

Cabinet

Date: 6 December 2021

Subject: Financial Report 2021/22 – Period 7 October 2021

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

- A. That Cabinet note the financial reporting data for month 7, October 2021, relating to revenue budgetary control, showing a forecast net adverse variance at year end on net service expenditure of £5.732m, increasing to £8.534m, an increase of £847k over last month when corporate and funding items are included.
- B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b
That Cabinet note the contents of Section 5, Appendix 5b and 5d of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2021-22	Budget 2022-23	Narrative
	£	£	
Corporate Services			
Compulsory Purchase Order - Clarion	(721,730)		No CPOs Required for Ravensbury
Customer Contact Programme	(200,000)	200,000	Re-profiled in line with projected spend
Westminster Coroners Court	(400,000)	400,000	Re-profiled in line with projected timing of spend, liaising with WCC over project cost
Children, Schools and Families			
West Wimb. - Capital Maintenance Budget	(65,000)	65,000	Re-profiled in accordance with projected Spend
Hillcross - Capital Maintenance Budget	(63,000)	63,000	Re-profiled in accordance with projected Spend
Joseph Hood - Capital Maintenance Budget	(45,000)	45,000	Re-profiled in accordance with projected Spend
Dundonald - Capital Maintenance Budget	(20,000)	20,000	Re-profiled in accordance with projected Spend
Pelham - Capital Maintenance Budget	(30,000)	30,000	Re-profiled in accordance with projected Spend
Wimb. Chase - Capital Maintenance Budget	(35,000)	35,000	Re-profiled in accordance with projected Spend
Bond - Capital Maintenance Budget	(30,000)	30,000	Re-profiled in accordance with projected Spend
Crammer - Capital Maintenance Budget	(45,000)	45,000	Re-profiled in accordance with projected Spend
Links - Capital Maintenance Budget	(20,000)	20,000	Re-profiled in accordance with projected Spend
St Marks - Capital Maintenance Budget	(55,000)	55,000	Re-profiled in accordance with projected Spend
Lonesome - Capital Maintenance Budget	(30,000)	30,000	Re-profiled in accordance with projected Spend
Harris Academy Merton - Community Sport Pitch	(65,000)	65,000	Re-profiled in accordance with projected Spend
Rutlish - Capital Maintenance Budget	5,000		Virements - projected spend capital maintenance
Perseid - Capital Maintenance Budget	(45,000)	40,000	Virements - projected spend capital maintenance
Whately Avenue Expansion	(30,000)	30,000	Re-profiled in accordance with projected Spend
Unallocated SEN Expansions	(30,000)	30,000	Re-profiled in accordance with projected Spend
Environment and Regeneration			
Highways & Footways - Highways bridges & structures	105,000		Re-profiled in accordance with projected Spend
Highways & Footways - Salt Barn	(23,600)		Re-profiled in accordance with projected Spend
On Street Parking P&D - Pay and Display Machines	(303,000)	303,000	Re-profiled in line with projected spend
Off Street Parking P&D - Car Park Upgrades	(465,530)	465,530	Re-profiled in line with projected spend
Wimbledon Area Regeneration - Crowded Places-Hostile Vehicle	(180,000)	180,000	Re-profiled in accordance with projected Spend
Mitcham Area Regeneration - Canons Parks for the People	590,000		Additional SCIL Funding
Parks Investment - Canons Parks for the People	150,000		Additional SCIL Funding
Parks Investment - Sports Drainage	150,000		New SCIL Funding
Total	(1,901,860)	2,151,530	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 7 monitoring report for 2021/22 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- A full year forecast projection as at period 7.
- 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 2021/22;
- Progress on the delivery of the 2021/22 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process for 2021/22 continues to focus on the ongoing 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 for some time. The detrimental impact of Covid-19 is being monitored closely as the situation evolves.
- 2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2020/21 was £24.981m and the deficit is forecast to continue to increase in 2021/22, the cumulative deficit is now estimated to be £37.634m by the end of this financial year.
- 2.3 Chief Officers, together with budget managers with support from 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.

3. 2021/22 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 7 to 31 October 2021, the year end forecast is a net adverse variance of £8.534m when all incremental Covid costs are included, after applying known government grant funding.

**Summary Position as at 31st
October 2021**

	Current Budget 2021/22 £000s	Forecast Variance at year end (October) £000s	Forecast Variance at year end (September) £000s	Covid-19 Forecast Variance £000s	Outturn variance 2020/21 £000s
Department					
Corporate Services	11,833	1,322	1,691	905	3,746
Children, Schools and Families	63,048	643	802	714	(2,971)
Community and Housing	69,470	(1,557)	(1,334)	1,143	(2,264)
Public Health	(0)	0	0	0	(18)
Environment & Regeneration	15,329	5,324	5,038	6,726	10,689
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	159,679	5,732	6,197	9,488	9,182
Corporate Items					
Impact of Capital on revenue budget	11,157	(145)	(145)	0	(27)
Other Central budgets	(7,431)	803	803	0	2,151
Levies	959	0	0	0	0
TOTAL CORPORATE PROVISIONS	4,685	658	658	0	2,124
Covid-19	0	1,036	833	1,036	176
TOTAL GENERAL FUND	164,364	7,425	7,687	10,524	11,306
FUNDING					
Revenue Support Grant	(5,187)	0	0	0	0
Business Rates	(34,339)	0	0	0	0
Other Grants	(16,949)	0	0	0	(382)
Council Tax and Collection Fund	(98,434)	0	0	0	4
COVID-19 emergency funding	(6,811)	0	0	0	0
Income compensation for SFC	(2,643)	1,109	0	1,109	
FUNDING	(164,363)	1,109	0	1,109	(378)
NET	1	8,534	7,687	11,633	10,928

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

Covid-19 Financial Impact

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This involves a 5% deductible rate, whereby the Council absorbs up to 5% and the government compensation covers 75p in every pound of relevant loss thereafter. The scheme was extended for the first quarter of 2021/22. Amounts expected from the income compensation scheme have now been included in the forecast, subject to confirmation by DLUHC. This is c.£1.5m which represents a shortfall against a budgeted £2.643m as the circumstances around the pandemic and impact on income has greatly improved since the budget was set, particularly around parking income.

The ongoing situation with high levels of uncertainty continues to make forecasting difficult for the year ahead as it's unclear if or when some service areas will see activity return to pre-covid levels.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. These are the incremental costs not covered by specific covid grants.

Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2021/22 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 departments. This is inclusive of 2020/21 savings which remain under pressure.

Covid-19 Summary

COVID-19 COST SUMMARY	Forecast as at October 2021	Forecast as at September 2021
	2021/22 £000s	2021/22 £000s
<u>Department</u>	-	-
Corporate Services	905	980
Children, Schools and Families	714	714
Community and Housing	1,143	703
Environment & Regeneration	6,726	5,931
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	9,488	8,328
<u>Corporate Items - Covid costs</u>	-	-
Corporate Services	115	115
Children, Schools and Families	180	180
Community and Housing	242	242
Environment & Regeneration	499	296
ADDITIONAL COVID EXPENDITURE	1,036	833
<u>FUNDING</u>	-	-
Business Rates	5,387	5,835
Council Tax	0	0
TOTAL FUNDING LOSS	5,387	5,835
GROSS COST OF COVID-19	15,911	14,996
Covid general funding	-6,811	-6,811
Income compensation for sales, fees & charges	-1,534	TBC
NET COST OF COVID-19	7,566	8,185

Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Business Rates collected will be less than budgeted for 2021/22 when the budget was approved by Council in March 2021. 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 businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in a deficit in Business

Rates for the financial year 2021/22. This deficit is currently estimated at £5.387m as shown in the covid table above to demonstrate the full impact of covid, however, due to the way Business Rates are accounted for in local authorities, any shortfall will not be reflected in the 2021/22 financial year but will be managed via the Collection Fund and accounted for in future years. The Council will build estimates for Business Rates including any deficit/surplus from previous accounting years into the MTFS and budgets for 2022/23 onwards. The estimated deficit is therefore not reflected in the main summary position table for 2021/22 as it will not impact the general fund outturn.

In 2020/21 Merton collected 90.04% of its Business Rates income. As at the end of October, 2021/22 business rates collected is 2.53% less than the equivalent for last year, but the forecast for the full year is up 2% compared to last month.

On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow but the position is starting to settle down in 2021-22. 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 (MMFs).

In light of Government relief announcements made last year, the Council continues to see a reduction in income. 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/MMFs to maintain liquidity. This approach helped the council meet its cash flow needs and avoided any short term unplanned borrowing. The Council has now increased its MMFs investment limits and the number of MMFs to maintain a healthy liquid position. However, as we can now see the signs of the UK economy returning to some sense of normality and the confidence provided by the vaccine we expect the Council's cash flow to stabilise going forward. This will help us to place any excess cash in suitable short term fixed term deposits and earn improved returns.

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 there remains a concern over the longer term in the context of the DSG deficit. However, if a cash shortfall 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	Current Budget £000	Full year Forecast (October) £000	Full Year Forecast Variance (October) £000	Full Year Forecast Variance (September) £000	Covid-19 Forecast Impact (October) £000	Outturn Variance 2020/21 £000
Customers, Policy & Improvement	5,755	5,630	(125)	(104)	45	915
Infrastructure & Technology	12,488	12,620	131	176	176	(51)
Corporate Governance	1,750	1,827	77	70	19	(88)
Resources	5,698	6,103	405	580	544	1,811
Human Resources	1,903	2,127	224	259	120	102
Corporate Other	710	1,320	610	710	0	1,057
Total (Controllable)	28,305	29,626	1,321	1,691	905	3,746

Overview

The department is currently forecasting an adverse variance of £1,321k at year end of which £905k is due to the external impact of covid-19. The adverse forecast variance has reduced by £370k since September.

Customers, Policy and Improvement - £125k favourable variance

The favourable variance is primarily due to various vacancies expected to be held for part of the year, such as in the AD (£95k) and Programme Office budgets (£61k).

The Voluntary Sector Coordination budget is also forecasting a favourable variance of £43k on grant payments.

The Registrars services are also forecasting a favourable variance of £50k due to the strong recovery of income levels following the cessation of covid restrictions earlier this year. The forecast income for this service is cautious at this stage and income is likely to reduce as it is expected that the demand for the service will reduce over the winter months.

Additional favourable variances include £49k due to reduced spend against budget on the cash collection contract, over-achieving the saving and £24k against the Merton Link budget.

Partially offsetting the favourable variances are the Press and PR budget which is forecasting a £168k adverse variance owing to the use of agency staff to cover the Head of Communications post pending the completion of a restructure. There is also a net adverse variance of £56k in the Translations services due to under-achievement against the income budget as external demand remains low and

a £27k adverse variance in the Policy and Strategy team partly due to the use of agency.

Infrastructure & Technology - £131k 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 £216k on the Corporate Print Strategy and £103k on the PDC (Chaucer Centre). These will be reviewed throughout the year and may improve depending on the level of staff returning to the office. 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 £92k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2020/21. There is a variance on Corporate Contracts (£31k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £39k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted and £71k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. The Business Systems Team is also forecasting a £48k favourable variance due to vacancies in the team and there is a favourable £46k variance forecast for Garth Road from rental income.

Corporate Governance – £77k adverse variance

The adverse variance is primarily due to forecast overspend within LBM Legal Service (£130k) of which £115k results from prior year unachieved savings. This will continue to be reviewed and reported as part of the progress on savings for Corporate Services.

The adverse variance has been partially offset by various favourable variances within the division which include £15k within AD Corporate Governance due to recharges for land charges migration work for the AD's salary costs, £13k within Democracy Services from IT costs and Mayor's allowances spend being less than budgeted, £16k across Electoral Services largely from less than budgeted canvass pay and £17k within the South London Legal Partnership (SLLp).

SLLp is currently forecasting a £81k surplus overall, £17k is forecast to be LBM's share. The variance in SLLp is largely due to reduced running costs as staff largely continue to work remotely and less than budgeted staffing costs.

Resources - £405k adverse variance

The adverse variance forecast within Resources has reduced by £175k since September. This is mainly due to a £50k increase in forecast income within Local Taxation Services and the interim Head of Recovery's costs now being met from the Recovery and Modernisation fund.

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. Resulting from covid is an adverse variance forecast in the Bailiffs service of £415k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. Covid's impact on income also extends to the Local Taxation Service although there is a £112k favourable variance overall due to additional funding from the GLA and new burdens income from DWP. The Chief Executive's budget is also reporting a £52k adverse variance mainly due to the use of agency staff within the service for additional communication work.

The Corporate Accountancy service is forecasting a £120k adverse variance which includes an increase in fee proposed by the Council's external auditors, EY, though confirmation of the fee increase is still outstanding. A further adverse variance of £118k is forecast on insurance premiums though an updated projection is expected in the coming months when the impact on the cost of insurance premiums as a result of six schools leaving the insurance SLA arrangement is confirmed with our insurance provider. The Financial Systems Team is forecasting a £49k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Favourable variances within Resources include £16k and £9k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not required in year. The Support team within Revenues and Benefits has £20k favourable variance mainly against staffing costs. Within the Benefits Administration service a £141k favourable variance is largely due to receipts from DWP.

Human Resources – £224k adverse variance

The adverse variance has seen a £35k favourable movement since period 6 due to staff changes.

This adverse variance is primarily due to agency cover in place against the AD budget (£102k variance) and Learning and Development budget (£28k variance).

Additionally, there is an adverse variance of £127k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. This is reflective of a saving not expected to be achieved in year as new contract negotiations were delayed as a result of covid during 2020/21.

The Payroll service is anticipating a £21k favourable variance across various staffing and running costs as well as overachievement of income.

Corporate Items - £610k adverse variance

The Corporate Items budget has seen a favourable movement of £100k since period 6 due to Housing Benefit Rent Allowances budget. However, the budget is still forecasting a net adverse variance of £798k. The variance is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2021/22 and is inclusive of £100k allowance for topping up the bad debt provision at year end in line with the level of top-up required in each of the past two financial years.

Partly offsetting the above are favourable variances on the corporately funded items budget of £92k due to budget not expected to be required in year, £51k on the added years pension budget and £45k net income forecast for the recovery of old Housing Benefits debts previously written off.

Environment & Regeneration

Environment & Regeneration	2021/22 Current Budget	Full year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sep)	2021/22 Covid-19 Forecast Impact (Oct)	2020/21 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(16,031)	(11,402)	4,628	4,189	5,513	8,973
Public Space	16,254	16,813	608	750	701	2,003
Senior Management	1,043	866	(177)	(130)	0	(134)
Sustainable Communities	8,330	8,594	264	230	511	(153)
Total (Controllable)	9,546	14,870	5,324	5,039	6,726	10,689

Description	2021/22 Current Budget	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sep)	2020/21 Variance at year end
	£000	£000	£000	£000
Regulatory Services	625	223	252	194
Parking Services	(17,675)	4,382	3,915	8,804
Safer Merton & CCTV	1,019	24	22	(25)
Total for Public Protection	(16,031)	4,628	4,189	8,973
Waste Services	14,553	486	547	875
Leisure & Culture	549	242	210	764
Greenspaces	1,832	(48)	58	525
Transport Services	(729)	(71)	(65)	(161)
Total for Public Space	16,205	608	750	2,003
Senior Management & Support	1,043	(177)	(130)	(134)
Total for Senior Management	1,043	(177)	(130)	(134)
Property Management	(2,636)	(177)	(202)	(381)
Building & Development Control	(15)	293	293	281
Future Merton	10,981	148	139	(53)
Total for Sustainable Communities	8,330	264	230	(152)
Total Excluding Overheads	9,546	5,324	5,039	10,689

Overview

The department is currently forecasting an adverse variance of £5,324k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, Property Management, Development & Building Control and Future Merton.

Public Protection

Regulatory Services adverse variance of £223k

The section has cumulative income savings of £210k relating to potential commercial opportunities.

However, the focus for the financial year 2020/21 needed to be redirected from income generation to Covid-19 service delivery and service improvement including a major IT project resulting in an adverse income variance of £316k.

The IT transition Project is scheduled for completion in the new year which will then permit some resources to refocus on income generation. Covid-19 continues to impact licensing income due to continually changing business restrictions resulting in a reduction in income from Street Trading Licences and Gambling Licences. Licensing income has improved through an increase in licence applications some resulting from the new Pavement Licencing Regime. Business recovery does show signs of improvement however licensing income remains below pre-pandemic levels.

Whilst the loss of income experienced at the start of the financial year is unlikely to be recouped, services are focussing additional resources on fee recovery by identifying unlicensed businesses. To date the main focus of this work has been in Richmond . The work in Merton has yielded £7,000 from unlicensed business activities so far, with a view to increasing licensing checks within the borough to further increase income. Current forecasts estimate an adverse variance against budget of £30k.

Parking Services adverse variance of £4,382k

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.

Covid-19 continues to affect parking revenue across the board including ANPR, PCNs as well as on and off-street charges income. Analysis to better understand the short and longer-term impact of this is ongoing, but current forecasts show the adverse variance on PCN, P&D, and permit income of £2.2m, £1.3m, and £1.07m respectively.

Contributing to the PCN adverse variance is a further £348k decrease in anticipated income since period 6. Additionally, there is a 2020/21 and 2021/22 saving (ENV1920-01) of £680k 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 February 2022.

These adverse variances are being partially offset by a favourable variance on parking admin fee of £189k, employee spend of £72k and supplies and services £49k (of which £135k relates to the research and modernisation of SSZs cameras which will not be utilised until next year).

It should also be noted that that £750k EBC savings target this year will now be met from the corporate contingency, for which a budget transfer has taken place following Cabinet approval in October 2021.

Public Space

Waste Services adverse variance of £486k

The section is forecasting an adverse variance on disposal costs of £368k. 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. In order to

mitigate this cost, the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire in 2022.

An adverse variance of £165k 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.

An adverse variance of £184k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes, and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

Favourable variances on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering (£199k), and employee related spend (£117k) is partially mitigating these adverse variances.

Leisure & Culture adverse variance of £242k

Due to the ongoing impact of Covid-19 the Authority continues to support our service provider, GLL, and forego the guaranteed income due. Recovery forecasts estimate income returning in October 2021, which equates to an income shortfall of about £418k. However, during this time the Authority has been incurring lower utility costs at these premises, leading to a forecast favourable variance of £50k.

The continuation of Covid-19 related restrictions at the Wimbledon Sailing Base has also led to programmes with less attendees being available, resulting in a net adverse variance of £45k being forecast.

Favourable variances on one-off reimbursement costs of £100k, and employee related spend of £85k is partially mitigating these adverse variances.

Greenspaces favourable variance of £48k

The favourable variance is primarily due to an increase in rental income from Wimbledon Tennis Fortnight outdoor events of £152k and over recovery of Phase C income of £62k.

The variance is reduced by anticipated under-recovery of income from outdoor events entertainment (£90k) and Parking Charges (£50k) resulting from the Covid-19 restrictions at the start of the year.

Sustainable Communities

Property Management favourable variance of £176k

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £483k, which includes £167k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements. There is also a favourable variance on employees of £111k due to underspend being forecast on salaries against a budget of £312k.

This is being partially offset by an adverse variance of £232k on premises related expenditure, for example, building improvements, utilities, repairs & maintenance costs, and £152k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £293k

There is a £332k adverse variance on income which is being partially reduced by a favourable variance on supplies & services spend (£48k) and transport (£12k).

Within Development Control, income is up across all categories other than PPAs. This is due to the big increase in applications across the board. We have already processed 514 decisions more than for the same 11 month period last year. This is despite changes introduced by the Government last year which has resulted in the same amount of work being undertaken for lower fees on certain types of applications – prior approvals - (estimated loss of income due to these changes £43,370). One area of overspend for DC is on agency staff.

The area which is problematic is Building Control but this is not due to a reduction in applications. For the past several years, a budget figure of £625k has been put in, and each year the actual income achieved is consistently lower by around a third or over £200k. We need to strengthen the way that income is collected but additionally, Building Control only has a third of the market with Approved Inspectors taking two thirds. The only way it would be possible for Building Control to achieve a greater share of the market and higher income levels is by increasing the size of the team and marketing. A complete overhaul of the team is planned following receipt of the LABC report earlier in the year and internal audit concerns.

Children Schools and Families

Children, Schools and Families (£000's)	2021/22 Current Budget	Full Year Forecast	Forecast Variance October	Forecast Variance September	2021/22 Covid Forecast Impact
Education					
Education Budgets	£ 17,210	£ 17,467	£ 257	£ 420	£ 274
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 127	£ 127	£ -	£ -	£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -
Education Sub-total	£ 26,076	£ 26,333	£ 257	£ 420	£ 274
Other CSF					
Child Social Care & Youth Inclusion	£ 21,009	£ 21,334	£ 326	£ 299	£ 440
Cross Department	£ 858	£ 883	£ 25	-£ (29)	£ -
PFI Unitary Costs	£ 8,168	£ 8,202	£ 34	£ 112	£ -
Pension and Redundancy Costs	£ 1,592	£ 1,592	£ -	£ -	£ -
Other CSF Sub-total	£ 31,627	£ 32,011	£ 385	£ 382	£ 440
Grand Total	£ 57,703	£ 58,344	£ 642	£ 802	£ 714

Overview

At the end of September 2021, the Children Schools and Families directorate is forecasting an adverse variance against budget of £0.642m on local authority funded services. This is a favourable movement since period 6 of £160k. Since period 3 have seen a return to more normal levels of activity, including

a spike in high cost placements and this is reflected in the forecast. Alongside this, we have forecast a return to more normal levels of education activity including transport. There has been an increase in the number of pupils being educated at home but overall the number is still small as a proportion of overall pupils. As at period 6 there is the inclusion of £300k costs relating to the DSG “Safety Valve” team, it is anticipated that this will be funded corporately as part of the ongoing DSG “Safety Valve” discussions.

£714k Covid-19 cost pressure has been identified relating to savings shortfalls from the last financial year. These have been included in the forecast position. There remains some uncertainty about the likely level of increased costs due to Covid-19. We are currently reviewing one of the larger savings for this year relating to the PFI that requires additional modelling by the service and finance jointly. The £400k saving based on Public Health commissioning is not achievable as this recommissioning has not taken place. The increased numbers of children needing CP plans last year is now reducing nearer to expected levels and our looked after children numbers are stable. An additional temporary project team was secured to help with the increased demand in our first response service which has helped to keep caseloads at acceptable levels. It is possible that some loss of income relating to covid19 will occur this year but it will not be possible to accurately forecast this until towards the end of the financial year.

It remains difficult to forecast the patterns of demand across all services as families, communities and services return to normal life. We continue to monitor the situation closely and respond in a timely way to changes.

Local Authority Funded Services

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

Local Authority Funded Services (£000's)	Budget	October Variance	September Variance
Child Social Care and Youth Inclusion			
Adolescent & Family Services	£ 2,113	-£ (359)	-£ (359)
Asylum Seeker Costs (14+)	£ 137	£ 126	£ 126
Asylum Seeker Costs (ART)	£ 306	£ 30	£ 30
Children Cntrl Social Wrk Serv	£ 4,285	-£ (88)	-£ (88)
Head of ChildSocIcare& YthIncl	£ 213	-£ (45)	-£ (45)
Mash & Child Protection Serv	£ 2,643	-£ (152)	-£ (152)
Safeguarding, Stndrds & Train	£ 1,210	-£ (159)	-£ (159)
Senior Management	£ 271	-£ (4)	-£ (4)
Children In Care and Resources	£ 9,831	£ 976	£ 949
CSC & Youth Incl Total	21,009	325	298
Education			
Contracts, Proc & School Org	£ 7,545	-£ (9)	£ 59
Early Years & Children Centres	£ 4,232	£ 172	£ 168
Education - School Improvement	£ 20	£ 17	-£ (18)
Education Inclusion	£ 1,780	-£ (87)	-£ (43)
Schools Delegated Budget	£ -	£ -	£ -
SEN & Disability Integrat Serv	£ 2,036	-£ (96)	-£ (35)
Senior Management	£ 864	£ 204	£ 204
Policy, Planning & Performance	£ 523	£ 92	£ 96
Departmental Business Support	£ 211	-£ (37)	-£ (12)
Education Total	£ 17,210	£ 256	£ 419

Children's Social Care and Youth Inclusion Division

The Children in Care service is recording an adverse forecast of £976k compared with budget. To note, the full £400k Public Health saving which was predicated on recommissioning integrated services, which has not taken place, (referred to in the overview section above) has all been put against this budget. This savings option is now no-longer achievable. Over the past year there has been an increase in placements of children with complex needs in high cost provision. Additionally, providers have increased the cost of caring for the most complex children.

Work is currently underway with this service to focus on a number of areas:

- ensure that Merton continues to develop the tri-partite process to share planning for vulnerable children.
- ensure that children's plans are reviewed regularly with senior managers offering support and challenge to explore alternative arrangements.
- improve commissioning and procurement activity to ensure best value is obtained through a more systemised purchasing approach;
- a move to more activity based forecasting across the division as a whole.

The impact of these actions will be reflected within future monitoring updates.

- The Division overall is forecasting an adverse variance against budget of £325k at period 7.

Education Division

The Education forecast for Senior Management includes forecast costs for the agency staff which are part of the DSG Safety Valve team. Expenditure to period 7 is £106k and is expected to be c.£150k for the full year. Expected expansion of this team could increase the full year spend to c. £300k. These costs have been included within the forecast but it is anticipated that this will be funded corporately as part of the ongoing DSG "Safety Valve" discussions.

The Education Division forecast is based on a spend situation returning to more normal levels. The period 7 budget shows a favourable movement from period 6 related to transport costs which we will continue to closely monitor and reduced office expenses.

The Division overall is forecasting an adverse variance against budget of £256k, this is a favourable movement from period 6 of £163k.

Schools PFI

Initial work in this area is forecasting an adverse position of £107k to budget. Further work re-modelling this area will be undertaken in the coming months.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget	October Variance	September Variance
<u>Education</u>			
Contracts, Proc & School Org	£ 286	-£ (5)	-£ (10)
Early Years & Children Centres	£ 16,335	£ 1	£ -
Education - School Improvement	£ 1,107	-£ (98)	-£ (38)
Education Inclusion	£ 1,468	£ 55	£ 37
SEN & Disability Integrat Serv	£ 17,468	£ 10,672	£ 11,215
Sub-total	£ 36,664	£ 10,625	£ 11,204
<u>CSC & Youth Inclusion</u>			
Adolescent & Family Services	£ 43	-£ (9)	-£ (25)
Sub-total	£ 43	-£ (9)	-£ (25)
<u>Schools Delegated Budget</u>			
DSG Reserve	£ -	£ -	£ -
Retained Schools Budgets	£ 2,945	-£ (1,369)	-£ (1,955)
Schools Delegated Budget	-£ (39,784)	£ 3,406	£ 3,402
Sub-total	-£ (36,839)	£ 2,037	£ 1,447
DSG Total	-£ (132)	£ 12,653	£ 12,626

DSG funded services are forecasting an adverse variance of £12.653m which is a stable position since period 6.

The DSG had a cumulative overspend of £24.981m at the end of 2020/21.

Merton has been selected as one of the LAs to take part in the 'safety valve' intervention programme with the DfE as it has one of the highest percentage deficits in the country as at the end of 2020/21. The programme aims to agree a package of reform to our high needs system that will bring the DSG deficit under control. We have confirmed participation in this programme and provided a draft updated plan to the DfE. Discussions are continuing and an update will be provided to Cabinet in January as part of the MTFs report, but if successful, we are unlikely to hear about the detail of any financial support and performance targets until late January.

The main reason for the adverse forecast variance from budget relates to a £6.534m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements.

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

We are seeking to increase the number of local maintained special school places in the borough, 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 the overall DSG deficit to be in line with current forecast. The current additional pressure of the DSG is forecast to be £12.653m for 2021/22, with an overall estimated deficit of £37.634m by year end.

Other adverse variances include £2.721m on EHCP allocations to Merton primary and secondary schools, £2.332m on out of borough maintained primary, secondary and special school payments, post 16 provision is forecasting a pressure of £744k.

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

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2021/22 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula.

The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. 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.

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £1.6m as at October 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.9m, and reduced unfavourable variances in Housing of £305k, and Libraries of £45k. Public Health and Merton Adult Learning are forecasting a breakeven position.

Community and Housing Summary Position

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets.

Community & Housing	2021/22 Current Budget £	2021/22 Full Year Forecast £ (Oct)	2021/22 Full Year Variance £ (Oct)	2021/22 Full Year Variance £ (Sept)	2021/22 Covid-19 Forecast £ (Oct)	2021/22 Outturn Variance £ (Mar'21)
Adult Social Care	58,822	56,915	(1,907)	(1,762)	1,074	(2,947)
Libraries and Heritage	2,475	2,520	45	47	69	195
Merton Adult Learning	0	0	0	0	0	0
Housing General Fund	3,333	3,638	305	380	0	489
Public Health	(163)	(163)	0	0	0	0
Total Favourable/Unfavourable	64,467	62,910	(1,557)	(1,335)	1,143	(2,263)

Adult Social Care

Adult Social Care is forecasting a favourable variance of £1.9m as at October 2021, compared to £2.9m at year end 2020/21 demonstrates that the one off covid-19 impacts are dissipating. The current position reflects a reduction of £127k in gross placements between September to October, delays in planned recruitment and the transfer of covid-19 related expenditure to the Contain Outbreak Management Fund (COMF).

Monthly Movements in Packages of Care

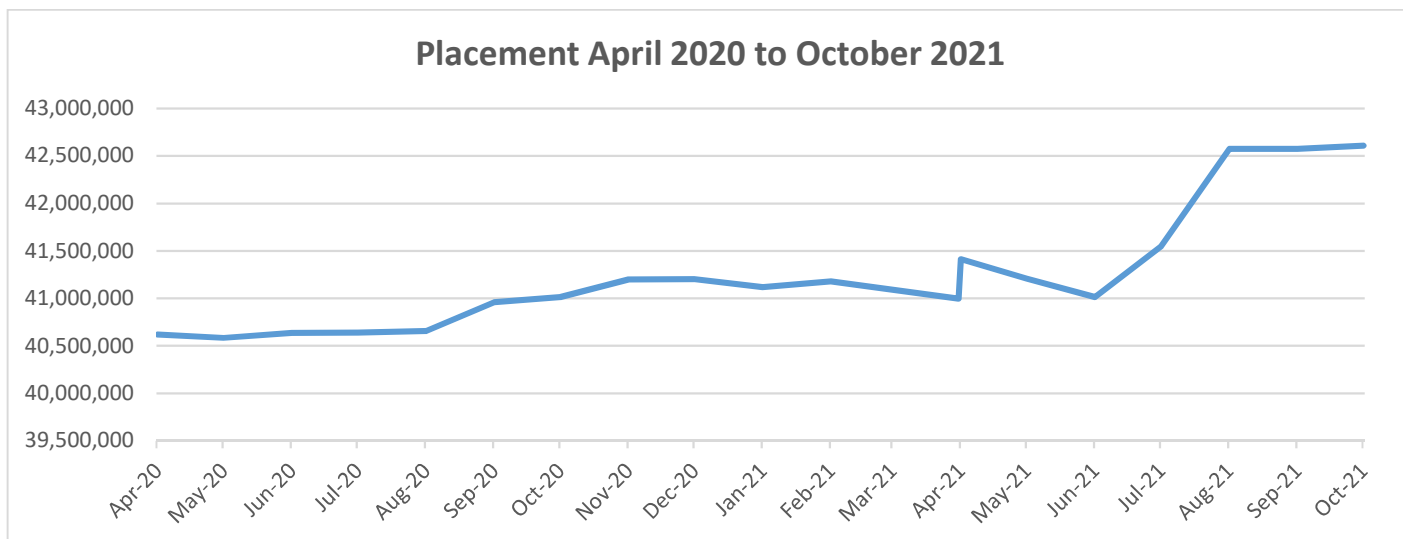
Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'21	48	-9	-13	26
May'21	31	-16	-18	-3
June'21	32	-17	-22	-7
July'21	45	-13	-13	19
Aug'21	43	-14	-25	4
Sept'21	53	-22	-25	6
Oct'21	58	-16	-31	11
Total to Date	310	-107	-147	56
Average to Date	44	-15	-21	8
Average 2020/21	37	-27	-17	-7
Average 2019/21	34	-24	-24	-14
Average 2018/19	36	-23	-25	-11

The hospital discharge models that have been operated through-out the pandemic (Discharge to Assess) is expected to continue into next year. National funding has been agreed for the period from October 2021 to March 2022 and Southwest London ICS (Integrated Care System) has an allocation, but the allocation to borough level has not yet been agreed. We expect it to at least match current levels for Merton and may give scope for further expansion of the 'Reablement' services. However, from April 2022 it is likely that systems will be expected to continue the model from within local resources.

The deadline for care home vaccination expired on the 11th of November 2021 and Merton based providers can cope with the impact. However, this situation is being continually reviewed.

Winter planning bid was completed, and the service was able to secure £1.1m to meet the challenges of winter. The focus on the plan is to enable customers to be continue to discharge home safely and with the appropriate support.

The line graph below continues to indicate that there is an upward trend in placements and in LBM's case it seems to be in older people customers and the impact of the covid-19 pandemic. This trend may be partly explained by sectors of the economy reopening and a return for many to more 'normal' working patterns. The upturn in trend coincides with the winding up of the Government Furlough scheme. In some cases, family carers can no longer support people, in the same way they could through lockdowns and therefore packages of care are needed to replace this support. There can also often be a more complex presentation of need as a result.



Adult Social Care Internal Provision –favourable Variance - £44k

This service unfavourable variance as at September has moved to a favourable position in October. This is due a revision of salary forecast in Glebelands and Mascot, as well as continuing to hold some vacant posts in day services.

There has been a temporary increase in salary expenditure at Meadowsweet due to extra staff required to support a resident who is placed on an emergency basis. Expenditure on utilities across day centres has been reviewed and the forecast reduced for Eastway and JMC.

Library & Heritage Service- Unfavourable Variance - £45k

This service at the end of October was showing an unfavourable variance of £45k this is due to increased income from lettings and rentals. Demand for services has started to gradually recover and usage of libraries has recovered to 75% of pre-pandemic usage in October and is expected to continue to increase. Online services and new services like Connecting Merton, the services IT equipment loaning and training project, are in particularly high demand. Full services for SEND children and young people have also now resumed and a film published recently by Arts Council England highlights the good work being undertaken.

Adult Learning- Breakeven position

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

Adult Learning budgets operate to an academic year and the new grant allocations from the GLA and ESFA started in August. This year's curriculum has been developed to even further focus on reskilling residents for the post-pandemic job market and has a particular focus on increasing participation from residents in priority wards in the east of the borough.

Housing General Fund- Unfavourable variance - £305k

This service is currently forecasting an unfavourable variance of £305k as at October which is a

decrease of £76k since September.

The removal of the moratorium on evictions and the enactment of the Domestic Abuse Act has had a gradual impact on demand for housing support which the service is able to cope with at present.

The re-settlement of Afghan families by the Home Office has led to some families presenting at local authorities as homeless even though the Home Office and Department for Levelling Up, Housing and Communities have accepted responsibility for meeting immediate and temporary housing needs. At present most of these families are not eligible for Home Office support but this is being challenged by London Councils.

The demand for accommodation continues to exceed supply which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation.

However, notwithstanding the challenges of predicting demand upon the TA (Temporary Accommodation) budget there is also the need to be mindful of the effects to TA subsidy, HB (Housing Benefit) contributions and client contributions which are all factors which shape the service's predictions.

Analysis of Housing and Temporary Accommodation Expenditure to October 2021

Housing	Total Budget 2021/22	Forecast Expenditure (Oct'21)	Forecast Variances (Oct'21)	Forecast Variances (Sept'21)	Outturn Variances (March'21)
	£000	£'000	£'000	£'000	£000
Temporary Accommodation-Expenditure	2,439	3,353	914	914	1,286
Temporary Accommodation-Client Contribution	(140)	(325)	(185)	(185)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(2,469)	(382)	(382)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,134	812	812	1,029
Temporary					

Accommodation-Grant	0	(945)	(945)	(945)	(851)
Subtotal Temporary Accommodation	534	748	214	213	280
Housing Other Budgets	2,799	2,890	91	167	209
Total Controllable (Favourable)/Adverse Variance	3,333	3,638	305	380	489

Number of households in Temporary Accommodation as at October 2021

Numbers in temporary accommodation (TA) reduced by 2 in at the end of October.

Temporary Accommodation	Numbers In	Numbers Out	Net Movement	Previous Year
Mar'17	-	-	186	Position as at March for previous financial years ←
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
Mar'21	11	7	197	
			2021/22	2020/21
Apr'21	12	10	199	196
May'21	16	17	198	204
June'21	9	16	191	213
July'21	24	8	207	212
Aug'21	12	12	207	210
Sept'21	19	9	217	211
Oct'21	14	16	215	214

Public Health –Breakeven positions

The service is forecasting a breakeven position as at October 2021.

Potential Cost pressures

The service continues to seek a resolution with NHS provider CLCH for both the children's contract (health visitors and school nurses) and for sexual health. The provider is currently involved in an open-book exercise.

Covid-19 Related Programmes

The team, together with public protection, is leading on outbreak management and Covid-19 resilience, implementing the refreshed Local Outbreak Management Plan (LOMP) which includes provision of local

contact tracing, support for community testing with Lateral Flow Tests (LFTS) and surge testing in cases of outbreaks and variants of concern.

LOMP implementation costs will be covered by Contain Outbreak Management Fund (COMF), or directly recharged to DHSC (Department of Health & Social Care) (Department of Health & Social Care) where there is a variant of concern.

Corporate Items

The details comparing actual expenditure up to 31 October 2021 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2021/22 £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £000s	Outturn Variance 2020/21 £000s
Impact of Capital on revenue budget	11,157	11,012	(145)	(145)	(27)
Investment Income	(387)	(470)	(83)	(83)	(141)
Pension Fund	86	86	0	0	2,646
Pay and Price Inflation	3,338	3,063	(275)	(275)	(250)
Contingencies and provisions	24,851	20,540	(4,311)	(4,311)	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,502)	(2,030)	5,472	5,472	(7,848)
Central Items	18,162	18,965	803	803	2,151
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
TOTAL CORPORATE PROVISIONS	4,685	5,343	658	658	2,124
COVID-19 Emergency expenditure	0	1,036	1,036	833	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	4,685	6,379	1,694	1,491	7,480

Based on expenditure to 31 October 2021, an adverse variance of £658,000 is forecast for corporate expenditure items. There have been no significant changes between September and October.

5 Capital Programme 2021-25

5.1 The Table below shows the movement in the 2021/25 corporate capital programme since the last monitoring report:

Depts	Current Budget 21/22	Variance	Revised Budget 21/22	Current Budget 22/23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24	Original Budget 2024-25	Variance	Revised Budget 24/25
Corporate Services	9,686	(1,322)	8,364	8,070	600	8,670	5,245		5,245	13,071		13,071
Community & Housing	1,280	(15)	1,265	2,500	15	2,515	972		972	920		920
Children Schools & Families	8,246	(603)	7,643	4,620	603	5,223	1,900		1,900	1,900		1,900
Environment and Regeneration	17,567	134	17,701	10,978	949	11,926	7,918		7,918	7,324		7,324
Total	36,778	(1,806)	34,972	26,168	2,167	28,335	16,035	0	16,035	23,216	0	23,216

5.2 The table below summarises the position in respect of the 2021/22 Capital Programme as at October 2021. The detail is shown in Appendix 5a.

Capital Budget Monitoring - October 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	693,515	1,243,955	(550,440)	8,363,900	8,363,900	0
Community and Housing	697,929	599,915	98,014	1,264,830	1,264,830	(0)
Children Schools & Families	4,173,484	5,194,798	(1,021,314)	7,642,690	7,642,690	0
Environment and Regeneration	5,944,501	8,676,042	(2,731,541)	17,700,710	16,988,532	(712,178)
Total	11,509,429	15,714,710	(4,205,281)	34,972,130	34,259,952	(712,178)

a) Corporate Services – After the adjustments to the budgets below budget managers are forecasting a full spend on all their budgets:

		Budget 2021-22	Budget 2022-23	Narrative
-		£	£	
Corporate Services				
Compulsory Purchase Order - Clarion	(1)	(721,730)		Clarion have confirmed no CPOs for Ravensbury
Customer Contact Programme	(1)	(200,000)	200,000	Re-profiled in line with projected spend
Westminster Coroners Court	(1)	(400,000)	400,000	Re-profiled in line with projected timing of spend, liaising with WCC over project cost

(1) Requires Cabinet approval

b) Community and Housing – After the adjustments to the budgets below budget managers are forecasting a full spend on all their budgets:

		Budget 2021-22	Budget 2022-23	Narrative
		£	£	
Telehealth		(15,400)	15,400	Re-profiled in line with projected spend

c) Children, Schools and Families – After the virements in the table below budget managers are forecasting a full spend on all their budgets:

		Budget 2021-22	Budget 2022-23	Narrative
Corporate Services		£	£	
Compulsory Purchase Order - Clarion	(1)	(721,730)		Clarion have confirmed no CPOs for Ravensbur
Customer Contact Programme	(1)	(200,000)	200,000	Re-profiled in line with projected spend
Westminster Coroners Court	(1)	(400,000)	400,000	Re-profiled in line with projected timing of spend, liaising with WCC over project cost
Community and Housing				
Telehealth		(15,400)	15,400	Re-profiled in line with projected spend
Children, Schools and Families				
West Wimb. - Capital Maintenance Budget	(1)	(65,000)	65,000	Re-profiled in accordance with projected Spend
Hillcross - Capital Maintenance Budget	(1)	(63,000)	63,000	Re-profiled in accordance with projected Spend
Joseph Hood - Capital Maintenance Budget	(1)	(45,000)	45,000	Re-profiled in accordance with projected Spend
Dundonald - Capital Maintenance Budget	(1)	(20,000)	20,000	Re-profiled in accordance with projected Spend
Pelham - Capital Maintenance Budget	(1)	(30,000)	30,000	Re-profiled in accordance with projected Spend
Wimb. Chase - Capital Maintenance Budget	(1)	(35,000)	35,000	Re-profiled in accordance with projected Spend
Bond - Capital Maintenance Budget	(1)	(30,000)	30,000	Re-profiled in accordance with projected Spend
Cranmer - Capital Maintenance Budget	(1)	(45,000)	45,000	Re-profiled in accordance with projected Spend
Links - Capital Maintenance Budget	(1)	(20,000)	20,000	Re-profiled in accordance with projected Spend
St Marks - Capital Maintenance Budget	(1)	(55,000)	55,000	Re-profiled in accordance with projected Spend
Lonesome - Capital Maintenance Budget	(1)	(30,000)	30,000	Re-profiled in accordance with projected Spend
Harris Academy Merton - Community Sport Pitch	(1)	(65,000)	65,000	Re-profiled in accordance with projected Spend
Rutlish - Capital Maintenance Budget	(1)	5,000		Virements - projected spend capital maintenance
Perseid - Capital Maintenance Budget	(1)	(45,000)	40,000	Virements - projected spend capital maintenance
Whately Avenue Expansion	(1)	(30,000)	30,000	Re-profiled in accordance with projected Spend
Unallocated SEN Expansions	(1)	(30,000)	30,000	Re-profiled in accordance with projected Spend

(1) Requires Cabinet approval

A detailed quantity surveyor's report has been requested for Melrose School Expansion, it is estimated that this scheme is likely overspend. Further information will be provided within a subsequent monitoring report.

d) Environment and Regeneration – After the adjustments to the programme in the table below budget managers are forecasting the following year end variances:

		Budget 2021-22	Budget 2022-23	Narrative
-		£	£	
Highways & Footways - Highways bridges & structures	(1)	105,000		Re-profiled in accordance with projected Spend
Highways & Footways - Salt Barn	(1)	(23,600)		Re-profiled in accordance with projected Spend
On Street Parking P&D - Pay and Display Machines	(1)	(303,000)	303,000	Reversal of original virement as lower cost
Off Street Parking P&D - Car Park Upgrades	(1)	(465,530)	465,530	Reversal of original virement as lower cost
Wimbledon Area Regeneration - Crowded Places-Hostile Vehicle	(1)	(180,000)	180,000	Re-profiled in accordance with projected Spend
Mitcham Area Regeneration - Canons Parks for the People	(1)	590,000		Additional SCIL Funding
Parks Investment - Canons Parks for the People	(1)	150,000		Additional SCIL Funding
Parks Investment - Sports Drainage	(1)	150,000		New SCIL Funding
Wimb Area Regen - Wimb. Vill. Heritage Led Public Realm		30,000		New SCIL Funding
Highways & Footway - Surface Water Drainage		40,000		New SCIL Funding
CCTV Investment - Rapid Response Cameras		41,000		New CCTV Scheme
Total		(1,203,260)	1,563,930	

(1) Requires Cabinet approval

- Officers are projecting a £25k favourable variance on Public Protection and Development.
- Officers are projecting a £6k favourable variance on Alley Gating

- Officers are projecting a £5k favourable variance on Borough Regeneration – Bramcote Parade Improvements
- Officers are projecting a £495k favourable variance on the TfL Unallocated Budget
- After the additional £740k SCIL funding has been added to budgets officers are projecting a £182k favourable variance on the Canons Parks for the People Scheme (split £146k within Mitcham Area Regeneration and £36k within Parks Investment), but the overall costs of the scheme are still being finalised. In accordance with financial procedures Appendix 5D contains a detailed report on the variance from the original budget for the Canons scheme.

5.3 The table below summarises the movement in the Capital Programme for 2021/22 since its approval in March 2021 (£000s):

Depts.	Original Budget 21/22	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 21/22
Corporate Services	11,205	1,123	(200)	(722)	153	(3,195)	8,364
Community & Housing	1,132	135		262		(265)	1,265
Children Schools & Families	9,050	432	135	1,139		(3,113)	7,643
Environment and Regeneration	19,408	3,141	(711)	30	1,239	(5,406)	17,701
Total	40,795	4,831	(776)	709	1,392	(11,980)	34,972

5.4 The table below compares capital expenditure (£000s) to October 2021 to that in previous years':

Depts.	Spend To October 2018	Spend To October 2019	Spend to October 2020	Spend to October 2021	Variance 2018 to 2021	Variance 2019 to 2021	Variance 2020 to 2021
CS	2,991	1,659	845	694	(2,298)	(965)	(151)
C&H	492	502	213	698	206	196	485
CSF	3,565	5,583	1,060	4,173	609	(1,409)	3,113
E&R	6,581	3,242	4,759	5,945	(637)	2,702	1,186
Total Capital	13,630	10,986	6,877	11,509	(2,121)	524	4,633

Outturn £000s	31,424	26,960	15,123	
Budget £000s				34,972
Projected Spend October 2021 £000s				34,260
Percentage Spend to Budget				32.91%
% Spend to Outturn/Projection	43.37%	40.75%	45.47%	33.59%
Monthly Spend to Achieve Projected Outturn £000s				4,150

5.5 October is seven months into the financial year and departments have spent just over 32.9% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To September 2021 £000s	Spend To October 2021 £000s	Increase £000s
CS	627	694	67
C&H	612	698	86
CSF	3,424	4,173	749
E&R	5,053	5,925	871
Total Capital	9,716	11,489	1,773

5.6 During October 2021 officers spent just under £1.8 million, to achieve year end spend officers would need to spend approximately £4.2 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

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

6 DELIVERY OF SAVINGS FOR 2021/22

Progress on savings 2021/22

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 7 Forecast Shortfall	Period Forecast Shortfall (P7)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	80
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,517	1,024	40.3%	1,000
Environment and Regeneration	1,580	311	1,269	80.3%	750
Total	6,903	3,328	3,575	51.8%	2,230

Appendix 6 details the progress on unachieved savings from 2021/22 by department and the impact on the current year and next year.

Progress on savings 2020/21

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (October)	Projected Shortfall 2022/23 (October)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	678
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	12,074	5,048	3,678	806

Appendix 7 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1 The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

14. 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 5D - Canons Parks for the People – Variation from Original Budgeted Costs
- Appendix 6 – Progress on savings 2021/22
- Appendix 7 – Progress on savings 2020/21

15. BACKGROUND PAPERS

15.1 Budgetary Control files held in the Corporate Services department.

16. REPORT AUTHOR

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APPENDIX 1

3E. Corporate Items	Council 2021/22 £000s	Current Budget 2021/22 £000s	Year to Date Budget (Oct.) £000s	Year to Date Actual (Oct.) £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £000s	Outturn Variance 2020/21 £000s
Cost of Borrowing	11,157	11,157	6,508	3,349	11,012	(145)	(145)	(27)
Impact of Capital on revenue budget	11,157	11,157	6,508	3,349	11,012	(145)	(145)	(27)
Investment Income	(387)	(387)	(194)	(246)	(470)	(83)	(83)	(141)
Pension Fund	86	86	43	0	86	0	0	2,646
Pay and Price Inflation	3,338	3,338	1,669	0	3,063	(275)	(275)	(250)
Contingency	1,500	500	250	12	500	0	0	(365)
Bad Debt Provision	1,500	1,500	750	108	1,500	0	0	388
Loss of income arising from P3/P4	400	200	100	0	200	0	0	0
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	(212)	450	0	0	(80)
Revenuisation and miscellaneous	8,005	8,100	4,050	165	3,789	(4,311)	(4,311)	411
Growth - Provision against DSG	14,078	14,078	7,039	0	14,078	0	0	0
Contingencies and provisions	25,955	24,851	12,425	73	20,540	(4,311)	(4,311)	331
Other income	0	0	0	11	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(1,112)	(180)	(2,223)	0	0	0
Income items	(2,223)	(2,223)	(1,112)	(169)	(2,223)	0	0	7,413
Appropriations: CS Reserves	(1,656)	(1,656)	(828)	0	(1,656)	0	0	0
Appropriations: E&R Reserves	(50)	(337)	(169)	0	(337)	0	0	0
Appropriations: CSF Reserves	(303)	(200)	(100)	(96)	(200)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(5,472)	(5,112)	(2,556)	360	360	5,472	5,472	(7,848)
Appropriations/Transfers	(7,678)	(7,502)	(3,751)	265	(2,030)	5,472	5,472	(7,848)
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	0
Central Items	4,654	3,726	15,589	3,271	4,383	658	658	2,124
Levies	959	959	480	959	959	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	4,685	16,069	4,230	5,343	658	658	2,124
COVID-19 Emergency expenditure	0	0	0	739	1,036	1,036	833	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	5,614	4,685	16,069	4,970	6,379	1,694	1,491	7,480

Pay and Price Inflation as at October 2021

In 2021/22, the budget includes 1.5% for increases in pay and 1.5% for increases in general prices, with an additional amount 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 4.2% and RPI at 6.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As previously advised, in February 2021, unions submitted a pay claim of 10% plus other requirements but on 14 May 2021 the National Employers made a pay offer of 1.5% to the NJC unions.

On 27 July 2021, the National Employers made a "final offer" as follows:

- With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1
- With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above
- Completion of the outstanding work of the joint Term-Time Only review group

The employers also considered non-pay elements of union proposals and hope joint discussions can begin on the basis of the following:-

- A national minimum agreement on homeworking policies for all councils

In response the unions UNISON, GMB and Unite are urging local government employers to rethink their revised pay offer of a 1.75% pay rise (with 2.75% for those on the bottom pay point) for 2021/22 by "awarding an increase that will properly and fairly reward council and school support staff". Unite are to ballot its 70,000 members on whether they should take industrial action, including the option to strike. The ballot will run from 1 September 2021 to 4 October 2021. The GMB are also balloting its members and its joint Local Government and Schools Committee representatives have discussed the pay offer and are recommending to reject the offer. UNISON have launched a consultation to ask members to vote whether to accept or reject the final pay offer and strongly recommend that its members vote to reject the offer.

With 1.5% provided for a pay award in 2021/22, if unions accept the 1.75% offer it will require additional budget of c.£0.225m in 2021/22 and future years. (a 1% increase costs c.£0.9m per year).

Prices:

The previous statistics have been affected by COVID-19 but there are no more CPIH items identified as unavailable because of lockdown restrictions.

The Consumer Prices Index (CPI) rose by 4.2% in the 12 months to October 2021, up from 3.1% in September. On a monthly basis, CPI increased by 1.1% in October 2021, compared with no change in October 2020. The largest upward contribution to the change in the 12-month inflation rate between September and October 2021, were large upward contributions to change from several divisions, including transport, restaurants and hotels, education, furniture and household goods, and food and non-alcoholic beverages.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to October 2021, up from 2.9% in the 12 months to September. The largest upward

contribution to the October 2021 CPIH 12-month inflation rate came from housing and household services.

The RPI rate for October 2021 was 6.0%, which is up from 4.9% in September 2021.

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 2020, 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 2 November 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted by a majority of 7-2 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 by a majority of 6-3 for the Bank of England to continue with its existing programme 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 next MPC decision on the Bank Base Rate will be published on 16 December 2021.

The MPC state that "Twelve-month CPI inflation fell slightly from 3.2% in August to 3.1% in September. Bank staff expect inflation to rise to just under 4% in October, accounted for predominantly by the impact on utility bills of past strength in wholesale gas prices. CPI inflation is then expected to rise to 4½% in November and remain around that level through the winter, accounted for by further increases in core goods and food price inflation. Wholesale gas prices have risen sharply since August. CPI inflation is now expected to peak at around 5% in April 2022, materially higher than expected in the August Report. The upward pressure on CPI inflation is expected to dissipate over time, as supply disruption eases, global demand rebalances, and energy prices stop rising. As a result, CPI inflation is projected to fall back materially from the second half of next year. Conditioned on the market-implied path for Bank Rate and the MPC's current forecasting convention for future energy prices, CPI inflation is projected to be a little above the 2% target in two years' time and just below the target at the end of the forecast period. In an alternative scenario that is conditioned on energy prices following forward curves throughout the forecast period and as set out in the November Report, CPI inflation falls back towards the target more rapidly than in the MPC's central projection, and is materially lower over the second half of the forecast period."

The MPC has updated central projections for activity and inflation and these are set out in the "November Monetary Policy Report" which was published at the same time as the November interest rate decision.

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 (November 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	2.2	4.5	3.7
RPI	3.3	6.4	5.4
LFS Unemployment Rate	4.5	5.5	4.9
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.8	5.1	2.8
RPI	2.8	6.2	4.0
LFS Unemployment Rate	3.9	6.0	4.6

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 2021 to 2025 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	2.4	4.0	2.6	2.5	2.3
RPI	3.8	5.8	4.1	3.7	3.5
LFS Unemployment Rate	4.7	4.6	4.2	4.1	4.1

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 2 November 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted by a majority of 7-2 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 by a majority of 6-3 for the Bank of England to continue with its existing programme 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 Monetary Policy Committee's (MPC's) core approach is summarised in the minutes as they note that "The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework also recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. In the recent unprecedented circumstances, the economy has been subject to very large shocks. Given the lag between changes in monetary policy and their effects on inflation, the Committee, in judging the appropriate policy stance, will as always focus on the medium term prospects for inflation, rather than factors that are likely to be transient."

The MPC indicate that in future months "the Committee judges that, provided the incoming data, particularly on the labour market, are broadly in line with the central projections in the November Monetary Policy Report, it will be necessary over coming months to increase Bank Rate in order to return CPI inflation sustainably to the 2% target. In observing the market-implied path for Bank Rate, the Committee notes that, in the November Monetary Policy Report central projections, CPI inflation is projected to be below the 2% target at the end of the forecast period, and would probably fall a little further beyond that point, given the margin of spare capacity that is expected to emerge."

The November 2021 Monetary Policy Report makes the following assumptions:-

- The MPC's projections assume that the impact of Covid on activity continues to fade.
- Fiscal policy continues to support demand, especially in the near term, with that support waning over time.
- The market-implied path for Bank Rate is materially higher than three months ago.
- Risky asset prices are generally little changed since August, while household credit conditions have eased.
- Wholesale energy prices have continued to rise since August

- Global GDP continues to rise as the impact of Covid continues to wane, although supply disruption constrains activity in the near term.
- World growth is projected to return to around pre-Covid rates towards the end of the forecast period.
- Global inflationary pressures are forecast to remain strong in the near term, but are expected to ease as demand and supply imbalances dissipate.
- UK GDP growth is constrained by supply disruption in the near term but activity continues to recover as the effects of Covid wane. Subsequently, the pace of expansion slows.
- There is a lot of uncertainty about the degree of slack in the economy, although it is judged likely that there is a small margin of excess demand at the moment.
- Excess demand is projected to be eroded over the forecast period, with a margin of slack opening up by the end of the forecast period.
- CPI inflation is projected to peak at around 5% in April 2022, with the further increase driven largely by energy and goods prices.
- Conditioned on the market-implied path for Bank Rate, CPI inflation is projected to fall back towards the 2% target as energy prices stop rising and supply bottlenecks ease.

In the November 2021 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (November 2021)			
	2021 Q.4	2022 Q.4	2023 Q.4	2024 Q.4
GDP	6.7	2.9	1.1	0.9
CPI Inflation	4.3	3.4	2.2	1.9
LFS Unemployment Rate	4.5	4.0	4.1	4.4
Excess Supply/Excess Demand	0.25	0.25	0	-0.5
Bank Rate	0.2	1.0	1.1	1.0

The conclusions that the MPC reach in the November 2021 Monetary Policy Report are supported by the following Key Judgements:--

Key judgement 1: supply disruption constrains global and UK activity in the near term, and bottlenecks exert upward pressure on prices, but they dissipate over time as demand and supply adjust.

Key judgement 2: UK unemployment does not rise materially over the forecast period, and any frictions in matching workers and jobs are temporary, with underlying wage growth falling back from current rates

Key judgement 3: by the end of the forecast period, supply growth returns to around 1½%; demand growth is somewhat lower.

Key judgement 4: inflation rises further above the target in the near term, largely reflecting the impact of transitory factors; in the medium term, conditioned on the market-implied path for Bank Rate, inflation falls back to just under 2%.

Capital Budget Monitoring – October 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Capital	11,509,429	15,714,710	(4,205,281)	34,972,130	34,259,952	(712,178)
Corporate Services	693,515	1,243,955	(550,440)	8,363,900	8,363,900	0
Customer, Policy and Improvement	120	0	120	150,000	150,000	0
Customer Contact Programme	120	0	120	150,000	150,000	0
Facilities Management Total	189,907	822,240	(632,333)	1,370,130	1,370,130	0
Works to other buildings	164,492	325,000	(160,508)	740,000	739,700	(300)
Civic Centre	0	0	0	60,000	60,300	300
Invest to Save schemes	25,415	497,240	(471,825)	570,130	570,130	0
Infrastructure & Transactions	303,488	221,715	81,773	2,504,310	2,504,310	0
Business Systems	115,196	83,640	31,556	868,020	868,020	0
Social Care IT System	68,290	0	68,290	157,180	157,180	0
Disaster recovery site	0	0	0	332,960	332,960	0
Planned Replacement Programme	120,001	138,075	(18,074)	1,146,150	1,146,150	0
Corporate Items	200,000	200,000	0	4,339,460	4,339,460	0
Acquisitions Budget	200,000	200,000	0	200,000	200,000	0
Westminster CC Coroners Court	0	0	0	60,000	60,000	0
Compulsory Purchase Orders	0	0	0	4,079,460	4,079,460	0
Community and Housing	697,929	599,915	98,014	1,264,830	1,264,830	(0)
Adult Social Care	0	0	0	15,000	15,000	(0)
Telehealth	0	0	0	15,000	15,000	(0)
Housing	579,773	500,000	79,773	1,050,000	1,050,000	0
Disabled Facilities Grant	579,773	500,000	79,773	1,000,000	1,000,000	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Libraries	118,156	99,915	18,241	199,830	199,830	0
Major Library Projects	118,156	87,915	30,241	175,830	175,830	0
Libraries IT	0	12,000	(12,000)	24,000	24,000	0

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Children Schools & Families	4,173,484	5,194,798	(1,021,314)	7,642,690	7,642,690	0
Primary Schools	1,654,402	1,951,958	(297,556)	3,082,910	3,082,910	0
Hollymount	26,377	50,000	(23,623)	60,000	60,000	0
West Wimbledon	271,546	200,000	71,546	360,000	360,000	0
Hatfeild	34,779	65,000	(30,221)	135,000	135,000	0
Hillcross	145,669	126,093	19,576	195,000	195,000	0
Joseph Hood	23,447	63,000	(39,553)	65,000	65,000	0
Dundonald	124,002	123,625	377	159,010	159,010	0
Merton Abbey	44,466	15,000	29,466	65,000	65,000	0
Merton Park	0	0	0	50,000	50,000	0
Pelham	37,375	40,000	(2,625)	55,000	55,000	0
Wimbledon Chase	88,981	117,340	(28,359)	181,000	181,000	0
Wimbledon Park	132,012	303,330	(171,318)	450,000	450,000	0
Abbotsbury	25,782	59,200	(33,418)	79,000	79,000	0
Malmesbury	96,261	78,000	18,261	108,000	108,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	18,400	22,000	(3,600)	38,000	38,000	0
Cranmer	20,986	52,000	(31,014)	64,000	64,000	0
Haslemere	0	100,000	(100,000)	240,000	240,000	0
Liberty	(487)	0	(487)	0	0	0
Links	116,160	140,000	(23,840)	160,000	160,000	0
St Marks	75,221	85,900	(10,679)	125,900	125,900	0
Lonesome	(1,875)	0	(1,875)	5,000	5,000	0
Sherwood	246,010	248,520	(2,510)	330,000	330,000	0
William Morris	131,509	75,950	55,559	158,000	158,000	0
Unallocated Primary School Proj	0	(13,000)	13,000	0	0	0

Capital Budget Monitoring – October 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Secondary School	345,007	403,875	(58,868)	544,040	544,040	0
Harris Academy Morden	0	0	0	70,000	70,000	0
Harris Academy Merton	0	25,628	(25,628)	34,170	34,170	0
Raynes Park	0	21,000	(21,000)	21,000	21,000	0
Ricards Lodge	0	21,610	(21,610)	21,610	21,610	0
Rutlish	27,408	32,295	(4,887)	60,000	60,000	0
Harris Academy Wimbledon	317,599	303,342	14,257	337,260	337,260	0
SEN	1,966,127	2,425,083	(458,956)	3,424,290	3,424,290	0
Perseid	257,369	270,425	(13,056)	369,130	369,130	0
Cricket Green	124,571	195,480	(70,909)	195,480	195,480	0
Melrose	1,571,944	1,777,878	(205,934)	2,337,980	2,337,980	0
Whatley Ave SEN Provision	6,620	45,000	(38,380)	250,000	250,000	0
Unlocated SEN	0	30,000	(30,000)	40,000	40,000	0
Melbury College - Smart Centre	(1,857)	4,165	(6,022)	7,500	7,500	0
Medical PRU	0	52,500	(52,500)	200,000	200,000	0
Mainstream Additional Resource Provision	7,480	49,635	(42,155)	24,200	24,200	0
CSF Schemes	207,949	413,882	(205,933)	591,450	591,450	0
Devolved Formula Capital	207,949	237,632	(29,683)	356,450	356,450	0
Children's Centres	0	41,250	(41,250)	55,000	55,000	0
Youth Provision	0	135,000	(135,000)	180,000	180,000	0

Capital Budget Monitoring – October 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Environment and Regeneration	5,944,501	8,676,042	(2,731,541)	17,700,710	16,988,532	(712,178)
Public Protection and Development	122,310	776,375	(654,065)	942,110	917,110	(25,000)
On Street Parking - P&D	0	415,000	(415,000)	530,000	530,000	0
Off Street Parking - P&D	76,336	324,265	(247,929)	180,000	180,000	0
CCTV Investment	45,974	37,110	8,864	197,110	197,110	0
Public Protection and Development	0	0	0	35,000	10,000	(25,000)
Street Scene & Waste	180,008	310,790	(130,782)	804,000	798,000	(6,000)
Fleet Vehicles	298,792	298,790	2	673,000	673,000	0
Alley Gating Scheme	389	12,000	(11,612)	24,000	18,000	(6,000)
Waste SLWP	(119,173)	0	(119,173)	107,000	107,000	0
Sustainable Communities	5,642,183	7,588,877	(1,946,694)	15,954,600	15,273,422	(681,178)
Street Trees	20,328	0	20,328	134,590	134,590	0
Raynes Park Area Roads	2,188	0	2,188	2,970	2,970	0
Highways & Footways	3,531,119	4,628,356	(1,097,237)	8,489,720	8,489,717	(3)
Cycle Route Improvements	109,596	255,816	(146,220)	414,870	414,870	0
Unallocated Tfl	0	0	0	495,250	0	(495,250)
Mitcham Area Regeneration	952,981	1,188,250	(235,269)	1,905,230	1,759,480	(145,750)
Wimbledon Area Regeneration	130,793	146,565	(15,772)	403,310	403,310	0
Morden Area Regeneration	0	75,000	(75,000)	150,000	150,000	0
Borough Regeneration	104,922	135,720	(30,798)	816,020	811,365	(4,655)
Morden Leisure Centre	15,846	0	15,846	15,850	15,850	0
Wimbledon Park Lake and Waters	165,185	588,980	(423,795)	1,177,960	1,177,960	0
Sports Facilities	118,982	199,845	(80,863)	410,470	410,470	0
Parks	490,242	370,345	119,897	1,538,360	1,502,840	(35,520)

Virement, Re-profiling and New Funding - October 2021

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Compulsory Purchase Order - Clarion	(1)	4,801,190		(721,730)		4,079,460	2,421,840		2,421,840	Clarion have confirmed no CPOs for Ravensbury
Customer Contact Programme	(1)	350,000			(200,000)	150,000	2,026,000	200,000	2,226,000	Re-profiled in line with projected spend
Westminster Coroners Court	(1)	460,000			(400,000)	60,000	0	400,000	400,000	Re-profiled in line with projected timing of spend, liaising with WCC over project cost
Community and Housing										
Telehealth		30,400			(15,400)	15,000	0	15,400	15,400	Re-profiled in line with projected spend
Children, Schools and Families										
West Wimb. - Capital Maintenance Budget	(1)	425,000			(65,000)	360,000	0	65,000	65,000	Re-profiled in line with projected spend
Hillcross - Capital Maintenance Budget	(1)	258,000			(63,000)	195,000	0	63,000	63,000	Re-profiled in line with projected spend
Joseph Hood - Capital Maintenance Budget	(1)	110,000			(45,000)	65,000	0	45,000	45,000	Re-profiled in line with projected spend
Dundonald - Capital Maintenance Budget	(1)	179,010			(20,000)	159,010	0	20,000	20,000	Re-profiled in line with projected spend
Pelham - Capital Maintenance Budget	(1)	85,000			(30,000)	55,000	0	30,000	30,000	Re-profiled in line with projected spend
Wimb. Chase - Capital Maintenance Budget	(1)	216,000			(35,000)	181,000	0	35,000	35,000	Re-profiled in line with projected spend
Bond - Capital Maintenance Budget	(1)	68,000			(30,000)	38,000	0	30,000	30,000	Re-profiled in line with projected spend
Cranmer - Capital Maintenance Budget	(1)	109,000			(45,000)	64,000	0	45,000	45,000	Re-profiled in line with projected spend
Links - Capital Maintenance Budget	(1)	180,000			(20,000)	160,000	0	20,000	20,000	Re-profiled in line with projected spend
Marks - Capital Maintenance Budget	(1)	180,900			(55,000)	125,900	0	55,000	55,000	Re-profiled in line with projected spend
Mesome - Capital Maintenance Budget	(1)	35,000			(30,000)	5,000	0	30,000	30,000	Re-profiled in line with projected spend
Morris Academy Morden - Community Sport Pitch	(1)	135,000			(65,000)	70,000	0	65,000	65,000	Re-profiled in line with projected spend
Nittish - Capital Maintenance Budget	(1)	55,000	5,000			60,000	0	0	0	Virements - projected spend capital maintenance
Perseid - Capital Maintenance Budget	(1)	405,000	(5,000)		(40,000)	360,000	0	40,000	40,000	Re-profiled in line with projected spend
Shately Avenue Expansion	(1)	50,000			(30,000)	20,000	1,310,000	30,000	1,340,000	Re-profiled in line with projected spend
Unallocated SEN Expansions	(1)	54,200			(30,000)	24,200		30,000	30,000	Re-profiled in line with projected spend
Environment and Regeneration										
On Street Parking P&D - Pay and Display Machines	(1)	833,000			(303,000)	530,000	0	303,000	303,000	Re-profiled in accordance with projected Spend
Off Street Parking P&D - Car Park Upgrades	(1)	645,530			(465,530)	180,000		465,530	465,530	Re-profiled in accordance with projected Spend
Highways & Footways - Highways bridges & structures	(1)	779,000	105,000			884,000	260,000	0	260,000	Virement from Saltbarn as SCIL Funding Confirmed
Highways & Footways - Salt Barn	(1)	105,000	(105,000)	81,400		81,400	0	0	0	SCIL Funding - virement to Highway Bridges
Wimbledon Area Regeneration - Crowded Places-Hostile Vehicle	(1)	180,000			(180,000)	0		180,000	180,000	Re-profiled in accordance with projected Spend
Mitcham Area Regeneration - Canons Parks for the People	(1)	1,080,750		590,000		1,670,750	0		0	Additional SCIL Funding
Parks Investment - Canons Parks for the People	(1)	135,520		150,000		285,520	0		0	Additional SCIL Funding
Parks Investment - Sports Drainage	(1)	0		150,000		150,000	0		0	New SCIL Funding
Wimb Area Regen - Wimb. Vill. Heritage Led Public Realm		0		30,000		30,000	0		0	New SCIL Funding
Highways & Footway - Surface Water Drainage		103,630		40,000		143,630	60,000		60,000	New SCIL Funding
CCTV Investment - Rapid Response Cameras		0		41,000		41,000	0		0	New CCTV Scheme
Total		12,049,130	0	360,670	(2,166,930)	10,242,870	6,077,840	2,166,930	8,244,770	

(1) Requires Cabinet approval

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	19,495	17,284	36,778
<u>Corporate Services</u>			
Compulsory Purchase Order - Clarion	0	(722)	(722)
Customer Contact Programme	(200)	0	(200)
Westminster Coroners Court	(400)	0	(400)
<u>Community and Housing</u>			
Telehealth	(15)	0	(15)
<u>Children, Schools and Families</u>			
West Wimb. - Capital Maintenance Budget	0	(65)	(65)
Hillcross - Capital Maintenance Budget	0	(63)	(63)
Joseph Hood - Capital Maintenance Budget	0	(45)	(45)
Dundonald - Capital Maintenance Budget	0	(20)	(20)
Pelham - Capital Maintenance Budget	0	(30)	(30)
Wimb. Chase - Capital Maintenance Budget	0	(35)	(35)
Bond - Capital Maintenance Budget	0	(30)	(30)
Cranmer - Capital Maintenance Budget	0	(45)	(45)
Links - Capital Maintenance Budget	0	(20)	(20)
St Marks - Capital Maintenance Budget	0	(55)	(55)
Lonesome - Capital Maintenance Budget	0	(30)	(30)
Harris Academy Morden - Community Sport Pitch	(65)	0	(65)
Perseid - Capital Maintenance Budget	0	(40)	(40)
Whately Avenue Expansion	(30)	0	(30)
Unallocated SEN Expansions	(30)	0	(30)
<u>Environment and Regeneration</u>			
On Street Parking P&D - Pay and Display Machines	(303)	0	(303)
Off Street Parking P&D - Car Park Upgrades	(466)	0	(466)
Wimbledon Area Regeneration - Crowded Places-Hostile Vehicle	(180)	0	(180)
Highways & Footways - Salt Barn	81	0	81
Mitcham Area Regeneration - Canons Parks for the People	590	0	590
Parks Investment - Canons Parks for the People	150	0	150
Parks Investment - Sports Drainage	150	0	150
Wimb Area Regen - Wimb. Vill. Heritage Led Public Realm	30	0	30
Highways & Footway - Surface Water Drainage	40	0	40
CCTV Investment - Rapid Response Cameras	41	0	41
Proposed October Monitoring	18,888	16,084	34,972

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	19,720	6,449	26,168
<u>Corporate Services</u>			
Customer Contact Programme	200	0	200
Westminster Coroners Court	400	0	400
<u>Community and Housing</u>			
Telehealth	15	0	15
<u>Children, Schools and Families</u>			
West Wimb. - Capital Maintenance Budget	0	65	65
Hillcross - Capital Maintenance Budget	0	63	63
Joseph Hood - Capital Maintenance Budget	0	45	45
Dundonald - Capital Maintenance Budget	0	20	20
Pelham - Capital Maintenance Budget	0	30	30
Wimb. Chase - Capital Maintenance Budget	0	35	35
Bond - Capital Maintenance Budget	0	30	30
Cranmer - Capital Maintenance Budget	0	45	45
Links - Capital Maintenance Budget	0	20	20
St Marks - Capital Maintenance Budget	0	55	55
Lonesome - Capital Maintenance Budget	0	30	30
Harris Academy Morden - Community Sport Pitch	65	0	65
Perseid - Capital Maintenance Budget	0	40	40
Whately Avenue Expansion	30	0	30
Unallocated SEN Expansions	30	0	30
<u>Environment and Regeneration</u>			
On Street Parking P&D - Pay and Display Machines	303	0	303
Off Street Parking P&D - Car Park Upgrades	466	0	466
Wimbledon Area Regeneration - Crowded Places-Hostile Vehicle	180	0	180
Proposed October Monitoring	21,409	6,927	28,335

Canons Parks for the People – Variation from Original Budgeted Costs

Executive Summary

1.0 Background

- 1.1 In June 2017, National Lottery Heritage Fund awarded London Borough of Merton £4,440,600, 85% of total estimated project cost of £5,184,375 'towards a project to restore Canons House & Grounds, giving a greater unity and becoming a thriving centre of culture and leisure activity.'
- 1.2 The nature of the project led to two contracts being devised, a Building Contract focussing on Canons House, the Dovecote and the new Café and a Landscape Contract covering the rest of the grounds, the pond, walled garden, play area, community garden, car park, running track, the Obelisk and site wide landscape works. Due to the time constraints, the contracts largely ran concurrently, starting in May 2020 and completing in July 2021.

2.0 Overall Cost Position

- 2.1 Due to a number of issues, the contingencies allowed at Contract stage have been expended on variations and there is an overspend on both contracts. Although the Final Account of the Landscape Contract are agreed, there are some significant issues on the Building Contract that need to be resolved between the client's design team quantity surveyor and the contractor. It is likely that there will be an overspend on the contracts of circa £277,085 when compared to the total capital budget, however the worst-case forecast shows an overspend of £662,481 (£740k has been added funded from SCIL). In addition to this there have been additional design team costs incurred which is forecasted to be in the region £170k, giving a predicted overall overspend of 447K or an overall worst case overspend of £832k. The design team has been working hard to minimise the overspend in liaison with the council and National Lottery Fund, without compromising on the scope of the works or quality.

3.0 Summary of Reasons for the Overspend

- 3.1 The main reasons for the overspend are largely unforeseen factors uncovered in the fabric of Canons House and material in the ground and the pond as well as changes instructed by Merton in relation to the running track, community garden and car park. We outline below a summary of the reasons for the overspend on and refer to attached reports. These fall into three categories:
- Landscape Contract
 - Building Contract
 - Additional Fees

3.2 Landscape Contract

- 3.2.1 The Landscape Contract Final Account has been agreed at £1,388,897.46, an overspend of £125,560.08 on the original Contract Sum of £1,263,337.38. The main cost issues within the Landscape Contract were attributed to the classification of the pond silt for disposal of site, the additional pond scrape, car park level issues and additional car park access and gates, additional running track area and walled garden repairs.

a) Pond silt for disposal of site

A provisional sum of £11k was allowed for in the Contract for some of the pond silt to be disposed of as hazardous material. However, it was discovered on 30/06/2020 that all of the pond silt would be classified as hazardous for off-site disposal which carries a significant premium. The design team looked at ways of keeping the material on site in permanent bunds but these options were considered to be too much of an intrusion on the historic landscape and the material was led off site after it had dried out. The additional cost of this work was **£74,701.78 77**.

Report reference – Appendix A - Silt Removal Strategy Summary

b) Amended car park proposals

Additional Type 1 fill material and bitmac regulating course were required to make up the levels within the car park in order to achieve the required drainage falls necessary to ensure functionality of the SUDS. In addition a new vehicular access was provided for the proposed Merantum Developments site, the layout was revised to maintain access to the rear of properties on Madeira Road and the entrance to the car park was redesigned. The additional cost of this item was **£52,134.89**.

Email Reference – Confirmation to proceed 15.06.20

c) Running track

When the works to the running track was costed, the 100 yard straight was not included. However, when works commenced on site, there were a number of complaints from the public that this had been omitted and a decision was made by the council to include the 100 yard straight, resulting in an additional cost of **£10,212.92**.

Email Reference – Confirmation to proceed 26.06.20

d) Walled Garden Repairs

When work commenced the state of the listed walls were found to be worse than anticipated. In order to protect the investment in repairs, items of work identified as non-essential were revised to essential which resulted in an additional cost of **£14,424,52**.

e) Removal of Concrete Base in Community Garden Area

A concrete base circa 300mm deep within the community garden area was uncovered in the former car park area by Tilhill. This was unforeseen and required breaking out prior to the community garden and play area works in order that the drainage proposals comprising a permeable surface and base function as per design. The works cost an additional **£12,032.03**.

Email reference – email from Contractor dated 07.08.20

f) Redesign of Community Garden

Working with the Community Engagement Officer who commenced work when works began on site, the design team redesigned the community garden to include further planters and seats and to improve the space for community use. The additional cost was **£15,240.03**.

Email Reference – Email from Design Team to Client Team dated 27.08.20

g) Pond Scrape Feature

It became clear during the works that original proposal for dealing with the overflow provided insufficient capacity for the proposed works. Several options for a scrape were assessed and discussed with the design team and the Contractor with budget costs provided for each. The most practical and least intrusive solution was to create a pond scrape feature in the north east corner of the west lawn. The additional cost of this work including an extension of time of 8 weeks with preliminaries cost was **£36,569.10**.

Report Reference - Appendix B - Pond Outfall - Options Appraisal

h) Remediation of Pond Liner

The only residual risk to the landscape works is the remediation of the pond liner. Currently, we have allowed a provisional sum of **£10,000** for a reduced scope remediation, however Tilhill provided a cost of circa £45-50k for directional drilling and the associated preliminaries costs. We have received remediation proposals from JBA (Project Hydrologists) and are in the process of reviewing and costing.

i) Extension of Time

Tilhill was granted 3 extensions of time, totalling 8 weeks as follows:

16 December 2020 – 4 weeks due to:

- Proposed scrape feature and outfall from the pond to the West Lawn and its affect works to the Obelisk area and the resurfacing of the paths around the same areas, due to sequencing requirements.

12 February 2021 – 3 weeks due to:

- Work to the proposed scrape feature and outfall from the pond to the West Lawn,
- Supply and installation of additional bollards to the main car park entrance
- Supply and installation of sett detail to the base of the obelisk and fencing and gates to the play area.

18 March 2021 for 1 week for miscellaneous small works including:

- 5no. chains to be welded to lock and to gate at Client request as follows:
- Locks for the height restriction barrier
- Relocation of 1no bench and painting of metal benches
- Vehicle gate/post and 5no. metal bollards to be painted
- Install 1no. Lifebuoy by pond

Additional costs related to the extension of time were **£20,424.00**.

3.3 Building Contract

3.3.1 Although the project progressed smoothly, several unanticipated items of work were required which resulted in the expenditure of the contingency allocated to the project and an additional overspend. The main factors which affected the budget are out lined below.

a) Contaminated Land

Contaminated (diesel) and poor-quality ground conditions on the site of the new café were discovered when the former link building was demolished. The contaminated earth had to be removed from site and properly disposed of, at additional expense. In addition, the foundations for the new café had to be redesigned to account for the poor quality ground conditions. The cost of this additional work was **£62,065.02**. This also delayed the programme and an extension of time, and the contractor was entitled to loss and expenses associated with the delay

b) Structural Repairs

Additional structural repairs were required to the inside and outside of the house following opening up and a more detailed inspection of the elevations from the scaffolding. Additional ties had to be installed in parts of the building to prevent movement in the historic walls and several new lintels had to be installed over window and door openings. Repairs to the floor structure were required when the floorboards in the house were lifted and it was discovered that that the condition of the structure was not as expected. Repairs were also needed on the north elevation of the house when the link building was demolished and it was discovered that the roof of the building had been built into the gable of the house rather than it being built against the gable as is common practice. The cost of these additional works is approximately **£80,000**.

During the contract a perimeter drain or 'undercroft' running around most of the building was discovered. This presumably acted as means of waterproofing the basement. Parts of the drain had collapsed and had to be repaired while others had to be altered to allow for the new services and drainage to be installed. The budget cost for this work is **£14,677.62**.

c) Discovery of Historic Panelling

Early in the contract period, historic wall panelling was discovered hidden behind plasterboard in F05, one of the first floor offices. In the contract documents, the existing plaster in the office was to be retained and repaired but following the discovery and discussion with the employer it was decided that the existing panelling should be visible instead. Extensive repairs to the panelling were necessary. The panelling also had to be recorded by the archaeologist and paint samples were also taken to date the panelling. The additional cost for this work is budgeted at **£9,226.63**.

d) Works to Attic Flat (funded outside the project)

The attic flat has been altered and refurbished to a basic level of finish as part of the contract. The contract originally only included minor repairs to the attic flat but during the contract the employer decided to undertake more significant alterations and improvements to the flat. The cost of some of this work was covered by a provisional sum (£10,750) that had been allowed for in the contract but the additional cost (budgeted at **£61,946.84**) shown in the cost report reflects the significant amount of work that was added into the contract.

e) Works to Madeira Hall (funded outside the project)

The refurbishment of the Madeira Hall (including upgrades to lighting and fire alarms, and redecoration) was also added into the contract during the contract period. The additional cost of this work is budgeted at **£48,270.11**. There had been no allowance in the original budget for any work to the hall but additional funding was secured for the work.

f) Dovecote roof repairs

When scaffolding was erected in the Dovecote and the roof was inspected, it was discovered that the roof structure was in a very poor condition. As a result, the roof had to be stripped (originally they were going to be overhauled) and parts of the structure, which had rotten, had to be carefully cut out and replaced or strengthened before the roof could be reinstated. The additional cost of this work is budgeted at **£20,000.00**

g) Revised hard landscaping proposals including steps

Approximate budget cost for the changes to the hard-landscaping works. Generally, there has been a saving to the courtyard works, however this is countered by additional works to the steps and pond stringer detail. These works were required to suit the accessibility requirements to Canons House following review with Building Control. There was also a requirement to substitute the original stone selection due to the range being discontinued. An alternative was approved by Merton's Conservation team but came at greater expense and associated lead-in times. The additional cost of this work is budgeted at **£5,000.00**

h) Revised construction build ups to hard landscape work

Due to the poor ground conditions the structural engineer advised that the construction build ups to the hard landscaped to the north and east of Canons House were required to be deeper. This has introduced a significant additional cost as additional excavation was required to achieve this. The additional cost of this work is budgeted at **£17,000.00**.

i) Additional area of surfacing to Madeira Drive

The area of surfacing has been significantly extended from the Building Contract boundary to the Madeira Hall entrance due to the poor existing condition of the tarmac. There was also a necessity to transfer some of the drive works originally costed in the landscape contract (Tilhill) into the building contract (Buxton) due to a delayed start and overrun in the building contract conflicting with the landscape contract programme. The additional cost of this work is budgeted at **£17,000.00**.

j) Extension of Time

Buxton Building Contractors were granted 3 extension of time, totalling 12 weeks as follows:

17th March 2021 – 5 weeks due to:

- Contaminated ground, and poor ground conditions beneath the café, as noted in 3.2.1 above.

28th May 2021 – 4 weeks due to:

- Additional internal structural alterations and repairs, as noted in 3.2.2 above.
- Delay in confirming revised paving slab specification.

21st July 2021 – 3 weeks due to:

- Addition of internal refurbishment work of Madeira Hall into the contract, as noted in 3.2.5 above.
- Additional resurfacing of Madeira Drive and additional work to pond steps, as noted in 3.2.7 and 3.2.9 above.

The additional loss and/or expense costs associated with the extension of time is budgeted at approximately **£78,000**.

3.4 Additional Fees

The design team has incurred additional costs in the region of £170,000. This is made up of:

- Additional archaeological work in relation to Canons House and additional ecology surveys
- Monitoring of tree protection as part of a planning condition
- Design works to the attic flat
- Redesign and managing of items noted above including the car park, pond and silt contamination, scrape, community garden, play area, dovecote, revised Café foundations due to contamination, etc
- Prolongation fees due to the extension granted to the two contracts, a total of 12 weeks

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 7 Forecast Shortfall	Period Forecast Shortfall (P7)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	80
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,517	1,024	40.3%	1,000
Environment and Regeneration	1,580	311	1,269	80.3%	750
Total	6,903	3,328	3,575	51.8%	2,230

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2021-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Achieved £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	2022/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
ENV2021-01	Future Merton: Street works team income (increase in income)	100	100	0	G	100	0	G	James McGinlay		
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	70	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV2021-10	D&BC: Savings as a result of the 'Assure' M3 upgrade . Reduce BC/DC admin by 1 FTE	15	15	0	A	15	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R	80	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-05	D&BC: Reduction in various minor budget spends	12	12	0	G	12	0	G	James McGinlay		
PUBLIC PROTECTION											
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	26	26	0	G	26	0	G	Cathryn James	Please refer to Item ENV 2021-04 below where the modernisation project is due to be rolled out in October 2021 and will deliver the reduction targets.	
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	56	284	R	340	0	G	Cathryn James	Following the consultation process and approval by Merton, approved is required by the following: London Councils, GLA, Mayor for London and Secretary of State. Applications are now with Secretary of state for final sign off. Possible implementation date Q4 2022. Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Additional questions raised by GLA have now been responded to and approved. Estimated operational date Feb 2022 resulting in 2 months (£56k) pro rata of this saving being achieved. to be sent by GLA to Mayor for London.	Y
ENV2021-04	Parking: EBC - potentially commencing in 2nd half of 2021/22. Assumes a 10% reduction in 2023/24, and a further 10% in 2024/25.	750	0	750	R	0	750	R	Cathryn James	EBC no longer going ahead - saving to be removed from next financial year. In th current year this has been met from the corporate contingency.	Y
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	50	50	R	100	0	A	Cathryn James	Due to Covid and current on street activity this saving has not been met in Q1-3 2021. Operational consideration now being worked through for implementation in Q4. Possible Risk £50k will be achieved next year rather than this financial year.	Y
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	35	0	A	Cathryn James	Cost pressures within the CCTV budget present a challenge to meeting this savings target. The CCTV upgrade programme will reduce the CCTV revenue costs (e.g. the upgrades to the network will lower data transmission costs), therefore the delivery of these savings is contingent on the timely implantation of the upgrade programme.	Y
PUBLIC SPACE											

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2021-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Achieved £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	2022/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ENV2021-09	Zero tolerance approach to littering and environmental offences leading to increase in the intensification of patrols and subsequent fix penalty notices being issued.	52	52	0	G	52	0	G	John Bosley		
Total Environment and Regeneration Savings 2021/22		1,580	311	1,269		830	750				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Forecast £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Customers, Policy & Improvement											
2019-20 CS28	cash collection reduction	19	19	0	G	19	0	G	Sean Cunniffe		
2021-22 CS01	Cash collection contract	23	23	0	G	23	0	G	Sean Cunniffe		
2021-22 CS05	Contract savings and IT procurement	200	200	0	G	200	0	G	CPI AD		
2021-22 CS15	Delete a post from Customer Contact	32	32	0	G	32	0	G	Sean Cunniffe		
Resources											
2018-19 CS07	Retender of insurance contract	25	0	25	R	0	25	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	0	15	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	0	40	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS12	Miscellaneous savings within Resources (eg. Consultancy)	69	69	0	G	35	0	G	Resources Senior Management	Includes a one off saving of £34k, saving target reduces to £35k from 2022/23 onwards	
Corporate Governance											
2021-22 CS04	Establish income grant budget for transparency agenda	13	13	0	A	13	0	A	Paul Phelan	Grant income expected but not yet confirmed by central govt.	N
2021-22 CS07	Remove previous inflation built in to reduce Overall Members' Allowances Budget	11	9	2	A	11	0	G	Andrew Robertson	Currently forecasting saving shortfall of 2K	Y
2021-22 CS08	reduced running costs due to canvass reform	10	10	0	G	10	0	G	Andrew Robertson	Currently on track even with decision to send household notification letters early next year.	
2021-22 CS09	legal services - reduce affiliation, counsel and land registry fees	40	40	0	G	40	0	G	Paul Phelan		
2021-22 CS10	reduce AD budget running costs	6	6	0	G	6	0	G	Louise Round		
2021-22 CS14	Local Land Charges - amend income budget for service to reflect net cost recovery	90	90	0	G	90	0	G	Paul Phelan		
Human Resources											
2019-20 CS26	Review of contract arrangements	120	0	120	R	120	0	G	Liz Hammond	The iTrent contract renewal did not proceed to an early exit as previously expected and the savings will now not start until 22/23.	Y
Infrastructure & Technology											
2019-20 CS21	Implement phase 2 of the Flexible Working Programme to generate additional vacant floor space and generate income from commercial lease arrangements.	90	90	0	G	90	0	G	Edwin O'Donnell		
2019-20 CS23	Implement a means assessed charging scheme for appointments undertaken by the CFA team.	30	0	30	R	30	0	A	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
2021-22 CS06	Facilities Management - Reduction in various running costs.	75	75	0	G	75	0	G	Various I&T managers		
Corporate											
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	16	16	0	G	16	0	G	David Keppler		
2021-22 CS02	Corporately funded items (eg. Supplies and services)	75	75	0	G	75	0	G	Senior Management		
2021-22 CS03	Realignment of Pension Added years budget	63	63	0	G	63	0	G	Senior Management		
2021-22 CS13	CHAS Dividend	260	260	0	G	260	0	G	Senior Management		
Total CS Savings for 2021/22		1322	1090	232		1208	80	0			

Updated Oct'21											APPENDIX 6
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2021/22											
Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH93	LD Offer- Proposal to review the LD offer to adults with learning disabilities	500	500	0	G	500	0	G	Gill Moore	The programme is underway and additional resources are being put in place to ensure delivery	
CH94	Integratation- Merton Health & Care Together Partnership Programme	500	0	500	R	0	500	R	Phil Howell	Changes in the health landscape make savings through integrated working more difficult to deliver at this time. This will be kept under review as the new ICS arrangements emerge	
CH95	Public Health	500	100	400	R	0	500	R	Dagmar Zeuner	the impact of COVID and provider issues make this undeliverable at this time.	
CH96	Home care monitoring	110	110	0	G	110	0	G	Keith Burns	Project to broaden number of providers using ECM solution is in progress.	
CH98	Transport	200	200	0	A	200	0	G	Phil Howell	The transport review has been delayed by COVID but this is offset in year by reduced concessionary fares costs (one off)	
CH99	Promoting Independence	500	500	0	G	500	0	G	Phil Howell		
CH102	Dementia Hub Recommissioning	55	55	0	G	55	0	G	Richard Ellis	The savings has been delivered for 2021/22 by achievement of additional contribution from health	
CH103	HRS Decommissioning Floating Support	176	52	124	A	176	0	G	Steve Langley	The work was delayed by COVID but is now on track to be delivered by end Dec 2021 with fye 2022/23	
Subtotal Adult Social Care		2,541	1,517	1,024		0	1,541	1,000			
Total C & H Savings for 2021/22		2,541	1,517	1,024			1,541	1,000			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 21-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-12	Review of public health commissioned services	400	0	400	R	0	400	R	Sue Myers	This saving is unachievable as it is related to a saving in Public Health related to recommissioning integrated service that didn't occur	
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0	G	20	0	G	Sue Myers	Review in progress full update to be provided in Period 7	
CSF2019-17	Increased use of in-house foster care	40	40	0	G	40	0	G	Sue Myers	Review in progress full update to be provided in Period 7	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	R	200	0	G	Elizabeth Fitzpatrick	Shortbreaks review was delayed by Covid and the saving is therefore also delayed	
CSF2019-19	SEND travel assistance	150	150	0	G	150	0	G	Elizabeth Fitzpatrick	Review in progress full update to be provided in Period 7	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	0	450	R	450	0	G	Elizabeth Fitzpatrick	Finance review of the PFI Unitary charge model needed	
2021-22 CSF03	CSF - Ongoing underspend	200	200	0	A	200	0	G	Sue Myers/Elizabeth Fitzpatrick	Currently CSF forecasting overspend so this saving is at risk to be reviewed in Period 7	
	Total Children, Schools and Families Department Savings for 2021/22	1,460	410	1,050	0	1,060	400	0			

APPENDIX 7

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (October)	Projected Shortfall 2022/23 (October)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	678
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	12,074	5,048	3,678	806

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Under spend? Y/N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	0	1,900	R	0	1900	R	1900	0	A	Cathryn James	PARKING PERMITS: The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Permit sales for 20/21 were estimated to be down by approx. 10% overall for the calendar year 2020. Due to the reasons above this saving will not be fully met in 2020/21. Lockdown continued in quarter 1 of 2021/22 and activity will continue to be monitored and reviewed. ON STREET PARKING CHARGES - PAY & DISPLAY: Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection very difficult. For the period June through to October 20/21 data showed off street activity at 50% of pre covid and on street at 80%. Lockdown 2 (Nov 2020) resulted in a reduction in 'on and off street' parking activity. Lockdown 3 had a further significant detrimental effect in 'on and off street' parking activity. Covid / lockdown and associated change in social behaviour during the last quarter 2020/21 continued to have a direct effect on service activity and resulted in the saving not being met. This saving will continue to be reviewed and monitored on a monthly basis but lockdown during the first quarter in 2021/22 continues to affect income levels. As at October 2021 savings continue to be monitored but lockdown and change in driver behaviour continues to result in this saving not being achieved.	Y
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	13	0	13	R	13	0	G	13	0	G	Cathryn James	Expected to be achieved in 2021/22.	
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R	340	0	A	340	0	G	Cathryn James	Following the consultation process and approval by Merton, the proposal was put before London Council, GLA, Mayor for London and Secretary of State to approve. Process was delayed due to London Mayoral Election, officers are working with GLA to progress the application. GLA now approved application and Sec of State has 3 weeks to comment. Earliest implementation will be in January 2022.	N
ENV1920-02	Parking: Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R	0	300	R	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. Current traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	Y
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337	0	337	R	0	337	R	337	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. Lockdown continues in Q1 2021/22 and on street activity remains lower than normal. Saving for 2020/21 is unlikely to be met on current trends. Current traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	Y
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45%. Whilst we have already built £250k into the MTFs we believe that this can be added to.	250	0	250	R	0	250	R	250	0	A	John Bosley	The service maintained a high recycling rate in 2019/20, recycled 42% of all domestic waste and delivered significant (above target) savings in the disposal cost. This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home. With the national increase in the level of recycling being generated, processing facilities are becoming stricter with regards to the quality of the material being accepted, resulting in areas of non compliance being rejected. CONFIDENTIAL The current national shortage of drivers impacting the collection schedule, the service has been required to combine rounds and co collect waste streams. This is being monitored through our BCP and the financial impact amended through our budget forecasting.	Y

ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	0	10	R	10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	31	119	R	150	0	G	150	0	G	John Bosley	The commissioning and procurement of a new enforcement contract along with the wider Public Space restructure is scheduled for late 21/22 and we hope to implement this in the new year subject to any continuity plans which may take presedent over these two work streams.	
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	64	0	G	John Bosley		
Total Environment and Regeneration Savings 2020/21		3,404	31	3,373		567	2,837		3,404	0				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21													APPENDIX 7	
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	Adult Social Care													
CH76	OPMH Staffing	100	0	100	R	0	100	R	0	100	R	John Morgan	We need to review the demand for MH services with the trust due to C19. Further work is required to establish the necessary resourcing	
CH87	Mascot Income	100	72	28	R	72	28	R	72	28	R	Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
	Subtotal Adult Social Care	200	72	128		72	128		72	128				
	Total C & H Savings for 2020/21	200	72	128		72	128		72	128				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R / A Included in Outturn Over/Under spend? Y/N
Customers, Policy & Improvement														
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	15	0	A	Sean Cunniffe	Looking to have an outsourced solution that can incorporate charges for BB's	Y
2018-19 CS07	Retender of insurance contract	50	0	50	R	7	43	A	7	43	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R			N/A	0	20	R	David Keppler	Not achievable in light of covid-19 circumstances. Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
Corporate Governance														
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	R	0	50	A	0	50	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	R	0	20	A	0	20	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	R	0	45	A	0	45	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
Infrastructure & Technology														
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	25	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	30	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
Corporate														
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R			N/A	0	500	R	David Keppler	Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
Total CS Savings for 2020/21		755	0	755		22	213	0	77	678				

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-10	Reduced contribution towards the MSCB	44	10	34	R	44	0	G				Elizabeth Fitzpatrick	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter of 2021/22..	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140	R	0	200	R				Elizabeth Fitzpatrick	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity against the Covid Budget).	
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30	R	15	30	R				Sue Myers	South London Family Drug and Alcohol Court contract has been decommissioned. Plan is to deliver savings from practice changes supported by the wider CSC & YI reorganisation. The reorganisation has been delayed due to coronavirus alternative operating measures. Will deliver no more than £15k. Some mitigating activity through temporary recruitment to posts likely to be impacted in the reorganisation.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	200	R	200	200	R				Sue Myers	This savings work has been significantly impacted by Covid-19 and the need to re-direct aspects of the transformation resource (Graduate Management Trainee) to Ofsted preparation. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22.	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40	R	60	0	G				Sue Myers	Part of wider CSC reorganisation which was delayed due to coronavirus alternative operating measures. Will deliver no more than £20k.	
CSF2019-13	Review of current Adolescent and Family service	100	30	70	R	30	70	R				Sue Myers	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Will deliver no more than £30k, some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30	R	45	0	G				Sue Myers	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures.	

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50	R	50	0	G				Sue Myers	Financial payments to care leavers have increased due to the impact of Covid-19 restrictions and requirement to match DWP Covid-19 increase in benefit rates - some of this has been set against the Covid-19 cost centre. Timing not appropriate to shift funding culture where continued Covid-19 situation impacts on external resources and progression of other agencies decision-making i.e. Home Office asylum decisions.	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20	R	20	0	G				Sue Myers	Covid-19 restrictions have impacted on foster carer recruitment and approval. Older age demographics of in-house carers increases risk of reduced capacity due to increased likelihood of Covid-19 health complications. This savings work would likely have resulted in short term impact on in-house fostering capacity - this risk is too high in current context. Plan to revisit this savings work when Covid-19 situation stabilises.	
	Total Children, Schools and Families Department Savings for 2020/21	964	350	614		464	500		0	0	0			

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