

Cabinet

Date: 14 October 2019

Subject: Financial Report 2019/20 – August 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net underspend at year-end of £250k, -0.05% of gross budget.
- B. That Cabinet note the contents of Section 4 and the amendments to the Capital Programme contained in Appendix 5b and approve the amendments in the Table below:

Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate Service			
Civic Centre Boilers	(201,480)	201,480	Scheme slipped to 2020-21
Highways and Footways - Traffic Schemes	100,000		New TfL Funding of £100k
Total	(101,480)	201,480	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 5, 31st August 2019 presented in line with the financial reporting timetable.
This financial monitoring report provides -
- The income and expenditure at period 5 and a full year forecast projection.
 - An update on the capital programme and detailed monitoring information;
 - An update on Corporate Items in the budget 2019/20;
 - Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There will also be focus on adult social care placements where there is continued pressure. It is equally important to forecast expected underspends as it is overspends to ensure the overall Council forecast position is accurate.
- 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 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 5 to 31st August 2019, the year-end forecast is a net £250k underspend compared to the current budget. This excludes any monies due from the last year of the Business Rates London Pilot Pool.

Summary Position as at 31st August 2019

	Current Budget 2019/20 £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn variance 2018/19 £000s
Department					
3A. Corporate Services	11,351	10,922	(429)	(497)	(2,511)
3B. Children, Schools and Families	61,415	62,692	1,277	1,743	2,271
3C. Community and Housing	63,752	63,949	197	307	(197)
3D. Public Health	0	12	12	27	0
3E. Environment & Regeneration	15,996	15,676	(320)	(393)	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	152,514	153,251	737	1,187	(1,996)
3E. Corporate Items					
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Other Central budgets	(20,679)	(21,666)	(987)	(987)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	(9,249)	(10,236)	(987)	(987)	(5,661)
TOTAL GENERAL FUND	143,265	143,015	(250)	200	(7,657)
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	(143,265)	(143,265)	0	0	0
NET	0	(250)	(250)	200	(7,657)

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget £000	2019/20 Full year Forecast (August) £000	2019/20 Full Year Forecast Variance (August) £000	2019/20 Full Year Forecast Variance (July) £000	2018/19 Outturn Variance £000
Customers, Policy & Improvement	3,572	3,432	(140)	(141)	(246)
Infrastructure & Technology	11,767	11,867	100	71	(64)
Corporate Governance	2,432	2,381	(51)	(54)	(294)
Resources	5,915	5,679	(235)	(153)	(707)
Human Resources	1,919	2,154	235	56	16
Corporate Other	834	497	(337)	(276)	(1,216)
Total (Controllable)	26,439	26,010	(429)	(497)	(2,511)

Overview

At the end of period 5 (August) the Corporate Services (CS) department is forecasting an underspend of £429k at year end. The underspend forecast has reduced by £68k since period 4 (July).

Customers, Policy and Improvement - £140k under

Customer Contact is forecasting a £63k underspend due to lower than budgeted licence costs. There is a forecast underspend of £49k on cash collections, capturing future year savings early in 2019/20. The Translations Service has a forecast underspend of £24k, mainly as a result of additional income from internal translation requests compared to the budgeted amount and a vacancy within the team. Merton Link is forecasting a £12k underspend owing to various running costs. Marketing and Communications have a £44k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with the level of spend in 2018/19. A further £46k underspend is forecast on Community Engagement, this is a result of maternity leave in the team and other underspends.

A £34k overspend is forecast on the Registrars Service relating to various running cost budgets such as grounds maintenance and marketing as well as an underachievement of a staffing saving (2019-20 CS05). This is partly offset by the overachievement of income; however, income for 19/20 is expected to be £76k less than that achieved in 18/19 due to the Home Office no longer providing additional work. Additionally, Press and PR are forecasting a £30k overspend due to underachievement of income.

Overall the forecast underspend on CPI has reduced by only £1k from period 4. This is due to small changes within the forecast largely offsetting one another.

Infrastructure & Technology - £100k over

I&T are forecasting overspends on telecoms of £65k due to delays in the PABX telecoms implementation and £84k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. Facilities Management are forecasting a £34k overspend reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the Energy Team. Facilities are forecasting a further £56k overspend on the external fees account due to the use of additional agency staff. The Business Systems team is also forecasting an overspend, of £45k, due to recruitment costs, hardware purchases and the underachievement of income.

Various underspends within the division are partly offsetting the above overspends. IT service delivery is forecasting a £24k underspend due to less than budgeted licence costs and additional recharges to clients. The print and post room are forecasting a £35k underspend with a vacancy held in the team. The corporate print strategy is forecasting a £58k underspend due to less than budgeted multi-functional device (MFD) costs. Additionally, transactional services are forecasting a £35k underspend resulting from the recovery of expenses in previous years and a £53k underspend is forecast on Garth Road archive storage due to rental income.

The forecast overspend in I&T has increased by £29k since period 4. This is mainly due to increased Civic Centre maintenance costs and the recruitment to vacant positions in the business systems team.

Corporate Governance – £51k under

The underspend within Corporate Governance is formed of £8k from various running cost budgets held by the AD and £17k from Democracy Services largely due to a vacancy and £15k inflation. A further £37k underspend is forecast in the Information Governance team due to vacancies and consultants budget not required in year.

The above underspends are partly offset by a £13k overspend forecast on legal services outside of SLLp due to the underachievement of income and other small overspends forecast on electoral registration printing and postage as well as election expenses following the Cannons Hill By-Election. The South London Legal Partnership (SLLp) are forecasting a £25k deficit, of which £5k is attributable to Merton.

The forecast underspend on Corporate Governance has reduced by only £2k from the position at period 4. This is due to reduced hours in the information governance team offsetting the change in SLLp, which was previously forecasting a small surplus.

Resources - £235k under

There are various underspends forecast within senior management, made up of the Chief Executive's budget (£41k under), Director of Corporate Services (£72k under) and AD Resources (£69k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £195k overspend forecast on corporate accountancy due to agency spend and additional bank charges being incurred in relation to RingGo payments. Mitigating actions to reduce the additional bank charges are being reviewed and the current forecast represents a worst case scenario at this point. As more information is gathered the updated overspend position will be examined and additional funding required from E&R

budgets will be considered. This is partly offset by a £61k underspend within the budget management team due to vacancies held for part of the year which have since been filled.

A £85k overspend is forecast on the Financial Information System (FIS) team mainly due to additional licence, consultancy and staffing costs, with a business case pending to review ongoing budget pressures within the team.

The Insurance and Treasury teams are forecasting an underspend of £12k due to higher than budgeted recharges to the pension fund.

The Merton and Sutton bailiff services are forecasting to underspend by £97k due to additional income in excess of the budget. Benefits Administration is forecasting a £251k underspend mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast overspend of £103k on local taxation services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast underspend in the Resources Division has increased by £82k compared to period 4. This is due to a reduced forecast in budget management following the recruitment to vacancies and reduced overtime costs in the benefit administration team. Offsetting these, in part, is an increased forecast in the financial systems team to cover additional consultancy days required.

Human Resources – £235k over

Learning and Development is forecasting a £141k overspend due to recruitment costs as well as interim cover for the Head of Organisational Development and HR Strategy post. £50k of the L&D overspend relates to training; a review of the planned training for the rest of the year is being carried out and the forecast will be updated in line with this in the coming months. The overspend forecast in HR also includes an additional temporary resource to assist with implementing the new recruitment system.

The HR AD budget is also forecasting an overspend of £48k due to the interim cover of the Head of HR post and recruitment costs. A significant budget pressure within HR is from the transactions budget which is currently forecasting a £75k overspend. This is due to a £15k budget pressure on DBS recharges to clients, which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buyback income is also contributing to the HR overspend.

Payroll has an underspend forecast of £30k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team.

Overall the HR overspend has increased by £179k compared to the position at period 4, mainly due to agency staff in management positions being forecast to stay in post for the rest of the year and an increased training forecast, pending a full review.

Corporate Items - £337k under

The Housing Benefit rent allowances budget shows a forecast surplus of £1.23m on the account against a budgeted surplus of £1m. The additional surplus relates to a £500k underspend against the budget to top-up the bad debt provision, part offset by an overpayment recovery shortfall.

An additional surplus of £60k is forecast following the introduction of a scheme to recover old housing benefits debts which had previously been written off, due to new access to information from HMRC.

The Coroners Court is forecasting an overspend of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £41k additional income from the Magistrates court. A further £33k underspend is forecast on the pensions added years budget.

The forecast underspend on corporate items has increased by £60k since period 4. This is due to the inclusion of a surplus relating to the recovery of housing benefit debt previously written off.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(13,064)	(13,206)	(142)	(363)	(753)
Public Space	14,682	14,857	175	361	(1,449)
Senior Management	975	1,003	28	12	(17)
Sustainable Communities	8,239	7,857	(382)	(403)	694
Total (Controllable)	10,832	10,511	(321)	(393)	(1,525)

Description	2019/20 Current Budget	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	2018/19 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	604	66	107	112
Underspend within Parking Services	(14,539)	(329)	(600)	(964)
Overspend within Safer Merton & CCTV	871	121	130	99
Total for Public Protection	(13,064)	(142)	(363)	(753)
Overspend within Waste Services	13,716	382	344	(1,611)
Underspend within Leisure & Culture	416	(253)	(36)	(222)
Underspend within Greenspaces	1,245	(50)	(43)	145
Overspend within Transport Services	(695)	96	96	239
Total for Public Space	14,682	175	361	(1,449)
Overspend within Senior Management & Support	975	28	12	(17)
Total for Senior Management	975	28	12	(17)
Underspend within Property Management	(2,692)	(269)	(421)	368
Underspend within Building & Development Control	4	(131)	(1)	275
Overspend within Future Merton	10,927	18	19	51
Total for Sustainable Communities	8,239	(382)	(403)	694
Total Excluding Overheads	10,832	(321)	(393)	(1,525)

Overview

The department is currently forecasting an underspend of £321k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, Waste Services, Leisure & Culture, Property Management, and Development & Building Control.

Public Protection

Parking Services underspend of £329k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£839k), and P&D income (£481k).

The section has a £1,900k saving this year relating to the review of parking charges, based on an October start date. Cabinet approved a revised set of charges in September and officers are preparing to follow the statutory order making process. The forecast reflects a prudent approach to the delayed implementation, and associated income of £950k.

Included within this forecast is an employee related overspend of £109k 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 compliance may now be starting to take effect 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.

Safer Merton & CCTV overspend of £121k

The section is forecasting to overspend on annual network and connection costs by £28k, and by c£40k on one-off CCTV upgrade and relocation costs. In addition, the CCTV section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved, coupled with the underachievement of its current income budget by £49k.

Elsewhere within the section, underspends on employees (£39k) and income contributions (£56k) are helping to partially mitigate these pressures.

The CCTV budgets are currently being reviewed by the Safer Merton & CCTV manager and the AD of Public Protection in order to mitigate these pressures, which may include an alternative saving being presented to Cabinet in due course.

Public Space

Waste Services overspend of £382k

The section is forecasting to overspend on its employee costs by £116k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6), and the temporary employment of a Public Space Inspector for six months to provide greater resilience in the monitoring of our service provider performance.

The section is also forecasting to overspend on its waste collection and street cleansing contract by £342k. This is largely due to the internal debt charge, of £676k for capital spend, along with recharges for additional services being undertaken by the service provider.

These pressures are being partially mitigated by a forecast underspend on disposal costs of £180k. Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our energy waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have seen a 12% reduction in refuse, which equates to a monthly average reduction of over 450 tonnes. The main contributor to this success is the increase in food waste participation which has seen an increase of over 70% or 191 tonnes per month.

Leisure & Culture underspend of £253k

The forecast underspend is mainly as a result of the final year, under the previous contractual agreement, of the profit share arrangement with our service provider for the Leisure Centres Contract (£214k). Changes to this contract came into effect from 1st December 2018, which has resulted in future guaranteed annual income, which has been built into the Medium Term budget. Due to this guaranteed income the likelihood of future profit shares is now unlikely.

Sustainable Communities

Property Management underspend of £269k

The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £718k, which includes £150k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £319k on premises related expenditure, for example, utility and repairs & maintenance costs. In addition, an overspend of £89k is being forecast relating to external valuations to support asset valuations.

Development & Building Control underspend of £131k

The section is forecasting to over-achieve against their other grants and contributions by £107k, mainly as a result of allowable CIL income to cover the administration and overhead costs associated with managing the levy.

They also expect to overachieve against customer and client receipts income expectations by £55k, mainly within Development Control, as a result of a number of large planning application fees received in the early part of the financial year.

A forecast employee overspend of £83k, as a result of additional resources being provided for the planning enforcement team to enable it to clear the backlog of cases, is partially offsetting these underspends.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Aug £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (Jul) £000	2018/19 Variance at year end £000
Education	25,005	25,214	209	420	(37)
Social Care and Youth Inclusion	19,514	21,426	1,912	2,008	3,211
Cross Department budgets	1,029	1,014	(15)	(15)	(20)
PFI	8,573	8,114	(459)	(300)	(354)
Redundancy costs	2,183	1,813	(370)	(370)	(529)
Total (controllable)	56,304	57,581	1,277	1,743	2,271

Overview

At the end of August, Children Schools and Families forecast to overspend by £1.277m on local authority funded services, a reduction in overspend of £466k from July's outturn forecast. The pressure is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise from 1,867 in July to 1,893 in August, an increase of 26.

The CSF department received £500k growth for 2019/20 which was all allocated against the SEN transport cost due to the continuing pressure in this area.

Local Authority Funded Services

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

Description	Budget £000	Aug £000	Jul £000	2018/19 £000
Procurement & School organisation	594	(200)	(186)	(411)
SEN transport	4,705	1,097	1,097	1,223
Early Years services	3,117	(251)	(157)	(349)
CWD team staffing	571	(72)	(100)	(88)
Internal legal hard charge	543	(143)	0	(32)
Other small over and underspends	15,475	(222)	(234)	(380)
Subtotal Education	25,005	209	420	(37)
Fostering and residential placements (ART)	7,111	696	696	1,057
Un-accompanied asylum seeking children (UASC)	75	517	497	488
Community Placement	0	385	385	500
No Recourse to Public Funds (NRPF)	21	141	141	301
MASH & First Response staffing	1,618	267	257	354
Legal costs	526	209	170	280
Other small over and underspends	10,163	(303)	(138)	231
Subtotal Children's Social Care and Youth Inclusion	19,514	1,912	2,008	3,211

Education Division

The procurement and school organisation budget is forecast to underspend by £200k because of lower spend on revenue budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £1.097m. The forecast for maintained school taxis is £3.598m, circa £313k more than last year. This is our best estimate based on the information available at the end of August. A more accurate forecast for the current financial year is expected in October once all the changes of the new academic year have been procured. The current estimated cost does not yet include a forecast for new placements that may be required towards the end of the year. We would expect this cost to increase as we have seen a major increase in the number of EHCPs, although not all plans will necessarily be eligible for support under Merton's transport policy. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of August this is estimated to deliver a £251k underspend.

The Children with Disabilities (CWD) team, which has newly transferred to the Education division, is holding vacant posts which is expected to deliver a £72k underspend in the current financial year. Some of this underspend is being used to offset social work cost pressures in the fostering service.

The internal legal hard charging budget is estimated to underspend by £143k. This is forecast based on spend to date and will fluctuate if usage increases towards year-end.

There are various other small over and underspends forecast across the division netting to a £222k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £209k.

Children's Social Care and Youth Inclusion Division

At the end of August Merton had 167 looked after children (LAC). This is an increase of 5 children from July. Merton continues to maintain relatively low levels of children in care as detailed in the table below:

Overview	2015/16	2016/17	2017/18	2018/19
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	34
London Rate	51	50	49	tbc
England Rate	60	62	64	tbc

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

Service	Budget £000	Aug spend £000	Variance		Placements	
			Aug £000	Jul £000	Aug No	Jul No
Residential Placements	2,305	2,005	(300)	(300)	15	14
Independent Agency Fostering	1,753	1,953	200	200	41	35
In-house Fostering	993	1,697	704	704	70	72
Secure accommodation	138	138	0	0	1	0
Mother and baby	103	103	0	0	1	1
Supported lodgings/housing	1,819	1,911	92	92	59	61
Total	7,111	7,807	696	696	187	183

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

The placement forecasts include a prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases expected during the year. These assumptions are reviewed and updated every month and estimates adjusted accordingly to provide our best estimate of full year costs.

- The Residential placement expenditure is forecast to underspend by £300k at the end of the financial year. We currently have 15 residential (including 9 respite). There is an increase of one new placement. The cost difference of the increased placement number is contained within the expected movement built into the full year estimated cost.
- The Independent Agency Fostering expenditure is forecast to overspend by £200k. We currently have 41 placements. There was an increase of 8 new placement from July while 2 placements ended. The cost difference of the increased number of placements are contained within the expected movement built into the full year estimated cost.
- The In-house Foster carer expenditure is forecast to overspend by £704k. We currently have 70 placements. There have been 4 new placements while 6 placements ended during August. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projected to spend to budget as at August. We currently have 1 placement but are forecasting for additional placements expected by the end of financial year.
- The mother and baby assessment unit expenditure is forecast to be on budget for the current year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k in August. There has been 1 new placement while 3 placements ended. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- At the end of August, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £517k, up from £497k in July.

Service	Budget £000	Aug spend £000	Variance		Placements	
			Aug £000	Jul £000	Aug No	Jul No
Independent Agency Fostering	380	469	89	89	11	11
In-house Fostering	0	648	648	628	30	29
Supported lodgings/housing	170	675	505	505	23	24
UASC grant	(475)	(1,200)	(725)	(725)		
Total	75	592	517	497	64	64

At the end of August, we had 35 placements for UASC young people under 18. Of these, 31 were placed in foster care and 4 in semi-independent accommodation. This will increase over the next few months due to the administration's commitment (in line with other London Labour Councils) to increase the quota to 37 (0.08% of the child population). Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost.

Merton had 35 young people aged 18+ who were formerly UASC in our care at the end of August, 10 in foster care, 19 in semi-independent accommodation and 6 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is agreed.

We are currently forecasting to 'over-achieve' our projected UASC grant income by £725k. This is based on Merton's latest caseloads and taking account of the grant increases confirmed by the Home Office earlier this year. This is offset against the additional costs incurred through having higher numbers of UASC in our care.

We are estimating a £385k spend on the un-budgeted community placement for the current financial year. This includes a £485k estimated cost for 2019/20 reduced by an over accrual in 2018/19 of £100k. The figure is our best current estimate and is subject to change as the case is extremely complex and regularly reviewed. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the appropriate long-term support arrangements, although it may not be possible to establish permanent arrangements until the young person is an adult.

The NRPF budget is forecast to overspend by £141k in the current financial year. This is £160k 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 of limiting the cost pressure on the council. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of 30 in 2016/17 to a current caseload of 6 families where we support 9 children with accommodation and 6 with subsistence.

We are forecasting to overspend by £267k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £209k, £39k more than last month. This cost relates to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs. The investment in the FDAC is intended to reduce placement costs due to fewer children coming into care. The evidence is that this is effective in those cases that go through the FDAC process, but that this is more than offset by increases in other placement costs.

There are various other small over and underspends forecast across the division netting to a £303k underspend. These combine with the items described above to arrive at the total divisional forecast overspend of £1.912m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £9.872m, an increase of £689k over last month. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £12.781m.

The main reason for the variance relates to a £6.049m overspend on Independent Day School provision. This is a £535k increase from July 2019. The reason for this is the increase in placements from 224 in July to 243 in August. Based on past years' experience, we would expect this number to increase further towards the end of the year. We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present, the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £12.781m cumulative deficit to increase further.

Other overspends include £1.013m on EHCP allocations to Merton primary and secondary schools, £1.797m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.148m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of August 2019 there were 1,893 EHCPs, an 11% increase year to date.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream Schools (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Education	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	1075	100%	1242	100%	1518	100%	1712	100%
Change over previous year				16%		22%		13%

There are various other small over and underspends forecast across the DSG netting to a £225k underspend which, combined with the items above, equates to the net overspend of £9.872m. This will be added to Merton's negative reserve and conversations continue with government over the funding of this.

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.

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. We are therefore not in a position to estimate this adjustment until year-end.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above and continue into 2019/20 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets. Total school balances, including capital balances, did however increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency staff by imposing a three-month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements, with a campaign targeted at attracting foster carers for teenagers and UASC young people. We have recruited 5 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers and we are therefore behind target. £14,000 unexpectedly removed from the communications budget, which previously supported fostering recruitment, will further hamper our recruitment efforts.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and retain children with more challenging behaviours in placement, and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be receiving and what we are actually receiving. This work is continuing with the aim of further reducing under-achievement of housing benefits during this year.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+ to act as a step down into permanent independent living. Building on these cost reductions, we expect to be able to procure further placements of this type in 2019/20 and 2020/21.

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

Our average placements costs against each budget code are reported each month. Due to the low numbers in secure accommodation units, small changes in numbers result in large variations in the average weekly unit costs as detailed in the following table.

Description	Feb	March	May	June	July	Aug	Movement from last month	Aug
	£	£	£	£	£	£	£	No
ART Independent Agency Fostering	907	900	879	854	889	898	9	41
ART In-house Fostering	444	440	438	443	430	428	-2	69
UASC Independent Agency (Grant)	804	803	822	822	821	821	0	11
UASC In house Fostering (Grant)	494	490	410	388	452	419	-33	20
UASC Independent Agency (Non-Grant)	806	237	802	802	802	802	0	0
UASC In house Fostering (Non-Grant)	484	589	409	417	405	426	21	10
ART Residential Placements	3,974	3,978	3,919	3,887	3,886	3,916	30	15
ART Secure Accommodation	2,841	3,374	1,323	1,890	1,890	2,457	567	1
ART Mother & Baby Unit	3,749	3,589	4,204	4,204	3,401	3,401	0	1
Supported Housing & Lodgings (Art 16+ Accommodation)	640	585	611	619	627	652	25	59
Supported Housing & Lodgings - UASC (Grant)	779	782	788	736	687	687	0	4
Supported Housing & Lodgings - UASC (Non Grant)	448	642	451	410	400	427	27	20

Children with additional needs

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

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this 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 approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places. This enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental underspend of £198k; however that figure masks substantial one 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	Aug overspend forecast £000	Jul overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	170	505	505	774
UASC	380	737	717	211
No Recourse to Public Funds (NRPF)	21	141	141	301
Total	2,390	1,475	1,455	1,338

The above table summarises the placement cost in relation to additional burdens. On top of these costs there will also be staffing costs to support these cases.

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

Other unfunded burdens include:

- The increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- New statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

Further new burdens are expected for 2019/20 including the DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).

Community and Housing

Overview

Community and Housing is currently forecasting an overspend of £209k as at August 2019 which is a decrease of £125k since July's forecast.

There are forecast overspends in Adult Social Care £251k, Libraries £47k, and Public Health £12k. Merton Adult Learning expects to achieve a breakeven position and Housing is forecasting an underspend of £101k.

Community and Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (Aug'19) £000	2019/20 Forecast Variance (July'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	45,147	(52)	(33)	(258)
Commissioning	4,449	4,356	(93)	(73)	(5)
Direct Provision	4,700	4,812	112	106	6
Directorate	1,142	1,425	283	149	90
Adult Social Care	55,490	55,740	250	149	(167)
Libraries and Heritage	2,186	2,233	47	50	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,905	1,804	(101)	108	(73)
Other Services Sub-total	4,083	4,029	(54)	158	(28)
Public Health	(148)	(136)	12	27	0
Grand Total Controllable	59,425	59,634	209	334	(195)

Adult Social Care

Access & Assessment - £52k underspend

This service is currently forecasting an underspend of £52k due to the net effect of the reduction in forecasted expenditure on placements; increase in the overspend on equipment and other minor movements.

Client income continues to fall despite improvements in the financial assessment process. This is subject to further investigation, but in part is due to the strategy of keeping people at home. Service users make larger contributions to the costs of residential care than to care at home, as they are expected to make contributions to the 'hotel costs'. This is offset by reduced costs paid by the council. However, there appears to be a greater trend for reduced client contributions which is being reviewed.

Winter planning with health is well under way. We have allocated Winter Grant to additional short-term capacity and investment in the voluntary sector. With hospitals already operating at near capacity, it is expected to be a challenging period. Social care-caused delayed transfers of care remain good and below the nationally set target. However, health-caused delays have risen which will put the Merton system under scrutiny. The service will need to work hard to maintain our current good performance.

The recent spending round announcement by the government continued the short-term allocations via the Improved Better Care Fund (IBCF), the precept and a new grant to support Adults and Children's services. This announcement, though welcomed, prevents the department and Merton to plan effectively for the long term due to the uncertainty surrounding the source and level of social care funding post 2020.

The current year budget is supported by the short term IBCF funding as per the grant requirements.

It is important to note that included in Adult Social Care income is £300k Independent Living Fund (ILF) grant, which ceases next year; thus from 2020-21 this will be an additional pressure as it currently supports the cost of previous ILF customers costing the service £800k per annum.

The table below shows significant movement in budget variances in the Access & Assessment division

Access & Assessment	Forecast Variance Aug'19 £000	Forecast Variance July'19 £000	Outturn Variances March 19 £000
Underspend on Concessionary Fares-(taxi-cards scheme)	(92)	(92)	(42)
Equipment	103	84	95
Other- Incl. (Employee Related & Premises)	(138)	(125)	(104)
Placements & Placements Other	1,807	1,982	1,111
Income (IBCF & ILF)	(1,732)	(1,882)	(1,318)
Total Controllable	(52)	(33)	(258)

This service is currently undergoing a restructure as part of its transformation programme.

Direct Provision-£112k overspend

The Direct Provision service is currently forecasting an overspend of £112k to August 2019 which is an increase of £6k since July 2019. This is due to the provision of 1 to 1 service to a client at the Leyton Road day centre and overtime at the Riverside residential home.

C&H-Other Services

Libraries-£47k overspend

The library service is currently forecasting an overspend of £47k which is largely due to an increase in the contract costs for security services and utilities costs across the library service. The service continues to closely monitor its budgets and is working to increase income to try to reduce the overspend.

Merton Adult Learning continues to forecast a breakeven position.

Housing - £101k underspend

This service is forecasting an underspend of £101k which is largely due to an increase in its forecasted income from housing benefit, and a correspondingly expected increase in the related housing benefit subsidy.

It should be noted that housing benefit income is higher than expected again this month.

Income and subsidy costs are affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act.

It remains the case that this budget will be subjected to fluctuations to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit and the corresponding budget implications flowing from temporary accommodation subsidy.

Since the introduction of the Homelessness Reduction Act 2017 (HRA), the service is required by statute to deliver homelessness prevention activities (now referred to as 'Prevention & Relief Duties'). Accordingly, the prevention of homelessness remains a central plank to the work of the team and contributes to the wider council prevention agenda, which is seeking to ensure that households are able to continue to occupy their homes and avoid the trauma that a homelessness episode brings.

The council continues to maintain its position of having the lowest number of households in temporary accommodation than any other London borough.

The service continues to utilise secured grant funding to undertake various projects such as a rough sleeping initiative in Merton, outreach, rough sleepers hub and accommodation assistance..

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

- Rent rescue
- Rent Deposits
- Landlord liaison and negotiation with excluder
- Referrals to landlords, hostels and supported housing providers
- Legal advice on security of tenure, i.e. non-compliant s21 Housing Act 1988 notices
- Advice on prevention from eviction and landlord harassment
- Advice on income maximisation and welfare benefits

The table below shows the number of homelessness prevented to August 2019

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	187
Achieved – Apr'19	57
Achieved - May'19	86
Achieved – June'19	118
Achieved – July'19	152
Achieved – Aug'19	193

The service has achieved 43% of its annual target to date and exceeded its target to date.

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to August 2019

Housing	Budget 2019/20 £000	Forecast (Aug'19) £'000	Forecast Variances (Aug'19) £'000	Forecast Variances (July'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2,956	588	588	562
Temporary Accommodation-Client Contribution	(140)	(552)	(412)	(412)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,535)	(530)	(229)	(26)
Temporary Accommodation-Subsidy Shortfall	322	1,092	771	665	455
Temporary Accommodation-Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	544	511	(33)	163	(58)
Housing Other Budgets-Over/(under)spend	1,361	1,293	(68)	(55)	(15)
Total Controllable	1,905	1,804	(101)	108	(73)

The change in variance between August and July is mainly due to an increase in housing benefit income and subsidy.

Temporary Accommodation (TA) movement to August 2019

The data below shows the total number of households (i.e. families and single occupants) in temporary accommodation as at August 2019.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	2018/19
March 2017	-	-	186	
March 2018	16	16	165	
March 2019	15	11	174	
April 2019	15	11	178	170
May 2019	15	16	177	175
June 2019	11	18	170	172
July 2019	16	20	166	175
August 2019	16	14	168	176

The above data shows that in comparison to the first 5 months in 2018-19 the number of clients in temporary accommodation has declined.

Public Health - £12k overspend

This service is currently forecasting an overspend as at August 2019 of £12k, which is a reduction since July. This has been achieved by reducing the period to be covered by the agency interim staff.

The overspend in public health is due to the additional costs of maternity cover for the Children's Senior Public Health Principal and interim Children's Commissioning Officer pending recruitment.

Corporate Items

The details comparing actual expenditure up to 31 August 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 31 August 2019 there is an underspend of £0.987m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Investment Income	(664)	(977)	(313)	(313)	(364)
Pension Fund	3,429	3,329	(100)	(100)	(254)
Pay and Price Inflation	450	450	0	0	(1,122)
Contingencies and provisions	4,510	4,183	(327)	(327)	(3,366)
Income Items	(1,503)	(1,749)	(246)	(246)	(956)
Appropriations/Transfers	(3,998)	(3,998)	0	0	(6)
Central Items	2,224	1,238	(987)	(987)	(6,068)
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	(9,249)	(10,236)	(987)	(987)	(5,661)

Although there is no change to the forecast variance of £0.987m at year end, the figures in the table above have been adjusted to reflect the transfer of the following amounts, where budgets are planned to be available, to the Spending Review Reserve to provide for a potential contribution from the Council's General Fund resources for New Burdens funding to offset the DSG Deficit, subject to clarification from legal, Department for Education and CIPFA :-

Corporate pay provision	£000 842
Corporate contingency	250
Single Status/Equal pay	50
Total	1,142

The addition of these amounts will increase the balance on the Spending Review Reserve to £4.242m.

4 Capital Programme 2019-23

4.1 The Table below shows the movement in the 2019/23 corporate capital programme since the last meeting of Cabinet:

Depts	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	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	10,170	(201)	9,969	26,127	201	26,328	3,945	0	3,945	15,967	0	15,967
C&H	1,196	0	1,196	1,118	0	1,118	913	0	913	882	0	882
CSF	9,523	0	9,523	5,606	0	5,606	3,150	0	3,150	1,900	0	1,900
E&R	14,673	40	14,713	8,207	52	8,259	7,504	0	7,504	4,401	0	4,401
TOTAL	35,562	(161)	35,401	41,058	253	41,311	15,512	0	15,512	23,149	0	23,149

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at August 2019. The detail is shown in Appendix 5.

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services*	900,378	1,087,350	(186,972)	9,968,690	9,968,690	0
Community and Housing	353,898	280,000	73,898	1,196,240	996,240	(200,000)
Children Schools & Families*	3,481,643	3,796,750	(315,107)	9,522,450	9,522,010	(440)
Environment and Regeneration	1,554,336	2,266,659	(712,323)	14,713,440	14,708,440	(5,000)
Total	6,290,254	7,430,759	(1,140,505)	35,400,820	35,195,380	(205,440)

*Outstanding MIB Schemes from 05-09-2019 for CSF Digital Scanning and RSP IT Enhancements

- Corporate Services – All budget managers are projecting a full spend against budget. The following one budget has been re-profiled from 2019-20 to 2020-21, this for Civic Centre – Boilers £201,480.
- Community and Housing – All budget managers are projecting a full year spend apart from West Barnes Library Re-Fit which is showing a £200k underspend. Officers are currently considering how best to progress this scheme and will profile the budget spend once this is decided as part of September/October monitoring. There are no proposed amendments to departmental budgets this month.
- Children, Schools and Families – Officers are projecting a full spend on all budgets, pending a review of remaining priority capital maintenance works that can be undertaken in term time. There have been two virement:
 - £41k has been vired from Cranmer to Melbury College – Smart Centre to cover variances in capital maintenance projected expenditure.
 - £15k has been vired from Haslemere to Richards Lodge to cover variances in capital maintenance projected expenditure.
- Environment and Regeneration – Officers are projecting a full spend on all budgets apart from Alley Gating which is currently projecting a £5k underspend. The following adjustments have been made to budgets this month:
 - Cycle Route Improvements – TfL Cycle Quietways has been reduced by £8k reflecting an adjustment in funding from the TfL.

- Mitcham Transport Improvements - Mitcham Town Centre £43k has been re-profiled from 2020-21 to 2019-20
- Borough Regeneration – Christmas Lights all the £95k budget has been re-profiled from 2019-20 to 2020-21 due to delays in tendering.
- Highways and Footways – Traffic Schemes has been increased by £100k funded by TfL.

There is the possibility that additional funding may be required for the Bishopsford Road Bridge, sources of funding to be determined by the outcome of a review currently being undertaken. Regular updates will be provided as part of the monitoring report. Any liability falling on the Authority could be funded from the Corporate Capital Contingency, which totals £4.8 million and is currently held in the financial year 2022-23.

4.3 The table below summarises the movement in the Capital Programme for 2019/20 since its approval in March 2019:

Depts.	Original Budget 19/20	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 19/20
Corporate Services	28,857	1,686			60	(20,634)	9,969
Community & Housing	971	225					1,196
Children Schools & Families	10,203	566		555	50	(1,851)	9,523
Environment and Regeneration	13,498	404		398	359	54	14,713
Total	53,529	2,881	0	953	469	(22,431)	35,401

4.4 The table below compares capital expenditure (£000s) to July 2019 to that in previous years':

Depts.	Spend To August 2016	Spend To August 2017	Spend to August 2018	Spend to August 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	568	714	1,879	900	332	186	(978)
C&H	119	174	408	354	235	180	(54)
CSF	2,032	1,213	2,066	3,482	1,450	2,268	1,415
E&R	4,343	3,368	5,042	1,554	(2,789)	(1,814)	(3,487)
Total Capital	7,062	5,469	9,395	6,290	(772)	821	(3,105)

Outturn £000s	30,626	32,230	31,424	
Budget £000s				35,401
Projected Spend August 2019 £000s				35,195
Percentage Spend to Budget				17.77%
% Spend to Outturn/Projection	23.06%	16.97%	29.90%	17.87%
Monthly Spend to Achieve Projected Outturn £000s				4,129

4.5 August is five months into the financial year and departments have spent just under 18% of the budget. Spend to date is lower than two of the three previous financial years shown.

Department	Spend To July 2019 £000s	Spend To August 2019 £000s	Increase £000s
CS	400	900	500
C&H	262	354	92
CSF	3,016	3,482	465
E&R	903	1,554	651
Total Capital	4,582	6,290	1,709

4.6 During August 2019 officers spent £1.709 million, which highlights that it is highly unlikely that a projected Authority wide spend of just over £35 million will be achieved. Time will be spent with budget managers to re-profile budgets into subsequent financial years.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	Period 4 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,391	93	6.3%	45	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,413	121	7.9%	151	0
Environment and Regeneration	3,370	2,101	1,269	37.7%	1,234	130
Total	6,960	5,477	1,483	21.3%	1,430	165

Appendix 6 details the progress on savings for 2019/20 by department.

Progress on savings 2018/19

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	147	47
Total	5,637	1,470	542	57

Appendix 7 details the progress on unachieved savings from 2018/19 by department and the impact on the current year and next year.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	10,314	2,391	694	305

Appendix 8 details the progress on unachieved savings from 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 2019/20
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19
Appendix 8 -	Progress on savings 2017/18

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458
- Email: roger.kershaw@merton.gov.uk

APPENDIX 1

Summary Position as at 31st August 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Aug) £000s	Year to Date Actual (Aug) £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn variance 2018/19 £000
Department								
3A. Corporate Services	10,930	11,351	10,592	10,259	10,922	(429)	(497)	(2,511)
3B. Children, Schools and Families	60,819	61,415	19,554	10,499	62,692	1,277	1,743	2,271
<u>3C. Community and Housing</u>								
Adult Social Care	58,657	58,655	23,006	26,330	58,905	250	149	(169)
Libraries & Adult Education	2,878	2,878	1,391	1,820	2,925	47	50	45
Housing General Fund	2,219	2,219	556	1,052	2,118	(101)	108	(73)
3D. Public Health	0	0	(780)	(1,999)	12	12	27	0
3E. Environment & Regeneration	15,832	15,996	2,766	(9,629)	15,676	(320)	(393)	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,335	152,514	57,085	38,332	153,251	737	1,187	(1,996)
<u>3E. Corporate Items</u>								
Impact of Capital on revenue budget	10,481	10,481	2,631	2,134	10,481	0	0	403
Other Central items	(19,500)	(20,679)	(4,162)	(707)	(21,666)	(987)	(987)	(6,064)
Levies	949	949	384	384	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(9,249)	(1,147)	1,810	(10,236)	(987)	(987)	(5,661)
TOTAL GENERAL FUND	143,264	143,265	55,937	40,143	143,015	-250	200	(7,657)
Funding								
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(1,715)	(1,715)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(1,054)	(1,054)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(105)	(105)	(210)	0	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(2,558)	(2,558)	(1,054)	0	0	0
Grants	(52,195)	(52,195)	(6,632)	(6,632)	(52,195)	0	0	-
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax								
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	(91,070)	0	0	-
FUNDING	(143,265)	(143,265)	(6,632)	(6,632)	(143,265)	0	0	-
NET	(0)	0	49,306	33,511	(250)	(250)	200	(7,657)

Appendix 2

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	10,481	2,631	2,134	10,481	0	0	403
Impact of Capital on revenue budget	10,481	10,481	10,481	2,631	2,134	10,481	0	0	403
Investment Income	(664)	(664)	(664)	(277)	(369)	(977)	(313)	(313)	(364)
Pension Fund	3,429	3,429	3,429	0	0	3,329	(100)	(100)	(254)
Corporate Provision for Pay Award	877	877	0		0	0	0	0	(744)
Provision for excess inflation	450	450	450		0	450	0	0	(378)
Pay and Price Inflation	1,327	1,327	450	0	0	450	0	0	(1,122)
Contingency	1,500	1,500	1,250		0	1,250	0	0	(1,398)
Single Status/Equal Pay	100	100	50		0	50	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income arising from P3/P4	200	200	200		0	100	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	(34)	(83)
Apprenticeship Levy	450	450	450	113	132	450	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,026		55	1,833	(193)	(193)	(1,351)
Contingencies and provisions	4,904	4,904	4,510	113	187	4,183	(327)	(327)	(3,366)
Other income	0	0	0	0	(246)	(246)	(246)	(246)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		(250)	(1,503)	0	0	(3)
Income items	(1,407)	(1,407)	(1,503)	0	(496)	(1,749)	(246)	(246)	(956)
Appropriations: CS Reserves	(711)	(711)	(940)	(940)	(229)	(940)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(311)	(311)	0	(311)	0	0	0
Appropriations: CSF Reserves	9	9	(586)	(586)	(976)	(586)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0	0
Appropriations: Corporate Reserves	(2,034)	(2,034)	(857)	(857)	1,177	(857)	0	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	(3,998)	(3,998)	(29)	(3,998)	0	0	(6)
Depreciation and Impairment	(22,903)	(22,903)	(22,903)	0	0	(22,903)	0	0	4
Central Items	(9,019)	(9,019)	(10,198)	(1,531)	1,426	(11,185)	(987)	(987)	(5,661)
Levies	949	949	949	384	384	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	(9,249)	(1,147)	1,810	(10,236)	(987)	(987)	(5,661)

Pay and Price Inflation as at August 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 1.7% and RPI at 2.6% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2019/20 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%.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 1.7% in August 2019, down from 2.1% in July 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.7% in August 2019, down from 2.0% in July 2019. The largest downward contributions to the change were from a range of recreational and cultural goods and services (principally games, toys and hobbies, and cultural services), clothing and sea fares. There were rises in air fares which resulted in the largest factor to offset the reduction. The RPI rate for August 2019 was 2.6%, which is down from the figure of 2.8% in July 2019.

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 18 September 2019, 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 to its September meeting, the MPC note that "Since the MPC's previous meeting, the trade war between the United States and China has intensified, and the outlook for global growth has weakened. Monetary policy has been loosened in many major economies. Shifting expectations about the potential timing and nature of Brexit have continued to generate heightened volatility in UK asset prices, in particular the sterling exchange rate has risen by over 3½%. Brexit-related developments are making UK economic data more volatile, with GDP falling by 0.2% in 2019 Q2 and now expected to rise by 0.2% in Q3. The Committee judges that underlying growth has slowed, but remains slightly positive, and that a degree of excess supply appears to have opened up within companies."

Employment and pay growth may be a key factor as the MPC recognise that "CPI inflation fell to 1.7% in August, from 2.1% in July, and is expected to remain slightly below the 2% target in the near term. The labour market appears to remain tight, with the unemployment rate having been just under 4% since the beginning of this year. Annual pay growth has strengthened further to the highest rate in over a decade. Unit wage cost growth has also risen, to a level above that consistent with meeting the inflation target in the medium term. The labour market does not appear to be tightening further, however, with official and survey measures of employment growth softening."

However, short-term policy may be heavily influenced by the outcome of Brexit negotiations and the MPC note that "In the event of a no-deal Brexit, the exchange rate would probably fall, CPI inflation rise and GDP growth slow. The Committee's interest rate decisions would need to balance the upward pressure on inflation, from the likely fall in sterling and any reduction in supply

capacity, with the downward pressure from any reduction in demand. In this eventuality, the monetary policy response would not be automatic and could be in either direction.”

The minutes of the next meeting of the MPC will be published on 7 November 2019.

The latest Inflation Report was published on the 1 August 2019.

In the August 2019 Inflation Report, the MPC noted that “CPI inflation was at the 2.0% target in June and is projected to fall below the target over the next six months as energy prices decline. From next year inflation is expected to pick up as the impact of lower energy prices fades, sterling’s recent depreciation pushes up import prices, and domestic inflationary pressures rise.” In terms of the prospects for inflation, the MPC are heavily caveated to take account of Brexit. The MPC sum up their view as follows:-

“Underlying UK GDP growth has softened to below-potential rates, reflecting weaker global growth as well as the impact of Brexit-related uncertainties. Growth is expected to remain subdued in coming quarters, as those uncertainties have intensified over the past few months and are assumed to remain elevated in the near term. CPI inflation is projected to fall temporarily below the MPC’s 2% target over the second half of 2019 as energy prices decline. Conditioned on a smooth withdrawal of the UK from the EU, Brexit-related uncertainties are assumed to subside over the forecast period. Together with a boost from looser monetary conditions, the decline in uncertainties leads to a recovery in demand growth to robust rates. As a result, excess demand and domestic inflationary pressures build. CPI inflation picks up to materially above the MPC’s 2% target by the end of the forecast period. The MPC’s projections are affected by an inconsistency between the asset prices on which they are conditioned — which reflect a higher perceived probability of a no-deal Brexit among financial market participants — and the smooth Brexit assumption underlying the central forecasts. In the event of a Brexit deal, sterling would be likely to appreciate and market interest rates and UK-focused equity prices to rise.”

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

Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (September 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.5	2.5	1.8
RPI	2.2	3.4	2.6
LFS Unemployment Rate	3.8	4.3	4.0
2020 (Quarter 4)			
CPI	1.7	3.3	2.1
RPI	2.2	4.2	2.9
LFS Unemployment Rate	3.6	5.9	4.2

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 2019 to 2023 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	2.0	2.1	2.1
RPI	2.7	2.8	3.0	3.2	3.2
LFS Unemployment Rate	3.9	4.1	4.3	4.3	4.3

Treasury Management: Outlook

At its meeting ending on 18 September 2019, 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 to its September meeting the MPC state that “Shifting expectations about the potential timing and nature of Brexit had continued to generate heightened volatility in UK asset prices. The sterling exchange rate and market forward pricing of Bank Rate had both risen as the perceived probability of a no-deal Brexit had fallen. The implied probability of the United Kingdom leaving the European Union with a deal this year had also increased more recently. Sterling implied volatilities had remained at elevated levels. Brexit-related developments, such as stock building and shutdowns in car production around previous Brexit deadlines, were making UK economic data more volatile. GDP had fallen by 0.2% in 2019 Q2 and was now expected to rise by 0.2% in Q3, compared with 0.3% at the time of the August Report...Brexit uncertainties, and more recently the slowing global economy, had weighed on business investment, which had now declined in five of the past six quarters. There had been a rise in the proportion of respondents to the Decision Maker Panel (DMP) reporting that Brexit was one of their top three sources of uncertainty. The weaker global backdrop was weighing on exports. Consumption growth had remained resilient, however, supported by continued growth in real household income.”

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. However, the MPC note that “In the event of greater clarity that the economy was on a path to a smooth Brexit, and assuming some recovery in global growth, a significant margin of excess demand was likely to build in the medium term. Were that to occur, the Committee judged that increases in interest rates, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target. In all circumstances, the Committee would set monetary policy appropriately to achieve the 2% inflation target.”

The minutes of the next meeting of the MPC will be published on 7 November 2019.

The Bank of England published its August 2019 Inflation Report on 1 August 2019.

The August Inflation report states that “As in previous Reports, and consistent with the general approach to condition forecasts on Government policy, the MPC’s projections assume a smooth transition to the average of a range of possible outcomes for the United Kingdom’s eventual trading relationship with the European Union. Consistent with that conditioning assumption, Brexit uncertainties are assumed to wane over the second half of the forecast period. All else equal, this boosts GDP growth and inflation. The projections are also conditioned on a range of UK asset prices. Over the past few months, monetary conditions have loosened. The market yield curve currently implies that Bank Rate is expected to fall in the near term, and ends the forecast period at 0.6% (to Quarter 3, 2022), around 40 basis points lower than in the May 2019 Report. The sterling exchange rate is 4% lower than in May. The lower path for market interest rates partly reflects the influence of global factors; interest rate expectations have fallen in the US and euro area as well as the UK. UK asset price developments have also been driven by the growing weight that market participants have placed on the possibility of a no-deal Brexit. In contrast to the MPC’s forecast, which assumes a smooth Brexit, asset prices encompass the full range of potential Brexit outcomes, and the rising perceived likelihood of no deal has contributed to the lower market path for interest rates and the depreciation of the exchange rate, as well as weighing on some risky

asset prices. Taken together, financial and monetary conditions have become more supportive of GDP growth and CPI inflation.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports are summarised in the following table:-

	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	End Q.1 2022	End Q.2 2022	End Q.3 2022
Aug. '19	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
May '19	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	
Feb.'19	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
Nov.'18	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4			
Aug.'18	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1				
May '18	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2					
Feb.'18	0.9	1.0	1.0	1.1	1.1	1.1	1.2						
Nov.'17	0.8	0.9	0.9	0.9	1.0	1.0							
Aug.'17	0.6	0.7	0.7	0.7	0.8								
May '17	0.4	0.5	0.5	0.5									
Feb'17	0.6	0.6	0.7										
Nov.'16	0.4	0.4											
Aug.'16	0.2												

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 three key judgements :-

1. while global activity has weakened and sentiment has deteriorated, looser financial conditions support the return of world growth to its potential rate in the medium term
2. on the conditioning assumption that there is a smooth Brexit, UK demand growth recovers after softening in the near term
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand and domestic inflationary pressures build

Capital Budget Monitoring - August 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Capital	6,290,254	7,430,759	(1,140,505)	35,400,820	35,195,380	(205,440)
Corporate Services	900,378	1,087,350	(186,972)	9,968,690	9,968,690	0
<u>Customer, Policy and Improvement</u>	0	0	0	622,660	622,660	0
Customer Contact Programme	0	0	0	622,660	622,660	0
<u>Facilities Management Total</u>	342,121	393,350	(51,229)	1,780,420	1,780,420	0
Works to other buildings	165,101	161,890	3,211	941,320	749,319	(192,001)
Civic Centre	177,020	186,460	(9,440)	572,660	744,770	172,110
Invest to Save schemes	0	45,000	(45,000)	266,440	266,440	0
Water Safety Works	0	0	0	0	16,921	16,921
Asbestos Safety Works	0	0	0	0	2,970	2,970
<u>Infrastructure & Transactions</u>	540,971	694,000	(153,029)	3,616,180	3,616,180	0
Business Systems	1,125	60,000	(58,875)	636,860	636,860	0
Social Care IT System	65,960	0	65,960	425,240	425,240	0
Planned Replacement Programme	473,886	634,000	(160,114)	2,554,080	2,554,080	0
<u>Resources</u>	17,285	0	17,285	24,970	24,970	0
Financial System	16,257	0	16,257	24,970	24,970	0
<u>Corporate Items</u>	0	0	0	460,000	460,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	0	0	3,464,460	3,464,460	0
Community and Housing	353,898	280,000	73,898	1,196,240	996,240	(200,000)
<u>Adult Social Care</u>	0	0	0	43,750	43,750	0
Telehealth	0	0	0	43,750	43,750	0
<u>Housing</u>	316,096	230,000	86,096	827,160	827,160	0
Disabled Facilities Grant	316,096	230,000	86,096	827,160	827,160	0
<u>Libraries</u>	37,802	50,000	(12,198)	325,330	125,330	(200,000)
Library Enhancement Works	593	40,000	(39,407)	248,700	48,700	(200,000)
Libraries IT	37,209	10,000	27,209	76,630	76,630	0

Capital Budget Monitoring - August 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	3,481,643	3,796,750	(315,107)	9,522,450	9,522,010	(440)
Primary Schools	283,937	353,000	(69,063)	1,729,290	1,729,290	0
Hollymount	0	0	0	16,240	16,240	0
West Wimbledon	1,791	0	1,791	70,370	70,370	0
Hatfield	35,356	40,000	(4,644)	87,150	87,150	0
Hillcross	0	0	0	232,740	232,740	0
Joseph Hood	0	0	0	41,800	41,800	0
Dundonald	(3,963)	0	(3,963)	31,150	31,150	0
Garfield	396	17,000	(16,604)	92,780	92,780	0
Merton Abbey	300	0	300	23,790	23,790	0
Pelham	26,417	48,000	(21,583)	85,890	85,890	0
Poplar	(4,560)	0	(4,560)	27,070	27,070	0
Wimbledon Chase	54,251	58,000	(3,749)	133,780	133,780	0
Wimbledon Park	0	0	0	1,800	1,800	0
Abbotsbury	26,372	27,000	(628)	71,540	71,540	0
Morden	(2,219)	0	(2,219)	3,970	3,970	0
Bond	52,246	56,000	(3,754)	120,600	120,600	0
Cranmer	0	0	0	56,430	56,430	0
Gorringe Park	0	0	0	10,000	10,000	0
Haslemere	0	0	0	70,840	70,840	0
Liberty	34,003	35,000	(997)	77,300	77,300	0
Links	42,548	47,000	(4,452)	74,480	74,480	0
Singlegate	0	0	0	11,000	11,000	0
St Marks	278	0	278	0	0	0
Lonesome	6,035	10,000	(3,965)	21,300	21,300	0
Sherwood	1,056	0	1,056	54,130	54,130	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	15,396	15,000	396	101,600	101,600	0
Unallocated Primary School Proj	0	0	0	211,540	211,540	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - August 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
<u>Secondary School</u>	1,030,439	1,135,750	(105,311)	1,831,180	1,831,180	0
Harris Academy Morden	0	0	0	38,560	38,560	0
Harris Academy Merton	1,550	0	1,550	4,570	4,570	0
Raynes Park	0	0	0	67,680	67,680	0
Ricards Lodge	0	0	0	36,690	36,690	0
Rutlish	3,930	85,750	(81,820)	232,970	232,970	0
Harris Academy Wimbledon	1,024,959	1,050,000	(25,041)	1,450,710	1,450,710	0
<u>SEN</u>	2,023,645	2,162,000	(138,355)	5,500,120	5,500,120	0
Perseid	(32,608)	10,000	(42,608)	91,210	91,210	0
Cricket Green	1,948,549	2,015,000	(66,451)	4,138,910	4,138,910	0
Melrose	7,000	7,000	0	107,000	107,000	0
Secondary School Autism Unit	0	0	0	72,000	72,000	0
Unallocated SEN	83,675	110,000	(26,325)	920,000	920,000	0
Melbury College - Smart Centre	17,029	20,000	(2,971)	171,000	171,000	0
<u>CSF Schemes</u>	143,622	146,000	(2,378)	461,860	461,420	(440)
Helping Children at Risk	(1,353)	0	(1,353)	440	0	(440)
School Equipment Loans	0	0	0	108,900	108,900	0
Devolved Formula Capital	144,975	146,000	(1,025)	352,520	352,520	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - August 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	1,554,336	2,266,659	(712,323)	14,713,440	14,708,440	(5,000)
Public Protection and Developm	37,629	37,500	129	66,800	66,800	0
CCTV Investment	0	7,500	(7,500)	10,340	10,340	0
Public Protection and Developm	37,629	30,000	7,629	56,460	56,460	0
Street Scene & Waste	40,931	46,660	(5,729)	1,146,340	1,141,340	(5,000)
Fleet Vehicles	37,685	37,660	25	337,660	337,660	0
Alley Gating Scheme	3,246	9,000	(5,754)	30,000	25,000	(5,000)
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	1,475,776	2,182,499	(706,723)	13,500,300	13,500,300	0
Street Trees	0	0	0	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	784,447	1,163,490	(379,043)	4,980,030	4,980,030	0
Cycle Route Improvements	81,865	325,990	(244,125)	994,600	994,600	0
Mitcham Transport Improvements	126,291	141,370	(15,079)	986,590	986,590	0
Mitcham Area Regeneration	13,391	208,562	(195,171)	1,369,290	1,369,290	0
Wimbledon Area Regeneration	120,258	90,000	30,258	417,500	417,500	0
Morden Area Regeneration	0	0	0	500,000	500,000	0
Borough Regeneration	88,006	0	88,006	593,150	593,150	0
Morden Leisure Centre	(61,460)	0	(61,460)	596,820	596,820	0
Sports Facilities	230,909	175,000	55,909	1,888,160	1,888,160	0
Parks	92,068	78,087	13,981	1,088,050	1,088,050	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Virement, Re-profiling and New Funding - August 2019

Appendix 5b

		2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Civic Centre Boilers	(1)	201,480			(201,480)	0	0	201,480	201,480	Scheme slipped to 2020-21
Children, Schools and Families	-									
Cranmer Capital Maintenance		97,430	(41,000)			56,430			0	Virement to reflect final projected outturn
Haslemere Capital Maintenance		85,840	(15,000)			70,840			0	Virement to reflect final projected outturn
Richards Lodge Capital Maintenance		21,690	15,000			36,690			0	Virement to reflect final projected outturn
Melbury College - Smart Centre Capital Maintenance		80,000	41,000			121,000			0	Virement to reflect final projected outturn
Environment and Regeneration										
Cycle Route Imps - TfL Quietways		636,890		(7,780)		629,110			0	TfL Funding Adjustment
Mitcham Transport Imps - Mitcham Town Centre		26,600			43,000	69,600	425,000	(43,000)	382,000	Re-profiled in accordance with project spend
Borough Regeneration - Christmas Lights		95,000			(95,000)	0	0	95,000	95,000	Re-profiled in accordance with project spend
Highways and Footways - Traffic Schemes	(1)	150,000		100,000		250,000	150,000		150,000	New TfL Funding of £100k
Total		1,394,930	0	92,220	(253,480)	1,233,670	575,000	253,480	828,480	

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Capital Programme - July Monitoring	25,360	10,202	35,562
<u>Corporate Services</u>			
Civic Centre Boilers	(201)	0	(201)
<u>Environment and Regeneration</u>			
Cycle Route Imps - TfL Quietways	0	(8)	(8)
Mitcham Transport Imps - Mitcham Town Centre	43	0	43
Borough Regeneration - Christmas Lights	(95)	0	(95)
Highways and Footways - Traffic Schemes	0	100	100
Proposed Capital Programme - August Monitoring	25,106	10,295	35,401

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Capital Programme July Monitoring	36,887	4,171	41,058
<u>Corporate Services</u>			
Civic Centre Boilers	201	0	201
<u>Environment and Regeneration</u>			
Mitcham Transport Imps - Mitcham Town Centre	(43)	0	(43)
Borough Regeneration - Christmas Lights	95	0	95
Proposed July Monitoring	37,140	4,171	41,311

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
Customers, Policy & Improvement											
CS2016 -05	Increase income through translations	15	15	0	G	15	0	G	Sean Cunniffe		
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 has been brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
Infrastructure & Technology											
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	18	18	A	31	5	A	Edwin O'Donnell	Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20.	Y
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	A	20	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.	Y
Corporate Governance											
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	40	10	A	50	0	G	Fiona Thomsen	Dependent on external demand, full saving may not be achieved in year.	Y
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	30	0	G	30	0	G	Fiona Thomsen		
Resources											
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	R	0	30	R	Roger Kershaw	Saving will require replacement. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		
Corporate											
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
	Total Corporate Services Department Savings for 2019/20	1,484	1,391	93		1,449	35				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A	100	0	G	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	32	23	R	55	0	A	James McGinlay	New contract expected to commence in the final quarter of 2019/20, and we should have a better idea of outcomes when the tenders are reviewed (Sept).	Y
PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A	100	0	A	Cathryn James		N
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R	0	100	R	Cathryn James	Alternative Saving Required.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R	1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	57	0	G	57	0	G	Cathryn James		Y
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R	14	0	G	Cathryn James		Y
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A	200	0	A	John Bosley		Y
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R	0	30	R	John Bosley	Alternative saving required	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programmed due to commence in March 2014.	250	250	0	G	250	0	G	John Bosley		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G	54	0	G	John Bosley		Y
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley		Y
E6	Increased tenancy income in Greenspaces	40	0	40	R	40	0	R	John Bosley	Alternative saving required	Y
ENR10	Two year extension of the GLL contract	300	300	0	G	300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G	60	0	G	John Bosley		N
Total Environment and Regeneration Savings 2018/19		3,370	2,101	1,269		3,240	130				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											12/09/2019	APPENDIX 6
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Expected Savings £000	Shortfall £000	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N	
Adult Social Care												
CH35/36/52	Housing Related Support: -The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	306	3	G	309	0	G	Steve Langley	Work to manage the budget has brought delivery close to the target and work is continuing to make up the small shortfall in year	Y	
CH39	Extra Care Contracts: -This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G	57	0	G	John Morgan	Achieved	Y	
CH55	Promoting Independence: -The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G	553	0	G	John Morgan	Achieved	Y	
CH70	Home Care: -The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G	301	0	G	John Morgan	Achieved	Y	
CH88	Home Care Monitoring System: -The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G	40	0	G	John Morgan	Achieved through Forum	Y	
CH89	Older People Day Care Activities: -As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	R	236	0	G	Richard Ellis	Engagement with the new owner has established an agreed timeline that means that the majority of savings will not be achieved until the new year. The work is underway to ensure that delivery	Y	
Subtotal Adult Social Care		1,496	1,375	121		1,496	0					
Library & Heritage Service												
CH67	Merton Arts Space income	38	38	0	G	38	0	G	Anthony Hopkins	On track	Y	
Total C & H Savings for 2019/20		1,534	1,413	121		1,534	0					

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

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Education										
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	49	49	0	G	49	0	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	30	30	0	G	30	0	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	100	100	0	G	100	0	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	72	72	0	G	72	0	G	Jane McSherry		
	Children Social Care & Youth Inclusion										
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	30	30	0	G	30	0	G	El Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	130	130	0	G	130	0	G	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	71	71	0	G	71	0	G	El Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0		572	0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	465	465	R	365	A	0	G	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	10	R	Clive Cooke	Saving to be reviewed during 19/20 to identify if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	20	R	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	505	505		395		10			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

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	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	G	0	G	James McGinlay	Based on the P5 forecast, the income targets are now being achieved.	N
PUBLIC PROTECTION													
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	47	R	Cathryn James	Saving has been reviewed and a part-alternative saving is required.	Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James		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	0	G	Cathryn James	Saving is being delayed as it will now form part of the wider discussion on parking charges.	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	390	50	R	440	0	G	0	G	Cathryn James		N
PUBLIC SPACE													
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	100	100	R	0	A	John Bosley	This was not delivered in 2018. Review and restructure still outstanding. Scheduled for quarter 3 2019	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
Total Environment and Regeneration Savings 2018/19		926	403	523		699	147		47				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Adult Social Care										
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R	100	0	G	0	G	Richard Ellis	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R	38	0	G	0	G	Steve Langley	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R	50	0	R	0	G	Phil Howell	Deferred to 2020/21.
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R	100	0	R	0	G	Richard Ellis	£100k deferred to 2020/21. Part of the Transport review
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	R	231	0	G	0	G	Richard Ellis	Team resources have increased and this has enabled to team to catch up on reviews and nil payers, which has netted more then £200k in additional income
	Total C & H Savings for 2018/19	519	442		519	0		0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total Children, Schools and Families Department Savings for 2018/19	489	0			489	0		0				

There were no red savings for CSF

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 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
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)
	Infrastructure & transactions									
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)
	Resources									
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
	Total Corporate Services Department Savings for 2017/18		196		0		0			

DEPARTMENT: ENVIRONMENT & 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 Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Comments	R / A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	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							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							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							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		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							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							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 Column stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G		N
ENV20	Increased income from building control services.	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
PUBLIC PROTECTION													
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	G	100	0	G		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	0	190	R	Alternative saving required	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							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		Y
PUBLIC SPACE													
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,257	243	R	1500	0	A	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		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	0	70	R	Saving has been delayed but in the process of being reviewed but not expected to be achieved until 2020/21.	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	G		N
ENV18	Increased income from events in parks	100	0	100	R							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		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	82	78	R	160	0	G		N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	G		Y
Total Environment and Regeneration Savings		3,134	946	2,188		2,059	694		2,448	305			

Updated 18/09/19

APPENDIX 8

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall £000	17/18 RAG	2018/19 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
	<u>Adult Social Care</u>										
	Total C & H Savings for 2017/18									No Reds	

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 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
CSF2012-07	<u>Children Social Care</u> 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
	Total Children, Schools and Families Department Savings for 2017/18		7		0		0				

This page is intentionally left blank