Cabinet

Date: 18 January 2021

Subject: Financial Report 2020/21 – Period 8 November 2020

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

~~A.~~ That Cabinet note the financial reporting data for month 8, November 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £2.8m.

B. That Cabinet note the contents of section 4 of the report and approve the adjustments to the Capital Programme in Appendix 5b

That Cabinet note the contents of Section 4 and Appendix 5b of the report and approve the amendments to the Programme contained in the Table below:

		Budget 2020-21	Budget 2021-22	Budget 2022-23	Narrative
-	-	£	£		£
Corporate Services	-				
Customer Contact	(1)	(158,200)	158,200		Reprofiled in line with projected spend
Civic Centre Boiler Replacement	(1)	(201,480)	201,460		Reprofiled in line with projected spend
Westminster Coroners Court	(1)	(460,000)	460,000		Reprofiled in line with projected spend
Multi-Functioning Device (MFD)	(1)	130,000			Provision for 5 rather than 3 Year Lease
Clarion CPO	(2)	(4,079,460)	1,657,620	2,421,840	Reprofiled in line with projected spend
Community and Housing					
Learning Disability Affordable Housing	(1)	(250,000)	(771,000)	1,021,000	Reprofiled in line with projected spend
Children, Schools and Families					
Melrose SEMH Unit	(1)	(300,000)	300,000		Reprofiled in line with projected spend
Environment and Regeneration	-	-	-	-	-
Lamp Column Chargers	(1)	157,000			OLEV Grant
Casualty Reduction in Schools	(1)	276,000			Additional TfL Funding
Crown Creative Knowledge Exchange	(1)	(150,000)	150,000		Reprofiled in line with projected spend
Morden Town Centre Improvements	(1)	(100,000)	100,000		Reprofiled in line with projected spend
LBM Replacement of Fleet Vehicles	(1)	(168,410)	133,410		Reprofiled in line with projected spend
Highway Bridges and Structures	(1)	(474,000)	474,000		Reprofiled in line with projected spend
Car Park Upgrades	(1)	(125,000)	125,000		Reprofiled in line with projected spend
Cycle access/parking	(1)	120,500			Additional TfL Funding
Cycle Lane Works Plough Lane	(1)	(200,000)	200,000		Reprofiled in line with projected spend
Wimbledon Pk Waterplay Feature	(1)	(226,000)	226,000		Reprofiled in line with projected spend
Paddling Pools Waterplay Feature - Option 2	(1)	(113,000)	113,000		Reprofiled in line with projected spend
Total		**(6,322,050)**	**3,527,690**	**3,442,840**	

(1) Requires Cabinet approval **(2) Requires Council Approval**

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 8 monitoring report for 2020/21 presented in line with the financial

reporting timetable.
This financial monitoring report provides -

- The income and expenditure at period 8 and a full year forecast projection.
- An update on the 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 focuses on the financial impact of Covid-19. The Council's services remain 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 is being monitored closely as the situation evolves with restrictions imposed by the tier system and the financial impact on the Council.

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, the cumulative deficit is now estimated to be £28.1m.

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 some of the general fund reserve.

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

Executive summary – At period 8 to 30th November 2020, the year-end forecast is a net adverse variance of £2.8m when all incremental Covid costs are included, after applying the government emergency Covid-19 grant and the funding confirmed from the income compensation scheme. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a favourable variance of over £4m, 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 30th November 2020

	Current Budget 2020/21 £000s	Forecast Variance at year end (Nov) £000s	Forecast Variance at year end (Oct) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department					
Corporate Services	10,932	4,274	4,153	3,337	(490)
Children, Schools and Families	62,734	(1,371)	(1,264)	923	(241)
Community and Housing	68,942	69	185	2,766	(319)
Public Health	-157	0	0	0	0
Environment & Regeneration	16,303	9,375	9,272	9,597	783
Overheads	0	0	0	0	120
NET SERVICE EXPENDITURE	**158,755**	**12,347**	**12,347**	**16,623**	**(147)**
Corporate Items					
Impact of Capital on revenue budget	11,190	(19)	(19)	0	(161)
Other Central budgets	(12,388)	(400)	(400)	0	(1,405)
Levies	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	**(237)**	**(419)**	**(419)**	**0**	**(1,567)**
Covid-19		8,322	10,151	**8,322**	**176**
TOTAL GENERAL FUND	**158,518**	**20,250**	**22,078**	**24,945**	**(1,714)**
FUNDING					
Revenue Support Grant	(5,159)	0	0	0	0
Business Rates*	(35,586)	1,685	1,792	1,685	(50)
Other Grants*	(18,245)	0	0	0	0
Council Tax and Collection Fund*	(97,713)	2,283	2,404	2,283	50
COVID-19 emergency funding**	0	(14,467)	(14,467)	(14,467)	0
Income compensation for SFC***		(6,957)	(3,605)	(6,957)	
FUNDING	**(156,703)**	**(17,456)**	**(13,876)**	**(17,456)**	**0**
NET	**1,815**	**2,794**	**8,202**	**7,489**	**(1,714)**

*** The deficits on the Collection Fund relating to Business rates and Council Tax arising as a result of Covid-19 can be carried forward to the collection fund for accounting purposes over the next three year**

**** Total emergency funding received in four tranches of £14,643k. £176k utilised in 2019/20**

***** Includes December claim totalling £3.351m**

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £13.8M.

Covid-19 Financial Impact

The ongoing Covid-19 pandemic has had a profound impact on council finances. The Government announced emergency grant funding of £4.7 billion nationally to fund costs associated with the response to the COVID-19 pandemic. The Council's allocation is £14.6m in four tranches.

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This will involve a 5% deductible rate, whereby the Council will absorb up to 5% and the government compensation will cover 75p in every pound of relevant loss thereafter. The first round claim covering the income loss until the end of July 2020 was confirmed at £3.6m is included in the period 8 forecast table. Further amounts expected from the income compensation scheme will be included in the forecast as and when they are confirmed, but the timetable has currently been delayed.

Merton, together with all London boroughs, moved from Tier 1 to Tier 2 (Covid high alert) on 17th October 2020 as infection rates continued to rise and then to the second national lockdown in England on 5th November 2020. Then on 16th December 2020 all London Boroughs moved into Tier 3 (very high alert). This fast moving situation and high level of uncertainty makes forecasting very difficult. Loss of income from Tier 3 restrictions and any associated offset from the further tranches of the Sales, Fees and Charges grant are not yet included in this forecast.

Merton will receive funding from the Contain Outbreak Management Fund(COMF) based on the population. Both the funding of approx. £1.6m and associated total expenditure are not included in this forecast.

Some of the government grant funding received in the current year will cover more than one year. This will result in a temporary increase in the level of reserves at the financial year end pending application of the grants in 2021/22 to fund the expenditure for which they are intended.

At this time, the full financial impact of COVID-19 therefore continues to be uncertain, as does the extent to which the Government will mitigate the cost pressures on local government in this and many other areas. The effects will continue to be closely monitored and reported.

Covid Expenditure
Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. 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 on lost income is reflected in department forecasts.

Savings unachieved
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.

COVID-19 COST SUMMARY	November 2020/21	October 2020/21

	£000s	£000s
Department		
Corporate Services	3,337	3,229
Children, Schools and Families	923	923
Community and Housing	2,766	2,733
Environment & Regeneration	9,597	9,259
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	**16,623**	**16,144**
Corporate Items - Covid costs		
Corporate Services	800	753
Children, Schools and Families	400	1,136
Community and Housing	5,417	6,575
Environment & Regeneration	1,705	1,687
ADDITIONAL COVID EXPENDITURE	**8,322**	**10,151**
FUNDING		
Business Rates***	1,685	1,792
Council Tax ***	2,283	2,404
TOTAL FUNDING LOSS	**3,968**	**4,196**
GROSS COST OF COVID-19	**28,913**	**30,491**
Covid-19 Emergency funding received	**-10,383**	**-10,383**
Covid-19 Emergency funding - July 2020	**-1,590**	**-1,590**
Covid-19 Emergency funding - October2020	**-2,494**	**-2,494**
Income compensation for sales, fees & charges	**-6,957**	**-3,605**
NET COST OF COVID-19	**7,490**	**12,419**

*** Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Council Tax and Business Rates collected will be less than budgeted for 2020/21 when the budget was approved by Council in March 2020. There is usually a small surplus or deficit which arises because the amount collected during the year will vary for different reasons such as new properties coming on stream during the year, or people and businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in deficits in both Council Tax and Business Rates for the financial year 2020/21. However, as required by legislation any surplus/deficit on the Collection Fund would normally be funded in the following year of account so the expected deficit for 2020/21 would form part of the budget for 2021/22.

On 2 July 2020, the Secretary of State for Local Government announced a funding package for councils to help address the range of COVID-19 pressures they face. This package included changes so that local authorities can spread their tax deficits over three years rather than the usual one. In guidance supplied with the announcement it stated: -

- The Government's intention is for the deficit phasing to apply to all authorities, set at a fixed period of three years
- The phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates
- The scheme will be prescribed in secondary legislation.
- MHCLG is minded to put in place a scheme where the deficit will be phased across the financial years 2021-22, 2022-23 and 2023-24.
- MHCLG will continue to work with CIPFA and local government on the detailed operation of the scheme – including the accounting, audit and reporting implications – with a view to providing

guidance to councils later in the year. We are still waiting for the legislation to be laid in the House of Commons.

- On 22 October 2020, the Government published two documents in relation to the support it has provided to local authorities. Those documents set out the allocations of the funding to meet spending pressures; a technical note with more details about the income scheme, collection fund deficit phasing and a further technical note on the distribution of the funding announced in October.

As at 30th November 2020, Merton's share of estimated Council Tax and Business Rates deficits 2020/21 are:-

Council Tax	£2,283k
Business Rates	£1,685k

The estimated deficit will be incorporated into the MTFS in 2021/22 to 2023/24.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow which is likely to remain for the rest of the year. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMF's).
In light of Government relief announcements, the Council will see a reduction in income going forward. Therefore, in order to meet its commitments going forward the decision was made to keep the bulk of the Council's available funds in cash/MMF's to maintain liquidly. This meant that as fixed short and medium term deposits matured they were placed in MMF's which is immediately callable. The Council has now increased its MMFs investment limits and the number of MMFs. This enable us to earn maximum interest income possible while maintaining liquidity.
Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but remains a concern over the longer term in the context of the DSG deficit. However, if a cash short fall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (Nov) £000	2020/21 Full Year Forecast Variance (Nov) £000	2020/21 Full Year Forecast Variance (Oct) £000	2020/21 Covid-19 Forecast Impact (Nov) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	4,017	4,937	920	934	387	(169)
Infrastructure & Technology	12,233	12,540	307	279	298	(678)
Corporate Governance	2,206	2,164	(42)	(75)	91	(180)
Resources	5,733	7,818	2,085	1,989	1,976	95
Human Resources	2,133	2,286	153	156	0	187
Corporate Other	172	1,023	851	870	585	255
Total (Controllable)	**26,494**	**30,768**	**4,274**	**4,153**	**3,337**	**(490)**

Overview

At the end of period 8 (November) the Corporate Services (CS) department is forecasting an adverse variance of £4.274m at year end, of which £3.337m is due to the external impact of covid-19. The adverse forecast within CS has increased by £121k compared with period 7.

Customers, Policy and Improvement - £920k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £919k 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 £127k adverse variance and currently anticipating a 41% reduction in income compared to 2019/20. This reflects a significant impact on income for the first quarter of 2020/21, followed by a strong recovery with monthly income on a par with 2019/20 for quarter 2. Other adverse variances within the division due to covid-19 include the Translations service (£69k) due to a reduced number of interpretations being fulfilled following a fall in demand. The Press and PR budget is also forecasting an adverse variance (£189k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division. Cover for sick leave is also resulting in an adverse £24k variance forecast in the Policy and Strategy team. There is a further adverse variance of £11k on Blue Badges, mainly as the saving (2019-20 CS02) of £15k to introduce charging has not yet been implemented.

Partly offsetting the above are various favourable variances including £125k in the AD budget and £56k in Continuous Improvement due to vacancies expected for part of the year, £23k on Voluntary Sector Co-ordination and £11k in Community Engagement due to uncovered maternity leave. Other forecast variances from less than budgeted running costs are in Merton Link (£50k favourable), Cash Collections (£84k favourable) and Marketing and Communications (£60k favourable).

The forecast adverse variance overall for the division has reduced by £14k compared to period 7. This is due to various revisions to forecasts but is largely reflective of not recruiting to the AD post this financial year, offset with other items such as cover for sick leave.

Infrastructure & Technology - £307k 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 £187k on the Corporate Print Strategy, £71k on the Print and Post room and £136k on the PDC (Chaucer Centre). 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 and are therefore not a net cost to LBM.

The FM External account is also forecasting a £164k adverse variance due to the lack of commissions being confirmed since the pandemic began. There is a variance on Corporate Contracts (£22k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £43k 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.

Favourable variances within the division include £36k in Client Financial Affairs and £79k in Safety Services both from less than budgeted staffing costs, £17k on the Civic Centre from rental income over-achievement and £66k on Garth Road also from rental income. IT Service delivery also has a favourable variance of £29k mainly from IT licences, whilst the Transactional Services team have a £64k favourable variance from vacancies forecast for part of the year as well as the recovery of overpayments to suppliers in prior years. There is a further £45k favourable variance on the Microsoft EA licences following a review by the supplier.

The forecast adverse variance in Infrastructure and Technology has increased by £28k compared to period 7. This is mainly due to a review of the position on the FM External works account and agency cover for a vacancy within the Business Systems Team, offset in part by reduced staffing costs forecast in the Safety Services team.

Corporate Governance – £42k favourable variance

A £32k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming in to 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 and the receipt of IER grant, resulting in a total £66k favourable variance across both services.

The Corporate Governance AD budget is forecasting a £5k favourable variance due to various running costs whilst the Information Governance team also have a favourable £7k variance due to various vacant hours held during the year.

The South London Legal Partnership (SLLp) is currently forecasting a £426k surplus, with £89k to be retained by LBM. The surplus relates mainly to additional chargeable hours being fulfilled. The overall LBM position is a £27k adverse variance forecast for the shared legal service after factoring in the additional recharges to departments.

Outside of SLLp, there is £115k of legal savings not forecast to be achieved in year.

The Corporate Governance favourable forecast has reduced by £33k since period 7. This is mainly due to software costs to accommodate the future local boundary changes and additional agency staff costs required to cover sick leave.

Resources - £2,085k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £127k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations for the first 6 months of the year and is forecasting an adverse variance of £999k (including the shared service element). The Local Taxation Service is also showing an adverse variance of £813k mainly as a result of covid-19's impact on court cost income, with the first hearing date of the financial year having taken place in December 2020.

Other adverse variances within the division that are not covid-19 related include £127k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £91k adverse variance in Insurance is 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, partly offset by an overachievement anticipated on income. The Budget Management team also have an adverse variance (£66k) as a result of the use of agency staff covering vacancies in the team due to difficulties in recruiting. Corporate Accountancy are forecasting a £100k adverse variance due to proposed increases in audit fees and the use of agency staff.

Favourable variances in the department include £46k and £16k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £144k and £34k respectively due to various running costs, vacancies and DWP receipts for additional works.

The forecast adverse variance in the division has increased by £96k compared to period 7. This is largely due to an adjustment to the audit fee forecast reflecting the full 2020/21 fee increase proposed by the external auditors, though this is pending review by PSAA (Public Sector Audit Appointments). Additionally, the Bailiff Service's adverse variance forecast has increased to reflect the latest position on staffing costs and anticipated enforcement fee income.

Human Resources – £153k adverse variance

The adverse variance in HR is mainly from the AD budget (£106k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £26k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. HR Business Partnerships are also forecasting an adverse variance (£22k) mainly as a result of sickness cover required in the team.

The adverse forecast variance in HR has decreased by £3k since period 7.

Corporate Items - £851k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £934k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2020/21 and is inclusive of the £500k saving built in to the budget this year for improvement of overpayment recovery and therefore reducing the bad debt provision budget 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 £85k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19. On the

Coroner's Court budget there is an adverse variance of £43k, of which £25k relates to an adjustment for 2019/20 quarter 4 costs.

Partly offsetting the above are favourable variances on the corporately funded items budget of £149k due to budget not expected to be required in year and £73k on the added years pension budget.

Compared to period 7, the Corporate Items adverse variance has reduced by £19k. This is mainly due to a reduced spend forecast on corporately funded items.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget £000	Full year Forecast (Nov) £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Oct) £000	2020/21 Covid-19 Forecast Impact (Nov) £000	2019/20 Outturn Variance £000
Public Protection	(15,326)	(8,006)	7,320	7,199	7,376	1,286
Public Space	15,422	17,158	1,736	1,672	1,445	(364)
Senior Management	1,037	936	(100)	(107)	0	81
Sustainable Communities	7,956	8,373	418	507	776	(220)
Total (Controllable)	**9,089**	**18,461**	**9,374**	**9,271**	**9,597**	**783**

Description	2020/21 Current Budget £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Oct) £000	2019/20 Variance at year end £000
Regulatory Services	655	302	295	87
Parking Services	(17,017)	7,008	6,894	1,171
Safer Merton & CCTV	1,036	10	10	28
Total for Public Protection	**(15,326)**	**7,320**	**7,199**	**1,286**
Waste Services	14,214	551	405	72
Leisure & Culture	479	684	684	(334)
Greenspaces	1,433	626	712	(111)
Transport Services	(704)	(125)	(129)	9
Total for Public Space	**15,422**	**1,736**	**1,672**	**(364)**
Senior Management & Support	1,037	(100)	(107)	81
Total for Senior Management	**1,037**	**(100)**	**(107)**	**81**
Property Management	(2,981)	(24)	(35)	(251)
Building & Development Control	87	177	202	34
Future Merton	10,850	265	340	(3)
Total for Sustainable Communities	**7,956**	**418**	**507**	**(220)**
Total Excluding Overheads	**9,089**	**9,374**	**9,271**	**783**

Overview
The department is currently forecasting an adverse variance of £9,374k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, and Future Merton.

Public Protection

Regulatory Services adverse variance of £302k
The section has implemented agreed income savings of £210k over the last few financial years relating to potential commercial opportunities. However, 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 yet been possible to achieve these savings targets. The IT transition Project is scheduled for completion by the end of the financial year at which point the section will be able to refocus their efforts on generating additional income, for example, through the provision of business advice.

In addition, Covid-19 has impacted on licensing income levels due to factors including street markets being closed and new Government guidelines being relaxed in areas such as pavement licences. Current forecasts estimate the financial impact to be in the region of £113k, leading to an adverse variance against budget of £98k.

Parking Services adverse variance of £7,008k
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 £3,671k, £2,282k, and £1,017k respectively. These figures have been adversely affected by the second lockdown introduced during November.

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 at the earliest, and is subject to final sign off from the Secretary of State prior to implementation.

Covid-19 has also had an impact of other areas of income, namely skip licences, contributing to an adverse variance of £185k.

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 continues to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£180k), mainly in relation to the planned placement of statutory notices around the borough on emissions based charging.

The adverse variance is being partially offset by favourable variances on employees (£229k) and RingGo convenience fees (£138k).

Public Space

Waste Services adverse variance of £551k

The section is forecasting an adverse variance on disposal costs of £185k. 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.

Covid-19 has had a significant impact on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering which was temporarily suspended and the resource redeployed to support engagement and education in our Parks and Green spaces advising residents and visitors on Government guidelines on social distancing, resulting in a net adverse variance against budget of £44k.

An adverse variance of £155k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The section is currently working with both the SLWP and our service provider to mitigate these increased costs. There are currently no planed service changes and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

An adverse variance of £185k is being forecast in relation to its waste collection and street cleansing contract, as a result of agreed and necessary services being undertaken on our behalf by the service provider. The service continues to work with Veolia in finalising the annual review process and the additional impact of the unresolved commercial waste claim. As yet no agreement has been reached in regards to the commercial waste portfolio and impact this may have on the level of guaranteed income.

A favourable variance on employee related spend of £51k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £684k
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 working to return their previous customer base to being fully paid members and bringing in new members to the Merton leisure centres.

However, it is clear from the continuous dialogue between the two parties that GLL needs further financial support from the council if they are going to survive. This is consistent with the picture across London. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until, at the earliest, Spring 2021. The contract requires that we forego the income under a 'Relief Event' clause. This equates to about £622k from the start of the year to the end of December 2020.

The centres have now been closed again due to the 2nd lockdown and this is expected to set their recovery back once they are allowed to re-open. The impact of this lockdown and the trading position on re-opening will have a further impact on their need for increased financial support and relief from paying the management fee for a longer period. (This may change again depending on how the centres perform, when they are able to open, what leisure offer is allowed and the ability for them to remain open and/or operational without further lockdowns). Discussions are ongoing and any financial requests for further relief and financial support and the impacts will be brought forward as soon as possible.

During closure of the leisure centres, the Authority incurs lower utility costs at these premises, leading to a forecast favourable variance of £122k.

Covid-19 also led to the temporary closure of the Wimbledon Sailing base from 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 a net adverse variance of £230k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £626k
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 net variance of £358k.

In addition, an adverse variance of £173k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs.

Further adverse variances are being forecast in relation to rental income (£40k), and P&D within certain parks (£55k), whereby the original saving proposal to include charging on Saturdays was removed following consultation alongside a significant reduction in commuter (paid for) parking.

An adverse variance of £41k is being forecast in relation to the grounds maintenance contract, which assumes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k will be received. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is ongoing regarding the Grounds Maintenance contract (lot 2), which requires further discussion as the proposed solution was predicated on assumptions with the revenue income, barring Merton & Sutton Joint Cemetery activity. With the position so radically changed due to Covid-19, further discussions with our service provider will need to commence again to determine the final outcome. To note, there has been no requirement or indication by the service provider for any relief event under the PPN provision.

Sustainable Communities

Future Merton adverse variance of £265k
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 £228k. 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.

The section is also forecasting a net adverse variance of £152k in relation to the footways & highways reactive maintenance costs. Merton has a statutory duty to maintain its highway network in accordance with Section 41 of the Highways Act 1980. The safety inspections that are undertaken are designed to identify defects that meets the Council strict intervention criteria. Defects that require intervention legally need to be addressed.

Merton's policy (with regards to safety inspections) was updated in May 2019, to comply with the changes to the Well Managed Highway Infrastructure Code of Practice – Risk Based Approach, and Merton's intervention levels to repair are predominately the same throughout all London authorities. Unfortunately it is very difficult to forecast reactive spend on the highway network and this is due to nature of the street, the streets inspection regime, type of defect, and repair required.

A contributing factor for this adverse variance is the removal of investment/funding Merton has received via TfL on our Principal Road Network since 2018/19 where we would have received (£424k per annum), meaning we have had to use our own capital funding for resurfacing to repair 'A' roads

(Principal Roads). The net impact is that Merton funding for non-principal road and unclassified roads have been stretched further (and as agreed capital investment was reduced by £300k for 2020/21) and, together, this has resulted in an increase in reactive repairs over the past two financial years (2019/20 and 2020 to date). In short, TFL's withdrawal of funding for their network, coupled with a planned reduction in capital (planned maintenance) is leading to a faster deterioration of the network, requiring more (revenue) reactive repairs.

The section also has an income expectation of £60k from 2019/20 (sundry debtor) relating to services provided to a developer in relation to a Planning Performance Agreement. However, the developer has paused planning activity pending a review of their business plan, but still plan to proceed with the associated work, with an update expected early 2021. Therefore, this income may still be received but, for the time being, is not being forecast.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £243k 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 with a loss of the guaranteed minimum income for 4 months. In addition, it was previously hoped that increased guaranteed income from digital upgrades could be achieved towards the end of the financial year but, it is now clear, that these upgrades will not be installed until at least spring 2021, so this increase will not occur until next financial year.

Secondly, Vestry Hall was closed between 26th March 2020 and August resulting in a forecast adverse variance of £194k in relation to room lettings and hall hiring's, and a total variance against budget of £140k. Vestry Hall can only re-open to the wider users on agreement from both Facilities Management and Public Health that the wider users Risk Assessment is acceptable, and approval for this is unlikely to happen this financial year. In addition, Vestry Hall will be required to constantly monitor the number of people in the building at any one time to maintain the recommended social distancing required. Pre-Covid there could be 200+ people in the building, and many are vulnerable residents who may not appreciate their responsibility to maintain a safe distance or follow the Health & Safety requirements. (This is unlikely to happen now until the next financial year. Vestry is open to the office users and has followed the guidance but the general public are still not accessing the site for wider uses such as in the halls).

These adverse variances are being partially mitigated by favourable variances on s106 monitoring fee and allowable CIL income to cover the administration and overhead costs associated with managing the levy (£110k), temporary traffic orders income (£100k), street work & permits activity (£88k), and costs associated with CPZ consultation and implementation (£202k).

Children Schools and Families

Children, Schools and Families (£000's)	2020/21 Current Budget	Full Year Forecast	Forecast Variance November	Forecast Variance October	2020/21 Covid Forecast Impact	2019-20 Year Variance
Education						
Education Budgets	£ 16,746	£ 16,071	-£ (675)	-£ (641)	£ 363	£ 63
Depreciation	£ 9,163	£ 9,163	£ -	£ -		£ -
Other Education Budgets	£ 84	£ -	-£ (84)	£ -		£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -		£ -
Education Sub-total	**£ 24,931**	**£ 24,172**	**-£ (759)**	**-£ (641)**	**£ 363**	**£ 63**
Other CSF						
Child Social Care & Youth Inclusion	£ 21,615	£ 21,657	£ 41	-£ (49)	£ 560	£ 416
Cross Department	£ 894	£ 841	-£ (53)	-£ (35)		-£ (47)
PFI Unitary Costs	£ 8,730	£ 8,178	-£ (552)	-£ (489)		-£ (251)
Pension and Redundancy Costs	£ 1,572	£ 1,523	-£ (49)	-£ (49)		-£ (422)
Other CSF Sub-total	**£ 32,811**	**£ 32,199**	**-£ (613)**	**-£ (622)**	**£ 560**	**-£ (304)**
Grand Total	**£ 57,742**	**£ 56,371**	**-£ (1,372)**	**-£ (1,263)**	**£ 923**	**-£ (241)**

Overview

At the end of November 2020, the Children Schools and Families directorate is forecasting a favourable £1.372m variance on local authority funded services, a favourable movement of £108k from last month.

£734k Covid-19 cost pressure has been identified relating to savings shortfalls. These have been included in the forecast position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. The impact of the lockdown on children and families is starting to emerge in increased safeguarding referrals and hold ups in the family courts mean that some casework cannot be progressed. This has significantly increased the number of child protection cases open to the service, which is now beginning to put pressure on caseloads. Additional agency staffing resources are now being sought to deal with this pressure which are incremental covid related costs and will be reflected within the corporate covid cost centre. An additional £189k covid related loss of income have also been identified.

It remains difficult to forecast the overall likely increase in families who will need the support of our family wellbeing service, children in need, children on a child protection plan or children who become looked after as a result. We continue to monitor the situation closely.

The period 8 forecast favourable position is attributable to a number of factors including:

- the Schools PFI forecast of £552k favourable variance. This is caused by an overachievement of Schools Contribution Income, due to higher pupil numbers than budgeted for;
- an ongoing review of the Unaccompanied Asylum Seeker costs and other CSC budgets in the light of the growth funding received this year and impact of Covid on those cost centres;
- underspend on the SEN transport budget of £343k arising from lower than expected costs when schools were closed;
- Other Education underspends across a number of areas including £67k in Departmental Business Support, £205k in Education Inclusion and £84k in Procurement and School Organisation.

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 2223 by November, an increase of 212 finalised EHCPs as at the end of November 2020. If this growth in EHCP numbers plays out in a similar way for the remaining months of the year, this will further increase the cost pressure in the High Needs Block of the DSG.

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

Local Authority Funded Services

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

Local Authority Funded Services (£000's)	Budget	November Variance	October Variance	2019/20 Outturn Variance
Child Social Care and Youth Inclusion				
Adolescent & Family Services	£ 1,702	-£ (84)	-£ (104)	£ 235
Asylum Seeker Costs (14+)	£ 275	-£ (26)	-£ (26)	-£ (3)
Asylum Seeker Costs (ART)	£ 981	-£ (674)	-£ (706)	-£ (80)
Children Cntrl Social Wrk Serv	£ 4,510	-£ (437)	-£ (437)	£ 538
Head of ChildSoclCare& YthIncl	£ 152	-£ (39)	-£ (39)	£ 202
Mash & Child Protection Serv	£ 2,355	£ 645	£ 629	-£ (241)
Safeguarding, Stndrds & Train	£ 1,268	-£ (40)	-£ (47)	-£ (98)
Senior Management	£ 288	-£ (74)	-£ (74)	-£ (24)
Children In Care and Resources	£ 10,085	£ 770	£ 755	£ 34
CSC & Youth Incl Total	***21,615***	***41***	***-49***	***563***
Education				
Contracts, Proc & School Org	£ 901	-£ (84)	-£ (84)	-£ (376)
Early Years & Children Centres	£ 4,229	-£ (25)	-£ (25)	-£ (35)
Education - School Improvement	£ 34	£ 2	-£ (7)	-£ (314)
Education Inclusion	£ 1,737	-£ (205)	-£ (205)	-£ (84)
Schools Delegated Budget	£ -	£ -	£ -	-£ (350)
SEN & Disability Integrat Serv	£ 8,258	-£ (343)	-£ (300)	-£ (113)
Senior Management	£ 856	£ 24	£ 24	£ -
Policy, Planning & Performance	£ 522	£ 22	£ 22	£ 1,441
Departmental Business Support	£ 209	-£ (67)	-£ (67)	-£ (105)
Education Total	**£ 16,746**	**-£ (675)**	**-£ (641)**	**£ 64**

Children's Social Care and Youth Inclusion Division

Adolescent and Family Services

Adverse movement in period 8 to (£84k) following the need to make provision for an interim Youth Offending specialist following the loss of an established Head of Service. This interim worker will be with the team till the end of the financial year to support a forthcoming inspection and to upskill existing staff.

Asylum Seekers ART

Adverse movement in period 8 of £32k relating to an increased cost relating to 18 year old young people.

Mash and Child Protection Service

This area continues to show a significant over spend against budget which is primarily due to the reliance of Agency staff which are more expensive than permanent staff. It remains challenging to recruit permanent social workers to this service and this is consistent with many other London boroughs. It remains a medium-long term issue. In period 8 the forecast has a further adverse movement of (£16k) which relates to the addition of an additional agency assistant team leader. The Directorate is currently considering transferring some of the growth currently with Children in Care to offset this pressure.

Safeguarding, Standards and Training

Adverse movement of (£7k) which relates to the incremental cost of an interim head of service to cover the loss of a permanent head of service.

Children in Care and Resources

Adverse movement in this service in period 8 relating to addition of a young person likely to be moving into residential care. This service is currently significantly under budget as £710k of growth awarded in year is here.

Education Division

School Improvement

Adverse movement of £8k in period 8 relating to a re-evaluation of the Virtual School's salary costs.

SEN & Disability Integrated Service

The SEN transport budget is forecasting £342k underspend, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the information available at the end of November. The current estimated cost includes COVID-19 relief for our existing suppliers and approx. 8-10% increase in our weekly cost based on pre-covid spend pattern. Buses are also 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 the remainder of the financial year.

Schools PFI

Schools PFI is forecasting a £551k favourable variance, an increase of £63k in period 8. This is due to an overachievement of Schools Contribution Income compared with the sums budgeted for.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget	November Variance	October Variance	2019/20 Outturn Variance
Education				
Contracts, Proc & School Org	£ 283	£ 11	£ 16	-£ (38)
Early Years & Children Centres	£ 16,274	£ 73	£ 67	-£ (602)
Education - School Improvement	£ 1,051	-£ (12)	-£ (27)	-£ (164)
Education Inclusion	£ 1,421	-£ (1)	-£ (15)	£ 206
SEN & Disability Integrat Serv	£ 16,370	£ 13,201	£ 12,926	£ 10,373
Sub-total	£ 35,400	£ 13,271	£ 12,967	£ 9,775
CSC & Youth Inclusion				
Adolescent & Family Services	£ 44	£ -	-£ (3)	-£ (33)
Sub-total	£ 44	£ -	-£ (3)	-£ (33)
Schools Delegated Budget				
DSG Reserve	£ -	£ -	£ -	-£ (9,822)
Retained Schools Budgets	£ 2,985	£ 3	-£ (75)	-£ (470)
Schools Delegated Budget	-£ (38,741)	£ 2,144	£ 1,556	£ 552
Sub-total	-£ (35,755)	£ 2,147	£ 1,481	-£ (9,740)
DSG Total	**-£ (311)**	**£ 15,418**	**£ 14,445**	**£ 2**

Work is underway at present and will continue into the New Year, which will refresh the forecast and plan, with a focus on the detail of the High Needs Block.

DSG funded services are forecasting an adverse £15.417m variance, a further increase in period 8 of £519k. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The over spend in the current financial year will be adding to this balance, currently estimated at £28.167m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The Department for Education met with us on 11 February 2020 to discuss this recovery plan, and it was expected that they would return to assess our progress in November, but we are still waiting for the notification.

The main reason for the variance relates to a £9.936m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements.

We are seeking to increase the number of local maintained special school places in the borough, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the c£28m cumulative deficit to increase further.

Other adverse variances include £2.381m on EHCP allocations to Merton primary, secondary and academy schools, £1.973m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £0.772m on post16 provision

Since period 1 we have seen an increase from 2032 finalised EHCPs to 2223 EHCPs in period 8 which is an increase this financial year of 191 finalised EHCPs, this in in line with CSF predictions. As at November we currently have 194 EHC Needs assessments being undertaken at various weeks within the 20 week statutory timescale. It should be noted that since COVID we have seen a significant increase in referrals for an EHC Needs assessments.

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. Latest guidance from the DfE on the Central Services School Block (CSSB) is a 20% reduction each year on funding to the LA for the non-historic budgets.

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. For 2019/20 this additional grant was £260k. It is anticipated for 2020/21 circa £200k-£400k however, due to Covid-19, this is currently being reviewed by the DfE with census collections and we wait for the published outcome.

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. We are now updating this and working with other authorities on the DSG deficit issue that is nationally.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2020/21 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 are living at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns. Work is currently underway to identify the health contribution and this will be reported in the New Year.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this option is cheaper. Some cost-saving measures linked to consolidation of routes or shared travel arrangements may not be possible in the light of Covid-19 restrictions

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 including the expansion of Cricket Green special school completed in early 2020, and the opening of an Additionally Resourced Provision (ARP) at Stanford Primary School. There is further expansion of provision in the capital programme, including the expansion of Melrose School (for children with Social, Emotional and Mental Health), which is currently at the statutory consultation and planning application stage. Additional local provision should also assist with minimising increases to transport costs.

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, which 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 ever since).
- SEND tribunals will cover all elements of children's care packages, not solely education.
- New requirement of social work visits to children in residential schools and other provision.

Community and Housing Summary Position

Overview

Community and Housing is forecasting an unfavourable variance of £69k as at November 2020. This is an improvement of £119k since October. This is made up of forecasted favourable variances in Adult Social Care of £837k, and unfavourable variances in Housing of £690k, and Libraries of £216k. Public Health and Merton Adult Learning continue to forecast a breakeven position.

The overall position has improved due to net favourable movement in placements of £97k, reduction in forecasted expenditure on taxis and equipment. The department has also seen an increase in write back of client income.

As we are now in the second wave, Community and Housing is working with partners implement the winter plan, which includes the expected surges in both COVID and non-COVID demand. Adult Social Care expect the surge to occur in the New Year, but our mental health partners (South West London & St George's) are reporting a surge in referrals and an increased level of acuity. The pressure on temporary accommodation costs remains and is likely to worsen over the winter months.

During the first wave the service experienced a significant level of one-off costs which were largely met by the main COVID grant and NHS funding. The forecast includes additional spend for winter insofar as we are currently able to identify it. However, there is a high level of uncertainty about COVID and other winter outbreaks, their impact on our community and consequently the impact on the year end position. Therefore current forecast includes the best estimate based on current information available.

Community and Housing Summary Position

Community and Housing	2020/21 Current Budget £'000	2020/21 Full Year Forecast Nov'20 £'000	2020/21 Full Year Forecast Variance Nov'20 £'000	2020/21 Full Year Variance Oct'20 £'000	2020/21 Covid-19 Forecast Nov'20 £'000	2019/20 Outturn Variance £'000
Adult Social Care	**59,919**	**59,081**	**(838)**	**(718)**	**2,539**	**(717)**

Libraries and Heritage	**2,396**	**2,612**	**216**	**216**	**165**	**70**
Merton Adult Learning	**(1)**	**(1)**	**0**	**0**	**0**	**0**
Housing General Fund	**2,142**	**2,833**	**691**	**687**	**62**	**328**
Public Health	**(157)**	**(157)**	**0**	**0**	**0**	**0**
Total Favourable/Unfavourable	**64,299**	**64,368**	**69**	**185**	**2,766**	**319**

The forecast above is prepared on the basis of our current understanding of data on income and placement as at November 2020. The covid-19 impact is in the second column from the left in the above table.

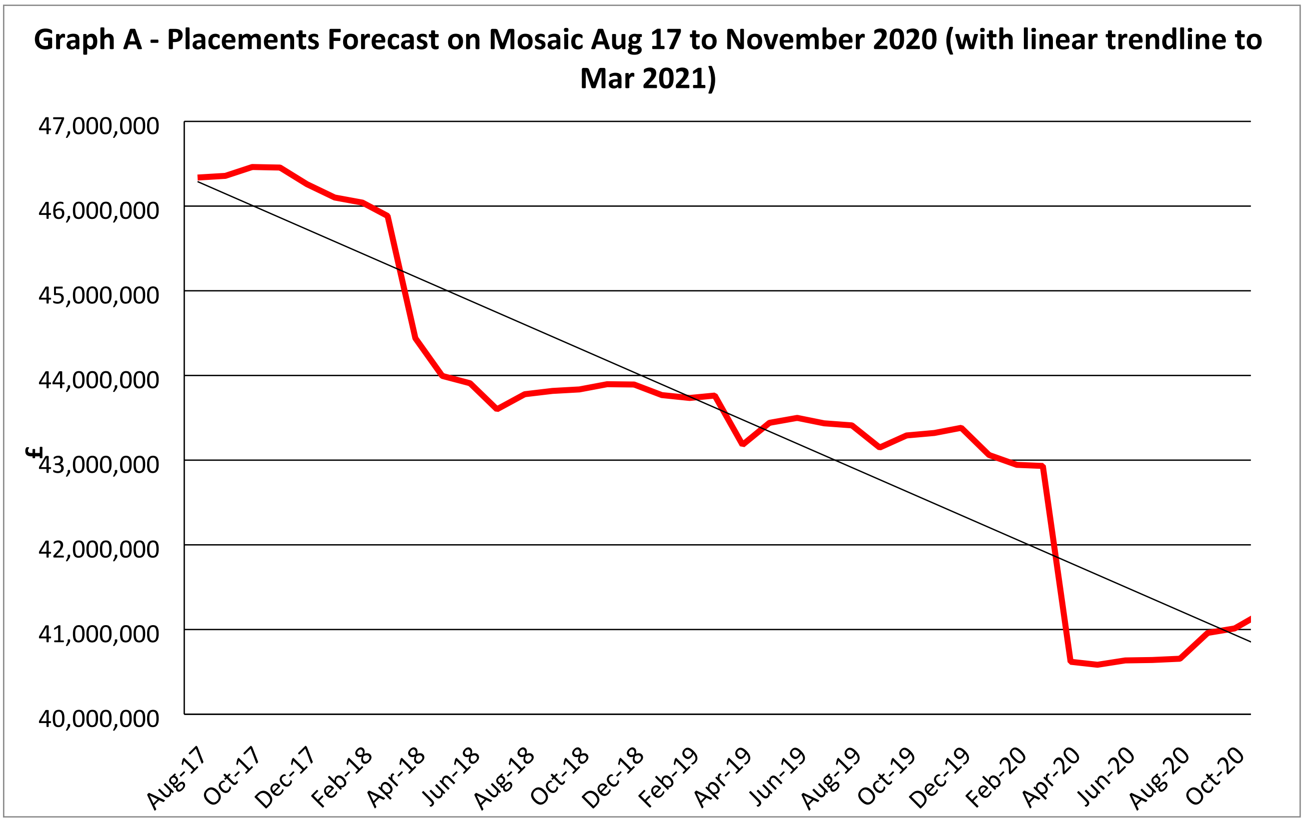
In addition, the department is estimating gross expenditure of £12.7m (this includes £5.8m grants received for infection control, test and track, homelessness accommodation, emergency assistance and outbreak control).

The department's savings forecast as at November 2020 has improved and is now showing total amount achieved of £1.56m of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and to maintain a balanced budget in the current financial year. The service is reviewing outstanding savings against current activity levels to identify offsetting reductions in spend but this is proving difficult due to budget pressures as a result of Covid-19.

Adult Social Care

The cost of placements to November is showing a reduction as the department moved from paying homecare providers on planned hours to actuals. However, on placement income there were further write backs in November plus a number of new customers assessed to contribute nil. There is also some uncertainty surrounding what the CCG will fund and for what length of time under the second wave plus the likelihood that customers will present with more complex needs which may require high packages on care which will result in future budget pressures. There is also the potential cost of 'long coved' and the adverse effects on the future placement budget.

The graph below shows placements forecasted expenditure over a number of years with a predicted increased in October 2020.



The forecast allows for the likely transfer of costs of those currently paid for by health who will be eligible for social care funding. Work is ongoing to ensure that the packages of support are appropriate and good value.

From the 1st September, whilst health will continue to manage all COVID discharges, whether short or long term, they will only meet up to the first six weeks of care costs and will be at nil cost to the customer. Anyone placed in this way will need to be assessed for continuing healthcare, adult social care or identified as self-funders. The department is currently undertaking assessments.

The department has reconvened its weekly 'Sit Rep' meetings to monitor activity, staff levels, provider markets, rough sleepers and PPE levels. Thus keeping abreast of current development and changes in local/national infection rates.

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

The national shielding programme has been suspended, but we continue to work with the voluntary sector to support those who had been shielding who need ongoing support. The Community Hub continues to operate to support people and we are working with those identified as Clinically Extremely Vulnerable to ensure that they can continue if access food and other essential. In the week to the 6th of December there were 142 contacts to the hub.

Direct Provision remains in an overall favourable position with a projected underspend of £267k. There was a movement of £55k following a revision of expected income and other expenditure line including a business rates refund in day services. Staffing has remained stable with long term absences at Meadowsweet residential home being covered by staff from Riverside Drive.

Library & Heritage Service

This service is forecasted spend for 2020/21 remains unchanged at £216k unfavourable. The current unfavourable forecast is mainly due to library closures during lockdown and the impact of Covid-19 on visitor numbers from April 2020 to date. The overspend also includes a one-off old business rates recharge of £66k and additional costs incurred on the current security contract which is inclusive of the Living Wage and inflation increases.

Adult Learning

Adult Learning is currently forecasting a breakeven position. The service is fully funded externally by the GLA and ESFA. A blended mix of online and face-to-face courses are being provided and the curriculum has been altered to reflect the changing skill needs of employers and residents.

Adult Learning has successfully bid for £540k of additional funding over two years from the GLA to expand the skills offer and to respond to changes in the job market to assist with reskilling residents. Part of the funding is aimed at improving access to IT for those without it so that they can both benefit from online learning and improve their IT skills.

Housing General Fund

This service is currently forecasting an unfavourable variance of £691k. A major part of this service's unfavourable variance is due to the shortfall in Housing Benefit subsidy. There is also the issue of not being able to move temporary accommodation clients on due to the lack of a housing supply in the borough.

The service continues its statutory duties to prevent homelessness wherever possible but where this is not achievable and if the household is considered to have a priority need for accommodation temporary accommodation must be provided until a suitable and sustainable housing solution can be achieved. The Corona virus Act 2020 has widened the definition of those who may be eligible for statutory support if homeless due to their vulnerabilities and this is reflected in the numbers of single person households seeking assistance under the current homelessness legislation. The main causes of homelessness episodes are currently family friend evictions and those who are either at risk of rough sleeping or are rough sleeping.

This contrasts significantly from the pre covid-19 when the biggest cause of homelessness in Merton was the ending of Assured Short hold tenancies by private Landlords. Such evictions are not occurring at the present time, save in the most exceptional of circumstances due to a ban on evictions by county court bailiffs and the lack of possession orders being granted by the courts. Whilst this is to be welcomed this will not be a long term policy objective of the courts and during 2021 we are likely to see a surge of evictions from private sector tenancies with a corresponding demand upon the temporary accommodation budget

The numbers of households living in temporary accommodation remain the lowest in London, but there has been a growth in numbers. As at the end of October 2020 there were 214 households accommodated under the homeless legislation. The numbers at present remain fairly static mainly due to the lack of housing association and private sector homes available for letting and the inability to discharge statutory housing duties. Additionally households in temporary accommodation are not being evicted at present, save in exceptional circumstances, and in line with government guidance on evictions

The service continues to work towards eliminating the worst form of homelessness i.e. rough sleeping in partnership with the GLA and other statutory bodies including Adult Social Care and works closely with Faith Groups, and the private rented sector to find solutions.

The department's revenue bid to MHCLG (Next Steps Programme was successful). The Capital bid was rejected. The revenue bid will be utilised to offset the costs of the move-on accommodation that exceeds existing grants and provides for further support with mental health and substance misuse issues, and to try to ensure that these former rough sleepers remain accommodated.

During the winter months the service expects see an increased in the numbers of single person households being accommodated. The GLA announced the Severe Weather Emergency Protocol and the corresponding requirement to ensure that all individuals who remain rough sleeping or at risk of rough sleeping are accommodated. This requirement extend to those individuals' who have No recourse to Public Funds

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to November 2020

Housing	Budget 2020-21 £000	Forecast (Nov'20) £'000	Forecast Variances (Nov'20) £'000	Forecast Variances (Oct'20) £000	Outturn Variances (March'20) £000
Temporary Accommodation-Expenditure	2,403	3,830	1,427	1,426	1,002
Temporary Accommodation-Client Contribution	(140)	(397)	(257)	(239)	(321)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,894)	(889)	(841)	(535)
Temporary Accommodation-Subsidy Shortfall	322	1,354	1,032	1,002	793
Temporary Accommodation-Grant	0	(833)	(833)	(869)	(766)
Subtotal Temporary Accommodation	**580**	**1,060**	**480**	**479**	**173**
Housing Other Budgets	**1,562**	**1,773**	**211**	**208**	155
Total Controllable (Favourable)/Adverse Variance	**2,142**	**2,833**	**691**	**687**	**328**

Table below shows number of households in Temporary Accommodation to November 2020.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	Previous Year
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
June'20	21	12	213	170
July'20	13	14	212	175
Aug'20	13	15	210	168
Sept'20	15	14	211	169
Oct'20	18	15	214	174
Nov'20	10	16	208	178

The above diagram shows that number of customers in temporary accommodation has increased by 17% as compared to November 2019/20. The borough's number of customers in temporary accommodation appears to be fluctuating, and the service is placing more single family households due to the pandemic and also mindful of the moratorium on evictions and the potential increase in homeless households in the future once this has ended.

Public Health

Public continues to report a breakeven position.

Potential Cost pressures:-

- CLCH has indicated the children's contract is underfunded by c £800k – that is a risk that has been shared and is significant. Further meetings are scheduled to discuss the relevant finance data through an open book process ahead of the one year contract extension required. In this financial year the provider is also asking for £295k (7.85%) Agenda for Change uplift to cover cumulative inflation for 3 years 2028/19, 2019/20 & 2020/21.This is higher than the official allocation received from the government by £144k. A similar percentage uplift has been requested for the Sexual Health contract which is shared between Merton, Richmond and Wandsworth. Commissioners have met and agreed to only pay the 2.9% current year inflationary increase, discussions are ongoing.

- The division is involved in a number of COVID – 19 government initiatives to contain the pandemic.
- Additionally the team, together with public protection, is leading on LBM's outbreak control plan. A ring-fenced grant of £965k for Outbreak Control is fully committed and a second contain grant of £1.6m was received recently.

Corporate Items

The details comparing actual expenditure up to 30 November 2020 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	(19)	(161)
Investment Income	(707)	(753)	(46)	(46)	(704)
Pension Fund	340	86	(254)	(254)	(104)
Pay and Price Inflation	1,035	835	(200)	(100)	(100)
Contingencies and provisions	18,845	18,945	100	0	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(6,588)	(6,588)	0	0	0
Central Items	10,963	10,562	(400)	(400)	(1,405)
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	(237)	(656)	(419)	(419)	(1,567)
COVID-19 Emergency expenditure	0	8,322	8,322	10,151	176

Based on expenditure to 30 November 2020, a favourable variance of £0.419m is forecast for corporate items. This is unchanged since October.

Although there is no change to the forecast favourable variance of £0.419m at year end, the figures in the table above have also been adjusted to reflect the transfer of £1.500m from the Pay and Price Inflation budget relating to the National Living Wage to the Covid-19 Emergency Funding Reserve. This will provide cover for potential Covid-19 costs for which Government Grant is not provided.

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the last monitoring report:

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	15,257	(4,769)	**10,487**	19,225	2,477	**21,702**	9,220	2,422	**11,642**	15,257	(4,769)	**10,487**
Community & Housing	1,324	(275)	**1,049**	1,828	(771)	**1,057**	1,429	1,021	**2,450**	1,324	(275)	**1,049**
Children Schools & Families	3,280	(515)	**2,765**	8,520	515	**9,035**	1,900	0	**1,900**	3,280	(515)	**2,765**
Environment and Regeneration	16,447	(992)	**15,456**	15,789	1,759	**17,548**	8,382	45	**8,427**	16,447	(992)	**15,456**
TOTAL	**36,308**	**(6,551)**	**29,757**	**45,362**	**3,981**	**49,343**	**20,931**	**3,488**	**24,419**	**36,308**	**(6,551)**	**29,757**

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at November 2020. The detail is shown in Appendix 5.

Capital Budget Monitoring - November 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	1,022,266	1,802,970	(780,704)	10,487,400	3,870,941	(6,616,459)
Community and Housing	248,966	525,260	(276,294)	1,049,000	1,049,000	0
Children Schools & Families	1,146,153	1,162,000	(15,847)	2,765,230	2,665,418	(99,812)
Environment and Regeneration	5,820,798	6,639,360	(818,562)	15,455,600	15,439,786	(15,814)
Total	**8,238,184**	**10,129,590**	**(1,891,406)**	**29,757,230**	**23,025,145**	**(6,732,085)**

a) Corporate Services – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budget apart from favourable variances on two schemes:

- Housing Company – Is projected to spend £200k with a favourable variance of £6,617k as progression of this scheme is currently under review

		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
-	-	£	£		£	£
Corporate Services	-					
Customer Contact	(1)	(158,200)	158,200			Reprofiled in line with projected spend
Civic Centre Boiler Replacement	(1)	(201,480)	201,460			Reprofiled in line with projected spend
Westminster Coroners Court	(1)	(460,000)	460,000			Reprofiled in line with projected spend
Multi-Functioning Device (MFD)	(1)	130,000				Provision for 5 rather than 3 Year Lease
Clarion CPO	(2)	(4,079,460)	1,657,620	2,421,840		Reprofiled in line with projected spend

(1) Requires Cabinet Approval (2) Requires Council Approval

b) Community and Housing – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budget:

Community and Housing		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£		£	£
Disabled Facilities Grant		(25,000)			25,000	Reprofiled in line with projected spend
Learning Disability Affordable Housing	(1)	(250,000)	(771,000)	1,021,000		Reprofiled in line with projected spend

(1) Requires Cabinet approval

c) Children, Schools and Families – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budgets apart from the unallocated capital maintenance budget which is showing a favourable variance of £101k:

Children, Schools and Families		Budget 2020-21	Budget 2021-22	Narrative
		£	£	£
Poplar Capital Maintenance		14,000		Virement from Unallocated Capital Maintenance
Wimbledon Chase Capital Maintenance		5,000		Virement from Unallocated Capital Maintenance
Unallocated Capital Maintenance		(19,000)		Virement to Poplar and Wimbledon Chase
Melrose SEMH Unit	(1)	(300,000)	300,000	Reprofiled in line with projected spend
Links - Capital Maintenance		(23,000)	23,000	Reprofiled in line with projected spend
St Marks - Capital Maintenance		(35,000)	35,000	Reprofiled in line with projected spend
Harris Academy Merton School Expansion		(34,170)	34,170	Reprofiled in line with projected spend
Harris Academy Wimbledon School Expansion		(65,000)	65,000	Reprofiled in line with projected spend
Perseid - Capital Maintenance		(58,000)	58,000	Reprofiled in line with projected spend

(1) Requires Cabinet approval

d) Environment and Regeneration – After the adjustments to the programme detailed in the Table below Officers are projecting full spend on their budgets apart from favourable variances on two schemes:

- Replacement Fleet Vehicles is shoeing a favourable variance of £2k
- Alley Gating is currently showing a favourable variance of £14k

Environment and Regeneration		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	£
Lamp Column Chargers	(1)	157,000				OLEV Grant
Accessibility Programme		55,200				Additional TfL Funding
Casualty Reduction in Schools	(1)	276,000				Additional TfL Funding
Traffic Schemes		46,000				Additional TfL Funding
TfL Principal Roads Maintenance		80,000				Additional TfL Funding
Cycle Improvements in Residential Streets		75,440				Additional TfL Funding
Crown Creative Knowledge Exchange	(1)	(150,000)	150,000			Reprofiled in line with projected spend
Morden Town Centre Improvements	(1)	(100,000)	100,000			Reprofiled in line with projected spend
LBM Replacement of Fleet Vehicles	(1)	(168,410)	133,410			Reprofiled in line with projected spend
SLWP Replacement of Fleet Vehicles		35,000				Virement for Mencap Crew Cab PROW
Highway Bridges and Structures	(1)	(474,000)	474,000			Reprofiled in line with projected spend
Car Park Upgrades	(1)	(125,000)	125,000			Reprofiled in line with projected spend
Crowded Places-Hostile Vehicl		(177,600)	180,000			S106 B782 Allocation to be spent by 21-6-21
Cycle access/parking	(1)	120,500				Additional TfL Funding
Cycle Lane Works Plough Lane	(1)	(200,000)	200,000			Reprofiled in line with projected spend
Wimbledon Pk Waterplay Feature	(1)	(226,000)	226,000			Reprofiled in line with projected spend
Paddling Pools - Option 1		(45,000)		45,000		Reprofiled in line with projected spend
Paddling Pools Waterplay Feature - Option 2	(1)	(113,000)	113,000			Reprofiled in line with projected spend
Wimb Pk Car Park Surface		(40,000)	40,000			Reprofiled in line with projected spend
Morely Park Enhancement		(17,780)	17,780			Reprofiled in line with projected spend

(1) Requires Cabinet approval

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	(1,044)	4,079	130	(16,777)	**10,487**
Community & Housing	2,004	189				(1,144)	**1,049**
Children Schools & Families	4,566	480		1,034		(3,315)	**2,765**
Environment and Regeneration	18,530	1,061	(2,076)	4,385	47	(6,491)	**15,456**
Total	**47,199**	**3,730**	**(3,121)**	**9,499**	**177**	**(27,728)**	**29,757**

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

Depts.	Spend To November 2017	Spend To November 2018	Spend to November 2019	Spend to November 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	1,538	3,534	1,753	1,022	(516)	(2,512)	(731)
C&H	473	608	557	249	(224)	(359)	(308)
CSF	3,575	4,297	6,391	1,146	(2,429)	(3,150)	(5,245)
E&R	7,768	9,897	5,058	5,821	(1,947)	(4,076)	762
Total Capital	**13,354**	**18,336**	**13,760**	**8,238**	**(5,115)**	**(10,098)**	**(5,522)**

Outturn £000s	32,230	31,424	26,960	
Budget £000s				29,757
Projected Spend November 2020 £000s				23,025
Percentage Spend to Budget				27.68%
% Spend to Outturn/Projection	41.43%	58.35%	51.04%	35.78%
Monthly Spend to Achieve Projected Outturn £000s				3,197

4.5 November is eight months (two thirds) into the financial year and departments have spent just over 35% 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 October 2020 £000s	Spend To November 2020 £000s	Increase £000s
CS	845	1,022	178
C&H	213	249	36
CSF	1,060	1,146	86
E&R	4,759	5,821	1,062
Total Capital	**6,877**	**8,238**	**1,362**

4.6 During November 2020 officers spent just under a £1.4 million, to achieve year end spend officer would need to spend approximately £3.2 million each month to year end.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding.

5. DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	Period 7 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,731	987	36.3%	997	578
Children Schools and Families	2,969	2,235	734	24.7%	734	400
Community and Housing	2,460	1,560	900	36.6%	900	500
Environment and Regeneration	3,927	887	3,040	77.4%	3,040	0
Total	**12,074**	**6,413**	**5,661**	46.9%	**5,671**	**1,478**

6. 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

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3E.Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (Nov.) £000s	Year to Date Actual (Nov.) £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	4,210	3,821	11,171	(19)	(19)	(161)
Impact of Capital on revenue budget	**11,190**	**11,190**	**4,210**	**3,821**	**11,171**	**(19)**	**(19)**	**(161)**
Investment Income	**(707)**	**(707)**	**(471)**	**(753)**	**(753)**	**(46)**	**(46)**	**(704)**
		-	-	-	-	-		-
Pension Fund	**340**	**340**	**227**	**0**	**86**	**(254)**	**(254)**	**(104)**
Corporate Provision for Pay Award	2,231	585	390	0	485	(100)	(100)	0
Corporate Provision for National Minimum Wage	1,500	0	0	0	0	0	0	0
Provision for excess inflation	450	450	300	0	350	(100)	(100)	(100)
Pay and Price Inflation	**4,181**	**1,035**	**690**	**0**	**835**	**(200)**	**(200)**	**(100)**
Contingency	1,500	487	325	0	487	0	0	(500)
Single Status/Equal Pay	100	100	67	0	100	0	0	0
Bad Debt Provision	500	500	333	432	600	100	100	1,304
Loss of income arising from P3/P4	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	23	15	0	23	0	0	(34)
Apprenticeship Levy	450	450	300	76	450	0	0	(22)
Revenuisation and miscellaneous	3,384	1,276	851	158	1,276	0	0	(802)
Growth - Provision against DSG	16,009	16,009	10,673	0	16,009	0	0	0
Contingencies and provisions	**22,378**	**18,845**	**12,564**	**667**	**18,945**	**100**	**100**	**(154)**
Other income	0	0	0	18	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(1,309)	(982)	(1,963)	0	0	(157)
Income items	**(1,963)**	**(1,963)**	**(1,309)**	**(964)**	**(1,963)**	**0**	**0**	**(343)**
Appropriations: CS Reserves	(908)	(972)	(648)	(175)	(972)	0	0	0
Appropriations: E&R Reserves	(317)	(513)	(342)	0	(513)	0	0	0
Appropriations: CSF Reserves	(360)	(499)	(333)	(140)	(499)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(69)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(800)	0	(1,200)	0	0	0
Appropriations:Corporate Reserves	(8,386)	(3,300)	(2,200)	(3,300)	(3,300)	0	0	0
Appropriations/Transfers	**(11,275)**	**(6,588)**	**(4,392)**	**(3,615)**	**(6,588)**	**0**	**0**	**0**
Depreciation and Impairment	**(23,351)**	**(23,351)**	**0**	**0**	**(23,351)**	**0**	**0**	**0**
Central Items	**793**	**(1,198)**	**11,519**	**(844)**	**(1,618)**	**(419)**	**(419)**	**(1,566)**
Levies	**962**	**962**	**641**	**726**	**962**	**0**	**0**	**(1)**
TOTAL CORPORATE PROVISIONS	**1,754**	**(237)**	**12,160**	**(118)**	**(656)**	**(419)**	**(419)**	**(1,567)**
COVID Emergency expenditure								**176**
Sub-total: COVID-19 Expenditure	0	0	0	5,167	8,322		10,151	**176**

Appendix 2

Pay and Price Inflation as at November 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 0.3% and RPI at 0.9% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:
As previously reported the final pay award has now been agreed at 2.75% but provision of 2% was included in the MTFS agreed in March.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs in 2020/21 by c.£0.650m for and these will be ongoing and subject to increase for future pay awards.

Prices:
The latest statistics have been affected by COVID-19. As a result of the increased restrictions caused by the coronavirus (COVID-19) pandemic, 72 items were identified as unavailable in November, accounting for 13.9% of the basket by weight; the number has increased from eight in October but is down from 90 in April, the first full month of lockdown; for November, the ONS collected a weighted total of 83.8% of comparable coverage collected before the first lockdown (excluding unavailable items).
The Consumer Prices Index (CPI) 12-month rate was 0.3% in November 2020, down from 0.7% in October.

The largest contribution to the 12-month inflation rate in November 2020 came from recreation and culture (0.24 percentage points). Falling prices for clothing, and food and non-alcoholic beverages resulted in the largest downward contributions (of 0.17 and 0.09 percentage points respectively) to the change in the 12-month inflation rate between October and November 2020. These were partially offset by upward contributions from games, toys and hobbies, and accommodation services.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.6% in November 2020, down from 0.9% in October 2020.

The RPI rate for November 2020 was 0.9%, which is down from 1.3% in October 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 16 December 2020, the MPC judged that the existing stance of monetary policy remains appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted unanimously for the Bank of England to continue with the programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also to commence the previously announced programme of £150 billion of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

In the minutes to the MPC meeting ending on 16 December the MPC state that
"The main news since the November Report has been the successful trialling of some Covid vaccines and initial plans to roll them out widely over the first half of next year. This is likely to reduce the downside risks to the economic outlook from Covid previously identified by the Committee. Financial markets worldwide, and some surveys of businesses and consumers, have reacted positively to these developments which are likely to support future UK and global activity. Nevertheless, recent global activity has been affected by the increase in Covid cases and associated reimposition of restrictions. UK-weighted global GDP growth in 2020 Q4 is likely to be a little weaker than expected at the time of the November Report."

In terms of current inflation projections the MPC note that "Twelve-month CPI inflation fell to 0.3% in November, from 0.7% in October, triggering the exchange of open letters between the Governor and the Chancellor published alongside this monetary policy announcement. The weakness of recent outturns largely reflects the direct and indirect effects of Covid on the economy. CPI inflation is expected to rise quite sharply towards the target in the spring, as the VAT cut comes to an end and the large fall in energy prices earlier this year drops out of the annual comparison."

At this meeting the MPC concluded that "the outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It will also depend on the responses of households, businesses and financial markets to these developments. The MPC will continue to monitor the situation closely. If the outlook for inflation weakens, the Committee stands ready to take whatever additional action is necessary to achieve its remit. The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably"

The next MPC decision on the Bank Base Rate will be published on 4 February 2021.
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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (December 2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.3	1.0	0.7
RPI	0.7	1,7	1.4
LFS Unemployment Rate	4.5	7.5	6.0
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.8	3.7	1.9
RPI	1.1	4.9	2.6
LFS Unemployment Rate	5.7	8.1	6.8

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 (November 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	0.9	1.7	2.2	2.1	2.1
RPI	1.5	2.3	3.1	3.3	3.2
LFS Unemployment Rate	4.8	7.2	6.1	5.1	4.7

Appendix 3

Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 16 December 2020,, the MPC voted unanimously to maintain Bank Rate at 0.1%. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted unanimously for the Bank of England to continue with the programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also to commence the previously announced programme of £150 billion of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

The outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It also depends on the responses of households, businesses and financial markets to these developments.

The next MPC decision on the Bank Base Rate will be published on 4 February 2021.

In its November 2020 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (November 2020)			
	2020 Q.4	2021 Q.3	2022 Q.3	2023 Q3.
GDP	-11	11	3.1	1.6
CPI Inflation	0.6	2.1	2.0	2.1
LFS Unemployment Rate	6.3	6.7	4.9	4.3
Excess Supply/Excess Demand	-2.25	-0.25	+0.25	+0.25
Bank Rate	0.1	-0.1	-0.1	0.0

In the MPC's projections conditioned on the alternative assumption of constant interest rates at 0.1%, activity is projected to be slightly weaker and CPI inflation is projected to be a little lower.

The conclusions that the MPC reach in the November Monetary Policy Report are supported by the following Key Judgements and Risks:--

Uncertainty around the MPC's central projections is unusually high and the risks to activity are judged to be skewed to the downside

Key judgement 1: in the near term, activity is dampened by Covid developments and temporarily lower trade as businesses adjust to new arrangements with the EU.

Key judgement 2: over time, uncertainty dissipates gradually and spending recovers.

Key judgement 3: there is some long-lasting scarring of the economy's supply capacity.

Key judgement 4: spare capacity in the economy is currently weighing on inflation, but it is eroded over time and inflation returns to the target.

The MPC also indicate that UK-specific factors, such as Brexit, have affected UK asset prices. The MPC state that "news reports about the terms on which the UK and EU will trade from 1 January 2021 has been an important factor driving moves in sterling since August. Sterling fell by 4% in early September, but it has subsequently recovered to a little above its level in the run-up to the August Report. Market pricing suggests that the outlook for sterling is uncertain: market-implied sterling volatilities have increased since August and risk reversals suggest that market participants place more weight on a large depreciation than a large appreciation."

The possibility of negative interest rates also seems to persist. The MPC note that " the market-implied path for Bank Rate has changed little since the August Report. The path moves below zero during 2021, as was the case in August. This suggests that market participants attach some weight to the possibility of a negative Bank Rate."

Capital Budget Monitoring- November 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	**8,238,184**	**10,129,590**	**29,757,230**	**23,025,145**	**(6,732,085)**
Corporate Services	**1,022,266**	**1,802,970**	**10,487,400**	**3,870,941**	**(6,616,459)**
Customer, Policy and Improvmen	**8,482**	**0**	**124,000**	**124,000**	**0**
Customer Contact Programme	8,482	0	124,000	124,000	0
Facilities Management Total	**205,767**	**533,890**	**850,750**	**851,041**	**291**
Works to other buildings	186,333	441,690	701,690	701,690	0
Civic Centre	0	87,200	67,200	67,491	291
Invest to Save schemes	19,435	5,000	81,860	81,860	0
Infrastructure & Transactions	**808,017**	**1,169,080**	**2,295,900**	**2,295,900**	**0**
Business Systems	150,090	158,140	532,790	532,790	0
Social Care IT System	40,050	123,100	246,190	246,190	0
Planned Replacement Programme	617,878	887,840	1,516,920	1,516,920	0
Resources	**0**	**0**	**0**	**0**	**0**
Financial System	0	0	0	0	0
Corporate Items	**0**	**100,000**	**7,216,750**	**600,000**	**(6,616,750)**
Acquisitions Budget	0	0	0	0	0
Capital Bidding Fund	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	400,000	400,000	0
Westminster Ccl Coroners Court	0	0	0	0	0
Corporate Capital Contingency	0	0	0	0	0
Compulsory Purchase Order	0	0	0	0	0
Housing Company	0	100,000	6,816,750	200,000	(6,616,750)
Community and Housing	**248,966**	**525,260**	**1,049,000**	**1,049,000**	**0**
Adult Social Care	**0**	**0**	**0**	**0**	**0**
Telehealth	0	0	0	0	0
Housing	**249,817**	**367,260**	**675,000**	**675,000**	**0**
Disabled Facilities Grant	249,817	367,260	575,000	575,000	0
Major Projects - Social Care H	0	0	100,000	100,000	0
Libraries	**(851)**	**158,000**	**374,000**	**374,000**	**0**
Library Enhancement Works	(851)	0	0	0	0
Major Library Projects	0	150,000	350,000	350,000	0
Libraries IT	0	8,000	24,000	24,000	0

Capital Budget Monitoring- November 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	**1,146,153**	**1,162,000**	**2,765,230**	**2,665,418**	**(99,812)**
Primary Schools	**584,249**	**357,180**	**1,036,790**	**935,790**	**(101,000)**
Hollymount	(356)	0	0	0	0
West Wimbledon	0	39,350	40,000	40,000	0
Hatfeild	34,031	8,910	67,110	67,110	0
Hillcross	27,295	0	30,660	30,660	0
Dundonald	45,900	23,200	75,000	75,000	0
Garfield	36,597	37,000	37,000	37,000	0
Merton Abbey	(530)	0	0	0	0
Poplar	10,973	3,500	33,000	33,000	0
Wimbledon Chase	81,091	18,990	104,990	104,990	0
Wimbledon Park	425	0	0	0	0
Abbotsbury	88,071	70,000	130,000	130,000	0
Morden	(2,219)	0	0	0	0
Bond	6,092	6,030	6,030	6,030	0
Cranmer	0	8,000	64,000	64,000	0
Gorringe Park	24,700	12,000	37,000	37,000	0
Haslemere	(68)	0	0	0	0
Liberty	(487)	0	0	0	0
Links	3,110	10,000	10,000	10,000	0
St Marks	29,862	45,000	45,000	45,000	0
Lonesome	33,680	30,000	40,000	40,000	0
Sherwood	167,849	42,000	191,000	191,000	0
Stanford	(1,768)	0	0	0	0
William Morris	0	3,200	25,000	25,000	0
Unlocated Primary School Proj	0	0	101,000	0	(101,000)

Appendix 5a

Capital Budget Monitoring- November 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	**(38,350)**	**77,760**	**78,590**	**79,778**	**1,188**
Harris Academy Merton	0	34,170	0	0	0
Raynes Park	0	5,590	5,590	5,590	0
Ricards Lodge	0	5,580	5,580	5,288	(292)
Rutlish	3,910	7,420	7,420	8,900	1,480
Harris Academy Wimbledon	(42,260)	25,000	60,000	60,000	0
SEN	**368,568**	**494,010**	**1,285,280**	**1,285,280**	**0**
Perseid	12,764	56,230	99,110	99,110	0
Cricket Green	163,107	197,190	442,190	442,190	0
Melrose	181,635	220,590	683,980	683,980	0
Unlocated SEN	(8,937)	20,000	60,000	60,000	0
Melbury College - Smart Centre	20,000	0	0	0	0
CSF Schemes	**231,687**	**233,050**	**364,570**	**364,570**	**0**
CSF IT Schemes	(1,353)	0	0	0	0
Devolved Formula Capital	233,040	233,050	349,570	349,570	0
Children's Centres	0	0	5,000	5,000	0
Youth Provision	0	0	10,000	10,000	0

Capital Budget Monitoring- November 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	**5,820,798**	**6,639,360**	**15,455,600**	**15,439,786**	**(15,814)**
Public Protection and Developm	**20,794**	**253,104**	**325,340**	**325,340**	**0**
On Street Parking - P&D	0	60,000	100,000	100,000	0
Off Street Parking - P&D	0	102,900	75,000	75,000	0
CCTV Investment	20,794	90,204	150,340	150,340	0
Public Protection and Developm	0	0	0	0	0
Street Scene & Waste	**(117,973)**	**292,600**	**471,220**	**455,404**	**(15,816)**
Fleet Vehicles	0	278,200	373,790	372,054	(1,736)
Alley Gating Scheme	1,200	14,400	24,000	10,000	(14,000)
Waste SLWP	(119,173)	0	73,430	73,350	(80)
Sustainable Communities	**5,917,977**	**6,093,656**	**14,659,040**	**14,659,042**	**2**
Street Trees	43,886	39,600	126,000	126,000	0
Wimbledon Area Roads	0	0	0	0	0
Raynes Park Area Roads	1,510	15,666	26,110	26,110	0
Highways & Footways	3,280,322	2,829,090	7,350,770	7,350,772	2
Cycle Route Improvements	244,008	79,434	464,710	464,710	0
Mitcham Transport Improvements	53,906	57,966	96,610	96,610	0
Unallocated Tfl	0	0	0	0	0
Colliers Wood Area Regeneratio	6,838	9,000	15,000	15,000	0
Mitcham Area Regeneration	679,517	1,372,530	3,064,590	3,064,590	0
Wimbledon Area Regeneration	448,754	472,980	927,740	927,740	0
Morden Area Regeneration	0	0	50,000	50,000	0
Borough Regeneration	95,390	80,430	224,050	224,050	0
Morden Leisure Centre	11,866	38,550	55,000	55,000	0
Wimbledon Park Lake and Waters	43,647	0	179,500	179,500	0
Sports Facilities	195,747	48,840	218,840	218,840	0
Parks	812,587	1,049,570	1,860,120	1,860,120	0

Virement, Re-profiling and New Funding - November 2020

Appendix 5B

		2020/21 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Movement	Revised 2021/22 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact	(1)	282,200			(158,200)	124,000	2,217,800	158,200	2,376,000	Reprofiled in line with projected spend
Civic Centre Boiler Replacement	(1)	201,480			(201,480)	0	267,200	201,480	468,680	Reprofiled in line with projected spend
Westminster Coroners Court	(1)	460,000			(460,000)	0	0	460,000	460,000	Reprofiled in line with projected spend
Multi-Functioning Device (MFD)	(1)	270,000		130,000		400,000			0	Provision for 5 rather than 3 Year Lease
Clarion CPO	(2)	4,079,460			(4,079,460)	0	3,143,570	1,657,620	4,801,190	Reprofiled in line with projected spend
Community and Housing										
Disabled Facilities Grant		600,000			(25,000)	575,000	827,000		827,000	Reprofiled in line with projected spend
Learning Disability Affordable Housing	(1)	350,000			(250,000)	100,000	771,000	(771,000)	0	Reprofiled in line with projected spend
Children, Schools and Families										
Poplar Capital Maintenance		19,000	14,000			33,000	5,010		5,010	
Wimbledon Chase Capital Maintenance		99,990	5,000			104,990	0		0	
Unallocated Capital Maintenance		120,000	(19,000)			101,000	2,505,360		2,505,360	Virement to Poplar and Wimbledon Chase
Melrose SEMH Unit	(1)	950,000			(300,000)	650,000	1,836,610	300,000	2,136,610	Reprofiled in line with projected spend
Links - Capital Maintenance		33,000			(23,000)	10,000	137,000	23,000	160,000	Reprofiled in line with projected spend
St Marks - Capital Maintenance		80,000			(35,000)	45,000	85,000	35,000	120,000	Reprofiled in line with projected spend
Harris Academy Merton School Expansion		34,170			(34,170)	0	0	34,170	34,170	Reprofiled in line with projected spend
Harris Academy Wimbledon School Expansion		125,000			(65,000)	60,000	70,670	65,000	135,670	Reprofiled in line with projected spend
Perseid - Capital Maintenance		150,000			(58,000)	92,000	106,840	58,000	164,840	Reprofiled in line with projected spend
Environment and Regeneration										
Lamp Column Chargers	(1)	117,640		157,000		274,640			0	OLEV Grant
Accessibility Programme		17,410		55,200		72,610			0	Additional TfL Funding
Casualty Reduction in Schools	(1)	4,050		276,000		280,050			0	Additional TfL Funding
Traffic Schemes		211,540		46,000		257,540			0	Additional TfL Funding
TfL Principal Roads Maintenance		0		80,000		80,000			0	Additional TfL Funding
Cycle Improvements in Residential Streets		84,770		75,440		160,210			0	Additional TfL Funding
Crown Creative Knowledge Exchange	(1)	150,000			(150,000)	0	0	150,000	0	Reprofiled in line with projected spend
Morden Town Centre Improvements	(1)	100,000			(100,000)	0	200,000	100,000	300,000	Reprofiled in line with projected spend
LBM Replacement of Fleet Vehicles	(1)	467,200	(35,000)		(133,410)	298,790	416,800	133,410	550,210	Reprofiled in line with projected spend
SLWP Replacement of Fleet Vehicles		0	35,000			35,000	0		0	Virement for Mencap Crew Cab PROW
Highway Bridges and Structures	(1)	484,670			(474,000)	10,670	410,000	474,000	884,000	Reprofiled in line with projected spend
Car Park Upgrades	(1)	200,000			(125,000)	75,000	784,000	125,000	909,000	Reprofiled in line with projected spend
Crowded Places-Hostile Vehicl		288,300		2,400	(180,000)	110,700	0	180,000	0	S106 B782 Allocation to be spent by 21-6-21
Cycle access/parking	(1)	0		120,500		120,500	0		0	Additional TfL Funding
Cycle Lane Works Plough Lane	(1)	220,000			(200,000)	20,000	0	200,000	200,000	Reprofiled in line with projected spend
Wimbledon Pk Waterplay Feature	(1)	226,000			(226,000)	0	0	226,000	226,000	Reprofiled in line with projected spend
Paddling Pools - Option 1		45,000			(45,000)	0	135,000		135,000	Reprofiled in line with projected spend
Paddling Pools Waterplay Feature - Option 2	(1)	113,000			(113,000)	0	113,000	113,000	226,000	Reprofiled in line with projected spend
Wimb Pk Car Park Surface		40,000			(40,000)	0	0	40,000	40,000	Reprofiled in line with projected spend
Morely Park Enhancement		27,780			(17,780)	10,000	0	17,780	17,780	Reprofiled in line with projected spend
Total		10,651,660	0	942,540	(7,493,500)	4,100,700	14,031,860	3,980,660	17,682,520	

(1) Requires Cabinet approval (2) Requires Council Approval

Virement, Re-profiling and New Funding - November 2020

Appendix 5B

		2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£	£	£		£	
Corporate Services								
Clarion CPO	(2)	0	2,421,840	2,421,840			0	Reprofiled in line with projected spend
Community and Housing								
Disabled Facilities Grants		827,000		827,000	507,000	25,000	532,000	Reprofiled in line with projected spend
Learning Disability Affordable Housing	(1)	462,000	1,021,000	1,483,000	145,000		145,000	Reprofiled in line with projected spend
Environment and Regeneration								
Paddling Pools - Option 1		90,000	45,000	135,000	0		0	Reprofiled in line with projected spend
Total		1,379,000	3,487,840	4,866,840	652,000	25,000	677,000	

(1) Requires Cabinet approval (2) Requires Council Approval

Appendix 5C

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed October Monitoring	23,252	13,056	36,308
Corporate Services			
Customer Contact	(158)	0	(158)
Civic Centre Boiler Replacement	(201)	0	(201)
Westminster Coroners Court	(460)	0	(460)
Multi-Functioning Device (MFD)	130	0	130
Clarion CPO	0	(4,079)	(4,079)
Community and Housing			
Disabled Facilities Grant	0	(25)	(25)
Learning Disability Affordable Housing	(250)	0	(250)
Children, Schools and Families			
Melrose SEMH Unit	(300)	0	(300)
Links - Capital Maintenance	(13)	(10)	(23)
St Marks - Capital Maintenance	(35)	0	(35)
Harris Academy Merton School Expansion	(34)	0	(34)
Harris Academy Wimbledon School Expansion	(65)	0	(65)
Perseid - Capital Maintenance	(58)	0	(58)
Environment and Regeneration			
Lamp Column Chargers	0	157	157
Accessibility Programme	0	55	55
Casualty Reduction in Schools	0	276	276
Traffic Schemes	0	46	46
TfL Principal Roads Maintenance	0	80	80
Cycle Improvements in Residential Streets	0	75	75
Crown Creative Knowledge Exchange	(150)	0	(150)
Morden Town Centre Improvements	0	0	0
LBM Replacement of Fleet Vehicles	(133)	0	(133)
Highway Bridges and Structures	(474)	0	(474)
Car Park Upgrades	(125)	0	(125)
Crowded Places-Hostile Vehicl	(178)	0	(178)
Cycle access/parking	0	121	121
Cycle Lane Works Plough Lane	(200)	0	(200)
Wimbledon Pk Waterplay Feature	(226)	0	(226)
Paddling Pools - Option 1	(45)	0	(45)
Paddling Pools Waterplay Feature - Option 2	(113)	0	(113)
Wimb Pk Car Park Surface	(40)	0	(40)
Morely Park Enhancement	(18)	0	(18)
Proposed November Monitoring	20,105	9,752	29,857

Appendix 5C

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed October Monitoring	**38,165**	**7,198**	**45,362**
Corporate Services			
Customer Contact	**158**	**0**	**158**
Civic Centre Boiler Replacement	**201**	**0**	**201**
Westminster Coroners Court	**460**	**0**	**460**
Clarion CPO	**0**	**1,658**	**1,658**
Community and Housing			
Learning Disability Affordable Housing	**(771)**	**0**	**(771)**
Children, Schools and Families			
Melrose SEMH Unit	**300**	**0**	**300**
Links - Capital Maintenance	**13**	**10**	**23**
St Marks - Capital Maintenance	**35**	**0**	**35**
Harris Academy Merton School Expansion	**34**	**0**	**34**
Harris Academy Wimbledon School Expansion	**65**	**0**	**65**
Perseid - Capital Maintenance	**58**	**0**	**58**
Environment and Regeneration			
Crown Creative Knowledge Exchange	**150**	**0**	**150**
Morden Town Centre Improvements	**0**	**0**	**0**
LBM Replacement of Fleet Vehicles	**133**	**0**	**133**
Highway Bridges and Structures	**474**	**0**	**474**
Crowded Places-Hostile Vehicl	**180**	**0**	**180**
Car Park Upgrades	**125**	**0**	**125**
Cycle Lane Works Plough Lane	**200**	**0**	**200**
Wimbledon Pk Waterplay Feature	**226**	**0**	**226**
Paddling Pools Waterplay Feature - Option 2	**113**	**0**	**113**
Wimb Pk Car Park Surface	**40**	**0**	**40**
Morely Park Enhancement	**18**	**0**	**18**
Proposed November Monitoring	**40,378**	**8,865**	**49,243**

Appendix 5C

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	**£000s**	**£000s**
Proposed October Monitoring	**17,173**	**3,758**	**20,931**
<u>Corporate Services</u>			
Clarion CPO	**0**	**2,422**	**2,422**
<u>Community and Housing</u>			
Learning Disability Housing	**1,021**	**0**	**1,021**
<u>Environment and Regeneration</u>			
Paddling Pools - Option 1	**45**	**0**	**45**
Proposed November Monitoring	**18,239**	**6,179**	**24,419**

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	**£000s**	**£000s**
Proposed October Monitoring	**21,527**	**3,200**	**24,727**
<u>Community and Housing</u>			
Disabled Facilities Grant	**40**	**0**	**40**
Proposed November Monitoring	**21,567**	**3,200**	**24,767**