Cabinet

Date: 13th July 2020

Subject: Financial Report 2020/21 – Period 2, May 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data for month 2, May 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £25.4m.

B. That Cabinet note the contents of Section 4 and approve the amendments to the Capital programme Contained in Appendix 5B.

That Cabinet note the contents of Section 4 and Appendix 5B and approve the following amendments to the approved Programme:

Amendments to the Approved Capital Programme Requiring Cabinet Approval

Scheme	Budget 2020-21	Budget 2021-22
	£	£
Housing Company	(3,674,470)	3,674,470

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the first financial monitoring report for 2020/21 presented in line with the financial reporting timetable.
This financial monitoring report provides -

- The income and expenditure at period 2 and a full year forecast projection.
- An update on the financial impact of Covid-19
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2020/21;
- Progress on the delivery of the 2020/21 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process for 2020/21 will focus on the financial impact of Covid-19. The Council's services are under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue. The detrimental impact of Covid-19 exceeds the support that the Government has currently pledged to provide.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2019/20 was £12.7m and the deficit is forecast to continue to increase in 2020/21.

2.3 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; With the projected scale of the impact of the Covid-19 pandemic and the growing DSG deficit, in the absence of further funding, the call on reserves will use all of the general fund reserve and a significant proportion of earmarked reserves of the Authority, which would need to be unearmarked.

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

Executive summary – At period 2 to 31st May 2020, the year-end forecast is a net adverse variance of £25.4m when all incremental Covid costs are included, after applying the remaining government emergency Covid-19 grant. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a £3.8m underspend, however, there may be other impacts on services arising from Covid that are not apparent at this stage. This will be kept under review.

Summary Position as at 31st May 2020

	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Full Year Forecast May) £000s	Forecast Variance at year end (May) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department						
Corporate Services	10,275	10,366	14,948	4,582	3,593	(490)
Children, Schools and Families	61,997	61,997	61,507	-490	509	(241)
Community and Housing	64,170	64,170	63,811	-359	3,543	(319)
Public Health	(157)	(157)	(157)	0	0	0
Environment & Regeneration	14,021	13,929	24,433	10,503	11,042	783
Overheads		0	0	0	0	120
NET SERVICE EXPENDITURE	**150,305**	**150,305**	**164,541**	**14,236**	**18,687**	**(147)**
Corporate Items						
Impact of Capital on revenue budget	11,190	11,190	11,190	0	0	(161)
Other Central budgets	(10,397)	(10,397)	(9,747)	650	0	(1,405)
Levies	962	962	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	**1,754**	**1,754**	**2,404**	**650**	**0**	**(1,567)**
Covid-19			**9,210**	**9,210**	**9,210**	**176**
TOTAL GENERAL FUND	**152,060**	**152,060**	**166,945**	**24,096**	**27,897**	**(1,714)**
FUNDING						
Revenue Support Grant	(5,159)	(5,159)	(5,159)	0	0	0
Business Rates	(35,586)	(35,586)	(35,586)	3,990	3,990	(50)
Other Grants	(18,245)	(18,245)	(18,245)	0	0	0
Council Tax and Collection Fund	(97,713)	(97,713)	(97,713)	7,699	7,699	50
COVID-19	0	0	(34,912)	(10,383)	(10,383)	0
FUNDING	**(156,703)**	**(156,703)**	**(191,615)**	**1,306**	**1,306**	**0**

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.58M.

Covid-19 Financial Impact

The ongoing Covid 19 pandemic has had a profound impact on council finances and will continue to do so during lockdown and beyond. Funding of £10.6m has been received from Central government for Merton to deal with the pandemic. This funding is not sufficient to cover the projected financial impact of this crisis in terms of additional expenditure, income loss and the impact on delivery of savings for 2020/21.

Covid Expenditure

Covid expenditure which is incremental is reported centrally and not included in the departmental summaries below. These are the incremental costs such as PPE, food banks and the community hub.

Income shortfall

Income budgets are included within departments and so the impact of Covid-19 is reflected in department forecasts.

Impact on savings

Departmental budgets are adjusted for the agreed savings targets for 2020/21 as part of the budget setting process. The savings which are now under pressure due to Covid-19 are included in the forecast of the department.

A new column is included in departmental summaries to show the Covid effect within the departmental forecast. These, together with the central Covid-19 costs are summarised in the table below:

COVID-19 COST SUMMARY	**2020/21 £000s**
Department	
Corporate Services	3,593
Children, Schools and Families	509
Community and Housing	3,543
Public Health	0
Environment & Regeneration	11,042
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	**18,687**
Corporate Items	9,210
ADDITIONAL COVID EXPENDITURE	**9,210**
FUNDING	
Business Rates	3,990
Council Tax	7,699
TOTAL FUNDING LOSS	**11,689**
GROSS COST OF COVID-19	**39,586**
Covid-19 Emergency funding received	**(10,383)**
NET COST OF COVID-19	**29,203**

Cashflow

When the Covid-19 outbreak emerged in March 2020 this created stress on the council's cash flow and forecasting for the rest of the year. Through prudent treasury cash flow procedures, the Council was able to meet its additional expenditure from the credit balance in the bank and mainly from immediate liquid cash balances held in the Money Market Funds (MMF's).
Due to Government relief announcements the Council will see a reduction in income going forward. With the above and the need to meet cash flow the Council decided to keep its available fund in

cash /MMF to maintain liquidly. Also due to the uncertainty in the financial market it was prudent to have the funds in more liquid position rather than locking them on term deposits.
The cash flow is monitored on a daily basis and the current forecast shows the Council have sufficient funds to meet its payment needs going forward. However, if is a cash short fall, the Council have the option to borrow short term in the market and from PWLB if it is long term.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (May) £000	2020/21 Full Year Forecast Variance (May) £000	2020/21 Covid-19 Forecast Impact (May) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,707	4,759	1,052	433	(169)
Infrastructure & Technology	12,151	12,521	370	268	(678)
Corporate Governance	2,258	2,275	17	42	(180)
Resources	5,559	7,850	2,291	2,267	95
Human Resources	2,081	2,204	123	0	187
Corporate Other	172	901	729	583	255
Total (Controllable)	**25,928**	**30,510**	**4,582**	**3,593**	**(490)**

Overview
At the end of period 2 (May) the Corporate Services (CS) department is forecasting an adverse variance of £4.582m at year end, of which £3.593m is due to the external impact of covid-19.

Customers, Policy and Improvement - £1,052k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £985k variance. This is made up of £172k for the cost of delays in light of the covid-19 pandemic and the remainder from the cost of contracts novated from the previous supplier which fall into the first months of 2020/21 and the estimated annual costs of the new systems.

The Registrars service is forecasting a £162k adverse variance and currently anticipating a 40% reduction in income for the year whilst it is still unclear when some services will be able to resume operating. Other adverse variances within the division due to covid-19 are from Blue Badges (£14k) as the introduction of charging has not commenced and the Translations service (£13k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR budget is also forecasting an adverse variance (£125k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division.

Partly offsetting the above are various favourable variances including £43k in the AD budget and £28k in Continuous Improvement due to vacancies expected for part of the year. A further £28k favourable variance is expected on Voluntary Sector Co-ordination mainly due to level of grants planned. Other forecast variances from less than budgeted running costs are in Merton Link (£43k favourable), Cash Collections (£49k favourable) and Marketing and Communications (£56k favourable).

Infrastructure & Technology - £370k adverse variance

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £96k on the Corporate Print Strategy, £34k on the Print and Post room and £126k on the PDC (Chaucer Centre) room hire. Where these are internal recharges they have not been included in calculating the impact of covid-19 on the Council as they will positively impact other departments.

The FM External account is also forecasting a £111k adverse variance due to no new commissions being confirmed since the lock-down began. There is a variance on Corporate Contracts (£33k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £104k adverse variance is also forecast in the Business Systems Team mainly due to budget pressure on IT licenses, support and maintenance. The pandemic has added to this as some system licences have been extended due to the delay on IT projects and forecast income from street naming and numbering is reduced.

Favourable variances within the division include £42k on the Microsoft EA budget as a discount has been obtained for 2020/21, £41k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income.

Corporate Governance – £17k adverse variance

The main adverse variance within Corporate Governance is due to £115k of legal savings forecast not to be achieved in year. A £22k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming into effect mid-year following the retirement of the Head of Democracy Services. This is, however, offset by various vacant hours and running cost budgets within both teams, resulting in a total £70k favourable variance across both sections.

Information Governance is also forecasting a favourable £24k variance from vacant hours and consultancy budget not expected to be utilised in year. The South London Legal Partnership (SLLp) is currently forecasting on budget, with nil variance.

Resources - £2,291k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive’s budget has a £94k variance as an interim Head of Recovery has been appointed as a result of the pandemic. The Bailiff Service has ceased operations and is now forecasting an adverse variance of £1,365k (including the shared service), currently working on the estimation that the service wouldn’t resume full operations for the rest of the calendar year. The Local Taxation Service is also showing an adverse variance of £923k mainly as a result of covid-19’s impact on court cost income.

Other adverse variances with the division that are not covid-19 related include the Financial Information Systems (FIS) team due to a £59k salary budget pressure and £54k on Insurance due to property valuation fees incurred in preparation for the re-tendering of insurance contracts and the new contracts not commencing until mid-2020/21 resulting in a saving being unachieved in year. This is, however, part offset by an overachievement anticipated on income.

Favourable variances in the department include £64k and £50k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Corporate Accountancy are forecasting a £39k favourable variance due to reduced banking costs in year, offsetting with agency spend. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £34k and £23k respectively due to various running costs, vacancies and new burdens funding.

Human Resources – £123k adverse variance

The adverse variance in HR is mainly across the AD and Learning and Development budgets as a result of agency staff covering vacant posts. Partly offsetting this is a post within the Learning and Development team which is expected to be vacant for part of the year.

The Occupational Health service is currently forecasting nil variance but will continue to be monitored through the year to review any impacts from covid-19 and changes to working arrangements.

Corporate Items - £729k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £753k. This is due to a shortfall forecast on overpayment recovery for 2020/21 and is inclusive of the £500k saving built into the budget this year for improvement of overpayment recovery and reducing the bad debt provision which is now not expected to be achievable in light of covid-19.

There is also a one-off saving in 2020/21 for the recovery of old housing benefit debts which had previously been written off, due to new access to information from HMRC. There is a £83k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19.

Partly offsetting the above are favourable variances on the corporately funded items budget of £64k due to budget not expected to be required in year and £48k on the added years pension budget.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget £000	Full year Forecast (May) £000	Forecast Variance at year end (May) £000	2020/21 Covid-19 Forecast Impact (May) £000	2019/20 Outturn Variance £000
Public Protection	(15,539)	(6,934)	8,605	7,892	1,286
Public Space	15,484	16,991	1,507	1,983	(364)
Senior Management	1,018	917	(101)	0	81
Sustainable Communities	7,723	8,216	493	1,167	(220)
Total (Controllable)	**8,686**	**19,190**	**10,504**	**11,042**	**783**

Description	2020/21 Current Budget £000	Forecast Variance at year end (May) £000	2019/20 Variance at year end £000
Regulatory Services	601	171	87
Parking Services	(17,156)	8,448	1,171
Safer Merton & CCTV	1,016	(14)	28
Total for Public Protection	**(15,539)**	**8,605**	**1,286**
Waste Services	14,280	242	72
Leisure & Culture	467	815	(334)
Greenspaces	1,441	477	(111)
Transport Services	(704)	(27)	9
Total for Public Space	**15,484**	**1,507**	**(364)**
Senior Management & Support	1,018	(101)	81
Total for Senior Management & Support	**1,018**	**(101)**	**81**
Property Management	(3,038)	(26)	(251)
Building & Development Control	42	219	34
Future Merton	10,719	300	(3)
Total for Sustainable Communities	**7,723**	**493**	**(220)**
Total Excluding Overheads	**8,686**	**10,504**	**783**

Overview

The department is currently forecasting an adverse variance of £10,504k at year end. The main areas of variance are Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Parking Services adverse variance of £8,448k

Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Further work is underway to fully understand the short and longer term impact of this but current forecasts show an adverse variance on PCN, P&D, and permit income of £3,698k, £2,580k, and £1,940k respectively.

Contributing to the PCN adverse variance is a 2020/21 saving (ENV1920-01) of £340k relating to an application to change Merton's PCN charge band from band B to band A, which is now not expected to be implemented until April 2021.

Covid-19 has also had an impact of other areas of income, namely skip licences and parking bay suspensions, with adverse variances of £167k and £124k being forecast respectively.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14th January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, which is being compounded by the impact of Covid-19, but work has started to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£128k), mainly in relation to the necessity of re-procuring body worn cameras and radios for the Civil Enforcement Officers.

The adverse variance is being partially offset by an employee related favourable variance of £160k.

Public Space

Waste Services adverse variance of £242k
The section is forecasting an adverse variance on disposal costs of £134k. As a result of changes to our residents working arrangements we have seen a greater increase in the number of households now working from home following the current Government advice in relation to Covid-19. This has resulted in an increase in overall domestic waste across all kerbside collection services.

An adverse variance of £178k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC).We are currently working with both the SLWP and our service provider to mitigate these increased costs and an associated report will be presented in due course for Cabinet consideration.

A favourable variance on employee related spend of £66k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £815k
Due to the Covid-19 pandemic, on the 21st March 2020 the Authority's Leisure Centres closed following central Government instruction. Since this request, officers have been working with our service provider, GLL, to consider how best to support them, whilst still ensuring that they maximise the Government benefits; minimise costs whilst keeping their previous customer base supported through such measures as 'free' online exercise classes, etc.

However, it is clear from the continuous dialogue between the two parties that the GLL needs financial support from the council if they are going to survive. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until around January 2021. Therefore, the Authority has agreed to forego the guaranteed income due from the GLL contract until the end of December 2020, which equates to about £622k. (this may change depending on how the centres perform once they open).

As the leisure centres have been closed, the Authority is incurring lower utility costs at these premises, leading to a forecast favourable variance of £82k.

Covid-19 has also led to the closure of the Wimbledon Sailing base since 20th March 2020. The site re-opened on the 15th June with much smaller programmes available, but due to the closure and social distancing measures an adverse variance of £285k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £477k
The adverse variance is mainly as a result of most of this year's events in our parks and openspaces being cancelled due to Covid-19, which has led to a forecast income shortfall of £265k.

In addition, an adverse variance of £180k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. The necessity to pollard trees does not follow an even cycle, as some trees require pollarding annually, whilst others are done on a biennial, triennial etc. meaning that costs also fluctuate depending on the cycle of work required.

Sustainable Communities

Property Management favourable variance of £26k
The commercial rent income forecasts do not currently include any allowances for the impact that Covid-19 may have on the viability of businesses, which will be continually monitored. On the understanding that individual rental agreements vary significantly, based on the total 2019/20 income, a 5% reduction equates to about £259k for a full financial year.

Building and Development Control adverse variance of £219k
Covid-19 has also had a significant impact of the various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £503k.

This adverse variance is being partially reduced by favourable variances employee related spend (£181k) and other grants & contributions by (£65k), mainly as a result of allowable CIL income to cover the administration and overhead costs associated with managing the levy.

Future Merton adverse variance of £300k
The section continues to incur staff and consultancy costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £240k. Increased costs include legal fees dealing with contractual issues, fees to divert utilities and the need to pay for access to third party land for the demolition and construction of the new bridge.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £203k is being forecast in relation to the income received from the contract for the provision of bus shelters and free standing units advertising within Merton, partly due to the fact that JC Decaux have invoked the force majeure clause in the contract due to lack of demand for advertising due to C-19. This has been agreed by SLLP and we will incur a loss of the guaranteed minimum income for at least 4 months.

Secondly, Vestry Hall has been closed since 15 March 2020 resulting in a forecast variance of £151k in relation to room lettings and hall hiring's.

These adverse variances are being partially mitigated by favourable variances on temporary traffic orders income (£130k), and costs associated with CPZ consultation and implementation (£190k).

Children Schools and Families

Children, Schools and Families	2020/21 Current Budget £000	Full year Forecast May £000	Forecast Variance at year end (May) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,170	24,079	(92)	99	63
Social Care and Youth Inclusion	21,417	21,737	321	410	416
Cross Department budgets	890	880	(10)		(47)
PFI	8,730	8,168	(561)		(251)
Redundancy costs	1,927	1,780	(147)		(422)
Total (controllable)	**57,134**	**56,644**	**(490)**	**509**	**(241)**

Overview

At the end of May, Children Schools and Families are forecasting a favourable £490k variance on local authority funded services, a favourable movement of £250k from 2019/20 outturn.

£509k Covid-19 cost pressure has been identified, £410k relate to savings shortfall, £19k SEN Transport and £80k shortfall in income targets. These have been included in the forecasted position.

The £490k favourable position is mainly due to the uncertainty and nature of placement costs and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests.

Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. EHCP numbers have increased from 2,011 in March, to 2,051 in May, an increase of 40.

The CSF department has received £3.847m growth for 2020/21. £1.756m has been allocated across Childrens Social Care and £2,091m across Education.

Local Authority Funded Services

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

Description	Budget £000	May £000	2019/20 £000
Procurement & School organisation	321	(81)	(306)
SEN transport	6,198	19	1,289
Early Years services	3,868	50	(314)
Education Inclusion	1,613	(107)	(350)
Internal legal hard charge	844	6	(105)
LSCB	76	70	(65)
Other over and underspends	11,326	(49)	(86)
Subtotal Education	**24,170**	**(92)**	**63**
Fostering and residential placements (ART)	7,217	0	(98)
Un-accompanied asylum seeking children (UASC)	254	0	33
No Recourse to Public Funds (NRPF)	172	(14)	132
MASH & First Response staffing	1,643	345	257
CWD team staffing	557	0	(67)
CWD Placements	634	0	(58)
Legal costs	531	0	72
Other over and underspends	10,409	(10)	145
Subtotal Children's Social Care and Youth Inclusion	**21,417**	**321**	**416**

<u>Education Division</u>

£2.091m growth is attributed to £1.496m SEN Transport Staffing, £400k SEN Team Staffing and £195k Education Psychology.

The procurement and school organisation budget is showing a favourable variance of £81k 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 SEN transport budget is forecasting an adverse variance of £19k, however, this budget has become increasingly difficult to forecast given COVID-19 and schools opening. This is our best estimate based on the information available at the end of May. The current estimated cost includes a small forecast for mileage claims where parents transport themselves and send in invoices. Buses are still being used to transport young people, but this is a moving target with no real way of predicting what will happen since we don't know what will occur in September and beyond. The current position is that we are starting to transport more clients – still only around a quarter of the normal client base - but in many cases not full time. Accordingly, although there will be some lag in billing, invoices continue to be approx. £20k per week, undoubtedly, weekly spend will rise between now and the end of July. That being said, if all pupils were to return in the autumn term (before allowing for new applications), we could expect a significant increase in cost. To support the cost pressure in this area, £1.496m growth has been allocated in 2020/21, but this does not reflect the Covid-19 impact, which was not known at the time.

Early Years service is reporting a £50k adverse variance due to underachievement of income targets as a consequence of Covid-19.

Education Inclusion is reporting a £107k favourable variance primarily due to staffing underspends within My Futures and Children and young participation services.

LSCB has reported an adverse variance of £70k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment.

The internal legal hard charging budget is projecting a favourable variance of £6k. 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 £49k favourable variance. These combine with the items described above to arrive at the total divisional favourable forecast of £92k.

Children's Social Care and Youth Inclusion Division

At the end of May, Merton had 158 looked after children. This is an increase of 4 children from March. 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**	**2019/20**
Number of children in care as at 31st March	163	152	154	160	154
Of which UASC	22	20	28	34	28
Rate per 10,000	35	33	33	34	33
London Rate	51	50	49	tbc	tbc
England Rate	60	62	64	tbc	tbc

£1.76m growth across Childrens Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), No Recourse to Public Funds (£150k) and UASC placements and previous USAC that are now Care Leavers (£710k).

Service	Budget £000	May Forecast spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Residential Placements	1,622	1,622	0	(754)	11	13
Independent Agency Fostering	1,974	1,974	0	272	44	48
In-house Fostering	1,421	1,421	0	541	76	74
Secure accommodation	245	245	0	(91)	4	1
Parent and Baby	105	105	0	(55)	0	0
Supported lodgings/housing	1,850	1,850	0	(11)	59	57
Total	**7,217**	**7,217**	**0**	**(98)**	**194**	**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.

For May, placement costs have been forecasted to budget pending a robust forecast including prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. Consequently, these assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

Service	Budget £000	May Forecast-spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Independent Agency Fostering	383	383	0	94	9	12
In-house Fostering	378	378	0	473	33	34
Supported lodgings/housing	693	693	0	32	29	26
UASC grant	(1,200)	(1,200)	0	(554)		
Total	**254**	**254**	**0**	**45**	**71**	**72**

At the end of May, 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. We will keep this under review.

Merton had 38 young people aged 18+ who were formerly UASC in our care at the end of May, 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.

Placements

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

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

We have recruited 3 new foster carers (2 of these are connected persons) this year so far. The target for this financial year is to recruit 20 new foster carers (including connected persons).

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 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.

Schools PFI

Schools PFI is forecasting a £561k favourable variance. This is due to an overachievement of Schools Contribution Income than budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £13.831m variance, an increase of £3.990m over outturn. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The overspend in the current financial year will be adding to this balance, currently estimated at £26.581m. 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 £8,467m adverse variance on Independent Day School provision. This is an £1,668m increase since March 2020, 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 in 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 and this extra provision has already been assumed within previous DSG forecasts. 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 £26.581m cumulative deficit to increase further.

Other adverse variances include £1,803k on EHCP allocations to Merton primary and secondary schools, £1.947m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.489m 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 May 2020 there were 2,051 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.

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, 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. Officers are working on an updated plan to incorporate outturn and the latest position on EHCPs and costs, which will be reported in due course.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and continue into 2021/22 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 13 in 2019/20 to 10 in 2020/21. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to COVID-19. Total school balances, including capital balances, did slightly increase last year.

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

Management action

Staffing report

We continue to reduce the use of agency 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.

Placements

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

Our 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.

Children with additional needs

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 and now the impact of social distancing as a result of Covid-19. 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

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.

Community and Housing

Community and Housing is still operating at level 4 emergency response. Although the government is easing lockdown and the number of infections and deaths has fallen, we need to plan alongside the NHS for potential future surges in demand in autumn and winter, in line with NHS planning assumptions.

Although we are still in the middle of the emergency response, we have commenced work on planning for the recovery and reset of our services. It is likely that recovery will run in parallel with an ongoing emergency response. We are planning on this being our operating model for the rest of this year.

The full impact of COVID 19 on our community, and therefore our services, is not yet fully understood. At present the department is focussed on supporting the NHS, housing rough sleepers and other homeless people, infection control, the local Test Track & Trace response, supporting the care sector (incl with PPE supplies), shielding and community response.

The forecast is prepared on the basis of our current understanding of activity, spend and income to date. The COVID costs in the second last column of the table below are those reflected in the budget forecast. The period 2 forecast shows a departmental underspend of £359k, which is made up of a forecast underspend in ASC of £698k, an overspend in Housing of £174k due to temporary accommodation costs and an overspend of £165k Library Service due to loss of income.

Community and Housing	2020/21 Current Budget £'000	2020/21 Full Year Forecast £'000	2020/21 Full Year Forecast Variance £'000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Outturn Variance £'000
Access and Assessment	47,906	47,572	-334	3,151	-1,143
Commissioning	4,411	4,333	-77	0	-84
Direct Provision	6,249	5,731	-518	74	179
Directorate	1,151	1,382	231	0	320
Adult Social Care	**59,717**	**59,019**	**-698**	**3,225**	**-728**
Libraries and Heritage	2,353	2,517	165	162	70
Merton Adult Learning	-5	-5	0	0	0
Housing General Fund	2,105	2,279	174	156	328
Public Health	-157	-157	0	0	-
Grand Total	**64,013**	**63,654**	**-359**	**3,543**	**-330**

In addition, the department is estimating £5.8m of one-off costs of COVID 19. Of this £5.8m, £3.9m has been committed to support care providers. ASC will also receive a separate £1.3m grant in two tranches to support infection control in care. The first tranche payments to care homes is currently in progress.

At present, we have achieved £607k of the £2.46m savings target for 2020/21. The full savings are reflected in the departmental budget, and this is forecast to be in balance, which indicates achievement of the overall target. However, it is too early in an unprecedented year to be able to be confident that this position will be maintained.

Adult Social Care

The ASC underspend is partly a consequence of the sad loss of service users. The mortality rate in April was much higher than normal for the service, although in line with national and regional trends. In addition, most of the costs of discharges from hospital into care homes is currently being met by the NHS in line with national guidance. This is likely to continue for now but we have to plan to take over the care arrangements for some of those placed by health. We are tracking these cases and the ASC forecast reflects this. The forecast also reflects a fall in income of c£1.3m, due to loss of client contributions.

The net underspend of £698k reflects the reduction in care packages. We sadly lost 98 service users who died of various causes in April and May 2020, compared to 47 in the same period last year. There were a number of other changes in care, with a number of packages of care suspended as families took over care during the period of lockdown.

With no precedent to follow, it is difficult to forecast the impact of any future surges in COVID-19. We will need to maintain our surge capacity in re-ablement, the hospital team, nursing beds and home care to cope with any future surges. The forecast is prepared on the basis of current activity levels, but it is not possible to know if this will be reflected throughout the rest of the year.

The service has not had to make use of the easements enabled by emergency legislation and continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting the NHS, as well as contributing to the cross-council work on shielding, the community hub and the food hub.

COVID 19 is having a major impact on the lives of families and communities, and this will inevitably impact on the needs and preferences for people who use social care services. As we move forward, we will need to re-evaluate our offer to ensure that they are aligned with the new patterns of demand.

The Shielding Programme is supporting over 7,000 of which around 100 need ongoing regular support. We will need to work with these people and their families when the national shielding programme ends to ensure that they recover their independence. We will also work with mental health services to support those shielding to deal with the psychological impact of their isolation. The COVID emergency is having a significant impact on the care sector, and care providers in particular. Providers are facing additional costs for PPE and staffing, and homes in particular are facing lower occupancy rates. The council is providing support in cash, in line with LGA/ADASS guidance, and in kind by supply of significant volumes of PPE. We have provided in excess of 500,000 fluid resistant face masks and 58,000 pairs of gloves, amongst a range of PPE supplied. The crisis is likely to have long term and significant consequences for the care sector, which the council will have to manage in line with its Care Act 2014 duties.

Library & Heritage Service
Whilst the physical buildings have been closed Merton's Library & Heritage Service has enhanced its online offer to provide improved resources including a much expanded e-book offer. In lockdown usage of the libraries online services has increased by 56%.

During the Covid-19 pandemic the majority of library staff have been deployed to support with newly established services including shielding, food distribution and the community response hub. These staff will return to their existing duties when libraries are ready to reopen.

The forecast overspend of £165k is mainly due to the expected loss of income for this year whilst libraries are closed and social distancing is in place. It is anticipated that income will reduce by at least 50% although this could be higher if services do not return to some form of normality during the autumn.

Adult Learning
The service is reporting a break even position. No physical courses have run since lockdown but providers have been innovative in their delivery of courses online and have amended their curriculum plans to respond to the current challenges. As all of the courses planned could not go ahead the GLA and ESFA, who fund the adult learning provision for the borough, have confirmed that they will provide the borough with the full funding allocation for the year and this will be paid proportionately across agreed spend levels to providers.

Housing General Fund
The Housing service has continued to support those in priority need with advice and temporary accommodation. There was a reduction in homelessness prevention activity early in the pandemic but this work has since recovered. The suspension of section 21 evictions reduced demand, but this suspension is expected to be lifted on the 24th August 2020, after which we expect a surge in demand for support.

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Achieved-March 20	480
Period	**Homelessness Prevention Targets 2020-21**
Full Year Target	450
Target YTD	**75**
Achieved-April 20	**39**
Achieved-May 20	**82**

The numbers in temporary accommodation has risen steadily as efforts to move people on has been hampered.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	
Mar'17	**-**	**-**	**186**	
Mar'18	**16**	**16**	**165**	
Mar'19	**15**	**11**	**174**	
Mar'20	**12**	**6**	**199**	
			2020/21	**2019/20**
Apr'20	**5**	**8**	**196**	**178**
May'20	**18**	**10**	**204**	**177**

In addition, the service has been working with 52 rough sleepers to support them into temporary accommodation. Four of these refused support and two others have been evicted from their temporary accommodation.

Of the 52 rough sleeping cases, 14 have no recourse to public funds and are currently accommodated by the GLA. It is our judgement at present that it is not in the interest of their health or public health for them to return to the streets. However, this cannot continue indefinitely and there is a high probability that they could return to rough sleeping in the absence of long-term solution for a group that councils would not normally have a legal responsibility to accommodate. Work is underway to identify longer term solutions of each of these people. Additional support from mental health and substance misuse services is being provided where appropriate.

The £174k overspend is due to increased costs of temporary accommodation and reduced contributions from those temporarily housed. The numbers of people supported in temporary accommodation has climbed since the pandemic began.

Public Health

Public Health is forecast on budget. The division's grant allocation has increased by £371k, mitigating; PH salary and inflationary increases, additional sexual health costs due to revised tariffs, the NHS Agenda for Change pay award and pension increases for staff on commissioned contracts. In this first quarter block payments are being made to suppliers according to existing contracts, based on historical activity data in 2019/20, except those determined by the current year agreements and subject to an open book agreement. Discussions are underway with community heath regarding activity, performance and funding for the year.

The division is involved in a number of COVID 19 initiatives to contain the pandemic triggering additional costs. Additional staffing has been brought in to support care home, infection control advice, and data analysis. The team will lead the local part of Test Tracking and Tracing (TTT). A grant has been made available to support these costs.

Corporate Items

The details comparing actual expenditure up to 31 May 2020 against budget are contained in Appendix 2. COVID-19 will inevitably have a major impact on corporate items and the application and adequacy of contingencies will feature throughout the monthly monitoring reports throughout 2020/21.

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	**11,190**	**11,190**	**0**	**(161)**
Investment Income	(707)	(707)	0	(704)
Pension Fund	340	340	0	(104)
Pay and Price Inflation	4,181	4,831	650	(100)
Contingencies and provisions	22,378	22,378	0	(154)
Income Items	(1,963)	(1,963)	0	(343)
Appropriations/Transfers	(11,275)	(11,275)	0	0
Central Items	**12,954**	**13,604**	**650**	**(1,405)**
Levies	962	962	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0
TOTAL CORPORATE PROVISIONS	**1,754**	**2,404**	**650**	**(1,567)**
COVID-19 Emergency expenditure	0	9,210	9,210	176
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**1,754**	**11,614**	**9,860**	**(1,391)**

The utilisation of corporate budgets is greatly influenced by the pressures and challenges that service departments face and the extent to which they require support from corporate contingency budgets. This is particularly the case in the current financial year with the devastating effect of COVID-19 being felt by many Council services.

As indicated in Appendix 3, based on the latest pay offer of 2.75% which is yet to be agreed, there will be a shortfall of c £0.650m in the budget for salaries.

This is the only potential major variance identified as at 31 May 2020. However, in order to take initial steps to address the expected adverse variance at year end arising from COVID-19, it is proposed to transfer the following budgets to the COVID-19 Reserve to provide cover for the costs arising from addressing the pandemic:-

Contingency

Given the projected net cost to the council of the pandemic, it is proposed to transfer £1m of the £1.5m budget to the COVID-19 Reserve.

Provision for loss of Parking Income from P3/P4 developments

Given the current economic outlook and need to concentrate on current issues it is unlikely that this provision will be required in 2020/21 for the purpose for which it is intended. It is therefore proposed to transfer the budget of £0.400m to the COVID-19 Reserve.

COVID-19: Impact on Council Tax and Business Rates Income in 2020/21 and future years

It is a statutory requirement that the budgeted amount of Council Tax and Business Rates income in 2020/21 are credited to the General Fund. Any variations from the actual amount of income collected from local taxpayers are accounted for via the Collection Fund, which is a statutory fund separate from the General Fund. These variations will be dealt with by the General Fund in the following year as a surplus/deficit dependent on how accurate the initial estimate has been.

The budgeted amounts for 2020/21 will be credited to the General Fund in 2020/21 and any variations to those amounts will result in a surplus/deficit on the Collection Fund as at 31 March 2021. It is anticipated, therefore, that because of a major drop in Council Tax and business Rate income, the increased deficit will appear as an adverse balance on the Collection Fund at year end and this will need to be accounted and therefore budgeted for in the General Fund in 2021/22. The Collection Fund is not allowed to have a deficit balance, but there are some indications that this could be changed. There will need to be accounting adjustments at year end to reflect the extent to which the Government agree to reimburse Councils for lost income, usually via Section 31 grant.

Collection of both council tax and business rates income has reduced. Council tax collection is 1.18% down on the same period last year and business rates 5.29% down.

Deferral of April, May and June's instalments have been agreed with some residents and businesses.

Reminder notices and text messages for non-payment of council tax were issued in late May to residents who had failed to pay both April and May's council tax instalments

There has been an increase in council tax support claims and as a result the cost of the scheme will increase by an estimated £2.5 million for the full year.

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the outturn report elsewhere on this agenda:

Depts	Current Budget 20/21	Variance	**Revised Budget 20/21**	Current Budget 21/22	Variance	**Revised Budget 21/22**	Original Budget 2022-23	Variance	**Revised Budget 22/23**	Original Budget 2023-24	Variance	**Revised Budget 23/24**
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	23,700	(3,674)	**20,025**	11,528	3,674	**15,203**	2,895	0	**2,895**	15,410		**15,410**
Community & Housing	1,709	0	**1,709**	1,680		**1,680**	1,429	0	**1,429**	425		**425**
Children Schools & Families	4,489	0	**4,489**	6,630		**6,630**	1,900	0	**1,900**	1,900		**1,900**
Environment and Regeneration	14,654	0	**14,654**	12,832		**12,832**	8,343	0	**8,343**	7,029		**7,029**
TOTAL	**44,551**	**(3,674)**	**40,877**	**32,670**	**3,674**	**36,345**	**14,567**	**0**	**14,567**	**24,764**	**0**	**24,764**

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at May 2020. The detail is shown in Appendix 4.

Capital Budget Monitoring - May 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	10,221	151,420	(141,199)	20,025,300	20,025,300	0
Community and Housing	35,801	75,180	(39,379)	1,709,200	1,708,366	(834)
Children Schools & Families	(79,833)	116,530	(196,363)	4,488,670	4,488,670	0
Environment and Regeneration	237,690	84,465	153,225	14,653,580	14,038,580	(615,000)
Total	**203,879**	**427,595**	**(223,716)**	**40,876,750**	**40,260,916**	**(615,834)**

a) Corporate Services – All budget managers are projecting a full spend against budget. The table above includes the £3.6 million re-profiling of the Housing Company Budget into 2021/22 (Appendix 4B).

b) Community and Housing – All budget managers are projecting a full year spend, however, it is envisaged that the Learning Disability Housing Scheme may be re-profiled later in the financial year. No budget adjustments are being made this month

c) Children, Schools and Families – Officers are currently projecting a full spend against budget, however £516k of the maintenance budget has yet to be allocated to schemes. No budget adjustments are being made this month

d) Environment and Regeneration – Officers are projecting full spend on all budgets apart from favourable variances on two schemes:

- Car Park Upgrades are currently showing a favourable variance of £389k. This projection only includes essential Fire Safety Works at St Georges Car Park, all other works as part of this scheme are under review

- Paddling Pools Option 2 are currently showing a favourable variance of £226k. The programme currently contains both options for Paddling Pools however, only one option will be progressed following a consultation process which is likely to commence over the summer 2020, subject to Covid. No budget adjustments are being made this month

4.3 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£000s):

Depts.	Original Budget 20/21	Net Slippage 2020/21	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 20/21
Corporate Services	22,100	2,000				(4,074)	**20,025**
Community & Housing	2,004	189				(483)	**1,709**
Children Schools & Families	4,566	480		573		(1,130)	**4,489**
Environment and Regeneration	18,530	818	(1,537)			(3,157)	**14,654**
Total	**47,199**	**3,487**	**(1,537)**	**573**	**0**	**(8,845)**	**40,877**

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

Depts.	Spend To May 2017	Spend To May 2018	Spend to May 2019	Spend to May 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	79	169	95	10	(69)	(159)	(85)
C&H	(26)	105	65	36	62	(69)	(29)
CSF	699	264	693	(80)	(779)	(344)	(773)
E&R	1,051	807	110	238	(813)	(569)	128
Total Capital	**1,803**	**1,345**	**963**	**204**	**(1,599)**	**(1,141)**	**(759)**

Outturn £000s	32,230	31,424	26,960	
Budget £000s				40,877
Projected Spend May 2020 £000s				40,261
Percentage Spend to Budget				0.50%
% Spend to Outturn/Projection	5.59%	4.28%	3.57%	0.51%
Monthly Spend to Achieve Projected Outturn £000s				4,006

4.5 May is two months into the financial year and departments have spent below 1% of the budget. Spend to date lower than all three previous financial years shown and is in part due to the impact of Covid 19

Department	Spend To April 2020 £000s	Spend To May 2020 £000s	Increase £000s
CS	(249)	10	260
C&H	13	36	23
CSF	(192)	(80)	112
E&R	(57)	238	295
Total Capital	**(486)**	**204**	**690**

4.6 During May 2020 officers spent £690k, to achieve year end spend officer would need to spend £4 million each month to year end. Finance officers will continue to work with budget managers to review schemes within the programme and also look to re-profile where appropriate in the light of Covid 19 and the current financial challenges facing the Authority.

4.7 Appendix 4C summarises the impact of the changes to the Capital Programme on funding.

DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2021/22 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,718	1,847	871	32.0%	595
Children Schools and Families	2,969	2,305	664	22.4%	300
Community and Housing	2,460	607	1,853	75.3%	100
Environment and Regeneration	3,927	936	2,991	76.2%	337
Total	**12,074**	**5,695**	**6,379**	52.8%	**1,332**

Appendix 6 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

Progress on savings 2019/20

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21	Projected Shortfall 2021/22
	£000	£000	£000	£000
Corporate Services	1,484	100	70	0
Children Schools and Families	572	0	0	0
Community and Housing	1,534	118	0	0
Environment and Regeneration	2,449	837	2,065	0
Total	**6,039**	**1,055**	**2,135**	**0**

Appendix 7 details the progress on unachieved savings from 2019/20 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 Corporate Items table
Appendix 2 – Pay and Price Inflation
Appendix 3 – Treasury Management: Outlook
Appendix 5A – Current Capital Programme
Appendix 5B - Detail of Virements
Appendix 5C - Summary of Capital Programme Funding
Appendix 6 – Progress on savings 2020/21
Appendix 7 – Progress on savings 2019/20

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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

3E.Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	1,865	723	11,190	0	(161)
Impact of Capital on revenue budget	**11,190**	**11,190**	**1,865**	**723**	**11,190**	**0**	**(161)**
Investment Income	**(707)**	**(707)**	**(118)**	**(114)**	**(707)**	**0**	**(704)**
Pension Fund	**340**	**340**	**57**	**0**	**340**	**0**	**(104)**
Corporate Provision for Pay Award	2,231	2,231	372	0	2,881	650	0
Corporate Provision for National Minimum Wage	1,500	1,500	250	0	1,500		0
Provision for excess inflation	450	450	75	0	450	0	(100)
Pay and Price Inflation	**4,181**	**4,181**	**697**	**0**	**4,831**	**650**	**(100)**
Contingency	1,500	1,500	250	0	1,500	0	(500)
Single Status/Equal Pay	100	100	17	0	100	0	0
Bad Debt Provision	500	500	83	0	500	0	1,304
Loss of income arising from P3/P4	400	400	67	0	400	0	(100)
Loss of HB Admin grant	34	34	6	0	34	0	(34)
Apprenticeship Levy	450	450	75	18	450	0	(22)
Revenuisation and miscellaneous	3,384	3,384	564	24	3,384		(802)
Growth - Provision against DSG	16,009	16,009	2,668	0	16,009	0	0
Contingencies and provisions	**22,378**	**22,378**	**3,730**	**41**	**22,378**	**0**	**(154)**
Other income	0	0	0	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(327)	0	(1,963)	0	(157)
Income items	**(1,963)**	**(1,963)**	**(327)**	**0**	**(1,963)**	**0**	**(343)**
Appropriations: CS Reserves	(908)	(908)	(151)	0	(908)	0	0
Appropriations: E&R Reserves	(317)	(317)	(53)	0	(317)	0	0
Appropriations: CSF Reserves	(360)	(360)	(60)	0	(360)	0	0
Appropriations: C&H Reserves	(104)	(104)	(17)	0	(104)	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(200)	0	(1,200)	0	0
Appropriations:Corporate Reserves	(8,386)	(8,386)	(1,398)	0	(8,386)	0	0
Appropriations/Transfers	**(11,275)**	**(11,275)**	**(1,879)**	**0**	**(11,275)**	**0**	**0**
Depreciation and Impairment	**(23,351)**	**(23,351)**	**(3,892)**	**0**	**(23,351)**	**0**	**0**
Central Items	**793**	**793**	**132**	**649**	**1,443**	**650**	**(1,566)**
Levies	**962**	**962**	**160**	**195**	**962**	**0**	**(1)**
TOTAL CORPORATE PROVISIONS	**1,754**	**1,754**	**292**	**845**	**2,404**	**650**	**(1,567)**
COVID-19 Emergency expenditure	**0**	**0**	**0**	**608**	**9,210**	**9,210**	**176**
Sub-total: COVID-19 Expenditure	**0**	**0**	**0**	**608**	**9,210**	**9,210**	**176**
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**1,754**	**1,754**	**292**	**1,452**	**11,614**	**9,860**	**(1,391)**

Appendix 2

Pay and Price Inflation as at May 2020

In 2020/21, the budget includes 2.0% 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 0.5% and RPI at 1.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

The local government pay award for 2020/21 has not yet been agreed. On 16 April 2020. the National Employers made an improved, final pay offer to the unions representing the main local government NJC workforce as follows:

- With effect from 1 April 2020, an increase of 2.75 per cent on all NJC pay points 1 and above

- With effect from 1 April 2020, an increase of one day to the minimum annual leave entitlement. This increase would apply just to those employees whose leave entitlement at 1 April 2020 is twenty one days (plus extra statutory and public holidays)

- joint work on mental health.

UNISON's national joint council (NJC) committee met on 5 June, to consider feedback from regions and decide on next steps in the NJC pay negotiation process.

The Local Government Association has made it clear that it will not approach the UK government to request any further money for local government pay. UNISON will send a full consultation pack to branches in the week of 22 June, and branches will then send key information to members and ask them to vote on whether they accept or reject the pay offer. They will have around six weeks to make up their mind and discuss the offer with fellow members.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs by c.£0.650m for which additional budget would be required. The cost of additional leave has not yet been costed.

Prices:

The latest statistic have been affected by COVID-19. As a result of the ongoing coronavirus (COVID-19) pandemic, the ONS identified 74 CPIH items (or 14.2% of the CPIH basket by weight) that were unavailable to UK consumers in May. This is down from 90 unavailable items in April; compared with the February 2020 index (the most recent "normal" collection), we have collected a weighted total of 81.6% (excluding unavailable items) of the number of price quotes for the May 2020 index, although the coverage varies across the range of items.

The Consumer Prices Index (CPI) 12-month rate was 0.5% in May 2020, down from 0.8% in April 2020.

Falling prices for motor fuels and a variety of recreational and cultural goods resulted in the largest downward contributions to the change in the 12-month inflation rate between April and May 2020. Rising prices for food and non-alcoholic drinks resulted in a partially offsetting upward contribution to change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.7% in May 2020, down from 0.9% in April 2020.

The RPI rate for May 2020 was 1.0%, which is down from 1.5% in April 2020.

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. Previously at a special meeting on 19 March 20020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 6 May 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted by a majority of 7-2 for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion. Two members preferred to increase the target for the stock of asset purchases by an additional £100 billion at this meeting.

In the minutes to the meeting the MPC note that "Economic data have continued to be consistent with a sudden and very marked drop in global activity. Oil prices have been volatile. There have, however, been tentative signs of recovery in domestic spending in China, and this is likely to be echoed in other countries that have started to relax COVID-related restrictions on economic activity. Financial markets have recovered somewhat over recent weeks and risky asset prices have picked up from their lows in mid-March. This in part reflects the actions taken by authorities in the United Kingdom and elsewhere. Global financial conditions have, nevertheless, remained tighter than prior to the outbreak of Covid-19. The timeliest indicators of UK demand have generally stabilised at very low levels in recent weeks, after unprecedented falls during late March and early April. Payments data point to a reduction in the level of household consumption of around 30%. Consumer confidence has declined markedly and housing market activity has practically ceased. According to the Bank's Decision Maker Panel, companies' sales are expected to be around 45% lower than normal in 2020 Q2 and business investment 50% lower. There has been widespread take-up of the Coronavirus Job Retention Scheme. Nevertheless, sharp increases in benefit claims are consistent with a pronounced rise in the unemployment rate."

On 7 May 2020, the Bank of England published its quarterly Monetary Policy Report alongside an interim Financial Stability Report. Together, they provide a scenario for the path of the UK economy in the light of Covid-19 and assess the financial system's resilience to that scenario. In the interim Financial Stability Report, the Financial Policy Committee (FPC) has assessed the risks to UK financial stability and the resilience of the UK financial system to the economic and market shocks associated with Covid-19. Given an illustrative scenario set out by the MPC based on the current COVID-19 pressures, the FPC concluded that "that the core banking system has capital buffers more than sufficient to absorb losses and, supported by government guarantees for new lending and Bank of England funding, the capacity to provide credit to support the UK economy. The MPC has statutory objectives to maintain price stability and, subject to that, to support the economic policy of the Government including its objectives for growth and employment. In the current circumstances, and consistent with the MPC's remit, monetary policy is aimed at supporting businesses and households through the crisis, and limiting any lasting damage to the economy."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (May 2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.2	2.5	0.9
RPI	0.6	3.2	1.3
LFS Unemployment Rate	4.0	10.5	7.7
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.4	2.6	1.6
RPI	2.1	4.0	2.6
LFS Unemployment Rate	4.0	9.1	6.3

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve.

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 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	1.0	1.4	1.7	1.8	1.8
RPI	1.6	2.0	2.5	2.8	2.8
LFS Unemployment Rate	7.0	6.8	6.1	5.5	5.0

Treasury Management: Outlook

At its meeting ending on 6 May 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted by a majority of 7-2 for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion.

The MPC has published the May 2020 Monetary Policy Report in the context that "the unprecedented situation due to COVID-19 means that the outlook for the UK and global economies is unusually uncertain. It will depend critically on the evolution of the pandemic, and how governments, households and businesses respond to it. " To illustrate the potential future implications has constructed a plausible illustrative economic scenario based on a set of stylised assumptions about the pandemic and the responses of governments, households and businesses, and, as usual, on the prevailing levels of asset prices and the market path for interest rates.

In an accompanying interim Financial Stability Report, the Financial Policy Committee (FPC) has assessed the risks to UK financial stability and the resilience of the UK financial system to the economic and market shocks associated with Covid-19. The MPC has statutory objectives to maintain price stability and, subject to that, to support the economic policy of the Government including its objectives for growth and employment. In the current circumstances, and consistent with the MPC's remit, monetary policy is aimed at supporting businesses and households through the crisis, and limiting any lasting damage to the economy.

The MPC note that "the illustrative scenario incorporates a very sharp fall in UK GDP in 2020 H1 and a substantial increase in unemployment. The fall in activity should be temporary, and GDP should pick up relatively rapidly as social distancing measures are relaxed. Nonetheless, because a degree of precautionary behaviour by households and businesses is assumed to persist beyond that point, the economy takes some time to recover towards its previous path, with risks skewed to the downside. In the near term, CPI inflation is likely to fall significantly below the MPC's 2% target, given falling energy prices and the weakness of demand. It rises to around the 2% target further out."

There are four areas of sensitivity that the MPC highlight as important in their scenario planning:-

Key sensitivity 1: the global economic outlook. Policy actions around the world will affect the outlook for the UK

Key sensitivity 2: the persistence of the fall in UK activity. The timing of the recovery will depend in large part on how long social distancing and support measures are in place. The speed of the recovery will also be affected by how households and businesses respond once measures are lifted.

Key sensitivity 3: the degree of long-lasting scarring in the economy. The eventual recovery in GDP will be affected by developments in the economy's supply capacity.

Key sensitivity 4: the impact of changes in economic activity on prices. CPI inflation will be affected by how companies respond to changes in demand.

The Financial Stability Report sets out the MPC's summary of the role of monetary policy in addressing the economic issues presented by the pandemic. It states that "Monetary policy can help support companies and households through economic disruption. Monetary policy loosening can help support households and companies through the economic disruption caused by the pandemic. It bolsters households' and businesses' cash flows, helps maintain the flow of credit, and supports asset prices. It can therefore mitigate the tightening in financial conditions that can amplify the initial contraction in activity, and help ensure that financial conditions are appropriate to support the recovery as the social distancing measures are eased.

Since the onset of the Covid-19 shock, the MPC has taken a number of actions to fulfil its mandate, including reducing Bank Rate to 0.1%, introducing a Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) and announcing a £200 billion increase in the stock of UK government bond and sterling non-financial investment-grade corporate bond purchases.

Activity should recover as the pandemic is brought under control and measures to contain its spread can be reduced. However, given the severity of the economic disruption, there is a risk of substantial longer-term damage to the economy from business failures and an increase in unemployment. As well as being costly in their own right, business failures and high unemployment can give rise to ‘hysteresis’ effects. Evidence from past periods of hysteresis indicate that these losses can be significant.

Monetary policy is only one part of the necessary policy response. The Bank of England’s response also complements the actions taken by the UK Government. Fiscal support measures are the main tool for dealing with the sharp fall in economic activity and the loss of income for households and companies. The UK Government has announced a series of substantial measures to alleviate some of the severe cash-flow problems facing businesses and households and support people’s incomes while maintaining focus on its primary objective of price stability.

The primary objective of monetary policy is price stability, a pre-condition for long-term economic prosperity. The MPC has clear operational independence for how the inflation target is achieved and is accountable to Parliament for its actions in meeting that target. Alongside that institutional framework, the UK Government has provided explicit indemnities for monetary policy operations such as quantitative easing that could otherwise create risks to the Bank’s balance sheet. These arrangements ensure that the MPC can take the actions it needs to meet its objective of price stability. The MPC will continue to monitor the economic situation closely. However events unfold, the MPC stands ready to respond as necessary to support the economy and ensure a sustained return of inflation to the 2% target.”

Appendix 5a

Capital Budget monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	**203,879**	**427,595**	**(223,716)**	**40,876,750**	**40,260,916**	**(615,834)**
Corporate Services	**10,221**	**151,420**	**(141,199)**	**20,025,300**	**20,025,300**	**0**
Customer, Policy and Improvmen	**92,077**	**0**	**92,077**	**1,350,000**	**1,350,000**	**0**
Customer Contact Programme	92,077	0	92,077	1,350,000	1,350,000	0
Facilities Management Total	**38,972**	**0**	**38,972**	**1,887,990**	**1,887,990**	**0**
Works to other buildings	48,899	0	48,899	1,144,310	1,144,310	0
Civic Centre	(3,753)	0	(3,753)	268,680	268,680	0
Invest to Save schemes	(6,175)	0	(6,175)	475,000	475,000	0
Infrastructure & Transactions	**(120,827)**	**151,420**	**(272,247)**	**2,910,560**	**2,910,560**	**0**
Business Systems	(3,474)	0	(3,474)	1,120,770	1,120,770	0
Social Care IT System	0	0	0	272,870	272,870	0
Planned Replacement Programme	(117,353)	151,420	(268,773)	1,516,920	1,516,920	0
Resources	**0**	**0**	**0**	**0**	**0**	**0**
Financial System	0	0	0	0	0	0
Invoice Scanning SCIS/FIS	0	0	0	0	0	0
Corporate Items	**0**	**0**	**0**	**13,876,750**	**13,876,750**	**0**
Acquisitions Budget	0	0	0	0	0	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	600,000	600,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Corporate Capital Contingency	0	0	0	0	0	0
Housing Company	0	0	0	12,816,750	12,816,750	0
Community and Housing	**35,801**	**75,180**	**(39,379)**	**1,709,200**	**1,708,366**	**(834)**
Adult Social Care	**0**	**0**	**0**	**20,200**	**20,200**	**0**
Telehealth	0	0	0	20,200	20,200	0
Housing	**36,652**	**75,180**	**(38,528)**	**1,315,000**	**1,315,000**	**0**
Disabled Facilities Grant	36,652	75,180	(38,528)	827,000	827,000	0
Major Projects - Social Care H	0	0	0	488,000	488,000	0
Libraries	**(851)**	**0**	**(851)**	**374,000**	**373,166**	**(834)**
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	0	0	350,000	349,166	(834)
Libraries IT	0	0	0	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	**(79,833)**	**116,530**	**(196,363)**	**4,488,670**	**4,488,670**	**0**
Primary Schools	**46,285**	**0**	**46,285**	**1,888,830**	**1,888,830**	**0**
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	(901)	0	(901)	39,350	39,350	0
Hatfeild	7,258	0	7,258	43,910	43,910	0
Hillcross	(5,227)	0	(5,227)	83,290	83,290	0
Dundonald	0	0	0	79,500	79,500	0
Garfield	29,680	0	29,680	42,620	42,620	0
Merton Abbey	(530)	0	(530)	0	0	0
Poplar	(4,824)	0	(4,824)	24,010	24,010	0
Wimbledon Chase	0	0	0	51,990	51,990	0
Wimbledon Park	0	0	0	40,000	40,000	0
Abbotsbury	(5,479)	0	(5,479)	137,200	137,200	0
Malmesbury	0	0	0	35,000	35,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	0	0	0	6,030	6,030	0
Cranmer	0	0	0	34,000	34,000	0
Gorringe Park	0	0	0	86,650	86,650	0
Haslemere	(795)	0	(795)	0	0	0
Liberty	(487)	0	(487)	33,640	33,640	0
Links	(690)	0	(690)	220,000	220,000	0
St Marks	0	0	0	165,000	165,000	0
Lonesome	33,680	0	33,680	46,740	46,740	0
Sherwood	(1,059)	0	(1,059)	201,200	201,200	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	0	0	3,200	3,200	0
Unlocated Primary School Proj	0	0	0	515,500	515,500	0

Appendix 5a

Capital Budget Monitoring-May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	**(46,551)**	**0**	**(46,551)**	**260,010**	**260,010**	**0**
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	5,590	5,590	0
Ricards Lodge	0	0	0	5,580	5,580	0
Rutlish	0	0	0	19,000	19,000	0
Harris Academy Wimbledon	(46,551)	0	(46,551)	195,670	195,670	0
SEN	**(136,474)**	**0**	**(136,474)**	**1,990,260**	**1,990,260**	**0**
Perseid	(28,642)	0	(28,642)	285,970	285,970	0
Cricket Green	(107,023)	0	(107,023)	366,150	366,150	0
Melrose	15,239	0	15,239	1,070,590	1,070,590	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	(16,048)	0	(16,048)	204,210	204,210	0
Melbury College - Smart Centre	0	0	0	13,340	13,340	0
CSF Schemes	**56,907**	**116,530**	**(59,623)**	**349,570**	**349,570**	**0**
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	58,260	116,530	(58,270)	349,570	349,570	0

Appendix 5a

Capital Budget Monitoring- May 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	**237,690**	**84,465**	**153,225**	**14,653,580**	**14,038,580**	**(615,000)**
Public Protection and Developm	**0**	**0**	**0**	**714,340**	**325,340**	**(389,000)**
On Street Parking - P&D	0	0	0	100,000	100,000	0
Off Street Parking - P&D	0	0	0	464,000	75,000	(389,000)
CCTV Investment	0	0	0	150,340	150,340	0
Street Scene & Waste	**(117,973)**	**50,000**	**(167,973)**	**737,040**	**737,040**	**0**
Fleet Vehicles	0	50,000	(50,000)	659,000	659,000	0
Alley Gating Scheme	1,200	0	1,200	30,000	30,000	0
Waste SLWP	(119,173)	0	(119,173)	48,040	48,040	0
Sustainable Communities	**355,663**	**34,465**	**321,198**	**13,202,200**	**12,976,200**	**(226,000)**
Street Trees	(4,500)	0	(4,500)	126,000	126,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	230,374	0	230,374	5,878,310	5,878,310	0
Cycle Route Improvements	63,369	0	63,369	132,390	132,390	0
Mitcham Transport Improvements	705	0	705	96,610	96,610	0
Colliers Wood Area Regeneratio	0	0	0	15,000	15,000	0
Mitcham Area Regeneration	1,747	0	1,747	2,287,550	2,287,550	0
Wimbledon Area Regeneration	70,000	0	70,000	788,300	788,300	0
Morden Area Regeneration	0	0	0	250,000	250,000	0
Borough Regeneration	(2,753)	0	(2,753)	583,050	583,050	0
Morden Leisure Centre	0	1,600	(1,600)	55,000	55,000	0
Wimbledon Park Lake and Waters	0	8,000	(8,000)	329,500	329,500	0
Sports Facilities	22,836	0	22,836	308,840	308,840	0
Parks	(26,114)	24,865	(50,979)	2,325,540	2,099,540	(226,000)

Virement, Re-profiling and New Funding - May 2020

	2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
-	£	£		£	£	£		£	
Corporate Services									
Housing Company	**16,491,220**	0	0	(3,674,470)	**12,816,750**	**6,883,220**	3,674,470	**10,557,690**	Re-Profiled to expected spend

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	**39,388**	**7,811**	**47,199**
-			
Outturn Adjustments	**(1,881)**	**(767)**	**(2,648)**
Approved Capital Programme Outturn	**37,507**	**7,044**	**44,551**
Corporate Services Housing Company	**(3,674)**	**0**	**(3,674)**
Proposed June Monitoring	**33,833**	**7,044**	**40,877**

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	**24,774**	**4,192**	**28,966**
Outturn Adjustments	**3,158**	**547**	**3,705**
Current Approved Programme	**27,932**	**4,739**	**32,671**
Corporate Services Housing Company	**3,674**	**0**	**3,674**
Proposed June Monitoring	**31,606**	**4,739**	**36,345**

APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2021/22 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,718	1,847	871	32.0%	595
Children Schools and Families	2,969	2,305	664	22.4%	300
Community and Housing	2,460	607	1,853	75.3%	100
Environment and Regeneration	3,927	936	2,991	76.2%	337
Total	**12,074**	**5,695**	**6,379**	52.8%	**1,332**

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care										
CH72	**Deferred Savings - Transport**	100	100	0	G	100	0	G	John Morgan	Although the implementation of the review has been delayed, there has been a drop in transport activity, particularly taxis, due to C19. There is also a projected underspend on concessionary fares	
CH76	**OPMH Staffing**	100	0	100	R	0	100	R	John Morgan	We need to review the demand for MH services wit the trust due to C19. We are expecting demand to rise making this saving no longer achievable	
CH87	**Mascot Income**	100	0	100	R	100	0	A	Andy Ottaway-Searle	Income from MASCOT is currently down by £25k due to a net loss of 57 customers. LGA Peer Challenge delayed. Other options to make savings are being explored.	
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.	78	0	78	A	78	0	G	Phil Howell	The project has been delayed by actions necessary due to C19. We are currently paying on commissioned hours. The system provider has delayed roll out to	
CH82 / 83 / 90	**Out of Area Placements**	1,100	0	1,100	A	1,100	0	A	John Morgan	The project has been delayed by actions necessary due to C19. A desktop review linked to London wide research is underway to re-start the work. We also need to	
CH91	**Supported Living / Residential review**	400	0	400	R	400	0	A	John Morgan	The project has been delayed by actions necessary due to C19. The work will be linked to London wide research that is being commissioned by ADASS. We	
CH92	**Mobile Working**	50	7	43	A	50	0	G	John Morgan	C19 has prompted a major move towards mobile working. Public transport costs are down £7k, other recharges awaited	
CH96	**Home Care Monitoring**	32	0	32	R	32	0	G	John Morgan	The project has been delayed by actions necessary due to C19	
CH99	**Placements**	500	500	0	G	500	0	G	John Morgan	There has been a reduction in gross costs of care forecast as at period 2..Placements are subject to continued senior management scrutiny	

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Subtotal Adult Social Care	2,460	607	1,853		0	2,360	100				
	Total C & H Savings for 2020/21	**2,460**	**607**	**1,853**			**2,360**	**100**				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
	Customers, Policy & Improvement										
CS2016 -06	Merton Link - efficiency savings	30	30	0	G	30	0	G	Sean Cunniffe		
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2019-20 CS28	cash collection reduction	12	12	0	G	12	0	G	Sean Cunniffe		
2020-21 CS5	Reduction in various running costs across the division	20	20	0	G	20	0	G	CPI AD		
2020-21 CS6	Community engagement - reduction in running costs	8	8	0	G	8	0	G	Kris Witherington		
	Resources										
2018-19 CS06	Miscellaneous budgets within Resources	17	17	0	G	17	0	G	Resources Senior Management		
2018-19 CS07	Retender of insurance contract	50	0	50	R	13	37	A	Nemashe Sivayogan	New contract comes into place mid 2020/21. Insurance premiums cost will be reduced but variance remains adverse due to historic budget pressure. This will be offset in part during 2020/21 and fully during 2021/22 by an overachievement on income	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	0	A	David Keppler	Not achieveable in light of covid-19 circumstances. Bailiff service is currently not operational.	Y
2019-20 CS06	Revs and Bens reduction in staffing	146	146	0	G	146	0	G	David Keppler		
2019-20 CS07	Treasury - increase in investment income	20	20	0	G	20	0	G	Nemashe Sivayogan		
2019-20 CS08	Insurance reduction in staffing	15	15	0	G	15	0	G	Nemashe Sivayogan		
2020-21 CS1	Right sizing charge to Pension Fund for Pension Manager time	24	24	0	G	24	0	G	Nemashe Sivayogan		
2020-21 CS2	Savings in Insurance Fund top up budget	70	70	0	G	70	0	G	Nemashe Sivayogan		
2020-21 CS3	Increase in Investment Income	100	100	0	G	100	0	G	Nemashe Sivayogan		
2020-21 CS15	Miscellaneous savings (eg. Subscriptions)	39	39	0	G	10	0	G	Resources Senior Management	Part of this is a one-off saving - there is only £10k saving built in for 2021/22	
2020-21 CS16	Saving in Consultancy costs	20	20	0	G	20	0	G	Resources Senior Management		
CSREP 2020-21 (1)	Savings in Insurance Fund top up budget	30	30	0	G	30	0	G	Nemashe Sivayogan		
	Corporate Governance										
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	A	50	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	A	20	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	A	45	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS27	merge democracy services and electoral services	70	48	22	A	70	0	G	Louise Round	Post holder retiring mid-year. Will be fully achieved from 2021/22	Y
2020-21 CS13	Corp Gov AD - Running Costs	24	24	0	G	24	0	G	Louise Round		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2020-21 CS14	Information governance - reduction in consultancy spend	10	10	0	G	10	0	G	Karin Lane		
	Human Resources										
2019-20 CS24	Realignment/redesign of HR services to provide services to the organisation and mitigate associated risks	50	47	3	A	47	3	A	Liz Hammond	Restructure of HR staffing completed to reduce staffing structure cost by £47k	Y
2019-20 CS25	Charge for voluntary sector payroll	7	7	0	G	7	0	G	Liz Hammond		
	Infrastructure & Technology										
2019-20 CS19	Reduction in the Repairs and Maintenance budgets for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS20	Reduction in the energy 'Invest to Save' budget for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	Edwin O'Donnell	Not achieveable in light of covid-19 circumstances	Y
CSD7	Restructure Post & Print section and delete 2 FTE posts	47	47	0	G	47	0	G	Keith Bartlett		
CS2015-03	Review of Transactional Services team	100	100	0	G	100	0	G	Pamela Lamb		
2018-19 CS03	Adjust current Local Authority Liaison Officer (LALO) arrangements to require Assistant Directors to undertake the duties as part of their job description.	33	33	0	G	33	0	G	Adam Viccari	Nil shortfall as this has effectively been replaced by growth added to the safety services budget from 2020/21	
2020-21 CS8	A further £100k reduction of the repairs and maintenance budget for corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	Edwin O'Donnell	Not achieveable in light of covid-19 circumstances	Y
2020-21 CS12	Cancel lease on two Council vans	5	0	5	R	5	0	A	Edwin O'Donnell/ Richard Warren	To be reviewed but may not be achievable in light of covid-19 circumstances	Y
	Corporate										
2019-20 CS09	CHAS dividend	460	460	0	G	460	0	G	Ian McKinnon	CHAS revenue is being maintained at a good level so far during the covid-19 pandemic which would allow for this dividend payment	
2019-20 CS10	Recharges to Merantun Developments	75	71	4	A	75	0	G		Overheads set at £71k for 2020/21	Y
2019-20 CS11	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	36	36	0	G	36	0	G	David Keppler		
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R	0	500	A	David Keppler	Not achievable due to covid-19	Y
2020-21 CS4	Housing benefit written off debt recovery (one off)	120	38	82	A			N/A	David Keppler	Reduced recovery due to covid-19. One-off saving not built in for 2021/22	Y
	Total CS Savings for 2020/21	**2718**	**1847**	**871**		**1974**	**595**	**0**			

G A R

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
ENV1920-03	Property Management: Realign rental income budgets to better reflect current levels of income being achieved from conducting rent reviews in line with tenancy agreements	300	300	0	A		300	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	**N**
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R		40	0	G	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	**Y**
ALT1920-01	Property Management: Increased income already being achieved from conducting rent reviews in line with tenancy agreements	70	70	0	A		70	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	**N**
	PUBLIC PROTECTION											
ENV1819 - 02	Parking: Operational efficiencies. Parking services manage a high level of transactional applications, for PCN, Permit and general enquiries. Through improved use of technology and a review of practices, including the development of self service transactions by customers opposed to back office staff processing, efficiency savings can be made.	57	57	0	G		57	0	G	Cathryn James		**N**
ENV1819-03	Parking: 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	0	1,900	R		1900	0	A	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	**Y**
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	13	0	A		13	0	G	Cathryn James		**N**
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R		340	0	A	Cathryn James	This saving will not be achieved in 2020/21. The consultation process has been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. It is expected that, If the finding is to approve the policy, the application will be put before London Council in the summer. However, due to Covid 19 it is unknown when this aplication will be heard. Awaiting confirmation from London Councils. If approved at London councils, and by Secretary of State thereafter, an April/May 2021 may be possible. Any delay in statutory body approval will result in a delayed implementation. Or if the application is rejected this saving will not be met.	**Y**
ENV1920-02	Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R		300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers are starting to increase, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, whilst the longer term impact is being analysed.	**Y**

G | A | R

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337		337	R			337	R	Cathryn James		
	PUBLIC SPACE											
E3	Leisure: Polka Theatre Grant Reduction	30	30	0	G		30	0	G	John Bosley	Polka are aware of this revenue saving, however are delayed in opening their theatre which in turn increases financial pressures on their business.	N
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	250	0	A		250	0	G	John Bosley	The service has maintained a high recycling rate in 2019/20 and recycled 43% of all domestic waste and delivered significant (above target) savings in the disposal cost . This budget is now under pressure due to the sudden growth in dommestic watse following the National impact of COVID 19 and residents now self isolating and working from home.	N
ENV1920-05	Waste: The Kingdom environment enforcement contract is due for reprocurement and renewal in Spring 2020. This provides an opportunity for it to be broadened and also to ensure that its operation is as effective as possible for the Council .	50	50	0	A		50	0	G	John Bosley	In quarter 1 of 2020 the service as been redeployed to support enforcement activities in our Parks and Green spaces along with weekly support to the Mobile Testing Unit (MTU) in Morden for Covid 19. As such the level of FPNs issued has reduced impacting on the level of income recieved.	N
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R		10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	150	0	A		150	0	G	John Bosley	This is subject to the commisioning and procurement of a new enforcemnt contract along with the wider Public Space restructure scheduled for 20/21	N
ALT1920-05	Waste Services: Reduction in external training budget.	6	6	0	G		6	0	G	John Bosley	Completed - all new training and development requirement will be assesed and manged in line with the corperate L&D team.	N
ALT1920-06	Greenspaces: Reduction in grant to Deen City farm as part of agreement involving capital investment	10	10	0	G		10	0	G	John Bosley		N
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R		64	0	G	John Bosley	Many events due for 2020/21 have been cancelled due to Covid-19.	Y
	Total Environment and Regeneration Savings 2018/19	**3,927**	**936**	**2,991**			**3,590**	**337**				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Education											
CSF2017-07	Review schools trade offer, raise charges or consider ceasing services from 2020.	**60**	**60**	**0**			**60**	**0**		**Jane McSherry**	Delivered in Full	
CSF2018-08	Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer.	**150**	**150**	**0**			**150**	**0**		**Jane McSherry**	Delivered in Full	
CSF2019-08	Review of school premises and contracts staffing structure	**45**	**45**	**0**			**45**	**0**		**Jane McSherry**	Delivered in Full	
CSF2019-09	Repurposing of some posts in education inclusion service	**150**	**150**	**0**			**150**	**0**		**Jane McSherry**	Delivered in Full	
CSF2019-10	Reduced contribution towards the MSCB	**44**	**10**	**34**			**44**	**0**		**Jane McSherry**	Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	**200**	**60**	**140**			**200**	**0**		**Jane McSherry**	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity against the Covid Budget)	
CSF2019-22	SEND Travel	**50**	**0**	**50**			**50**	**0**		**Jane McSherry**	Likely to have to spend more against this budget because of Covid-related distancing requirements in our transport options. Will also need to delay the start of this review because of the consultation requirements.	
CSF2019-20	Revenue costs of capital projects	**200**	**200**	**0**			**200**	**0**		**Jane McSherry**	Delivered in Full	
CSF2019-03	Early help re-design	**100**	**100**	**0**			**100**	**0**		**Jane McSherry**	Delivered in Full	
CSF2019-21	Legal Hard Charging	**75**	**75**	**0**			**75**	**0**		**Jane McSherry**	Delivered in Full	
				0				**0**				
	Children Social Care & Youth Inclusion			**0**				**0**				
				0				**0**				
CSF2017-03 **CSF2017-05**	Delivery of preventative services through the Social Impact Bond	**45**	**45**	**0**			**45**	**0**		**El Mayhew**		

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	South London Family Drug and Alcohol Court commissioning	**45**	**15**	**30**			**45**	**30**		**El Mayhew**	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-02	Establish more cost effective Merton independent living provision	**400**	**200**	**200**			**400**	**200**		**El Mayhew**	Work currently being undertaken by David Michael with support from Jacob (graduate trainee). This has been significantly impacted by Covid-19 (and also by grad trainee focusing on Ofsted. Will need to be discussion with colleagues in C&H and Tom. Conversations afoot to consider extending Jacob's placement. Could be an opportunity if that's extended and Jacob agreed to stay. Do we think the whole £400k is written off? Delay be likely to be half a year. Not likely to be able to deliver more than e.g. £200k	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	**60**	**20**	**40**			**60**	**0**		**El Mayhew**	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £20k, if consultation can take place in 3rd quarter of financial year.	
CSF2019-05	Full year effect of transfer of adoption service to Adopt London South	**30**	**30**	**0**			**30**	**0**		**El Mayhew**	More costs emerging, than anticipated in relation to both retained function, and costs of service delivery passed on by ALS. (But currently our financial contribution is greater than our demand and use).	
CSF2019-06	Review of safeguarding and social work training budgets	**60**	**60**	**0**			**60**	**0**		**El Mayhew**	Delivered in full	
CSF2019-07	Reduction of Central recruitment cost budget	**30**	**30**	**0**			**30**	**0**		**El Mayhew**	Delivered in full	
CSF2019-13	Review of current Adolescent and Family service	**100**	**30**	**70**			**100**	**70**		**El Mayhew**	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £30k, if consultation can take place in 3rd quarter of financial year. Some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG		2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30			45	0		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50			50	0		El Mayhew	Have had to increase financial payments to care leavers - some of this will be set against the Covid-19, and it's currently not possible to have the required discussion re: funding care leavers differently in the current situation.	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20			20	0		El Mayhew	Not started this piece of work yet (other than initial scoping). This could challenge our retention of carers and we can't risk reducing capacity at this time. Might well shunt everything back by a year. Will depend on how long the Covid arrangements run.	
CSF2019-19	Increased use of in-house foster carers	20	20	0			20	0		El Mayhew	Making use of a special focus fostering recruitment campaign. Making use of Covid-funding to progress this. Scope to use relaxed regs if we need to in order to increase approvals.	
CSF2019-01	Review of CSF admin structure	200	200	0			200	0		El Mayhew	Broadly this has been achieved in CSC&YI because of the restructure. Restructure was not fully clear about which posts would be lost. The HoS has been retained	
				0								
	Commissioing			0								
				0								
CSF2019-11	Review of centralised commissioning budgets	90	90	0			90	0			Delivered in full	
				0			0	0				
	CSF Other			0			0	0				
				0			0	0				
CSF2019-22	PFI Unitary charges	400	400	0			400	0				
CSF2019-23	Pension and Redundancies charges	300	300	0			300	0				
	Total Children, Schools and Families Department Savings for 2020/21	**2,969**	**2,305**	**664**			**2,969**	**300**				

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21
	£000	£000	£000
Corporate Services	1,484	100	70
Children Schools and Families	572	0	0
Community and Housing	1,534	118	0
Environment and Regeneration	2,449	837	2,065
Total	**6,039**	**1,055**	**2,135**

APPENDIX 7

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Expected Shortfall £000	20/21 RAG	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments
	Infrastructure & Technology										
2018-19 CS14	M3 support to Richmond/Wandsworth	**20**	**0**	**20**	R	**20**	A	**0**	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.
	Resources										
2018-19 CS05	Reduction in permanent staffing	**30**	**0**	**30**	R					Roger Kershaw	Saving replaced from 2020/21.
CSREP 2019-20 (3)	Increase in income from Enforcement service	**50**	**0**	**50**	R	**50**	R	**0**	A	David Keppler	The service is not currently operational in light of the covid-19 circumstances.
	Total Corporate Services Department Savings for 2019/20	**100**	**0**	**100**		**70**		**0**			

APPENDIX 7

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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
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	10	45	R		0	55	R	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	**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		0	60	R	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. The focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not been possible to achieve the savings targets set for 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.	**N**
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	662	1,238	R		0	1900	R	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	**Y**
ALT3	Reduction in the number of pay & display machines required.	14	0	14	R		14	0	A	Cathryn James		**N**
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	165	35	R					John Bosley	Alternative saving has been agreed for 2020/21.	**N**
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R					John Bosley	This saving was replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	**N**
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R		0	50	R	John Bosley	One vacant property recently let, but saving impacted by C-19.	**Y**
E6	Increased tenancy income in Greenspaces	40	0	40	R					John Bosley	Alternative saving has been agreed for 2020/21.	**Y**
	Total Environment and Regeneration Savings 2018/19	**2,449**	**837**	**1,612**			**14**	**2,065**				

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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										
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	236	118	118		236	0				