

## CABINET

Date: 14 January 2019

**Subject: Financial Report 2018/19 – November 2018**

Lead officer: Roger Kershaw

Lead member: Mark Allison

### Recommendations:

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- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £0.215 million, 0.04% of gross budget.
- B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme	2018/19 Budget	2019/20 Budget	Narrative
<b><u>Corporate Service</u></b>			
Housing Company	(439,000)	439,000	Re-profiled in accordance with projected spend
Parking System	(106,000)	106,000	Re-profiled in accordance with projected spend
<b><u>Community and Housing</u></b>			
Disabled Facilities Grant	102,320	0	2018-19 Budget based on projected spend at year end
<b><u>Children, Schools and Families</u></b>			
Healthy Schools	(188,630)	188,630	Re-profiled in accordance with projected spend
Harris Academy Wimbledon	(209,500)	209,500	Re-profiled in accordance with projected spend
Capital Loans to Schools	(108,900)	108,900	Re-profiled in accordance with projected spend
<b><u>Environment and Regeneration</u></b>			
Wimbledon Lake De-Silting	(73,500)	117,290	Re-profiled in accordance with projected spend
Morden Leisure Centre	(338,830)	338,830	Re-profiled in accordance with projected spend
Waste Bins	(789,270)	789,270	Re-profiled in accordance with projected spend
Highways bridges & structures	(310,000)	310,000	Funding no longer required, residual spend in revenue.
<b>Total</b>	<b>(2,461,310)</b>	<b>2,607,420</b>	

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 8, 30<sup>th</sup> November 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- )] The income and expenditure at period 8 and a full year forecast projection.
- )] An update on the capital programme and detailed monitoring information;
- )] An update on Corporate Items in the budget 2018/19;
- )] Progress on the delivery of the 2018/19 revenue savings

## 2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2018/19 continues to focus on adult social care and children's social care as these areas overspent in 2017/18 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; however this action is not sustainable longer term.

### 2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

**Executive summary** – At period 8 to 30<sup>th</sup> November 2018, the year-end forecast is a net £0.215m overspend compared to the current budget, 0.04% of the gross revenue budget (£1.042m forecast overspend at period 7). The forecast position has improved by £0.827m compared to last month.

#### **Summary Position as at 30<sup>th</sup> November 2018**

	Current Budget 2018/19 £000s	Full Year Forecast (Nov) £000s	Forecast Variance at year end (Nov) £000s	Forecast Variance at year end (Oct) £000s	Outturn variance 2017/18 £000s
<b>Department</b>					
3A. Corporate Services	10,772	9,348	(1,424)	(1,298)	(812)
3B. Children, Schools and Families	56,540	59,881	3,341	3,756	2,249
3C. Community and Housing	64,044	63,924	(120)	59	922
3D. Public Health	0	0	0	(0)	0
3E. Environment & Regeneration	18,270	17,426	(844)	(735)	(1,211)
Overheads	0	0	0	0	0
<b>NET SERVICE EXPENDITURE</b>	<b>149,625</b>	<b>150,579</b>	<b>954</b>	<b>1,782</b>	<b>1,148</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	8,404	8,930	526	525	(103)
Other Central budgets	(14,634)	(15,899)	(1,265)	(1,265)	(823)
Levies	938	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(5,291)</b>	<b>(6,030)</b>	<b>(739)</b>	<b>(740)</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,334</b>	<b>144,548</b>	<b>215</b>	<b>1,042</b>	<b>222</b>
<b>FUNDING</b>					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>0</b>	<b>215</b>	<b>215</b>	<b>1,042</b>	<b>(265)</b>

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. The current overspend of £0.215 will need to be funded by general fund balances.

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### Corporate Services

<b>Division</b>	<b>2018/19 Current Budget</b>	<b>2018/19 Full year Forecast (November)</b>	<b>2018/19 Full Year Forecast Variance (November)</b>	<b>2018/19 Full Year Forecast Variance (October)</b>	<b>2017/18 Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Customers, Policy & Improvement	3,567	3,496	-72	-30	46
Infrastructure & Technology	11,171	10,981	-190	-229	71
Corporate Governance	2,425	2,280	-145	-125	-229
Resources	6,195	5,777	-419	-405	-515
Human Resources	1,811	1,815	4	4	-207
Corporate Other	792	189	-603	-513	22
<b>Total (Controllable)</b>	<b>25,962</b>	<b>24,538</b>	<b>-1,424</b>	<b>-1,298</b>	<b>-812</b>

#### Overview

At the end of period 8 (November) the Corporate Services (CS) department is forecasting an underspend of £1,424k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £126k compared to the period 7 (October) position.

#### Customers, Policy and Improvement - £72k under

The principal reason for the forecast underspend is additional income within the registrars and translations services reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There is also a forecast underspend on customer contact due to lower than budgeted support costs for the current system. These underspends are partly offset by an underachievement of advertising income within the communications service. There has been a favourable movement of £41k from the position reported in October, mainly due to a reduced forecast for Merton Link staffing, a part year vacancy in the Programme Office team and additional translations service income.

#### Infrastructure & Technology - £190k under

There is a forecast underspend of £165k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is also additional rental income compared to the budget for the Civic Centre and further income from the recovery of expenses within transactional services. These underspends are partly offset by lower than expected income from the professional development centre (Chaucer Centre)

where the number of bookings is expected to be below the budgeted level. There has been an adverse movement of £39k from the position reported in October, mainly due to vacancies being filled in the Business Systems team and an increase in the preventative and responsive maintenance work for corporate buildings. This is part off-set by a favourably increase in the forecast for rental income relating to the Civic Centre.

### **Corporate Governance – £145k under**

Merton's legal services outside of the SLLp model is forecasting a £98k underspend due to the over achievement of income relating to property work, planning agreements and court fees. The AD budget is also forecasting an underspend in year on various small running cost budgets. There has been a favourable movement across Corporate Governance of £20k from the position reported in October due to the deficit on SLLp being eliminated and the reduced AD budget forecast.

### **Resources - £419k under**

The Merton Bailiff Service is forecasting to underspend by £286k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £232k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes, as well as underspends across various supplies and services budgets. There is a forecast overspend within Local Taxation Services of £51k principally due to additional IT licence and postage costs.

Further underspends are forecast within Business Planning (£48k) due to vacancies and within the Assistant Director's budget (£49k) mainly within consultancy. These will be used to part fund a forecast overspend of £130k on the Financial Information System's budget where some additional temporary staffing resource is required pending a request to increase the permanent establishment by one full-time equivalent post to meet additional demand.

There has been a favourable movement of £14k from the position reported in October, mainly due to an upgrade of the financial system attracting additional funding from reserves which is part off-set by the planned recruitment of an additional resource within Corporate Accountancy.

### **Human Resources – £4k over**

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buy back scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston. There has been a net nil movement from the position reported in October.

### **Corporate Items - £603k under**

The Housing Benefit budget shows a forecast surplus of £1.38m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by a reduced subsidy forecast as it is expected the lower error rate threshold will be triggered in 17/18, reducing the subsidy receivable. The amount is yet to be audited and represents an estimate at this stage which will continue to be reviewed.

The remaining underspend relates to the budget held for corporately funded items which is not currently forecast to be required. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted coroner costs for Grenfell and the Westminster Bridge

inquest. There is also an underachievement of the budgeted charges to clients for the use of the Comensura agency staff service.

There has been a favourable movement of £90k from the position reported in October mainly due to a reimbursement from Comensura following contract negotiations.

## Environment & Regeneration

<b>Environment &amp; Regeneration</b>	<b>2018/19 Current Budget</b>	<b>Full year Forecast (Nov)</b>	<b>Forecast Variance at year end (Nov)</b>	<b>Forecast Variance at year end Oct (Oct)</b>	<b>2017/18 Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Protection	(11,242)	(12,241)	(998)	(825)	(1,602)
Public Space	14,982	14,606	(376)	(391)	632
Senior Management	966	969	3	(14)	3
Sustainable Communities	8,210	8,739	528	495	(244)
<b>Total (Controllable)</b>	<b>12,916</b>	<b>12,073</b>	<b>(843)</b>	<b>(735)</b>	<b>(1,211)</b>

<b>Description</b>	<b>2018/19 Current Budget</b>	<b>Forecast Variance at year end (Nov)</b>	<b>Forecast Variance at year end (Oct)</b>	<b>2017/18 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Overspend within Regulatory Services	578	186	177	78
Underspend within Parking Services	(12,706)	(1,199)	(1,000)	(1,663)
Overspend within Safer Merton & CCTV	886	15	(2)	(47)
<b>Total for Public Protection</b>	<b>(11,242)</b>	<b>(998)</b>	<b>(825)</b>	<b>(1,602)</b>
Underspend within Waste Services	13,790	(706)	(706)	97
Underspend within Leisure & Culture	736	(66)	(66)	(166)
Overspend within Greenspaces	1,363	277	265	754
Overspend within Transport Services	(907)	119	116	(53)
<b>Total for Public Space</b>	<b>14,982</b>	<b>(376)</b>	<b>(391)</b>	<b>632</b>
Overspend within Senior Management & Support	966	3	(14)	3
<b>Total for Senior Management</b>	<b>966</b>	<b>3</b>	<b>(14)</b>	<b>3</b>
Overspend within Property Management	(2,902)	265	265	(422)
Overspend within Building & Development Control	(32)	256	231	397
Overspend within Future Merton	11,144	7	(1)	(219)
<b>Total for Sustainable Communities</b>	<b>8,210</b>	<b>528</b>	<b>495</b>	<b>(244)</b>
<b>Total Excluding Overheads</b>	<b>12,916</b>	<b>(843)</b>	<b>(735)</b>	<b>(1,211)</b>

### Overview

The department is currently forecasting an underspend of £843k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Development & Building Control.

## **Public Protection**

### **Parking Services underspend of £1,199k**

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,218k).

Included within this forecast is employee related overspend of c£176k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but these are now being revisited by the new Manager.

During December, free parking will be provided every Sunday within all town centre car parks in the run up to Christmas, as well as on Saturday 23<sup>rd</sup> and Christmas Eve. This will result in an estimated loss of income of c£25k.

### **Regulatory Services overspend of £186k**

On the 1<sup>st</sup> November 2017, Wandsworth became the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure commenced on 1<sup>st</sup> November 2018 following consultation, and a revised cost allocation methodology for the three partners has also been agreed, which will have an impact of the section's forecast. Therefore, a revised forecast will need to be provided as soon as this has been calculated.

## **Public Space**

### **Waste Services underspend of £706k**

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,124k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, has now begun testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

This forecast underspend on disposal costs is being partially offset by the mobilisation costs relating to the October 2018 service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

### **Greenspaces overspend of £277k**

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £70k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting an employee overspend of £52k mainly as a result of a £70k staffing related saving (ENV12) that is not expected to be implemented until the next financial year. In addition, the section is forecasting to underachieve on its rental income by £78k.

Finally, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£9k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter (paid for) parking. Mitigating actions are being considered and will be reported accordingly.

## **Sustainable Communities**

### **Property Management overspend of £265k**

The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the departure of the leaseholder (£497k). The security costs have been reduced and authority is being sought to demolish the building, which should remove most of these costs in the future.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, attributing to a forecast premises related overspend of £240k.

In addition, the section is forecasting to overspend on consultants by c£76k due to the need for independent valuations to benchmark property disposals, progress rent reviews due to a lack of internal resource, and on external valuations to support asset valuations by c£18k.

The section is also incurring some one-off, but un-budgeted, external audit fees of c£72k as a result of additional audit work required for the 2017/18 Statement of Accounts.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £657k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £251k relates to ongoing rental income but £406k is one-off due this year only.

### **Development & Building Control overspend by £256k**

The section is forecasting to underachieve on income by £258k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.



## **Children Schools and Families**

<b>Children, Schools and Families</b>	<b>2018/19 Current Budget £000</b>	<b>Full year Forecast (Nov) £000</b>	<b>Forecast Variance at year end (Nov) £000</b>	<b>Forecast Variance at year end (Oct) £000</b>	<b>2017/18 Variance at year end £000</b>
Education	19,345	19,802	457	588	(703)
Social Care and Youth Inclusion	21,500	25,146	3,646	3,768	3,596
Cross Department budgets	480	450	(30)	(19)	(95)
PFI	8,075	7,740	(335)	(311)	(342)
Redundancy costs	2,124	1,727	(397)	(270)	(207)
<b>Total (controllable)</b>	<b>51,524</b>	<b>54,865</b>	<b>3,341</b>	<b>3,756</b>	<b>2,249</b>

### **Overview**

At the end of November Children Schools and Families had a forecast overspend of £3.341m on local authority funded services; a reduction in overspend from October's forecast. The overspend is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

The CSF department received £500k growth for the current financial year that has mainly been used to fund the additional eight social workers that were previously funded through contingency for three years and were last year part of the departmental overspend. Last year's overspend also included planned underspends and non-recurring management action which, together with additional demographic growth for this year, is currently forecast to result in a higher overspend for the current financial year.

### **Local Authority Funded Services**

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

<b>Description</b>	<b>Budget £000</b>	<b>Nov £000</b>	<b>Oct £000</b>	<b>2017/18 £000</b>
Procurement & School organisation	643	(379)	(361)	(319)
SEN transport	4,133	1,017	1,050	566
Short breaks	217	202	205	64
Other small over and underspends	14,352	(383)	(306)	(1,014)
<b>Subtotal Education</b>	<b>19,345</b>	<b>457</b>	<b>588</b>	<b>(703)</b>
Fostering and residential placements (ART)	7,094	1,092	919	813
Un-accompanied asylum seeking children (UASC)	901	912	862	693
Community Placement	0	500	956	750
No Recourse to Public Funds (NRPF)	21	294	290	353
MASH & First Response staffing	1,587	291	282	403
Other small over and underspends	11,897	557	459	288
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>21,500</b>	<b>3,646</b>	<b>3,768</b>	<b>3,596</b>

## Education Division

Procurement and school organisation budgets are forecast to underspend by £379k because of lower spend on revenue budgets. This budget relates to the revenue cost of construction projects. 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 £1.017m at the end of the financial year, which includes £926k maintained school taxi cost and £165k direct payments. The forecast outturn for maintained school taxis is £3.199m, circa £476k more than last year. Substantial management action was undertaken over the summer period such that at the end of October, 17 extra children were being transported compared to the end of June using the same number of taxi routes. The taxi forecast is £43k less than in October monitoring a small number of the commissions included in the previous forecast have now been closed.

The overall forecast overspend reflects increased demand over a number of years although the budget for taxi commissioning has not been increased for demographic pressures since 2015/16. Over the period from September 2015 to September 2018 there has been a 30% increase in the number of children transported by taxi.

The number of children needing transport has increased significantly due to the increase in EHCPs requiring a specialist placement, and there continue to be pressures. Strategies are in place to alleviate this pressure, including continuing to maximise any further opportunities for placing more children on the buses, re-tendering routes, considering any consolidation possible and encouraging parents to accept personal budgets to directly arrange transport. The expansion of Cricket Green School will enable extra local places from September 2019 and the draft capital programme includes further proposals to increase the range of in-borough special educational needs provision to reduce the reliance on transporting children significant distances to out of borough special schools.

The children's short breaks budget is forecast to overspend by £202k. This relates to an increase in caseload from 398 in April 2018 to 446 in November 2018. A review of short break services delivered across the department will be carried out with the aim to reduce the overall cost pressure of short breaks. Realistically any changes resulting from this review will only impact on cost in next financial year.

There are various other small over and underspends forecast across the division netting to a £83k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £457k.

## Children's Social Care and Youth Inclusion Division

The numbers of Looked after Children (LAC) in Merton remains relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below.

<b>Overview</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of children in care as at 31st March	163	152	154
Of which UASC	22	20	28
Rate per 10,000	35	33	33
London Rate	51	50	n/a
England Rate	60	62	n/a

At the end of October we had 161 LAC. While the numbers remain relatively stable, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis to ensure that projections of spend are as accurate as possible. Between October and November the forecast placement overspend has increased by £173k due to small increases in the numbers of more expensive placement types as detailed in the table below.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Nov £000	Oct £000	Nov Nr	Oct Nr
Residential Placements	2,271	2,741	470	433	19	18
Independent Agency Fostering	1,816	1,988	172	124	41	39
In-house Fostering	978	1,389	411	410	59	60
Secure accommodation	136	110	(26)	(39)	1	1
Mother and baby	101	44	(57)	(57)	1	1
Supported lodgings/housing	1,792	1,914	122	48	55	54
<b>Total</b>	<b>7,094</b>	<b>8,186</b>	<b>1,092</b>	<b>919</b>	<b>177</b>	<b>173</b>

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the limited capacity within our in-house provision and the specific 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 overspend by £470k. The increase of £37k is due to three new children being placed (one placement for 5 weeks only) and two placements ending.
- ⌋ The agency fostering expenditure is forecast to overspend by £172k. The agency overspend has increased by £48k due to two new placements.
- ⌋ The in-house foster carer expenditure is forecast to overspend by £411k for the year, an increase of £1k is due to net of one new placement.
- ⌋ The secure accommodation expenditures is forecast to underspend by £26k. This forecasted underspend has decreased from last month due to a placement extension for two weeks.
- ⌋ The mother and baby assessment unit expenditure is forecast to underspend by £57k. No change from last month.
- ⌋ We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £122k which is an increase of £73k from last month. This is due to two new placements and one placement ending.

At the end of November, placements for UASC and those previously UASC that are now care leavers are expected to overspend by £912k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Nov £000	Oct £000	Nov Nr	Oct Nr
Independent Agency Fostering	372	412	40	22	10	9
In-house Fostering	362	500	138	141	20	21
Supported lodgings/housing	167	901	734	699	34	31
<b>Total</b>	<b>901</b>	<b>1,813</b>	<b>912</b>	<b>862</b>	<b>64</b>	<b>61</b>

- J At the end of November, we had 30 placements for UASC young people under 18. Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost. The overall cost for Fostering has increased from £163k in October to £178k in November.
- J We have budgeted for 34 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. The overall cost has increased from £699k in October to £734k in November. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- J For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rotas, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

We are forecasting a £500k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best current estimate and is subject to change as we are still in negotiation. A review has been underway to change the current provision with the expectation that, once resolved, this should reduce the cost to Merton. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements. The CCG seems to be retreating from its understood position that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once the position is finalised, education costs apportioned to the council will transfer from the general fund to the DSG.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £294k in the current financial year. This is about £59k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and they 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. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

We are expecting to overspend by £291k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 (excluding Common and Shared Assessments and management also included in this service area on iTrent) with agency staff due to difficulty in recruiting permanent members of staff.

There are various other small over and underspends forecast across the division netting to a £557k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3.646m.

### **Dedicated Schools Grant (DSG)**

DSG funded services are forecast to overspend by £5.07m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this financial year. This will be carried forward as a negative reserve, similar to other boroughs. We are

currently in discussion with our external auditors about the correct treatment of this deficit in the financial statements.

The main reasons for the forecast relates to an estimated overspend of £3.497m on Independent Day School provision. This is £494k reduction from last month following a detailed review of each independent day placement.

Other pressures include £658k on EHCP allocations to Merton primary and secondary schools, £787k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £915k on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting £437k overspend on post 16 further education and independent special school provision. There are underspending budgets in three areas which is reducing the overall overspend. We are forecasting a £668k underspend on independent residential placements, £305k on the growth fund and £166k on de-delegated parenting cover. The table below shows the increase in number of EHCPs over the past 4 years. At the end of November there were 1,731 EHCPs.

+Type of Provision	Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	%	No.	%	No.	%	No.	%
Mainstream School (inc. Academies)	456	44%	423	39%	432	34%	526	35%
State Funded Special School	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	15	1%	23	2%	32	3%	41	3%
<b>Total</b>	<b>1045</b>	<b>100%</b>	<b>1078</b>	<b>100%</b>	<b>1264</b>	<b>100%</b>	<b>1486</b>	<b>100%</b>

There are various other smaller over and underspends forecast across the DSG netting to a £85k underspend which, combined with the items above, equates to the net overspend of £5.07m.

Additional High Needs Block grant was announced in the December 2018. Initial workings suggests that this would allocate an estimated £500k of additional funding to Merton. Once the allocation has been confirmed, this will be added to the forecast to reduce the overall DSG overspend.

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

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to eleven in 2018/19. There are various reasons for schools requiring to set deficit

budgets including unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

## **Management action**

### Quarter two staffing report

The number of employed Social Workers dipped slightly during quarter two to 122 (115.31WTE) from 125 (117.3 WTE) in Q1, despite ongoing strong recruitment over the last 6 months. There have been 16 new starters in Q1 & Q2. Additionally, 1 Team Manager (MASH), 2 SW's and 4 NQSW's from Front line are due to start in Q3, plus offers have been made to 2 Team Manager (S&CP1 & 14+) and 3 SW's (FR). Vacancy rates increased slightly in Q2 to 22.30% (from 20.44% in Q1), which reflects the increase in leavers in the last 2 quarters (15 SW's). Turnover reduced this quarter to 17.28% (from 18.45% in Q1).

Agency social workers make up 17% of the Social Worker workforce. Agency expenditure is on a downward trend (£436,854 in Q2) and the lowest spend in many years. 38% of all agency workers are working in MASH or First Response, although strong recruitment to the vacant posts in FR is steadily reducing this figure. 36% are in Safeguarding & Care Planning. Most agency workers are covering vacant posts (81%). 19% are covering long term vacancies (mainly maternity leave cover and secondments). We are further reducing the use of agency by imposing a three month recruitment drag where appropriate for non-social work posts.

### Placements

We have good management oversight of children coming into care and our numbers remain stable. This stability disguises a reduction in the number of local children coming into care which is offset by the number of UASC entering our care. This pattern suggests that our early help arrangements continue to be effective in reducing the need for higher level interventions in those populations where early help can have an impact. We are aiming to strengthen this demand management further by the use of panel processes going forward. We have introduced a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UAS young people. We have recruited four new sets of foster carers (one who has come from an IFA with three of our UASC young people in placement) and there are fifteen new sets of mainstream carers in assessment, eight of whom are interested in fostering either teenagers or UASC young people, which is our area of greatest need. Whilst there may be a drop out in these applications, we are currently confident that we will be able to approve a significant number of carers this year. These figures compare favourably with last year when at the same point, only six carers were in assessment. Our aim is to slow down the increase in more expensive agency foster placements and our use of IFA placements has decreased slightly again this month, but there will be a time lag whilst assessments are completed. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the Domiciliary Care Framework to enable them to take and retain children with more challenging behaviours in placement.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We have reintroduced the Semi-independent Accommodation

(SIA) panel and will be recording cost reductions as a result of this going forward. In addition, we will be recruiting to a specific business support post to chase Housing Benefit owed to the Council.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total five placements in the provision, this cost is £1,800 per week including support costs. This is a better financial deal than using the semi-independent market for our care leavers where the average cost for five placements averages at £2,500 per week for a similar service. We have five young people living there, fully utilising these cost-effective placements. We expect to be able to procure further placements of this type over the next quarter.

Our average placements costs against each budget code are reported each month. Due to the low numbers in secure accommodation cases, a placement this month at a lower than normal cost has significantly reduced this average weekly cost.

Description	July	Aug	Sep	Oct	Nov	Movement from last month	Nov
	£	£	£	£	£	£	No
ART Independent Agency Fostering	905	892	887	889	901	12	41
ART In-house Fostering	428	443	428	442	437	-5	59
UASC Independent Agency (Grant)	791	791	791	794	797	3	10
UASC In house Fostering (Grant)	498	505	505	496	497	1	15
UASC Independent Agency (Non-Grant)	761	764	764	764	791	27	0
UASC In house Fostering (Non-Grant)	437	448	455	436	445	9	5
ART Residential Placements	4,022	4,021	4,029	4,032	4,071	39	19
ART Secure Accommodation	3,752	3,918	3,918	3,823	2,663	-1,160	1
ART Mother & Baby Unit				3,357	3,357	0	1
Supported Housing & Lodgings (Art 16+ Accommodation)	627	645	634	644	659	15	55
Supported Housing & Lodgings - UASC (Grant)	841	839	838	793	788	-5	6
Supported Housing & Lodgings - UASC (Non Grant)	520	507	505	500	499	-1	28

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. We currently have nine young people remaining with in house foster carers and a further four with IFAs. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UAS young people. As already stated, we continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

#### Children with additional needs

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

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



promotion of independent travel training and personal travel assistance budgets where this is option is cheaper.

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

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

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements.

### New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £2.013m, 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	Nov overspend forecast £000	Oct overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	122	48	156
Supported lodgings/housing- UASC	167	734	699	520
UASC	734	178	163	173
No Recourse to Public Funds (NRPF)	21	294	290	353
<b>Total</b>	<b>2,478</b>	<b>1,328</b>	<b>1,200</b>	<b>1,202</b>

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding of £21k was provided to support implementation of this change. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- ) the increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which are causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- ) new statutory duties in relation to children missing from education has increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to



March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level)

Further new burdens are expected for 2018/19 including:

- ) Social Care Act requirement for new assessment process for all social workers
- ) SEND tribunals will cover elements of children care packages and therefore cost
- ) New requirement of social work visits to children in residential schools and other provision.

## Community and Housing Current Summary Position

Community and Housing is currently forecasting an underspend of £120k as at period 8 November 2018.

The department is currently forecasting an underspend of £120k as at November 2018. Underspends are in Adult Social Care. Public Health and Merton Adult Learning continues to forecast a breakeven position, whilst the Library overspend has increased by £1k since October and Housing services overspend has reduced by £38k.

<b>Community and Housing</b>	<b>2018/19 Current Budget £000</b>	<b>Forecast (Nov'18) £'000</b>	<b>Forecast Variance (Nov'18) £000</b>	<b>Forecast Variance (Oct'18) £000</b>	<b>2017/18 Outturn Variance £000</b>
<b>Access and Assessment</b>	45,956	45,582	(374)	(263)	455
<b>Commissioning</b>	4,568	4,508	(60)	(111)	211
<b>Direct Provision</b>	4,443	4,454	11	1	(195)
<b>Directorate</b>	973	1,054	81	172	181
<b>Adult Social Care</b>	<b>55,940</b>	<b>55,598</b>	<b>(342)</b>	<b>(201)</b>	<b>652</b>
<b>Libraries and Heritage</b>	1,996	2,009	13	12	20
<b>Merton Adult Learning</b>	(11)	(11)	0	0	(6)
<b>Housing General Fund</b>	1,848	2,057	209	247	256
<b>Sub-total</b>	<b>59,773</b>	<b>59,653</b>	<b>(120)</b>	<b>259</b>	<b>922</b>
<b>Public Health</b>	(143)	(143)	0	0	0
<b>Grand Total</b>	<b>59,630</b>	<b>59,510</b>	<b>(120)</b>	<b>58</b>	<b>922</b>

### Access & Assessment - £374k underspend

This is due to the ongoing continued improved placements management. On the whole placements has remained stable for a number of months but it is important to note that this is a volatile budget and demand could increase due to a number of reasons, particularly as we enter the winter period.

The Council was notified that a home care provider (Allied Healthcare) was due to close by mid-December. The Council put in place alternative care arrangements, although in the end the business was sold and our local branch continues to operate. The issues with Allied, however, show the fragility of the home care market locally, regionally and nationally. We will be reviewing our approach to the service in the New Year, but in the meantime, it represents a significant operational and financial risk.

The table below shows areas of significant expenditure

<b>Access &amp; Assessment</b>	<b>Forecast Variances Nov'18 £'000</b>	<b>Forecast Variances Oct'18 £000</b>	<b>Outturn Variances March 18 £000</b>
Underspend on Concessionary Fares-(Postage)	(15)	(12)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	(255)	(11)	(307)
Placements	132	380	1,671
Income	(236)	(620)	(1,234)
<b>Total</b>	<b>(374)</b>	<b>(263)</b>	<b>455</b>

The actions set out in previous reports have continued to have a positive impact with budget now showing a small underspend. That position is before winter, which traditionally sees a spike in activity. The Government has announced additional one-off winter pressures money for local authorities, and we are reviewing the impact of the conditions, which has come through. The Department of Health & Social Care has confirmed that this money could be used to manage provider failures over the period, older people and people with learning disabilities.

Adult Social Care savings for 2018-19 are on track to be delivered.

The table below sets on the movement in the number of service users in each care group between the months. It shows a net decrease of 32 packages since October 2018.

#### **Total Number of Clients with an external care package**

<b>Placements</b>	<b>Nos. of Clients Nov'18</b>	<b>Nos. of Clients Oct'18</b>	<b>Nos. of Client Aug'18</b>	<b>Nos. of Client Apr'18</b>
<b>Older People</b>	1104	1128	1142	1167
<b>Physical/Sensory</b>	207	212	213	219
<b>Learning Disabilities</b>	363	364	350	356
<b>LD Housing Support</b>	3	3	3	2
<b>Mental Health</b>	130	132	134	125
<b>MH Housing Support</b>	13	13	12	11
<b>Substances Misuse</b>	4	4	3	1
<b>Grand Total</b>	<b>1824</b>	<b>1856</b>	<b>1857</b>	<b>1881</b>

#### **Commissioning - £60k underspend**

The commissioning service is currently forecasting an under spend of £60k as at November'18.

#### **Direct Provision - £11k overspend**

Direct Provision service is forecasting an over spend of £11k as at November 2018. This is an increase of £10k, which is due to additional staffing expenditure.

Weekly checks are still in place to monitor spending in the residential services.

## C&H - Other Services

### Libraries - £13k overspend

The Library & Heritage Service forecasted overspend has increased by £1k, although there were changes in forecast between employee and non-pay items.

### Merton Adult Education – Breakeven

The Merton Adult Learning service continues to forecast a breakeven position for 2018/19.

### Housing - £209k overspend

The housing service is forecasting an over spend as at November 2018 of £209k which is a reduction of £38k. This service forecasted overspend continues to be reduced but it is expected that this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy, Housing Benefit and client contributions.

This service is also engaged in homelessness preventative measures on a daily basis as legally required. The diagram below shows number of homelessness prevented to date.

Period	Homelessness Prevention Targets
Full Year	450
Target YTD	300
Achieved - Sept'18	243
Achieved - Oct'18	263
Achieved - Nov'18	313

Homeless prevention includes, legal advocacy on behalf of private tenants' rights, prevention advice against unlawful eviction and harassment, money management, housing options, relationship breakdowns, rights to homes, access to social housing, seeking accommodation in homeless hostel and/or private rented sector, and mediation with family members to prevent exclusion and homelessness.

## **Analysis of Housing Temporary Accommodation Expenditure**

Housing	Budget 2018/19 £000	Forecast Variance (Nov'18) £'000	Forecast Variances (Oct'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	627	623	909
Temporary Accommodation-Client Contribution	(140)	(585)	(616)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	87	100	(160)
Temporary Accommodation-Subsidy Shortfall	322	414	414	517
Temporary Accommodation- Grant	-	(466)	(466)	(406)
<b>Sub-total Temporary Accommodation</b>	<b>512</b>	<b>77</b>	<b>55</b>	<b>259</b>
Housing Other Budgets- Over(under)spend	1,336	132	192	(3)
<b>Total</b>	<b>1,848</b>	<b>209</b>	<b>247</b>	<b>256</b>

## Temporary Accommodation (TA) Movements to date

The data below shows the number of households i.e. families and single (placements) in TA.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2017	-	-	186
March 2018	16	16	165
April 2018	22	17	170
May 2018	21	16	175
June 2018	14	17	172
July 2018	15	12	175
August 2018	16	15	176
September 2018	11	13	174
October 2018	14	20	168
November 2018	14	13	169

## Public Health - Forecasting a breakeven position

Due to mitigating actions identified in the Sexual Health service Public Health continues to forecast a breakeven position for the current financial year.

This was achieved by focus approach to encourage Merton residents to use in borough competitively priced rather than high cost out of borough services. There was also a channel shift of asymptomatic clients to online Pan London Service.

## Corporate Items

The details comparing actual expenditure up to 30 November 2018 against budget are contained in Appendix 2. The main areas of variance as at 30 November 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	2016/17 Year end Variance £000s
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,930</b>	<b>527</b>	<b>527</b>	<b>(103)</b>
Investment Income	(759)	(900)	(141)	(141)	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	972	(150)	(150)	(736)
Contingencies and provisions	4,419	4,069	(350)	(350)	(2,447)
Income Items	(1,367)	(1,991)	(624)	(624)	(104)
Appropriations/Transfers	(2,387)	(2,387)	0	0	2,445
<b>Central Items</b>	<b>4,374</b>	<b>3,109</b>	<b>(1,265)</b>	<b>(1,265)</b>	<b>(823)</b>
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(5,292)</b>	<b>(6,030)</b>	<b>(738)</b>	<b>(738)</b>	<b>(926)</b>

There have been no significant additional variances in corporate items since last month.

## 4 Capital Programme 2018-22

4.1 The Table below shows the movement in the 2018/22 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	9,268	(632)	8,636	27,352	633	*27,985	3,945	0	3,945	12,083	0	12,083
C&H	1,016	102	1,118	480	0	480	630	0	630	280	0	280
CSF	9,127	(507)	8,620	16,195	507	16,702	3,202	0	3,202	650	0	650
E&R	19,733	(1,683)	18,050	8,435	1,724	10,159	7,517	0	7,517	7,264	0	7,264
<b>TOTAL</b>	<b>39,144</b>	<b>(2,720)</b>	<b>36,424</b>	<b>52,462</b>	<b>2,864</b>	<b>*55,325</b>	<b>15,294</b>	<b>0</b>	<b>15,294</b>	<b>20,277</b>	<b>0</b>	<b>20,277</b>

\* Includes £23 million Housing Company Expenditure which is currently being re-profiled

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at November 2018. The detail is shown in Appendix 5a

### Capital Budget Monitoring November 2018

Department	2017/18 Actual	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Corporate Services	8,243,541	3,534,319	5,114,311	(1,579,992)	8,636,160	8,631,855	(4,305)
Community and Housing	1,110,766	608,240	652,090	(43,850)	1,118,010	1,117,995	(15)
Children Schools & Families	6,035,776	4,296,621	5,755,740	(1,459,119)	8,619,320	8,618,748	(572)
Environment and Regeneration	16,839,927	9,896,728	11,096,750	(1,200,022)	18,049,740	18,049,280	(460)
<b>Total</b>	<b>32,230,009</b>	<b>18,335,909</b>	<b>22,618,891</b>	<b>(4,282,982)</b>	<b>36,423,230</b>	<b>36,417,878</b>	<b>(5,352)</b>

- a) Corporate Services – All budget managers are projecting a full year spend against budget apart from the Customer Contact Programme which is forecasting a small (£4k) year-end variance. Three projects are re-profiling budget into 2019/20 based on forecast spend:
  - I. Housing Company is re-profiling £439k
  - II. Parking System is re-profiling £106k
  - III. Social Care IT System is re-profiling £88k
- b) Community and Housing – All budget managers are projecting a full year spend against budget. Based on spending patterns from last financial year departmental officers have drawn down and additional £102k of Better Care Fund Grant and this has been added to the budget.
- c) Children, Schools and Families – All budget managers are projecting a full year spend against budget. There are a number of virements proposed within the schools maintenance budget which are detailed within Appendix 5b. Three projects are re-profiling budget into 2019/20 based on forecast spend:
  - I. Healthy Schools Project is re-profiling £189k into 2019/20
  - II. Harris Academy Wimbledon is re-profiling £210k into 2019/20
  - III. Capital Loans to Schools is re-profiling £109k into 2019/20

- d) Environment and Regeneration – All budget managers are projecting a full year spend against budget. A virement is proposed from Replacement of Fleet Vehicles (£30k) and Alley Gating (£13k) to Wimbledon Lake De-silting, this in part offsets a virement from the lake scheme in 2017/18. Two Section 106 schemes are being reduced (Commonside East/Windmill Road - £12k and Mawson Close - £7k) as the funding is no longer required. One additional Transport for London funded scheme is being added for £60k. Eight projects are re-profiling budget into 2019/20 based on forecast spend:
- I. Wimbledon Lake De-silting is re-profiling £117k into 2019/20
  - II. Morden Leisure Centre is re-profiling £339k into 2019/20
  - III. Waste Bins is re-profiling £789k into 2019/20
  - IV. Merton Green Walks (Section 106 Scheme) is re-profiling £25k into 2019/20
  - V. Abbey Recreation Ground (Section 106 Scheme) is re-profiling £40k into 2019/20
  - VI. Highway Bridges and Structures is re-profiling £310k into 2019/20
  - VII. Mitcham Cricket Green Improvements (CIL Neighbourhood Scheme) is re-profiling £50k into 2019/20
  - VIII. Mortuary Provision is re-profiling £54k into 2019/20

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month, these are summarised below.

Scheme		2018/19 Budget	2019/20 Budget	Narrative
<b><u>Corporate Service</u></b>				
Housing Company	(1)	(439,000)	439,000	Re-profiled in accordance with projected spend
Parking System	(1)	(106,000)	106,000	Re-profiled in accordance with projected spend
Social Care IT System		(87,500)	87,500	Re-profiled in accordance with projected spend
<b><u>Community and Housing</u></b>				
Disabled Facilities Grant	(1)	102,320	0	2018-19 Budget based on projected spend at year end
<b><u>Children, Schools and Families</u></b>				
Hollymount		(850)	0	Final Virements in accordance with projected spend
Hatfield		(9,000)	0	Final Virements in accordance with projected spend
Dundonald		9,210	0	Final Virements in accordance with projected spend
Poplar		(9,210)	0	Final Virements in accordance with projected spend
Cranmer		(11,400)	0	Final Virements in accordance with projected spend
Gorrige Park		(9,330)	0	Final Virements in accordance with projected spend
Haslemere		2,230	0	Final Virements in accordance with projected spend
Liberty		4,440	0	Final Virements in accordance with projected spend
St Mark's		1,680	0	Final Virements in accordance with projected spend
Lonesome		26,290	0	Final Virements in accordance with projected spend
Stanford		(830)	0	Final Virements in accordance with projected spend
Unallocated		(3,230)	0	Final Virements in accordance with projected spend
Healthy Schools	(1)	(188,630)	188,630	Re-profiled in accordance with projected spend
Harris Academy Wimbledon	(1)	(209,500)	209,500	Re-profiled in accordance with projected spend
Capital Loans to Schools	(1)	(108,900)	108,900	Re-profiled in accordance with projected spend
<b><u>Environment and Regeneration</u></b>				
Wimbledon Lake De-Silting	(1)	(73,500)	117,290	Re-profiled in accordance with projected spend
Morden Leisure Centre	(1)	(338,830)	338,830	Re-profiled in accordance with projected spend
Replacement of Fleet Vehicles		(30,300)	0	Re-profiled in accordance with projected spend
Waste Bins	(1)	(789,270)	789,270	Re-profiled in accordance with projected spend
Alley Gating		(13,490)	0	Re-profiled in accordance with projected spend
Commonside East/Windmill Rd		(12,030)	0	Funding no longer required
TfL Cycle Quietways		60,150	0	Approved TfL Spend
Merton Green Walks - S106		(25,000)	25,000	Final Virements in accordance with projected spend
Abbey Recreation Ground S106		(39,750)	39,750	Re-profiled in accordance with projected spend
s106 Mawson Close (B719)		(7,180)	0	Funding no longer required, residual spend in revenue.
Highways bridges & structures	(1)	(310,000)	310,000	Funding no longer required, residual spend in revenue.
Mitcham Cricket Green Improvements		(50,000)	50,000	Re-profiled to dovetail with other schemes in the same geographical area
Mortuary Provision		(53,890)	53,890	Re-profiled in accordance with projected spend
<b>Total</b>		<b>(2,720,300)</b>	<b>2,863,560</b>	

(1) Requires Cabinet Approval



4.4 Appendix 5c details the impact all the adjustments to the Capital Programme have on the funding of the programme in 2018-22. The table below summarises the movement in 2018/19 funding since its approval in February 2018:

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051		88	402	(20,388)	8,636
Community & Housing	773	165	(5)	146	40	0	1,118
Children Schools & Families	15,158	924		1,117	15	(8,594)	8,620
Environment and Regeneration	21,853	919		1,940		(6,663)	18,050
<b>Total</b>	<b>61,266</b>	<b>7,059</b>	<b>(5)</b>	<b>3,291</b>	<b>457</b>	<b>(35,644)</b>	<b>36,424</b>

4.5 The table below compares capital expenditure (£000s) to November 2018 to that achieved over the last few years:

Depts.	Spend To November 2015	Spend To November 2016	Spend to November 2017	Spend to November 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	690	1,386	1,538	3,534	2,845	2,148	1,997
C&H	489	348	473	608	119	260	136
CSF	9,975	9,684	3,575	4,297	(5,678)	(5,387)	722
E&R	4,433	7,834	7,768	9,897	5,463	2,063	2,129
<b>Total Capital</b>	<b>15,587</b>	<b>19,252</b>	<b>13,354</b>	<b>18,336</b>	<b>2,749</b>	<b>(916)</b>	<b>4,982</b>

Outturn £000s	29,327	30,626	32,230	
Budget £000s				36,424
Projected Spend November 2018 £000s				36,418
Percentage Spend to Budget				50.34%
% Spend to Outturn/Projection	53.15%	62.86%	41.43%	50.35%
Monthly Spend to Achieve Projected Outturn £000s				4,520

4.6 October is eight months into the financial year and departments have spent just over 50% of the budget. Spend to date is higher than two of the three previous financial years shown.

Department	Spend To Oct 2018 £000s	Spend To Nov 2018 £000s	Increase £000s
CS	2,991	3,534	543
C&H	492	608	116
CSF	3,565	4,297	732
E&R	6,581	9,897	3,315
<b>Total Capital</b>	<b>13,630</b>	<b>18,336</b>	<b>4,706</b>

4.7 During November 2018 officers spent £4.706 million. If spend can be maintained throughout the rest of the financial year then this will result in the projected Outturn. November monitoring is the final month in which capital budget can be re-profiled into future years as part of budget monitoring, from December monitoring onwards moving budget into subsequent financial years will be progressed as part of slippage within the closing of accounts 2018/19 process.

## 5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 8 Forecast Shortfall	Period 7 Forecast Shortfall	Period Forecast Shortfall (P8)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,519	505	505	25.0%	385
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,998	200	302	9.1%	(18)
Environment and Regeneration	1,874	1,401	473	473	25.2%	80
<b>Total</b>	<b>6,585</b>	<b>5,407</b>	<b>1,178</b>	<b>1,280</b>	<b>17.9%</b>	<b>447</b>

Appendix 6 details the progress on savings for 2018/19 by department, with the shortfall reducing by £102k since last month.

### Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 8 Projected shortfall	2019/20 Period 8 Projected shortfall	2018/19 Period 7 Projected shortfall	2019/20 Period 7 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	19	0	0	0	0
Environment and Regeneration	3,134	2,188	666	45	666	45
<b>Total</b>	<b>10,314</b>	<b>2,410</b>	<b>666</b>	<b>45</b>	<b>666</b>	<b>45</b>

Appendix 7 details the progress on savings for 2017/18 by department and the impact on the current year and next year.

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

## 7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

## 8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

## **9. LEGAL AND STATUTORY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

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

10.1 Not applicable

## **11. CRIME AND DISORDER IMPLICATIONS**

11.1 Not applicable

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

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 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 2018/19
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2018/19
Appendix 7 –	Progress on savings 2017/18

## **14. BACKGROUND PAPERS**

14.1 Budgetary Control files held in the Corporate Services department.

## **15. REPORT AUTHOR**

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## APPENDIX 1

### Summary Position as at 30<sup>th</sup> November 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (Nov) £000s	Forecast Variance at year end (Nov) £000s	Forecast Variance at year end (Oct) £000s	Outturn variance 2017/18 £000
<b>Department</b>	-	-	-	-	-	-
3A. Corporate Services	9,495	10,772	9,348	(1,424)	(1,298)	(812)
3B. Children, Schools and Families	56,145	56,540	59,881	3,341	3,756	2,249
<u>3C. Community and Housing</u>	-	-	-	-	-	-
Adult Social Care	58,778	59,210	58,869	(341)	(201)	646
Libraries & Adult Education	2,771	2,694	2,707	13	12	20
Housing General Fund	2,207	2,141	2,349	208	247	256
3D. Public Health	(0)	(0)	0	0	(0)	0
3E. Environment & Regeneration	17,951	18,270	17,426	(844)	(735)	-1,211
<b>NET SERVICE EXPENDITURE</b>	<b>147,345</b>	<b>149,626</b>	<b>150,579</b>	<b>953</b>	<b>1,781</b>	<b>1,148</b>
<b>3E. Corporate Items</b>	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	8,930	527	525	(103)
Other Central items	(12,353)	(14,634)	(15,899)	(1,265)	(1,265)	(823)
Levies	938	938	938	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(5,292)</b>	<b>(6,030)</b>	<b>(738)</b>	<b>(740)</b>	<b>(926)</b>
<b>TOTAL GENERAL FUND</b>	<b>144,333</b>	<b>144,334</b>	<b>144,548</b>	<b>215</b>	<b>1,041</b>	<b>222</b>
<b>Funding</b>	-	-	-	-	-	-
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
<b>Grants</b>	<b>(56,894)</b>	<b>(56,894)</b>	<b>(56,894)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
<b>Council Tax</b>	-	-	-	-	-	-
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPCC	(331)	(331)	(331)	0	0	0
<b>Council Tax and Collection Fund</b>	<b>(87,439)</b>	<b>(87,439)</b>	<b>(87,439)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>(144,333)</b>	<b>0</b>	<b>0</b>	<b>(487)</b>
<b>NET</b>	<b>(0)</b>	<b>0</b>	<b>215</b>	<b>215</b>	<b>1,041</b>	<b>(265)</b>

## Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Nov.) £000s	Year to Date Actual (Nov.) £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	4,210	4,024	8,930	527	527	(103)
Use for Capital Programme							0	0	0
<b>Impact of Capital on revenue budget</b>	<b>8,403</b>	<b>8,403</b>	<b>8,403</b>	<b>4,210</b>	<b>4,024</b>	<b>8,930</b>	<b>527</b>	<b>527</b>	<b>(103)</b>
<b>Investment Income</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(506)</b>	<b>(538)</b>	<b>(900)</b>	<b>(141)</b>	<b>(141)</b>	<b>408</b>
<b>Pension Fund</b>	<b>3,346</b>	<b>3,346</b>	<b>3,346</b>	<b>3,346</b>	<b>3,469</b>	<b>3,346</b>	<b>0</b>	<b>0</b>	<b>(389)</b>
Corporate Provision for Pay Award	2,108	2,108	744		0	744	0	0	0
Provision for excess inflation	378	378	378		0	228	(150)	(150)	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
<b>Pay and Price Inflation</b>	<b>2,486</b>	<b>2,486</b>	<b>1,122</b>	<b>0</b>	<b>0</b>	<b>972</b>	<b>(150)</b>	<b>(150)</b>	<b>(736)</b>
Contingency	1,500	1,500	1,500		0	1,250	(250)	(250)	(1,500)
Single Status/Equal Pay	100	100	100		28	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	83		0	83	0	0	(179)
Apprenticeship Levy	450	450	450	300	185	350	(100)	(100)	(235)
Revenuisation and miscellaneous	1,361	1,361	1,586	1,139	393	1,586	0	0	(432)
<b>Contingencies &amp; provisions</b>	<b>4,291</b>	<b>4,291</b>	<b>4,419</b>	<b>1,439</b>	<b>606</b>	<b>4,069</b>	<b>(350)</b>	<b>(350)</b>	<b>(2,447)</b>
Other income	0	0	0	0	(630)	(624)	(624)	(624)	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)	(435)	(435)	(1,367)	0	0	(48)
<b>Income items</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>(1,367)</b>	<b>(435)</b>	<b>(1,065)</b>	<b>(1,991)</b>	<b>(624)</b>	<b>(624)</b>	<b>(104)</b>
Appropriations: CS Reserves	0	0	(648)	(648)	(648)	(648)	0	0	0
Appropriations: E&R Reserves	4	4	(361)	(361)	43	(361)	0	0	2
Appropriations: CSF Reserves	49	49	17	17	(32)	17	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0	600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
<b>Appropriations/Transfers</b>	<b>(1,342)</b>	<b>(1,342)</b>	<b>(2,387)</b>	<b>(2,387)</b>	<b>(637)</b>	<b>(2,387)</b>	<b>0</b>	<b>0</b>	<b>2,445</b>
<b>Depreciation and Impairment</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>(19,008)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Central Items</b>	<b>(12,353)</b>	<b>(12,353)</b>	<b>(14,634)</b>	<b>1,457</b>	<b>1,835</b>	<b>(15,899)</b>	<b>(1,265)</b>	<b>(1,265)</b>	<b>(823)</b>
<b>Levies</b>	<b>938</b>	<b>938</b>	<b>938</b>	<b>659</b>	<b>659</b>	<b>938</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(3,012)</b>	<b>(3,012)</b>	<b>(5,292)</b>	<b>6,327</b>	<b>6,519</b>	<b>(6,030)</b>	<b>(738)</b>	<b>(738)</b>	<b>(926)</b>

### Pay and Price Inflation as at November 2018

In 2018/19, the budget includes 2.7% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.378m 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 2.4% and RPI at 3.3% this budget will only be released when it is certain that it will not be required.

### Pay:

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

### Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.3% in November 2018, down from 2.4% in October 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.2% in November 2018, unchanged from October 2018. The largest downward contributions to change in the 12-month rate came from falls in petrol prices and across a variety of recreational and cultural goods and services, principally games, toys and hobbies, and cultural services. These downward effects were offset by increased tobacco prices and, to a lesser extent, price rises in a variety of other categories, for example, accommodation services and passenger sea transport.

The RPI 12-month rate for November 2018 was 3.2%, down from 3.3% in October 2018.

### 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 19 December 2018, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes of the meeting the MPC state that "since the MPC's previous meeting, the near-term outlook for global growth has softened and downside risks to growth have increased. Global financial conditions have tightened noticeably, particularly in corporate credit markets. Oil prices have fallen significantly, however, which should provide some support to demand in advanced economies. The decline in oil prices also means that UK CPI inflation is likely to fall below 2% in coming months. The Committee judges that the loosening of fiscal policy in Budget 2018, announced after the November Inflation Report projections were finalised, will boost UK GDP by the end of the MPC's forecast period by around 0.3%, all else equal." In terms of inflation the MPC also note that "Domestic inflationary pressures have continued to build. The labour market remains tight, with employment growth picking up in the latest data and the unemployment rate likely to stay around 4% in the near term. Annual growth in regular pay has risen to 3¼%, stronger than anticipated in the November Report. In contrast, services CPI inflation has been subdued. The inflation expectations of households and professional forecasters have remained broadly unchanged."

The MPC's updated projections for inflation and activity are set out in the November Inflation Report published on 1 November 2018.

In the November Inflation Report, the MPC considers what the prospects for inflation are for the period under review. It states that "CPI inflation was 2.4% in September, in line with the MPC's expectation at the time of the August Report. Inflation has been boosted by the effects of higher energy and import prices. The contributions from these factors are projected to fade over the forecast period. UK GDP growth in 2018 Q3 is expected to be somewhat stronger than projected in August, but the outlook for growth over the forecast period is little changed. The MPC judges that supply and demand in the economy are currently broadly in balance. Conditioned on a path for Bank Rate that rises gradually over the next three years, and the assumption of a smooth adjustment to new trading arrangements with the EU, the MPC judges that a margin of excess demand is likely to build. That raises domestic inflationary pressures, which partially offset diminishing contributions from energy and import prices. CPI inflation is projected to be above the target for most of the forecast period, before reaching 2% by the end. The economic outlook will depend significantly on the nature of EU withdrawal. The MPC judges that the monetary policy response to Brexit, whatever form it takes, will not be automatic, and could be in either direction."

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 (December 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	2.2	2.6	2.3
RPI	3.1	3.8	3.2
LFS Unemployment Rate	3.8	4.2	4.1
2019 (Quarter 4)			
CPI	1.5	3.5	2.0
RPI	2.3	4.2	3.0
LFS Unemployment Rate	3.6	4.5	4.1

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 2018 to 2022 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.1	2.0	2.0	2.1
RPI	3.4	3.2	3.1	3.3	3.3
LFS Unemployment Rate	4.1	4.1	4.2	4.4	4.4

### Office for Budget Responsibility– Fiscal and economic outlook (October 2018)

The Office for Budget Responsibility (OBR) published its 2018 “Economic and fiscal outlook” at the same time as the Budget 2018 on 29 October 2018. Some of the key forecasts for the economy and public finances are included in the following table:-

	Outturn 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Gross Domestic Product (GDP) Growth (%)	1.7	1.3	1.6	1.4	1.4	1.5	1.6
Public Sector Net Borrowing (£bn)	39.8	25.5	31.8	26.7	23.8	20.8	19.8
Public Sector Net Borrowing (% of GDP)	1.9	1.2	1.4	1.2	1.0	0.9	0.8
Public Sector Net Debt (%)	85.0	83.7	82.8	79.7	75.7	75.0	
CPI (%)	2.7	2.6	2.0	2.0	2.1	2.1	2.0
RPI (%)	3.6	3.5	3.1	3.1	3.2	3.1	3.1
LFS Unemployment Rate (%)	4.4	4.0	3.7	3.8	3.9	3.9	4.0



## Treasury Management: Outlook

At its meeting ending on 19 December 2018, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The November Inflation Report was published on 1 November 2018 and in it the MPC note that “In August, the MPC raised Bank Rate to 0.75%. That had been anticipated well ahead of the announcement with most short-term interest rates rising earlier in 2018. The MPC voted to make no changes to monetary policy at its September meeting. In the run-up to the November Report, stronger-than-expected activity and inflation outturns, as well as increases in short-term interest rates internationally, have pushed up the market-implied path for Bank Rate. It is now expected to reach around 1.4% in three years’ time, up from 1.1% in August. Long-term UK interest rates have also risen since August, despite falling back in the run-up to the November Report. Those rates have been affected in part by the increase in long-term interest rates in other countries.”

In the minutes to the meeting ending on 19 December, the MPC note that “Brexit uncertainties have intensified considerably since the Committee’s last meeting. These uncertainties are weighing on UK financial markets. UK bank funding costs and non-financial high-yield corporate bond spreads have risen sharply and by more than in other advanced economies. UK-focused equity prices have fallen materially. Sterling has depreciated further, and its volatility has risen substantially. Market-based indicators of inflation expectations in the United Kingdom have risen, including at longer horizons. The further intensification of Brexit uncertainties, coupled with the slowing global economy, has also weighed on the near-term outlook for UK growth. Business investment has fallen for each of the past three quarters and is likely to remain weak in the near term. The housing market has remained subdued. Indicators of household consumption have generally been more resilient, although retail spending may be slowing. The MPC has previously noted that shifting expectations about Brexit among financial markets, businesses and households could lead to greater-than-usual short-term volatility in UK data. Judging the appropriate stance of monetary policy requires separating these shorter-term developments from other more persistent factors affecting inflation and from the dynamics of the economy once greater clarity emerges about the nature of EU withdrawal.”

The uncertainty over Brexit continues to lead to uncertainty and the MPC conclude the December 2018 minutes by stating that “the broader economic outlook will continue to depend significantly on the nature of EU withdrawal, in particular: the form of new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of the effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC judges at this month’s meeting that the current stance of monetary policy is appropriate. The Committee will always act to achieve the 2% inflation target.”

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 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	End Q.1 2021	End Q.2 2021	End Q.3 2021	End Q.4 2021
Nov.'18	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4
Aug.'18	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	
May '18	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2		
Feb.'18	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2			
Nov.'17	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0				
Aug.'17	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8					
May '17	0.3	0.4	0.4	0.4	0.5	0.5	0.5						
Feb'17	0.4	0.5	0.5	0.6	0.6	0.7							
Nov.'16	0.3	0.3	0.3	0.4	0.4								
Aug.'16	0.2	0.2	0.2	0.2									
May '16	0.7	0.7	0.8										
Feb. '16	1.0	1.1											
Nov '15	1.3												

Source: Bank of England Inflation Reports

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

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

1. global demand grows at above-potential rates
2. net trade and business investment continue to support UK activity, while consumption growth remains modest
3. demand growth outstrips subdued potential supply growth, and a margin of excess demand emerges, pushing up domestic cost growth
4. domestic inflationary pressures continue to build over the forecast period, while external cost pressures ease

## Capital Budget Monitoring November 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
<b>Merton Capital</b>	<b>18,335,909</b>	<b>22,618,891</b>	<b>(4,282,982)</b>	<b>36,423,230</b>	<b>36,417,878</b>	<b>(5,352)</b>
<b>Capital</b>	<b>18,335,909</b>	<b>22,618,891</b>	<b>(4,282,982)</b>	<b>36,423,230</b>	<b>36,417,878</b>	<b>(5,352)</b>
Corporate Services	3,534,319	5,114,311	(1,579,992)	8,636,160	8,631,855	(4,305)
Customer, Policy and Improvmen	4,305	250,000	(245,695)	1,999,310	1,995,005	(4,305)
Customer Contact Programme	4,305	250,000	(245,695)	1,999,310	1,995,005	(4,305)
Facilities Management	2,200,666	2,301,791	(101,125)	3,189,220	3,189,220	0
Works to other buildings	171,487	455,040	(283,553)	695,040	660,806	(34,234)
Civic Centre	197,133	397,001	(199,868)	456,430	490,664	34,234
Invest to Save schemes	1,831,371	1,449,750	381,621	2,037,750	2,037,750	0
Asbestos Safety Works	675	0	675	0	0	0
Infrastructure & Transactions	1,103,348	1,742,970	(639,622)	2,308,280	2,308,280	0
Business Systems	59,149	58,970	179	280,490	280,490	0
Social Care IT System	48,000	50,000	(2,000)	62,500	62,500	0
Disaster recovery site	393,638	280,000	113,638	394,290	394,290	0
Planned Replacement Programme	602,561	1,354,000	(751,439)	1,571,000	1,571,000	0
Resources	0	132,050	(132,050)	211,850	211,850	0
Financial System	0	59,000	(59,000)	97,000	97,000	0
ePayments System	0	32,050	(32,050)	32,050	32,050	0
Invoice Scanning SCIS/FIS	0	41,000	(41,000)	82,800	82,800	0
Corporate Items	65,000	526,500	(461,500)	66,500	66,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	0	0	0
Westminster Ccl Coroners Court	0	460,000	(460,000)	0	0	0
Investments	161,000	161,000	0	861,000	861,000	0
Housing Company	161,000	161,000	0	861,000	861,000	0
<b>Community and Housing</b>	<b>608,240</b>	<b>652,090</b>	<b>(43,850)</b>	<b>1,118,010</b>	<b>1,117,995</b>	<b>(15)</b>
Adult Social Care	0	43,750	(43,750)	43,750	43,750	0
Telehealth		43,750	(43,750)	43,750	43,750	0
Housing	562,059	541,600	20,459	917,520	917,520	0
Disabled Facilities Grant	562,059	541,600	20,459	917,520	917,520	0
Libraries	46,181	66,740	(20,559)	156,740	156,725	(15)
Library Enhancement Works	7,330	16,740	(9,410)	16,740	16,892	152
Major Library Projects	0	0	0	0	0	0
Libraries IT	38,851	50,000	(11,149)	140,000	139,833	(167)

Capital Budget Monitoring November 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
<b>Children Schools &amp; Families</b>	<b>4,296,621</b>	<b>5,755,740</b>	<b>(1,459,119)</b>	<b>8,619,320</b>	<b>8,618,748</b>	<b>(572)</b>
Primary Schools	634,877	765,330	(130,453)	836,050	835,478	(572)
Hollymount	55,166	0	55,166	59,000	59,000	0
Hatfeild	35,324	50,000	(14,676)	41,000	41,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,836	(64)
Dundonald	8,834	50,980	(42,146)	60,190	60,082	(108)
Poplar	34,910	56,800	(21,890)	47,590	47,590	0
Wimbledon Park	21,126	23,500	(2,374)	23,500	23,100	(400)
Abbotsbury	(628)	0	(628)	0	0	0
Morden	64,841	76,380	(11,539)	76,380	76,380	0
Cranmer	49,912	66,000	(16,088)	54,600	54,600	0
Gorringe Park	28,051	40,000	(11,950)	30,670	30,670	0
Haslemere	45,618	50,000	(4,382)	52,230	52,230	0
Liberty	55,577	70,000	(14,423)	74,440	74,440	0
Links	(690)	0	(690)	0	0	0
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	88,311	99,240	(10,929)	100,920	100,920	0
Lonesome	47,690	55,000	(7,310)	81,290	81,290	0
Stanford	98,000	113,530	(15,530)	112,700	112,700	0
Unlocated Primary School Proj	0	0	0	7,640	7,640	0
Secondary School	2,167,586	3,528,210	(1,360,624)	4,983,590	4,983,590	0
Harris Academy Morden	0	0	0	104,000	104,000	0
Harris Academy Merton	328,939	323,130	5,809	444,090	444,090	0
St Mark's Academy	0	0	0	0	0	0
Raynes Park	0	0	0	574,000	574,000	0
Ricards Lodge	0	0	0	15,000	15,000	0
Rutlish	21,282	0	21,282	21,500	21,500	0
Harris Academy Wimbledon	1,817,365	3,205,080	(1,387,715)	3,825,000	3,825,000	0
SEN	1,226,223	1,403,890	(177,667)	2,387,980	2,387,980	0
Perseid	965,798	675,960	289,838	1,087,960	1,087,960	0
Cricket Green	255,389	650,000	(394,611)	1,200,000	1,200,000	0
Secondary School Autism Unit	0	0	0	0	0	0
Unlocated SEN	5,036	77,930	(72,894)	100,020	100,020	0
CSF Schemes	267,935	58,310	209,625	411,700	411,700	0
CSF IT Schemes	32,335	58,310	(25,975)	58,310	58,310	0
Devolved Formula Capital	235,600	0	235,600	353,390	353,390	0

**Capital Budget Monitoring November 2018**

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
<b>Environment and Regeneration</b>	<b>9,896,728</b>	<b>11,096,750</b>	<b>(1,200,022)</b>	<b>18,049,740</b>	<b>18,049,280</b>	<b>(460)</b>
Public Protection and Developm	219	0	219	229,970	229,970	0
Off Street Parking - P&D	0	0	0	0	0	0
CCTV Investment	219	0	219	39,490	39,490	0
Public Protection and Developm	0	0	0	190,480	190,480	0
Street Scene & Waste	2,708,160	2,985,620	(277,460)	5,114,060	5,113,590	(470)
Fleet Vehicles	0	231,900	(231,900)	472,600	472,593	(7)
GPS Vehical Tracking Equipment	2,460	0	2,460	0	0	0
Alley Gating Scheme	8,194	23,490	(15,296)	25,000	25,000	0
Smart Bin Leases - Street Scen	6,552	0	6,552	5,500	5,500	0
Waste SLWP	2,690,954	2,730,230	(39,276)	4,610,960	4,610,497	(463)
Sustainable Communities	7,188,348	8,111,130	(922,782)	12,705,710	12,705,721	11
Street Trees	0	0	0	57,690	57,690	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	1,438,768	2,369,060	(930,292)	4,158,940	4,158,950	10
Cycle Route Improvements	307,155	350,200	(43,045)	705,980	705,980	0
Mitcham Transport Improvements	24,945	226,680	(201,736)	278,000	278,000	0
Mitcham Area Regeneration	34,565	124,360	(89,795)	136,360	136,361	1
Wimbledon Area Regeneration	0	0	0	25,000	25,000	0
Morden Area Regeneration	0	0	0	0	0	0
Borough Regeneration	259,505	216,820	42,685	560,050	560,050	0
Morden Leisure Centre	4,531,685	4,546,760	(15,075)	5,864,530	5,864,530	0
Sports Facilities	183,328	0	183,328	373,460	373,460	0
Parks	408,397	277,250	131,147	519,590	519,590	0

## Virement, Re-profiling and New Funding - November 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Movement	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
<b>Corporate Service</b>	-									
Housing Company	(1)	1,300,000			(439,000)	861,000	22,325,020	439,000	22,764,020	Re-profiled in accordance with projected spend
Parking System	(1)	126,000			(106,000)	20,000	0	106,000	106,000	Re-profiled in accordance with projected spend
Social Care IT System		150,000			(87,500)	62,500	400,000	87,500	487,500	Re-profiled in accordance with projected spend
<b>Community and Housing</b>										
Disabled Facilities Grant	(1)	815,200		102,320		917,520	280,000		280,000	2018-19 Budget based on projected spend at year end
<b>Children, Schools and Families</b>	-									
Hollymount		59,850	(850)			59,000	0		0	Final Virements in accordance with projected spend
Hatfeild		50,000	(9,000)			41,000	0		0	Final Virements in accordance with projected spend
Dundonald		20,280	9,210			29,490	0		0	Final Virements in accordance with projected spend
Poplar		56,800	(9,210)			47,590	0		0	Final Virements in accordance with projected spend
Thornham		66,000	(11,400)			54,600	0		0	Final Virements in accordance with projected spend
Worthing Park		40,000	(9,330)			30,670	0		0	Final Virements in accordance with projected spend
Walsmere		50,000	2,230			52,230	0		0	Final Virements in accordance with projected spend
Woburn		70,000	4,440			74,440	0		0	Final Virements in accordance with projected spend
St. Mark's		99,240	1,680			100,920	0		0	Final Virements in accordance with projected spend
Worthing		55,000	26,290			81,290	0		0	Final Virements in accordance with projected spend
Worthing		113,530	(830)			112,700	0		0	Final Virements in accordance with projected spend
Unallocated		10,870	(3,230)			7,640	650,000		650,000	Final Virements in accordance with projected spend
Healthy Schools	(1)	188,630			(188,630)	0	0	188,630	188,630	Final Virements in accordance with projected spend
Harris Academy Wimbledon	(1)	4,034,500			(209,500)	3,825,000	2,944,010	209,500	3,153,510	Final Virements in accordance with projected spend
Capital Loans to Schools	(1)	108,900			(108,900)	0	0	108,900	108,900	Final Virements in accordance with projected spend
<b>Environment and Regeneration</b>										
Wimbledon Lake De-Silting	(1)	106,500	43,790		(117,290)	33,000	1,250,000	117,290	1,367,290	Re-profiled in accordance with projected spend
Morden Leisure Centre	(1)	6,203,360			(338,830)	5,864,530	241,590	338,830	580,420	Re-profiled in accordance with projected spend
Replacement of Fleet Vehicles		502,900	(30,300)			472,600	300,000		300,000	Current Virement part offsets virement in 2017/18
Waste Bins	(1)	2,674,000			(789,270)	1,884,730	0	789,270	789,270	Re-profiled in accordance with projected spend
Alley Gating		38,490	(13,490)			25,000	40,000		40,000	Current Virement part offsets virement in 2017/18
Commonside East/Windmill Rd		41,000		(12,030)		28,970	0		0	Funding no longer required
TfL Cycle Quietways		0		60,150		60,150	0		0	Approved TfL Spend
Merton Green Walke - S106		25,000			(25,000)	0	0	25,000	25,000	Re-profiled in accordance with projected spend
Abbey Recreation Ground S106		39,750			(39,750)	0	0	39,750	39,750	Re-profiled in accordance with projected spend
s106 Mawson Close (B719)		7,180		(7,180)		0	0		0	Funding no longer required, residual spend in revenue.
Highways bridges & structures	(1)	460,000			(310,000)	150,000	60,000	310,000	370,000	Re-profiled in accordance with projected spend
Mitcham Cricket Green Improvements		50,000			(50,000)	0	0	50,000	50,000	Re-profiled to dovetail with other schemes in the same geographical area
Mortuary Provision		53,890			(53,890)	0	0	53,890	53,890	Re-profiled in accordance with projected spend
<b>Total</b>		<b>17,616,870</b>	<b>0</b>	<b>143,260</b>	<b>(2,863,560)</b>	<b>14,896,570</b>	<b>28,490,620</b>	<b>2,863,560</b>	<b>31,354,180</b>	

1) Requires Cabinet Approval

## Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Capital Programme</b>	<b>24,770</b>	<b>14,374</b>	<b>39,144</b>
<b><u>Corporate Services</u></b>			
Housing Company	(439)	0	(439)
Parking System	(106)	0	(106)
Social Care IT System	(88)	0	(88)
<b><u>Community and Housing</u></b>			
Disabled Facilities Grant	0	102	102
<b><u>Children, Schools and Families</u></b>			
Healthy Schools	0	(189)	(189)
Harris Academy Wimbledon	(210)	0	(210)
Capital Loans to Schools	(109)	0	(109)
<b><u>Environment and Regeneration</u></b>			
Wimbledon Lake De-Silting	(74)	0	(74)
Morden Leisure Centre	(30)	0	(30)
Replacement of Flet Vehicles	(339)	0	(339)
Waste Bins	(789)	0	(789)
Alley Gating	(13)	0	(13)
Commonside East/Windmill Rd	(12)	0	(12)
TfL Cycle Quietways	0	60	60
Merton Green Walke - S106	(25)	0	(25)
Abbey Recreation Ground S106	(40)	0	(40)
s106 Mawson Close (B719)	(7)	0	(7)
Highways bridges & structures	(310)	0	(310)
Mitcham Cricket Green Improvements	(50)	0	(50)
Mortuary Provision	(54)	0	(54)
<b>Proposed Capital Programme</b>	<b>22,076</b>	<b>14,347</b>	<b>36,423</b>

## Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Capital Programme</b>	<b>47,308</b>	<b>5,154</b>	<b>52,461</b>
<b><u>Corporate Services</u></b>			
Housing Company	439	0	439
Parking System	106	0	106
Social Care IT System	88	0	88
<b><u>Children, Schools and Families</u></b>			
Healthy Schools	0	189	189
Harris Academy Wimbledon	210	0	210
Capital Loans to Schools	109	0	109
<b><u>Environment and Regeneration</u></b>			
Wimbledon Lake De-Silting	118	0	118
Morden Leisure Centre	339	0	339
Waste Bins	789	0	789
Merton Green Walke - S106	25	0	25
Abbey Recreation Ground S106	40	0	40
Highways bridges & structures	310	0	310
Mitcham Cricket Green Improvements	50	0	50
Mortuary Provision	54	0	54
<b>Proposed Capital Programme</b>	<b>49,984</b>	<b>5,342</b>	<b>55,326</b>



APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 8 Forecast Shortfall	Period 7 Forecast Shortfall	Period Forecast Shortfall (P8)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,519	505	505	25.0%	385
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,998	200	302	9.1%	(18)
Environment and Regeneration	1,874	1,401	473	473	25.2%	80
<b>Total</b>	<b>6,585</b>	<b>5,407</b>	<b>1,178</b>	<b>1,280</b>	<b>17.9%</b>	<b>447</b>

82.111

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
<b>Adult Social Care</b>											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	John Morgan		Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	38	62	G	100	0	G	Richard Ellis	Balance of £32k deferred to 2019/20. Impact offset by in year budget management	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	0	38	G	38	0	G	Steve Langley	Deferred to 2019/20. Impact offset by in year budget management	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	G	50	0	G	Phil Howell		Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	G	100	0	G	Richard Ellis	Deferred to 2019/20. Impact offset by in year budget management	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis		Y
<b>Subtotal Adult Social Care</b>		<b>1,506</b>	<b>1,306</b>	<b>200</b>		<b>1,506</b>	<b>0</b>				
<b>Library &amp; Heritage Service</b>											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	Anthony Hopkins		Y
<b>Housing Needs &amp; Enabling</b>											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	G	62	0	G	Steve Langley		Y
<b>Public Health</b>											
CH75	Public Health: health related services in other budgets	600	600	0	G	582	18	A	Dagmar Zeuner	Shortfall offset by CH85 and CH86	Y

**DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19**

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total C & H Savings for 2018/19	2,198	1,998	200		2,180	18				

## DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<b><u>Schools</u></b>								
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	200	0	G	0	G	Jane McSherry		N
	<b><u>Commissioning, Strategy and Performance</u></b>								
CSF2015-04	Commissioning rationalisation	60	0	G	0	G	Leanne Wallder		N
	<b><u>Cross cutting</u></b>								
CSF2017-01	Review of non-staffing budgets across the department	106	0	G	0	G	Jane McSherry		N
CSF2017-02	Reduction in business support unit staff	33	0	G	0	G	Jane McSherry		N
	<b><u>Children Social Care</u></b>								
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	0	G	0	G	Jane McSherry		N
CSF2017-04	South London Family Drug and Alcohol Court commissioning	45	0	G	0	G	Jane McSherry		N
	<b>Total Children, Schools and Families Department Savings for 2017/18</b>	<b>489</b>	<b>0</b>		<b>0</b>				

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G	18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G	100	0	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
<b>PUBLIC PROTECTION</b>											
E&R7	Parking: 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	G	163	0	G	Cathryn James		N
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	60	0	A	Cathryn James		Y
ENR1	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R	0	40	R	Cathryn James	Alternative saving required	Y
ENR2	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team is proposed as part of the 2018/19 restructure of the Regulatory Services Partnership.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	Cathryn James	Saving is being achieved from current income	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	Saving is being achieved from current income	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
<b>PUBLIC SPACE</b>											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G	4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G	5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G	100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G	-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award. We are currently negotiating an increase in the revenue received. This increase	N
ENV18	Greenspaces: Increased income from events in parks	100	100	0	A	100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	Y
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G	9	0	G	Anita Cacchioli	Guaranteed income being achieved. Risk is now managed by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	Alternative saving has been proposed as this saving can not be delivered. Please see E&R20	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	150	0	G	150	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	35	0	G	35	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV38	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENV39	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENV40	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	Alternative saving has been proposed as this saving can not be delivered. Please see E&R20	Y
<b>Total Environment and Regeneration Savings 2018/19</b>		<b>1,874</b>	<b>1,401</b>	<b>473</b>		<b>1,794</b>	<b>80</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend?
	<b>Customers, Policy &amp; Improvement</b>								
CSD19	Staff reductions - Delete 1 FTE	49	0	G	0	G	James Flynn	Achieved via 0.5fte reduction in Community Engagement and remainder replaced with reduced Press & PR agency budget	Y
CS2015-11	Reduction in corporate grants budget	19	0	G	0	G	John Dimmer		Y
CSREP 2018-19 (7)	Translation - increase in income	10	0	G	0	G	Sean Cunniffe		Y
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
	<b>Infrastructure &amp; Technology</b>								
CS71	Delete two in house trainers posts	43	0	G	0	G	Richard Warren		Y
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	G	0	G	Richard Neal		Y
CS2015-09	Restructure of Safety Services & Emergency Planning team	30	0	G	0	G	Adam Vicarri		Y
CS2015-10	FM - Energy invest to save	465	465	R	365	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving will be delayed with £100k expected in 19/20 and the balance in 20/21. Shortfall to be funded by Corporate Services reserve	Y
CSREP 2018-19 (1)	Renegotiation of income generated through the corporate catering contract	20	0	G	0	G	Edwin O Donnell		Y
CSREP 2018-19 (2)	Review the specification on the corporate cleaning contract and reduce frequency of visits	15	0	G	0	G	Edwin O Donnell		Y
CS2015-01	Reduction in IT support / maintenance contracts	3	0	G	0	G	Clive Cooke		Y
CS2015-02	Expiration of salary protection	16	0	G	0	G	Clive Cooke		Y
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	Clive Cooke	This saving will be met in the year from other underspends within I&T.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk in 19/20 if they don't migrate to M3 system. Saving	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
	<b>Corporate Governance</b>								
CSD43	Share FOI and information governance policy with another Council	10	10	R	10	R	Karin lane	This saving will be met in the year from a salary underspend due to 2 staff members working slightly reduced hours. This may result in an overspend in future years if these staff wish to revert to their full time salary.	Y

CS2015-06	Delete auditor post and fees	50	0	G	0	G	Margaret Culleton		Y
CS2015-12	Savings in running expenses due to further expansion of SLLP	41	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (9)	Corp Gov -Reduction in running costs budgets	11	0	G	0	G	Julia Regan		Y
CSREP 2018-19 (10)	SLLp - Increase in legal income	25	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (11)	Audit and investigations	50	0	G	0	G	Margaret Culleton		Y
	<b><u>Resources</u></b>								
CSD20	Increased income	16	0	G	0	G	Nemashe Sivayogan		Y
CSD27	Further restructuring (2 to 4 posts)	100	0	G	0	G	Roger Kershaw		Y
CS2015-05	Staffing costs and income budgets	75	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (6)	Reduction in running costs budgets	9	0	G	0	G	David Keppler		Y
CSREP 2018-19 (3)	Miscellaneous budgets within Resources	13	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (4)	Recharges to pension fund	128	0	G	0	G	Nemashe Sivayogan		Y
	<b><u>Human Resources</u></b>								
CSREP 2018-19 (12)	Reduction in posts across the department	185	0	G	0	G	Kim Brown		Y
	<b><u>Corporate</u></b>								
CSREP 2018-19 (5)	Council tax and business rates credits	220	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (8)	Dividend from CHAS 2013 Limited	215	0	G	0	G	Ian McKinnon		Y
	<b>Total Corporate Services Department Savings for 2018/19</b>	<b>2,024</b>	<b>505</b>		<b>385</b>				



APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 8 Projected shortfall	2019/20 Period 8 Projected shortfall	2018/19 Period 7 Projected shortfall	2019/20 Period 7 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	19	0	0	0	0
Environment and Regeneration	3,134	2,188	666	45	666	45
<b>Total</b>	<b>10,314</b>	<b>2,410</b>	<b>666</b>	<b>45</b>	<b>666</b>	<b>45</b>

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

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

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

November'18										APPENDIX 7	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18											
Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b>Adult Social Care</b>											
CH57	Staff savings: transfer of savings from housing	50	19	G	0	G	0	G	Richard Ellis	Achievable	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	G	0	G	0	G	Richard Ellis	Work on re-commissioning in progress.	Y
<b>Library &amp; Heritage Service</b>											
CH7	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 Barnes libraries are closed). 3.5FTE at risk	90	0	G	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
<b>Housing Needs &amp; Enabling</b>											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	0	G	0	G	0	G	Steve Langley	Staffing plan agreed for implementation	Y
<b>Total C &amp; H Savings for 2017/18</b>			<b>19</b>		<b>0</b>		<b>0</b>				

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>														
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	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
D&BC1	Fast track of householder planning applications	55	0	55	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	45	0	G	45	0	G	James McGinlay		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G	James McGinlay		N
ENV20	Increased income from building control services.	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
<b>PUBLIC PROTECTION</b>														
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff joined the RSP on 1st November 2017. This saving is linked to efficiencies associated with the current management restructure of the RSP.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	190	0	A	Cathryn James	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	0	45	R	0	45	R	Cathryn James	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A	Cathryn James		Y
<b>PUBLIC SPACE</b>														
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,382	118	R	1500	0	A	Anita Cacchioli	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	70	0	A	Anita Cacchioli		N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	70	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV18	Increased income from events in parks	100	0	100	R							Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	70	90	R	160	0	A	Anita Cacchioli	Saving forms part of Phase C, but will not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	A	Anita Cacchioli		Y
<b>Total Environment and Regeneration Savings 2016/17</b>		<b>3,134</b>	<b>946</b>	<b>2,188</b>		<b>2,087</b>	<b>666</b>		<b>2,708</b>	<b>45</b>				

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