

CABINET

6 December 2021

Agenda item:

Business Plan Update 2022-2026

Lead officer: Caroline Holland

Lead member: Councillor Tobin Byers

Key Decision Reference Number: This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

Contact officer: Roger Kershaw

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2022/23 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2022-2026. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2 March 2022 and set a Council Tax as appropriate for 2022/23.

Recommendations:

1. That Cabinet considers and agrees the draft unachievable savings/income proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
2. That Cabinet considers and agrees the new savings proposals for 2022/23 to 2025/26 (Appendix 3) and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
3. That Cabinet considers and agrees the draft Capital Programme 2022-2026 (Appendix 5) and refers it to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2022/23 set out in paragraph 2.7 and Appendix 1.
5. That Cabinet note the opportunity set out in the Spending Review 2021 to enable social service authorities to apply an Adult Social Care Precept in 2022/23 and, subject to confirmation of this when the Referendum Principles are announced in the Local Government Finance Settlement 2022/23, agrees to incorporate this into the MTFS for 2022-26.
6. That Cabinet note that Equalities Impact Assessments for each saving, where applicable, will be included in the Member's Information Pack for consideration in future meetings.

1. **PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2022-26 and in particular on the progress made so far towards setting a balanced revenue budget for 2022/23 and over the MTFS period as a whole.
- 1.2 Specifically, the report provides details of amended/deferred revenue savings which are proposed due to changes in circumstances since the proposals were previously approved as part of previous budget setting.
- 1.3 The report also presents details of new savings for 2022-26 and draft equalities analyses where applicable will be included in the Member's Information Pack to be provided at the end of December.
- 1.4 The report also provides an update on the capital programme for 2022-31 and the financial implications for the MTFS.
- 1.5 The first draft of the service plans for 2022-26 will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.
- 1.6 The report provides a general update on all of the latest information relating to the Business Planning process for 2022-26 and an assessment of the implications for the Medium Term Financial Strategy 2022-26.
- 1.7 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in January 2022 as part of the information pack.

2. **DETAILS**

Introduction

- 2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 11 October 2020. As a result Cabinet agreed departmental savings targets and details of proposed departmental savings are presented in this report in Appendix 3.
- 2.2 The draft MTFS 2022-26 in the Cabinet report in October 2021 included details of a draft Capital Programme 2022-31. This was further reviewed and details of new bids were included in the November 2021 Cabinet report.
- 2.3 Taking into account the information contained in the October 2021 and November 2021 Cabinet reports, the overall MTFS budget gap was as follows:-

(Cumulative Budget Gap)	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
MTFS Gap (Cabinet November 2021)	1,159	16,979	20,680	24,006

2.4 Review of Assumptions

Since Cabinet in November, work has been continuing to review assumptions, identify new savings/income proposals and analyse information which has been received since then. The Government published details of its Autumn Budget and Spending Review 2021 on 27 October 2021 which were summarised in the November 2021 Cabinet report. The financial implications for Merton arising from the Government's broad Departmental Expenditure Limits will not be known until the Provisional Local Government Finance Settlement 2022 is published (expected in mid-December).

2.4.1 Pay

For 2021/22 the pay award has not yet been agreed. Union's are currently consulting their members regarding the approach to the claim and due to the timing of this is likely to impact on the start of the 2022/23 pay claim offer and negotiation.

The latest estimates for pay inflation included in the MTFS are included in the table below and no changes are proposed at the current time:-

(Cumulative)	2022/23	2023/24	2024/25	2025/26
Pay inflation (%)	2%	2%	2%	2%

Further details on the pay negotiations for 2022/23 and beyond, and the impact on the MTFS will be reported when they are known.

London Living Wage

The MTFS includes provision for the increased cost of contracts arising from the contractors adoption of the London Living Wage:-

(Cumulative)	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Additional cost of LLW on major contracts based on contract renewal date	521	711	2,382	2,382

This will be reviewed and updated in future Business Plan future reports.

2.4.2 Prices

The draft MTFS 2022-26 reported to Cabinet in November 2021 included the following percentage increases and no changes are proposed at the current time:-

(Cumulative)	2022/23	2023/24	2024/25	2025/26
Price inflation (%)	2.5%	1.5%	1.5%	1.5%

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.

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)			
CPI	1.8	5.1	2.6
RPI	2.8	6.2	4.0
LFS Unemployment Rate	3.9	6.0	4.6

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

Outlook for inflation

In the November 2021 Monetary Policy Report, 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.”

2.4.3 Inflation > 1.5%:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. In recognition of the current increasing trend in global inflation, due mainly to oil, gas and electricity costs, this provision was increased by Cabinet in October 2021, to the following:-

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Inflation exceeding 1.5%	500	500	500	500

This will only be released for specific demonstrable demand. The cash limiting strategy is not without risks.

2.4.4 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

2.4.5 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2022-26:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Revenuisation	70	70	70	70

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

2.4.6 **Budgetary Control 2021/22**

There may be issues identified from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2022-26.

Monitoring 2020/21

At period 7 to 31 October 2021 the year end forecast is a net £8.534m unfavourable variance compared to the current budget when all COVID19 costs are included. This consists of a net favourable variance of £3.099m excluding COVID19 and unfavourable variance of £11.633m from COVID19:-

	Non COVID19 £000	COVID19 £000	Total £000
CS	342	980	1,322
CSF	(71)	714	643
E&R	(607)	5,931	5,324
C&H	(2,260)	703	(1,557)
Sub-total	(2,596)	8,328	5,732
Corporate	658	2,144	2,802
Total	(1,938)	10,472	8,534

Based on October 2021 monitoring, although an overall favourable non-Covid variance is forecast, the following pressures have been flagged:-

- a) Corporate Services: Infrastructure and Technology(Adverse variance £131k), Resources (Adverse variance £405k), Human Resources (Adverse variance £224k), Corporate items (Housing Benefits Rent Allowances Adverse variance £610k)
- b) Children’s Schools and Families: Education Service (Adverse variance £256k)
- c) Environment and Regeneration: Public Space, mainly Waste Services and Household, Reuse, Recycling Centre (HRRC)
- d) Community and Housing: Housing General Fund (Unfavourable variance £305k)

COVID19

Covid continues to have a significant impact in 2021/22 and there will be some continuing implications on services and income going forward some of which the Government are supporting such as business rates. There is an adverse variance of £1.109m arising from government compensation for loss of sales, fees and charges income in the first quarter of 2021/22 where the amount of income loss has been less than expected when the forecast was made in February 2021.

2.4.7 Growth

The MTFS reported to Cabinet in October 2021 included new provision for growth from 2022/23 to 2025/26 as follows:-

Cumulative growth	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Pensions provision - Croydon	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund – Triennial Revaluation	0	TBA	TBA	TBA
Your Merton	TBA	TBA	TBA	TBA
E&R Pressures	909	909	909	909
Climate Change (top-up of reserve)	0	0	450	0
Employer’s NI for Social Care *	988	1,008	1,028	1,049
Total	2,107	2,127	2,597	2,168

* There is likely to be a contribution to these costs set out in the Provisional Local Government Finance settlement due in mid-December

There are no additional growth proposals at this stage.

2.4.8 **Capital Programme for 2022-26**

It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council’s capacity to fund it over the longer term.

The report to Cabinet in November 2021 set out the current capital programme and presented some new bids for capital investment. The latest current capital programme based on October 2021 monitoring and new bids are set out in Appendix 5

Capital Expenditure and Financing Costs	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure after slippage (Cabinet Dec. 2021)	27,790	20,761	23,348	30,285
Capital Financing Costs (Cabinet Dec. 2021)	10,802	11,647	12,774	13,578

2.5 Forecast of Resources and Provisional Local Government Finance Settlement

2.5.1 Autumn Budget 2021 and Spending Review 2021

As reported to Cabinet in November 2021, the Chancellor of the Exchequer published an Autumn Budget 2021 and Spending Review 2021 on 27 October 2021. A summary of the key points was included in the report.

The Departmental Expenditure Limits set out in the Spending Review form the basis of the allocations included in the Provisional Local Government Finance Settlement 2022. The Settlement is due to be announced in mid-December.

As reported to Cabinet in November, the Spending Review 2021 included the following guidance with respect to Council Tax Referendum Principles:-

- The referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.
- The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

2.5.2 Provisional Local Government Finance Settlement

The Departmental Expenditure Limits set out in the Spending Review form the basis of the allocations included in the Provisional Local Government Finance Settlement 2022. The Settlement is due to be announced in mid-December.

An analysis on the potential financial impact of the provisional Settlement will be included in the report to Cabinet in January 2022.

2.6 London Business Rates 2022-23

2.6.1 As previously reported, due to uncertainty arising from COVID-19, the London Business pool was discontinued for 2021/22 and similarly this has also been agreed for 2022/23.

2.6.2 The conclusions of the government's review of business rates were published alongside the Budget. It was announced that to reduce the burden of business rates in England, support investment, and make the system more responsive, the government will:

- freeze the business rates multiplier for a second year, from 1 April 2022 until 31 March 2023, keeping the multipliers at 49.9p and 51.2p
- introduce a new temporary business rates relief for eligible retail, hospitality and leisure properties for 2022-23. Eligible properties will receive 50 per cent relief, up to a £110,000 per business cap
- introduce a 100 per cent improvement relief for business rates. This will provide 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value. The government will consult on how best to implement this relief, which will take effect in 2023 and be reviewed in 2028
- introduce from 1 April 2023 until 31 March 2035 targeted business rate exemptions for eligible plant and machinery used in onsite renewable energy generation and storage, and a 100 per cent relief for eligible heat networks, to support the decarbonisation of non-domestic buildings.
- increase the frequency of business rates revaluations so that they take place every 3 years instead of every 5 years, starting in 2023, and take measures to support the accuracy of the list
- provide additional funding to the Valuation Office Agency to support the delivery of the new revaluation cycle.
- extend transitional relief for small and medium-sized businesses, and the supporting small business scheme, for 1 year. This will restrict bill increases to 15 per cent for small properties (up to a rateable value of £20,000 or £28,000 in Greater London) and 25 per cent for medium properties (up to a rateable value of £100,000), subject to subsidy control limits.

The Government will fully compensate English Local Authorities for the loss of income as a result of these business rates measures and also allocate new burdens funding for administrative and IT costs.

2.7 Council Tax Base

2.7.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2022/23. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together

with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2022/23. The Council is required to determine its Council Tax Base by 31 January 2022.

- 2.7.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 2.7.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2021 is the basis for the calculation of the Council Tax Base for 2022/23.
- 2.7.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2022/23 compared to 2021/22 is set out in the following table:-

Council Tax Base	2021/22	2022/23	Change %
Whole Area	74,220.0	75,754.6	2.1%
Wimbledon & Putney Common Conservators	11,381.8	11,705.0	2.8%

2.8 **Proposed Amendments to Previously Agreed Savings**

2.8.1 **Unachievable Savings**

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

Where this is the case, in the first instance departments are asked to identify replacement savings from elsewhere within their overall budgets. It is accepted that unachievable savings have been more prevalent due to COVID19.

In the report to Cabinet in October, some unachievable savings based on budget monitoring reports for July 2021 were provided for as follows:-

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	205	1,375	87.0%	750
Total	6,903	3,262	3,641	52.7%	2,105

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (July)	Projected Shortfall 2022/23 (July)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
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	786

In addition, savings from E&R ref.Env2021-04 Emissions Based Charging will not be achieved as follows:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
(Cumulative saving)				
Saving Env2021-04 EBC	1,500	900	325	325

Further details are available in Appendix 4.

3. SAVINGS PROPOSALS 2022-26

3.1 Cabinet on 11 October 2021 agreed savings targets as follows:-

SAVINGS TARGETS BY DEPARTMENT	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Corporate Services	255	3,433	808	726	5,222
Children, Schools and Families	173	2,322	547	491	3,533
Environment and Regeneration	355	4,771	1,123	1,008	7,257
Community and Housing	393	5,281	1,243	1,116	8,033
Total	1,175	15,808	3,720	3,341	24,044
Total (cumulative)	1,175	16,983	20,703	24,044	

3.2 Since then, service departments have been reviewing their budgets to identify savings proposals to meet their savings targets.

3.3 Some proposals have been identified and progress against targets is summarised in the following table:-

NEW SAVINGS PROPOSALS 2022-26: SUMMARY

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
Corporate Services	229	25	0	0	254
Children, Schools and Families	178	340	0	0	518
Environment and Regeneration	229	617	(111)	(111)	624
Community and Housing	300	800	0	0	1,100
TOTAL	936	1,782	(111)	(111)	2,496
Cumulative Total	936	2,718	2,607	2,496	

3.4 Details of the savings proposals are included in Appendix 3. Cabinet are requested to review and agree the proposals and refer them to the Overview and Scrutiny Panels and Commission for scrutiny in January 2022.

3.5 Equalities Assessments for new savings will be included in the Member's Information Packs to be published at the end of December.

4. SERVICE PLANNING 2022-26

4.1 First draft revised Service Plans will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.

5. DSG DEFICIT

- 5.1 As reported to Cabinet elsewhere on the agenda, as part of the monthly monitoring report, based on October 2021, DSG funded services are forecast to overspend by £12.653m in 2021/22 bringing the cumulated deficit at year end to £37.634m.
- 5.2 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 Merton's high needs system that will bring the DSG deficit under control. The Council 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, but if successful it is unlikely that any detail on any financial support and related performance targets will be available until late January.
- 5.3 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 over and above that outlined in the Spending Review 2021.

6. BUDGET STRATEGY AND UPDATE TO MTFS 2022-26

- 6.1 The council has a statutory duty to set a balanced budget.
- 6.2 The MTFS reported to Cabinet in November 2021 assumed a 2% general Council Tax increase in 2022/23.
- 6.3 Taking into account the changes set out in this report, the latest budget gap forecast is:-

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
MTFS Gap (November 2021 Cabinet)	1,159	16,979	20,680	24,006
Council Tax Income	(675)	(889)	(1,121)	(1,400)
Capital Financing Costs	(32)	(86)	(13)	1
New Savings 2022-26	(936)	(2,718)	(2,607)	(2,496)
Use of Reserves	484	(484)	0	0
Revised Gap	0	12,802	16,939	20,111

- 6.4 A more detailed MTFS is included as Appendix 2.
- 6.5 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny.

7. **GLA BUDGET AND PRECEPT SETTING 2022-23 – PROVISIONAL TIMETABLE**

7.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.

7.2 The GLA's provisional timetable for its precept setting process is as follows:-

Mid to late December 2021	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
26 January 2022	Assembly to consider Draft Consolidated Budget.
24 February 2022	Assembly to consider Final Draft Consolidated Budget.

7.3 NNDR1 returns will be required to be submitted to the MLUHC by 31 January 2021 It is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2022/23 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London boroughs. This is expected to be confirmed in the provisional local government finance settlement.

8. **CONSULTATION UNDERTAKEN OR PROPOSED**

8.1 There will be consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.

8.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2022.

8.3 As previously indicated, a savings proposals information pack will be prepared and distributed to all councillors at the end of December 2021 that can be brought to all Scrutiny and Cabinet meetings from 10 January 2022 onwards and to Budget Council. As for recent years, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.

8.4 The pack will include:

- Savings proposals
- A draft Equality impact assessment for each saving proposal.
- Service plans

9. **TIMETABLE**

9.1 The key deadlines are as follows:-

6 December 2021	Cabinet
Late December	Provisional Local Government Finance Settlement
End of December	Member's Information Pack circulated
17 January 2022	Cabinet
10-19 January 2022	Overview and Scrutiny Panels and Commission
7 February 2022	Cabinet
2 March 2022	Council approves Council Tax 2022/23 and MTFS 2022-26

10. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

11. **LEGAL AND STATUTORY IMPLICATIONS**

11.1 All relevant implications have been addressed in the report.

12. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

12.1 Draft Equalities assessments of the savings proposals will be provided as part of the Member's Information Pack which should be available at the end of December.

13. **CRIME AND DISORDER IMPLICATIONS**

13.1 Not applicable.

14. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

14.1 Not applicable.

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

- Appendix 1:** Council Tax Base 2022/23
- Appendix 2:** MTFS Update
- Appendix 3:** New Savings Proposals 2022-26
- Appendix 4:** Unachievable Savings 2022-26
- Appendix 5:** Draft Capital Programme 2022-26

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

REPORT AUTHOR

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Council Tax Base 2022/23

1. INTRODUCTION

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
 - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the MLUHC of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 13 September 2021.
- 1.6 The CTB form for 2021 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

2. UNADJUSTED COUNCIL TAX BASE 2022/23

2.1 Information from the October 20210 Council Tax Base Return

- 2.1.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.
- 2.1.2 From the CTB Returns, prior to incorporating an assumed collection rate, the unadjusted council tax bases are

Unadjusted Council Tax Base	2022/23
Merton – General	77,300.6
Wimbledon & Putney Common Conservators	11,943.9

3. ASSUMPTIONS IN THE MTFS ADJUSTING FOR COVID19

- 3.1 Other than changes in the actual council tax rates levied, in producing a forecast of council tax yield in future years, there are two key variables to be considered:-

- the year on year change in Council Tax Base
- the council tax collection rate

- 3.2 The MTFS approved by Council in March 2021 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate will be 97% in 2021/22, 98% in 2022/23 and 98.75% in future years. This was to reflect the impact of Covid-19 and the assumption that the collection rate would eventually return to the levels prior to the pandemic.

- 3.3 Based on these assumptions the revised estimated Council Tax Base used in the MTFS 2022-26 is as set out in the following table:-

Council Tax Base - Revised Calculation 2022/23 to 2025/26	2022/23	2023/24	2024/25	2025/26
Council Tax Base	77,300.6	77,300.6	77,687.1	78,075.5
Assumed Annual increase		386.5	388.4	390.4
Estimated Council Tax Base before collection rate adjustment	77,300.6	77,687.1	78,075.5	78,465.9
Collection Rate	98.00%	98.75%	98.75%	98.75%
Estimated Council Tax Base after collection rate adjustment	75,754.6	76,716.0	77,099.6	77,485.1

3.4 The regulations require that the Council Tax Requirement calculated for the forthcoming year is actually credited to the General Fund and any difference arising from actual collection rates is recognised in future years as part of the surplus/deficit calculation

4. IMPLICATIONS FOR COUNCIL TAX YIELD 2022-26

4.1 Based on a collection rate of 98% (paragraph 3.2 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2022/23 compared to 2021/22 is summarised in the following table:-

Council Tax: Whole area	2021/22	2022/23
Tax Base	74,220.0	75,754.6
Band D Council Tax	1,340.72	1,340.72
Estimated Yield	£99.508m	£101.566m
Change: 2021/22 to 2022/23 (£m)	£2.058m	
Change: 2021/22 to 2022/23 (%)	2.07%	

4.2 Analysis of changes in yield 2021/22 to latest 2022/23

4.2.1 The reasons for the change in estimated yield, excluding any change in Council Tax level, between 2021/22 and the latest 2022/23 estimate based on the CTB data are:-

- Change in Council Tax Base from by 785.5 from 76,515.1 to 77,300.6 which multiplied by the Band D Council Tax of £1,340.72 results in increased yield of c. £1.053m
- Change in Council Tax collection rate of 1% from 97% to 98%, equivalent to additional council tax base of 742 which multiplied by the Band D Council Tax of £1,340.72 results in increased yield of c. £0.995m

4.2.2 An exact reconciliation for the change between years is not possible because of changes in distribution of Council Tax Support and discounts and benefits, and premiums between years and bands. However, broadly the changes can be analysed as follows:-

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 521 from 85,612 to 86,133 and the number of exempt dwellings reduced by 17 from 1,011 to 994. This means that the number of chargeable dwellings increased by 538 between years. Based on a full charge, this equates to additional council tax of £0.721m.

b) Amount of Council Tax Support Reduction

Based on October 2020 there was a reduction of 8,320.7 to the Council Tax Base for local council tax support. This has reduced to 8,086.0 in based on October 2021 which is a change of 234.7 and equates to an increase in council tax of about £0.315m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 907 and those subject to premiums increased by 57 between October 2020 and October 2021.

d) Change in collection rate

There has been a change made to the estimated collection rate of 1%, which has increased from 97% to 98%.

Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2021/22 and 2022/23:-

	Approx. Change in Council Tax Base	Approx. Change in Council Tax yield
		£m
Increase in number of chargeable dwellings	538.0	0.721
Change in Council Tax Support Reductions	234.7	0.315
Change in discounts, exemptions, premiums and distribution	19.9	0.027
Change in collection rate	742.0	0.995
Total	1,534.6	2.058

4.3 Council Tax Yield 2022/23

4.3.1 The draft MTFS assumes a Council Tax increase of 3% in 2022/23 (2% general, 1% Adult Social Care). Assuming this the estimated Council Tax yield for 2022/23 is:-

Council Tax: Whole area	Tax Base	Band D 2022/23	Council Tax Yield 2022/23	Council Tax Yield 2021/22
Merton	75,754.6	1,380.93	£104.612m	£99.508m

4.3.2 The Spending Review 2021, included the following guidance with respect to Council Tax Referendum Principles:-

- The referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.
- The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

4.3.3 The updated MTFS is based on the following assumptions, subject to confirmation in the Local Government Finance Settlement 2022/23 of the Referendum Principles announced in the Spending Review 2021:-

	2022/23	2023/24	2024/25	2025/26
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	98%	98.75%	98.75%	98.75%
Council Tax – General*	2%	2%	2%	2%
Council Tax – Adult Social Care†	1%	0%	0%	0%

* Current estimated threshold for referendum, to be confirmed in the Provisional Settlement

† Announced in Budget allowed to set 1% ASC precept

4.3.4 Based on the estimated Council Tax Base calculations set out in the table in paragraph 3.3, and annual Council Tax increases of 2% as in the latest MTFS assumptions, the estimated council tax yields over the MTFS period are as follows:-

	2022/23	2023/24	2024/25	2025/26
Council Tax (Band D) b/f from previous year	£1,340.72	£1,380.93	£1,408.54	£1,436.71
2% increase - General	£26.81	£27.61	£28.17	£28.73
1% increase in 2022/23 for Adult Social Care	£13.40	0	0	0
Revised Council Tax (Band D)	£1,380.93	£1,408.54	£1,436.71	£1,465.44
	£m	£m	£m	£m
Estimated Council Tax Yield	104.612	108.058	110.770	113.550

4.3.5 The change in the Council Tax yield compared to that included in the MTFs are:-

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
MTFS (Cabinet 8 November 2021)	102.961	106.216	108.706	111.218
Revised Estimated Council Tax Yield	104.612	108.058	110.770	113.550
Change	1.651	1.842	2.064	2.332

5. SUMMARY

5.1 Based on the information discussed, the council tax bases for 2022/23 and compared to 2021/22 are summarised in the following table:-

Council Tax Base	2021/22	2022/23	Change
Whole Area	74,220.0	75,754.6	2.1%
Wimbledon & Putney Common Conservators	11,381.8	11,705.0	2.8%

DRAFT MTFS 2022-26:				
	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Departmental Base Budget 2021/22	161,837	161,837	161,837	161,837
Inflation (Pay, Prices)	6,506	10,755	16,485	20,544
NI increase	989	1,008	1,029	1,049
Salary oncost increase (15.2% to 17.06%)	24	48	72	96
FYE – Previous Years Savings	(3,305)	(3,176)	(2,651)	(2,651)
FYE – Previous Years Growth	384	774	774	774
Amendments to previously agreed savings/growth	3,641	900	325	325
Change in Net Appropriations to/(from) Reserves	(602)	(1,633)	(1,632)	(1,632)
Taxi card/Concessionary Fares	(478)	704	1,707	2,709
Social Care - Additional Spend offset by grant/precept	1,016	1,029	1,034	1,039
Growth	909	909	1,359	909
Provision - DSG Deficit	10,543	11,628	12,714	13,799
Other	445	661	740	918
Re-Priced Departmental Budget	181,908	185,444	193,792	199,716
Treasury/Capital financing	10,811	11,665	12,792	13,596
Pensions	0	0	0	0
Other Corporate items	(19,548)	(20,716)	(20,946)	(20,946)
Levies	606	606	606	606
Sub-total: Corporate provisions	(8,131)	(8,445)	(7,548)	(6,744)
Sub-total: Repriced Departmental Budget + Corporate Provisions	173,777	177,000	186,245	192,972
Savings/Income Proposals 2022/23	(936)	(2,718)	(2,607)	(2,496)
Sub-total	172,841	174,282	183,638	190,476
Appropriation to/from departmental reserves	(1,604)	(573)	(574)	(574)
Appropriation to/from Balancing the Budget Reserve	(16,141)	(484)	0	0
ONGOING IMPACT OF COVID-19 (NET)	1,143	505	0	0
BUDGET REQUIREMENT	156,239	173,730	183,064	189,902
Funded by:				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,573)	(40,424)	(41,292)	(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
Council Tax inc. WPC	(104,965)	(108,411)	(111,123)	(113,903)
Collection Fund – (Surplus)/Deficit	1,617	1,616	0	0
COVID-19: SFC - Compensation Qtr. 1 2021/22	0	0	0	0
TOTAL FUNDING	(156,239)	(160,928)	(166,124)	(169,791)
GAP including Use of Reserves (Cumulative)	0	12,802	16,939	20,111

NEW SAVINGS PROPOSALS 2022-26: SUMMARY

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
Corporate Services	229	25	0	0	254
Children, Schools and Families	178	340	0	0	518
Environment and Regeneration	229	617	(111)	(111)	624
Community and Housing	300	800	0	0	1,100
TOTAL	936	1,782	(111)	(111)	2,496
Cumulative Total	936	2,718	2,607	2,496	

Type of Saving

SI1	Income: increase in current level of charges
SI2	Income: increase arising from expansion of existing service/new service
SS1	Staffing: reduction in costs due to efficiency
SS2	Staffing: reduction in costs due to deletion/reduction in service
SNS1	Non - Staffing: reduction in costs due to efficiency
SNS2	Non - Staffing: reduction in costs due to deletion/reduction in service
SP1	Procurement / Third Party arrangements - efficiency
SP2	Procurement / Third Party arrangements - deletion/reduction in service
SG1	Grants: Existing service funded by new grant
SG2	Grants: Improved Efficiency of existing service currently funded by unringfenced grant
SPROP	Reduction in Property related costs

**PROPOSED
DEPARTMENT: Corporate Services**

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2022-23 CS1	Service/Section	Resources - CS Director Budget								
		Description	Reduction to consultancy held within Director's budget	18	10				Low	Medium	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
	2022-23 CS2	Service/Section	Resources - AD budget								
		Description	Reduction to Resources AD various running cost budgets, eg subscriptions	86	15				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
	2022-23 CS3	Service/Section	Resources - Insurance								
		Description	Reduce contribution to the insurance provision	636	25				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								

**PROPOSED
DEPARTMENT: Corporate Services**

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
Page 29	2022-23 CS12	Service/Section	Corporate Governance - Information Team								
		Description	Delete Head of Information Governance post (£29k saving shown in Corporate Governance and £15k shown in CPI)	74	29				Low	Low	SS1
		Service Implication	Per below staffing implication								
		Staffing Implications	The information governance team was restructured in September 2021 and the head of IG post deleted. The complaints team now reports to the Head of Communications and the land charges and information governance functions are managed within SLLP.								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	TBC								
	2022-23 CS13	Service/Section	Corporate items								
		Description	Reduction to corporately funded items budget	437	50				Low	Medium	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
Total Corporate Services Savings 2022-26					229	25	0	0			

**PROPOSED
DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES**

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CSF1-22/23	Service/Section	Education								
		Description	Direct procurement of services previously within schools PFI contract	8471	100				Medium	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	TBC								
	CSF2-22/23	Service/Section	Education								
		Description	Office Efficiency	TBD	50				Low	Low	SNS1
		Service Implication	Continuation of existing work patterns (post pandemic)								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	TBC								

PROPOSED DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CSF3-22/23	Service/Section	Education								
		Description	Education Inclusion - streamlined activities	TBD	28				Low	Medium	SNS1
		Service Implication	Same service more efficiently delivered								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	TBC								
Page 31	CSF4-22/23	Service/Section	Children's Social Care								
		Description	CSC Placements - demand management and commissioning	6,671		340			Low	Low	SNS1
		Service Implication	Regular and systematic review of high cost placements								
		Staffing Implications	None								
		Business Plan implications	None								
	Impact on other departments	None									
	Equalities Implications	Ensuring a design of the review process that does not have an equalities impact									
Total Children, Schools and Families Savings 2022-26					178	340	0	0			

PROPOSED DEPARTMENT: ENVIRONMENT AND REGENERATION

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	ENV2022-23 01	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Public Space - Waste services Disposal processing savings (Food Waste Recyclate) Change in delivery location None Aligned with recycling performance None Completed	321	104				Low	Low	SP1
	ENV2022-23 02	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Public Space - Greenspaces Raynes Park Sports Ground - new lease arrangement Improvement of community sporting activities and renovation of existing infrastructure and buildings None Consistent with business plan objectives and aligned with Playing Pitch Strategy None	0	35	35			Low	Low	SI2
	ENV2022-23 03	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Public Space - Greenspaces Deen City Farm - Reduction in grant by 50% No direct impact to the Greenspaces service None Third party grant support reduction will have an impact on the delivery of local services that benefit young people Further discussions will need to be undertaken to minimise the impact on the reduction in funding	86	0	43			Low	High	SP2
	ENV2022-23 04	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Parking Continue to enforce School Street locations through ANPR camera enforcement. Ongoing management of ANPR infrastructure and staff resources to maintain enforcement of School Streets. Estimated 6 x FTE dependent in PCN activity to process, deal with appeals and process applications. A business plan for the introduction of School Street enforcement was approved in February 2021. School Street zones is a new policy and ANPR enforcement of the zones is a new type of Moving Traffic Contravention. It is unknown at this stage the likely future compliance is. Our aim if for fewer vehicles to be issued with a PCN as drivers comply with the rules. Therefore the saving expectation is reduced each year to reflect this compliance rate. The enforcement and appeal process is primarily managed within the Parking Service. There is minimal impact on other service areas. None	0	0	489	(111)	(111)	Medium	High	SS1

PROPOSED DEPARTMENT: ENVIRONMENT AND REGENERATION

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	ENV2022-23 05	Service/Section Description	Highways: Steet Permitting Increased income from street permitting through enforcement of utility works.	72	40				Medium	Low	SI1
		Service Implication	Increased monitoring of utility and development defects								
		Staffing Implications	Managed within existing staff resource								
		Business Plan implications	Increased income and fee charges - already set								
		Impact on other departments	N/A								
		Equalities Implications	Improved public realm useability								
	ENV2022-23 06	Service/Section Description	Highways: Advertising Increased income from JC Decaux digital ads	473		10			Low	Low	SI2
		Service Implication	None								
		Staffing Implications	Managed within existing staff resource								
		Business Plan implications	Would contribute to additional revenue income.								
		Impact on other departments	None								
		Equalities Implications	None								
	ENV2022-23 07	Service/Section Description	FutureMerton, Policy team Additional income from planning performance agreements (PPA) for the contribution of specialist input in to major planning applications	470	50				Medium	Low	SI2
		Service Implication	Would provide additional advice to the development control team in support of planning applications.								
		Staffing Implications	Would require prioritisation by futureMerton policy team on PPA support; managed within existing staffing resources.								
		Business Plan implications	Would contribute to additional revenue income.								
		Impact on other departments	None								
		Equalities Implications	None								
	ENV2022-23 08	Service/Section Description	Property Management & Review Rent Review Income	50		40			Medium	Low	S11
		Service Implication	Additional income from undertaking commercial property rent reviews								
		Staffing Implications	Undertaken through additional spend to save external consultants to undertake rent reviews								
		Business Plan implications	Increase in revenue income for the Council								
		Impact on other departments	some additional actions for finance and legal sections								
		Equalities Implications	No detriment to any group								
Total Environment and Regeneration Savings 2022-26					229	617	(111)	(111)			

PROPOSED DEPARTMENT: Community and Housing

Panel	Ref	Description of Saving		Baseline Budget 21/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CH110	Service/Section	Commissioning and Market Development	0	50	0	0	0	Low	Low	SP1
		Description	Commissioning efficiencies arising from reprocurring a high cost service								
		Service Implication	None material								
		Staffing Implications	None material								
		Business Plan implications	Consistent with Business Plan priorities								
		Impact on other departments	None material								
		Equalities Implications	Assessed as 1: No adverse impacts identified								
Page 37	CH111	Service/Section	Commissioning and Market Development	1,544	0	65	0	0	Medium	Low	SS1
		Description	Commissioning staffing efficiencies								
		Service Implication	Will involve changes to the model of commissioning across C&H but it is intended that overall outcomes are improved and service delivery functions better supported as a result.								
		Staffing Implications	Intention is to deliver efficiency by remodeling functions. Any in scope vacancies will be held for deletion in order to avoid possible redeployment or redundancy.								
		Business Plan implications	None material								
		Impact on other departments	None material. May be opportunities to align wider commissioning functions.								
		Equalities Implications	Currently assessed as a 2, but will need to be revisited once scope is determined (early 2022/23)								
Total Community and Housing Savings 2022-26					300	800	0	0			

IMPACT OF UNACHIEVED SAVINGS ON MTFS 2022-23

Department	Unachieved 2020/21 Savings	Unachieved 2021/22 Savings	Unachievable '2022/23 Total	Unachiev able '2023/24 Total	Unachiev able '2024/25 Total	Unachiev able '2025/26 Total
	£000	£000	£000	£000	£000	£000
Corporate Services	658	95	753	0	0	0
Children Schools and Families	0	400	400	0	0	0
Community and Housing	128	860	988	0	0	0
Environment and Regeneration	0	0	0	0	0	0
Total	786	1,355	2,141	0	0	0
E&R EBC Saving (cumulative)			1500	900	325	325
Total Unachieved Savings			3,641	900	325	325

ENVIRONMENT AND REGENERATION UNACHIEVABLE SAVING

		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
ENV2021-04 ENV2021-04	Parking - EBC	750	750	(150)	(135)
	Parking - EBC	0	0	(450)	(440)
	Total	750	750	(600)	(575)
	Cumulative total	750	1,500	900	325

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Comments
2018-19 CS07	Retender of insurance contract	0	25	A	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
Human Resources					
2019-20 CS26	Review of contract arrangements	50	70	A	Delayed start of new contract arrangements due to covid. New contract arrangements to be agreed during this year in order for it to come into effect for 2022/23

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

Ref	Description of Saving	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Comments
CSF2019-12	Review of public health commissioned services	0	400		This saving is unachievable as it is related to a saving in Public Health related to recommissioning integrated service that didn't occur

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Comments
CH94	Integration- Merton Health & Care Together Partnership Programme	40	460	G	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	100	400	G	The impact of COVID and provider issues make this undeliverable at this time.
TOTAL UNACHIEVED SAVINGS 2021/22			1,355		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21					
Ref	Description of Saving	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Comments
2018-19 CS07	Retender of insurance contract	7	43	A	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
2018-19 CS12	SLLp - reduction in legal demand	0	50	A	Saving to be reviewed to determine level of achievability and if replacement may be required
2019-20 CS14	impose criminal litigation cap at 20k	0	20	A	Saving to be reviewed to determine level of achievability and if replacement may be required
2019-20 CS15	reduce civil litigation legal support by 50%	0	45	A	Saving to be reviewed to determine level of achievability and if replacement may be required
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	0	500	R	Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21					
Ref	Description of Saving	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Comments
Adult Social Care					
CH76	OPMH Staffing	0	100		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	72	28		MASCOT income has fallen due to cancelled services
TOTAL UNACHIEVED SAVINGS 2020/21			786		

Approved and Indicative Capital Programme 2022-31 as at October 2021 Monitoring

Department (Before Slippage)	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Corporate Services	8,670,210	5,245,000	13,071,120	4,186,000	9,089,190	3,280,000	7,879,770	3,830,000	5,061,000
Community and Housing	2,515,400	972,000	920,410	630,000	280,000	420,000	280,000	280,000	630,000
Children, Schools and Families	5,223,490	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Environment and Regeneration	11,926,320	7,918,470	7,324,000	9,262,000	3,999,000	3,964,000	3,964,000	4,364,000	3,964,000
Total	28,335,420	16,035,470	23,215,530	15,978,000	15,268,190	9,564,000	14,023,770	10,374,000	11,555,000

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Corporate Services									
Customer Contact Programme	2,081,000			1,000,000	1,000,000	1,000,000			2,000,000
Robotics Process Automation	55,000								
Web Content Management System	90,000								
Other Buildings - Capital Building Works	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Replacement Boilers	378,680								
Civic Centre Lightning Upgrade	300,000								
Combined Heat and Power (CHP) System Replacement		450,000							
Absorption Chiller Replacement		275,000							
Invest to Save schemes	573,690	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Invest to Save schemes - Photovoltaics	50,000								
Aligned Assets						75,000			
Environmental Asset Management	240,000					250,000			
Revenue and Benefits	400,000			400,000					400,000
Capita Housing				100,000					100,000
ePayments Project				125,000					125,000
School Admission System	125,000			125,000				125,000	
Planning&Public Protection Sys			550,000					550,000	
Kofax Scanning				100,000					100,000
Spectrum Spatial Analyst Repla				200,000					200,000
Parking System				126,000					126,000
Ancillary IT Systems					50,000				
Youth Justice IT Systems			100,000					100,000	
Replacement SC System		2,100,000					2,100,000		
Project General	705,000	770,000	1,405,000	1,060,000	970,000	1,005,000	770,000	1,405,000	1,060,000
Network Switch Upgrade	200,000								
Financial Systems - e5.5 Project		700,000						700,000	
Acquisitions Budget			6,785,180						
Capital Bidding Fund			1,000,000						
Multi-Functioning Device (MFC)			600,000				600,000		
Westminster Coroners Court	400,000								
Corporate Capital Contingency	0		1,680,940						
CPO Clarion	2,421,840				6,119,190		3,459,770		
Total Corporate Services	8,670,210	5,245,000	13,071,120	4,186,000	9,089,190	3,280,000	7,879,770	3,830,000	5,061,000

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Community and Housing									
Telehealth	15,400								
Disabled Facilities Grant	827,000	827,000	720,410	280,000	280,000	280,000	280,000	280,000	280,000
Learning Dsbility Aff Housing	1,533,000	145,000							
West Barnes Library Re-Fit	0		200,000						
Library Self Service	0			350,000					350,000
Library Management System	140,000					140,000			
Total Community and Housing	2,515,400	972,000	920,410	630,000	280,000	420,000	280,000	280,000	630,000

APPENDIX 5

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Children, Schools and Families									
Schools Capital maintenance	65,000								
Schools Capital maintenance	63,000								
Schools Capital maintenance	45,000								
Schools Capital maintenance	20,000								
Schools Capital maintenance	30,000								
Schools Capital maintenance	35,000								
Schools Capital maintenance	30,000								
Schools Capital maintenance	45,000								
Schools Capital maintenance	20,000								
Schools Capital maintenance	55,000								
Immersive Learning Centre	80,490								
Schools Capital maintenance	30,000								
Unallocated - Schools Capital maintenance	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Community Pitch	65,000								
Schools Capital maintenance	40,000								
Secondary Autism Unit	1,340,000								
Unallocated Secondary SEN	30,000								
Further SEN Provision	180,000								
Medical PRU Expansion	400,000								
New ASD Provision	750,000								
Total Children, Schools and Families	5,223,490	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000

APPENDIX 5

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Environmental and Regeneration									
Pay and Display Machines	303,000								
Pay and Display Machines			60,000					60,000	
Car Park Upgrades	465,530								
CCTV cameras and infrastructure upgrade	587,630	554,470							
Public Protection and Developm	0				35,000				
Replacement of Fleet Vehicles	551,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Environmental Improvements - Mechanical Street Washer									
Alley Gating Scheme	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Waste SLWP IT & Premises	21,430			42,000					
Replacement of Fleet Vehicles	340,000			3,956,000				340,000	
Street Tree Programme	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Street Lighting Replacement Pr	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Traffic Schemes	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Surface Water Drainage	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Maintain AntiSkid and Coloured Surface	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Borough Roads Maintenance	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Highways bridges & structures	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Street Lighting Wimb	261,680								
S Wimb Bus Area Wayfinding	135,360								
Cycle Lane Plough Lane	120,000								
Unallocated TIL	1,300,000	1,300,000	1,300,000	1,300,000					
Pollards Hill Bus Shelter	150,000								
Crowded Places-Hostile Vehicl	180,000								
Wimbledon Public Realm Implementation	901,190								
Haydons Rd Public Realm Imp	300,000								
Morden Town Centre Improvements	200,000								
Morden TC Regeneration Match Funding	2,000,000	2,000,000	2,000,000						
Lost Rivers Repairs	100,000	100,000							
New Horizons Centre	68,500								
Comm. Ctre Energy Saving Lighting	35,000								
Leisure Centre Plant & Machine	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Parks Investment	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Colliers Wood Rec	67,000								
Abbey Rec	40,000								
Paddling Pools (borough wide) OPTION 1	135,000								
Total Environmental and Regeneration	11,926,320	7,918,470	7,324,000	9,262,000	3,999,000	3,964,000	3,964,000	4,364,000	3,964,000
Total Capital	28,335,420	16,035,470	23,215,530	15,978,000	15,268,190	9,564,000	14,023,770	10,374,000	11,555,000

<u>Summary</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Corporate Services	0	(550,000)	325,000	1,150,000	(756,000)	670,000	275,000	(850,000)	1,625,000	(1,731,000)	158,000	158,000	0	0	0	
Community and Housing	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580	0	0	266,420	
Children, Schools and Families	0	812,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,612,000	152,000	5,400,000	0	60,000	
Environment and Regeneration	1,082,400	1,870,970	890,000	150,000	12,921,000	2,135,000	1,247,500	290,000	7,620,000	185,000	28,391,870	19,809,000	0	20,000	8,562,870	
Total		2,132,970	1,815,000	1,900,000	12,825,000	3,606,000	2,357,500	40,000	9,845,000	(946,000)	34,657,870	20,348,580	5,400,000	20,000	8,889,290	0

<u>Corporate Services</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Customer Contact Programme	0	(1,000,000)	1,000,000	0	0	0	0	0	0	(1,000,000)	(1,000,000)	(1,000,000)			0	
Robotics Process Automation	0	0	0	0	0	0	0	0	0	0	0	0			0	
Web Content Management System (WCMS)	0	0	0	100,000	0	0	0	0	0	0	100,000	100,000			0	
Gazetteer Management Systems	0	0	0	0	0	90,000	(75,000)	0	0	0	15,000	15,000			0	
Environmental Asset Management System (EAMS)	0	0	0	0	0	250,000	(250,000)	0	0	0	0	0			0	
Revenue and Benefits System	0	300,000	0	0	(400,000)	0	0	0	750,000	(400,000)	250,000	250,000			0	
Housing Management System	0	0	0	0	20,000	0	0	0	0	20,000	40,000	40,000			0	
ePayments	0	0	0	150,000	(125,000)	0	0	150,000	0	(125,000)	50,000	50,000			0	
School Admission System	0	0	0	0	(125,000)	0	125,000	0	(125,000)	0	(125,000)	(125,000)			0	
Planning&Public Protection Sys	0	0	0	0	0	0	0	0	0	0	0	0			0	
Scanning System	0	0	150,000	0	(100,000)	0	150,000	0	0	(100,000)	100,000	100,000			0	
GIS Mapping System	0	0	0	0	0	0	0	0	0	0	0	0			0	
Regulatory Services IT System	0	0	0	0	0	0	0	0	0	0	0	0			0	
Parking Systems	0	0	175,000	0	(126,000)	0	175,000	0	0	(126,000)	98,000	98,000			0	
Ancillary IT Systems	0	0	0	0	0	0	0	0	0	0	0	0			0	
Youth Justice Systems	0	0	0	(100,000)	100,000	0	0	0	0	0	0	0			0	
Payroll System	0	0	0	0	0	160,000	0	0	0	0	160,000	160,000			0	
Transport Management System	0	150,000	0	0	0	0	150,000	0	0	0	300,000	300,000			0	
Social Care System	0	0	(1,000,000)	1,000,000	0	0	0	(1,000,000)	1,000,000	0	0	0			0	
EHCP Management System	0	0	0	0	0	0	0	0	0	0	0	0			0	
SEN Case Management System	0	0	0	0	0	170,000	0	0	0	0	170,000	170,000			0	
Total Corporate Services	0	(550,000)	325,000	1,150,000	(756,000)	670,000	275,000	(850,000)	1,625,000	(1,731,000)	158,000	158,000	0	0	0	

<u>Community and Housing</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Library Refurbishment Programme	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580			266,420	
Total Community and Housing	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580	0	0	266,420	

<u>Children, Schools and Families</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
School Capital Maintenance (Additional to that Currently in the Programme to match expected Grant)	0	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,400,000	0	5,400,000		0	
Pollards Hill Digital Divide	0	60,000	0	0	0	0	0	0	0	0	60,000				60,000	
Care Leavers Living Accommodation	0	132,000	0	0	0	0	0	0	0	0	132,000	132,000			0	
Care Leavers Drop-In Accommodation	0	20,000	0	0	0	0	0	0	0	0	20,000	20,000			0	
Total Children, Schools and Families	0	812,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,612,000	152,000	5,400,000	0	60,000	

Bids for Additional Capital Funding Business Plan 2022-26 Continued.....

Environment and Regeneration	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	SCIL Balance
Canons Parks for People Top Up Bid	740,000	0	0	0	0	0	0	0	0	0	740,000				740,000	(9,036,333)
Waste Management Vehicles excl Infrastructure (Additional to Existing in Programme)	0	0	0	0	11,044,000	0	0	0	950,000	0	11,994,000	11,994,000			0	(9,036,333)
De Carbonisation of Merton's Internal Fleet	0	0	0	(300,000)	912,000	(300,000)	275,000	(300,000)	6,175,000	(300,000)	6,162,000	6,162,000			0	(9,036,333)
Salt Barn Upgrades	81,400	0	0	0	0	0	0	0	0	0	81,400				81,400	(8,954,933)
Replacement ANPR cameras with air quality / traffic sensor enhancements	0	86,000	300,000	300,000	300,000	300,000	300,000	0	345,000	345,000	2,276,000	776,000			1,500,000	(7,454,933)
Refurbishment of Mertons Multi Use Sports Areas	0	175,000	175,000	0	0	0	0	0	0	0	350,000	0			350,000	(7,104,933)
Sports Drainage	150,000	75,000	75,000	0	0	0	0	0	0	0	300,000	0			300,000	(6,804,933)
Maintain Anti Sid Surfaces	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(90,000)	(90,000)			0	(6,804,933)
Surface Water Drainage Top Up	40,000	40,000	40,000	40,000	0	0	0	0	0	0	160,000	30,000			130,000	(6,674,933)
Wimbledon Village - Heritage Led Public Realm Enhancement	30,000	770,000	0	0	0	0	0	0	0	0	800,000	0			800,000	(5,874,933)
Designing out crime for ASB, violence and increasing the safety of women and girls	0	50,000	35,000	20,000	20,000	0	0	0	0	0	125,000	0			125,000	(5,749,933)
CCTV business continuity and resilience	0	172,500	0	0	0	0	72,500	0	0	0	245,000	0			245,000	(5,504,933)
Rapid deployment cameras	41,000	41,000	0	0	45,000	45,000	0	0	50,000	50,000	272,000	272,000				(5,504,933)
Sandy Lane Public Realm	0	235,000	0	0	0	0	0	0	0	0	235,000	0	20,000		215,000	(5,289,933)
Watersport Fleet	0	0	0	0	10,000	0	10,000	0	10,000	0	30,000	30,000			0	(5,289,933)
5 new permanent cameras per year, and enhanced network connections	0	0	135,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	835,000	635,000			200,000	(5,089,933)
Pollards Bus Shelter/Toilets Refurbishment Scheme (SCIL Only)	0	0	100,000	0	0	0	0	0	0	0	100,000	0			100,000	(4,989,933)
Cycle Parking	0	5,000	40,000	0	0	0	0	0	0	0	45,000	0			45,000	(4,944,933)
Milner Rd Improvements	0	140,000	0	0	0	0	0	0	0	0	140,000	0			140,000	(4,804,933)
Brangwynn Present / Commonside East Improvement Project	0	52,430	0	0	0	0	0	0	0	0	52,430	0			52,430	(4,752,503)
Willow Lane Bridge BID - Improvement Project 2021	0	39,040	0	0	0	0	0	0	0	0	39,040	0			39,040	(4,713,463)
New Wimbledon Park lakeview building - including Watersport Centre	0	0	0	0	500,000	2,000,000	500,000	500,000	0	0	3,500,000	0			3,500,000	(1,213,463)
Total Environment and Regeneration	1,082,400	1,870,970	890,000	150,000	12,921,000	2,135,000	1,247,500	290,000	7,620,000	185,000	28,391,870	19,809,000	0	20,000	8,562,870	