges faced by the department. The service has allocated growth to the placements and deprivation of liberty budgets in line with the budget pressures identified in the budget setting report.

The 2017/18 budget was set on the basis of period 9 2016/17 budget forecast. Between period 9 and the year end, placements expenditure increased by £700k against the forecast. This was mainly due to the amount of older people being discharged from hospital but also a one-off charge of £350k.

In addition, the service was hit with a late clawback of Better Care Fund (BCF) monies due to the late reporting of performance on the main factor in the BCF risk share agreement. The service therefore has a financial hit of £275k in 2017/18.

The service therefore started 2017/18 £625k worse off than the budget plan.

Community and Housing	2017/18 Current Budget	Full Year Forecast (Oct)	Forecast Variance (Oct)	Forecast Variance (Sept)	2016/17 Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Access and Assessment	46,799	48,087	1,288	1,119	9,432
Commissioning	4,233	4,203	(30)	(77)	67
Direct Provision	4,373	4,187	(186)	(18)	(169)
Directorate	755	845	90	58	(274)
Adult Social Care	56,160	57,322	1,162	1,082	9,056
Libraries and Heritage	1,975	1,979	4	38	(88)
Merton Adult Education	0	0	0	0	501
Merton Adult Education- Commissioning Model	48	42	(6)	(6)	0
Housing General Fund	1,937	2,200	263	257	655
Sub-total	60,120	61,543	1,423	1,371	10,124
Public Health	0	(20)	(20)	(25)	16
Grand Total	60,120	61,523	1,403	1,346	10,140

Adult Social Care

Since the major review of spend carried out last month, C&H DMT has continued to have a collaborative focus on stabilising those budget lines that are prone to demand led movements and in identifying further mitigating actions. This has resulted in the relatively stable position. Attention continues on the Outcomes Panel in social care and is increasingly being focussed on placements expenditure in Mental Health. Urgent reductions in the mental health spend are being sought.

Access & Assessment - £1.3m overspend

This service forecast has increased by £162k which is due to a variety of items. The pooled equipment budget has increased again and the service is taking steps to address the issue with health.

The placement forecasted overspend has increased in the mental health and learning disabilities services. The service has implemented a new outcomes panel or 'Forum' at which all placements are presented. Its aim is to prevent need, promote independence and improve outcomes

It is anticipated that recruitment to non-frontline posts can be delayed resulting in expenditure on staffing costs being reduced by £146k.

Commissioning - £30k underspend

This area underspend has decreased due to the reallocation of the Financial Assessment Team costs from the Access and Assessment service to the commissioning team budget. The Financial Assessment Team transferred to the Assessment and Initial Support Team in the Adult Social Care restructure in 2016.17 it has been decided that function should sit in

commissioning. However the overall impact of this transfer has been supported by underspends on contracts in this area.

Direct Provision - £186k underspend

This service is currently forecasting an under spend of £186k which is due to the transfer of existing expenditure to the Disability Facilities Grant (DFG).

Additionally the handypersons scheme is being extended to better facilitate discharge from hospital at a cost of £35k.

This service has also seen an improved income collection due to the increase number of self funders accessing the Eastways day centre. Forecast was also revised due to the delay in the Mascot project which is now expected to commence in July 2018.

Directorate - £90k overspend

The directorate forecasted expenditure has increased by £31k due to the extension of current contracts to facilitate the completion of a project.

Adult Social Care: other management action 2017/18

The service continues to monitor its action plan in place to ensure issues are identified and resolved quickly. A highlighted report is updated and reviewed each Monday by the Director at the weekly budget meeting.

Home Care

The issues previously reported with the home care monitoring system have been resolved and the council is nearly up to date with its payment runs. Further work is being undertaken to try to ensure that the system is more resilient in future and that payments and reporting are not disrupted.

C&H-Other Services

Libraries- £4k overspend

This service is expecting to over spend by £4k. This is a reduction of £33k since September. This is due to an increase in income at Mitcham, Morden, Pollard Hill and Wimbledon libraries.

The service expects to gain access to the newly re-developed Donald Hope library (to be renamed as Colliers Wood Library) in December 2017 with an expected opening in January. The increase in rent costs has been built into the forecasted expenditure.

Community Learning - £6k underspend

Adult Community Learning forecast remains unchanged since September budget monitoring report.

This budget is fully reliant on ESFA funding. This has two elements:-

1. Formula funding (payment on delivery); and
2. A community learning (block grant that can be used at the services discretion for adult learning purposes).

The £6k underspend is from fees collected by the service for the in house Learning Difficulties and Disabilities provision provided.

Housing - £263k overspend

There has been a relatively small movement in forecasted expenditure since September. This area remains very volatile and overspend is currently supported by the temporary accommodation grant of £406k

Housing	Forecast Variances (Oct) £'000	Forecast Variances (Sept) £'000	Forecast Variances (Aug) £'000
Temporary Accommodation-Expenditure	981	1,031	1,204
Temporary Accommodation-Client Contribution	(611)	(624)	(560)
Temporary Accommodation-Housing Benefit Income	(361)	(445)	(450)
Temporary Accommodation-Subsidy Shortfall	582	621	633
Temporary Accommodation- Grant	(406)	(406)	(406)
Total Temporary Accommodation	185	177	421
Housing Other- Over(under)spends	78	80	22
Total	263	257	443

The Homelessness Reduction Act and the funding

The service continues to work hard to increase client contributions. The challenge now is to implement the requirements of the Homelessness Reduction Act allocation of £400k announced recently. The service will process with the planned restructure to meet the new responsibilities and savings required.

Public Health - £20k underspend

Public Health underspend has reduced by £5k since September. This is due to an increase in Health Checks variable costs.

The details comparing actual expenditure up to 31 October 2017 against budget are contained in Appendix 2. The main areas of variance as at 31 October 2017 are:-

Corporate Items	Current Budget 2017/18 £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	13,415	13,265	(150)	(150)	193
Investment Income	(1,186)	(800)	386	519	(176)
Pension Fund	3,350	3,350	0	0	(498)
Pay and Price Inflation	736	636	(100)	0	(739)
Contingencies and provisions	4,406	3,656	(750)	(750)	(3,495)
Income Items	(1,152)	(1,152)	0	0	(330)
Appropriations/Transfers	(5,407)	(5,407)	0	0	(3,091)
Central Items	747	283	(464)	(231)	(8,329)
Levies	933	933	0	0	0
Depreciation and Impairment	(22,318)	(22,318)	0	0	0
TOTAL CORPORATE PROVISIONS	(7,223)	(7,837)	(614)	(381)	(8,136)

There are two changes in the forecast since September:-

- The forecast of investment income has been further reviewed and given the level of interest rates and amounts under investment there has been an improvement of £133k in the level of investment income expected in 2017/18.
- It is anticipated that there will be under utilisation of £100k in the provision for excess inflation by year end.

4. CAPITAL PROGRAMME 2017-21

4.1 The Table below shows the movement in the 2017/21 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 17/18	Variance	Revised Budget 17/18	Current Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20	Revised Budget 20/21	Variance	Revised Budget 20/21
CS	23,745	0	23,745	18,508	0	18,508	10,626	0	10,626	2,135	0	2,135
C&H	1,445	357	1,802	629	144	773	480	0	480	630	0	630
CSF	7,835	0	7,835	17,449	0	17,449	7,536	0	7,536	650	0	650
E&R	18,346	(200)	18,146	25,086	0	25,086	7,738	0	7,738	5,017	0	5,017
TOTAL	51,371	157	51,528	61,673	144	61,816	26,380	0	26,380	8,432	0	8,432

4.2 The table below summarises the position in respect of the Capital Programme as at October 2017. The detail is shown in Appendix 5a

Merton Summary Capital Report – October 2017 Monitoring

Department	Actuals to September	Profiled Budget to September	Variance	Final Budget	Final Forecast	Full Year Variance
Corporate Services	1,385,680	9,009,577	(7,623,897)	23,744,950	22,066,784	(1,678,166)
Community and Housing	392,284	896,541	(504,257)	1,801,580	1,801,580	0
Children Schools & Families	2,748,120	6,034,570	(3,286,450)	7,834,530	7,312,648	(521,882)
Environment and Regeneration	6,331,999	11,076,015	(4,744,016)	18,146,490	18,170,022	23,532
Capital	10,858,084	27,016,703	(16,158,620)	51,527,550	49,351,034	(2,176,516)

- a) Corporate Services – Currently officers are projecting an overspend on Customer Contact /EDRMS of £710k, Social Care IT System £185, and £31k on IT Systems - the split between capital and revenue budgets is currently being finalised. There are currently four projected underspends the Acquisitions Budget £1.29 million and the Bidding Fund £1.25 million, £41k SCIS/FIS Scanning Solution and £25k on Works to Other Buildings.
- b) Community and Housing – Officers are projecting a full spend on all remaining budgets. Two schemes have been re-profiled into 2018/19 £100k Libraries IT and £44k Telehealth.

Finance Lease – Collier Wood Library: The following adjustments will need to be made to revenue budgets to fund the impact of the finance lease:

	Full Year*
Existing Budget (Starting Position)	47,980
Revenue Contribution to Interest	(56,000)
Interim Rental Costs	0
Virement to Cover MRP Costs	(20,020)
Rent from Coffee Shop	14,000
Budget Shortfall to be Identified	14,040

* Part year impact is currently being worked through and will be reported as part of October monitoring.

- c) Children, Schools and Families – Overall against the budget this department is showing a £522k underspend, officers are currently reviewing the multi-year profile of the budget. There are a number of small variances within the primary and other sectors. Within The secondary sector current in year variances are shown on four schemes Harris Wimbledon (£465), Harris Merton £65k, Harris Morden (£20k) and Rutlish £8k. There is one variance shown within the SEN Sector for Unallocated SEN of (£77k).
- d) Environment and Regeneration – Overall a small underspend ins shown against budget this is caused by a variance on three schemes TfL Principal Roads £19k(queried with budget manager), Singlegate House £12k and Wimbledon Park lake de-silting (£7k – it is envisaged that this will be re-profiled into 2018/19 where the major spend on the scheme is profiled). In addition £200k of TfL funding has been removed from the programme, it is envisaged that this allocation will form part of later years funding still to be approved by TfL.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month. The following adjustment will require Cabinet approval:

Scheme	2017/18 Budget	2018/19 Budget	Funding/Re-profiling
Community & Housing	£	£	
Libraries I.T	(100,000)	100,000	Re-profiled in accordance with tender progress
Environment & Regeneration			
Morden TFL	(200,000)	0	It is envisaged that this allocation will form part of later years funding still to be approved by TFL
Total	(300,000)	100,000	

Please note: Colliers Wood Finance Lease was presented to Council for approval on 22/11/17 so will only require to be noted by Cabinet.

4.4 Appendix 5c details the impact of all the adjustments to the Capital Programme have on the funding of the programme in 2017/18 and 2018/19. The table below summarises the movement in 2017/18 funding since the September 2017 Monitoring Report:

Depts.	Approved Budget 17/18	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 17/18
Corporate Services	23,745					23,745
Community & Housing	1,445			501	(144)	1,802
Children Schools & Families	7,835					7,835
Environment and Regeneration	18,346	(200)				18,146
Total	51,371	(200)	0	501	(144)	51,528

4.5 The table below compares capital expenditure (£000s) to October 2017 to that achieved over the last few years:

Depts.	Spend To October 2014	Spend To October 2015	Spend To October 2016	Spend to October 2017	Variance 2014 to 2017	Variance 2015 to 2017	Variance 2016 to 2017
CS	281	397	279	1,386	1,105	988	1,107
C&H	645	547	1,155	392	(252)	(154)	(763)
CSF	10,191	9,097	3,144	2,746	(7,444)	(6,351)	(398)
E&R	2,174	3,470	7,201	6,332	4,158	2,862	(869)
Total Capital	13,290	13,511	11,779	10,856	(3,539)	(3,643)	(2,030)

Outturn £000s	36,869	29,327	30,626	
Budget £000s				51,628
Projected Spend October 2017 £000s				49,351
Percentage Spend to Budget				21.03%
% Spend to Outturn/Projection	36.05%	46.07%	38.46%	22.00%
Monthly Spend to Achieve Projected Outturn £000s				5,499

4.6 The table shows that spend during October 2017 was considerably below this target. Officers will be undertaking a detailed review of profiles and year end projections as part of November Monitoring to improve in year budget profiling and year end projection:

Department	Spend To September 2017 £000s	Spend To October 2017 £000s	Increase £000s
CS	1,182	1,386	204
C&H	340	392	52
CSF	2,673	2,746	73
E&R	4,598	6,332	1,734
Total Capital	8,793	10,856	2,063

5. DELIVERY OF SAVINGS FOR 2017/18

Department	Target Savings 2017/18	Projected Savings 2017/18	Period 7 Forecast Shortfall	Period 6 Forecast Shortfall	Period Forecast Shortfall (P7)	2018/19 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	1,484	1,248	236	236	15.9%	158
Children Schools and Families	1,110	1,093	17	17	1.5%	0
Community and Housing	2,673	2,018	655	796	24.5%	250
Environment and Regeneration	3,050	1,408	1,642	1,447	53.8%	0
Total	8,317	5,767	2,550	2,496	30.7%	408

Appendix 6 details the progress on savings for 2017/18 by department.

Progress on savings 2016/17

Department	Target Savings 2016/17	2016/17 Shortfall	2017/18 Projected shortfall	2018/19 Projected shortfall
	£000's	£000's	£000's	£000's
Corporate Services	2,316	288	30	30
Children Schools and Families	2,191	0	0	0
Community and Housing	5,379	1,727	C&H Savings in 16/17 is mitigated by growth received in 17/18.	0
Environment and Regeneration	4,771	2,269	627	240
Total	14,657	4,284	657	270

Appendix 7 details the progress on savings for 2016/17 by department and the impact on the current year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17, the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2017/18
Appendix 5b –	Adjustments to the Current Capital Programme 2017/18
Appendix 5c –	Funding Current Capital Programme 2017/18 & 2018/19
Appendix 6 –	Progress on savings 2017/18
Appendix 7 –	Progress on savings 2016/17

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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Summary Position as at 31st October 2017

	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (Oct) £000s	Year to Date Actual (Oct) £000s	Full Year Forecast (Oct) £000s	Forecast Variance at year end (Oct) £000s	Forecast Variance at year end (Sept) £000s	Outturn variance 2016/17 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	10,865	11,582	15,414	15,928	11,199	(383)	(217)	(1,287)
3B. Children, Schools and Families	52,579	53,915	109,407	15,684	55,473	1,558	1,138	1,154
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	59,401	59,465	28,434	29,910	60,627	1,162	1,083	9,056
Libraries & Adult Education	2,693	2,739	1,204	1,571	2,737	(2)	31	413
Housing General Fund	2,222	2,221	1,041	1,014	2,484	263	257	655
3D. Public Health	0	(0)	(1,834)	(3,618)	(20)	(20)	(25)	16
3E. Environment & Regeneration	23,183	23,380	9,533	(5,281)	22,860	(520)	(299)	1,011
Overheads	0	0	0	0	0	0	0	12
NET SERVICE EXPENDITURE	150,942	153,301	163,198	55,208	155,360	2,058	1,969	11,030
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	13,415	13,415	3,351	1,474	13,265	(150)	(150)	193
Other Central items	(19,224)	(21,571)	(5,812)	(925)	(22,035)	(464)	(231)	(8,329)
Levies	933	933	479	479	933	0	0	0
TOTAL CORPORATE PROVISIONS	(4,876)	(7,223)	(1,983)	1,028	(7,837)	(614)	(381)	(8,136)
TOTAL GENERAL FUND	146,066	146,078	161,215	56,236	147,522	1,444	1,588	2,894
Funding	-	-	-	-	-	-	-	-
- Business Rates	(35,483)	(35,483)	0	(4,880)	(35,483)	0	0	0
- RSG	(15,520)	(15,520)	(9,178)	(9,178)	(15,520)	0	0	0
- Section 31 Grant	(1,035)	(1,035)	(619)	(619)	(1,035)	0	0	5
- New Homes Bonus	(4,150)	(4,150)	(2,114)	(2,114)	(4,150)	0	0	(542)
- PFI Grant	(4,797)	(4,797)	(2,398)	(2,398)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(751)	(751)	0	0	(751)	0	0	0
Grants	(61,736)	(61,736)	(14,310)	(19,190)	(61,736)	0	0	(537)
Collection Fund - Council Tax Surplus(-)/Deficit	(1,386)	(1,386)	0	0	(1,386)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	(380)	(380)	0	0	(380)	0	0	0
Council Tax	0	0	0	0	0	0	0	0
- General	(82,244)	(82,244)	0	0	(82,244)	0	0	0
- WPC	(318)	(318)	0	0	(318)	0	0	0
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	(84,329)	0	0	0
FUNDING	(146,065)	(146,065)	(14,310)	(19,190)	(146,065)	0	0	(537)
NET	1	13	146,905	37,045	1,457	1,444	1,588	2,357

3E. Corporate Items	Council 2017/18 £000s	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (Oct.) £000s	Year to Date Actual (Oct.) £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £000s	Outturn Variance 2016/17 £000s
Cost of Borrowing	13,415	13,415	13,415	3,351	1,474	13,265	(150)	(150)	193
Impact of Capital on revenue budget	13,415	13,415	13,415	3,351	1,474	13,265	(150)	(150)	193
Investment Income	(1,186)	(1,186)	(1,186)	(593)	(193)	(800)	386	519	(176)
Pension Fund	3,350	3,350	3,350	0	0	3,350	0	0	(498)
Provision for excess inflation	451	451	436		0	336	(100)	0	(439)
Utilities Inflation Provision	300	300	300		0	300	0	0	(300)
Pay and Price Inflation	751	751	736	0	0	636	(100)	0	(739)
Contingency	1,500	1,500	1,500		0	1,250	(250)	(250)	(821)
Single Status/Equal Pay	100	100	100		3	100	0	0	(60)
Bad Debt Provision	500	500	500		0	500	0	0	(271)
Loss of income arising from P3/P4	400	400	400		0	0	(400)	(400)	(400)
Loss of HB Admin grant	200	200	179		0	79	(100)	(100)	(200)
Reduction in Education Services Grant	819	819	0		0	0	0	0	0
Apprenticeship Levy	450	450	450	188	(149)	450	0	0	0
Revenuisation and miscellaneous	889	889	1,276		585	1,276	0	0	(1,743)
Contingencies and provisions	4,858	4,858	4,406	188	439	3,656	(750)	(750)	(3,495)
Other income	0	0	0	0	(12)	0	0	0	(280)
CHAS IP/Dividend	(1,152)	(1,152)	(1,152)		0	(1,152)	0	0	(50)
Income items	(1,152)	(1,152)	(1,152)	0	(12)	(1,152)	0	0	(330)
Appropriations: CS Reserves	(667)	(667)	(1,316)	(1,316)	(661)	(1,316)	0	0	0
Appropriations: E&R Reserves	4	4	(450)	(450)	(143)	(450)	0	0	2
Appropriations: CSF Reserves	283	283	2	2	140	2	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(150)	(150)	(46)	(150)	0	0	0
Appropriations: Public Health Reserves	(600)	(600)	(600)	(600)	0	(600)			0
Appropriations: Corporate Reserves	(2,443)	(2,443)	(2,893)	(2,893)	(450)	(2,893)	0	0	(3,093)
Appropriations/Transfers	(3,528)	(3,528)	(5,407)	(5,407)	(1,160)	(5,407)	0	0	(3,091)
Depreciation and Impairment	(22,318)	(22,318)	(22,318)	0	0	(22,318)	0	0	0
Central Items	(5,809)	(5,809)	(8,156)	(2,461)	549	(8,770)	(614)	(381)	(8,136)
Levies	933	933	933	479	479	933	0	0	0
TOTAL CORPORATE PROVISIONS	(4,876)	(4,876)	(7,223)	(1,983)	1,028	(7,837)	(614)	(381)	(8,136)

Pay and Price Inflation as at October 2017

In 2017/18, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.451m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 3.0% and RPI at 3.9% this budget will be held and it will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2017/18 was agreed last year covering 2016/17 and 2017/18. For the lowest paid (those on spinal points 6-17) this agreed a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in 2017/18. Those on spinal points 18-49 received 1% in year one and the same again in 2017/18. The offer also included a joint review of the NJC pay spine and term-time working for school support staff. Departmental budgets include provision for the 2017/18 pay award.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 3.0% in October 2017, unchanged from September 2017. The inflation rate for food and non-alcoholic beverages continued to increase to 4.1%, the highest since September 2013.

Rising prices for food and, to a lesser extent, recreational goods provided the largest upward contributions to change in the rate between September 2017 and October 2017. The upward contributions were offset by falling motor fuel and furniture prices.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, 12-month inflation rate was 2.8% in October 2017, unchanged from September 2017. Owner occupiers' housing costs remained unchanged between September 2017 and October 2017, having risen a year ago.

The RPI 12-month rate for October 2017 stood at 4.0%, up from 3.9% in September 2017..

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 1 November 2017, the Committee voted by a majority of 7-2 to increase Bank Rate by 0.25% to 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The November 2017 Inflation Report was published on the 2 November 2017. The next MPC meeting to agree the Bank Base Rate will be held in mid December.

In the November 2017 Inflation Report, the MPC noted that "CPI inflation rose to 3.0% in September. It is expected to peak at 3.2% in October, as increases in imported costs — stemming from the past fall in sterling and a more recent pickup in global energy prices — are passed on to consumer prices. Inflation is then expected to fall back as past rises in energy prices drop out of the annual comparison and as the pass-through of rises in other import

prices progresses. Alongside that moderation in external pressures, however, domestic inflationary pressures are likely to build to more normal levels.”

In terms of prospects for inflation, the MPC state that “CPI inflation has risen further above the 2% target as companies pass on the higher costs stemming from the lower level of sterling. Unemployment has continued to fall and the extent of spare capacity in the economy now seems limited. Moreover, the pace at which the economy can grow without generating inflationary pressure has fallen over recent years. Over the MPC’s forecast period, conditioned on a path for Bank Rate that rises to 1% by the end of 2020, demand is projected to grow at a pace that uses up the remaining slack in the economy. As imported inflationary pressures wane, domestic pressures build. Inflation is projected to remain slightly above the 2% target at the three-year point.”

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November 2017)			
	Lowest %	Highest %	Average %
2017 (Quarter 4)			
CPI	2.7	3.2	3.0
RPI	3.6	4.4	4.0
LFS Unemployment Rate	4.1	4.7	4.3
2018 (Quarter 4)			
CPI	1.6	3.0	2.4
RPI	2.5	3.8	3.1
LFS Unemployment Rate	3.7	5.1	4.5

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

Independent medium-term projections for the calendar years 2017 to 2021 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2017)					
	2017	2018	2019	2020	2021
	%	%	%	%	%
CPI	2.7	2.6	2.2	2.1	2.0
RPI	3.6	3.5	3.1	3.2	3.1
LFS Unemployment Rate	4.4	4.4	4.5	4.4	4.5

Treasury Management: Outlook

At its meeting ending on 1 November 2017, the Committee voted by a majority of 7-2 to increase Bank Rate by 0.25% to 0.5%, the first increase since July 2007. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the Bank of England's Monetary Policy Summary, published as part of the November 2017 Inflation report the MPC noted that "CPI inflation rose to 3.0% in September. The MPC still expects inflation to peak above 3.0% in October, as the past depreciation of sterling and recent increases in energy prices continue to pass through to consumer prices. The effects of rising import prices on inflation diminish over the next few years, and domestic inflationary pressures gradually pick up as spare capacity is absorbed and wage growth recovers. On balance, inflation is expected to fall back over the next year and, conditioned on the gently rising path of Bank Rate implied by current market yields, to approach the 2% target by the end of the forecast period."

In the Bank of England's quarterly Inflation report for November 2017, the MPC set out its most recent assessment of the outlook for inflation and activity and outlined its view on the long-term outlook for interest rates. The MPC's view is that the Brexit negotiations are weighing heavily on the UK economic outlook and that "the overshoot of inflation throughout the forecast predominantly reflects the effects on import prices of the referendum-related fall in sterling. Uncertainties associated with Brexit are weighing on domestic activity, which has slowed even as global growth has risen significantly. And Brexit-related constraints on investment and labour supply appear to be reinforcing the marked slowdown that has been increasingly evident in recent years in the rate at which the economy can grow without generating inflationary pressures."

In terms of prospects for future changes to the Bank Base Rate the MPC in the November 2017 Inflation Report state that "Over the past few months, market expectations for the path of Bank Rate have risen. The MPC's projections are conditioned on a path that implies a gradual rise in Bank Rate to 1.0% by the end of 2020, and is around ¼ percentage point higher than that in the August 2017 Report. The exchange rate has been volatile but starts the projection at a similar level to August. Overall, there is a little less monetary stimulus in these projections than assumed in August. The 18% decline in sterling since late 2015 largely reflects financial market participants' judgements about the impact of Brexit on the United Kingdom. Those judgements depend on assumptions about the United Kingdom's trading relationships after Brexit and about the transition to those arrangements."

The MPC's forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit up to May 2016 are summarised in the following table:-

	End Q.4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q.3 2020	End Q.4 2020
Nov.'17	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0
Aug.'17	0.3	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8	
May '17	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5		
Feb'17	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7			
Nov.'16	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4				
Aug.'16	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2					
May '16	0.5	0.6	0.6	0.6	0.7	0.7	0.8						
Feb. '16	0.8	0.8	0.9	1.0	1.0	1.1							
Nov '15	1.0	1.1	1.1	1.2	1.3								
Aug.'15	1.5	1.6	1.7	1.7									
May '15	1.3	1.3	1.4										
Feb.'15	1.1	1.1											
Nov '14	1.7												

Source: Bank of England Inflation Reports

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Capital Programme October 2017 Monitoring

Narrative	Year to Date			Full Year		
	Actuals	Budget	Variance	Revised Budget	Final Forecast	Full Year Variance
Capital	10,858,084	27,016,703	(16,158,620)	51,527,550	49,351,034	(2,176,516)
Corporate Services	1,385,680	9,009,577	(7,623,897)	23,744,950	22,066,784	(1,678,166)
Business Improvement	186,953	442,344	(255,391)	1,810,280	2,736,254	925,974
Customer Contact Programme	6,557		6,557	1,006,420	1,716,118	709,698
IT Systems Projects	92,565	229,574	(137,009)	405,460	436,840	31,380
Social Care IT System	87,831	212,770	(124,939)	398,400	583,296	184,896
Facilities Management Total	472,293	(744,167)	1,216,460	2,658,030	2,633,063	(24,967)
Works to other buildings	187,847	182,500	5,347	457,500	432,500	(25,000)
Civic Centre	938	108,333	(107,395)	275,000	275,000	0
Invest to Save schemes	284,977	(1,235,000)	1,519,977	1,478,720	1,478,753	33
Water Safety Works	11,123	75,000	(63,877)	153,990	153,990	0
Asbestos Safety Works	(12,591)	125,000	(137,591)	292,820	292,820	0
Infrastructure & Transactions	724,284	630,000	94,284	2,268,190	2,268,187	(3)
Disaster recovery site	91,340	245,000	(153,660)	513,790	513,790	0
Planned Replacement Programme	632,943	385,000	247,943	1,754,400	1,754,397	(3)
Resources	2,150	86,000	(83,850)	165,870	124,870	(41,000)
Financial System	(1,450)		(1,450)	18,070	18,070	0
ePayments System	3,600	45,000	(41,400)	106,800	106,800	0
Invoice Scanning SCIS/FIS		41,000	(41,000)	41,000		(41,000)
Corporate Items		8,595,400	(8,595,400)	16,842,580	14,304,410	(2,538,170)
Acquisitions Budget			0	6,372,180	5,080,410	(1,291,770)
Capital Bidding Fund		(592,600)	592,600	1,246,400		(1,246,400)
Housing Company		9,188,000	(9,188,000)	9,188,000	9,188,000	0
Multi Functioning Device (MFD)			0	36,000	36,000	0
Community and Housing	392,284	896,541	(504,257)	1,801,580	1,801,580	0
Adult Social Care	13,883	57,066	(43,183)	39,850	39,850	0
ASC IT Equipment	13,883	20,616	(6,733)	39,850	39,850	0
Telehealth		36,450	(36,450)			0
Housing	355,382	155,155	200,227	962,490	962,490	0
Disabled Facilities Grant	355,382	155,155	200,227	962,490	962,490	0
Libraries	23,019	684,320	(661,301)	799,240	799,240	0
Library Enhancement Works	1,897	200,000	(198,103)	200,000	200,000	0
Major Library Projects	20,842	534,320	(513,478)	599,240	599,240	0
Libraries IT	280	(50,000)	50,280			0

Capital Programme October 2017 Monitoring

Narrative	Year to Date			Full Year		
	Actuals	Budget	Variance	Revised Budget	Final Forecast	Full Year Variance
Children Schools & Families	2,748,120	6,034,570	(3,286,450)	7,834,530	7,312,648	(521,882)
Primary Schools	(261,006)	946,810	(1,207,816)	1,248,430	1,220,560	(27,870)
West Wimbledon		43,910	(43,910)	50,000	50,000	0
Hatfeild	8,112	55,870	(47,758)	69,200	44,330	(24,870)
Hillcross	35,559	40,310	(4,751)	40,310	40,310	0
Joseph Hood	14,919	25,500	(10,581)	28,220	27,220	(1,000)
Dundonald	(121,295)	50,000	(171,295)	116,070	116,070	0
Merton Abbey	45		45			0
Merton Park	10,469	10,900	(431)	10,900	10,900	0
Pelham		50,000	(50,000)	50,000	50,000	0
Poplar	(8,569)		(8,569)	1,000		(1,000)
Wimbledon Chase	38,196	81,000	(42,804)	81,000	78,500	(2,500)
Wimbledon Park		20,000	(20,000)	20,000	20,000	0
Malmesbury		33,400	(33,400)	33,400	33,400	0
Morden	12,716	110,000	(97,285)	110,000	110,000	0
Liberty		16,360	(16,360)	16,360	16,360	0
Links	1,458	16,050	(14,592)	16,050	16,050	0
Singlegate	17,639	64,000	(46,361)	213,290	213,290	0
St Marks	1,056	93,300	(92,244)	93,300	93,300	0
Lonesome	34,287	37,000	(2,713)	98,500	100,000	1,500
Sherwood		82,510	(82,510)	82,510	82,510	0
Stanford	1,056	48,000	(46,944)	48,000	48,000	0
William Morris	26,000	40,200	(14,200)	41,820	41,820	0
Unlocated Primary School Proj	(316,315)		(316,315)			0
St Mary's (RC)	(16,338)	28,500	(44,838)	28,500	28,500	0
Secondary School	2,162,026	3,931,460	(1,769,434)	4,458,980	4,047,418	(411,562)
Harris Academy Morden			0	50,060	30,060	(20,000)
Harris Academy Merton	1,930,430	2,273,990	(343,560)	3,061,900	3,127,020	65,120
St Mark's Academy			0			0
Rutlish	71,910	(8,000)	79,910	80,000	88,000	8,000
Harris Academy Wimbledon	159,686	1,665,470	(1,505,784)	1,267,020	802,338	(464,682)
SEN	634,827	994,580	(359,753)	1,658,340	1,580,790	(77,550)
Perseid	503,077	763,510	(260,433)	1,277,270	1,277,720	450
Cricket Green	760	273,140	(272,380)	273,140	273,070	(70)
Secondary School Autism Unit		20,000	(20,000)	30,000	30,000	0
Unlocated SEN	130,990	(62,070)	193,060	77,930		(77,930)
CSF Schemes	212,273	161,720	50,553	468,780	463,880	(4,900)
CSF - IT Schemes			0			0
School Equipment Loans			0	104,900	100,000	(4,900)
Devolved Formula Capital	212,273	161,720	50,553	363,880	363,880	0

Capital Programme October 2017 Monitoring

Narrative	Year to Date			Full Year		
	Actuals	Budget	Variance	Revised Budget	Final Forecast	Full Year Variance
Environment and Regeneration	6,331,999	11,076,015	(4,744,016)	18,146,490	18,170,022	23,532
Public Protection and Developm	177,901	107,370	70,531	203,240	202,740	(500)
Off Street Parking - P&D			0			0
CCTV Investment	166,941	95,870	71,071	191,740	191,740	0
Public Protection and Developm	10,960	11,500	(540)	11,500	11,000	(500)
Street Scene & Waste	(75,334)	1,544,580	(1,619,914)	1,640,080	1,640,080	0
Fleet Vehicles	142,302	330,000	(187,698)	350,000	350,000	0
GPS Vehical Tracking Equipment	71,778	109,990	(38,212)	159,990	159,990	0
Alley Gating Scheme	26,998	20,000	6,998	40,000	40,000	0
Smart Bin Leases - Street Scen			0	5,500	5,500	0
Waste SLWP	(316,412)	1,084,590	(1,401,002)	1,084,590	1,084,590	0
Sustainable Communities	6,229,432	9,424,065	(3,194,633)	16,303,170	16,327,202	24,032
Street Trees	7,656	33,300	(25,644)	60,000	60,000	0
Highways & Footways	2,805,227	3,481,118	(675,891)	4,414,750	4,433,430	18,680
Cycle Route Improvements	340,791	477,140	(136,349)	904,440	904,440	(0)
Mitcham Transport Improvements	1,358	147,451	(146,094)	307,880	307,880	0
Electric Vehicle Infrastructur		15,000	(15,000)	15,000	15,000	0
Unallocated Tfl			0			0
Tackling Traffic Congestion	240,374	278,040	(37,666)	410,950	410,950	0
Industrial Estates		(325,870)	325,870			0
Colliers Wood Area Regeneratio	157,283	188,610	(31,327)	188,610	200,610	12,000
Mitcham Area Regeneration	808,165	1,035,248	(227,083)	2,082,260	2,082,260	0
Morden Area Regeneration			0			0
Borough Regeneration	87,979	129,870	(41,891)	129,870	129,870	0
Morden Leisure Centre	1,621,301	3,556,668	(1,935,367)	6,773,710	6,773,710	0
Sports Facilities	28,277	6,500	21,777	530,960	524,460	(6,500)
Parks	131,023	347,100	(216,077)	430,850	430,702	(148)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - October 2017

Appendix 5b

		2017/18 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2017/18 Budget	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	Narrative
<u>Community & Housing</u>	-									
Donald Hope Library - Finance Lease	(2)	0		500,560		500,560			0	Calculated Asset Value to be added to the Capital Programme for the Finance Lease
Libraries I.T	(1)	100,000			(100,000)		0	100,000	100,000	Vendor bidding contract will be awarded end of March, spend expected in 2018-19.
Telehealth		43,750			(43,750)	0	0	43,750	43,750	Project re-scheduled to 2018-19
<u>Environment & Regeneration</u>	-									
Morden TFL	(1)	200,000			(200,000)	0	0		0	It is envisaged that this allocation will form part of later years funding still to be approved by TFL.
Total		343,750	0	500,560	(343,750)	500,560	0	143,750	143,750	

1) Requires Cabinet Approval

2) Approved by Council on 22/11/17

Capital Programme Funding Summary 2017/18

Narrative	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Revised Funding - September 2017 Monitoring	37,215	14,156	51,371
<u>Community and Housing</u>			
Donald Hope Library - Finance Lease	501	0	501
Telehealth	0	(44)	(44)
Libraries I.T	(100)	0	(100)
<u>Environment and Regeneration</u>			
Morden TfL	0	(200)	(200)
Revised Funding - October 2017 Monitoring	37,616	13,912	51,528

Capital Programme Funding Summary 2018/19

Narrative	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed Programme - September Monitoring	40,590	21,083	61,673
<u>Community and Housing</u>			
Telehealth	0	44	44
Libraries I.T	100	0	100
Proposed Programme - October Monitoring	40,690	21,126	61,816

APPENDIX 6

Department	Target Savings 2017/18 £000	Projected Savings 2017/18 £000	Period 7 Forecast Shortfall £000	Period 6 Forecast Shortfall £000	Period Forecast Shortfall (P7) %	2018/19 Expected Shortfall £000
Corporate Services	1,484	1,248	236	236	15.9%	158
Children Schools and Families	1,110	1,093	17	17	1.5%	0
Community and Housing	2,673	2,018	655	796	24.5%	250
Environment and Regeneration	3,050	1,408	1,642	1,447	53.8%	0
Total	8,317	5,767	2,550	2,496	30.7%	408

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-Oct 2017													APPENDIX 6	
Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N		
CH38, CH1	Adult Social Care Placements (replaces three original savings proposals). Given ongoing market pressures and extensive work already undertaken to review OP packages, the savings can only be achieved by more targeted work to manage demand. There will be a focus on three areas: 1) maximising reablement transition into adulthood, 2) maximising reablement opportunities to reduce long term needs, 3) Reviewing equity of access and resource in areas such as 1:1 care, night cover, double-up care, 15 min daytime visits and multiple provisions.	827	827	0	G		827	0	G	Richard Ellis	There is a focus on learning disabilities where package costs tend to be much higher and direct payments. 433 reviews have been carried out across all care package groups. £533k has been achieved to date.	Y		
CH20, CH58, CH54, CH 37, CH59	Staff savings: most were brought forward to 2016/17. These represent the residual savings in Direct provision	100	100	0	G		100	0	G	Andy Otaway-Searle	Achieved	Y		
CH57	Staff savings: transfer of savings from housing	50	0	50	R		0	(50)	R	Richard Ellis	Options are currently being considered	Y		
CH2, CH3	Contracts: re-commissioning of home care contracts. Moving packages from high cost spot purchased care to contract rate.	215	97	118	A		215	0	G	Richard Ellis	The new contracts will be in place by January 2018. The ability to transfer current spot purchased packages depends on the ability of the new providers to recruit carers. Issues with the call monitoring system have been resolved	Y		
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	0	100	R		0	(100)	R	Richard Ellis	Further work on the options and impacts of reducing out subsidy of community alarms is being considered. The project is therefore deferred to 2018/19.	Y		

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-Oct 2017											APPENDIX 6	
Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	356	0	356	A	(356)	356	0	G	Richard Ellis	Contracts do not end until the end of November 2017. This saving needs to be reconsidered in the light of the Homelessness Reduction Act, as these services are our main preventative capacity	Y
CH53	Vol orgs Grant	600	669	(69)	G		600	0	G	Richard Ellis	Achieved Additional savings have been identified from reductions in demand led budgets.	Y
	Subtotal Adult Social Care	2,248	1,693	555		(356)	2,098	(150)				
	Library & Heritage Service											
	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Bames libraries are closed). 3.5FTE at risk	90	90	0	A		90	0	A	Anthony Hopkins	These savings were delivered as part of a full organisational review, which has reduced the workforce by approx. 33%. The new delivery model has been in place since 1 May 2017. Current issue with agency spend but working to deliver savings	Y
CH49	Additional staff savings (Deletion of 1.5xFTE)	38	38	0	A		38	0	A	Anthony Hopkins		Y
CH50	Deletion of Projects & Procurement Manager post (Deletion of 0.6xFTE)	22	22	0	A		22	0	A	Anthony Hopkins		Y
CH70	Additional staffing efficiencies and consolidation of branch managers	63	63		A		63	0	A	Anthony Hopkins		
CH71	Reduction in People's Network costs	40	40	0	G		40	0	G	Anthony Hopkins		Y
	Housing Needs & Enabling											
CH9	Rationalisation of admin budget:	36	36	0	G		36	0	G	Steve Langley		Y
CH10	Deletion of one staffing post	36	36	0	G		36	0	G	Steve Langley		Y
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH:	100		100	R		0	(100)	A	Steve Langley	Service currently restructuring to achieve savings. Service is awaiting information on HRA settlement in November	Y

APPENDIX 6

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

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
CSF2016-01	<u>Gross cutting</u> Deletion of Assistant Director, Service Manager and half an admin support posts as part of phased restructure of the department.	224	207	17	A	224	0	G	Paul Angeli	Due to the number of management changes affecting social care and the preparation required for the OFSTED inspection, it is required to provide cover for the Service Manager reduction in the short term. Quantification of this shortfall is reviewed monthly.	Y
CSF2015-05	<u>Contracts and School Organisation</u> 1 FTE staff saving in property and contracts team.	65	65	0	G	65	0	G	Jane McSherry		
CSF2013-01	<u>Early Years</u> Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	250	250	0	G	250	0	G	Jane McSherry		
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	296	296	0	G	296	0	G	Jane McSherry	Consulted on and implemented changes to the Children's Centre model, focusing on first time parents and babies & vulnerable families. Rationalised the childcare service, reducing the number of sites delivered from and a review of fee structure/pricing policy.	
CSF2013-02	<u>School Standards and Quality</u> Reduced service offer from School improvement service.	75	75	0	G	75	0	G	Jane McSherry		
CSF2015-03	<u>Schools</u> Increased income from schools and/or reduced LA service offer to schools.	200	200	0	G	200	0	G	Jane McSherry		
	Total Children, Schools and Families Department Savings for 2015/16	1,110	1,093	17		1,110	0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
CS60	Deletion of Assistant Director post	109	109		G	109		G	Caroline Holland		N
CSD17	Reduce Marketing budget - Increase self service by using Panacea - marketing solution software in order to reduce designer costs for smaller marketing jobs	73	73		G	73		G	Sophie Poole		N
CS2015-04	Increase in Registrars income	25	25		G	25		G	Sean Cumniffe/Tomas Dyson		N
CS2016-04	Increase income through Registrars service	15	15		G	15		G	Sean Cumniffe/Tomas Dyson		N
	Business Improvement										
CS63	Reorganisation of systems development and support arrangements.	74	74		G	74		G	Clive Cooke		N
CSD42	Restructure functions, delete 1 AD and other elements of management	170	100	70	R	100	70	R	Sophie Ellis		Y
CS2015-08	Staffing support savings	13	0	13	R	0	13	R	Sophie Ellis		N
	I & T										
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	0	35	R	0	35	R	Pam Lamb	Due to delays in implementation of e5, Sharepoint and EDRMS there will be a delay in achieving this. Alternative to be identified within the division.	N
CS71	Delete two in house trainers posts	42	42		G	42		G	Richard Warren		N
CS72	Consolidation of Infrastructure & Transactions revenue budgets	34	34		G	34		G	Tina Dullaway		N
CS2015-09	Restructure of Safety Services & Emergency Planning team	18	18		G	18		G	Adam Vicarri		N
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic centre to external/partner organisations.	90	90		G	90		G	Mark Humphries		N
	CEX										
CS2015-07	Reduction in running cost budgets	28	28		G	28		G	Sophie Jones		N
	Resources										
CS46	Resources -Deletion of 3 Posts within the Division	78	78		G	78		G	R Kershaw		N
CS66	Review recharges of Resources support function to pension fund	47	47		G	47		G	R Kershaw/Paul Audu		N
CSD20	Increased income	16	16		G	16		G	R Kershaw		N
CSD23	Cut running costs budgets	3	3		G	3		G	Bindi Lakhani		N
CSD26	Delete 1 Business Partner	78	0	78	R	78		G	Caroline Holland	Due to delays in projects this saving will not be achieved until 18/19	N
CSD46	Reduce budget for LCGS to match actual contribution	81	81		G	81		G	John Dimmer		N
CS2016-01	Reduction in contribution to insurance fund	100	100		G	100		G	R Kershaw/Paul Audu		N
	Human Resources										
CSD34	Learning and Development admin support	18	18		G	18		G	Kim Brown		N
CSD35	Learning and Development Budget	134	134		G	134		G	Kim Brown		N
	Corporate Governance										
CS73	Saving from 4 borough shared legal service	20	20		G	20		G	Fiona Thomsen		N
CSD43	Share FOI and information governance policy with another Council	40	0	40	R	0	40	R	Graham Owen		N
CSD45	Share audit and investigation service	20	20		G	20		G	Margaret Culleton		N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Under spend? Y/N
CS2015-13	Reduction in capacity and service efficiency in investigation service	40	40		G	40		G	Margaret Culleton		
CS2015-14	Reduction in capacity and service efficiency in Audit service	33	33		G	33		G	Margaret Culleton		
CS2016-03	Supplies & Services	50	50		G	50		G	Julia Regan		
	Total Corporate Services Department Savings for 2016/17	1,484	1,248	236		1,326	158				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Requested £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES										
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	18	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	82	0	A	82	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R	55	0	G	James McGinlay	This saving is not currently being achieved. The team is extremely short of management support and has no resource available to launch this complex new service. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC2	Growth in PPA and Pre-app income	50	0	50	R	50	0	G	James McGinlay	Monitor throughout the year. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC3	Commercialisation of building control	50	0	50	R	50	0	G	James McGinlay	This saving is not currently being achieved. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	0	G	45	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R	35	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC6	Stop sending consultation letters on applications and erect site notices manually	10	0	10	R	10	0	G	James McGinlay	Not implemented. Linked to national planning fee increase. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R32	Income from wifi concessionary contract to be let from 2015/16	5	0	5	R	5	0	G	James McGinlay	Not yet fully installed - lamp post issues. Income in 2018/19	Y
ENV20	Increased income from building control services.	35	0	35	R	35	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	8	0	G	James McGinlay		N
	PUBLIC PROTECTION										
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	A	163	0	A	John Hill	The 2017/18 saving is expected to be achieved based on the latest CPZ forecast.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the implementation of ANPR.	-1,540	-1,540	0	G	-1,540	0	G	John Hill		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	A	John Hill	Wandsworth staff will transfer under TUPE to Merton on 1st November with the new expanded service formally going live on 1st April 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	70	0	G	70	0	G	John Hill	Due to the delay in recruiting the Integrated Offender Management co-ordinator this saving will not be met in full during 2017/18. The shortfall relates to the IOM salary.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	190	0	A	John Hill	This saving is not currently being achieved as there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	45	0	A	John Hill	This saving is not currently being achieved for the same reasons as those given in respect of ENV02.	Y

ENV04	Improved management of traffic flows/congestion and availability of parking space through increase compliance	250	250	0	A	250	0	0	A	John Hill	Saving expected to be achieved but too early in the year to be certain.	N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	R	70	0	0	A	John Hill	The implementation of this saving has been delayed by the slower than anticipated implementation of ANPR and its effect on the back office function. The review can take place when a full year's ANPR impact can be measured (which will be late Autumn 2017)	Y
ENV06	Reduction in transport related budgets	46	0	46	R	46	0	0	G	John Hill	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV09	Investigate potential commercial opportunities to generate income	50	25	25	R	50	0	0	A	John Hill	Although early in the process, there may be difficulty in achieving the full year effect for 2017/18. The income generating RSP Business Development team is scheduled to become operational in September 2018.	Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	0	G	John Hill		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engine motor vehicles	250	250	0	G	250	0	0	G	John Hill		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	0	G	John Hill		N
	SENIOR MANAGEMENT											
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	0	G	Chris Lee		N
	PUBLIC SPACE											
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	0	G	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	0	G	Graeme Kane		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	0	G	Graeme Kane		N
E&R16	Joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,100	400	R	1500	0	0	G	Graeme Kane	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	Y
E&R20	TP to contribute to a cleaner borough, enforcement of litter dropping under ASB/ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	0	G	Graeme Kane		Y
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	160	0	G	160	0	0	G	Graeme Kane		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	0	G	Graeme Kane		N
ENV12	Loss of head of section/malgamated with head of Greenspaces	70	0	70	R	70	0	0	A	Graeme Kane	Expected to be achieved in 2018/19.	Y
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV18	Increased income from events in parks	100	0	100	R	100	0	0	G	Graeme Kane	This saving is not currently being achieved. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	90	0	0	G	Graeme Kane		N
ENV21	Reduction in the grant to Wandale Valley Parks Trust	6	0	6	R	6	0	0	G	Graeme Kane	Cut now deferred for 2017/18	Y
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	0	G	Graeme Kane		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	89	71	R	160	0	0	A	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV25	Department restructure of the waste section	191	0	191	R	191	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV26	Re-balancing of rounds	20	20	0	G	20	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV27	Remove free provision of food waste liners	66	66	0	G	66	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	A	37	0	0	A	Graeme Kane	Working closely with SLWP to prioritise this project.	Y
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	A	20	0	0	A	Graeme Kane	Price of textiles continue to fall. Income levels to be monitored closely.	Y
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	30	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	102	0	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV36	Review and removal of NRCs	50	50	0	G	50	0	0	G	Graeme Kane		Y
Total Environment and Regeneration Savings 2017/18		3,050	1,408	1,642		3,050	0	0				

Department	Target Savings 2016/17 £000's	2016/17 Shortfall £000's	2017/18 Projected shortfall £000's	2018/19 Projected shortfall £000's
Corporate Services	2,316	288	30	30
Children Schools and Families	2,191	0	0	0
Community and Housing	5,379	1,727	C&H Savings in 16/17 is mitigated by growth received in 17/18.	0
Environment and Regeneration	4,771	2,269	627	240
Total	14,657	4,284	657	270

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH02	Adult Social Care Promoting Independence - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence	100	79	22	G
CH29	Older People - Managing Crisis (including hospital discharge admissions to residential care. This would include a number of activities designed to reduce admissions to residential care placements. We would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.	125	0	125	R
CH34	Substance Misuse Placements - Actively manage throughput in residential rehab placements - A reduction in the placements available for Substance misuse clients	6	0	6	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH05	Realise benefits of new prevention programme in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to Voluntary Organisations. -Reduced demand for statutory services or reduced level of preventative services. In the latter case people would lose some of the services which make their life fuller.	500	500	0	G
CH04	Reduce Management costs and reduction in staffing costs Access & Assessment- Staffing restructure to deliver efficient processes, and building on planned shift of some customers to manage their own processes.	100	100	0	G
CH20	Access and Assessment Employees - Staff Savings 12 FTE to be deleted in 2016/17 12 FTE in 17/18, 12 FTE in 18/19 - These savings will come from across Access and Assessment, covering all service areas. - Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments. (CH20)	511	511	0	G

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH58	Access and Assessment Employees - Staff Savings	700	700	0	G
CH22	Commissioning Employees- Staff Savings- 4 FTE to be deleted- Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market.	156	156	0	G
CH21	Direct Provision Employees - Staff Savings 11FTE to be deleted- Less activities available both at day centres and in the community. Clients would spend more time in larger congregated settings with less choice of activities. These savings would be made across the three LD and PD day centres.	274	274	0	G
CH59	Direct Provision Residential and supported living management -staff reductions- We would expect to keep front line support staff but reduce management. This would mean less resource to provide outreach and the emphasis would primarily on providing core services (Bring forward savings -CH37) 2 FTE's	100	100	0	G

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH23	Directorate- Staff Savings - 0.46 FTE to be deleted- None, post now funded by Public Health	21	21	0	G
CH64	Directorate- Staff Savings - (Budget contribution to Joint Public Health consultant post to be deleted)- None, post now funded by Public Health	30	30	0	G
CH24	<p>Learning Disabilities- High Cost Packages - Review of High Cost Packages with a view to promoting independence This would be a holistic review of 17 identified high cost placements (i.e. those receiving packages of care over £1,500 per week and not health funded). We will use promoting Independence as the basis of these reviews. We are designing these figures based on a 6% reduction in support for the identified client group.</p>	100	0	100	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH25	<p>Learning Disabilities- Medium Cost Packages- Review of medium cost packages with a view of promoting independence -This would be a holistic review of identified medium cost placements of care of between £400 -£1,500 per week and not health funded). We will use the promoting independence model as the basis for these reviews. We are designing these figures based on a 10% reduction in support for the relevant clients within the identified group.</p>	400	0	400	R
CH26	<p>Learning Disabilities - Direct Payments- Review of all Direct Payments in Learning Disabilities with a view to promoting independence .We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 7% for the individual support packages within this client group. There are currently 98 packages in this group.</p>	50	50	0	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH27	<p>Mental Health- Care Packages - Review of support packages within all areas of Mental Health services. - We anticipate this being a reduction of 5% across all support packages and will include a review of Direct Payments within this area. Options include less use of residential placements and quicker reviews as part of a recovery model.</p>	76	0	76	R
CH28	<p>Older People- Home Care Review of Home Care within support packages. There are currently 596 Older People within Merton receiving home care within their support packages. This represents an average reduction of 9% in home care support packages.</p>	387	0	387	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH30	<p>Older People - Review of Direct Payments support packages - Review of Direct Payments in Older People using the enablement model. We will review the Direct Payments received by clients to assess whether the full payment is being utilised. We will use the enablement model as the basis of these reviews. We anticipate this being an average reduction of 15% for individual support packages within this client group. There are currently 225 packages.</p>	345	345	0	G
CH31	<p>Physical Disabilities- Review of all Direct Payments for clients with physical disabilities using promoting independence. -We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 10% for the individual support packages within this client group. There are currently 150 packages in this group.</p>	134	0	134	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH32	Physical Disabilities - Home Care -The saving would be delivered through a review of home care provision within support packages. There are currently 89 Physical Disabilities clients within Merton receiving home care within their support packages. The proposed savings represents an average reduction of 8% in home care for this group.	48	0	48	R
CH33	Physical Disabilities- High Cost Packages - Review of PD Residential and 1-1 packages .This saving would be delivered through a targeted review of a small number of PD customers in residential care. These reviews would look at renegotiating unit costs, transferring users to other types of accommodation in the community and reducing or removing 1-1 costs.	60	0	60	R
CH60	South Thames Crossroads : Decommission the crossroads service for carers. Replace with domiciliary care service/ Direct Payment offer and commissioned holistic carers support service from voluntary sector.	294	294	0	G

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH61	Meals on Wheels (Sodexo): Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure	153	48	105	R
CH62	Supported accommodation mental health : Decommission service as a result of Provider notice to cease service in Merton	106	106	0	G
CH63	Day support Imagine Independence : Decommission service and recommission cost effective peer led day opportunities for people with mental health	84	84	0	G
CH51	NHS Income : Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.	200	0	200	R
	Library & Heritage Service				
CH44	Deletion of all administrative support (Deletion of 1 x FTE)	26	26	0	G
CH45	Reduction in activities programme	2	2	0	G
CH46	Withdrawal from annual CIPFA public library user survey (PLUS)	3	3	0	G
CH47	Reduction in volunteering contract	20	20	0	G
CH48	Reduction in media fund	45	45	0	G
	Merton Adult Education				
CH15	MAE : Staffing cost reductions - Delivery utilising the use of Information Technology and other efficiencies	8	0	8	R

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Sept 2017

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
	Housing Needs & Enabling				
CH8	Reduction of Homelessness Prevention Grant:	56	0	56	R
CH9	Rationalisation of admin budget :	30	30	0	G
CH40	Housing Strategy officer - deletion of 1 FTE :	43	43	0	G
CH41	Environmental health Technical officer deletion of 1 FTE:	33	33	0	G
CH42	Housing options adviser deletion of 1.5 FTE :	53	53	0	G
	Total Community & Housing Department Savings for 2016/17	5,379	3,653	1,727	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer
CSF2012-07	<p>Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.</p> <p>Children Social Care</p>	100	100	0	100	0	A	100	0	G	Paul Angell

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments
CS39	Impact of Customer Service Review	30	30	R	0	30	A	0	30	A	David Keppler/Sean Cunniffe	Has not been achieved due to delay in Customer Contact Implementation.
CS63	Reorganisation of systems development and support arrangements.	88	88	R	88	0	G	88	0	G	Sophie Ellis	
CS10	Outsourcing - Service Desk	20	20	R	20	0	G	20	0	G	Mark Humphries	Alternative Saving found from supplies budget
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	150	R	150	0	G	150	0	G	Mark Humphries	Alternative Saving found from supplies budget
	Total Corporate Services Department Savings for 2016/17	288	288		258	30		258	30			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Achieved £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES												
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	130	0	G	130	0	G	130	0	G	James McGinlay		N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	52	52	R	40	12	R	52	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
EN27	Reduction in the Lining Budget	10	0	G	10	0	G	10	0	G	James McGinlay		N
EN30	Reduction in supplies and Services Costs	20	0	G	20	0	G	20	0	G	James McGinlay		N
EN31	Reduction in energy costs	30	0	G	30	0	G	30	0	G	James McGinlay	LED Rollout - savings generated	N
EN32	Renegotiation of J.C Deceaux Contract	10	0	G	10	0	G	10	0	G	James McGinlay	Extra income generated	N
EN42	Consultancy Income. This is based on an average daily rate of £300 per day (15/16 equates to 7 days per year for each chargeable member of staff and 16 days in 16/17) based on the consultancy project management working practices adopted by FutureMerton team.	50	0	G	50	0	G	50	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP.	N
E&R6	Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	39	0	G	39	0	G	39	0	G	James McGinlay		N
E&R32	Wifi Concessionary Contract-Income from wifi concessionary contract to be let from 2015/16	20	0	G	0	20	R	0	20	R	James McGinlay	Phase one has been successfully implemented, and phase two will be implemented in 17/18.	N
E&R33a	Various D&BC Budgets - increase in income from commercialisation of services	75	0	G	0	75	R	75	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R35	Police street lighting contract costs	25	0	G	25	0	G	25	0	G	James McGinlay	Contract renegotiated	N
E&R36	Reduction in reactive work budget	60	60	R	60	0	G	60	0	G	James McGinlay	Budget taken - saving achieved	N
E&R38	Income from Section 278/Developers agreements where traffic works are required as part of development . Charging for work currently not charged for.	50	0	G	15	35	R	50	0	A	James McGinlay	Development site review underway. Implemented 2018.	Y
E&R39	Pre-application income. This is in addition to any previous pre-app savings proposal.	50	0	G	0	50	R	50	0	G	James McGinlay	Monitored throughout the year. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R40	Consultancy income. This is in addition to any previous savings proposal.	60	0	G	60	0	G	60	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP, GLA and OPE	N
E&R42	Align Vestry Hall income budget with current levels of income being achieved.	20	0	G	20	0	G	20	0	G	James McGinlay		N
E&R31	Senior management and support-Deletion of the 2 management support posts and absorption into existing resources.	70	0	G	70	0	G	70	0	G	Chris Lee		N
EN02	PUBLIC PROTECTION Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	226	0	G	226	0	G	226	0	G	John Hill		N
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%.	125	0	G	125	0	G	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	260	0	G	260	0	A	260	0	A	John Hill		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the implementation of ANPR.	1,700	0	R	1700	0	G	1700	0	G	John Hill	The pricing regime has reduced demand to a greater extent than previously expected. However, income resulting from E&R 11 should help to offset this shortfall.	N
E&R9	Change in on-street bay suspension pricing structure.	500	281	R	250	250	R	250	250	R	John Hill		Y
E&R10	Back office reorganisation	80	80	R	0	80	R	80	0	G	John Hill	Savings will not be achieved this year as the reorganisation is based on staff numbers required upon completion of ANPR implementation. Excess income could mitigate this saving. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R11	Enforcement of pavement parking	60	-87	G	120	-60	G	120	-60	G	John Hill	Expected to exceed target and will be used to help offset shortfall on E&R9.	Y

E&R12	End lease of Wyaliffe Road	14	14	0	G	14	0	0	G	14	0	0	John Hill	Work underway, but potential for slippage and subsequent failure to achieve full year effect in 2017/18. The expanded RSP (includes Wandsworth) becomes operational in April 2018 and the income generating Business Development team becomes operational in September 2018.	N
E&R13	Increase income from discretionary fees & charges	50	10	40	R	15	35	0	R	50	0	0	John Hill		Y
E&R15	Alter funding of post dedicated to investigating potential recovery of funds under the POCA, to be funded from costs recovered.	50	50	0	G	50	0	0	A	50	0	0	John Hill	Income is subject to legal process through the courts and defendants' payments.	N
EN14	PUBLIC SPACE Mobile technology including GPS and in cab monitors. Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency.	100	0	100	R	100	0	0	G	100	0	0	Graeme Kane	This saving is linked to new CRM project and Environmental asset Management Business case. GPS and vehicle tracking was not delivered in 2016 / 17. This will be delivered as part of Phase C project in 2017 / 18.	N
EN35	Various Budgets - Increased income through various charging increases where the service provided will still be purchased eg. Increases % commercial uplift from 30% to 50% per hr; increases in charges in halls and at watersports centre, etc.	14	14	0	G	14	0	0	G	14	0	0	Graeme Kane		N
EN36	Various Budgets - Increased income through sale of advice & guidance from senior professional officers and sale of specialist arts & leisure developed service packages to groups and organisations e.g private care homes, etc.	10	10	0	G	10	0	0	G	10	0	0	Graeme Kane		N
EN37	Merton Active Plus - Increased income	5	5	0	G	5	0	0	G	5	0	0	Graeme Kane		N
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants etc), aligned to the emerging strategy for sports.	13	0	13	R	13	0	0	G	13	0	0	Graeme Kane		N
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	0	G	5	0	0	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Mairne College & educational activities.	10	10	0	G	10	0	0	G	10	0	0	Graeme Kane		N
E&R17	To reduce the costs of the service and maintain current standards of working within Merton it is proposed to alter how we deploy our resources by reducing residential solo sweepers and alter the use of mechanical sweepers by investing in electric sweepers	157	157	0	G	157	0	0	G	157	0	0	Graeme Kane	COMPLETED - Service now provided by Contractor from April 2017.	N
E&R18	Change the distribution of food caddy liners	70	70	0	G	70	0	0	G	70	0	0	Graeme Kane	COMPLETED . Service removed April 16. Residents able to collect liners free of charge from libraries 2016 / 17. Full service removed April 2017	N
E&R19	Align income budget to levels of income being generated from the sale of @hills.	50	50	0	G	50	0	0	G	50	0	0	Graeme Kane	COMPLETED Revenue budget has been amended to reflect additional income target.	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under EPA/ASB legislation with FPN lines for contraventions.	20	20	0	G	20	0	0	G	20	0	0	Graeme Kane	COMPLETED current projection indicates that this income will be exceeded. Income shown in budget forecast	Y
E&R21	HRRC Site operations procured to external provider. Contractual savings.	30	0	30	R	0	30	0	R	30	0	0	Graeme Kane	Although procurement led to significant cost reduction, it was not sufficient enough to reduce below existing budget level. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R22	Removal of borough wide dog bins including Parks	42	42	0	G	42	0	0	G	42	0	0	Graeme Kane	COMPLETED Full savings achieved.	Y
E&R24	Reduction in current levels of staffing in the Greenspaces grounds maintenance and horticulture and sports teams.	130	0	130	R	130	0	0	G	130	0	0	Graeme Kane		N
E&R26	Introduction of P&D within certain parks responding to demand for the management of parking and controlling excess demand for spaces/ commuter parking	60	0	60	R	5	55	0	R	30	30	0	Graeme Kane	It is currently expected to be implemented around January 2018. Also, as a result of the outcome of the formal consultation on the scheme the parking charge proposals at one location, and at all other locations on Saturdays, were dropped by the Council.	Y
E&R27	Additional property rental income	44	0	44	R	14	30	0	R	44	0	0	Graeme Kane	New and reviewed tenancies are expected to be implemented during 2017/18 that will help meet this saving.	Y
E&R33b	Various Greenspaces Budgets - Increase in income from commercialisation of services	70	0	70	R	55	15	0	R	70	0	0	Graeme Kane	Work continues with achieving the £70k saving related to events.	Y
E&R33c	Various Commercial Waste Budgets - Increase in income from commercialisation of services	75	75	0	G	75	0	0	G	75	0	0	Graeme Kane	Commercial services now provided by Contractors.	N
E&R33d	Various leisure & Culture Budgets - Increase in income from commercialisation of services	30	30	0	G	30	0	0	G	30	0	0	Graeme Kane		N
Total Environment and Regeneration Savings 2016/17		4,362	2,093	2,269		4,144	627	240		4,531					

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