Council

Date: 23 March 2020

Subject: Financial Report 2019/20 – January 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data for month 10, January 2020, relating to revenue budgetary control, showing a forecast net favourable variance at year-end of £2,613k, -0.5% of gross budget.

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

C. That Cabinet approves the release of £105k from the For Use in Future Years Budget Reserve. As part of ceasing discretionary NNDR allowances to faith schools in 2019/20, Merton agreed to reduce the cost pressure on the DSG for one year.

D. That Cabinet approve the release of £166k that was set aside in the SEN Reform Grant Allocation reserve to fund the school improvements adviser, EHCP co-coordinator and quality assurance expenditure.

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 10, 31st January 2020 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 10 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 are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored.

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 areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances; however this action is not sustainable longer term.

3. 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 10 to 31st January 2020, the year-end forecast is a net favourable variance of £2,613k 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 January 2020

	Current Budget 2019/20 £000s	Full Year Forecast (Jan) £000s	Forecast Variance at year end (Jan) £000s	Forecast Variance at year end (Dec) £000s	Outturn variance 2018/19 £000s
Department					
3A.Corporate Services	11,597	11,134	(462)	(409)	(2,511)
3B.Children, Schools and Families	61,319	62,009	690	1,044	2,271
3C.Community and Housing	63,769	62,852	(917)	(776)	(197)
3D.Public Health	0	0	0	0	0
3E.Environment & Regeneration	15,419	15,485	66	12	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**152,103**	**151,481**	**(623)**	**(129)**	**(1,996)**
3E.Corporate Items					
Impact of Capital on revenue budget	11,364	11,215	(149)	(149)	403
Other Central budgets	(21,150)	(22,886)	(1,736)	(1,432)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,837)**	**(10,722)**	**(1,885)**	**(1,581)**	**(5,661)**
TOTAL GENERAL FUND	**143,266**	**140,759**	**(2,508)**	**(1,710)**	**(7,657)**
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,274)	(105)	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	**(143,265)**	**(143,370)**	**(105)**	**0**	**0**
NET	**2**	**(2,611)**	**(2,613)**	**(1,710)**	**(7,657)**

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

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

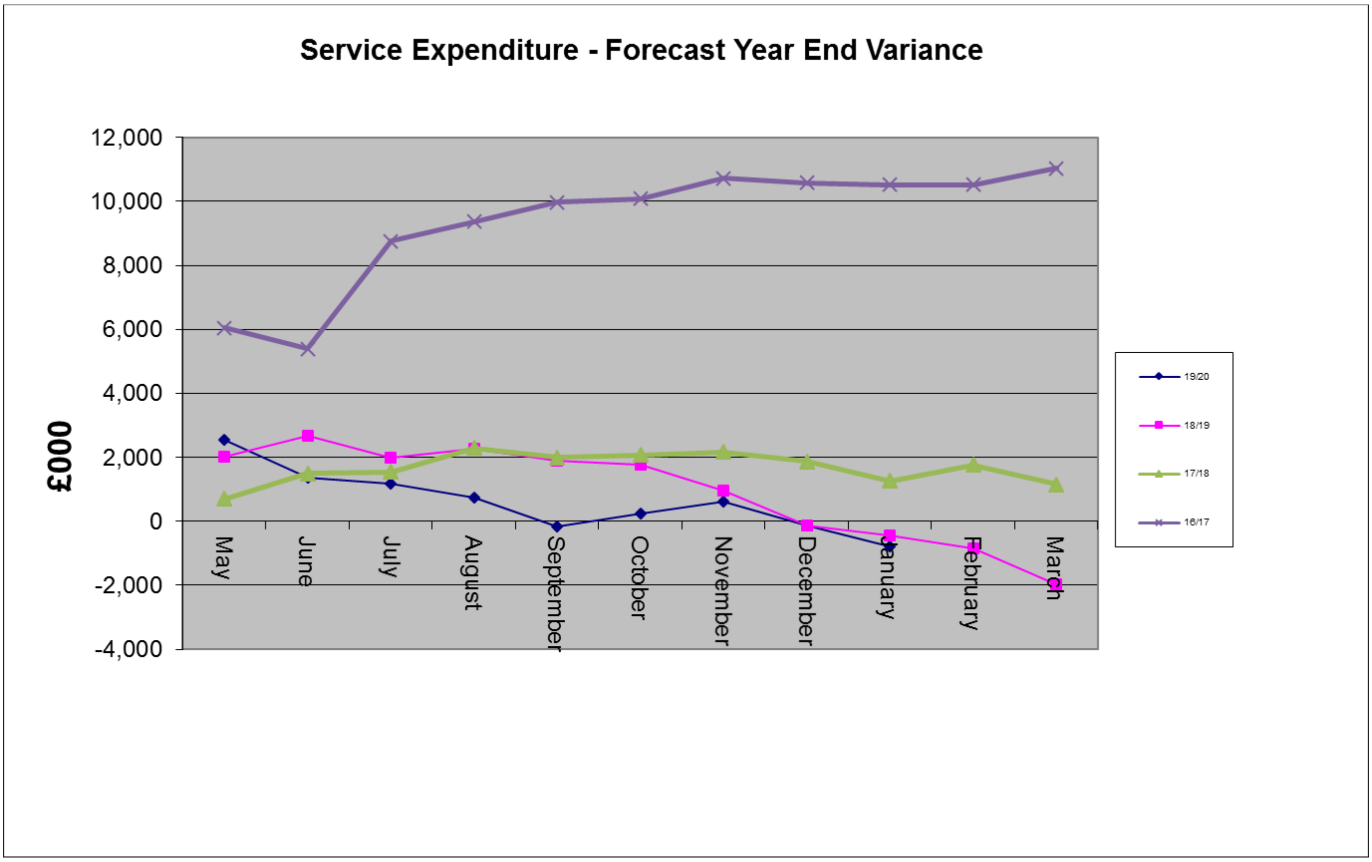
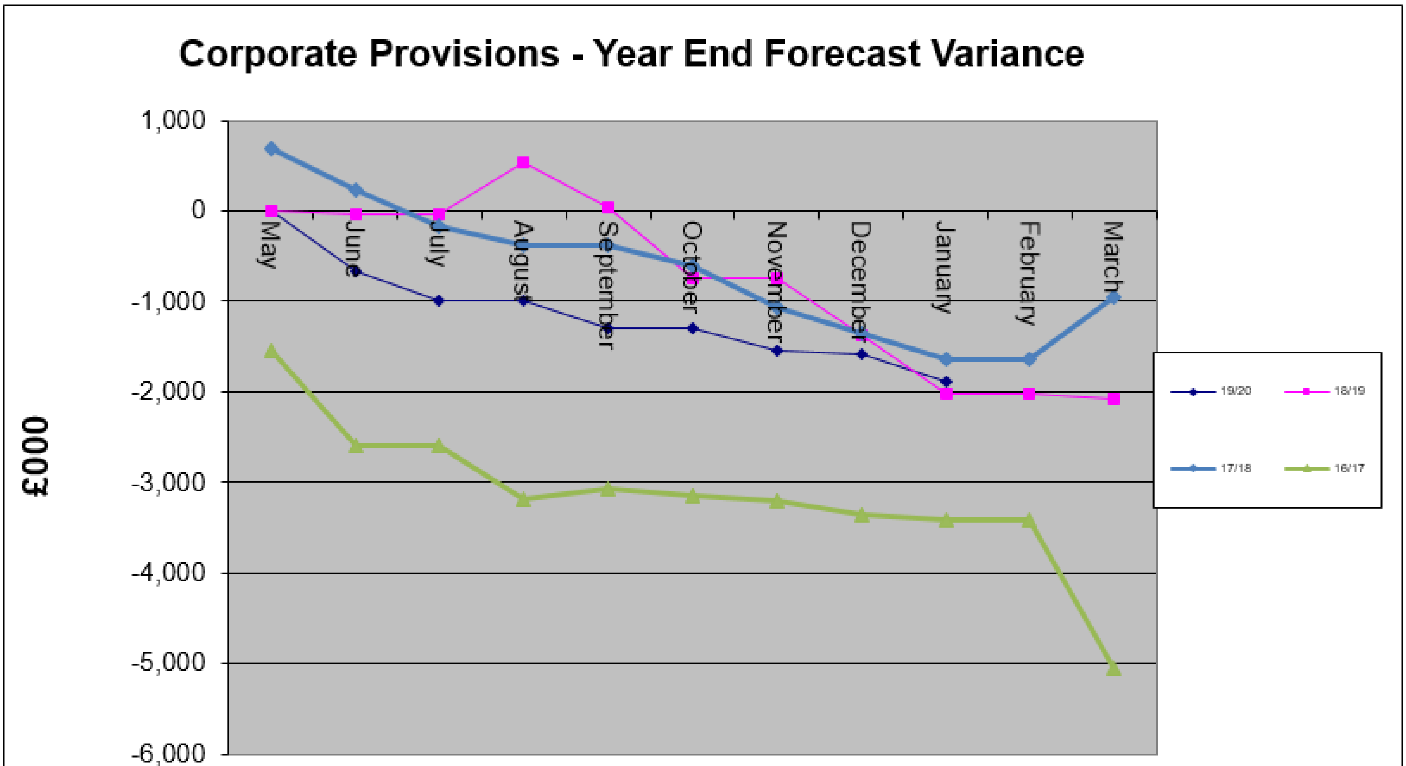


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget £000	2019/20 Full year Forecast (January) £000	2019/20 Full Year Forecast Variance (January) £000	2019/20 Full Year Forecast Variance (December) £000	2018/19 Outturn Variance £000
Customers, Policy & Improvement	3,769	3,646	(123)	(176)	(246)
Infrastructure & Technology	11,937	11,271	(666)	203	(64)
Corporate Governance	2,438	2,277	(161)	(124)	(294)
Resources	5,887	6,073	186	30	(707)
Human Resources	1,919	2,137	218	249	16
Corporate Other	735	819	84	(591)	(1,216)
Total (Controllable)	**26,685**	**26,223**	**(462)**	**(409)**	**(2,511)**

Overview

At the end of period 10 (January) the Corporate Services (CS) department is forecasting a favourable variance of £462k at year end. This has increased since the £409k favourable variance forecast in period 9 (December).

Customers, Policy and Improvement - £123k favourable variance

The division's AD budget is forecasting a £64k favourable variance due to the vacant AD post. There is a forecast favourable variance of £59k on Cash Collections, capturing future year savings early in 2019/20. Marketing and Communications have a £55k favourable variance forecast from less than budgeted spend on the council magazine and graphic design. A further £52k favourable variance is forecast on Community Engagement, this is a result of maternity leave earlier in the year and other running costs. The policy team are forecasting a £14k favourable variance mainly due to grants to voluntary organisations being less than budgeted, part offset by agency spend. A £11k favourable variance is forecast on the Registrars Service relating to the overachievement of income, part offset by additional spend on running costs.

The Customer Contact budget is forecasting a £40k adverse variance due to additional IT hosting costs. Press and PR are forecasting a £65k adverse variance due to the underachievement of income and the use of agency staff. Merton Link is also forecasting a £19k adverse variance due to agency staff covering sickness and maternity leave as well as covering additional work pressures in year.

The forecast favourable variance in CPI has reduced by £53k since period 9. This is mainly due to increased hosting costs for Customer Contact, partly offset by forecasting for the AD post to remain vacant for the remainder of the financial year.

Infrastructure & Technology - £666k favourable variance

Of the division's favourable variance, £587k relates to the budget for Microsoft Licences (Enterprise Agreement). The licence costs covering 19/20 were paid in advance during 18/19 whilst the new contract is due to come in from April 2020 with the first year's costs to be accounted for in 2020/21.

There are various other favourable variances within the I&T division, including the Post and Print Room (£28k) with a vacancy held in the team for part of the year, the Corporate Print Strategy (£52k) due to less than budgeted multi-functional device (MFD) costs and IT Service Delivery (£67k) due to recharges to departments for various service requests. Additionally, Transactional Services are forecasting a £122k favourable variance resulting from the recovery of expenses in previous years and there is a £94k favourable variance forecast on Garth Road Archive Storage due to rental income. An £83k favourable variance is also forecast on the Energy budget due to delays on works to be carried out, contracts achieving better value than had been anticipated and some works not going ahead due to upcoming savings in 20/21.

I&T are forecasting a number of adverse variances offsetting the items above. These include variances on Telecoms of £101k due to system upgrades and delays experienced in the PABX telecoms implementation and £49k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. Facilities Management are forecasting a £31k adverse variance 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 £73k adverse variance on the external fees account due to the use of additional agency staff during the year. The Business Systems Team is also forecasting an adverse variance of £117k due to recruitment costs, hardware purchases, IT licences and the underachievement of income.

The forecast in I&T has reduced by £869k since period 9. This is mainly due to the updated forecast for Microsoft licences following a recent procurement exercise as well as additional historic overpayments being recovered by Transactional Services and the Energy budget experiencing better value contracts and reducing the volume of works being carried out.

Corporate Governance – £161k favourable variance

The favourable variance within Corporate Governance is formed of £17k from various running cost budgets held by the AD, £18k from Democracy Services largely due to vacancies and £15k running costs. A further £54k favourable variance is forecast in the Information Governance team due to vacancies and consultants budget not required in year as well as the anticipated receipt of a government grant. Electoral Services are forecasting an £19k favourable variance as there were not household notification letters in January as the register is at its most accurate as a result of the general election. Additionally, Legal Services outside of SLLp are forecasting a £33k favourable variance due to expenditure budgets not required in year.

The South London Legal Partnership (SLLp) is forecasting a £25k surplus, of which £5k is attributable to Merton. The SLLp position has improved from a deficit forecast of £47k in period 9, largely due to improved income from clients.

The forecast favourable variance on Corporate Governance has increased by £37k from the position at period 9. This is mainly due to a grant expected from Central Government relating to the transparency agency in the Information Governance team and the improved SLLp position.

Resources - £186k adverse variance

There are various favourable variances forecast within Senior Management, made up of the Chief Executive's budget (£37k), Director of Corporate Services (£92k) and AD Resources (£31k) due to subscription and consultancy budgets not expected to be required in year.

Corporate Accountancy has a £84k adverse variance forecast largely due to agency spend. An £80k adverse variance is forecast on the Financial Information System (FIS) team mainly due to additional system support costs.

The Insurance and Treasury teams are forecasting an adverse variance of £102k due to property valuation fees ahead of a re-tendering of insurance contracts, partly offset by a recharge of staff time to the pension fund.

Benefits Administration is forecasting a £279k favourable variance mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast adverse variance of £301k on Local Taxation Services due to various running costs and agency spend as well as income relating to the cost of collection for NDR and council tax being less than budgeted given the position at the end of January and planned activity for the remainder of the financial year. The Merton Bailiff team are also forecasting an adverse variance of £51k due to falling levels of enforcement income following the increased timeframe now required for issuing summons. The Bailiff team forecast also includes £25k to be refunded to clients following an ombudsman review.

The forecast in the Resources division has had an adverse movement of £156k since period 9. This is due to reduced income from the Bailiffs Service in recent months and Local Taxation Services forecasting reduced income for cost recovery in year and increased IT costs.

Human Resources – £218k adverse variance

Learning and Development is forecasting a £143k adverse variance due to recruitment costs as well as interim cover for the Head of Organisational Development and HR Strategy post. £35k of the L&D variance relates to external training cost. The forecast in Learning and Development also includes an additional temporary resource to assist with implementing the new recruitment system.

The HR AD budget is also forecasting an adverse variance of £38k 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 adverse variance. 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 adverse variance in HR.

Payroll has a favourable variance forecast of £31k 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 adverse variance has reduced by £31k since period 9. This is mainly due to a review of training to be delivered up to the end of March 2020.

Corporate Items - £84k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £369k. This is due to a shortfall on income relating to overpayment recovery for 2019/20 as well as a clawback of housing benefit (HB) subsidy from DWP following the audit of the 2017/18 HB claim. The audit identified errors over the accepted level which would have allowed the Council to be eligible for subsidy income on HB overpayments. These items are partly offset by the £500k budget to top-up the HB bad debt provision which isn't forecast to be required in year.

A surplus of £80k is forecast following the introduction of a scheme to recover old housing benefit debts which had previously been written off, due to new access to information from HMRC. The corporately funded items budget has a favourable variance forecast of £234k due to budget not expected to be required in year.

The Coroners Court is forecasting an adverse variance of £116k which includes £70k relating to the Westminster Bridge inquest. This part offsets with £40k additional income from the Magistrates Court. A further £17k favourable variance is forecast on the redundancies and added years pensions budget.

The forecast variance on corporate items has had an adverse movement of £675k since period 9. This is mainly due to the HB subsidy clawback relating to 2017/18, the increased coroner court costs paid to Westminster and additional redundancy costs ahead of upcoming staffing savings for 2020/21.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget £000	Full year Forecast (Jan) £000	Forecast Variance at year end (Jan) £000	Forecast Variance at year end (Dec) £000	2018/19 Outturn Variance £000
Public Protection	(12,944)	(12,627)	317	26	(753)
Public Space	13,999	13,964	(35)	55	(1,449)
Senior Management	975	1,082	107	116	(17)
Sustainable Communities	8,223	7,900	(323)	(185)	694
Total (Controllable)	**10,253**	**10,319**	**66**	**12**	**(1,525)**

Description	2019/20 Current Budget £000	Forecast Variance at year end (Jan) £000	Forecast Variance at year end (Dec) £000	2018/19 Variance at year end £000
Regulatory Services	651	82	87	112
Parking Services	(14,466)	174	(147)	(964)
Safer Merton & CCTV	871	61	86	99
Total for Public Protection	**(12,944)**	**317**	**26**	**(753)**
Waste Services	13,016	326	459	(1,611)
Leisure & Culture	416	(337)	(337)	(222)
Greenspaces	1,262	(27)	(64)	145
Transport Services	(695)	3	(3)	239
Total for Public Space	**13,999**	**(35)**	**55**	**(1,449)**
Senior Management & Support	975	107	116	(17)
Total for Senior Management & Support	**975**	**107**	**116**	**(17)**
Property Management	(2,713)	(234)	(131)	368
Building & Development Control	4	(63)	(81)	275
Future Merton	10,932	(26)	27	51
Total for Sustainable Communities	**8,223**	**(323)**	**(185)**	**694**
Total Excluding Overheads	**10,253**	**66**	**12**	**(1,525)**

Overview

The department is currently forecasting an adverse variance of £66k at year end. The main areas of variance are Parking Services, Waste Services, Leisure & Culture, Senior Management & Support, and Property Management.

Public Protection

Parking Services adverse variance of £174k

The adverse variance is mainly as a result of a £1,900k saving relating to the review of parking charges, based on an October start date. Cabinet approved a revised set of charges in September, which commenced on the 14th January 2020. It is too early to accurately forecast the financial impact of the revised charges so, at this stage, the current forecast reflects a prudent approach to the delayed implementation of £792k.

The section is also forecasting an adverse variance on Supplies & Services (£256k), mainly in relation to the operation and maintenance of the ANPR cameras, additional server space, and the upgrade of the P&D machines to allow for the revised parking charges. The budgets will be realigned for 2020/21 for any ongoing costs in relation to the ANPR cameras.

The adverse variance is being partially offset by additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£610k), and P&D income (£572k).

<u>Public Space</u>

Waste Services adverse variance of £326k

Following the conclusion of discussions between the South London Waste Partnership (SLWP) and Veolia pursuant to the Annual Review (AR) process, which takes account of factors such as property growth and other contractual matters, the SLWP have proposed to the partnership authorities seeking permission for additional payments of which Merton's contribution is £740k. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27th January 2020.

The SLWP have also recommended an additional lump sum payment relating to the Year 2 (2018/19) AR process, which was conducted simultaneously, of which Merton's contribution is £304k.

The revenue impact of the above on the 2019/20 forecast is an increase in net revenue spend of £366k, as the figure is being partially offset by £119k relating to capital expenditure which forms part of the capital programme, £410k of deductions relating to contract performance, and an agreed 2018/19 reserve of £150k relating to this contract.

Merton, in common with the rest of the country, has experienced a significant increase in fly-tipping and abandoned waste. The service has been handling approximately 12,000 incidents across the borough each year. In order to take a proactive approach to fly tipping the service has recently implemented a new fly-tipping strategy and agreed action plan for 2020/21. The forecast cost to address the increase in fly tipping is £197k for 2019/20 onwards. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27th January 2020.

The section is forecasting an adverse variance on its current waste collection and street cleansing contract by £287k. 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.

An additional adverse variance of £45k is also being forecast in relation to the use of the South London Legal Partnership (SLLP). The department regularly reviews the budget apportionment in relation to the SLLP to ensure it accurately reflects usage levels, which will again be adjusted for 2020/21.

The above adverse variances are being partially mitigated by a forecast favourable variance on disposal costs of £627k. 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 continued to see a sustained 12% reduction in refuse, which equates to a monthly average reduction of over 500 tonnes per month this financial year. The main contributor to this success is the increase in food waste participation which has seen an increase of over 66% or 184 tonnes per month.

Leisure & Culture favourable variance of £337k
The forecast favourable variance 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 (£224k). Changes to this contract came into effect from 1st December 2018, which has resulted in future guaranteed annual income, now being built into the Medium Term budget. Due to this guaranteed income the likelihood of future profit shares is now unlikely.

The section is also forecasting a favourable variance of £41k on utilities spend incurred at these leisure Centres, and a favourable variance of £34k relating to the Watersports Centre.

Greenspaces favourable variance of £27k
The forecast favourable variance is in relation to the grounds maintenance contract. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is also being undertaken regarding the Grounds Maintenance contract (lot 2), which should be concluded before year-end, and any financial impact forecast accordingly.

Senior Management & Support

Senior Management & Support adverse variance of £107k
The adverse variance relates to the parking review project currently being undertaken to analyse and develop the Council's staff travel plans and reduction in car use.

Sustainable Communities

Property Management favourable variance of £234k
The principal reason for the forecast favourable variance relates to exceeding the commercial rental income expectations by £734k, which includes £95k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an adverse variance of £401k on premises related expenditure, in particular, utility, and repairs & maintenance costs. In addition, a £107k adverse variance on supplies & services is being forecast, mainly relating to the employment of consultants to progress rent reviews due to lack of internal resource, valuations to support asset valuations, and additional costs from holding Worsfold House vacant.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Jan £000	Forecast Variance at year end (Jan) £000	Forecast Variance at year end (Dec) £000	2018/19 Variance at year end £000
Education	24,905	24,938	33	268	(37)
Social Care and Youth Inclusion	19,514	21,030	1,516	1,649	3,211
Cross Department budgets	1,029	984	(45)	(55)	(20)
PFI	8,573	8,171	(402)	(411)	(354)
Redundancy costs	2,183	1,776	(407)	(385)	(529)
Other Education	4		(4)	(22)	0
Total (controllable)	**56,208**	**56,899**	**691**	**1,044**	**2,271**

Overview

At the end of January, Children Schools and Families forecast to overspend by £691k on local authority funded services, a favourable movement of £353k from December's forecast.

The favourable movement of £353k arises from reductions in overspend of £133k within Childrens Social Care and £235k in Education from last month.

The £133k favourable movement within CSC is primarily a result of a reduction of £85k in client court/legal/medical fees within safeguarding and some changes in agency staff costs and training costs. £235k favourable movement within Education is primarily a result of a reduction of £78k in SEN transport, £66k reduction within Short Break Placements, reduction of £51k CWD Placements and £34k additional school buy back income.

Note: 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 these forecasts are still vulnerable to change.

Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. EHCP numbers have reduced from 1,999 in December, to 1,928 in January, decrease of 71.

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 overleaf details the significant budget variances identified to date:

Description	Budget £000	Jan £000	Dec £000	2018/19 £000
Procurement & School organisation	594	(306)	(288)	(411)
SEN transport	4,705	1,281	1,359	1,223
Early Years services	3,117	(302)	(318)	(349)
CWD team staffing	571	(82)	(79)	(88)
Childrens Short-Breaks	280	89	155	219
Education Inclusion	1,771	(256)	(276)	(398)
Internal legal hard charge	543	(118)	(110)	(32)
Other over and underspends	13,106	(273)	(175)	(380)
Subtotal Education	**24,687**	**33**	**268**	**(216)**
Fostering and residential placements (ART)	7,111	432	432	1,057
Un-accompanied asylum seeking children (UASC)	75	274	285	488
Community Placement	0	400	400	500
No Recourse to Public Funds (NRPF)	21	147	147	301
MASH & First Response staffing	1,618	307	311	354
Legal costs	526	139	224	280
Other over and underspends	10,163	(183)	(150)	231
Subtotal Children's Social Care and Youth Inclusion	**19,514**	**1,516**	**1,649**	**3,211**

<u>Education Division</u>

The procurement and school organisation budget is showing a favourable variance of £306k because of lower spend on revenuisation 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 forecast for SEN Transport is £3.824m, circa £539k more than last year. The SEN transport budget is forecasting an adverse variance of £1.281m, however, this has decreased by £78k from December. This is our best estimate based on the information available at the end of January. The current estimated cost includes a small forecast for new placements that may be required towards the end of the year. 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 January this is estimated to deliver a favourable variance of £302k.

The Children with Disabilities team, which transferred to the Education division this year, is holding vacant posts which is expected to deliver a favourable variance of £82k in the current financial year. Some of this is being used to offset agreed social work activities in the fostering service.

The internal legal hard charging budget is projecting a favourable variance of £118k. This forecast is based on spend to date and will fluctuate if usage increases towards year-end.

There are various other movements in forecast across the division netting to a £273k favourable variance. These combine with the items described above to arrive at the total divisional adverse forecast of £33k.

Children's Social Care and Youth Inclusion Division

At the end of January Merton had 164 looked after children. This is a decrease of 4 children from December. The numbers of Looked after Children in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

Overview	2015/16	2016/17	2017/18	2018/19
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	Jan Forecast spend £000	Variance		Placements	
			Jan £000	Dec £000	Jan No	Dec No
Residential Placements	2,305	1,653	(652)	(652)	13	14
Independent Agency Fostering	1,753	2,100	347	347	48	49
In-house Fostering	993	1,697	704	704	74	70
Secure accommodation	138	79	(59)	(59)	1	0
Parent and Baby	103	103	0	0	0	0
Supported lodgings/housing	1,819	1,911	92	92	57	60
Total	**7,111**	**7,543**	**432**	**432**	**193**	**193**

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

The placement forecast includes 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 £652k at the end of the financial year. The under-spend is being offset by pressures within agency and in-house fostering. We currently have 13 placements in total. 4 clients in residential homes, 4 in respite and 5 placed by SEN in residential schools.
- The Independent Agency Fostering expenditure is forecast to overspend by £347k. We currently have 48 placements, one placement ended in December. The cost difference of the increased placement is contained within the expected movement built into the full year estimated cost.
- The In-house Foster carer expenditure is forecast to over-spend by £704k. There are 5 new placements and 1 placement ended in December. 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 under-spend by £59k in January, unchanged from December, as the requirement for one secure placement was built into the forecast.
- The parent and baby assessment unit expenditure is forecast to budget for the current year. We currently have no placements but are forecasting for possible additional placements by the

end of financial year. There has been an increased usage of parent/child foster placements rather than parent and baby.

- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k in January. We had 3 placements ending in December. 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 January, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £287k, increase of £8k from December.

Service	Budget £000	Jan Forecast-spend £000	Variance		Placements	
			Jan £000	Dec £000	Jan No	Dec No
Independent Agency Fostering	380	511	131	102	14	12
In-house Fostering	325	676	351	372	30	34
Supported lodgings/housing	570	675	105	105	27	26
UASC grant	(1,200)	(1,500)	(300)	(300)		
Total	**75**	**362**	**287**	**279**	**71**	**72**

At the end of January, we have a total of 71 USAC placements, 33 under 18 and 38 over 18. Of the 33 under 18 clients, 29 were placed in foster care and 4 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to accommodate 37 unaccompanied asylum-seeking children (equivalent of 0.08% of the child population). We receive UASC grant towards these placements although it is not sufficient to cover the full cost of placement, subsistence and social work intervention.

Merton had 38 young people aged 18+ who were formerly UASC in our care at the end of January, 15 in foster care, 23 in semi-independent accommodation. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

We are currently forecasting to 'over-achieve' our projected UASC grant income by £300k. The grant income is offset against the additional costs incurred through having higher numbers of UASC in our care.

<u>Placements</u>

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

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. Changes in the fostering recruitment budget from the corporate communications team has reduced the range of recruitment activity.

We have recruited 8 new foster carers and 3 connected persons this year so far. Currently, there are 3 prospective foster carers in assessment with panel dates for approval scheduled before the end of March. The target for this financial year is to recruit 20 new foster carers (including connected persons) and we are therefore likely to end the year behind target.

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

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

We 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 UASC independent agency (non-grant) placements and secure accommodation units, small changes in numbers result in big variations in the average weekly unit costs as detailed in the following table.

Weekly cost 2019-20

	March	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Movement from last month	Jan
Description	£	£	£	£	£	£	£	£	£	£	£	No
ART Independent Agency Fostering	900	879	854	889	898	896	910	910	908	906	-2	48
ART In-house Fostering	440	438	443	430	428	438	435	431	432	433	1	74
UASC Independent Agency (Grant)	803	822	822	821	821	818	818	831	803	803	0	10
UASC In house Fostering (Grant)	490	410	388	452	419	422	425	506	495	493	-2	22
UASC Independent Agency (Non-Grant)	237	802	802	802	802	618	516	560	560	516	-44	1
UASC In house Fostering (Non-Grant)	589	409	417	405	426	422	420	397	417	417	0	11
ART Residential Placements	3,978	3,919	3,887	3,886	3,916	3,925	3,870	3,874	3,865	3,865	0	14
ART Secure Accommodation	3,374	1,323	1,890	1,890	2,457	1,816	1,804	1,760	1,760	1,766	6	0
ART Mother & Baby Unit	3,589	4,204	4,204	3,401	3,401	3,401	3,405	3,405	3,405	3,405	0	0
Supported Housing & Lodgings (Art 16+ Accommodation)	585	611	619	627	652	671	676	750	733	726	-7	50
Supported Housing & Lodgings - UASC (Grant)	782	788	736	687	687	685	708	767	656	663	7	4
Supported Housing & Lodgings - UASC (Non Grant)	642	451	410	400	427	434	428	422	420	419	-1	23

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £10.669m, an increase of £117k 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 £13.580m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The DfE met with us on 11 February 2020 to discuss this recovery plan, and they will return to assess our progress in November.

The main reason for the variance relates to a £6.474m overspend on Independent Day School provision. However, this is a £355k decrease from December 2019, following the SEN2 Audit review. The reason for the significant overspend is due to the high number of placements.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase towards the end of the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require. They are going through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

We are seeking to increase the number of local maintained special school places in the borough, 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 £13.580m cumulative deficit to increase further.

Other overspends include £1,146k on EHCP allocations to Merton primary and secondary schools, £1.885m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.302m 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 January 2020 there were 1,928 EHCPs.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%
Total	**1075**	**100%**	**1242**	**100%**	**1518**	**100%**	**1712**	**100%**	**1928**	**100%**
Change over previous year				16%		22%		13%		11%

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue and await the response from CIPFA to the national consultation about the accounting 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. For 2018/19 this additional grant was £338k.

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

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and 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

<u>Staffing report</u>
We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post. Children’s Social Care and Youth Inclusion are currently reviewing the distribution of social work staffing to ensure workloads in the MASH and First Response Service are at a level that supports recruitment and retention of permanent staff.

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

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

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

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-

provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this option is cheaper.
We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both request-for-assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs to the DSG High Needs block of the increased number of children with EHCPs we have expanded existing specialist provision 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 overspend of £171k, 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	Jan overspend forecast £000	Dec overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	570	105	105	774
UASC	705	481	476	211
No Recourse to Public Funds (NRPF)	21	147	147	301
UASC grant	(1,200)	(300)	(300)	
Total	**1,915**	**520**	**520**	**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’s 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 a favourable variance of £917k as at January 2020. The department continues to have number of favourable and adverse variances in several of its services except in Merton Adult Learning and Public Health which continues to forecast a breakeven position.

The department transformation project is currently in progress in order to achieve its strategic priorities outlined in the TOM. This project is expected to be concluded in 2023.

Community and Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (Jan'20) £000	2019/20 Forecast Variance (Dec'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	43,850	(1,349)	(1,218)	(258)
Commissioning	4,438	4,311	(127)	(131)	(5)
Direct Provision	4,706	4,916	210	175	6
Directorate	1,142	1,427	285	295	90
Adult Social Care	**55,485**	**54,504**	**(981)**	**(879)**	**(167)**
Libraries and Heritage	2,186	2,232	46	37	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,926	1,944	18	66	(73)
Other Services Sub-total	**4,104**	**4,168**	**64**	**103**	**(28)**
Public Health	**(148)**	**(148)**	**0**	**0**	**0**
Grand Total Controllable	**59,441**	**58,524**	**(917)**	**(776)**	**(195)**

Adult Social Care

Overall Adult Social Care is forecasting a favourable variance of £981k, of which £828k relates to one-off items. Overspends in direct provision and directorate budgets are offset by underspends elsewhere in the division.

There was an expectation that placement numbers will increase over the winter months but during the period to January there were 34 deceased customers, 29 new packages and 26 customers no longer requiring a service. Another explanation for the reduction in numbers requiring a service is due to the effectiveness of the Reablement provided to customers discharged from hospital. Current performance indicators show that after Reablement 74% no longer require a long-term service. We have also used short term placements in nursing homes to facilitate faster discharges from hospital and allow a period of recuperation, which increases the chances of people returning home.

The number of deaths amongst service users are in line with previous years (34 against 37 in 2018 and 35 in 2018). The key difference is in the cost of the packages of care, with the deceased service users being mainly in more expensive residential and nursing placements, and new service users being supported at home.

The current underspend includes a one-off contribution of £828k received from clawback of payments not utilised as per the agreements. The department has also reduced spend on employee related expenditure to January 2020.

The announcement of a 6.2% increase in the national minimum wage will have a major impact on the cost of care from April 2020. Given the fragility of care markets, the increase may/will need to be fully reflected in care fees.

Direct Provision-£210k Adverse Variance

The service is currently forecasting an adverse variance of £210k. This is an increase of £35k since December.

Payroll recently implemented guidelines issued by ACAS which increases the amount of holiday pay bank staff are entitled to receive, and this also significantly includes permanent staff who work bank hours at other establishments.

At the same time the service is currently experiencing a high level of sickness at MASCOT/Supported Living, Glebelands and the JMC and as such salary forecast increased. While sickness across Provider Services has decreased in the past year there has been a spike in these services.

There have been errors in forecasting staff usage in 24/7 services leading to variations moving significantly from month to month. This will be addressed by managers and support staff meeting the week prior to budget monitoring to review staff usage and forecast more accurately. The role of business support provided to managers is currently under review. Senior staff will be given further budget control training and will meet the Head of Service monthly to report on staffing activity and rota planning. All rotas are currently being reviewed. Recent staff recruitment in Supported Living will reduce the usage of bank staff when they take up their posts.

C&H-Other Services

Libraries-£46k Adverse Variance

The library service is currently forecasting an adverse variance of £46k which is an increase of £9k since December. The change since last time is mainly due to an increase in telephone charges which warrants a further investigation. The service also revised its forecast for income from fees and staff costs.

The main cost pressures resulting in the variance remain within the budget pressures on its utilities and security costs.

Merton Adult Learning

Merton Adult Learning continues to report a break-even position and its funding relies solely on external grants. A new 3-year strategy for the service has been agreed by Cabinet and outlines investment plans in priority areas subject to ongoing funding from the GLA and ESFA. A recent Ofsted inspection noted the strong performance of the service and the improvements made to the offer for residents since the move to the new commissioning model in 2016.

Housing - £18k – Adverse Variance

The Housing service is currently forecasting an adverse variance of £18k as at January 2020 which is a reduction of £48k since December. Throughout the financial year 2019-20 this service has experienced a fluctuation of its forecasts due to the nature of the business.

This is due to a combination of items, such as a reduction in salary forecast, an increase in forecasted Housing Benefit contributions and conversely the increases in subsidy costs, a reduction in rent incentive and rent sanctuary costs.

To ensure that housing standards in the private rental sector are maintained and where necessary and appropriate a robust enforcement approach is taken therefore the budget will need to reflect the need to recruit and retain additional and qualified enforcement staff. However, across London it is acknowledged that there is a shortage of qualified environmental health housing enforcement officers thus this brings challenges to the recruitment and retention of staff.

The temporary accommodation budget continues to fluctuate 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.

Housing benefit 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. There was an increase of 9 cases since October.

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. It is also the case that the service is required to deliver outcomes to the rough sleeper population in line with MHCLG and the GLA requirements.

The service continues to provide outcomes to the most vulnerable members of our community who are rough sleeping. Recently the hub provided 18 bed spaces for those most entrenched rough sleepers. Any resident residing in the hub have had their housing and support needs assessed and appropriate pathways drawn up to minimise the risk of their returning to rough sleeping.

Other initiatives that are being developed following successful applications to MHCLG for grant funding. These include: -

Rough Sleeping Initiative, Rapid Rehousing Pathway, Controlling Migration Fund, And Outreach Rapid Response Team. These projects are all in progress and will contribute to the reduction of vulnerable rough sleepers sleeping

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 January 2020

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	**375**
Achieved-Apr’19	57
Achieved-May’19	86
Achieved-June’19	118
Achieved-July’19	152
Achieved-Aug’19	193
Achieved-Sept’19	233
Achieved-Oct’19	273
Achieved-Nov’19	309
Achieved-Dec’19	371
Achieved-Jan’20	388

The homelessness prevention service provided by the Housing Team continues to exceed its targets.

The table below shows the analysis of housing expenditure to January 2020.

Housing	Budget 2019/20 £000	Forecast (Jan'20) £'000	Forecast Variances (Jan'20) £'000	Forecast Variances (Dec'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2,961	593	593	562
Temporary Accommodation-Client Contribution	(140)	(457)	(317)	(355)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,540)	(535)	(440)	(26)
Temporary Accommodation-Subsidy Shortfall	322	1,110	788	750	455
Temporary Accommodation-Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	**544**	**624**	**80**	**98**	**(58)**
Housing Other Budgets-Over/(**favourable**)adverse	1,382	1,320	(62)	(32)	(15)
Total Controllable	**1,926**	**1,944**	**18**	**66**	**(73)**

Temporary Accommodation (TA) movement to January 2020

The data below shows the total number of households in (i.e. families and single occupants) temporary accommodation as at January 2020.

Temporary Accommodatio n	Numbers IN	Numbers OUT	Total for the Month	2018/19
Mar'17	**-**	**-**	**186**	
Mar'18	**16**	**16**	**165**	
Mar'19	**15**	**11**	**174**	
April'19	**15**	**11**	**178**	**170**
May'19	**15**	**16**	**177**	**175**
June'19	**11**	**18**	**170**	**172**
July'19	**16**	**20**	**166**	**175**
Aug'19	**16**	**14**	**168**	**176**
Sept'19	**14**	**13**	**169**	**174**
Oct'19	**17**	**12**	**174**	**168**
Nov'19	**19**	**15**	**178**	**169**
Dec'19	**17**	**12**	**183**	**167**
Jan'20	**11**	**8**	**186**	**171**

The data above shows the total number of households in (i.e. families and single occupants) temporary accommodation as at January 2020.

Temporary accommodation numbers have slowly increased in the last 5 months. The average number of clients in temporary accommodation from April 2019 to January 2020 is 175 which up by 3 in comparison to 2018-19.

Public Health –Breakeven Position

Public Health is forecasting a breakeven position as at January 2019. This service is funded by £10.1m Public Health Grant.

The service has also secured LGA funding to fund a Behavioural Insights project. The objective is to design, implement and evaluate behavioural insights trial which aims to change behaviours to only improvement the environment but health.

The largest spending areas for Public Health are the commissioning of statutory services such sexual health, 0-19 healthy child (health visiting and school nursing) and substance misuse. However Public Health also has a range of other duties including strategy/system leadership for health (Health and Wellbeing Board, JSNA and Health and Wellbeing Strategy, independent Annual Public Health Report - all mandatory); commissioning support to the NHS (mandatory) and council; and health protection oversight (mandatory), including screening, infection control, emergency preparedness and immunisations.

Projects linked to the preventative agenda include a whole systems approach to diabetes, child healthy weight and workplace health:

Following a 'Diabetes Truth' programme, a whole systems Diabetes Action Plan has been developed with three evidence-based themes (clinical oversight and service improvement, holistic individual care and healthy place) and has actions for partners across Merton.

Implementation of a refreshed Child Healthy Weight Action Plan (CHWAP) 2019/22, will continue to be a priority and has 3 key themes: making childhood Obesity everybody's business, supporting children young people and their families, and healthy place, which includes healthy food and the physical environment.

Working with partners to scale up healthy workplaces across Merton, with a focus on mental health and active travel, focused for the latter on the co-benefits with climate change, is a priority including building a network with other organisations. Within LBM, applying for the London Healthy Workplace Award, working through the Workforce Strategy Board, to be linked to the review of the council vehicle fleet, new arrangements for staff travel, and **#MertonCan** physical activity campaign.

Corporate Items

The details comparing actual expenditure up to 31 January 2020 against budget are contained in

Appendix 2. Based on expenditure and income as at 31 January 2020 there is favourable variance of £1.885m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (Jan.) £000s	Forecast Variance at year end (Jan.) £000s	Forecast Variance at year end (Dec.) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	**11,364**	**11,215**	**(149)**	**(149)**	**403**
Investment Income	(664)	(1,206)	(542)	(542)	(364)
Pension Fund	3,279	3,179	(100)	(100)	(254)
Pay and Price Inflation	100	(0)	(100)	0	(1,122)
Contingencies and provisions	2,260	1,482	(777)	(577)	(3,366)
Income Items	(1,503)	(1,720)	(217)	(212)	(956)
Appropriations/Transfers	(1,718)	(1,718)	0	0	(6)
Central Items	**1,754**	**18**	**(1,736)**	**(1,432)**	**(6,068)**
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	**(8,836)**	**(10,721)**	**(1,885)**	**(1,581)**	**(5,661)**

There has been an increase of c. £0.300m since December 2019 in the forecast level of favourable variance in corporate items mainly because :-

- The balance of £0.100m on the provision for excess inflation will not be required at this late stage of the financial year
- £0.200m in the budgets for contingencies and provisions will not be required

In addition, the figures in the table above have been adjusted to reflect the transfer of the following amount, where budget is planned to be available, to the Spending Review Reserve

	£000
Corporate Contingency	200
Total	200

The addition of this amount will increase the balance on the Spending Review Reserve to £7.195m.

In addition, the amount of Government Grant for Brexit related costs will result in a favourable variance of £0.105m

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	7,150	0	**7,150**	28,923		**28,923**	4,245	0	**4,245**	16,075		**16,075**
C&H	1,057	0	**1,057**	2,004		**2,004**	913	0	**913**	882		**882**
CSF	9,063	0	**9,063**	5,966		**5,966**	3,150	0	**3,150**	1,900		**1,900**
E&R	9,606	70	**9,676**	12,847		**12,847**	7,504	0	**7,504**	4,826		**4,826**
TOTAL	**26,876**	**70**	**26,946**	**49,739**	**0**	**49,739**	**15,812**	**0**	**15,812**	**23,683**	**0**	**23,683**

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at January 2020. The detail is shown in Appendix 5a.

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	4,061,583	5,063,255	(1,001,672)	7,149,230	6,945,406	(203,824)
Community and Housing	689,736	742,700	(52,964)	1,057,490	957,490	(100,000)
Children Schools & Families	7,222,893	7,070,493	152,400	9,062,400	8,984,054	(78,346)
Environment and Regeneration	6,127,602	7,439,443	(1,311,841)	9,691,360	9,620,930	(70,430)
Total	18,101,814	20,315,891	(2,214,076)	26,960,480	26,507,880	(452,600)

a) <u>Corporate Services</u> – All budget managers are projecting a full spend against budget, apart from Customer Contact which is currently showing in year slippage of £200k and Westminster Coroners Court which is showing in year slippage of £5k. In addition, the scheme for the Financial Management System is showing a small adverse variance. No budget adjustments are being made this month.

b) <u>Community and Housing</u> – All budget managers are projecting a full year spend apart from disabled facilities grants which is showing in year slippage of £100k. No budget adjustments are being made this month

c) <u>Children, Schools and Families</u> – Officers are currently projecting in year slippage of £78k over various sites (£39k Primary, £30k Secondary and £9k Special). No budget adjustments are being made this month

d) <u>Environment and Regeneration</u> – Officers are projecting full spend on all budgets apart from £70k of favourable variances on Alleygating (£20k), Borough Regeneration (£34K) and Fleet Vehicles (16k) . An additional £15k is being added to Borough Regeneration for Shopfronts this is being funded from Section 106 and is detailed in appendices 5b and 5c.

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

Depts.	Original Budget 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	(23,453)	**7,150**
Community & Housing	971	225				(139)	**1,057**
Children Schools & Families	10,203	566		594	50	(2,350)	**9,063**
Environment and Regeneration	13,498	404	(232)	535	519	(5,034)	**9,691**
Total	**53,529**	**2,881**	**(232)**	**1,129**	**629**	**(30,976)**	**26,961**

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

Depts.	Spend To January 2017	Spend To January 2018	Spend to January 2019	Spend to January 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	547	6,289	4,308	4,062	3,514	(2,227)	(246)
C&H	1,606	776	707	690	(916)	(86)	(17)
CSF	10,623	4,379	5,272	7,223	(3,400)	2,844	1,951
E&R	9,128	10,743	11,858	6,128	(3,000)	(4,615)	(5,730)
Total Capital	**21,904**	**22,187**	**22,145**	**18,102**	**(3,802)**	**(4,085)**	**(4,043)**

Outturn £000s	30,626	32,230	31,424	
Budget £000s				26,961
Projected Spend January 2020 £000s				26,508
Percentage Spend to Budget				67.14%
% Spend to Outturn/Projection	71.52%	68.84%	70.47%	68.29%
Monthly Spend to Achieve Projected Outturn £000s				3,203

4.5 January is 10 months into the financial year and departments have spent just over 60% of the budget. Spend to date is lower than all three of the three previous financial years shown.

Department	Spend To December 2019 £000s	Spend To January 2020 £000s	Increase £000s
CS	1,982	4,062	2,079
C&H	645	690	44
CSF	6,843	7,223	380
E&R	5,856	6,128	271
Total Capital	**15,327**	**18,102**	**2,775**

4.6 Spend during January 2020 was £2,775k (but this includes spend of £1,900k on the Housing Company leaving £875k spent on the Capital Programme), allowing for year-end accruals average monthly spend of £3.2k is required to achieve the projected outturn. An allowance for further slippage against this figure has been made in the Medium Term Financial Strategy as finance officers are projecting an outturn position of just over £25.2 million.

DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 10 Forecast Shortfall	Period Forecast Shortfall (P10)	Period 9 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,389	95	6.4%	96	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,416	118	7.7%	118	0
Environment and Regeneration	3,370	2,097	1,273	37.8%	1,273	100
Total	**6,960**	**5,474**	**1,486**	**21.4%**	**1,487**	**135**

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	120
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	172	97
Total	**5,637**	**1,470**	**567**	**217**

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	1,183
Total	**10,314**	**2,391**	**694**	**1,183**

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 2019/20; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed 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

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APPENDIX 1

Summary Position as at 31st January 2020

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Jan) £000s	Year to Date Actual (Jan) £000s	Full Year Forecast (Jan) £000s	Forecast Variance at year end (Jan) £000s	Forecast Variance at year end (Dec) £000s	Outturn variance 2018/19 £000
Department	-	-	-	-	-	-	-	-
3A.Corporate Services	10,930	11,597	20,745	20,546	11,134	(462)	(409)	(2,511)
3B.Children, Schools and Families	60,819	61,319	38,833	41,854	62,009	690	1,044	2,271
3C.Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	58,657	58,650	46,051	49,412	57,668	(982)	(880)	(169)
Libraries & Adult Education	2,878	2,878	2,428	3,194	2,924	46	37	45
Housing General Fund	2,219	2,241	1,113	902	2,259	18	66	(73)
3D.Public Health	0	0	(1,708)	(2,707)	0	0	0	0
3E.Environment & Regeneration	15,832	15,419	3,110	(8,117)	15,485	66	12	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**151,335**	**152,103**	**110,572**	**105,083**	**151,481**	**-623**	**-129**	**(1,996)**
3E.Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	10,481	11,364	5,263	5,275	11,215	(149)	(149)	403
Other Central items	(19,501)	(21,150)	627	4,201	(22,886)	(1,736)	(1,432)	(6,064)
Levies	949	949	433	433	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,071)**	**(8,837)**	**6,323**	**9,909**	**(10,722)**	**(1,885)**	**(1,581)**	**(5,661)**
TOTAL GENERAL FUND	**143,264**	**143,266**	**116,895**	**114,992**	**140,759**	**(2,508)**	**(1,710)**	**(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	-3,421	-3,421	0	0	0	0
- New Homes Bonus	-2,108	-2,108	-2,108	-2,108	-2,108	0	0	0
- PFI Grant	-4,797	-4,797	-3,598	-3,598	-4,797	0	0	0
- Brexit Grant	-210	-210	-210	-210	-315	(105)	0	0
- Adult Social Care Grant	-1,054	-1,054	-5,117	-5,117	-1,054	0	0	0
Grants	**(52,195)**	**(52,195)**	**(14,454)**	**(14,454)**	**(52,300)**	**-105**	**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
- WPCC	(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)**	**(14,454)**	**(14,454)**	**(143,370)**	**-105**	**0**	**-**
NET	**(1)**	**2**	**102,441**	**100,538**	**(2,611)**	**(2,613)**	**(1,710)**	**(7,657)**

3E.Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Jan.) £000s	Year to Date Actual ((Jan.) £000s	Full Year Forecast ((Jan.) £000s	Forecast Variance at year end ((Jan.) £000s	Forecast Variance at year end (Dec.) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	11,364	5,263	5,275	11,215	(149)	(149)	403
Impact of Capital on revenue budget	**10,481**	**10,481**	**11,364**	**5,263**	**5,275**	**11,215**	**(149)**	**(149)**	**403**
Investment Income	**(664)**	**(664)**	**(664)**	**(553)**	**(849)**	**(1,206)**	**(542)**	**(542)**	**(364)**
Pension Fund	**3,429**	**3,429**	**3,279**	**3,552**	**3,552**	**3,179**	**(100)**	**(100)**	**(254)**
Corporate Provision for Pay Award	877	877	(0)		0	(0)	0	0	(744)
Provision for excess inflation	450	450	100		0	0	(100)	0	(378)
Pay and Price Inflation	**1,327**	**1,327**	**100**	**0**	**0**	**(0)**	**(100)**	**0**	**(1,122)**
Contingency	1,500	1,500	500		0	250	(250)	(250)	(1,398)
Single Status/Equal Pay	100	100	0		0	0	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income arising from P3/P4	200	200	100		0	0	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	(34)	(83)
Apprenticeship Levy	450	450	250	167	174	250	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	875		277	482	(393)	(193)	(1,351)
Contingencies and provisions	**4,904**	**4,904**	**2,260**	**167**	**451**	**1,482**	**(777)**	**(577)**	**(3,366)**
Other income	0	0	0	0	(217)	(217)	(217)	(212)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)	(821)	(1,080)	(1,503)	0	0	(3)
Income items	**(1,407)**	**(1,407)**	**(1,503)**	**(821)**	**(1,297)**	**(1,720)**	**(217)**	**(212)**	**(956)**
Appropriations: CS Reserves	(711)	(711)	(1,179)	(1,179)	(522)	(1,179)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(494)	(494)	(137)	(494)	0	0	0
Appropriations: CSF Reserves	9	9	(752)	(752)	(1,142)	(752)	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)	2,011	2,011	4,145	2,011	0	0	(6)
Appropriations/Transfers	**(4,186)**	**(4,186)**	**(1,718)**	**(1,718)**	**2,344**	**(1,718)**	**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)**	**(9,785)**	**5,889**	**9,475**	**(11,670)**	**(1,885)**	**(1,581)**	**(5,661)**
Levies	**949**	**949**	**949**	**433**	**433**	**949**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(8,070)**	**(8,070)**	**(8,836)**	**6,322**	**9,908**	**(10,721)**	**(1,885)**	**(1,581)**	**(5,661)**

Pay and Price Inflation as at January 2020

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 1.5% and RPI at 2.2% 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 1.8% in January 2020, increasing from 1.3% in December 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.8% in January 2020, increasing from 1.4% in December 2019. The largest upward contributions to the increase in January 2020 came from housing, water, electricity, gas and other fuels (+0.55 percentage points), which increased by 0.19 percentage points since December 2019. The main increases since January 2019 to 2020 were in gas and electricity prices; fuels and lubricants; clothing; and airfares. The RPI rate for January 2020 was 2.7%, which is up from 2.2% for December 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 29 January 2020, the MPC voted by a majority of 7-2 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 January 2020 meeting, the MPC note that "the updated projections for activity and inflation are set out in the January Monetary Policy Report. They are based on the assumption of an immediate but orderly move, at the beginning of next year, to a deep free trade agreement between the United Kingdom and the European Union. UK GDP growth is projected to pick up a little in early 2020. Further ahead, and conditioned on a market path for Bank Rate that falls slightly over the forecast period, the recovery in UK growth is supported by a pickup in global activity, a further decline in Brexit uncertainties and the Government's spending measures. Support from these factors is sufficient to boost demand growth above weakened potential supply growth. As a result, slack is eroded gradually over the first part of the forecast period and a margin of excess demand builds thereafter. CPI inflation is projected to remain below the MPC's 2% target throughout this year and much of 2021. Further out, and conditioned on market yields, strengthening domestic price pressures, alongside a waning drag from energy prices, mean that inflation reaches the 2% target by the end of next year and rises slightly above it by the end of the forecast period. "

The next decision on the Bank Base Rate will be made on 25/26 March 2020.

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020.

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

Source: HM Treasury - Forecasts for the UK Economy (February 2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	2.5	1.7
RPI	1.7	3.2	2.5
LFS Unemployment Rate	3.4	4.4	4.0
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	3.0	1.9
RPI	2.1	4.0	2.8
LFS Unemployment Rate	3.1	4.6	4.0

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 (February 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	1.6	1.8	1.9	2.0	2.0
RPI	2.3	2.6	3.0	3.0	3.0
LFS Unemployment Rate	3.7	3.8	3.7	3.9	3.9

Treasury Management: Outlook

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020. At its meeting ending on 29 January 2020, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The next decision on the Bank Base Rate will be made on 25/26 March 2020.

In the January 2020 Monetary Policy Report the MPC note that "UK GDP growth was modest in 2019 — and is estimated to have been around zero in Q4 — dampened by slower global growth and elevated Brexit-related uncertainties. In its annual reassessment of supply-side conditions, the MPC judged that potential supply growth has also slowed over the past year. On balance, there is judged to be a margin of spare capacity in the economy, which is exerting downward pressure on CPI inflation.."

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

<u>Key Judgement 1:</u>
<u>Global GDP growth is projected to rise towards potential rates.</u>
Activity in advanced economies is buoyed by supportive financial conditions and monetary policy stimulus gaining traction. Policy stimulus could boost growth by more than expected. There is a risk, however, that the interest rate required to boost demand and return inflation sustainably to target rates has declined somewhat, given headwinds to growth from heightened global uncertainty, for example.

<u>Key Judgement 2:</u>
Supply growth has been weak, partly owing to the impact of Brexit, and remains subdued over the forecast period.

<u>Key Judgement 3:</u>
<u>The assumed recovery in global growth and reduction in Brexit-related uncertainty boost UK spending, such that demand growth outstrips supply growth.</u>
The strength of the pickup in GDP growth will depend importantly on how uncertainty evolves and on how households, businesses and financial markets respond.

<u>Key Judgement 4:</u>
<u>While CPI inflation remains below 2% in the first part of the forecast period, it returns to the target as the drag from energy prices wanes and domestic price pressures build.</u>
Developments in CPI inflation will be sensitive to the degree of spare capacity in the economy, which the MPC judges to currently be modest.

Capital Budget Monitoring- January 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Capital	**18,101,814**	**20,315,891**	**(2,214,076)**	**26,960,480**	**26,507,880**	**(452,600)**
Corporate Services	**4,061,583**	**5,063,255**	**(1,001,672)**	**7,149,230**	**6,945,406**	**(203,824)**
Customer, Policy and Improvmen	**270,568**	**61,375**	**209,193**	**472,660**	**272,520**	**(200,140)**
Customer Contact Programme	270,568	61,375	209,193	472,660	272,520	(200,140)
Facilities Management Total	**653,780**	**950,220**	**(296,440)**	**1,280,420**	**1,280,420**	**0**
Works to other buildings	312,475	582,560	(270,085)	841,320	835,843	(5,477)
Civic Centre	268,530	272,660	(4,130)	272,660	278,137	5,477
Invest to Save schemes	72,774	95,000	(22,226)	166,440	166,440	0
Infrastructure & Transactions	**1,210,950**	**2,131,660**	**(920,710)**	**3,466,180**	**3,466,180**	**0**
Business Systems	69,057	206,080	(137,023)	536,860	536,860	0
Social Care IT System	96,903	185,000	(88,097)	425,240	425,240	0
Planned Replacement Programme	1,044,989	1,740,580	(695,591)	2,504,080	2,504,080	0
Resources	**26,286**	**20,000**	**6,286**	**24,970**	**26,286**	**1,316**
Financial System	26,286	20,000	6,286	24,970	26,286	1,316
Corporate Items	**1,900,000**	**1,900,000**	**0**	**1,905,000**	**1,900,000**	**(5,000)**
Westminster Ccl Coroners Court	0	0	0	5,000	0	(5,000)
Housing Company	1,900,000	1,900,000	0	1,900,000	1,900,000	0
Community and Housing	**689,736**	**742,700**	**(52,964)**	**1,057,490**	**957,490**	**(100,000)**
Adult Social Care	**3,349**	**4,000**	**(651)**	**5,000**	**5,000**	**0**
Telehealth	3,349	4,000	(651)	5,000	5,000	0
Housing	**598,680**	**630,000**	**(31,320)**	**927,160**	**827,160**	**(100,000)**
Disabled Facilities Grant	598,680	630,000	(31,320)	927,160	827,160	(100,000)
Libraries	**87,707**	**108,700**	**(20,993)**	**125,330**	**125,330**	**0**
Library Enhancement Works	48,048	48,700	(652)	48,700	48,700	0
Libraries IT	39,659	60,000	(20,342)	76,630	76,630	0

Capital Budget Monitoring- January 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Children Schools & Families	**7,222,893**	**7,070,493**	**152,400**	**9,062,400**	**8,984,054**	**(78,346)**
Primary Schools	**1,042,381**	**1,024,353**	**18,029**	**1,635,320**	**1,596,180**	**(39,140)**
Hollymount	15,036	12,180	2,856	15,390	15,390	0
West Wimbledon	39,890	42,548	(2,658)	80,140	41,000	(39,140)
Hatfeild	38,884	39,653	(769)	86,050	86,050	0
Hillcross	181,489	169,555	11,934	227,740	227,740	0
Joseph Hood	36,460	31,350	5,110	45,210	45,210	0
Dundonald	2,629	0	2,629	0	0	0
Garfield	89,500	73,835	15,665	140,240	140,240	0
Merton Abbey	23,230	17,843	5,388	23,790	23,790	0
Pelham	67,618	76,418	(8,800)	77,430	77,430	0
Poplar	18,896	20,303	(1,406)	31,010	31,010	0
Wimbledon Chase	126,603	114,835	11,768	136,660	136,660	0
Abbotsbury	33,686	53,655	(19,969)	184,540	184,540	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	114,568	98,950	15,618	120,600	120,600	0
Cranmer	12,980	10,073	2,908	33,880	33,880	0
Gorringe Park	10,970	7,500	3,470	83,970	83,970	0
Haslemere	35,742	30,830	4,912	36,540	36,540	0
Liberty	35,595	65,120	(29,525)	92,300	92,300	0
Links	67,969	60,860	7,109	68,980	68,980	0
St Marks	278	0	278	0	0	0
Lonesome	33,075	36,300	(3,225)	81,120	81,120	0
Sherwood	45,871	45,598	273	51,130	51,130	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	15,396	16,950	(1,554)	18,600	18,600	0

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

Appendix 5a

Capital Budget Monitoring- January 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Secondary School	**1,640,362**	**1,630,858**	**9,504**	**1,813,640**	**1,783,874**	**(29,766)**
Harris Academy Merton	1,550	4,570	(3,020)	35,720	35,720	0
Raynes Park	31,589	21,483	10,107	37,180	37,180	0
Ricards Lodge	32,911	31,440	1,471	38,490	38,490	0
Rutlish	233,489	226,165	7,324	251,540	251,540	0
Harris Academy Wimbledon	1,340,823	1,347,200	(6,377)	1,450,710	1,420,944	(29,766)
SEN	**4,251,553**	**4,066,953**	**184,601**	**5,261,450**	**5,252,450**	**(9,000)**
Perseid	(5,176)	51,210	(56,386)	94,490	94,490	0
Cricket Green	3,354,799	3,367,743	(12,944)	4,148,160	4,128,160	(20,000)
Melrose	10,800	7,000	3,800	57,000	33,000	(24,000)
Unlocated SEN	785,841	540,000	245,841	820,000	875,000	55,000
Melbury College - Smart Centre	105,289	101,000	4,289	141,800	121,800	(20,000)
CSF Schemes	**288,597**	**348,330**	**(59,733)**	**351,990**	**351,550**	**(440)**
CSF IT Schemes	(1,353)	440	(1,793)	440	0	(440)
Devolved Formula Capital	289,950	347,890	(57,940)	351,550	351,550	0

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

Capital Budget Monitoring- January 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Environment and Regeneration	**6,127,602**	**7,439,443**	**(1,311,841)**	**9,691,360**	**9,620,930**	**(70,430)**
Public Protection and Developm	**48,636**	**66,800**	**(18,164)**	**66,800**	**66,800**	**0**
CCTV Investment	0	10,340	(10,340)	10,340	10,340	0
Public Protection and Developm	48,636	56,460	(7,824)	56,460	56,460	0
Street Scene & Waste	**656,193**	**792,300**	**(136,107)**	**814,300**	**777,865**	**(36,435)**
Fleet Vehicles	37,685	37,660	25	53,660	37,685	(15,975)
Alley Gating Scheme	7,508	24,000	(16,492)	30,000	10,000	(20,000)
Waste SLWP	611,000	730,640	(119,640)	730,640	730,180	(460)
Sustainable Communities	**5,422,773**	**6,580,343**	**(1,157,570)**	**8,810,260**	**8,776,265**	**(33,995)**
Street Trees	20,340	30,000	(9,660)	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	2,909,110	3,369,090	(459,980)	4,655,650	4,655,650	0
Cycle Route Improvements	716,534	890,000	(173,466)	984,600	984,600	0
Mitcham Transport Improvements	575,305	726,590	(151,285)	931,590	931,590	0
Colliers Wood Area Regeneratio	0	0	0	15,000	15,000	0
Mitcham Area Regeneration	20,457	90,213	(69,756)	125,000	125,000	0
Wimbledon Area Regeneration	128,276	132,000	(3,724)	158,470	158,470	0
Borough Regeneration	220,554	216,870	3,684	404,270	370,275	(33,995)
Morden Leisure Centre	259,133	359,580	(100,447)	365,000	365,000	0
Sports Facilities	367,115	470,000	(102,885)	570,000	570,000	0
Parks	205,948	296,000	(90,052)	514,570	514,570	0

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

	2019/20 Budget	Virements	Funding Adjustments	Revised 2019/20 Budget	Narrative
	£	**£**		**£**	
Highways and Footways – Shop Front Improvements	**131,070**		15,120	**146,190**	Additional S106 Funding for Colliers Wood
Total	**131,070**	**0**	**15,120**	**146,190**	

Appendix 5c

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	**18,184**	**8,761**	**26,945**
Environment and Regeneration Highways & Footways – Shop Front Improvements	**15**	**0**	**15**
Proposed Capital Programme - Dec Monitoring	**18,199**	**8,761**	**26,960**

APPENDIX 6

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 10 Forecast Shortfall	Period Forecast Shortfall (P10)	Period 9 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,389	95	6.4%	96	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,416	118	7.7%	118	0
Environment and Regeneration	3,370	2,019	1,351	40.1%	1,273	0
Total	**6,960**	**5,396**	**1,564**	**22.5%**	**1,487**	**35**

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 9 Shortfall forecast	Period Forecast Shortfall (P9)	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	A	Sean Cunniffe	20/21 will see the outsourcing of Translation Services so income streams will be removed as a result. Efficiencies will be made organisationally as a result of reduced administrative costs associated with maintaining the in-house service.	
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	R	20	0	A	Clive Cooke	This is dependent on agreement with RSP, 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	46	4	A	50	0	G	Fiona Thomsen	Reduced forecast on proprerty related income, this is offset in year by underspends on LBM legal services expenditure	Y
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	22	8	A	30	0	G	Fiona Thomsen	Underachievement offset by underspends elsewhere on legal support	Y
	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 to be replaced from 2020/21. 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		

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 9 Shortfall forecast	Period Forecast Shortfall (P9)	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
	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		
	Total Corporate Services Department Savings for 2019/20	1,484	1,389	95		1,449	35				

APPENDIX 6

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/Underspend? 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	28	27	R	55	0	G	James McGinlay	New contract expected to commence in the final quarter of 2019/20, so full saving won't be achieved this financial year.	Y
	PUBLIC PROTECTION										
ENR1	Further expansion of the shared service.	100	100	0	A	100	0	A	Cathryn James		Y
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	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				Cathryn James	Alternative saving has been agreed for 2020/21.	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 was 14th January, whereas the original savings target was based on an October go live date. It is too early to estimate the financial impact of these changes.	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	122	78	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R				John Bosley	Saving rejected by members due to impact on recycling rate and reputational damage. Thermal treatment of wood is no longer an option due to impact on carbon and the Council's commitment to be Carbon neutral. This saving will be replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programmedue 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		N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley	One vacant property recently let	Y
E6	Increased tenancy income in Greenspaces	40	0	40	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
ENR10	MLC opens and Five 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**	**2,019**	**1,351**		**3,000**	**0**				

APPENDIX 6

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

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 8 Forecast Shortfall	Period Forecast Shortfall (P9)		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 overspend 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 overspend 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**				

19/02/20 APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20

Ref	Description of Saving	Period 8 Forecast Shortfall	Period Forecast Shortfall (P9)	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/Underspend? 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	309	0	G		309	0	G	Steve Langley	Achieved	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. The plan is to enrol all major home providers on to the home monitoring system and only seek variations for when there is a need to utilise specialist providers as required. This is due to the low volume of hours taken on by the specialist providers, they may only support one customer thus not economically viable to be enrolled on to home monitoring system.	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	1,378	118			1,496	0				
	Library & Heritage Service											

										19/02/20	APPENDIX 6	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20												
Ref	**Description of Saving**	**Period 8 Forecast Shortfall**	**Period Forecast Shortfall (P9)**	**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/Underspend? Y/N**
CH67	Merton Arts Space income	38	38	0	G		38	0	G	Anthony Hopkins	On track, rental income has increased above budget by £9.4k	Y
	Total C & H Savings for 2019/20	**1,534**	**1,416**	**118**			**1,534**	**0**				

APPENDIX 7

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	120
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	202	50
Total	**5,637**	**1,470**	**597**	**170**

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	**110**	A	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 RSP, 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**		**120**			

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						James McGinlay	Alternative saving has been agreed and implemented for 2019/20.	**N**
	PUBLIC PROTECTION												
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R			Cathryn James	Alternative saving has been agreed for 2020/21.	**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 and implemented for 2019/20.	**N**
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	0	50	R	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		**N**
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		**N**
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 and implemented for 2019/20.	**N**
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	95	105	R	50	A	John Bosley	This was not delivered in 2018. Review of the current wider Public Space structure is being assesed and business needs along with resource gap being identified. Scheduled. The restructure is now scheduled for the first quarter 2020/21	**Y**
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed and implemented for 2019/20.	**N**
	Total Environment and Regeneration Savings 2018/19	**926**	**403**	**523**		**609**	**202**		**50**				

	Updated 19/02/2020											APPENDIX 7
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 which is about to commence
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**			

APPENDIX 7

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

APPENDIX 8

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	1,183
Total	**10,314**	**2,391**	**694**	**1,183**

APPENDIX 8

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
	Children Social Care										
CSF2012-07	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**				

APPENDIX 8

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**			

Updated 19/02/20

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**	

APPENDIX 8

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	Alternative saving agreed for 2020/21.	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 Colum 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 agreed for 2020/21.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R				Alternative saving agreed for 2019/20.	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	0	50	R	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
	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	627	873	R	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**		**1,525**	**1,183**			