

Cabinet

Date: 17 January 2022

Subject: Financial Report 2021/22 – Period 8 November 2021

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

- A. That Cabinet note the financial reporting data for month 8, November 2021, relating to revenue budgetary control, showing a forecast net adverse variance at year end on net service expenditure of £5.008m, increasing to £7.358m when corporate and funding items are included, a decrease of £1.177m compared to last month
- B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b and 5d, subject to the receipt of project plans for those schemes where full slippage has been requested
- 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	Budget 2023-24	Budget 2024-25	Narrative
<u>Corporate Services</u>	£	£		£	
Westminster Coroners Court		402,000			Increase in estimate orig. estimate 5 years old
<u>Community and Housing</u>					
Disabled Facilities Grant - General	200,000			(200,000)	Virement to fund projected outturn
Major Projects - Social Care H - Learning Disability Aff Housing	(50,000)				2021-22 Budget moved to Rev. for Feas Studies
<u>Children, Schools and Families</u>					
Haslemere - Capital Maintenance	(160,000)	160,000			Re-profiled in accordance with projected spend
Harris Morden - Harris Morden Community Sports Pitch	(70,000)	70,000			Re-profiled in accordance with projected spend
Raynes Park - Capital Maintenance	(21,000)	21,000			Re-profiled in accordance with projected spend
Ricards Lodge - Capital Maintenance	(21,610)	21,610			Re-profiled in accordance with projected spend
Rutlish - Capital Maintenance	(20,000)	20,000			Re-profiled in accordance with projected spend
Melrose Whatley Avenue Expansion	(150,000)	150,000			Re-profiled in accordance with projected spend
Melrose School Expansion	252,020				Virement to cover expected outturn
Unallocated SEN Expansion Budget	(20,000)	(232,020)			Virement to cover expected outturn
Youth Provision - Pollards Hill Digital Divide	(160,000)	160,000			Re-profiled in accordance with projected spend

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
Environment and Regeneration					
Off Street Parking - P&D - Car Park Upgrades	(60,000)	60,000			Re-profiled in accordance with projected spend
Highways & Footways - Highway Bridges & Structures	(684,000)	684,000			Re-profiled in accordance with projected spend
Highways & Footways - TfL Principal Roads	(6,600)	0			TfL adjustment to funding
Highways & Footways - Culverts	(488,430)	488,430			Re-profiled in accordance with projected spend
Cycle Route Improvements - Morden Cycle Path	(107,220)	107,220			Re-profiled in accordance with projected spend
Cycle Route Improvements - Cycle Lane Works Plough Lane	(100,000)	100,000			Re-profiled in accordance with projected spend
Mitcham Area Regeneration - Elmwood Centre Hub	(65,000)	65,000			Re-profiled in accordance with projected spend
Wimbledon Area Regeneration - Wimbledon Public Realm	(100,000)	0			Virement of SCIL Money to Wimb Hill Scheme
Wimbledon Area Regeneration - Wimbledon Hill Rd	154,850	0			Utilising SCIL & NCIL Funding
Wimbledon Area Regeneration - Haydons Rd Public Realm	(80,000)	80,000			Re-profiled in accordance with projected spend
Morden Area Regeneration - Crown Creative Knowledge Exchange	(75,000)	75,000			Re-profiled in accordance with projected spend
Parks Investment - Wimb. Park Tennis Courts	(150,440)	150,440			Re-profiled in accordance with projected spend
Parks Investment - Wimb. Park Water Play	(226,000)	226,000			Re-profiled in accordance with projected spend
TfL Unallocated Budget	(495,250)				Removal of unawarded Estimated TfL Allocation
Total	(2,703,680)	2,808,680	0	(200,000)	

C. That Cabinet approve the use of £750k from the Your Merton reserve to fund the following projects over the financial years 2021/22 and 2022/23:

Department	Your Merton Project	£
Corporate Services	Communicating our improvements to residents & businesses	125,000
Corporate Services	Cultural improvements to Merton staff and their wellbeing	140,000
E&R	Don't Mess with Merton	415,000
E&R	Safety of Women and Girls	15,000
CSF	Youth Fund	10,000
CSF	Apprenticeship Coordinator – Vulnerable Groups	45,000
	Total	750,000

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 8 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 8.
- 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 £37.838m 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 8 to 30 November 2021, the year end forecast is a net adverse variance of £7.358m when all incremental Covid costs are included, after applying known government grant funding. Whilst Merton has been part of the Safety Valve discussions with the DfE, the outcome will not be known until mid January. If support is confirmed, this could have a positive impact on the 2021/22 outturn position.

Summary Position as at 30th November 2021

	Current Budget 2021/22 £000s	Forecast Variance at year end (November) £000s	Forecast Variance at year end (October) £000s	Covid-19 Forecast Variance £000s	Outturn variance 2020/21 £000s
Department					
Corporate Services	11,890	1,202	1,322	846	3,746
Children, Schools and Families	63,048	499	643	714	(2,971)
Community and Housing	69,470	(1,339)	(1,557)	1,137	(2,264)
Public Health	(0)	0	0	0	(18)
Environment & Regeneration	15,329	4,646	5,324	6,854	10,689
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	159,736	5,008	5,732	9,551	9,182
Corporate Items					
Impact of Capital on revenue budget	11,157	(145)	(145)	0	(27)
Other Central budgets	(7,488)	553	803	0	2,151
Levies	959	0	0	0	0
TOTAL CORPORATE PROVISIONS	4,628	408	658	0	2,124
Covid-19	0	833	1,036	833	176

TOTAL GENERAL FUND	164,364	6,249	7,425	10,384	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	1,109	1,109	
FUNDING	(164,363)	1,109	1,109	1,109	(378)
NET	2	7,358	8,534	11,493	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 greatly improved for the first quarter compared to when the budget was set, particularly around parking income.

The ongoing situation with high levels of uncertainty, particularly around the impact of the new Omicron variant, 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. The financial impact of Omicron will be kept under review as the scale of additional costs or lost income to the Council emerge as the situation develops.

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 November 2021	Forecast as at October 2021
	2021/22 £000s	2021/22 £000s
Department		
Corporate Services	846	905
Children, Schools and Families	714	714
Community and Housing	1,137	1,143
Environment & Regeneration	6,854	6,726
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	9,551	9,488
Corporate Items - Covid costs		
Corporate Services	115	115
Children, Schools and Families	180	180
Community and Housing	242	242
Environment & Regeneration	296	499
ADDITIONAL COVID EXPENDITURE	833	1,036
FUNDING		
Business Rates	4,717	5,387
Council Tax	0	0
TOTAL FUNDING LOSS	4,717	5,387
GROSS COST OF COVID-19	15,101	15,911
Covid general funding	-6,811	-6,811
Income compensation for sales, fees & charges	-1,534	-1,534
NET COST OF COVID-19	6,756	7,566

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 £4.717m 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 November, 2021/22 business rates collected is 0.68% less than the equivalent for last year, but the forecast for the full year is up 3% compared to last month with the collection rate now forecast to be 90% by year end in line with 2020/21.

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.

In December 2021 a further business rate relief scheme was announced which could see bills reduced by £4.7m. However, at the time of writing we await further guidance on the scheme and will continue to review the potential impact as more details become known.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow but the position started to settle down since summer 2021. Through prudent treasury cash flow management, 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 it was decided 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. In November 2020 the council increased its number of MMF and MMF limits to maintain a healthy liquid position.

From Summer 2021, with the stability and the confidence seen in the UK economy the fixed deposit rates started to go up and as a result the Council started to return to medium term fixed deposit to earn interest income from any short term excess cash balances.

The impact to the UK economy has still not been assessed after the recent outbreak of Omicron. The UK government intends to get the UK adult population fully boosted by December 2021, and we don't expect the impact to the UK economy nor the council income to be as significant as in March 2020.

The Bank of England base rate increased to 0.25% in December, the Council can now account for a better return on its MMF and the short term fixed deposits

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, subject to successful Safety Valve funding. 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 (November) £000	Full Year Forecast Variance (November) £000	Full Year Forecast Variance (October) £000	Covid-19 Forecast Impact (November) £000	Outturn Variance 2020/21 £000
Customers, Policy & Improvement	5,755	5,540	(216)	(125)	53	915
Infrastructure & Technology	12,545	12,676	131	131	176	(51)
Corporate Governance	1,750	1,829	79	77	26	(88)
Resources	5,698	5,993	295	405	471	1,811
Human Resources	1,903	2,138	234	224	120	102
Corporate Other	710	1,389	679	610	0	1,057
Total (Controllable)	28,361	29,563	1,202	1,321	846	3,746

Overview

The department is currently forecasting an adverse variance of £1,202k at year end of which £846k is due to the external impact of covid-19. The adverse forecast variance has reduced by £119k since October.

Customers, Policy and Improvement - £216k 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 (£125k) and Programme Office budgets (£61k).

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

The Registrars services are also forecasting a favourable variance of £57k 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 is likely to reduce as it is expected that the demand for the service will reduce over the winter months and may also be impacted by Omicron.

Additional favourable variances include £49k due to an over-achievement of income forecast against the cash collection saving, £32k staffing underspends within the complaints team and £23k primarily from the Merton Link's supplies and services budget lines.

Partially offsetting the favourable variances are the Press and PR budget which is forecasting a £119k

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 £53k in the Translations services due to under-achievement against the income budget as external demand remains low and a £23k adverse variance in the Policy and Strategy team partly due to the use of agency staff.

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 £94k 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 (£27k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £41k 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 by £126k and £78k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. There is a favourable £46k variance forecast for Garth Road from rental income and the Business Systems Team is also forecasting a £33k favourable variance due to vacancies in the team, most of which have now been successfully filled.

Corporate Governance – £79k adverse variance

The adverse variance is primarily due to forecast overspend within LBM Legal Service (£137k) of which £115k results from prior year unachieved savings. The removal of these unachievable savings is being factored in to the MTFs from 2022/23.

The adverse variance has been partially offset by favourable variances within the division which include £15k within AD Corporate Governance due to recharges for migration work for the AD's salary costs, £8k within Democracy Services from IT costs and Mayor's allowances spend being less than budgeted, £20k across Electoral Services largely from less than budgeted canvass pay and £19k within the South London Legal Partnership (SLLp).

SLLp is currently forecasting a £96k surplus overall, £19k 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 which are more than offsetting the reduced number of chargeable hours being completed compared to the budget.

Resources - £295k adverse variance

The adverse variance forecast within Resources has reduced by £110k since October. This is mainly due to £122k New Burdens funding for grants work within Revenues and Benefits (though this is largely offset with increased running costs) and Bailiff service income improvement.

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 £324k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic remain in flux and the service is able to operate more fully.

The Corporate Accountancy service is forecasting a £152k adverse variance which includes agency cost due to long-term sickness and 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. Even though six school moved out of the council cover, the insurance premium did not change significantly. Currently the service is working on the open claims and aim to reduce the annual insurance provision to the insurance fund and this will help to meet the overspend on the insurance premium. They are also doing detailed work on the properties and there is a possibility that a few of the properties can be removed from the insurance cover for next year and this will help to reduce the insurance premium from 2022/23.

The Financial Systems Team is forecasting a £33k 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 on the Director of Corporate Services budget line due to consultants and subscription budgets not required in year. The Support team within Revenues and Benefits has £29k favourable variance mainly against staffing costs. Within the Benefits Administration service a £143k favourable variance is largely due to receipts from DWP and the Local Taxation Service has a £116k favourable variance overall due to additional funding from the GLA and new burdens income from DWP. Additional underspends within resources include £13k against staffing budgets due to vacancies with the Budget Management team.

Human Resources – £234k adverse variance

The adverse variance has seen a £10k adverse movement since period 7 (October).

This adverse variance is primarily due to extending the period that agency cover is expected to be in place against the AD budget (£102k variance) and Learning and Development budgets (£52k 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 £46k favourable variance across various staffing and running costs as well as overachievement of schools buyback income.

Corporate Items - £679k adverse variance

The Corporate Items budget has seen an adverse movement of £69k since period 7. This is primarily due to a £97k adverse movement in corporately funded items resulting from costs in relation to Merantun, increased legal hard charges and consultancy costs. Additionally, there has been a £31k adverse movement in added years pension and £10k adverse movement in Housing Benefits written off debt recovery due to the write back collection rate by Civica dropping.

Offsetting the above is a £79k favourable movement in Housing Benefits due to the monthly variation. However, the forecast remains adverse (£719k).

Environment & Regeneration

Environment & Regeneration	2021/22 Current Budget	Full year Forecast (Nov)	Forecast Variance at year end (Nov)	Forecast Variance at year end (Oct)	2021/22 Covid-19 Forecast Impact (Nov)	2020/21 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(16,031)	(11,742)	4,289	4,628	5,762	8,973
Public Space	16,205	16,781	576	608	591	2,003
Senior Management	1,043	851	(191)	(177)	0	(134)
Sustainable Communities	8,330	8,302	(27)	264	501	(153)
Total (Controllable)	9,546	14,193	4,646	5,324	6,854	10,689

Description	2021/22 Current Budget	Forecast Variance at year end (Nov)	Forecast Variance at year end (Oct)	2020/21 Variance at year end
	£000	£000	£000	£000
Regulatory Services	625	183	223	194
Parking Services	(17,675)	4,107	4,382	8,804
Safer Merton & CCTV	1,019	0	24	(25)
Total for Public Protection	(16,031)	4,289	4,628	8,973
Waste Services	14,553	395	486	875
Leisure & Culture	549	279	242	764
Greenspaces	1,832	(79)	(48)	525
Transport Services	(729)	(19)	(71)	(161)
Total for Public Space	16,205	576	608	2,003
Senior Management & Support	1,043	(191)	(177)	(134)
Total for Senior Management	1,043	(191)	(177)	(134)
Property Management	(2,636)	(269)	(177)	(381)
Building & Development Control	(15)	137	293	281
Future Merton	10,981	105	148	(53)
Total for Sustainable Communities	8,330	(27)	264	(152)
Total Excluding Overheads	9,546	4,646	5,324	10,689

Overview

The department is currently forecasting an adverse variance of £4,646k 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 £183k

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 £301k.

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 but will be kept under review, 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 resourcing 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 £4,107k

The income forecast has moved favourable by £275k since October. However this will continue to be closely monitored to ensure possible impacts of the new virus variant are taken into account.

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. 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.

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 £0.8m respectively.

These adverse variances are being partially offset by a favourable variance on parking admin fee of £227k, employee spend of £116k and supplies and services £30k (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 £395k

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 £223k 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 £164k 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 (£113k) is partially mitigating these adverse variances.

Leisure & Culture adverse variance of £279k

Due to the ongoing impact of Covid-19 the Authority continues to support our service provider, GLL and this has resulted in an income shortfall of £493k. Of the £575k loaned to GLL, they have agreed to payback an interest free amount of £400k in the current year. It will keep them in recovery however this is not counting any possible January lockdowns. During this time the Authority has been incurring lower utility costs at these premises, leading to a forecast favourable variance of £58k.

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 £89k is partially mitigating these adverse variances.

Greenspaces favourable variance of £79k

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. This will need to be closely monitored to ensure any changes to outdoor events due to the Omicron variant are reflected in future outturns.

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 £269k

The favourable movement has increased by £93k from period 7 (October). This is due to £92k increase in income resulting from rent review and back rent due for 36 Weir Road.

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £573k, 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 £116k due to underspend being forecast on salaries against a budget of £312k.

This is being partially offset by an adverse variance of £233k on premises related expenditure, for example, building improvements, utilities, repairs & maintenance costs, and £146k 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 £137k

Although still reporting an adverse variance, this has reduced by £156k since period 7. This is due to a £166k favourable movement within the Development Control income resulting from an increase in application numbers and a significant increase in pre-apps being booked.

This favourable movement is being partially reduced by a net £19k adverse movement within the staffing budget.

The adverse variance is primarily due to a £247k under recovery in Building control income partly offset by a £114k anticipated over recovery in Development Control income.

Children Schools and Families

CMT Summary

Children, Schools and Families (£000's)	2021/22 Current Budget	Full Year Forecast	Forecast Variance November	Forecast Variance October	2021/22 Covid Forecast Impact
Education					
Education Budgets	£ 17,210	£ 17,258	£ 148	£ 257	£ 274
Depreciation	£ 9,801	£ 9,801			
Other Education Budgets	£ 127	£ 127			
Education Services Grant	-£ (1,062)	-£ (1,062)			
Education Sub-total	£ 26,076	£ 26,124	£ 148	£ 257	£ 274
Other CSF					
Child Social Care & Youth Inclusion	£ 21,009	£ 21,334	£ 326	£ 326	£ 440
Cross Department	£ 858	£ 883	£ 25	£ 25	
PFI Unitary Costs	£ 8,168	£ 8,168	£ -	£ 34	
Pension and Redundancy Costs	£ 1,592	£ 1,592			
Other CSF Sub-total	£ 31,627	£ 31,977	£ 351	£ 385	£ 440
Grand Total	£ 57,703	£ 58,101	£ 499	£ 642	£ 714

Overview

At the end of November 2021, the Children Schools and Families directorate is forecasting an adverse variance against budget of £0.499m on local authority funded services. This is a favourable movement since period 7 of £143k. Since period 3 we 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..

£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 remains difficult to forecast the patterns of demand across all services as families, communities and services return to normal life, subject to the current Omicron variant. 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	November Variance	October 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	£ 976
CSC & Youth Incl Total	21,009	325	325
Education			
Contracts, Proc & School Org	£ 7,455	£ 3	-£ (9)
Early Years & Children Centres	£ 4,100	£ 172	£ 172
Education - School Improvement	£ 20	-£ (3)	£ 17
Education Inclusion	£ 1,780	-£ (102)	-£ (87)
Schools Delegated Budget	£ -	£ -	£ -
SEN & Disability Integrat Serv	£ 2,076	-£ (181)	-£ (96)
Senior Management	£ 864	£ 204	£ 204
Policy, Planning & Performance	£ 523	£ 92	£ 92
Departmental Business Support	£ 211	-£ (37)	-£ (37)
Education Total	£ 17,029	£ 148	£ 256

Children's Social Care and Youth Inclusion Division

The Children in Care service is recording an adverse forecast of £976k compared with budget the same as the position in period 7. 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 8 which is a stable picture since 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.

The Education Division forecast is based on a spend situation returning to more normal levels. The period 8 budget shows a favourable movement from period 7 related to reduced spend in the SENDIS service. Reduced transport costs remain stable and we will continue to closely monitor.

The Division overall is forecasting an adverse variance against budget of £148k, this is a favourable movement from period 7 of £108k.

Schools PFI

Initial work in this area is forecasting an adverse position of £107k to budget. Further work re-modelling this area is being undertaken.

Dedicated Schools Grant (DSG)

The Dedicated Schools Grant (DSG) is forecasting an outturn of £12.857m. This is an increase of £200k from last period primarily due to independent placements out of borough placements because of Special Educational Needs and Disabilities (SEND) children requiring specialist education provision and no suitable places within the local area.

Dedicated Schools Budget (£000's)	Budget	November Variance	October Variance
<u>Education</u>			
Contracts, Proc & School Org	£ 286	£ (4)	£ (5)
Early Years & Children Centres	£ 16,335	£ (590)	£ 1
Education - School Improvement	£ 1,107	£ (131)	£ (98)
Education Inclusion	£ 1,468	£ 38	£ 55
SEN & Disability Integrat Serv	£ 17,468	£ 11,423	£ 10,672
Sub-total	£ 36,664	£ 10,736	£ 10,625
<u>CSC & Youth Inclusion</u>			
Adolescent & Family Services	£ 43	£ (2)	£ (9)
Sub-total	£ 43	£ (2)	£ (9)
<u>Schools Delegated Budget</u>			
DSG Reserve	£ -	£ -	£ -
Retained Schools Budgets	£ 2,945	£ (946)	£ (1,369)
Schools Delegated Budget	£ (39,784)	£ 3,069	£ 3,406
Sub-total	£ (36,839)	£ 2,123	£ 2,037
DSG Total	£ (132)	£ 12,857	£ 12,653

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 to a positive position. We have provided an updated plan to the DfE which they will present to Ministers. An update will be provided to Cabinet in February 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. Last month there was 333 Independent placements and as at November 2021, there was an increase of 44 placements, totalling 377.

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 £12.857m for 2021/22, with an overall estimated cumulative deficit of £37.838m by year end.

Other adverse variances include £223k on EHCP allocations to Merton primary schools, £2.305m on out of borough maintained primary, secondary and special school payments, post 16 provision is forecasting a pressure of £466k and 1:1 support, Occupational health, Speech and Language therapy (SALT) and other therapies pressure of £2.150m.

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 2022/23 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 and whilst some extra funding has been provided, it is still insufficient to meet the increase in demand from EHCPs.

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £1.3m as at November 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.7m, and an increased unfavourable variance in Housing to £352k, and a reduced unfavourable variance in Libraries of £32k. Public Health and Merton Adult Learning continue to forecast a breakeven position.

Community and Housing Summary Position

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets which may be further affected by the Omicron variant.

Community & Housing	2021/22 Current Budget £	2021/22 Full Year Forecast £ (Nov)	2021/22 Full Year Variance £ (Nov)	2021/22 Full Year Variance £ (Oct)	2021/22 Covid-19 Forecast £ (Nov)	2021/22 Outturn Variance £ (Mar'21)
Adult Social Care	58,822	57,099	(1,723)	(1,907)	1,077	(2,947)
Libraries and Heritage	2,475	2,507	32	45	60	195
Merton Adult Learning	0	0	0	0	0	0
Housing General Fund	3,333	3,685	352	305	0	489
Public Health	(163)	(163)	0	0	0	0
Total Favourable/ Unfavourable	64,467	63,128	(1,339)	(1,557)	1,137	(2,263)

Adult Social Care

Adult Social Care is forecasting a favourable variance of £1.7m for November 2021. The current position reflects an increase in placements and client contribution between Octobers to November, and an additional £250k estimated costs for provider in year inflationary uplift. It also reflects Hospital Discharge Pathway income to date from the NHS South West London Clinical Commissioning Group.

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
Nov'21	50	-18	-16	16
Total to Date	360	-125	-163	72
Average to Date	45	-16	-20	9
Average 2020/21	37	-27	-17	-7
Average 2019/21	34	-24	-24	-14
Average 2018/19	36	-23	-25	-11

The above table shows that there were 360 new customers since April to November, during 20/21 this was 40. The service is currently undertaking a deep dive into the placement data to ascertain reasons for this increase.

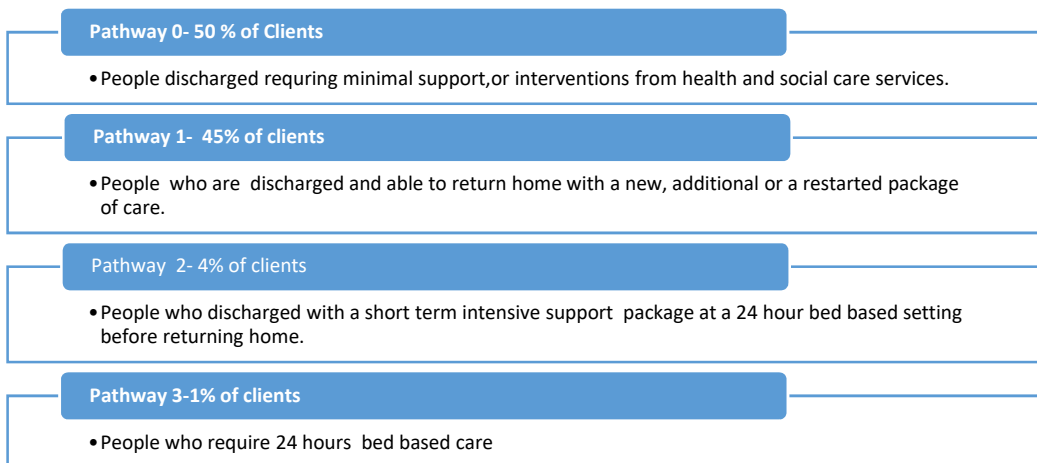
The service is now implementing the winter plan with health partners. The service successfully bid for over £1m from the NHS to support winter resources and those proposals are being implemented. One of the most significant risks to those plans are the difficulties in recruitment both by the Council,

buy out partners and providers. This is true across grades and disciplines in the health and care system.

The Omicron variant will add additional pressures to the system, including demand for care and the push to roll out booster jabs and testing at a scale. The deadline for care home vaccination expired on the 11th of November 2021 and Merton based providers are able to cope with the impact. However, levels of vaccination amongst Home Care staff (not mandated) is much lower which is a concern. There is a risk that if insufficient home care provision is available we will need to use more expensive temporary options such as residential care.

The Discharge to Assess model still continues with health partners. Customers transferred to the borough via the Hospital Discharge Pathway are funded nationally for four weeks, there is evidence that these customers are then transferred to new packages which will become a budget pressure in 2022/23. Based on numbers as at November the full year estimate annual effect could be £400k assuming all things remain equal.

Pathways:-

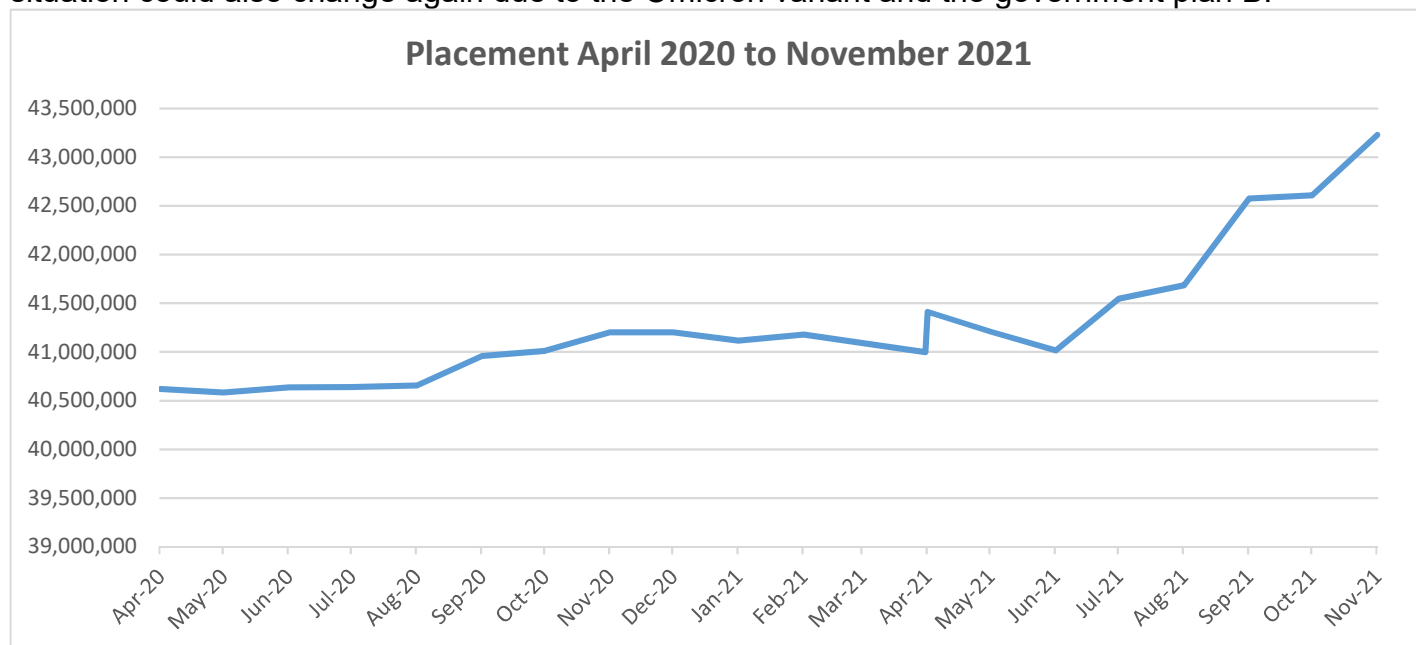


Pathway Discharge Activities			
Date	Pathway 1	Pathway 2	Pathway 3
Average April to Oct'21	34	8	3
Average April to Oct'20	24	5	2

The above table shows average number of customers discharged to LBM from April to October and based on cost to the Authority to date it means that a number of customers do not go on to receive a package of care after Reablement and/or they refuse Local Authority intervention.

The line graph below continues to indicate that there is an upward trend in placements and it is especially in additional support for current customers. Also as previously alluded to the current increase seems to be from the older people cohort which could be due to the impact of the covid-19 pandemic and possibly the effects of long covid-19.

This trend may also be partly explained by sectors of the economy reopening and a return for many to more 'normal' working patterns. The upturn in trend also coincides with the winding up of the Government Furlough scheme and where 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. However, this situation could also change again due to the Omicron variant and the government plan B.



Adult Social Care Internal Provision –favourable Variance - £21k

This service favourable variance is reduced due to IT disaster recovery costs for Mascot Telecare, as well as IT infrastructure costs at Dolliffe Close. There is a temporary increase in Supported Living salaries budget as a Senior Care Officer is taking on additional managerial duties.

Salaries elsewhere are stable although Therapists based at JMC on NHS contracts were given a backdated pay award in November. Transport costs were increased although additional budget was put in to reflect this.

Library & Heritage Service- Unfavourable Variance - £32k

This service at the end of November is showing an unfavourable variance of £32k, which is a reduction of £13k since October, and this is the net effect of additional income from on-line printing and lettings.

Due to the impact of the pandemic and the reduced service offering in the first half of the year there is underachieved income from fees, fines and charges. The security services contract and utilities costs also continue to overspend and have been included in forecasts since the start of the year.

Demand for services continues to recover and usage of libraries has recovered to 80% of pre-pandemic usage in November. Online services and new services like Connecting Merton, the services IT equipment loaning and training project, are in particularly high demand. New services are due to launch via libraries in the New Year including a Barclay's community banking offer at 3

libraries and the launch of a business start-up centre at Mitcham Library.

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 - £352k

This service is currently forecasting an unfavourable variance of £352k as at November which is a net increase of £47k since October which is due mainly to an increase in the annual contract costs from November for the services main temporary accommodation contract. This will however result in a £105k budget pressure in 2022/23 which the department will seek to fund from its inflationary increase.

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. The borough currently have two families in temporary accommodation, a further two applicants and possibly a fifth case.

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.

The ban on eviction was lifted recently and currently there has not been a significant increase in cases presented as a consequence. However since July 8 clients have approached the service due to domestic violence. The service continues to monitor these developments carefully.

Analysis of Housing and Temporary Accommodation Expenditure to November 2021

Housing	Total Budget 2021/22	Forecast Expenditure (Nov'21)	Forecast Variances (Nov'21)	Forecast Variances (Oct'21)	Outturn Variances (March'21)
	£000	£'000	£'000	£'000	£000
Temporary Accommodation-Expenditure	2,439	3,503	1,064	914	1,286
Temporary Accommodation-Client Contribution	(140)	(331)	(191)	(185)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(2,552)	(465)	(382)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,155	833	812	1,029
Temporary Accommodation-Grant	0	(985)	(985)	(945)	(851)
Subtotal Temporary Accommodation	534	790	256	213	280
Housing Other Budgets	2,799	2,895	96	91	209
Total Controllable (Favourable)/Adverse Variance	3,333	3,685	352	305	489

Number of households in Temporary Accommodation as at November 2021

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
Nov'21	13	12	216	208

Total numbers in temporary accommodation (TA) as at November were 216 family units which is an increase of one since October. In comparison to November 2020/21 and 2019/20 numbers were 208 and 178 respectively.

Public Health –Breakeven positions

The service is forecasting a breakeven position as at November 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 Control Outbreak Management Fund (COMF), or directly recharged to DHSC (Department of Health & Social Care) where there is a variant of concern.

Future funding of the COMF beyond the 31st March 2022 is uncertain at this time and we await an announcement from the government.

Corporate Items

The details comparing actual expenditure up to 30 November 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 (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £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	2,813	(525)	(275)	(250)
Contingencies and provisions	24,294	19,983	(4,311)	(4,311)	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,002)	(1,530)	5,472	5,472	(7,848)
Central Items	18,105	18,658	553	803	2,151
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
TOTAL CORPORATE PROVISIONS	4,628	5,036	408	658	2,124
COVID-19 Emergency expenditure	0	833	833	1,036	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	4,628	5,869	1,241	1,694	7,480

Based on expenditure to 30 November 2021, an adverse variance of £408,000 is forecast for corporate expenditure items. There has been one change since October which is in the provision for pay inflation for the national minimum wage which is expected to be underspent by an additional £0.250m.

It is also proposed to transfer £0.5m from the allocation for internal review to the Corporate Services Reserve.

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	8,364	0	8,364	8,670	402	9,072	5,245		5,245	13,071		13,071
Community & Housing	1,265	147	1,412	2,515	15	2,530	972		972	920	(200)	720
Children Schools & Families	7,643	(406)	7,237	5,223	406	5,629	1,900		1,900	1,900		1,900
Environment and Regeneration	17,701	(2,648)	15,053	11,926	2,430	14,357	7,918		7,918	7,324		7,324
Total	34,972	(2,906)	32,066	28,335	3,253	31,588	16,035	0	16,035	23,216	(200)	23,016

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

Capital Budget Monitoring - November 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	891,037	1,355,570	(464,533)	8,363,900	4,224,404	(4,139,496)
Community and Housing	839,521	719,898	119,623	1,412,160	1,412,160	(0)
Children Schools & Families	4,718,740	4,815,663	(96,923)	7,237,100	7,237,100	0
Environment and Regeneration	6,605,261	9,226,312	(2,621,051)	15,052,780	14,675,026	(377,754)
Total	13,054,558	16,117,443	(3,062,885)	32,065,940	27,548,690	(4,517,250)

- a) Corporate Services – After the addition of £402k to the budget for the forecast increase in costs from Westminster Coroners Court (detailed in Appendix 5d) all budget managers are forecasting full spend. Despite regular chasing officers do not receive regular updates in relation to Westminster Coroner Court and Clarion CPO schemes, both of these budgets have been changed to reflect no spend at outturn:
- 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	Budget 2023-24	Budget 2024-25	Narrative
	£	£		£	
Telehealth	(15,000)	15,000			Re-profiled in accordance with projected spend
Disabled Facilities Grant - General	(1) 200,000			(200,000)	Virement to fund projected outturn
Disabled Facilities Grant - Merton Owned Property	12,330				Revenue contribution to fund Merton building
Major Projects - Social Care H - Learning Disability Aff Housing	(1) (50,000)				S106 2021-22 Budget moved to Rev. for Feas Stdies
Total	147,330	15,000	0	(200,000)	

(1) Requires Cabinet approval

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	Budget 2023-24	Budget 2024-25	Narrative
		£	£		£	
Haslemere - Capital Maintenance	(1)	(160,000)	160,000			Re-profiled in accordance with projected spend
Harris Morden - Harris Morden Community Sports Pitch	(1)	(70,000)	70,000			Re-profiled in accordance with projected spend
Raynes Park - Capital Maintenance	(1)	(21,000)	21,000			Re-profiled in accordance with projected spend
Ricards Lodge - Capital Maintenance	(1)	(21,610)	21,610			Re-profiled in accordance with projected spend
Rutlish - Capital Maintenance	(1)	(20,000)	20,000			Re-profiled in accordance with projected spend
Melrose Whatley Avenue Expansion	(1)	(150,000)	150,000			Re-profiled in accordance with projected spend
Melrose School Expansion	(1)	252,020				Virement to cover expected outturn
Unallocated SEN Expansion Budget	(1)	(20,000)	(232,020)			Virement to cover expected outturn
Childrens Centres - Bond Rd Family Centre		(35,000)	35,000			Re-profiled in accordance with projected spend
Youth Provision - Pollards Hill Digital Divide	(1)	(160,000)	160,000			Re-profiled in accordance with projected spend
Total		(405,590)	405,590			

(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. The costs of the current projected overspend are being funded by budget vired from unallocated SEN budget

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	Budget 2023-24	Budget 2024-25	Narrative
		£	£		£	
Off Street Parking - P&D - Car Park Upgrades	(1)	(60,000)	60,000			Re-profiled in accordance with projected spend
CCTV Investment - Rapid Response Cameras		25,000				Virement to cover projected cost of scheme
Public Protection and Development		(25,000)				Virement to Rapid Response Cameras
Alley Gating		(22,000)	22,000			To progress two schemes in 2022-23
Highways & Footways - Highway Bridges & Structures	(1)	(684,000)	684,000			Re-profiled in accordance with projected spend
Highways & Footways - TfL Principal Roads	(1)	(6,600)	0			TfL adjustment to funding
Highways & Footways - Cycle Lane Rdway Bshfd Bridge		25,000				Tfl Funded
Highways & Footways - Culverts	(1)	(488,430)	488,430			Re-profiled in accordance with projected spend
Cycle Route Improvements - Cycle Imps. Res. Streets		(15,000)	0			Virement of TfL funding to another agreed sch.
Cycle Route Improvements - Morden Cycle Path	(1)	(92,220)	107,220			Re-profiled in accordance with projected spend
Cycle Route Improvements - Cycle Lane Works Plough Lane	(1)	(90,000)	90,000			Re-profiled in accordance with projected spend
Mitcham Area Regeneration - Elmwood Centre Hub	(1)	(65,000)	65,000			Re-profiled in accordance with projected spend
Wimbledon Area Regeneration - Wimbledon Public Realm	(1)	(100,000)	0			Virement of SCIL Money to Wimb Hill Scheme
Wimbledon Area Regeneration - Wimbledon Hill Rd	(1)	154,850	0			Utilising SCIL & NCIL Funding
Wimbledon Area Regeneration - Haydons Rd Public Realm	(1)	(80,000)	80,000			Re-profiled in accordance with projected spend
Morden Area Regeneration - Crown Creative Knowledge Exchange	(1)	(75,000)	75,000			Re-profiled in accordance with projected spend
Borough Regeneration - 42 Graham Rd		(50,000)	50,000			Re-profiled in accordance with projected spend
Borough Regeneration - Vacant Premises Upgrade		(17,840)	17,840			Re-profiled in accordance with projected spend
Borough Regeneration - Merton Lost Rivers		(75,000)	75,000			Re-profiled in accordance with projected spend
Wimbledon Park Lake - Lake Safety	(1)		204,440			Environment Agency Funding
Parks Investment - Wimb. Park Tennis Courts	(1)	(150,440)	150,440			Re-profiled in accordance with projected spend
Parks Investment - Wimb. Park Water Play	(1)	(226,000)	226,000			Re-profiled in accordance with projected spend
SLWP - Street Cleanse Sub Dep Mitcham		(35,000)	35,000			Re-profiled in accordance with projected spend
TfL Unallocated Budget	(1)	(495,250)				Removal of unawarded Estimated TfL Allocation
Total		(2,647,930)	2,430,370	0	0	

(1) Requires Cabinet approval

- Officers are projecting a £2k favourable variance on Public Protection and Development.
- Officers are projecting a £5k favourable variance on Borough Regeneration – Bramcote Parade Improvements
- Rowan Park Community Facility a £150k favourable variance is projected as it not expected that any expenditure is likely to be incurred this financial year

- Wimbledon Park Car Park Resurfacing a £40k favourable variance is currently projected as no expenditure is expected this financial year
- 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).

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	(50)	262	12	(80)	1,412
Children Schools & Families	9,050	432	135	1,139		(3,519)	7,237
Environment and Regeneration	19,408	3,141	(718)	55	1,294	(8,127)	15,053
Total	40,795	4,831	(833)	734	1,459	(14,921)	32,066

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

Depts.	Spend To November 2018	Spend To November 2019	Spend to November 2020	Spend to November 2021	Variance 2018 to 2021	Variance 2019 to 2021	Variance 2020 to 2021
CS	3,534	1,753	1,022	891	(2,643)	(862)	(131)
C&H	608	557	249	840	231	282	591
CSF	4,297	6,391	1,146	4,719	422	(1,673)	3,573
E&R	9,897	5,058	5,821	6,605	(3,291)	1,547	784
Total Capital	18,336	13,760	8,238	13,055	(5,281)	(706)	4,816

Outturn £000s	31,424	26,960	15,123	
Budget £000s				32,066
Projected Spend November 2021 £000s				27,549
Percentage Spend to Budget				40.71%
% Spend to Outturn/Projection	58.35%	51.04%	54.47%	47.39%
Monthly Spend to Achieve Projected Outturn £000s				3,124

5.5 November is two thirds into the financial year and departments have spent just over 40.7% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To October 2021 £000s	Spend To November 2021 £000s	Increase £000s
CS	694	891	198
C&H	698	840	142
CSF	4,173	4,719	545
E&R	5,945	6,605	661
Total Capital	11,509	13,055	1,545

5.6 During October 2021 officers spent just over £1.5 million, to achieve year end spend officers would need to spend approximately £3 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers. Based on previous years spend patterns the estimated outturn is expected to be between £21.2m and £24.4m.

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 8 Forecast Shortfall	Period Forecast Shortfall (P8)	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 (November)	Projected Shortfall 2022/23 (November)
	£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 -	Projected Increase in Westminster Coroners Court 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.

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APPENDIX 1

3E. Corporate Items	Council 2021/22 £000s	Current Budget 2021/22 £000s	Year to Date Budget (Nov.) £000s	Year to Date Actual (Nov.) £000s	Full Year Forecast (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2020/21 £000s
Cost of Borrowing	11,157	11,157	7,438	3,762	11,012	(145)	(145)	(27)
Impact of Capital on revenue budget	11,157	11,157	7,438	3,762	11,012	(145)	(145)	(27)
Investment Income	(387)	(387)	(258)	(338)	(470)	(83)	(83)	(141)
Pension Fund	86	86	57	0	86	0	0	2,646
Corporate Provision for Pay Award	1,588	1,588	1,058	0	1,813	225	225	(100)
Corporate Provision for National Minimum Wage	1,500	1,500	1,000	0	750	(750)	(500)	0
Provision for excess inflation	250	250	167	0	250	0	0	(150)
Pay and Price Inflation	3,338	3,338	2,225	0	2,813	(525)	(275)	(250)
Contingency	1,500	500	333	12	500	0	0	(365)
Bad Debt Provision	1,500	1,500	1,000	0	1,500	0	0	388
Loss of income arising from P3/P4	400	200	133	0	200	0	0	0
Loss of HB Admin grant	23	23	15	0	23	0	0	(23)
Apprenticeship Levy	450	450	300	169	450	0	0	(80)
Revenuisation and miscellaneous	8,005	7,544	5,029	165	3,233	(4,311)	(4,311)	411
Growth - Provision against DSG	14,078	14,078	9,385	0	14,078	0	0	0
Contingencies and provisions	25,955	24,294	16,196	346	19,983	(4,311)	(4,311)	331
Other income	0	0	0	(5)	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(1,482)	(1,172)	(2,223)	0	0	0
Income items	(2,223)	(2,223)	(1,482)	(1,177)	(2,223)	0	0	7,413
Appropriations: CS Reserves	(1,656)	(1,156)	(771)	500	(1,156)	0	0	0
Appropriations: E&R Reserves	(50)	(337)	(225)	0	(337)	0	0	0
Appropriations: CSF Reserves	(303)	(200)	(133)	(200)	(200)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(69)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(93)	(93)	(62)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(5,472)	(5,112)	(3,408)	360	360	5,472	5,472	(7,848)
Appropriations/Transfers	(7,678)	(7,002)	(4,668)	661	(1,530)	5,472	5,472	(7,848)
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	0
Central Items	4,654	3,669	19,508	3,254	4,077	408	658	2,124
Levies	959	959	640	959	959	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	4,628	20,148	4,213	5,036	408	658	2,124
COVID-19 Emergency expenditure	0	0	0	795	833	833	1,036	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	5,614	4,628	20,148	5,008	5,869	1,241	1,694	7,480

Pay and Price Inflation as at November 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 5.1% and RPI at 7.1% 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.

UNISON are mailing ballot papers to its members from 1 December 2021 recommending strike action. The ballot will close on 14 January 2022.

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 Consumer Prices Index (CPI) rose by 5.1% in the 12 months to November 2021, up from 4.2% in October. On a monthly basis, CPI increased by 0.7% in November 2021, compared with a fall of 0.1% in November 2020. The largest upward contribution to the change in the 12-month inflation rate between October and November 2021 were broad based, with the largest coming from transport (particularly motor fuels), and clothing and footwear. These were partially offset by a large downward contribution from restaurants and hotels.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.6% in the 12 months to November 2021, up from 3.8% in the 12 months to October. The largest upward contributions to the November 2021 CPIH 12-month inflation rate came from transport, principally from motor fuels and second-hand cars) and housing and household services.

The RPI rate for November 2021 was 7.1%, which is up from 6.0% in October 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 15 December 2021, the MPC voted by a majority of 8-1 to increase Bank Rate by 0.15 percentage points, to 0.25%. 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 also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £875 billion, and so the total target stock of asset purchases at £895 billion.

The MPC state that "In the MPC's central projections in the November Monetary Policy Report, global and UK GDP were expected to recover further from the effects of Covid-19 (Covid) in the near term. Conditioned on the rising path for Bank Rate expected by financial markets at that time, upward pressure on CPI inflation was expected to dissipate over time, as supply disruption eased, global demand rebalanced from goods to services, and energy prices stopped rising. Earnings growth was also expected to fall back from its current rate. As a result, inflation was projected to fall back materially from the second half of next year.."

In terms of the outlook going forward, however, the MPC believe that "relative to the November Report projection, there has been significant upside news in core goods and, to a lesser extent, services price inflation. Bank staff expect inflation to remain around 5% through the majority of the winter period, and to peak at around 6% in April 2022, with that further increase accounted for predominantly by the lagged impact on utility bills of developments in wholesale gas prices. Indicators of cost and price pressures have remained at historically elevated levels recently, and contacts of the Bank's Agents expect further price increases next year driven in large part by pay and energy costs. CPI inflation is still expected to fall back in the second half of next year....The Committee judges that an increase in Bank Rate of 0.15 percentage points is warranted at this meeting."

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

Table: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (December 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	2.2	5.1	4.2
RPI	3.6	6.5	6.1
LFS Unemployment Rate	4.0	5.3	4.6
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.6	5.2	3.1
RPI	3.3	6.8	4.3
LFS Unemployment Rate	3.6	5.0	4.3

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.

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 outlined the background behind the decision as "in the United Kingdom, market-implied expectations for the path of Bank Rate had fallen sharply immediately following the MPC's November meeting. Market contacts were expecting Bank Rate to rise in the coming months. In the days running up to the MPC's December meeting, most contacts had expected Bank Rate to remain at 0.1% at this meeting. Following the UK CPI release on 15 December, however, market pricing had become more finely balanced between Bank Rate remaining at 0.1% and an increase of 15 basis points at this meeting. Further out, the market-implied path for Bank Rate reached 1.1% by the end of 2022. Volatility in UK short-term interest rate markets had remained elevated since the Committee's previous meeting, in part reflecting diminished market liquidity, some of which was expected to persist over the year-end period. Medium-term inflation compensation measures in the United Kingdom had remained above their average levels of the past decade. That contrasted with similar measures in the United States and the euro area which had been around their average levels of the past decade. As the Committee had discussed at its previous meeting, interpreting UK medium-term inflation compensation measures was not straightforward. The use of UK inflation markets for hedging large pension liabilities and the uncertain future wedge between consumer price and RPI inflation meant that inflation compensation measures did not provide a direct read of market participants' fundamental views on the inflation outlook. Nevertheless, models that attempted to extract medium-term market expectations for CPI inflation, and intelligence gathered from market contacts, suggested that higher inflation expectations and greater perceived risks to inflation might have in part accounted for the above-average levels of medium-term inflation compensation measures, alongside other factors.

At this meeting, most members of the Committee judged that an immediate, small increase in Bank Rate was warranted. Although the conditions for tightening set out in November had been met, the decision at this meeting was finely balanced because of the uncertainty around Covid developments. There was some value in waiting for further information on the degree to which Omicron was likely to escape the protection of current vaccines and on the initial economic effects of this new wave. There was, however, also a strong case for tightening monetary policy now,

given the strength of current underlying inflationary pressures and in order to maintain price stability in the medium term. The economic impact of the new variant could, in some scenarios, increase these inflationary pressures further. Moreover, maintaining the current monetary policy stance when CPI inflation was materially above the 2% target and the output gap appeared to be closed might cause medium-term inflation expectations to drift up further.”

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 – November 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Capital	13,054,558	16,117,443	(3,062,885)	32,065,940	27,548,690	(4,517,250)
Corporate Services	891,037	1,355,570	(464,533)	8,363,900	4,224,404	(4,139,496)
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	296,516	887,240	(590,724)	1,370,130	1,370,130	0
Works to other buildings	271,101	390,000	(118,899)	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	394,401	268,330	126,071	2,504,310	2,504,274	(36)
Business Systems	115,271	102,640	12,631	868,020	867,984	(36)
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	210,839	165,690	45,149	1,146,150	1,146,150	0
Corporate Items	200,000	200,000	0	4,339,460	200,000	(4,139,460)
Acquisitions Budget	200,000	200,000	0	200,000	200,000	0
Westminster Coroners Court	0	0	0	60,000	0	(60,000)
Compulsory Purchase Orders	0	0	0	4,079,460	0	(4,079,460)
Community and Housing	839,521	719,898	119,623	1,412,160	1,412,160	(0)
Housing	718,900	600,000	118,900	1,212,330	1,212,330	0
Disabled Facilities Grant	718,900	600,000	118,900	1,212,330	1,212,330	0
Libraries	120,621	119,898	723	199,830	199,830	0
Major Library Projects	120,621	105,498	15,123	175,830	175,830	0
Libraries IT	0	14,400	(14,400)	24,000	24,000	0

* It is envisaged that some of the costs of the technology partner will be funded from this budget

Capital Budget Monitoring – November 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Children Schools & Families	4,718,740	4,815,663	(96,923)	7,237,100	7,237,100	0
Primary Schools	1,834,707	1,719,958	114,749	2,922,910	2,922,910	0
Hollymount	33,882	50,000	(16,118)	60,000	60,000	0
West Wimbledon	271,546	170,000	101,546	360,000	360,000	0
Hatfield	44,304	65,000	(20,696)	135,000	135,000	0
Hillcross	153,245	93,093	60,152	195,000	195,000	0
Joseph Hood	28,881	38,000	(9,119)	65,000	65,000	0
Dundonald	124,002	113,625	10,377	159,010	159,010	0
Merton Abbey	47,886	15,000	32,886	65,000	65,000	0
Merton Park	1,482	0	1,482	50,000	50,000	0
Pelham	37,375	20,000	17,375	55,000	55,000	0
Wimbledon Chase	88,981	97,340	(8,359)	181,000	181,000	0
Wimbledon Park	194,880	303,330	(108,450)	450,000	450,000	0
Abbotsbury	31,367	59,200	(27,833)	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	27,900	7,000	20,900	38,000	38,000	0
Cranmer	20,986	18,000	2,986	64,000	64,000	0
Haslemere	4,725	100,000	(95,275)	80,000	80,000	0
Liberty	(487)	0	(487)	0	0	0
Links	121,678	120,000	1,678	160,000	160,000	0
St Marks	96,854	60,900	35,954	125,900	125,900	0
Lonesome	(1,875)	0	(1,875)	5,000	5,000	0
Sherwood	281,545	248,520	33,025	330,000	330,000	0
William Morris	131,509	75,950	55,559	158,000	158,000	0
Unallocated Primary School Projects	0	(13,000)	13,000	0	0	0

Capital Budget Monitoring – November 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)	411,430	411,430	0
Harris Academy Merton	0	25,628	(25,628)	34,170	34,170	0
Raynes Park	0	21,000	(21,000)	0	0	0
Ricards Lodge	0	21,610	(21,610)	0	0	0
Rutlish	27,408	32,295	(4,887)	40,000	40,000	0
Harris Academy Wimbledon	317,599	303,342	14,257	337,260	337,260	0
SEN	2,298,970	2,277,948	21,022	3,506,310	3,506,310	0
Perseid	258,327	245,425	12,902	369,130	369,130	0
Cricket Green	131,503	195,480	(63,977)	195,480	195,480	0
Melrose	1,891,376	1,777,878	113,498	2,590,000	2,590,000	0
Melrose Whatley Ave SEN	0	45,000	(45,000)	100,000	100,000	0
Unallocated SEN	19,620	10,000	9,620	20,000	20,000	0
Melbury College - Smart Centre	(1,857)	4,165	(6,022)	7,500	7,500	0
Medical PRU	0	0	0	200,000	200,000	0
Mainstream SEN (ARP)	0	0	0	24,200	24,200	0
CSF Schemes	240,056	413,882	(173,826)	396,450	396,450	0
Devolved Formula Capital	237,656	237,632	24	356,450	356,450	0
Children's Centres	0	41,250	(41,250)	20,000	20,000	0
Youth Provision	2,400	135,000	(132,600)	20,000	20,000	0

Capital Budget Monitoring – November 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Environment and Regeneration	6,605,261	9,226,312	(2,621,051)	15,052,780	14,675,026	(377,754)
Public Protection and Developm	130,630	273,010	(142,380)	882,110	880,430	(1,680)
On Street Parking - P&D	0	195,000	(195,000)	530,000	530,000	0
Off Street Parking - P&D	76,336	17,100	59,236	120,000	120,000	0
CCTV Investment	45,974	60,910	(14,936)	222,110	222,110	0
Public Protection and Developm	8,320	0	8,320	10,000	8,320	(1,680)
Street Scene & Waste	180,008	313,190	(133,182)	747,000	747,000	0
Fleet Vehicles	298,792	298,790	2	673,000	673,000	0
Alley Gating Scheme	389	14,400	(14,012)	2,000	2,000	0
Waste SLWP	(119,173)	0	(119,173)	72,000	72,000	0
Sustainable Communities	6,294,623	8,640,112	(2,345,489)	13,423,670	13,047,596	(376,074)
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	4,138,952	5,319,582	(1,180,630)	7,335,690	7,335,541	(149)
Cycle Route Improvements	109,596	278,538	(168,942)	217,650	217,650	0
Unallocated Tfl	0	84,262	(84,262)	0	0	0
Mitcham Area Regeneration	952,981	1,198,890	(245,909)	1,840,230	1,544,480	(295,750)
Wimbledon Area Regeneration	94,377	69,878	24,499	378,160	378,160	0
Morden Area Regeneration	0	90,000	(90,000)	75,000	75,000	0
Borough Regeneration	159,754	161,462	(1,708)	673,180	668,525	(4,655)
Property Management Enhancemen	0	0	0	0	0	0
Morden Leisure Centre	15,846	0	15,846	15,850	15,850	0
Wimbledon Park Lake and Waters	186,560	706,776	(520,216)	1,177,960	1,177,960	0
Sports Facilities	123,799	241,970	(118,171)	410,470	410,470	0
Parks	490,242	488,754	1,488	1,161,920	1,086,400	(75,520)

Virement, Re-profiling and New Funding - November 2021

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
-		£	£		£	£	£		£	
<u>Corporate Services</u>										
Westminster Coroners Court	(1)	60,000				60,000	400,000	402,000	802,000	Increase in estimate orig. estimate 5 years old
<u>Community and Housing</u>										
Telehealth		15,000			(15,000)	0	15,400	15,000	30,400	Re-profiled in accordance with projected spend
Disabled Facilities Grant - General	(1)	1,000,000			200,000	1,200,000	827,000	0	827,000	Virement to fund projected outturn
Disabled Facilities Grant - Merton Owned Property		0		12,330		12,330	0	0	0	Revenue contribution to fund Merton building
Major Projects - Social Care H - Learning Dsbility Aff Housing	(1)	50,000		(50,000)		0	1,533,000	0	1,533,000	S106 2021-22 Budget moved to Rev. for Feas Stidies
<u>Children, Schools and Families</u>										
Haslemere - Capital Maintenance	(1)	249,000			(160,000)	89,000	0	160,000	160,000	Re-profiled in accordance with projected spend
Harris Morden - Harris Morden Community Sports Pitch	(1)	70,000			(70,000)	0	65,000	70,000	135,000	Re-profiled in accordance with projected spend
Synes Park - Capital Maintenance	(1)	21,000			(21,000)	0	0	21,000	21,000	Re-profiled in accordance with projected spend
Ricards Lodge - Capital Maintenance	(1)	21,610			(21,610)	0	0	21,610	21,610	Re-profiled in accordance with projected spend
Rutlish - Capital Maintenance	(1)	60,000			(20,000)	40,000	0	20,000	20,000	Re-profiled in accordance with projected spend
Melrose Whatley Avenue Expansion	(1)	250,000			(150,000)	100,000	750,000	150,000	900,000	Re-profiled in accordance with projected spend
Melrose School Expansion	(1)	2,197,980		252,020		2,450,000	0	0	0	Virement to cover expected outturn
Unallocated SEN Expansion Budget	(1)	20,000		(252,020)	232,020	0	1,340,000	(232,020)	1,107,980	Virement to cover expected outturn
Childrens Centres - Bond Rd Family Centre		55,000			(35,000)	20,000	0	35,000	35,000	Re-profiled in accordance with projected spend
Youth Provision - Pollards Hill Digital Divide	(1)	180,000			(160,000)	20,000	0	160,000	160,000	Re-profiled in accordance with projected spend

Virement, Re-profiling and New Funding - November 2021 continued.....

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
		£	£		£	£	£		£	
Environment and Regeneration										
Off Street Parking - P&D - Car Park Upgrades	(1)	180,000			(60,000)	120,000	465,530	60,000	525,530	Re-profiled in accordance with projected spend
CCTV Investment - Rapid Response Cameras		41,000	25,000			66,000	0		0	Virement to cover projected cost of scheme
Public Protection and Development		35,000	(25,000)			10,000	0		0	Virement to Rapid Response Cameras
Alley Gating		24,000			(22,000)	2,000	24,000	22,000	46,000	To progress two schemes in 2022-23
Highways & Footways - Highway Bridges & Structures	(1)	884,000			(684,000)	200,000	260,000	684,000	944,000	Re-profiled in accordance with projected spend
Highways & Footways - TfL Principal Roads	(1)	27,530		(6,600)		20,930	0	0	0	TfL adjustment to funding
Highways & Footways - Cycle Lane Rdway Bshfd Bridge		150,000		25,000		175,000	0	0	0	TfL Funding
Highways & Footways - Culverts	(1)	508,430			(488,430)	20,000	0	488,430	488,430	Re-profiled in accordance with projected spend
Cycle Route Improvements - Cycle Imps. Res. Streets		68,010	(15,000)			53,010	0	0	0	Virement of TfL funding to another agreed sch.
Cycle Route Improvements - Morden Cycle Path	(1)	227,220	15,000		(107,220)	135,000	0	107,220	107,220	Re-profiled in accordance with projected spend
Cycle Route Improvements - Cycle Lane Works Plough Lane	(1)	100,000			(90,000)	10,000	120,000	90,000	210,000	Re-profiled in accordance with projected spend
Mitcham Area Regeneration - Elmwood Centre Hub	(1)	65,000			(65,000)	0	0	65,000	65,000	Re-profiled in accordance with projected spend
Wimbledon Area Regeneration - Wimbledon Public Realm	(1)	200,000	(100,000)			100,000	901,190	0	901,190	Virement of SCIL Money to Wimb Hill Scheme
Wimbledon Area Regeneration - Wimbledon Hill Rd	(1)	0	100,000	54,850		154,850	0	0	0	Utilising SCIL & NCIL Funding
Wimbledon Area Regeneration - Haydons Rd Public Realm	(1)	100,000			(80,000)	20,000	300,000	80,000	380,000	Re-profiled in accordance with projected spend
Morden Area Regeneration - Crown Creative Knowledge Exchange	(1)	150,000			(75,000)	75,000	0	75,000	75,000	Re-profiled in accordance with projected spend
Borough Regeneration - 42 Graham Road		50,000			(50,000)	0	0	50,000	50,000	Re-profiled in accordance with projected spend
Borough Regeneration - Vacant Premises Upgrade		23,270			(17,840)	5,430	0	17,840	17,840	Re-profiled in accordance with projected spend
Borough Regeneration - Merton Lost Rivers		100,000			(75,000)	25,000	100,000	75,000	175,000	Re-profiled in accordance with projected spend
Wimbledon Park Lake - Lake Safety	(1)	1,177,960				1,177,960	0	204,440	204,440	Environment Agency Funding
Parks Investment - Wimb. Park Tennis Courts	(1)	150,440			(150,440)	0	0	150,440	150,440	Re-profiled in accordance with projected spend
Parks Investment - Wimb. Park Water Play	(1)	226,000			(226,000)	0	0	226,000	226,000	Re-profiled in accordance with projected spend
SLWP - Street Cleanse Sub Dep Mitcham		55,000			(35,000)	20,000	0	35,000	35,000	Re-profiled in accordance with projected spend
TfL Unallocated Budget	(1)	495,250			(495,250)	0	1,300,000		1,300,000	Removal of unawarded Estimated TfL Allocation
Total		9,278,700	0	35,580	(2,941,770)	6,372,510	8,401,120	3,252,960	11,654,080	

(1) Requires Cabinet approval

(2) Requires Council Approval

Virement, Re-profiling and New Funding - November 2021 continued.....

		2023/24 Budget	Movement	Revised 2023/24 Budget	2024/25 Budget	Movement	Revised 2024/25 Budget	Narrative
		£	£	£	£		£	
<u>Community and Housing</u>								
Disabled Facilities Grant - General	(1)	827,000		827,000	720,410	(200,000)	520,410	Re-profiled in accordance with projected spend
Total		827,000	0	827,000	720,410	(200,000)	520,410	

(1) Requires Cabinet approval

(2) Requires Council Approval

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed October Monitoring	18,888	16,084	34,972
<u>Corporate Services</u>			
Westminster Coroners Court	0	0	0
<u>Community and Housing</u>			
Telehealth	(15)	0	(15)
Disabled Facilities Grant - General	0	200	200
Disabled Facilities Grant - Merton Owned Property	12	0	12
Major Projects - Social Care H - Learning Dsbility Aff Housing	(50)	0	(50)
<u>Children, Schools and Families</u>			
Haslemere - Capital Maintenance	0	(160)	(160)
Harris Morden - Harris Morden Community Sports Pitch	(70)	0	(70)
Raynes Park - Capital Maintenance	0	(21)	(21)
Ricards Lodge - Capital Maintenance	0	(22)	(22)
Rutlish - Capital Maintenance	0	(20)	(20)
Melrose Whatley Avenue Expansion	(150)	0	(150)
Melrose School Expansion	232	0	232
Childrens Centres - Bond Rd Family Centre	(35)	0	(35)
Youth Provision - Pollards Hill Digital Divide	(160)	0	(160)
<u>Environment and Regeneration</u>			
Off Street Parking - P&D - Car Park Upgrades	(60)	0	(60)
Alley Gating	(22)	0	(22)
Highways & Footways - Highway Bridges & Structures	(684)	0	(684)
Highways & Footways - TfL Principal Roads	0	(7)	(7)
Highways & Footways - Cycle Lane Rdway Bshfd Bridge	0	25	25
Highways & Footways - Culverts	(488)	0	(488)
Cycle Route Improvements - Cycle Imps. Res. Streets	0	0	0
Cycle Route Improvements - Morden Cycle Path	0	(107)	(107)
Cycle Route Improvements - Cycle Lane Works Plough Lane	(90)	0	(90)
Mitcham Area Regeneration - Elmwood Centre Hub	(65)	0	(65)
Wimbledon Area Regeneration - Wimbledon Public Realm	0	0	0
Wimbledon Area Regeneration - Wimbledon Hill Rd	55	0	55
Wimbledon Area Regeneration - Haydons Rd Public Realm	(80)	0	(80)
Morden Area Regeneration - Crown Creative Knowledge Exchange	(75)	0	(75)
Borough Regeneration - 42 Graham Rd	(50)	0	(50)
Borough Regeneration - Vacant Premises Upgrade	(18)	0	(18)
Borough Regeneration - Merton Lost Rivers	(75)	0	(75)
Parks Investment - Wimb. Park Tennis Courts	(150)	0	(150)
Parks Investment - Wimb. Park Water Play	(226)	0	(226)
SLWP - Street Cleanse Sub Dep Mitcham	(35)	0	(35)
TfL Unallocated Budget	0	(495)	(495)
Proposed November Monitoring	16,589	15,477	32,066

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
October Monitoring	21,409	6,927	28,335
<u>Corporate Services</u>			
Westminster Coroners Court	402	0	402
<u>Community and Housing</u>			
Telehealth	15	0	15
<u>Children, Schools and Families</u>			
Haslemere - Capital Maintenance	0	160	160
Harris Morden - Harris Morden Community Sports Pitch	70	0	70
Raynes Park - Capital Maintenance	0	21	21
Ricards Lodge - Capital Maintenance	0	22	22
Rutlish - Capital Maintenance	0	20	20
Melrose Whatley Avenue Expansion	150	0	150
Melrose School Expansion	0	0	0
Unallocated SEN Expansion Budget	(232)	0	(232)
Childrens Centres - Bond Rd Family Centre	35	0	35
Youth Provision - Pollards Hill Digital Divide	160	0	160
<u>Environment and Regeneration</u>			
Off Street Parking - P&D - Car Park Upgrades	60	0	60
Alley Gating	22	0	22
Highways & Footways - Highway Bridges & Structures	684	0	684
Highways & Footways - Culverts	488	0	488
Cycle Route Improvements - Cycle Imps. Res. Streets	0	0	0
Cycle Route Improvements - Morden Cycle Path	0	107	107
Cycle Route Improvements - Cycle Lane Works Plough Lane	90	0	90
Mitcham Area Regeneration - Elmwood Centre Hub	65	0	65
Wimbledon Area Regeneration - Haydons Rd Public Realm	80	0	80
Morden Area Regeneration - Crown Creative Knowledge Exchange	75	0	75
Borough Regeneration - 42 Graham Rd	50	0	50
Borough Regeneration - Vacant Premises Upgrade	18	0	18
Borough Regeneration - Merton Lost Rivers	75	0	75
Wimbledon Park Lake - Lake Safety	0	204	204
Parks Investment - Wimb. Park Tennis Courts	150	0	150
Parks Investment - Wimb. Park Water Play	226	0	226
SLWP - Street Cleanse Sub Dep Mitcham	35	0	35
Proposed November Monitoring	24,127	7,461	31,588

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme	19,295	3,920	23,216
Community and Housing			
Disabled Facilities Grant	0	(200)	(200)
Proposed November 21 Monitoring	19,295	3,720	23,016

Subject: Additional Capital for Coroners Court Extension

1 Purpose of report and executive summary

- 1.1. Give background to the funding arrangements for the Inner London West Coroners Court and the Consortium Agreement in place.
- 1.2. Advise Cabinet of previously agreed funding arrangements and the reasons for increase.
- 1.3. Seek Cabinet approval for the requested increase in capital to complete the extension of the Inner London West Coroners Court.

2 BACKGROUND

- 2.1. Following the cessation of the Greater London Council the Home Secretary asked Westminster City Council (WCC) to lead and administer the Inner West London Coroners service. The four consortium Boroughs are Westminster, Royal Borough of Kensington and Chelsea, LB Wandsworth and ourselves.
- 2.2. Costs were agreed to be apportioned according to population density (Merton are charged 22.5% of the total costs).
- 2.3. The agreement specifies that all expenditure above £250,000 is subject to prior consultation with the participating Councils and to their prior agreement in writing.
- 2.4. In 2016 the four Chief Executives met with the Coroner and discussed the potential for an extension to the current Coroners Court in Horseferry Road. The new extension was to provide much needed office space for the Coroner and her staff, as well as improved facilities for the jurors and attendees at hearings (especially grieving families). The original proposal amounted to a contribution by Merton of £460k capital and nearly £90k revenue.
- 2.5. Both Merton and Wandsworth challenged the original business case as it failed to fully justify the fait accompli that the extension was the only option.
- 2.6. WCC undertook a further consultation exercise that stated;-
 - a) No alternative sites were suitable from other consortium partners,
 - b) There was a restrictive covenant on the use of the current site in Horseferry Road, from the Grosvenor family, purely as a Court. This meant there was no resale value for us.
 - c) Both Merton and Wandsworth undertook a review of the proposal (Wandsworth took the lead on the technical and design process) and concluded that, although we were highly sceptical of WCC's approach, the design was a reasonable solution in the circumstances.
- 2.7. The project became stalled by some high profile matters for the Coroner **such as** Westminster and London Bridge terrorist attacks and the Grenfell disaster in 2017.

- 2.8. In late 2017 the Chief Executive of WCC wrote to his opposites numbers in the other 3 consortium Boroughs seeking approval to move forward. Merton's Chief Executive gave the Lead Officer the go ahead to proceed.
- 2.9. Cabinet approved capital funding of £460k on 15 January 2018 as part of the November Monitoring Report. To date there has been no capital expenditure on this project.
- 2.10. In 2018, after a request from Wandsworth to re-evaluate due to increase in construction costs at that time, and inclusion of a contingency, the total had increased resulting in Merton's contribution rising to £647,374. Officers were unaware of this and therefore did not make a request to Cabinet to increase capital funding.

3 CURRENT POSITION

- 3.1. Throughout 2020 and 2021 Merton have continually asked when the project would commence.
- 3.2. WCC have undertaken a comprehensive tender process from late May 2021. The reasons given for the delay were the pandemic and an inability to get contractors to undertake the work.
- 3.3. A preferred bidder has been identified to undertake the works, CBRE managed Services Ltd.
- 3.4. The reasons given for the increased costs are the Pre-Tender Estimate (PTE) was produced before the pandemic and Brexit. Both of these instances have proved challenging for the market with regards to materials and labour. It is widely recognised that both of these instances have increased construction risk and cost.
- 3.5. The PTE did not include finalised consultant costs who are linked to the final cost of the construction as a fee %.
- 3.6. The PTE was an estimate based upon the best information at the time, with the inclusion of a basic 10% contingency as well as a market tendered rate, this leads to the final scheme cost.
- 3.7. Chandler KBS, the project cost managers, provided a comprehensive report reviewing the commercial submissions of the tenderers. They provided in-depth analysis of the four commercial submissions. CKBS commercially recommended CBRE for the works as they have provided the best and most comprehensive commercial submission at the normalised and arithmetically corrected cost. The Chandler KBS report is available if required.
- 3.8. A value engineering exercise will be carried out upon appointment and if the contingency is not expended then it will be not payable.

- 3.9. The revised costings are shown in the tables below and highlight a near 100% increase from the original request for capital funding. It does not include any element of revenue costs and clarification has been sought from WCC that there is still an expectation for these to decant while works are undertaken.

Item	Costs £
Main Contractor - CBRE	2,900,820
Contract Administrator /Designer - Lynch	116,824
Structural – BPM	112,135
Mechanical and Electrical – Max Fordham	60,125
Quantity Surveyor – Chandler KBS	56,500
AIA Consulting	30,300
Ross Laminated Timber Frame	117,100
Limestone Cladding	112,000
Legal	5,000
Planning/Building Control (provisional sum)	20,000
Sub Total	3,530,804
Contingency - 10% of construction	300,000
Overall Budget Total	3,830,804

Description	Agreed %	2018/19 indicative cost	Estimated costs	Variance
RBKC	17.20%	494,881	658,898	164,017
LB Merton	22.50%	647,374	861,931	214,557
LB WCC	25.80%	742,322	988,347	246,025
LB Wandsworth	34.50%	992,640	1,321,627	328,987
Total estimated project costs	100%	2,877,217	3,830,804	953,587

4 NEXT STEPS

- 4.1. Under details of the consortium agreement we could refuse to approve the capital expenditure. Although no cashable savings are identified as part of this project the Coroner has, in the past, had to use the Royal Courts of Justice for high profile inquests at a significant cost.
- 4.2. Recent high profile cases such as Grenfell and the terrorist attacks have demonstrated a poor customer experience for those attending Horseferry Road.
- 4.3. Analysis would suggest that LBM are paying a disproportionate % based on actual usage compared with WCC and RBKC. This is based on the number of inquests historically undertaken as opposed to the size of the population. Attempts to realign LBM with the South London Coronial District, consisting of the London Boroughs of Croydon, Sutton, Bromley and Bexley, with the Chief Coroner for England and Wales proved fruitless

5 Financial implications

- 5.1. The approved capital programme includes £460,000 for this scheme, Appendix A to this report provides further detail of the increased projected costs of the scheme. To meet these expected additional costs an additional £402,000 is being added to the approved programme
- 5.2. A detailed forecasting of expenditure has been requested from WCC if the project finally commences, following approval.

6 Legal and statutory implications

- 6.1. The Council is statutorily required to fund the appointment and payment of and the provision of staff services and premises for the Coroner for Inner London West in respect of their duties in accordance with S.13 of the Local Government Act 1985.
- 6.2. There is no break clause within the agreement and any change would have to be made through to the Home Secretary by way of Order under the relevant legislation.

7 Human rights, equalities and community cohesion implications

- 7.1. None for the purpose of this report.

8 Crime and Disorder implications

- 8.1. None for the purposes of this report.

9 Risk management and health and safety implications

- 9.1. Part of the original process was that Horseferry Road failed to provide enough space for staff, visitors and users. This alleviates these concerns and improves the customer experience.

10 Background papers (available upon request)

- 10.1. Consortium agreement
- 10.2. Consultants tender report on Coroner's Court

No	Description	Total	Merton's Costs	Estimated Total Costs 2021	Merton's Estimated Costs 2021	Merton's Estimated Capital Costs 2021	Merton's Capital Costs	Increase in Capital Budget	Commentary
1	Construction costs	1,469,600	330,660.00	2,900,820.00	652,684.50	652,684.50	330,660.00	322,024.50	
2	Design team @ 14%	262,600	59,085.00	116,824.00	26,285.40	26,285.40	59,085.00	(32,799.60)	
2a	Feasibility study for updated costs in 2015.	8,250	1,856.25		0.00		1,856.25	(1,856.25)	Not separately Identified in new information
	Structural BPM			112,135.00	25,230.38	25,230.38		25,230.38	
	Mechanical and Electrical			60,125.00	13,528.13	13,528.13		13,528.13	
	Quantity Surveyor			56,500.00	12,712.50	12,712.50		12,712.50	
	AIA Consulting			30,300.00	6,817.50	6,817.50		6,817.50	Not sure what this for but expected capital
	Ross Laminated Timber Frame			117,100.00	26,347.50	26,347.50		26,347.50	
	Limestone Cladding			112,000.00	25,200.00	25,200.00		25,200.00	
3	Site investigation surveys	15,000	3,375.00		0.00		3,375.00	(3,375.00)	Not separately Identified in new information
4	Planning and building regulation fees	10,000	2,250.00	20,000.00	4,500.00	4,500.00	2,250.00	2,250.00	
5	Client decant	15,000	3,375.00		0.00			0.00	Does not appear to be in revised information
6	Temporary accommodation and rental of RCJ	275,000	61,875.00		0.00			0.00	Does not appear to be in revised information
7	Legal and insurance costs	15,000	3,375.00	5,000.00	1,125.00	1,125.00		1,125.00	Does not appear to allow for Insurance
8	Additional temporary furniture	10,000	2,250.00		0.00			0.00	Does not appear to be in revised information
9	Client recant *	15,000	3,375.00		0.00			0.00	Does not appear to be in revised information
10	Loose furniture	42,000	9,450.00		0.00		9,450.00	(9,450.00)	Does not appear to be in revised information
11	IT Enabling works	50,000	11,250.00		0.00			0.00	Does not appear to be in revised information
12	PM reserve @ 2.5%	54,000	12,150.00		0.00		9,112.50	(9,112.50)	Does not appear to be in revised information
13	WCC IT Equipment	50,000	11,250.00		0.00		11,250.00	(11,250.00)	Does not appear to be in revised information
14	Programme Contingency (approx 8.5%) NB: not decl	192,550	43,323.75	300,000.00	67,500.00	67,500.00	32,492.81	35,007.19	
15	Total project costs	2,484,000	558,900	3,830,804	861,931	861,931	459,532	402,399	

Estimated Additional Rounded Capital Costs

402,000

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	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	Team structure reduced but saving not achievable in year due to covid impacting income levels	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 in early 2022.	
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 appointeeships 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 Nov'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	Integration- 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 9	
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 9	
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 9	
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 9	
	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 (November)	Projected Shortfall 2022/23 (November)
	£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/Underpend? 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	0	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.	

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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			